www.virinchi.com

Date: 01/10/2018

Deputy Manager
Dept. of Corporate Services,
Bombay Stock Exchange Limited
P J Towers, Dalal Street,
Fort, MUMBAI – 400001

Dear Sir/Madam,

Sub: Annual Report for the financial year 2017-18 as required under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Ref: Regulation 34 of SEBI (LODR) Regulations , 2015; Script Code# 532372

With reference to subject cited above we hereby enclosing ,Annual Report for the financial year 2017-18 as required under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 duly approved and adopted by the members as per the provisions of the Companies Act, 2013.

This is for your record and reference.

Thanking you,

Yours faithfully,
For Virinchi Limited

K. Ravi

K Ravindranath Tagore
Company Secretary
M.NO: A18894

Annual report 2017-18

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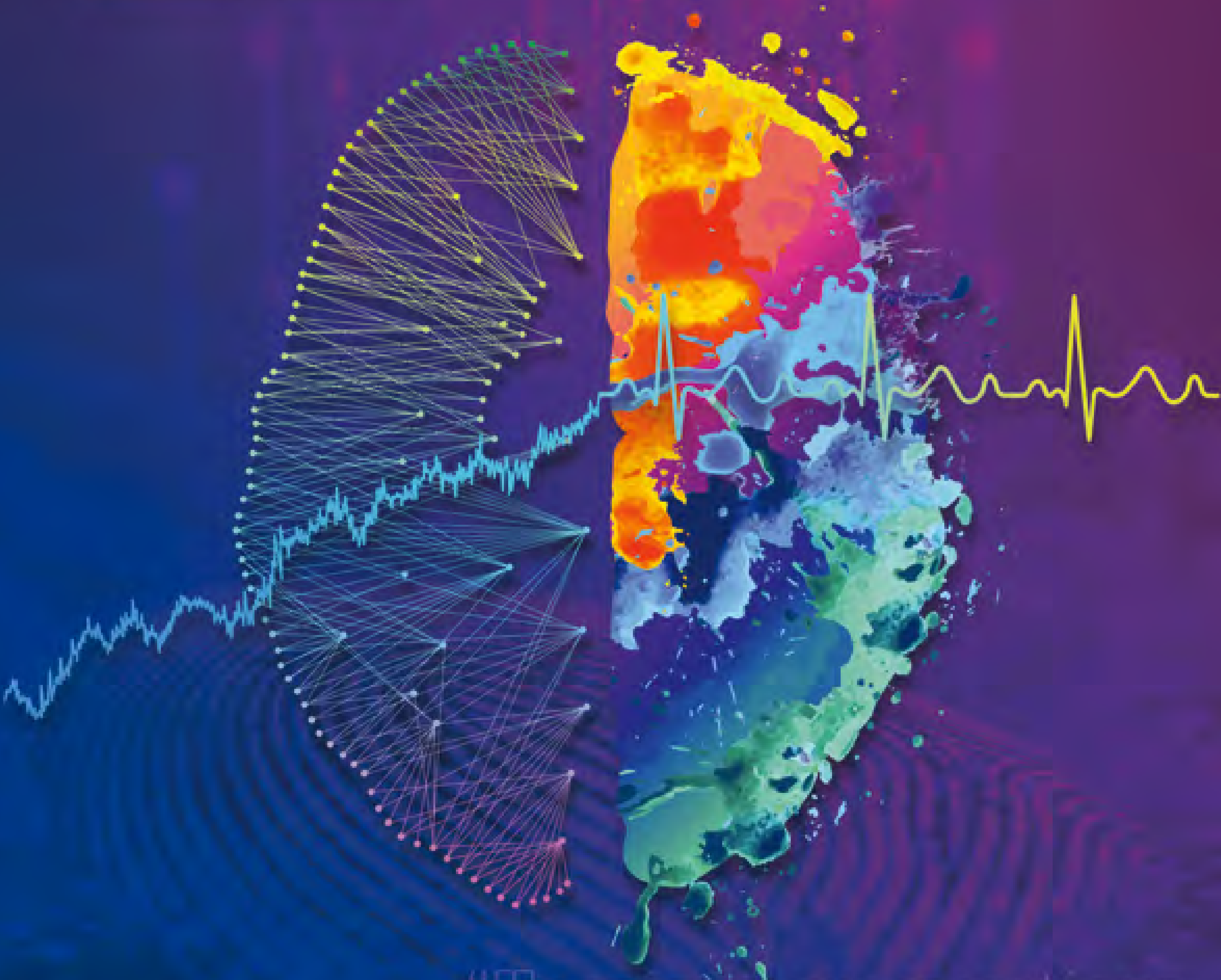
virinchi



"To raise new questions, new possibilities, to regard old problems from a new angle, require creative imagination and marks real advance in science." - Albert Einstein

Trust and Technology

The cover explained

Each side of our brain controls different types of thinking. The left brain is more analytical and logical; the right brain is more intuitive and creative. At Virinchi Limited, our business verticals - Information Technology (IT) and Healthcare – are woven around the same analogy: logical cum data-driven on the one hand and innovative cum creative on the other.

Contents

Trust and Technology

At Virinchi, we believe that in a rapidly transforming world, there is a premium on trust.

In our businesses – Information Technology and Health care – we have enhanced trust through proactive investments in cutting-edge technologies.

Making it possible to deliver superior value to our customers through both businesses – business-strengthening IT solutions on the one hand and better health care on the other.

9 things you need to know about Virinchi Limited

1 Background

Established in 1990 by Mr. Viswanath Kompella, Virinchi Limited is engaged in the businesses of information technology and health care. The Company (through Virinchi Health Care Private Limited, a 100%-subsidiary) operates 3 hospitals comprising 550 beds employing 200 experienced 150+ super-specialists, 90 surgeons and 60 physicians and 50 specialists and duty doctors).

2 Presence

The Company is headquartered in Hyderabad (India). Its IT engagements are undertaken in two development centres (Banjara Hills and Hakimpet). The Company's three hospitals are operating across Hyderabad.

3 Ethical mooring

Vision: To be the best in what we do through a combination of vision, service, technology and competence.

Mission: To achieve global benchmarks through adoption of ongoing innovation in the healthcare and technology domains.

4 Goals

IT vertical: 'To build globally inclusive solutions'

- Building a suite of fin-tech products to reach the unserved
- Developing deep specialised technology solutions for the healthcare and finance domains
- Developing delivery capability and client footprint for next-generation technology services including SMAC domains, particularly machine learning and big data analytics

Healthcare vertical: 'To serve a billion patients' by 2022-23

- Securing a robust presence in some of the medically underserved markets in India
- Delivering personalised medicine through data analytics and combinatorics on a single healthcare mobility platform

5 Services profile

Annuity-based IT products and IT-enabled business services

The Company is a global leader in providing IT solutions to the retail micro lending industry in North America through its flagship QFund product. The Company forged strategic alliances with industry experts. Its 'ready-to-deploy' products map organisational requirements to facilitate the creation of a world-class enterprise-wide e-business practice. The Company is respected for technical, financial and infrastructural support.

Healthcare delivery and IT-enabled business services

The Company's three state-of-the-art multispecialty hospitals deliver advanced medical care by leveraging sophisticated IT and mobility-based systems.

Virinchi Learning is a healthcare skill development organisation working in collaboration with the National Skill Development Council to enhance skills of 80,000 healthcare workers across the healthcare delivery and biotechnology spaces.

Virinchi Combinatorics and Systems Biology aims to develop a comprehensive programme for population health management through aggregated analytics on biomarkers and clinical outcomes.

6 Services

Virinchi Limited's robust product development processes guarantee the seamless implementation, maintenance and support of software solutions, which are at par with global standards and acknowledged by clients worldwide. The Company manages turnkey projects by building, managing and supporting IT systems across infrastructure, application and business process verticals. Virinchi's capabilities span the IT spectrum – architecture, hardware, software, network consulting and IT-enabled processing services.

7 Listing

The Company's equity shares are listed and actively traded on the Bombay Stock Exchange. The Company enjoyed a market capitalisation of ₹2907.87 million as on 31st March 2018.

8 Awards and recognitions

- The Times Health Care 2018 Award for Telugu-speaking states
- 5 Individual Doctor Recognitions
- The Times Health Care 2017 Award for Telugu-speaking states
- 'Emerging Hospital of the Year' in the multi-specialty hospital category
- 'Best Hospital – Radiology'
- 'Best Hospital – Nephrology'
- 7 Individual Doctor Recognitions

State of Telangana Awards, 2016-17

- Best in terms of revenues earned among IT SMEs for FY2015-16

Hyderabad Software Exporters Association2017

- 'Best Indian IT SME' for FY2015-16

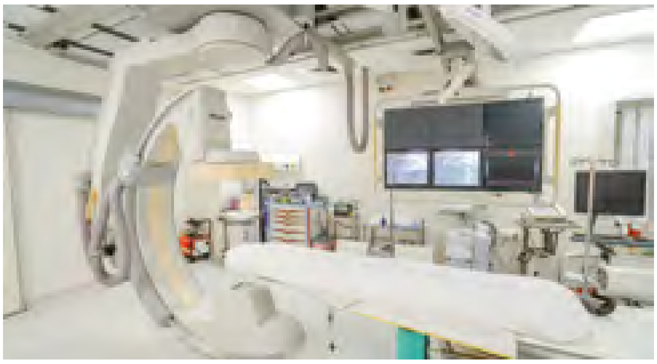
9 Certifications

IT

- ISO 9001:2000
- CMMi Level 3

Healthcare

- Cleanroom (certified by Carnegie Mellon's Software Engineering Institution)



Ceiling Mounted Large Detector Panel IVUS Cath Lab

TRUST AND TECHNOLOGY

At Virinchi, we believe that technology represents the cutting-edge of our company across both business – for the benefit of customers and employees.

In view of this, the Company made proactive investments in cutting-edge technologies, shrinking process time, enhancing process predictability and strengthening customer outcomes – the basis of business sustainability.

While the Company’s technology investment in the information technology business was made in line with the prevailing standards of the day, investments in the health care business established the Company as a sectoral outlier.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Virinchi's superior healthcare equipment

The Company is among few Indian hospitals to have invested in the following equipment:

3Tesla fMRI	128 Slice Dual Energy Spectral CT	Ceiling Mounted large detector panel IVUS Cathlab
• Can largely replace the need for nuclear scans • Can identify fibrosis of the liver in a non-invasive manner • Less claustrophobic • Lower radiation levels • Scanning speed faster and less noisy	• Useful in coronary CT angiography • Strong alternative for invasive coronary angiogram • Helped move from mere evaluation of coronary stenosis to imaging tool that permits accurate plaque characterization and assessment of myocardial perfusion	• Useful for high end cardiovascular, neurological and interventional radiology procedures • EP Lab-integrated • Fitted with fractional flow reserve for a quantitative assessment of pressure differences across stenosis • Radiation 40% lower • Versatility of movement around patient

Ultrasound studio with a separate patient attendant monitor

The Company developed a mobile app (V23) integrated with another 48 apps to provide additional facilities and services

The brick and click model of the Company's health care business has helped build a technology-based ecosystem for the benefit of patients, doctors and other stakeholders. The Company developed a mobile app (V23) integrated with another 48 apps integrated to provide additional facilities and services. The app services comprise:

Patient benefit

- When a patient's visit to our doctor ends, he/she gets a prescription via V23 App.
- The patient can select the pharmacy of choice on the app
- The prescription is forwarded to the pharmacy through the app; the medication is readied for the patient to collect and pay.
- A number of diagnostic laboratories are registered on the app; patients get test results directly on their mobiles
- The app facilitates the booking of doctor appointments; the patient can view the queue length and position in the patient queue.

Doctor benefit

- Doctors can view appointments and surgery schedules on the app.
- They can view patient reports on their mobiles, facilitating proactive analysis.
- Notes can be made on the V23 platform for anywhere analysis and can be preserved for reference.
- Emergency patients can enter into a video conference with doctors for checks / consultations mitigating the need to commute to the clinic or hospital.
- Consultation can be booked by the patient online
- Ambulance arrival can be tracked real-time through the app

Virinchi collaborated with Philips to develop a system (ICCA) for its critical care unit (100 beds). Each bed is coupled with a monitor recording the patient's critical statistics. The Company integrated data from bed-side monitors into an app-based platform that enhances prioritization in reaching out to patients needing immediate attention (information also available to doctors).

Virinchi's technological innovation in its IT business

The Company invested proactively in Artificial Intelligence (AI) especially in video analytics, image recovery and speech-to-text.

The Company intends to replace bio-metric employee attendance record with facial recognition software.

This work in AI is expected to be applicable across various products (QFund).

The Company is collaborating with the Uttar Pradesh government in the development of mobile apps to be used by 1000 public sector hospitals in that state, servicing millions of patients.

TRUST AND KNOWLEDGE

At Virinchi, we have invested in knowledge as the fundamental driver of business success.

In line with this priority, the Company made prudent recruitment, trained continuously, created a knowledge repository, shared knowledge and created knowledge-based best practices.

In the health care business, the Company's competence covers the following domains: Tertiary care: Super-specialty. 38 Surgical & Medical departments with emphasis on CONNECT specializations. Cardiology, Orthopaedics, Neurology, Nephrology, Emergency Medicine, Cancer and Transplant.

In the Information technology business, the Company's capabilities comprised the following domains Fintech and IT Services (Enterprise Applications and SMAC domains. Social, Mobility, Analytics and Cloud Computing).

The Company's knowledge capital

Total employees		Revenue per employee (₹ lacs)	Average age of employees (years)
IT	Healthcare		
670	780	36	~32

Case study # **1**

When Virinchi engaged with speed and precision in saving Zeenath's life

Zeenath Sultana, 27, developed sudden weakness in her right upper limb and lower limb with speech difficulty and was brought to Virinchi Hospital within the 'golden hour'. Immediately, Virinchi's doctors set out to work – the stroke pathway was activated with a door-to-needle time of less than 60 minutes.

Zeenath suffered from an Acute Ischemic Stroke; she was treated through Endovascular Thrombectomy to relieve her from post-stroke effects. The rare procedure warranted the highest precision in removing the clot from a small bran blood vessel.

During the DNT pathway, Zeenath underwent pathology and radiology investigations to evaluate her eligibility for intravenous thrombolysis. Diffusion-Weighted Magnetic Resonance Imaging (DW-MRI) showed a clot in the blood vessel depriving the left half of the brain from blood supply. Endovascular Thrombectomy was selected over thrombolysis / fibrinolysis, since her blood work indicated a bleeding risk if treated with systemic IV thrombolytics.

Following a precise and timely intervention, Zeenath was able to speak flawlessly again - even while she was on the procedure table. She was discharged from the hospital on just the second day after the procedure.

She described the intervention in just one word: 'magic'.

Zeenath was treated by Dr. Mohammed Ateequr Rahman, the first Interventional Neurologist in Hyderabad / Secunderabad, and also a Stroke Specialist at Virinchi Hospital, Hyderabad.

Minor OT

The Company's health care profile

Departments	38
Capabilities	Each surgical and medical department can handle complex cases
Professionals employed	110 full-time and 90 FFS (fee for service)
Experience profile	Department heads – average experience of 15-20 years Other consultants 10-15 years Junior doctors 3-5 years
Qualifications/ knowledge capabilities	Drawn from premier institutions (AIIMS, PGIMER Chandigarh, CMC Vellore, NIMS Hyderabad etc.) Most department heads and consultants possessing post graduate degrees (USA, UK and Australia) Doctors with exposure to protocol-driven medicine; experienced in Indian healthcare delivery pressures

Case study # **2**

Procedure: through Thoracic Endovascular Aortic Repair (TEVAR)

Sarala Devi, 40, suffered severe aneurysm that was corrected through a Thoracic Endovascular Aortic Repair (TEVAR) procedure successfully in another hospital. However, due to her pre-existing medical conditions, she developed severe aortic complications and was denied medical assistance by most major hospitals thereafter.

Eventually, the patient approached Virinchi Hospitals where she was found suffering from breathlessness, poor kidney function, hypertension, severe systemic inflammation and a bulging aorta (pseudo aneurysm) below the previously placed graft. This bulging led to a thinning of the aorta with blood clots that compressed the right renal artery resulting in failure. These complications could have resulted in profuse internal bleeding and a probable failure of the left kidney with fatal implications.

Virinchi's surgeons got down to work. During the complex procedure, they encountered a number of unforeseen challenges. They leveraged their rich experience and advanced equipment to repair pseudo aneurysm and preserve organ functions in two phases.

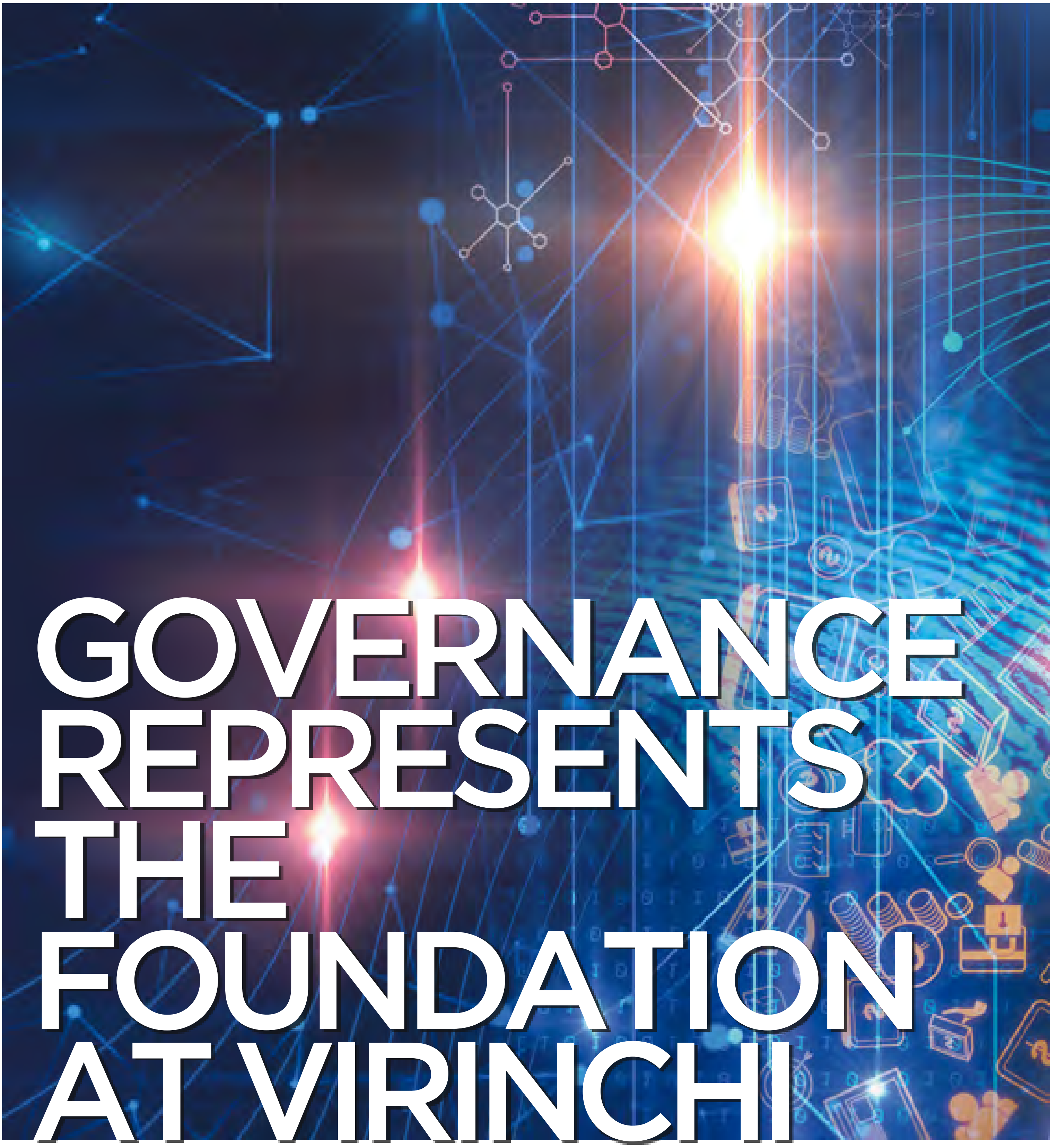
Finally, after a seven-hour minimally invasive surgery Sarala Devi emerged free of aneurysm-related problems, improved her kidney and other organ functions.

Virinchi's novel procedure not only corrected the aneurysm-induced complications (kidney failure, inflammation and aorta wall thinning) which could have possibly lead to rupture, internal bleeding and mortality, but also protected Sarala Devi from going through fatal prospective complications.

When she was leaving, Sarala Devi thanked the staff and doctors with two words: 'Born again.'

Sarala Devi was attended to by Dr. Avinash Dal, Senior Cardiovascular & Thoracic Surgeon

Intensive Cardiac-Care Unit



GOVERNANCE REPRESENTS THE FOUNDATION AT VIRINCHI

The subject of governance is increasingly relevant in every business as it enhances trust across internal and external stakeholders.

This is particularly so at Virinchi Limited where we are engaged in the critical business of saving lives and returning people to health in the shortest time.

Overview

At Virinchi, we believe that a culture of governance represents the bedrock of our existence. We believe that the 'how' influences the 'what': the process influences the quality of product or service.

This is particularly critical in the health care industry warranting a high level of treatment consistency and process repeatability. At Virinchi, we believe that this consistency is derived from a corporate consistency: the enunciation of a stable medium-term corporate strategy, a focus on long-term business sustainability over short-term profitability and a clear understanding across all stakeholders of the doables and non-doables within the Company's operating matrix.

This predictability has enhanced process stability, effort outcomes and strengthened corporate sustainability. In view of this, governance is not peripheral to the Company's existence but integral to it; it is not just a short-term priority but a long-term essential.

An enunciated blueprint

At Virinchi, we believe that a documented blueprint represents the heart of our governance commitment.

This documentation of our intent - policies and procedures - is a statement of all that we stand for – how we intend to do business. Over the years, we have documented this intent through various policies addressing all our stakeholders. On the one hand, we have created an overarching conduct and ethical code on how we – collectively and individually – will conduct business.

On the other hand, we have identified all people interventions, codified them and laid down multi-step guidelines on their how these processes need to be conducted. Besides, we have dovetailed this process roadmap with an extensive documentation discipline that has not only enhanced traceability but also strengthened a review process that has helped correct deviations with speed on the one hand, shrunk the learning curve, enhanced process predictability and identified benchmarks leading to sustainable improvement. The result is a systems-driven organization, enhancing business sustainability.

This content is shared with employees when they join our company as a part of their training orientation; we periodically renew this training, helping graduate a work ethic from something that is passively observed to something that is actively lived.

This extension of our governance commitment to everyday practices represents our biggest business driver and competitive differentiator.

Employee break-up

Employees	Men employees	Women employees	Total
Information Technology	532	140	672
Healthcare	439	340	779

Virinchi: Taking the governance agenda ahead

- Continue to emphasise that good governance is more than just statutory compliance
- Evaluate the performance of the Board around governance metrics
- Make the CEO accountable for governance-based delivery
- Ensure real-time information access to the Board
- Strengthen the governance infrastructure

Virinchi comprised around

1450

employees towards the close of 2017-18

Board of Directors

At Virinchi, we believe that the long-term success of our company will be derived from the strength of our strategic direction; the strength of our strategic direction will, in turn, be derived from the strength of our Board of Directors empowered with charting out a direction of where the Company should be headed.

Over the years, the Company invested in the creation of a competent Board comprising adequate Independent Directors who bring a wealth of industry and governance experience to the Company coupled with Executive Directors who are knowledgeable, hands-on and empowered. We believe this balanced combination - five Independent Directors and two Wholetime Directors - to be effective in representing the corporate interests from diverse (subjective and objective) positions. Besides, of our seven Board members, two are women and five are male. As on date the Company has seven members on its board.

Of our five Independent Directors, two are based abroad, one is a promoter of a large engineering and design company (listed on the Kuala Lumpur Stock Exchange) and the other is a part of the senior management of an international company based out of Australia, bringing the value of their international exposure, experience and governance practices to our company.

Role segregation

At Virinchi, we believe that the effectiveness of our governance is derived from our framework. This framework has clearly identified organizational hierarchies, reporting lines and responsibility allocation. A clear understanding of who is responsible for what, the clear definition of the deliverable, measured allocation of resources and reporting of that deliverable to who constitute this structure. To enhance effectiveness, the Company has segregated the roles of the CEO and Chairperson, the CEO being accountable to the Board.

Transparency

At Virinchi, we believe that transparency enhances stakeholder confidence and commitment.

Over the years, the Company has enunciated disclosure norms – what can and should be communicated and what should not for competitive and statutory reasons – that have enhanced clarity.

The Company's policies and procedures are distributed to the heads of departments, who in turn share the documents with their respective team members, creating organization-wide commitment. Besides, information necessary for employees and within the regulations (being a listed entity) is easily accessible to all employees.

This sense of transparency has extended to the appraisal system, which is conducted for the benefit of the employees in conjunction with the reporting senior.

The Company's code of practice & procedures for fair disclosure of unpublished price sensitive information is transparently accessible on the Company's website.

Compliances

At Virinchi, we believe that business continuity is derived from a culture of ongoing compliances – with the laws of the land and listing authorities.

At our company, we have instituted a robust commitment to statutory compliances through a team that owns this comprehensive responsibility. These compliances are reported to respective authorities (where applicable) in terms of various forms/report filings.

Over the years, this compliance commitment has been reinforced through a culture of audits: as a part of the Company's internal audit mechanism, the Audit Committee meets every quarter to review the financial reporting process and highlight non-compliances.

This provision has strengthened the Company's compliance discipline, strengthening business continuity and protecting from any censure or penalty.

Risk management

At Virinchi, we believe that business sustainability is derived through the identification of probable business downsides and their proactive de-risking. This aspect is gaining increased relevance in a world where businesses and realities are marked by a larger number of uncertainties (Black Swans). The more competently we manage these risks, the stronger our capability to weather market cycles and the various unforeseens.

Over the years, the Company instituted a systematic risk management approach. This comprised the creation of a Risk Management Team to periodically appraise various changes in the external and internal environment and suggest commensurate counter-measures. In line with this, the Company's Risk Management Framework is reviewed periodically and modified as and when required.

At our company, we have has extended our understanding of risks from the strategic and the macro to the micro – right down to the transaction level. In so doing, the Company has widened the understanding from the Board to the individual employee level, strengthening preparedness and mitigation.

Diversity

At Virinchi, we believe that one of the most democratic applications of governance is a respect for meritocracy. The more a company comprises individuals who have been selected for the distinctive value they bring to the table, the stronger the Company's capacity to consistently outperform.

At Virinchi, this culture of meritocracy is critical: our health care business is engaged in saving lives; our IT business provides cutting-edge solutions and products to global companies.

Virinchi comprised around 1450 employees towards the close of 2017-18; 970 were men and 480 (33%) were women. We believe this gender split to be a manifestation of our commitment to recruit on the basis of merit, irrespective of gender. Besides, the Company is an equal opportunity employer across genders, ethnic and religious backgrounds, economic classes and academic backgrounds suited to their respective work profiles.

Process discipline

At Virinchi, we believe that structured business growth is the outcome of a process discipline. The stronger the process of planning, review and iteration, the more predictable the growth.

Over the years, the Company strengthened processes through various initiatives; an annual budgeting process, creation of a business plan, resource mobilisation in line with business plan requirements, measurement of business performance in line with the plan and analysis of variation and the proactive reinforcement of process discipline through the inclusion of additional policies and procedures.

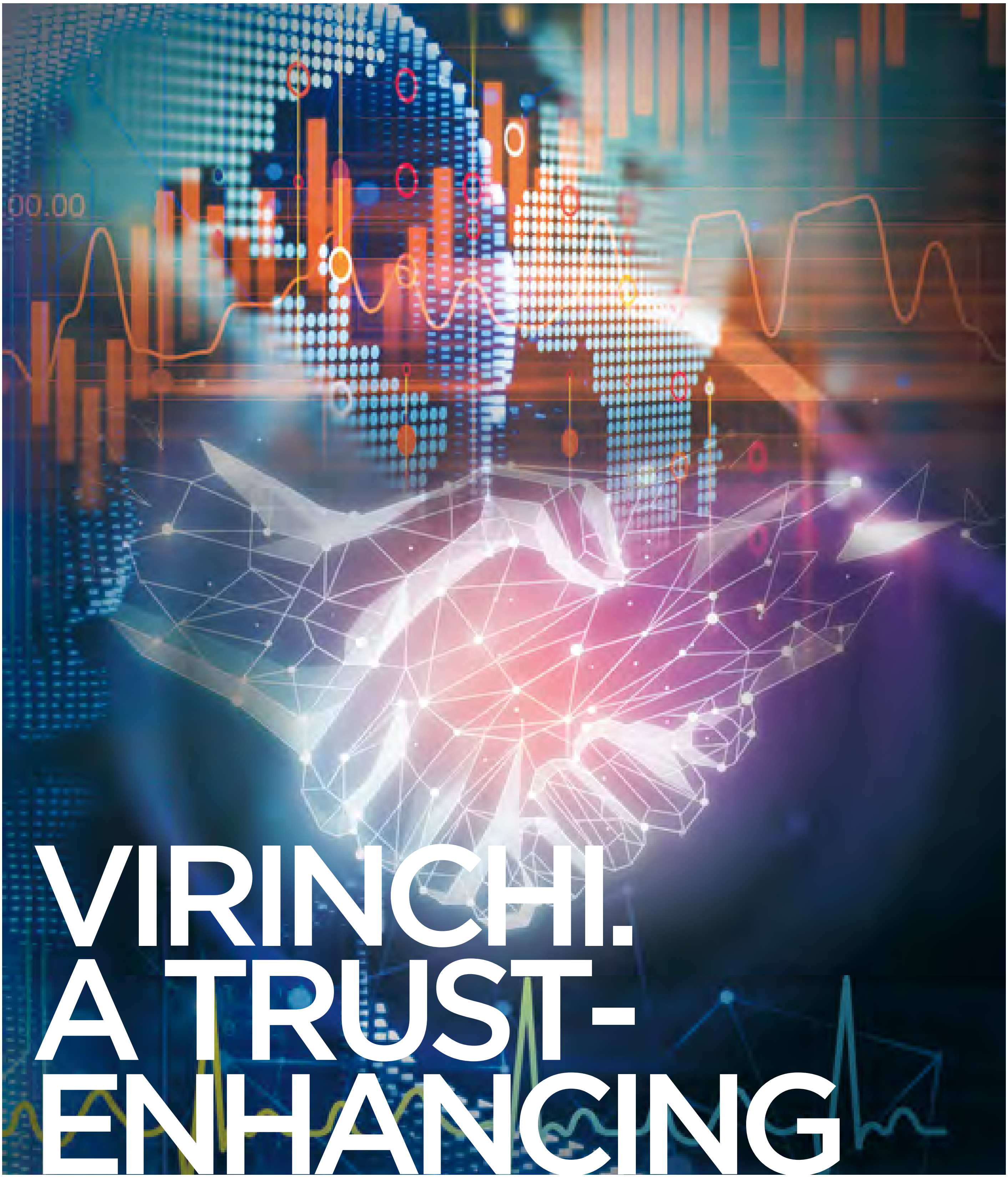
Technology investments

At Virinchi, we believe that the infusion of process technology shrinks tenures, increases predictability and replaces the routine with the automated. The result is cost moderation on the one hand coupled with enhanced systemic predictability on the other.

Over the years, the Company has invested in technologies around the following considerations: cutting-edge, suitability to the needed function, delivering a distinctive value-add (data capture, service facilitation, monitoring, billing and collection). Besides, the Company has invested in CRM and analytics; all Virinchi hospitals are supported by the vHealth enterprise version and vHealth app; all patient data OP/IP details are captured at a granular level to monitor and enhance solution effectiveness.

Drivers of our governance process

Drivers of our governance process	An enunciated blueprint	Board of Directors	Role segregation	Transparency
Compliances	Risk management	Employee diversity	Process discipline	Technology investments



VIRINCHI. A TRUST-ENHANCING CULTURE

Employees

1 "As Chief Operating Officer, I lead the technical and operational efforts of IT projects. The best thing about Virinchi: complete freedom to think independently, assume additional duties and handle projects our way without worrying about failure. Since mistakes are perceived as learning opportunities, there is a motivation to assume new responsibilities."

Sivaji Pendyala,
Chief Operating Officer

2 "I have been a senior delivery manager for 13 years at the Company: overseeing resource management, ensuring coordination between onsite and offshore teams, planning projects and enabling smooth execution. We have an efficient work culture at Virinchi: ample opportunities to learn, friendly atmosphere, approachable senior management and holistic talent recognition cum reward – just the reasons that have enhanced people retention.

Vikram Goud Badagowni,
Senior Delivery Manager

3 I have been Company Secretary at Virinchi for 13 years. What I like best: a strong leadership team involved hands-on. All our policies are defined by organisational values. The management values transparency and compliance, which represents its ethical backbone.

KR Tagore,
Company Secretary

Doctors

1 "I have been associated with Virinchi for a couple of years and what I find appealing is the freedom I get when it comes to taking care of patients. There is a distinct hierarchy applicable at each level coupled with a willingness to learn that differentiates Virinchi from the rest."

Dr. Srinivas Samavedam,
Critical Care

2 "I have been associated with Virinchi for two years. What I like best about Virinchi is the freedom to conduct day-to-day clinical and medical procedures. The ambience is friendly; the management responsive and supportive."

Dr. Sumit Sinha,
Cardiology

3 "Virinchi trusts doctors to act responsibly and ethically. I have been working here for two years with zero complaints. There is no pressure from the management in terms of meeting any patient-related targets. The technology support allows us to take informed decisions faster."

Dr. Dilip Gude,
Internal Medicine

4 "Virinchi has played a pivotal role in furthering my professional growth. The Company offers world-class care to patients and state-of-the-art equipment to doctors. The holistic services that we provide ensure that we are able to evolve a transaction with patients into a relationship – the basis of trust."

Dr. Muralidhar Joshi,
Anaesthesia

5 "I have been working with Virinchi for two years. Virinchi has differentiated itself from competition by leveraging competence in the IT sector and implementing them in the realm of healthcare. The result is that decisions are made quicker thanks to available world-class technologies. Despite the presence of different super-specialty departments, everything is interconnected."

Dr. Ratan Jha,
Nephrology

Patients

1 "I was admitted to Virinchi Hospitals following severe chest pain. During the course of my treatment, I was diagnosed with diabetes. I was satisfied with the services: top-notch facilities, competent doctors and caring staff. I was pleasantly surprised with the food: hygienic and tasteful!"

2 "I was anxious when hospitalised for a bilateral hip replacement - my first-ever procedure. Thankfully, the friendliness of the doctors put my fears to rest. The lead surgeon calmed me by explaining the procedure in detail. The other things that I will remember from my hospital stay staff are the courteous staff and the neat and clean environment."

3 "I was admitted to Virinchi Hospitals for a gall bladder surgery. I am happy with my experience: high quality standards that made me like I was at an international facility. I would rate it as one of the top hospitals in India on account of its clean and hygienic facilities."

4 "I was admitted to Virinchi Hospitals to address back spasms. What people had said about the hospital was true. The advanced facilities were outstanding. The staff and nurses were well-mannered. The doctors were intimately involved in patient care and accessible."

5 "I was admitted to Virinchi Hospitals for a hand surgery. During my four-day stay, I was satisfied with the treatment and environment. The hospital staff was proactive. The doctors were thorough professionals. The toilets and rooms were hygienic. What more could I possibly want?"

Virinchi continues to be committed to scaling its health care and fintech segments through periods of investment and consolidation, strengthening its overall business and value-creation. We continue to remain committed to our objective of emerging as one of the fastest growing companies within our respective spaces.

Virinchi continues to be committed to scaling its health care and fintech segments through periods of investment and consolidation, strengthening its overall business and value-creation. We continue to remain committed to our objective of emerging as one of the fastest growing companies within our respective spaces.

Virinchi Limited reported profitable growth during the year under review. Even as consolidated revenues increased 18.67% , our profit after tax strengthened 147 basis points.

The principal point that I wish to communicate is that this growth represents a validation of our business model. The Company reported a growth in its earnings after having made its largest capital expenditure of ₹175 crore in its health care business in 2015-16 and 2016-17 with its assets still in a state of being scaled. This reality clearly attests what we have patiently explained to our stakeholders: that our seemingly unconnected businesses represent a potent synergy and that our business model provides effective incubation for cash-intensive businesses before they mature and become self-sustaining.

At Virinchi, the effectiveness of our approach is derived from the fact that our cash-rich fintech business is complemented by an asset-heavy (but attractively

> There is a growing need for customised IT products and services

> There is a growing role of Big Data in addressing business challenges

> IT products and services are making it possible for companies to reach wider, deeper and weave solutions around the last customer.

> Virinchi works closely with marquee US clients

profitable) health care business. The surpluses we generate from our fintech business are utilised in making upfront investments in the health care business, creating a platform for business sustainability.

While it may appear that the synergy lies only at the financial level, the reality is that the two businesses are inter-connected at a deeper level. There is growing evidence that technology now resides at the core of virtually every business. Even conventional businesses have rapidly transformed to the point where the role of informed decision-making is less dependent on human 'gut feel' and more on technology-derived readings.

In the health care industry, the role of technology has virtually transformed the customer-facing side of the business at one level and the back-end data-crunching side at the other. Consider this: a number of tests that warranted case-to case human judgement and interpretation are now being competently managed by 'intelligent' equipment. Besides, companies that aggregated information earlier but could not adequately sift through layers are now mining the same data and deriving a vast range of informed conclusions.

At Virinchi, we are attractively placed with respect to both our businesses. On the one hand, our health care business warrants access to patient data; this service is provided by our IT business that has over time developed an understanding of how the health care business works. The result is that what would normally have been an instance of vendorship has progressively evolved into partnership and the ability to take the other business ahead.

At Virinchi, it would have been reasonable to believe that the solutions provided by one part of the Company would be used in another, strengthening a sense of synergy. Over the last few years, this synergy has extended to active business collaborating whereby the surpluses generated by the IT segment have also provided the health care business with adequate seed capital to grow a separate revenue stream.

Performance, 2017-18

During the year under review, we strengthened both our businesses. The big message that I wish to communicate is that both these businesses are attractively placed to do even better starting the current financial year.

The fintech business reported a 39.63% growth in revenues to ₹129.10 crore in 2017-18. The business generated 100% revenues from US.

The health care business of the Company was in a state of ramp-up following the successful commissioning of its 350-bed health care facility in 2016-17. The Company continued to activate more departments, add consultants, introduce a mobile app for patients, widen its sales cum marketing force and strengthen its branding.

We are pleased to report that the complement of these initiatives translated into attractive financial numbers. The health care business crossed the ₹100 crore revenue milestone during the last financial year. The third hospital – the largest within the Company – turned EBITDA-positive even as capacity utilisation was a modest 23% .

Outlook

The outlook for the two businesses continues to be optimistic.

The fintech business successfully addressed the evolving regulatory environment within India and the result is that we expect to launch more products during the current financial year. Besides, we believe that the existing business will continue to generate organic 15-20% growth, strengthening overall value for the Company.

The 350-bed hospital in Banjara Hills is reporting a month-on-month improvement in capacity utilisation and we expect our flagship hospital to finish the current financial year with a capacity utilisation of 35-40% , which we believe should enable this sizable investment to break-even as the cash level by the last quarter of the current financial year compared with our break-even commitment within 18 months of commissioning, one of the shortest tenures within the modern niche of India's hospital sector. This hospital possesses a revenue potential that is four times our prevailing monthly revenues based on the prevailing services mix ex-oncology), indicating attractive prospects.

In view of these projected realities, we believe that the current financial year should translate into attractive and profitable growth that enhances value in the hands of all those who own shares in our company.

Vishwanath Kompella,
Chairman

> Virinchi has worked in products and services niche of the digital domain in US and Europe

> The Company is attractively placed to provide business solutions to digital players

> From a hospital sector perspective, the picture continues to be as optimistic.

> The Company provides solutions that enhance customer competitiveness

> The Company's IT products and services business has grown around multi-year customer engagement, rising revenues and growing share of customer wallet

The Chief Executive Officer's operational review, 2017-18

Satyajeet Prasad,
CEO, explains the robustness behind the Company's 2017-18 performance

Q&A

Q: Were you happy with the way the Company performed during FY2017-18?

A: I was pleased with the performance of Virinchi in 2017-18 as the Company reported profitable growth: even as total income grew 18.67%, EBITDA and PAT have grown by 47.34% and 39.98% respectively, indicating the robustness of the business model reflected in positive margins orientation with increased revenues.

Q: What were some of the challenges addressed by the Company during the year under review?

A: At Virinchi, the challenge lay in growing the Company's revenues across both businesses (IT and healthcare). Some of the related challenges comprised the prudent allocation of management bandwidth and financial resources coupled with the need for efficient working capital optimisation.

The Company addressed these challenges through a consistent focus on profitable projects/clients on the one hand while countering increased people and administrative costs on the other. We also implemented a structured working capital management system where the Group CFO and respective business heads engaged periodically to monitor receivables and payables.

Q: What were the highlights of the Company's working during the year under review?

A: We engaged in extensive work in upgrading our QFund product to the next version (version 10), making it possible to upsell to Advance America, one of our oldest clients and an industry leader in the American Pay Day industry, adding 1000 additional stores to our portfolio. We are attractively placed to capitalize on opportunities, with QFund addressing the entire end-to-end operational IP requirements from the loan servicing point of view.

Our healthcare business reported stable operations in first full year of operations. The business rolled out a number of business processes integrated into the IT backbone; the doctor team was almost doubled; the business delivered deeper services across new specialties and the facility was marked by increased occupancy.

Our healthcare revenue should grow by around 30% and the operations should in turn generate a positive profit before tax in the coming year

47.34%

EBITDA growth in 2017-18

Q: How will the Company grow its IT business?

A: We are working to improve our deliveries. We have reinforced our US data center to accommodate more clients. We are strengthening our offshore delivery by adding more resources, making it possible to address business needs required to service growing service from Advance America.

We are strengthening our Banjara Hills campus to work on projects related to IT services. This is expected to increase the mobility of our platforms – all mobile-related projects as well as healthcare platforms deployed in our hospitals.

Q: What was your surplus allocation strategy for 2018-19?

A: The plan is to launch vCard business in Hyderabad on a pilot basis and depending on the outcome, launch it across India. vCard is India's first downloadable instant settlement credit card based on UPI BHIM, aimed at providing financial services platform for digital payments, credit services and advertising services.

In our business of healthcare, the plan is to commission 50 economy beds and embark on the remaining 100 economy beds and 100 Oncology beds to be commissioned by the last quarter of FY2019-20, funded through ₹20 crore of accruals.

Q: How optimistic are you about the Company's prospects?

A: I am optimistic. We are an established player in the IT business and we expect this business to scale; our IT Products business focus is on servicing the new contract from Advance America, which should improve revenues 15% in 2018-19. We are planning to launch the vCard business during the year.

In the case of healthcare, the focus will be on improving utilization levels at the flagship hospital at Banjara Hills. Our healthcare revenue should grow by around 30% and the operations should in turn generate a positive profit before tax in the coming year. Our healthcare business is gaining stability and should break even by the last quarter of 2018-19. All in all, we feel we can look forward to a favorable 2018-19.

Banjara Hills facility interior view - the atrium

Financial review by the Chief Financial Officer

In conversation with
M. Santhi Priya,
CFO & Whole Time Director

During the year under review, the management's major emphasis was on profit generation.

The overall cost of debt was brought down from 13.50% in 2016-17 to 12.20% in 2017-18 for the borrowings of Virinchi Health Care Private Limited through a constant interaction with bankers and commitment towards timely debt repayment.

In our IT services business, the emphasis was on focusing on projects/clients with better margins which improved the EBITDA margin from 17.95% in FY2016-17 to 24.96% in FY2017-18.

OP Pharmacy

Q: What were the principal financial achievements of the Company for 2017-18?

A: During FY2017-18, the operating cash flows from the flagship hospital at Banjara Hills (Hyderabad) covered our entire interest payment and some principal repayment. The consolidated EBITDA margin improved to 28.30% compared to 22.79% in FY2016-17. We believe that these realities augur well for the Company considering that the high-gestation health care investment in our Banjara Hills facility is only in its second year.

IT product revenue grew by 39.63%, while IT services revenue has come down by 20.45% as contracts with lower margins were not taken up due to management's focus on enhancing profit margins.

Healthcare revenue grew by 90.58% as the flagship hospital at Banjara Hills has been in operation for the full twelve months vis-à-vis five months in FY2016-17.

Q: What were the major challenges faced by the Company during the year under review?

A: Managing cash flows is always a challenge for a growing organisation and

Virinchi was no exception. This was on account of the Company's aggressive growth plan and the need to bring the new property to sustainable cash flows that could then be reinvested in the next growth round.

For example, while the mandate for the sales team in healthcare is to increase revenues, there is an ongoing control on the marketing team's budget for branding and advertising. On the people front, while the need is to recruit the best consultants (doctors), there is a pressure to negotiate engagements around no signing bonus coupled with a lowest fixed pay possible. Even as we were in only our second year and still in a period of consolidation, we sailed through managing these challenges through a 3-6-9-12 month risk mitigation plan, intimating the execution team at least 45 days in advance. As a result, cash flows were managed.

Q: How do you plan to enhance stakeholder value?

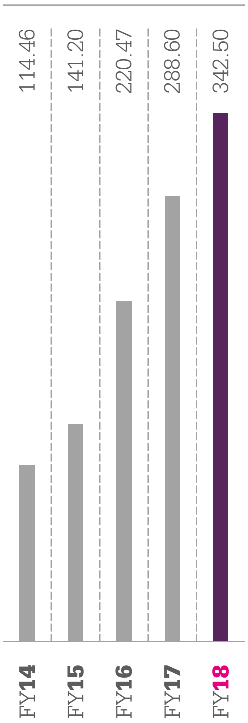
A: In our Expand-Consolidate-Breakeven-Expand (ECBE) model, we are in the consolidation phase focusing on increased capacity utilization, revenue maximization and surplus enhancement. We expect that the flagship hospital will break even in the later part of 2018-19 following which growth will be sustainable. The Company expects to generate adequate cash flows to expand the health care business thereafter, enhancing overall business value and entering the next round of the consolidation-breakeven and expansion cycle.

In addition to incremental revenues from new contracts from existing clients in our IT products and services business, we face the prospect of improved revenues from additional engagements with existing customers.

Mapping our five-year financial journey

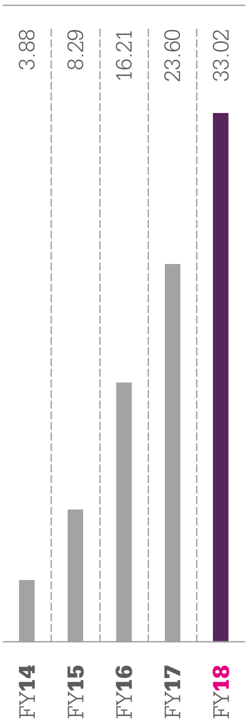
Revenues – Consolidated

(₹ crore)



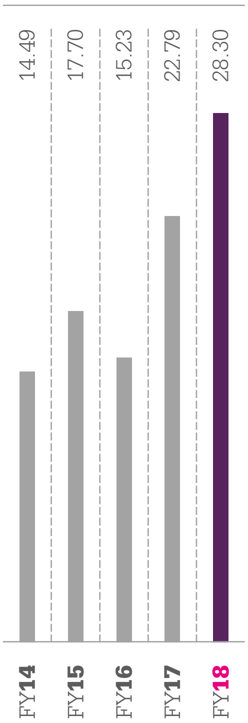
Net profit

(₹ crore)



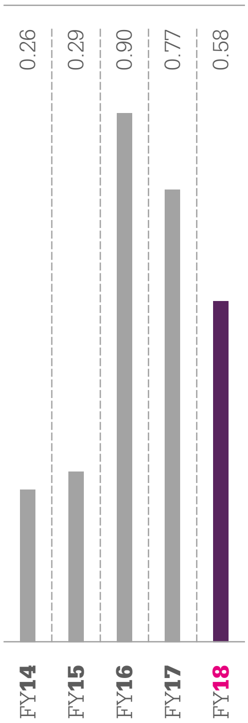
EBITDA margin

(%)



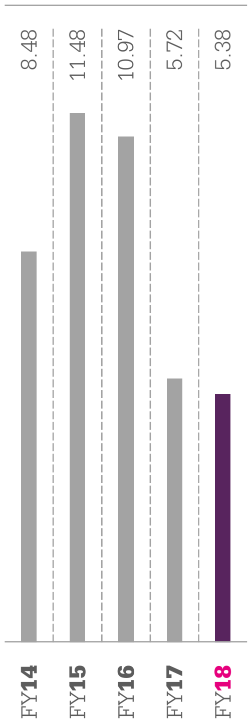
Debt-equity ratio

(x)



Interest cover

(x)



Definition

Revenue is the income generated by a business from the sale of goods or services from the main operations of a company before the deduction of costs and expenses, net of taxes and promotions.

Why is this measured?

It is an index that showcases a company's ability to optimise business operating costs despite inflationary pressures, which can be easily compared with the retrospective average and sectoral peers.

Virinchi's performance

Revenues increased by 18.67% to reach ₹342.50 crore in FY2017-18.

Definition

Profit earned during the year after deducting all expenses and provisions.

Why is this measured?

It highlights the strength in the business model in terms of generating value for its shareholders.

Virinchi's performance

The Company reported a 39.96% increase in its net profit in FY2017-18.

Definition

EBITDA margin is a profitability ratio used to measure a company's pricing strategy and operating efficiency.

Why is this measured?

The EBITDA margin gives an idea of how much a company earns (before accounting for interest and taxes) on each rupee of sales.

Virinchi's performance

The Company reported a 551 bps increase in EBITDA margin during FY2017-18.

Definition

This is calculated by dividing the total debt by the net worth (less revaluation reserves) as on March 31, 2018

Why this is measured?

This is an indicator of a Company's financial health and depicts the Company's ability to remunerate shareholders over debt providers.

Virinchi's performance

The Company's gearing improved from 0.77 in FY2017 to 0.58 in FY2018.

Definition

This is derived through the division of EBITDA by interest outflow.

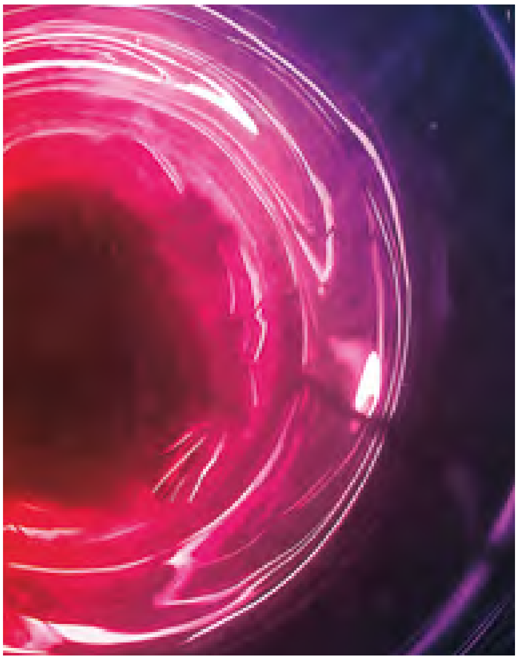
Why this is measured?

Interest cover indicates the Company's comfort in servicing interest, the higher the better.

Virinchi's performance

The Company's interest cover has come down slightly from 5.72 during FY2017 to 5.38 during FY2018, though the EBITDA has improved from ₹65.78 crore in FY2017 to ₹96.92 crore in FY2018 on account of higher interest outflow in FY2018.

Virinchi's Integrated Report of how we enhanced value for our stakeholders



Key enablers

Innovative excellence
- Reinforced innovation and outperformance through focused teams
- Invested in cutting-edge technologies
- Introduced the flagship lending management system QFund (loan processing, underwriting and loan collection & settlement etc.)
- Built machine learning underwriting tools to support heuristics decisions

Cost management
- Strengthened cost management; investments in superior equipment, scale, integration and stronger trade terms
- Negotiated a decline in long-term debt cost from 13.50% to 12.20%

Consultant-of-choice
- Improved quality of product deliveries and price-value proposition
- Made product improvements; deepened client engagements
- Forged synergic client relationships
- Acquired all of Advance America business

Robust practices
- Facilitated personal and professional development
- Implemented superior talent appraisal system
- Enhanced people retention from 85% to 90%
- Increased employees from 300 in FY14 to 1450 in FY18

Responsible citizenship
- Engaged in impactful CSR initiatives such as health camps, provided health kits for pregnant ladies and constructed toilets for a primary girl's school in the west Godavari District of Andhra Pradesh
- Invested ₹0.24 crore in CSR in 2017-18

Value-creation
- Strengthened projects pipeline
- Grew the healthcare business 90.58% in 2017-18
- Commissioned a brownfield asset-light hospital in 14 months
- Commissioning cost of ₹45 lac per bed on asset light model (industry average ₹60).

Material issues addressed

Innovative excellence
- Technology

Cost leadership
- Competition

Consultant-of-choice status
- Quality
- Credibility

Robust practices
- Health and safety
- Talent management

Responsible citizenship
- Society
- Education
- Health care

Value creation
- Society

90.58%

Growth in healthcare business

Capitals impacted

Innovative excellence
- Manufactured
- Intellectual
- Human
- Financial

Cost leadership
- Financial
- Manufactured
- Intellectual
- Natural
- Human
- Social

Consultant-of-choice status
- Financial
- Manufactured
- Intellectual
- Social

Robust practices
- Intellectual
- Human
- Financial

Responsible citizenship
- Social
- Financial

Value creation
- Financial
- Manufactured
- Intellectual
- Social

Virinchi's value creation paradigm

Resources

Financial capital: The Company's financial capital comprises resources mobilised from investors, promoters, banks and financial institutions

Manufactured capital: The Company's manufacturing capital comprises infrastructure, technologies and equipment constitute its manufactured capital

Human capital: The Company's human capital comprises senior management, permanent employees and contractual workers

Intellectual capital: The Company's intellectual capital comprises sizeable proprietary knowledge aggregated over 15 years

Social capital: The Company's social capital comprises enduring relationships forged with various stakeholders

Influencers of business fundamentals
- Vision, mission and values
- Corporate governance
- Code of conduct

₹ 45 Lacs

Commissioning cost per bed

Virinchi's Integrated Report of how we enhanced value for our stakeholders *(continued)*

Value created (as on 31st March 2018)

Financial capital

₹342.50 crore
Turnover

₹33.02 crore
Profit after tax

₹11.77
Earning per share

₹290.79 crore
Market capitalisation

Human capital

1450
Employees

780
Health care employees

670
IT employees

₹130.90 crore
Remuneration

Manufacturing capital

₹239.82 crore
Revenues from the IT vertical

₹101.05 crore
Revenues from the healthcare vertical

Social capital

CSR beneficiaries: Community in general and a Primary Girl's School in West Godavari District of Andhra Pradesh

₹12.52 crore
Payment to exchequer

Value shared with

Investors: Focusing on cost reduction and operational excellence to strengthen earnings and shareholder returns

Employees: Focusing on developing skills and preparing leaders of tomorrow and enhancing workplace safety

Customers: Offering quality services in a timely manner

Government: Ensuring ethical conduct, complete compliance with established norms and timely payments to exchequers

Communities: Engaging harmoniously with the community at large

CT Scan

Business vertical # 1

Our IT products business

Overview

Fintech is rapidly transforming the financial services sector. There has been a significant change in how people lend, invest, borrow, fund start-ups and buy financial products.

Statistics indicate that one in three digitally active consumers use two or more fintech services on average. Fintech is on its way to early mass adoption, encouraging customers to actively participate and assume charge of their financial journeys.

The US accounts for a leading 57% share of the global fintech market, followed by Asia and Europe, accounting for 31%, and 10% respectively.

Big numbers

129.10
Revenues (₹ crore), 2017-18

39.63
Revenue growth (%), 2017-18

37.79
Share of overall revenues (%), 2017-18

53.83
Product revenue as share of divisional revenues(%), 2017-18

46.17
Services revenue as share of divisional revenues(%), 2017-18

78.53
Division's EBITDA as % of overall EBITDA, 2017-18

Sub-prime customers in the US

60 million customers, growing at 5-6% each year. Several customers drawn from the lower income group.

These customers excluded from conventional lending institutions; generally reach neighbourhood stores for short-term unsecured credit – 'payday loans'.

Due to short tenure and high default risk (~20% of total lending), loans are high cost (>300-400%).

Since 2004, short-term micro credit industry growing rapidly; NASDAQ-listed players entering the space; ~2,000 branded stores established across US.

More payday stores in US than McDonald's outlets; industry is on the verge of consolidation; top 30 players forming 90% of the market.

QFund

QFund™ works with the top12 players in the payday sector with an average tenure of at least five years with each customer. QFund™ manages end-to-end ERP for customers. This product has no competition in the Indian market. QFund's scale and cost advantage in US derived from its India-based delivery centre. The product has managed 25 million of 60 million US sub-prime customers. An industry-wide database strengthened continuous improvement in loan underwriting and servicing. ~400 employees work for QFund™, comprising domain expertise and product leadership in the loan management segment of the alternate financing industry. The product carved out 35% margin and likely to generate sustained SaaS-based revenue growth over five years.

Strengths

- Established sectoral presence
- Enduring customer relationships
- Minimal competition from other players
- Healthy margins

Challenges

- The Company addressed challenges during product rollout for QC Holdings.

Mitigation: These challenges were countered by the senior product and delivery team, streamlining the process.

- The niche market is subject to regulations. Besides, long B2B sales cycles limit upselling new versions and renegotiating contracts, decelerating revenue growth.

Mitigation: Due to increasing need for product sophistication and existing brand equity, the Company strengthened its projects pipeline and generated steady revenues.

Highlights

- The Company successfully upsold QFund™ through a five-year rolling contract to Advance America for all micro-credit product variants, expected to generate ₹ 100 crore incremental revenues in 5 years.
- IT business revenues grew 3.52% to ₹239.82 crore.
- Products business revenues grew 39.63% to ₹129.10 crore; services business revenues decreased by 20.46% to ₹110.72 crore on account of dropping non profitable clients.
- Virinchi strengthened its positioning around business solutions to enhance client profitability. New product functions and significant custom application development was carried out with existing clients.

Outlook

- In addition to one-time revenues from Advance America, the base product revenue is expected to continue to grow at 10%.
- The Company plans to launch new adjacent products to QFund™, starting with one in 2019-20.

KSoft IT Services

Virinchi provides consulting and technology services through KSoft Systems Inc. in sectors like life sciences, healthcare, financial, telecom, logistics and insurance and banking. Banking accounts for more than 50% of revenues. The Company focuses on competencies like social, mobility, analytics, cloud, package product services and application services. Objective to develop products, enhance scale and forge ties with anchor customers.

Virinchi's competitive edge

QFund™ is focused on offering better services and deepening client engagements. It entered into strategic relationships with marquee clients (Advance America, NCP Finance and QC Holdings).

₹ **239.82** crore

IT revenue

Business vertical # **2**

Our Health care business

Overview

From a US-centric single-product business, Virinchi diversified into the healthcare business in 2013 following the acquisition of Asclepius Consulting, a leading Indian healthcare technology firm and merger of Bristlecone Hospitals with Virinchi.

The Company chose to offer IT-backed business solutions rather than operate as a pure-play IT solutions provider in India as the IT business alone would not generate an adequate return on investments. This diversification was also undertaken to de-risk the business, reducing Virinchi's excessive dependence on the IT sector. Besides, there was a need to develop an IT-backed healthcare solution for the benefit of patients.

Deep sectoral insight coupled with a focused IT-backed strategy translated into profitable operations, helping Virinchi carve out a niche for itself within 5 years. During the year under review, Virinchi consolidated its healthcare business and strengthen doctor-patient engagement, leading to revenue accretion.

Big numbers

101.05
Revenues (₹ crore), 2017-18

90.58
Revenue growth (%), 2017-18

29.58
Healthcare revenues as % of company's revenues, 2017-18 (%)

20.84
Healthcare EBITDA as share of company's EBITDA, 2017-18 (%)

Digital X-Ray

Strengths

- Professional management resulting in efficient operations.
- State-of-the-art equipment and facilities at par with the best in the world.
- Dedicated doctors focusing completely on patient care and clinical outcomes (not financial targets).
- A team of 200 doctors and 40 sales professionals establishing client rapport across ATL/ BTL/ digital marketing channels.
- Facilities located in prominent Hyderabad locations; >1.5 lac footfalls a year.
- Robust technological backbone (HIS and EMR systems).
- Unique brick-and-click model; quicker decision-making.
- Presence across increasingly relevant areas (cardiology, orthopaedics, neurology, nephrology, and cancer care, among others).
- Business benchmarked in line with Joint Commission International guidelines, helping the business extend beyond local regulatory requirements.
- A 3 member audit team ensures operational compliance and consistency.

Challenges

- Competing with national leaders within a five-kilometre radius of the Company's facilities.

Mitigation: A senior professional leadership team, led by the Chairman, ensuring business focus. All marketing activities showcased the Company's medical science innovation and technological expertise to attract patients.

- Onboarding and retaining quality doctors at reasonable costs.

Mitigation: Virinchi offered fixed salaries and liberated doctors from the obligation of attracting patients. The doctors are responsible only for clinical outcomes, reporting directly to the Medical Director.

Highlights, 2017-18

- The healthcare business stabilised operations at the new hospital after its first full year of operations.
- The Company established itself as a serious player in healthcare (30% of the Company's revenues derived from this segment).
- Several business processes were implemented and integrated with the IT backbone.
- The Company received the coveted NABH accreditation for two of three hospitals.
- The team of doctors almost doubled; occupancy increased; services were extended across new specialties.
- Several senior Virinchi doctors received awards; the medical team continued to focus on publishing scientific research papers.
- The sales team was strengthened; doctors were added to the business development team to enhance clinical expertise.
- The Company bagged a contract from the Uttar Pradesh State Health Department to roll out the v23 app across all 3,000 hospitals in the state of Uttar Pradesh with the potential to treat ~120 million patients a year.
- The v23 app implementation was scaled across existing hospital patients and other users who are a part of the healthcare ecosystem.

Outlook

- This business is expected to sustain growth, leveraging wider patient base, new doctors, additional facilities and enhanced market presence.
- Revenue from the healthcare business is expected to increase following enhanced occupancy (targeted at 50% share of company's revenues in the next few years).

Innovation @ Virinchi

- Virinchi has invested in the innovation of patient acquisition and engagement.
- The project team commissioned a complex brownfield asset-light hospital within 14 months for only ₹45 lac per bed, less than the prevailing benchmark.
- Most senior doctors in the hospital follow a fixed-fee model allowing them to focus only on clinical outcomes while a 40-people sales team manages patient acquisitions.
- The Company attracted and retained competent personnel while managing costs.
- The Company's clinical team pursued MoUs and medical partnerships with more than 300 reputed institutions (US, UK, China and Israel, among others) to launch a unique 'right to science' programme offering global medical innovation to patients.
- The Company deepened patient engagements through a '100 and One' Innovation programme via app v23.

Management discussion and analysis

Global economic overview

In 2017, a decade after the global economy spiralled into a meltdown, a revival in the global economy became visible. Consider the realities, every major economy expanded and a growth wave created jobs. This reality was marked by ongoing growth in the euro-zone, modest growth in Japan, a late revival in China and improving conditions in Russia and Brazil leading to ~3.7% growth in the global economy in 2017, 60 bps higher than the previous year.

Outlook

Global growth forecasts for 2018 and 2019 were revised upward by 20 bps to 3.9%, reflecting an improved momentum and the impact of tax policy changes in the US. (Source: WEO, IMF)

Global economic growth

Year	2014	2015	2016	2017	2018 (f)	2019 (f)
Real GDP growth (%)	3.5	3.2	3.1	3.8	3.9	3.0

[Source: World Economic Outlook, January 2018] f: forecasted

Indian economic overview

The Indian economy reported slower GDP growth of 6.7% in 2017-18. The year under review was marked by various structural reforms being undertaken by the Central Government. In addition to GST introduction, the year witnessed significant steps towards resolution of problems associated with NPA levels, FDI liberalisation, bank recapitalisation and privatisation of coal mines.

Outlook

The World Bank projected India's economic growth to accelerate to 7.3% in 2018-19 and 7.5% in 2019-20. Strong private consumption and a growth in the services sector are expected to support economic activity. Over the medium-term, the introduction of the GST is expected to catalyse economic activity and fiscal sustainability by reducing the cost of tax compliance drawing informal activity into the formal sector and expanding the tax base. (Source: IMF, World Bank)

FY2017-18 versus FY2016-17

	2017-18*	2016-17
GDP growth	6.7%	7.1%
GVA growth	6.4%	9.0%
Farm growth	3%	9.0%
Manufacturing growth	5.1%	9.3%
Per capita income growth	8.3%	9.7%

**Estimated. (Source: Press Information Bureau)*

Global IT industry overview

The global IT industry surpassed US$4.5 trillion in 2017 and is expected to exceed the $4.8 trillion-mark in 2018. The US is the largest technology market, accounting for a 31% share of a ~US$1.5-trillion market.

American exports of tech products and services stood at ~US$309 billion in 2016. Enterprise software continued to exhibit strong growth, with worldwide software spending projected to grow by 9.5% in 2018 and 8.4% in 2019 to US$421 billion.

The growing availability of software as service-based solutions is gaining currency in the realms of financial management, human capital management and analytics applications.

In 2017, the devices segment experienced growth for the first time in two years with an increase of 5.7% and is expected to grow by 5.6% in 2018. End-user spending on mobile phones is expected to increase marginally as average selling prices continue to creep upwards even as unit sales are forecast to be lower. [Source: IDC, Comptia, IBEF, Gartner].

	2017 spending (US$ billion)	Growth (%)	2018 spending (US$ billion)	Growth (%)	2019 spending (US$ billion)	Growth (%)
Data centre systems	178	4.4	179	0.6	179	-0.2
Enterprise software	355	8.9	389	9.5	421	8.4
Devices	667	5.7	704	5.6	710	0.9
IT services	933	4.3	985	5.5	1,030	4.6
Communications services	1,393	1.3	1,427	2.4	1,443	1.1
Total	3,527	3.8	3,683	4.5	3,784	2.7

[Source: Gartner]

Indian IT industry overview

India has become the digital capabilities hub of the world with ~75% of global digital talent present in the country as compared to the global average of 56%. The Indian IT and ITeS industry is divided into four major segments – IT services, BPM, software products and engineering services, and hardware. The global sourcing market in India continues to grow at a higher pace compared to the IT-BPM industry.

While the global sourcing market increased 1.7x to reach ~US$178 billion, the global IT and ITeS market (excluding hardware) reached US$1.2 trillion in 2016-17, making India the world's leading sourcing destination. At the end of FY2017-18, the country accounted for ~55% market share of the ~US$190 billion global services sourcing business. India's cost-competitiveness in terms of providing IT services, ~4x cheaper than the US, continues to be its competitive edge.

India is strengthening its intellectual capital with several global IT firms setting up their innovation centres in India. The country's IT Business Process Management (BPM) revenues (excluding hardware) stood at ~US$154 billion in FY2016-17 and grew to US$167 billion in FY2017-18. The contribution of the IT sector to India's GDP stood at 7.9% in 2017-18. Domestic revenues of the IT industry stood at ~US$41 billion and export revenue stood at ~US$126 billion in FY2017-18. Export revenues of the IT industry grew to U$126 billion in FY2017-18 from US$117 billion in FY2016-17. It is further expected to increase 7-9% y-o-y to ~US$137 billion in FY2018-19.

India's IT BPM sector is expected to grow to US$350 billion by 2025 with BPM expected to account for US$50-55 billion of the total revenues. Spending on IT in India is expected to grow by 9% to reach US$87.1 billion in 2018. Total exports from the IT-BPM sector (including hardware) stood at ~US$126 billion during FY2017-18. Exports rose at a CAGR of 12.26% between 2009 and 2018. IT services accounted for a 55.56% share of total IT exports (including hardware) during FY2017-18. Both the ITeS and the software products sector accounted for a 22.22% share each of total IT exports during FY2017-18, respectively. Exports from the sector are expected to reach US$135-137 billion in FY2018-19. [Source: IBEF, Gartner]

Outlook

India's IT-BPM sector is expected to expand to US$350 billion by 2025 with BPM accounting for ~US$55 billion. Export revenues from the digital segment forms ~20% of the industry's total export revenues. Total export revenues are expected to grow by ~9% y-o-y to reach ~US$137 billion in FY2018-19. With the shift in technology, digital is becoming a new revenue opportunity for BPM providers and 60% of new projects have some component of digital. Digital streams are expected to account for ~70% of the BPM revenues by 2025. [Source: Financial Express

Market size of the Indian IT industry (US$ billion)

Fiscal year	Domestic^	Exports
FY10	24	50
FY11	29	59
FY12	32	69
FY13	32	76
FY14	32	87
FY15	34	98.5
FY16	35	108
FY17	37	117
FY18	41	126
CAGR	10.71%	

[Note: e – estimated, ^ Including Hardware]
[Source: NASSCOM, Gartner, Arcana Research]

Growth in export revenues (US$ billion)

Fiscal year	IT services	BPM	Software products and engineering services
FY09	25.8	9.9	8.8
FY10	25.8	11.7	10.0
FY11	33.5	14.1	11.4
FY12	39.9	15.9	13.0
FY13	43.9	17.8	14.1
FY14	52.0	20.0	14.0
FY15	55.5	23.0	20.0
FY16	61.0	24.4	22.4
FY17	66.0	26.0	25.0
FY18	70.0	28.0	28.0
CAGR		12.26%	

[Source: NASSCOM, Make in India, IDC]

Growth drivers

BFSI vertical: A major share of revenues of IT majors comes from the BFSI vertical. Adoption of new technologies is expected to accelerate growth of the BFSI vertical. The need for undertaking investments in IT will also be required for gaining competitive advantage instead of solely for reducing operational costs. Revenue growth in the BFSI vertical reached ~9% y-o-y in Q4 of FY2017-18.

Overseas demand: >62% of Indian IT BPM exports were absorbed by the US during FY2017-18. As of FY2017-18, the US and the UK were the leading markets with a combined share of ~80%. However, there is growing demand from the Asia Pacific, Latin America and the Middle East. Being a low-cost exporter of IT services, India is going to attract more markets in other regions in the same manner in the years ahead.

Geographic breakup of export revenues (%)

	FY16	FY17	FY18
The US	62	62	62
The UK	17	17	17
Europe (excluding the UK)	11	11	11
Asia	8	8	8
Rest of the world	2	2	2

[Source: NASSCOM, Department of Electronics and Information Technology]

Exports growth: Export revenues have grown at a CAGR of 12.25% to reach US$126 billion in FY2017-18 from US$50 billion in FY2009-10. India's social, mobile, analytics and cloud segment is pegged to become a US$1- trillion market by 2020. IT expenditures in emerging economies are expected to grow ~4x faster than advanced economies. The BRIC IT market is estimated to reach ~US$420 billion by 2020. Stable fiscal regimes, reduced red tape and a holistic environment for start-ups will act as catalysts of growth.

IT export revenues (US$ billion)

FY10	50	CAGR of 12.25%
FY11	59	
FY12	69	
FY13	76	
FY14	86	
FY15	99	
FY16	108	
FY17	117	
FY18	126	

[Source: NASSCOM]

Digital exports: Global digital expenditures are expected to increase from US$180 billion in 2017 to US$ 310 billion by 2020. India's IT industry is increasingly focusing on digital opportunities as digital is poised to be a major segment in the next few years. It is also currently the fastest-growing segment, growing at a rate of >30% per annum. Export revenues from the digital segment accounts for a ~20% share of overall export revenues (~US$25 billion in FY2017-18). [Source: NASSCOM]

Export revenue from Digital ($ billion)

FY16	FY17	FY18	CAGR
11	16	25	50.76%

(Source: NASSCOM, IDC)

Talent pool: Availability of a skilled, English-speaking workforce has been a major reason behind India's emergence as a global outsourcing hub. The number of engineering graduates increased from 651,000 in 2013 to ~779,000 in 2017 and is expected to grow to 802,000 by 2020. The India BPO promotion scheme approved under the Digital India programme aims to create employment opportunities for the youth and promote investments in the IT and ITeS industry. The scheme has already been created employment for >10,000 individuals.

Annual entry-level talent pool in India*

2013	2014	2015	2016	2017	2018 (E)	2019 (E)	2020 (E)
651,000	707,000	753,000	771,000	779,000	787,000	794,000	802,000

*[Source: NASSCOM, Everest Group] (Note: *refers to graduates with Bachelor's degree in engineering (four-year degree course)*

Emerging areas: Adoption of technology and outsourcing is expected to make Asia the second-largest IT market. Government, healthcare, media and utilities together spend ~US$190 billion, but account for just 8% of India's IT revenue. Emerging verticals (retail, healthcare, utilities) are driving growth. SMBs have IT spend of ~US$230–250 billion, but contribute just 25% to India's IT sector revenues. The emergence of new service offerings and business models would aid in foraying into untapped markets, profitably and efficiently. [Source: IDC, NASSCOM]

Emerging verticals (US$ billion)*

Small and medium-sized businesses	Government	Healthcare	Utilities	Media
250	90	58	25	17

*[Source: NASSCOM, Gartner] I *2020 figures*

Emerging geographies

Country	IT expenditures (US$ billion)	India's penetration (%)	Key segments
Canada	63	~1.5	Enterprise applications, cyber security and healthcare
Europe	230	<1.5	IT sourcing, BPM and CAD
Japan	235	<1	CRM, ERP and sales force automation
Spain	26	<1.5	IT sourcing
Mexico	29	~4	IT sourcing and BPM
Brazil	47	~2	Low-level application management, artificial intelligence and R&D
China	105	<1	Software outsourcing and R&D
Australia	48	~4	Procurement outsourcing, infrastructure software and CAD

[Source: NASSCOM]

Key investments and developments

- NASSCOM has launched an online platform for upgrading the skills of >2 million technology professionals and skilling another 2 million potential employees and students.
- Private equity and venture capital investments in India's IT and ITeS sector reached US$7.6 billion between April and December 2017.
- India ranked ninth out of the 14 countries in Korn Ferry's Digital Sustainability Index, outperforming countries such as China, Russia and Brazil.
- The flexi staffing market in the IT sector stood at US$3.04 billion in FY2016-17 and is estimated to grow at a CAGR of ~16% to reach US$5.3 billion by 2021.
- Exports of software services from India increased to 10.3% y-o-y to reach US$97.1 billion in FY2016-17.
- Spending on AI by Indian companies is expected to increase by ~11% over the coming 18 months backed by rising influence of AI-based solutions across verticals.
- India plans to introduce 5G by 2020 so as to realise its goals of increasing the GDP rate, creating employment and the digitising of the economy.
- The mobile wallet industry is expected to reach US$480 billion by 2022, growing at a rate of 126%.

Governmental Initiatives

- The Government of India has extended tax holidays to the IT sector for software technology parks of India and special economic zones. Furthermore, the country is providing a single window clearance for setting up these facilities.
- As a part of Union Budget 2018-19, the NITI Aayog is going to set up a national-level programme that will enable research efforts in AI.
- The Government of India is going to explore new opportunities in various sectors such BPO services, digital healthcare and agriculture to achieve the target of making India a US$1-trillion digital economy.
- The Government of India, launched project DARPAN for achieving financial inclusion among the unbanked rural population.
- The Government of India is planning to set Wi-Fi facility in ~5.5 lac villages by March 2019 at an investment of ~US$ 555 million to start broadband services at a speed of (1 gigabyte per second) across 1 lac gram panchayats by the end of the year.

[Source: ASC Group, IBEF]

Advantage India

Growing demand

- Strong growth in demand for exports from new verticals
- Rapidly growing urban infrastructure
- Expanding economy to boost local demand

Inherent cost-competiveness

- Cost savings of 60–70% over source countries
- 55% share of the global sourcing industry

Global footprint

- Delivery centres across the world
- Well-diversified across verticals (BFSI, telecom and retail)
- Strategic alliances between domestic and international players

Policy support

- Tax exemption of three years in a block of seven years to start-ups under 'Start-up India'
- FDI liberalisation
- Cumulative FDI inflow between April 2000 and December 2017 in computer software and hardware stood at US$29.825 billion

US alternative lending industry and QFund

Financially underserved consumers in the U.S. spent $173 billion in fees and interest during 2016 across 29 products. 31% of American adults or 76 million people are struggling to get by or just barely making it.

Face barriers to using mainstream financial products due to low-to-moderate incomes or income volatility, impacts 67 million and 54 million U.S. adults, respectively. 91 million US adults have subprime credit scores below 600, or are unscorable due to a lack of sufficient credit file information. 67 million adults struggle with access to mainstream financial products that meet their needs.

Due to these factors, the alternative lending industry is growing at a fast pace in the US. The 2016 US online alternative finance market volume of $34.5 billion marked a 22% y-o-y increase.

Virinchi's Qfund business

Qfund is an end to end Loan Management Software aimed at the alternative finance companies targeting sub-prime customers. Qfund covers the entire loan life cycle from loan initiation to settlements & collections. It is the Global Leader in Lending Management Solution for the Micro credit Industry. Its advantages are as below:

Intellectual property: Interacted and under-written 20 to 25 million individual sub-prime customers, providing better prediction on customers' ability to repay

Software experience: 25% of all short term loan transactions happen on Qfund's platform across 20,000 offline and hybrid lending models

Loyal customer base: QFund provides a complete solution – from loan processing to collections, ensuring huge customer stickiness

Market leader: Long term contracts with the top-12 of the top-20 players in the micro credit lending space

Barriers to entry: Small customers and niche segment with steep learning curve prevent other large players from entering the short term lending management system

Indian healthcare industry overview

Healthcare has become one of India's largest sectors both in terms of revenue and employment. The industry is growing at a tremendous pace owing to its strengthening coverage, services and increasing expenditure by public as well private players. India's healthcare market may see threefold jump in value terms to US$372 billion by 2022, driven by growing incidence of lifestyle diseases and rising demand for affordable healthcare delivery systems.

The value of the sector in 2016 stood at US$110 billion and is estimated to grow at a CAGR of 22%. The medical devices market, which was valued at US$4 billion as of 2016, is likely to cross US$11 billion by 2022 on the back of a growing geriatric population, uptick in medical tourism and gradual decline in cost of medical services. Growing lifestyle diseases, rising demand for affordable healthcare delivery systems due to increasing healthcare costs, emergence of telemedicine, rapid health insurance penetration, mergers and acquisitions helping to reach untapped markets and governmental initiatives are driving healthcare market in India.

The hospital industry in India stood at US$61.79 billion in 2017 and is expected to increase at a CAGR of ~17% to reach US$132.84 billion by 2023. [Source: Frost and Sullivan, LSI Financial Services, Deloitte, Arcana Research]

Outlook

India's healthcare industry is one of the fastest growing sectors and in the coming 10 years it is expected to reach US$275 billion. The country has also become one of the leading destinations for high-end diagnostic services with sizeable capital investments being made in advanced diagnostic facilities so as to cater to a greater proportion of the population. With an increase in competition, businesses are looking to explore new dynamics and trends to brighten their long-term prospects. India's competitive advantage also lies in the increased success rate of Indian pharmaceutical companies in terms of getting ANDA approvals. India also offers vast opportunities in R&D, medical tourism and healthcare infrastructure in urban and rural locations.

Demand drivers

Increasing prosperity: The per capita GDP of India is expected to reach US$3,273.85 in 2023. Rising incomes mean a steady growth in the ability to access healthcare services.

Elderly population: Changing demographics will also contribute to greater healthcare spending. This is likely to continue with the size of the elderly population set to rise from the current 98.9 million to ~168 million by 2026.

Insurance penetration: Penetration of health insurance has aided the rise in healthcare spending, a trend likely to intensify in the coming decade.

Economic prosperity is driving the improvement in affordability for generic drugs in the market.

Lifestyle diseases: Increasing urbanisation has meant that ~50% of spending on in-patient beds is for lifestyle diseases (high cholesterol, high blood pressure, obesity, poor diet and alcohol).

Growing awareness: Precautionary treatments coupled with improved diagnostics are resulting in an increase in hospitalisation.

Cutting-edge technology: Digital health knowledge resources, electronic medical records, mobile healthcare, electronic health record, hospital information system, technology-enabled care, telemedicine and hospital management information systems are some of the technologies gaining wide acceptance in the sector.

Rising privatisation: Private players in the industry are making their supply chains efficient and leveraging economies-of-scale to reduce costs. Many industry players are branching out by providing multiple healthcare services under one roof while certain players are focusing on providing only one kind of healthcare service to its customers.

[Source: World Bank, BMI, IRDA, CII, Grant Thornton, Gartner, Technopak, Arcana Research, Business Standard, Ministry of External Affairs]

Medical tourism in India

Presence of world-class hospitals and skilled medical professionals has strengthened India's position as a preferred destination for medical tourism. Superior quality healthcare, coupled with low treatment costs in comparison to other countries, is benefiting Indian medical tourism which has, in turn, enhanced the prospects of the Indian healthcare market. Treatment for major surgeries in India costs ~20% of what it costs in developed countries. India also attracts medical tourists from developing nations due to lack of advanced medical facilities in many of these countries. As of April 2017, medical tourism market in India stood at US$3 billion. [Source: Ministry of Health, RNCOS, KPMG, Deloitte, Medical Tourism Association, LSI Financial Services, Apollo, Arcana Research]

Governmental initiatives

Encouraging the private sector

- The benefits of Section 10 (23 G) of the IT Act have been extended to financial institutions that provide long-term capital to rural hospitals with ≥100 beds. Such hospitals are entitled to 100% deduction on profits for five years
- The Central Government is encouraging the PPP model to improve availability of healthcare services and provide healthcare financing.

Offering fiscal incentives

- All healthcare education and training services are exempt from paying service tax.
- Increase in tax holiday under Section 80 IB for private healthcare providers in non-metros for hospitals with ≥50 beds.
- 250% deduction for approved expenditure incurred on technology-enabled healthcare services such as telemedicine and remote radiology, among others.
- Excise duty on chassis for ambulance reduced from 24% to 12.5%.
- Exemption of basic customs duty of 5% on artificial hearts.
- Income tax exemption for 15 years for domestically manufactured medical technology products.

Implementing the National Health Policy 2017

The Government of India has approved the National Health Policy 2017 for achieving universal health coverage and delivering quality healthcare services to all at affordable costs.

Incentivising the medical travel industry

Incentives and tax holidays are being offered to hospitals and dispensaries providing health travel facilities. Senior citizens (>80 years of age) will be allowed deductions worth US$491 in medical expenditures if they are not covered by any health insurance schemes.

Advantage India

Strong demand

- The healthcare market in India is expected to reach US$ 372 billion by 2022, while medical devices market is expected to cross US$ 11 billion by 2022.
- Rising incomes, greater health awareness, lifestyle diseases and increasing access to insurance will contribute to growth.
- India will require ~2.07 million more doctors by 2030 in order to achieve a doctor-to-population ratio of 1:1,000.

Attractive opportunities

- Investment in healthcare infrastructure is set to rise, benefiting both 'hard' (hospitals) and 'soft' (R&D and education, among others) infrastructure.
- India is the largest exporter of formulations with a 14% market share and ranks 12th in the world in terms of export value.
- The Government of India aims to increase healthcare spending to 3% of the GDP by 2022.

Affordable quality

- Availability of a large pool of well-trained medical professionals in the country.
- India has an advantage over its peers in terms of the cost of medical services provided.

Policy support

- The Central Government aims to develop India as a global healthcare hub.
- Policy support in the form of reduced excise and customs duty and service tax exemptions.
- Creation of new drug testing laboratories and further strengthening of the 31 existing state laboratories.

[Source: KPMG, Deloitte, Frost and Sullivan, LSI Financial Services, Arcana Research]

Financial analysis

Profit and loss account analysis

Gross revenues: Gross revenues increased by 18.67 % ₹3425.00 million in 2017-18, compared to ₹2,886.01 million reported in 2016-17.

Operating profit (EBITDA): Operating profit increased by 47.33 % to ₹969.20 million during 2017-18 from ₹657.84 million in 2016-17, largely because of an improvement in operational efficiencies.

Depreciation: Depreciation stood at ₹333.11 million, compared to ₹247.61 million in the previous year, up by 43.77 % on a y-o-y basis, primarily on account of addition of assets in healthcare business and amortisation of goodwill on account of merger of Bristlecone Hospitals with Virinchi Limited.

Finance costs: Finance costs increased by 56.41 % from ₹115.12 million to ₹180.06 million because of an increase in borrowings in the healthcare business.

Tax expenses: Tax expenses stood at ₹125.15million, which included current tax expensed worth ₹95.00 million and deferred tax charges worth ₹30.15 million.

Net profit: Net profit stood at ₹332.00 million, a 40.71 % increase over the previous year.

Balance Sheet analysis

Net worth: The Company's net worth stood at ₹2,553.90 million as on 31st March 2018, increasing by 23.51 % compared to ₹2,067.76 million as on 31st March 2017. The net worth comprised paid-up equity share capital amounting to ₹282.18 million (28,218,050) equity shares of ₹10 each (fully-paid up) and minority interest of ₹0.096 million).

Loan funds: Loan funds stood at ₹1574.21 million while long-term borrowings stood at ₹1083.35 million and short-term borrowings amounting to ₹490.86 million.

Total assets: Total assets increased to ₹4935.02 million in 2017-18 from ₹4,178.05 million in 2016-17, an increase of 18.12 %. Capital work-in-progress for the year increased by 49.78 % to ₹49.05 million in 2017-18 compared to ₹32.74 million in 2016-17 on account of commissioning of a large part of the flagship hospital at Banjara Hills, Hyderabad and the merger of Bristlecone Hospitals Private Limited.

Non-current investments: Non-current investments increased to ₹12.34 million from ₹7.24 million in the previous year.

Inventories: Inventories increased by 29.55 % to ₹102.93 million from ₹79.45 million in the previous year.

Sundry debts: Sundry debts of the Company stood at ₹784.23 million, an increase of 86.96 % over the previous year.

Loans and advances: Loans and advances amounted to ₹602.50 million, comprising 12.21 % of the Company's total assets. Short-term loans and advances for the year stood at ₹497.81 million (an increase of 107.87 % over the previous year), primarily on account of advances given to the newly set-up healthcare subsidiary.

Cash and cash equivalents: Cash and cash equivalents amounted to ₹98.69 million as on 31st March 2018 compared to ₹112.48 million as on 31st March 2017.

Current liabilities: Current liabilities stood at ₹116.28 million, comprising short- term borrowings worth ₹490.86 million, trade payables worth ₹396.74 million and short-term provisions worth ₹275.21 million.

Internal control

The management information system is

the backbone of the Company's internal control mechanism. The Company has adequate internal control systems and procedures in all operational areas and at all levels of equipment procurement, finance and administration, marketing and personnel departments. The Company also has an internal audit system commensurate with the size and nature of the business. The audit committee reviews the internal audit reports and the adequacy of internal controls from time to time.

Human resources

The Company values the importance of its human capital as its business is primarily dependent on the intellectual capital. Significant effort of the management is put to create a stronger career growth path of the employees in the Company. The Company makes continuous efforts in honing the skills of the employees through continuous training programmes including those aimed at up-skilling, cross-skilling or re-skilling employees in technical, domain, soft skills and leadership aspects. Through tie-ups with premier institutions, the Company offers higher education and certification programmes as well. Total employee strength of the Company as on 31st March 2018 stood at 1450 with 670 employees in the IT vertical and 780 employees in the healthcare vertical.

Statutory Section

Notice

NOTICE is hereby given that the 29th Annual General Meeting of the Members of the Company will be held on Friday, the 28th day of September, 2018, at 11.30 AM at 8-2-672/5&6, 3rd Floor, Ilyas Mohammed Khan Estate Road No.1, Banjara Hills Hyderabad, Telangana — 500 034 to transact the following business:

ORDINARY BUSINESS:

1. **To receive, consider and adopt:**
   (a) the Audited Financial Statements of the Company for the financial year ended March 31, 2018, together with the Reports of the Board of Directors and Auditors thereon; and

   (b) the Audited Consolidated Financial statements of the Company for the financial year ended March 31,2018, together with the Report of the Auditors thereon.

2. To appoint a Director in place of Ms. M. Santhi Priya (DIN03114319) who retires by rotation, and being eligible, offers herself for re-appointment.

SPECIAL BUSINESS:

3. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to applicable provisions of Foreign Exchange Management Act, 1999, as amended ("FEMA"), Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 as amended up to date, the Companies Act, 2013 as amended, Companies Act, 1956, to the extent that such provisions have not been superseded by the Companies Act, 2013 or de-notified, as the case may be and all other applicable acts, rules, regulations, provisions and guidelines (including any statutory modifications or re-enactments thereof for the time being in force) and subject to all applicable approvals, permissions and sanctions of the Reserve Bank of India, Ministry of Finance, Ministry of Corporate Affairs, Government of India and other concerned authorities and subject to such conditions as may be prescribed by any of the said concerned authorities while granting such approvals, permissions or sanctions, the limit of investment by Foreign Portfolio Investors (as defined under the SEBI (Foreign Portfolio Investors) Regulations, 2014, as amended) in the equity shares of the Company under the Portfolio Investment Scheme under FEMA, be and is hereby increased from 24% to 49% of the paid-up equity share capital of the Company."

"RESOLVED FURTHER THAT, the Board of Directors and Company Secretary be and are hereby severally authorized to take all steps for giving effect to the above Resolution including filing of the necessary forms with the Registrar of Companies."

4. To consider and if thought fit to pass, with or without modifications, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to applicable provisions of Foreign Exchange Management Act, 1999, as amended ("FEMA"), Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 as amended up to date, the Companies Act, 2013 as amended, Companies Act, 1956, to the extent that such provisions have not been superseded by the Companies Act, 2013 or de-notified, as the case may be and all other applicable acts, rules, regulations, provisions and guidelines (including any statutory modifications or re-enactments thereof for the time being in force) and subject to all applicable approvals, permissions and sanctions of the Reserve Bank of India, Ministry of Finance, Ministry of Corporate Affairs, Government of India and other concerned authorities and subject to such conditions as may be prescribed by any of the said concerned authorities while granting such approvals, permissions or sanctions, the limit of investment by Non-Resident Indians (as defined under FEMA) & Overseas Citizen of India (OCI) in the equity shares of the Company under the Portfolio Investment Scheme under FEMA, be and is hereby increased from 10% to 24% of the paid-up equity share capital of the Company."

"RESOLVED THAT the Board of Directors and Company Secretary are hereby severally authorized to do all such acts, matters, deeds and things necessary or desirable in connection with or incidental to giving effect to the above resolution, including without limitation, intimating the Reserve Bank of India of the increase in investment limits applicable to Non-Resident Indians & Overseas Citizen of India (OCI) and to comply with all other requirements in this regard."

"RESOLVED FURTHER THAT, the Board of Directors and Company Secretary be and are hereby severally authorized to take all steps for giving effect to the above Resolution including filing of the necessary forms with the Registrar of Companies."

Item# 5

INVESTMENT(S), LOANS, GUARANTEES AND SECURITY IN EXCESS OF LIMITS SPECIFIED UNDER SECTION 186 OF COMPANIES ACT, 2013

To consider and approve, the following resolution with or without modification, as a Special Resolution:

"RESOLVED THAT pursuant to Section 186(3) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification thereof for the time being in force and as may be enacted from time to time), and in terms of Articles of Association of the Company and subject to such approvals consents, sanctions and permissions as may be necessary, the consent of the members be and is hereby accorded to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee which the Board may constitute for this purpose or any person(s) authorized by the Board) for making investment(s) in excess of limits specified under section 186 of Companies Act, 2013 from time to time in acquisition of securities of any body corporate or for giving loans, guarantees or providing securities to any body corporate or other person / entity whether in India or outside India, as may be considered appropriate for an amount not exceeding Rs.500 crore (Rupees Five Hundred crore only), notwithstanding that such investment and acquisition together with the Company's existing investments in all other bodies corporate, loans and guarantees given and securities provided shall be in excess of the limits prescribed under section 186(3), of the Companies Act, 2013.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board of Directors of the Company be and is hereby authorized to finalize and execute all agreements, documents and writings and to do all acts, deeds and things in this connection and incidental thereto as they may in their absolute discretion deem fit to give effect to this resolution."

Item# 6

Approval of Virinchi Limited Employee Stock Option Scheme 2018 and Grant of Employees Stock Options to employees of the Company thereunder

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 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013 (which deems to include the provisions the Companies Act, 1956 applicable, if any, for the time being in force), the Memorandum and Articles of Association of the Company, the Listing Agreements entered into by the Company with the Stock Exchanges, Regulation 6 of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, the approval and consent of the Shareholders of the Company be and is hereby accorded respectively to the'Virinchi Employee Stock Options Scheme, 2018"(VESOS, 2018) (hereinafter referred to as the "VESOS,2018"/ "Scheme") and to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include Compensation Committee already constituted by the Board under Section 178 of the Companies Act, 2013 nomenclature as the Nomination & Remuneration Committee to exercise its powers, including the powers, conferred by this Resolution) to create, offer and grant from time to time up to 30,00,000 (Thirty Lacs only) Options to the permanent employees, existing and future Directors including Whole-time directors but excluding the Independent Director of the Company and its existing and future subsidiary companies whether in or outside India as may be decided solely by the Board under the Scheme, exercisable into 30,00,000(Thirty Lacs only) Equity Shares of face value of Rs. 10/- each fully paid up, at such price in one or more tranches, on such terms and in such manner as the Board may decide in accordance with the provisions of the law or regulations issued by the relevant authorities, SEBI Regulations and in due compliance with other applicable laws and regulations.

RESOLVED FURTHER THAT the Virinchi Employees Stock Option scheme, 2018(VESOS, 2018) will be implemented by the company.

RESOLVED FURTHER THAT the Board be and is hereby authorized to issue and allot Equity Shares to the eligible employees and Directors of the Company upon exercise of Options from time to time in accordance with VESOS, 2018 for the implementation of the Scheme as per applicable laws and regulations.

RESOLVED FURTHER THAT the number of Options that may be granted to any employee and director of the Company, during any one year under the VESOS, 2018 shall not exceed 1% of the Issued Capital of the Company.

RESOLVED FURTHER THAT the Equity Shares to be allotted and issued by the Company in the manner aforesaid shall rank paripassu in all respects with the then existing Equity Shares of the Company.

RESOLVED FURTHER THAT in case of any corporate action(s) such as rights issues, bonus issues, change in capital structure, merger and sale of division/undertaking or other re-organisation, change in capital and others, if any additional Equity Shares are required to be issued by the Company to the Option grantees for the purpose of making a fair and reasonable adjustment to the Options granted earlier, the above ceiling of 30,00,000(Thirty Lacs only) Equity Shares shall be deemed to be increased to the extent of such additional Equity Shares issued.

RESOLVED FURTHER THAT the grant of Option shall be in accordance with the terms and conditions as regards price, payment, application, allotment etc. as decided by the Committee from time to time in accordance with the SEBI (Shares Based Employee Benefits) Regulations, 2014.

RESOLVED FURTHER THAT the total ESOPs to be created, offered and granted and further conversion in shares on exercise of ESOPs, shall not exceed 30,00,000(Thirty Lacs only) ESOPs/ shares or such expanded number of ESOPs/shares, which has been revised due to any corporate action(s)

RESOLVED FURTHER THAT in case of any change in capital structure such as Rights issue/ bonus issue, subdivision or consolidation, then the number of Shares to be allotted and the exercise price payable by the Option grantees under the Scheme shall automatically stand reduced or augmented, as the case may be, in the same proportion as the present face value of Rs.10 per Equity Share shall bear to the revised face value of the Equity Shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the said allottees.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take necessary steps for listing of the Equity Shares allotted under the VESOS, 2018 on the Stock Exchanges, where the Shares of the Company are listed and to determine all other terms which for the purpose of giving effect to any offer, issue or allotment of Equity Shares or securities or instruments representing the same, as described above under VESOS, 2018 and to do all such acts, deeds and things and to execute all such deeds, documents, instruments and writings as it may at its sole and absolute discretion deem necessary or expedient and to settle any questions, difficulty or doubt that may arise in this behalf without being required to seek further consent or approval of the members.

RESOLVED FURTHER THAT the Board be and is hereby authorized to make modifications, changes, variations, alterations or revisions in the terms and conditions of the Employee Stock Options or of the Scheme from time to time including but not limited to suspend, withdraw, terminate or revise the VESOS 2018 as it may deem fit, from time to time at its sole and absolute discretion in conformity with the provisions of the Companies Act, 2013, the Memorandum and Articles of Association of the Company, SEBI (Share Based Employee Benefit) Regulations, 2014 and any other applicable laws."

RESOLVED FURTHER THAT the Board be and is hereby further authorized to do all such acts, deeds and things, as it may in its absolute discretion, deem necessary to appoint Merchant Bankers, Compliance Officer, Investors Service Centre and other Advisors, Consultants or Representatives, being incidental to the effective implementation and administration of VESOS, 2018 and also to prefer applications to the appropriate authorities, parties and the institutions for their requisite approvals as also to initiate all necessary actions for the preparation and issue of public announcement and filing of public announcement, if required, with the SEBI/Stock Exchange(s), and all other documents required to be filed in the above connection and to settle all such questions or difficulties whatsoever which may arise and take all such steps and decisions in this regard.

RESOLVED FURTHER THAT the Board be and is hereby also authorised to nominate and appoint one or more persons to represent the Company for carrying out any or all of the activities that the Board is authorised to do for the purpose of giving effect to this resolution."

Item# 7

Grant of Employee Stock Options to the employees of the Subsidiary company(ies), if any, of the Company under Virinchi Limited Employee Stock Option Scheme 2018

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 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013 (which deems to include the provisions the Companies Act, 1956 applicable, if any, for the time being in force), the Memorandum and Articles of Association of the Company, the Listing Agreements entered into by the Company with the Stock Exchanges, Regulation 6 of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (hereinafter referred to as "SEBI Share Based Employee Benefits Regulations") and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, the approval and consent of Shareholders be of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include Compensation Committee already constituted by the Board under Section 178 of the Companies Act, 2013 nomenclature as the Nomination & Remuneration Committee to exercise its powers, conferred by this resolution) to create, offer and grant from time to time up to 30,00,000(Thirty Lacs only) Options to the permanent employees, existing and future directors, including the Whole-time Directors (but excluding the Independent Director) of the existing and future Subsidiary Company(ies) of the Company whether in or outside India (Including the permanent employees, existing and future directors, including the Whole-time Directors (but excluding the Independent Director) of Virinchi Technologies Limited, under the Virinchi Employee Stock Option Scheme 2018' (hereinafter referred to as the "VESOS, 2018"/ "Scheme"), as may be decided solely by the Board under the Scheme, exercisable into 30,00,000(Thirty Lacs only) Equity Shares of face value of Rs. 10/- each fully paid up by the Company, at such price or prices, in one or more tranches, on such terms and in such manner as the Board may decide in accordance with the provisions of the law or guidelines issued by the relevant authorities.

RESOLVED FURTHER THAT the Board be and is hereby authorized to issue and allot Equity Shares to the eligible employees and Directors of the Company upon exercise of Options from time to time in accordance with VESOS, 2018 for the implementation of the Scheme as per applicable laws and regulations.

RESOLVED FURTHER THAT the number of Options that may be granted to any employee and director of the Company, during any one year under the VESOS 2018 shall not exceed 1% of the Issued Capital of the Company. Ω

RESOLVED FURTHER THAT the Equity Shares to be allotted and issued by the Company in the manner aforesaid shall rank paripassu in all respects with the then existing Equity Shares of the Company.

RESOLVED FURTHER THAT in case of any corporate action(s) such as rights issues, bonus issues, change in capital structure, merger and sale of division/undertaking or other re-organisation, and others, if any additional Equity Shares are required to be issued by the Company to the Option grantees for the purpose of making a fair and reasonable adjustment to the Options granted earlier, the above ceiling of 30,00,000(Thirty Lacs only) Equity Shares shall be deemed to be increased to the extent of such additional Equity Shares issued.

RESOLVED FURTHER THAT the grant of Option shall be in accordance with the terms and conditions as regards price, payment, application, allotment etc. as decided by the Committee from time to time in accordance with the SEBI Regulations.

RESOLVED FURTHER THAT in case of any change in capital structure such as Right issue/bonus issue, subdivision or consolidation, then the number of Shares to be allotted and the exercise price payable by the Option grantees under the Scheme shall automatically stand reduced or augmented, as the case may be, in the same proportion as the present face value of Rs. 10 per Equity Share shall bear to the revised face value of the Equity Shares of the Company after such subdivision or consolidation, without affecting any other rights or obligations of the said allottees.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take necessary steps for listing of the Equity Shares allotted under the VESOS, 2018 on the Stock Exchanges, where the Shares of the Company are listed and to determine all other which for the purpose of giving effect to any offer, issue or allotment of Equity Shares or securities or instruments representing the same, as described above under VESOS, 2018 and to do all such acts, deeds and things and to execute all such deeds, documents, instruments and writings as it may at its sole and absolute discretion deem necessary or expedient and to settle any questions, difficulty or doubt that may arise in this behalf without being required to seek further consent or approval of the members.

RESOLVED FURTHER THAT the Board be and is hereby authorized to make modifications, changes, variations, alterations or revisions in the terms and conditions of the Employee Stock Options or of the Scheme from time to time including but not limited to suspend, withdraw, terminate or revise the VESOS, 2016 as it may deem fit, from time to time at its sole and absolute discretion in conformity with the provisions of the Companies Act, 2013, the Memorandum and Articles of Association of the Company, SEBI (Shares Based Employee Benefits) Regulations and any other applicable laws.

RESOLVED FURTHER THAT the Board be and is hereby further authorized to do all such acts, deeds and things, as it may in its absolute discretion, deem necessary including authorizing or directing to appoint Merchant Bankers, Brokers, Solicitors, Registrars, Advertisement Agency, Compliance Officer, Investors Service Centre and other Advisors, Consultants or Representatives, being incidental to the effective implementation and administration of VESOS, 2018 as also to prefer applications to the appropriate authorities, parties and the institutions for their requisite approvals as also to initiate all necessary actions for the preparation and issue of public announcement and filing of public announcement, if required, with the SEBI/Stock Exchange(s), and all other documents required to be filed in the above connection and to settle all such questions or difficulties whatsoever which may arise and take all such steps and decisions in this regard.

RESOLVED FURTHER THAT the Board be and is hereby also authorised to nominate and appoint one or more persons to represent the Company for carrying out any or all of the activities that the Board is authorised to do for the purpose of giving effect to this resolution."

Item#8

To Approve Grant of options to equal to or exceeding one per cent but not exceeding four per cent of the issued Capital of the Company during any one financial year to identified employees under Virinchi Employees Stock Option Scheme, 2018(VESOS, 2018)

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 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013 (which deems to include the provisions the Companies Act, 1956 applicable, if any, for the time being in force), the Memorandum and Articles of Association of the Company, the Listing Agreements entered into by the Company with the Stock Exchanges, Regulation 6 of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions and notwithstanding ceiling limit for Grant of Option during any one Financial Year to any employee or director of the Company not exceeding one per cent of the issued Capital of the Company, the approval and consent be and is hereby accorded respectively to the 'Virinchi Employee Stock Option Scheme 2018' (VESOS, 2018) (hereinafter referred to as the "VESOS, 2018"/ "Scheme") and to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include Compensation Committee already constituted by the Board under Section 178 of the Companies Act, 2013 nomenclatured as the Nomination & Remuneration Committee to exercise its powers, conferred by this resolution) for Grant of option to identified employees, during any one year, equal to or exceeding one per cent but not exceeding four per cent of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of Grant of option in one or more tranches, on such terms and in such manner in the 'Virinchi Employee Stock Option Scheme 2018' (hereinafter referred to as the "VESOS, 2018"/ "Scheme")."

By order of the Board

K. Ravindranath Tagore
Company Secretary
M.No. : A18894

Place: Hyderabad
Date: 29th August, 2018

Registered Office:
8-2-672/5&6, 4th Floor,
Road#1, Banjara Hills, Hyderabad-500034
Telangana
CIN: L72200TG1990PLC011104
Email: investors@virinchi.com
Website:www.virinchi.com

Notes:

1. A shareholder entitled to attend and vote at the Annual General Meeting (AGM) is entitled to appoint a proxy to attend and vote on a poll on behalf of him and the proxy need not be a member. The proxy form should be deposited at the registered office of the company not less than 48 hours before the commencement of the AGM. A person can act as proxy on behalf of shareholders not exceeding Fifty (50) in number and holding in the aggregate not more than 10% of the total share capital of the company. In case a proxy is proposed to be appointed by a shareholder holding more than 10% of the total share capital of the company carrying voting rights, then such proxy shall not act as a proxy for any other shareholder

2. Corporate shareholders intending to send their authorized representatives to attend the AGM are requested to send a certified copy of the board resolution to the company authorizing them to attend and vote on their behalf at the AGM.

3. The relevant details as required by Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI (LODR) Regulations, 2015) and Secretarial Standard on General Meetings (SS 2) issued by the Institute of Company Secretaries of India, of director seeking re-appointment under Item No. 2 above is annexed hereto.

4. The Register of Members / Register of Beneficiaries and Share Transfer books of the Company will remain closed from 22nd September, 2018 to 28th September 2018 (both days inclusive).

5. 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.

6. 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 Ltd, 1-2-285, Domalguda, Hyderabad-500 029 Email-info@ aarthiconsultants.com

7. 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, be transferred to the IEPF. The company has transferred the unpaid dividend for the year 2004-05,2005-06, 2006-07,2009-10to IEPF.

Year	Type of Dividend	Dividend Per share Rs.	Date of Declaration	Due Date of Transfer	Amount in Rs.
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

8. The Certificate from the Auditors of the Company under SEBI(Share Based Employee Benefit) Regulations, 2014 as amended, will be available for inspection by the shareholders at the AGM..

9. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Shareholders holding shares in electronic format, therefore, are requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Shareholders holding shares in physical form may submit their PAN and other details to the company's R&T Agents in accordance with SEBI Circular SEBI/ HO/MIRSD/DOP1/CIR/P/2018/73 dated 20 April 2018.

10. Shareholders holding shares in physical form are requested to consider converting their holdings to dematerialized form to eliminate all risks associated with physical shares and for ease of portfolio management. Members can contact the R&T Agent of the company for assistance in this regard.

11. Pursuant to section 72 of the Act, shareholders are entitled to make a nomination in respect of shares held by them. Shareholders desirous of making a nomination, pursuant to the Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014 are requested to send their requests in Form No. SH-13, to the R&T Agent of the company. Further, shareholders desirous of cancelling/ varying nomination pursuant to the rule 19(9) of the Companies (Share Capital and Debentures) Rules, 2014, are requested to send their requests in Form No. SH-14, to the R&T Agent of the company

12. In accordance with the MCA's "Green Initiative in Corporate Governance" allowing companies to share documents with its shareholders in the electronic mode and related amendments to the Listing Agreement with the Stock Exchanges, the company is sharing all documents with shareholders in the Electronic mode, wherever the same has been agreed by the shareholders. Shareholders are requested to support this green initiative by registering/updating their e-mail

13. The Company has appointed Mr. V Chandra Sekhar Patnaik, Practicing Company Secretary as Scrutinizer for conducting e-voting process for the 29th Annual General Meeting of the Company in a fair and transparent manner

14. The Notice of the Meeting, Annual Report along with

Attendance Slip and proxy form etc. are being sent in electronic mode to Members whose email address is registered with the Company or the Depository Participant(s), unless the Members have registered their request for the hard copy of the same. Physical copy of the Notice of the Meeting, Annual Report along with Attendance Slip and proxy form etc. are being sent to those Members who have not registered their email address with the Company or Depository Participant(s). Members who have received the aforesaid documents in electronic mode are requested to print the Attendance Slip and submit a duly filled in Attendance Slip at the Registration Counter at the Meeting.

15. A Route Map showing direction to reach the venue of 29thAGM is given in the Annual Report as per the requirement of the Secretarial Standard - 2 on General Meeting

16. Members may also note that the Notice of the 29thAGM and the Annual report for the FY 2017-18 will be available on the company's website i.e., www.virinchi.com.

Voting through electronic means/ Guidelines for Electronic Voting

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide E-Voting facility to members to cast their vote on all the resolutions set forth in the Notice convening 29th Annual General Meeting (AGM) to be held on 28.09.2018. The Company engaged the Services of Central Depository Services Limited (CDSL) to provide the e-Voting Facility:

The instructions for Members for e-voting are as under:

The voting period begins on Tuesday, 25thSeptember, 2018 at 9.00 a.m. and ends on Thursday, 27th September, 2018 at 5.00 p.m. During this period shareholders' of the company, holding shares either in Physical Form or Dematerialized form, as on the cutoff date 21st September, 2018, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter

Instructions for e-voting

i. The shareholders should log on to the e-voting website www.evotingindia.com

ii. Click on "Shareholders" tab.

iii. Now enter your User ID

For Members holding shares in Demat Form Form	For Members holding shares in Physical
2 For NSDL: 8 Character DP ID followed by 8 Digits Client ID For CDSL: 16 digits beneficiary ID	Folio Number registered with the company

iv. Next enter the Image Verification as displayed and Click on Login.

v. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

If you are a first time user follow the steps given below

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)· ● Members who have not updated their PAN with the Company/Depository articipant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. ● In case the sequence number is less than 8 digits enter the applicable number of 0's before thenumber after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001(Which is printed on address label) in the PAN field
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/ mm/yyyy format
Dividend Bank Account Details	Enter the Dividend Bank Details as recorded in your demat account or in the Bank company records for the said demat account or folio. Please enter the DOB or Details Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the folio/client id.

vi. After entering these details appropriately, click on "SUBMIT" tab.

vii. Members holding shares in Physical form will then reach directly to the voting screen.

viii. Members holding shares in Demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the Demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

ix. If Demat account holder has forgotten the changed password then Enter the User ID and the imageverification code and click on Forgot Password & enter the details as prompted by the system.

x. Click on the relevant EVSN for the "Virinchi Limited" on which you choose to vote.

xi. On the voting page, you will see Resolution Description and against the same the option 'YES/ NO' for voting. Enter the number of shares (which represents number of votes) under YES/NO

xii. Click on the "RESOLUTION FILE LINK" if you wish to view the entire Notice of the Annual General Meeting.

xiii. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

xiv. Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.

xv. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

xvi. Note for Non-Individual Shareholders & Custodians:

They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.

After receiving the login details they have to create a user who would be able to link the account(s)which they wish to vote on.

The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com

By order of the Board
For VIRINCHI LIMITED

K. Ravindranath Tagore
Company Secretary
M.No. : A18894

Place: Hyderabad
Date: 29th August, 2018

Registered Office:
8-2-672/5&6, 4th Floor,
Road#1, Banjara Hills, Hyderabad-500034
Telangana
CIN: L72200TG1990PLC011104
Email: investors@virinchi.com
Website:www.virinchi.com

Statement provided pursuant to the provisions of Regulation 36 of SEBI (Lodr) Regulations, 2015 read with Secretarial Standard 2 on General Meetings issued by the Institute of Company Secretaries of India

Name of the Director	**M. Santhi Priya**
Date of Birth	09/07/1974
Date of Appointment	22/07/2016
Qualifications:	CA CWA
Expertise in Specific Functional Areas:	She has more than 20 years of experience in the areas of Auditing, Corporate Finance and Taxation
Directorships held in other public companies (Excluding Foreign companies and Section 8 Companies)	NIL
Memberships/Chairmanships of Committees of other public Companies (Includes Only Audit Committee and Stakeholder's Relationship Committee)	NIL
Number of shares held in the company as on 31.03.2018	NIL
Relationship between directors inter-se/key managerial personnel	There is no relationship with other directors /key managerial personnel on the board.
Details of Remuneration Last Drawn	Rs.31,50,000
Date of First appointment on Board	21st July, 2010
Number of Meetings of the board attended during the financial year (2017-18)	11

EXPLANATORY STATEMENT UNDER SECTION 102 OF THE COMPANIES ACT, 2013

Item No 3 &4

The members are informed that it is only an enabling resolution by the Company proposed to be passed as per the foreign exchange management act to increase the limits on investment in the Company by (i) Foreign Portfolio Investors from 24% to 49%; and (ii) Non-Resident Indians from 10% to 24%, of the paid-up equity share capital of the Company. This would allow Foreign Portfolio Investors and Non-Resident Indians to acquire to a greater extent under the Portfolio Investment Scheme and in the open market and stock exchanges.

None of the Directors, Manager, Key Managerial Personnel(s) and their relatives are concerned or interested in the above resolution. The Board of Directors recommends the Item No.3 & 4 to be passed by the members of the Company as Special Resolution

Item# 5

The Company had, from time to time, made investments in securities of bodies corporate, giving loans, guarantees or providing securities to any body corporate or other person.

In order to make investment(s) in excess of limits specified under section 186 of Companies Act, 2013, the Company requires approval from the shareholders in a general meeting.

The Board recommends the Special Resolution set out at Item No. 5 of the Notice for approval by the Members.

None of the Directors, Key Managerial Personnel or their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the Notice.

Item#6,7,8

Equity based compensation is considered to be an integral part of employee compensation across sectors which enables alignment of personal goals of the employees with organizational objectives by participating in the ownership of the Company through stock based compensation scheme. Your Company believes in rewarding its employees including Directors of the Company as well as that of the Subsidiary Company(ies) for their continuous hard work, dedication and support, which has led the Company and the Subsidiary Company(ies) on the growth path. The objective of the VESOS,2018 is to provide an incentive to attract and retain the key employees by way of rewarding their performance and motivate them to contribute to the overall corporate growth and profitability.

Accordingly the Board of Directors ("the Board") of the Company at its meeting held on 29th August, 2018 approved introduction of the VESOS,2018 subject to the Approval of the members and the provisions of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 as amended from time to time (the "SEBI Regulations") and authorised the Nomination & Remuneration Committee constituted under Section 178 of the Companies Act, 2013 to formulate the detailed terms and conditions of the VESOS,2018 and to administer and implement the VESOS,2018 in accordance with the provisions of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 as amended from time to time (the "SEBI Regulations").

Approval of the members is being sought for issue of Stock Option to the eligible employees of the Company and its subsidiary Company (in or outside India), including its Managing and/or Whole Time Directors, based on the recommendations from the Whole Time Director and Chairperson of the Company (except in the case of issuance of stock options to Whole Time Director and Chairperson herself where the decision shall be taken by Nomination and Remuneration Committee).

The VESOS,2018 is formulated in accordance with SEBI Regulations.

The main features of the VESOS,2018 which is as under:

1. Total number of Options to be granted: 30,00,000 (Thirty Lakhs only) Options exercisable into an aggregate of 30,00,000 (Thirty Lakhs only) of Equity Shares in the Company of face value of Rs. 10/- each fully paid-up, would be available for grant to the eligible employees of the Company and eligible employee of the Subsidiary Company(ies) aggregately under ESOP 2018, in one or more tranches. Vested options lapsed due to non-exercise and/or unvested options that get cancelled due to resignation of the employees or otherwise, would be available for being re-granted at a future date. The Board is authorized to re-grant such lapsed / cancelled options as per the provisions of ESOP 2018.

   SEBI (Share Based Employee Benefits) Guidelines, 2014 require that in case of any corporate action(s) such as rights issues, bonus issues, merger and sale or division, and others, a fair and reasonable adjustment needs to be made to the Options granted. Accordingly, if any additional Equity Shares are issued by the Company to the Option grantees for making such fair and reasonable adjustment, the above ceiling Shares shall be deemed to be increased to the extent of such additional equity shares issued.

2. **Identification of classes of employees entitled to participate in the Employee Stock Option Scheme(s):**

Following classes of employees are entitled to participate in the VESOS,2018:

a) Permanent employees of the Company working in India or out of India;

b) Directors of the Company; and

c) Permanent employees and Directors of the Subsidiary Company(ies) / working with respective subsidiary company or on deputation with any other company.

Following persons are not eligible:

a) an Employee who is a Promoter or belongs to the Promoter Group; or

b) a Director who either by himself or through his relatives or through anybody corporate, directly or indirectly holds more than 10% of the outstanding equity shares of the Company, and Independent Directors.

3. Terms of the scheme:

(1) The company shall not vary the terms of the schemes in any manner, which may be detrimental to the interests of the employees: Provided that the company shall be entitled to vary the terms of the schemes to meet any regulatory requirements.

(2) Subject to the proviso to sub-regulation (1), the company may by special resolution in a general meeting vary the terms of the schemes offered pursuant to an earlier resolution of the general body but not yet exercised by the employee provided such variation is not prejudicial to the interests of the employees.

(3) The notice for passing special resolution for variation of terms of the schemes shall disclose full details of the variation, the rationale therefore, and the details of the employees who are beneficiaries of such variation.

(4) A company may re-price the options as the case may be which are not exercised, whether or not they have been vested if the schemes were rendered unattractive due to fall in the price of the shares in the stock market:

Provided that the company ensures that such re-pricing shall not be detrimental to the interest of the employees and approval of the shareholders in general meeting has been obtained for such re-pricing.

4. Transferability of Employee Stock Options:

(1) The Options granted to an employee shall not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner. However, in the event of the death of the Option grantee, the right to exercise all the Options granted to him till such date shall be vest in his legal heirs or nominees.

(2) In the event of resignation or termination of the employee, all the options which are granted and yet not vested as on that day shall lapse.

(3) In the event that an employee who has been granted benefits under a scheme is transferred or deputed to an associate/subsidiary company prior to vesting or exercise, the vesting and exercise as per the terms of grant shall continue in case of such transferred or deputed employee even after the transfer or deputation.

5. **Requirements of Vesting and period of Vesting**

Following table shall be applicable in case of various scenarios (during employment) for vesting and exercising.

In case of	All Unvested Securities/options	All Vested Securities/options
Death*	Immediately vest - have to get exercised within 1 year from such vesting	Have to get exercised within 12 months from such vest*
Permanent incapacitation	Immediately vest - have to get exercised within 1 year from such vesting	Have to get exercised within 12 months from such vest
Retirement	Vesting continues during remaining term specified	24 months to exercise
Voluntary Resignation	Forfeited/Lapse	3 months to exercise
Termination for cause as defined in the Scheme	Forfeited/Lapse	Forfeited/Lapse
Termination without cause as defined in the Scheme	Forfeited/Lapse	3 months to exercise

* Option shall vest in and exercised by legal heirs of the deceased employee.

The Nomination and Remuneration Committee may, at its discretion, lay down certain performance metrics on the achievement of which such Options would vest, the detailed terms and conditions relating to such performance-based vesting, and the proportion in which Options granted would vest subject to the minimum vesting period of 1 year.

The Vesting period shall be as follows:

The Options granted shall vest so long as an employee continues to be in the employment of the Company or the Subsidiary Company as the case may be. The Committee may, at its discretion, lay down certain performance metrics on the achievement of which such Options would vest, the detailed terms and conditions relating to such performance based vesting, and the proportion in which Options granted would vest subject to the minimum vesting period of 1 year.

6. **Maximum period within which the Options shall be vested:**

   Options granted under VESOS, 2018 would vest subject to maximum period of 5 years from the date of grant of such Options as per the terms and conditions mentioned in the VESOS scheme 2018

7. **Exercise price or pricing formula:**

   The Exercise Price shall be the price not being less than the face value of an Equity Share as determined by the Nomination and Remuneration Committee.

8. **Exercise period and the process of Exercise:**

   The vested Options shall be eligible for exercise on and from the date of vesting. The vested Options need to be exercised within a maximum period of 24 months from the date of vesting of such Options. The vested Option shall be exercisable by the Employees by a written application to the Company/ Nomination and Remuneration Committee expressing his/ her desire to exercise such Options in such manner and on such format as may be prescribed by the Nomination and Remuneration Committee from time to time. The Options shall lapse if not exercised within the specified exercise period.

9. **Appraisal process for determining the eligibility of employees under VESOS 2018:**

   The appraisal process for determining the eligibility of the employees will be decided by the Nomination and Remuneration Committee from time to time. The employees would be granted Options under the VESOS 2018 based on various parameters such as work performance, period of service, rank or designation and such other parameters as may be decided by the Compensation Committee from time to time.

10. Maximum number of Options to be issued per employee and in aggregate:

The number of Options that may be granted to any specific employee under the scheme shall not exceed the number of Shares equivalent to 1% of the Issued Share Capital of the Company per grant and in aggregate if the prior specific approval from members of the Company through a special resolution to this effect is not obtained.

11. Certificate from auditors:

The Board of Directors shall at each annual general meeting place before the shareholders a certificate from the auditors of the company that the scheme(s) has been implemented in accordance with the prescribed regulations and in accordance with the resolution of the company in the general meeting.

12. Disclosure and Accounting Policies:

(1) Any company implementing any of the share based schemes shall follow the requirements of the 'Guidance Note on Accounting for employee share-based Payments' (Guidance Note) or Accounting Standards as may be prescribed by the Institute of Chartered Accountants of India (ICAI) from time to time, including the disclosure requirements prescribed therein.

(2) Where the existing Guidance Note or Accounting Standard do not prescribe accounting treatment or disclosure requirements for any of the schemes covered under these regulations then the company shall comply with the relevant Accounting Standard as may be prescribed by the ICAI from time to time.

13. Method of Option valuation:

To calculate the employee compensation cost, the Company shall use the Intrinsic Value method for valuation of the options granted. The difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options and the impact of this difference on profits and on EPS of the company shall also be disclosed in the Directors' report.

As the ESOP 2018 provides for issue of shares to be offered to persons other than existing shareholders of the Company, consent of the members is being sought pursuant to Section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013 and as per Regulation 6 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

A copy of the scheme shall be kept for inspection by the members for 3 days i.e. from 25.09.2018 to 28.09.2018 at the Registered Office during office hours.

14. Rights of the option holder.

The employee shall not have right to receive any dividend or to vote or in any manner enjoy the benefits of a shareholder in respect of option granted to him, till shares are allotted upon exercise of option.

15. Consequence of failure to exercise option

All unexercised options shall lapse if not exercised on or before the exercised period ends. The amount payable by the employee, if any, at the time of grant of option, - (a).may be forfeited by the company if the option is not exercised by the employee within the exercise period; or (b).may be refunded to the employee if the options are not vested due to non-fulfilment of conditions relating to vesting of option as per the ESOS.

None of the Directors, Key Managerial Personnel of the Company including their relatives are interested or concerned in the resolution No. 6,7&8 , except to the extent of their existing shareholding entitlements, if any, under the ESOP Scheme.

The Board of Directors commend passing of the resolution as Special Resolution by the Shareholders of the Company

Directors Report

Dear members

Your Directors have great pleasure in presenting the report of the Business and Operations of your Company ('the Company' or 'Virinchi'), along with the audited financial statements, for the financial year ended March 31, 2018. The Consolidated Performance of your Company and its subsidiaries has been referred to wherever required

FINANCIAL HIGHLIGHTS:

(Rs. in Lakhs)

Particulars	Consolidated		Standalone	
	2017-18	2016-17	2017-18	2016-17
Total Income	34249.51	28,860.11	17,288.44	13990.58
Profit before finance Cost, Depreciation & Amortization, Taxation & Exceptional Item	9,692.06	6,578.24	5435.45	3,746.34
Less: Finance Cost	1800.62	1,151.20	696.93	566.11
Depreciation and Amortization Expenses	3337.5	2,316.82	2374.49	1777.71
Profit before Tax & Exceptional items	4553.94	3,110.22	2364.02	1561.83
Less: Exceptional items	0	159.31	0	159.31
Profit Before Tax	4553.94	2,950.91	2364.02	1402.52
Less: Tax Expenses	1251.55	591.37	626.57	260.92
Profit before minority interest	3302.39	2,359.54	1737.46	1,141.60

STATE OF AFFAIRS/COMPANY'S PERFORMANCE

Consolidated Revenues: The total consolidated income of the Company for the FY 2017-18 is Rs. 34249.51Lakhs as against Rs 28,860.11 Lakhs in FY 2016-17

Standalone Revenues: The total income of the Company for the FY 2017-18 is Rs. 17,288.44 Lakhs as against Rs. 13990.58 Lakhs in FY 2016-17

Consolidated profits:

Profit before Tax (PBT) stood at Rs. 4553.94 Lakhs as against Rs. 2,950.91 Lakhs for the previous year.

Profit after Tax (PAT) stood at Rs. 3302.39 Lakhs as against Rs. 2,359.54 Lakhs for the previous year.

Standalone profits:

Profit before Tax (PBT) stood at Rs. 2364.02 Lakhs as against Rs.1402.52 Lakhs for the previous year. Profit after Tax (PAT) stood at Rs. 1737.46Lakhs as against Rs. 1141.60 Lakhs for the previous year.

RESERVES AND SURPLUS

During the year the Company has transferred an amount of Rs.1877.19 Lakhs to Reserves and Surplus.

DIVIDEND

Your directors did not recommend any dividend on shares for this year

PERFORMANCE SUBSIDIARIES INFORMATION

Tyohar foods private Ltd

The Company had planned to take up a project under Tyohar Foods Pvt Ltd and had purchased a 50,000 Sq. feet of building in 4047 Square meters of Land located at Survey No 15, Suraram Village, Qutbullapur Mandal, R.R.Dist by participating in an open auction conducted by Canara Bank on 16th August 2012 and the said property was registered vide Certificate of Sale Doc. No.11361/2012 dt.25th Sep, 2009 and were put in possession of the said premises. However, post purchase, a petition was filed against the Bank, before Debts Recovery Tribunal, Hyderabad vide S.A.No.370/2012 wherein the company impleaded itself and subsequently the said DRT was pleased to pass the Order dt. 22.01.2016 in favour of the Bank and dismissed the case filed by the Applicants.

The Applicants preferred an Appeal before DRAT Kolkata vide Appeal No. 88/2016 dt.13.02.2016, the said Appeal has been dismissed by DRAT, Kolkata vide its Order dt.12th July, 2016.

The Applicants/Petitioners approached the Hon'ble High Court and filed a Writ Petition No. 25067/2017 and the case is pending before the said Hon'ble Court.

Virinchi Health Care Private Ltd

During the year under review, the flagship hospital at the prime location of Banjara Hills in Hyderabad, spread over a total area of 350,000 sft with 350 operating beds had full twelve months of operations. Phase II of expansion of the Banjara Hills facility consisting of 150 economy and 100 Oncology beds has commenced and is expected to be completed in 15-18 months.

During the year, some of the doctors who are permanent employees of the hospital have received The Times Healthcare 2018 Award in the "Legend" category.

The hospital super-specialty hospital delivers over 35 specialties with emphasis on CONNECT specialties, an acronym for Cardiology, Orthopedics, Nephrology, Neurology, Emergency, Cancer and Transplant Medicine. Virinchi has a dedicated clinical team pursuing MoUs and medical partnerships with over 300 globally reputed institutions in the US, UK, China, Israel etc. - to deliver a unique 'Right to Science' program to make global medical innovations available to Indian patients to treat previously incurable conditions.

The flagship 350 bed hospital at City Centre is led by approximately 200 leading doctors in the country. Virinchi has set up some of the Industry Leading Medical Infrastructure including 3T fMRI, Ceiling Mounted Cath Lab, Dual Energy 128 Slice CT, 11 Fully Equipped Operation Theatre & widest range of in-house diagnostic capabilities.

During the year under review FY 2017-18, VHPL made a total turnover of Rs 67.35 crores and EBITDA of Rs. 9.96 Crores vis-a-vis Rs. 25.09 Cr Revenue and Rs. 2.75 Crores of EBITDA in FY 2016-17.

Virinchi Learning Private Ltd

"We have successfully completed training and placement of 1600 students in the last financial year at our three training centers. This year, we are aiming to train 2500 students of which 350 students training programme is ongoing.

We are proud to declare that, Virinchi Learning is one among the few Training Partners to overachieve the training target set by NSDC (National Skill Development Corporation). We have achieved 124% "Target vs. Achievement rate" in the last financial year.

We are in the process of reaching more students and creating awareness through the Digital Media Platform. As a part of the initiative, we are posting needful content (blogs, participating in discussions, and other such) in various social media platforms that help job seekers gain knowledge on industry requirements and future job trends."

KSoft Systems Inc

M/s. KSoft Systems Inc is in the business of software development and consulting. M/s. KSoft Systems Inc provides consulting services to various clients in the US in the domains of SAP, Oracle and other technologies.

The employees have joined in various projects of the company and total head count is around 70 employees in KSoft as on 31st March, 2018.

During the year under review the total income is Rs. 96.60 Crores as against 116.25 Crores in 2016-17 and the PAT is Rs.24.98 Crores as against Rs.14.79 Crores in 2016-17.

Directors

Appointments:

We have appointed Ms. K.Kalpana as Independent Non-Executive Director on the board of the company during the financial year.

Cessations:

We have appointed Mr. M.V.Srinivasa Rao as Executive Director on the Board. However due to the disqualification he has attained as per section 167(3) of the companies Act, 2013 in other company, he withdrew his directorship and the board has approved the same.

Change in Capital Structure and Listing at Stock Exchanges

The equity shares of your Company continue to be listed and traded on the BSE Ltd. (BSE) During the financial year under review, 1,33,500 equity shares were allotted on exercise of the options vested under the Employee Stock Option Scheme and 14,00,000 equity shares were allotted to the strategic investors and 26,00,000 convertible Warrants to the promoters and promoter group under the Chapter VII of the SEBI (ICDR) Regulations, 2009 and admitted for trading on BSE . Consequently, the Equity Share Capital of your Company increased from 26,684,550 equity shares of Rs.10/- each to 28,218,050equity shares of Rs.10/- each as on March 31, 2018

Particulars	As at 31st March, 2018		As at March 31, 2017	
	Number of Shares	Rs.	Number of Shares	Rs.
Share capital (a) Authorised Equity Shares of Rs.10/-each	40,000,000	40,00,00,000	40,000,000	400,000,000
b) issued Subscribed and fully paid up: Equity Shares of Rs. 10/-each	28,218,050	282,180,500	26,684,550	266,845,500
	28,218,050	**282,180,500**	**26,684,550**	**266,845,500**

Reconciliation of Shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at 31st March, 2018		As at March 31, 2017	
	Number of Shares	Rs.	Number of Shares	Rs.
Shares outstanding at the beginning of the year	26,684,550	266,845,500	17,986,050	179,860,500
Add: issued and allotted during the year	-	-	-	-
i) Allotment of shares pursuant to scheme of amalgamation between M/s. Virinchi Limited (Transferee Company) and M/s. Bristlecone Hospitals Private Limited (Transferor Company)	-	-	8,565,000	85,650,000
ii. Allotment of shares pursuant to VESOS,2004	133,500	1,335,000	133,500	1,335,000
iii. Allotment of shares under preferential issue guidelines	1,400,000	14,000,000	-	-
Less; Shares bought Back during the year	-	-	-	-
Shares outstanding at the end of the year	28,218,050	282,180,500	26,684,550	266,845,500

ii) Terms/Rights and restrictions attached to the Equity Shares:
The Company has only one class of Equity Shares having a face value of Rs.10/-. Each Shareholder is eligible for one vote per every share held.

iii) The Details of Shareholder holding more than 5% shares in the company:

Particulars	As at 31st March, 2018		As at March 31, 2017	
Name	Number of Shares	%	Number of Shares	%
Viswanath Kompella	68,07,975	24.12	68,07,975	25.51

CODE OF CONDUCT

The Board of Directors has approved a Code of Conduct which is applicable to the Members of the Board and all employees in the course of day to day business operations of the company. The Company believes in "Zero Tolerance" against bribery, corruption and unethical dealings / behaviours of any form and the Board has laid down the directives to counter such acts. The code laid down by the Board is known as "code of business conduct" which forms an Appendix to the Code.

The Code is available on company's website under following link:

http://www.virinchi.com/pdf/codeOfConduct.pdf

The Code lays down the standard procedure of business conduct which is expected to be followed by the Directors and the designated employees in their business dealings and in particular on matters relating to integrity in the work place, in business practices and in dealing with stakeholders. The Code gives guidance through examples on the expected behaviour from an employee in a given situation and the reporting structure.

All the Board Members and the Senior Management personnel have confirmed compliance with the Code. All Management Staff were given appropriate training in this regard.

VIGIL MECHANISM / WHISTLE BLOWER POLICY:

The Company has a vigil mechanism to deal with instance of fraud and mismanagement, if any. In staying true to our values of Strength, Performance and Passion and in line with our vision, the Company is committed to the high standards of Corporate Governance and stakeholder responsibility. The FRM Policy ensures that strict confidentiality is maintained whilst dealing with concerns and also that no discrimination will be meted out to any person for a genuinely raised concern.

A high level Committee has been constituted which looks into the complaints raised. The Committee reports to the Audit Committee and the Board. Whistle Blower Policy is posted on company's website under following link:http://www.virinchi.com/pdf/whistleBlowersPolicy.pdf

PREVENTION OF INSIDER TRADING

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Board is responsible for implementation of the Code.

All Board Directors and the designated employees have confirmed compliance with the Code.

DECLARATION BY INDEPENDENT DIRECTORS

The company has received declarations from all the independent directors of the company confirming that they continue to meet the criteria of independence as prescribed under sub-section (6) of section 149 of the companies act, 2013 and under Regulation 25 of SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015

Ms. M. Santhi Priya, Whole Time Director & CFO,K Sri Kalyan, Whole Time Director and Mr K. Ravindranath Tagore, Company Secretary are the Key Managerial Personnel (KMP) of the company in terms of the provisions of the Act.

Familiarization Programme for Independent Directors

On their appointment, Independent directors are familiarized about the Company's operations and business. Interaction with the Business Heads and key executives of the company is also facilitated. Detailed Presentations on the business of each of the Processes are made to the directors. Direct Meetings with the Chairperson are further facilitated for the new appointee to familiarize about the company/its businesses and the group practices.

Pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015, the Company shall familiarise the Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc., through various programmes.

Accordingly, your Company arranged technical sessions to familiarize the Independent Directors, the details of which are disclosed on the website of the company at http:// www.virinchi.com/pdf/ familiaratisation-programme-to-independent-directors.pdf

Transfer of unclaimed dividend

Pursuant to the provisions of Companies Act, 1956/2013, the unclaimed dividend amount pertaining to the financial year 2010-11 is due for transfer to Investor Education and Protection Fund (IEPF).

Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing obligations and Disclosure(Requirements) Regulations, 2015 the board has carried out evaluation of its own performance, the performance of committees of the Board, namely Audit Committee, Stakeholders Relationship committee and Nomination and Remuneration Committee and also the Directors individually. The manner in which the evaluation was carried out and the process adopted has been mentioned out in the report on corporate Governance

Material Subsidiary Policy

The company has adopted a policy for determining a material subsidiary, in line with the requirements of the Act and SEBI (LODR) Regulations, 2015. The policy on Material Subsidiary is available on the website of the company under following link:

http://www.virinchi.com/policyDeterminingMaterialSubsidiary.php

Sexual Harassment Policy

The company as required under the provisions of "The Sexual Harassment of women at Workplace (Prohibition, prevention and Redressal) Act, 2013 has framed a policy on Prohibition, Prevention and Redressal of Sexual Harassment of women at workplace and matters connected therewith or incidental thereto. Internal complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (Permanent, Contractual, temporary, trainees) are covered under this policy

In the year under review the company has not received any complaint under this policy.

Meetings of Independent Directors

The Company's Independent Directors meet at least once in every financial year without the presence of Executive Directors or management personnel. Such meetings are conducted formally to enable Independent Directors to discuss matters pertaining to the Company's affairs and put forth their views. The Independent Directors takes appropriate steps to present their views to the Chairperson

One such meeting of Independent Directors was held during the year on 17th February, 2018 without the presence of Executive Directors and management personnel. The details of the attendance of the Independent Directors in the meeting are as below.

Name of the Director	No. of meetings held during the year 2017-18	
	Held	Attended
Ramam Madu	1	1
Krishna Kanaparthy	1	1
K V Sittampallam	1	1
Samad A Momin	1	0

Governance Policies

At Virinchi, we strive to conduct our business and strengthen our relationships in a manner that is dignified, distinctive and responsible. We adhere to ethical standards to ensure integrity, transparency, independence and accountability in dealing with all stakeholders. Therefore, we have adopted various codes and policies to carry out our duties in an ethical manner. Some of these codes and policies are:

- Code of Conduct
- Code of Conduct for Prohibition of Insider Trading
- Whistle Blower Policy
- Code of Conduct for Board of Directors and Officers of Senior Management
- Policy for determining materiality for disclosure
- Document Retention and Archival Policy
- Sexual Harassment Policy

The link for accessing the above policies is www.virinchi.com / corporateoverview.php

Board Disclosures

i. Risk Management

Currently, the Company's risk management approach comprises of the following:

- Governance of Risk
- Identification of Risk
- Assessment and control of Risk

The risks are being identified by a detailed study. Senior Management are analyzing and working in mitigating them through co-ordination among the various departments. Insurance coverage and personal accident coverage for lives of all employees are also being taken.

Your company puts in place the risk management framework, which helps to identify various risks cutting across its business lines. The risks are identified and are discussed by the representatives from various functions.

Presentation to the Board of Directors and the Audit Committee is made on risk management. The Board and the Audit Committee provides oversight and review the risk management policy periodically.

ii. Internal Control System

Your company has in place adequate systems of internal control commensurate with its size and the nature of its operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized use or losses, executing transactions with proper authorization and ensuring compliance of internal policies. The Company has a well-defined delegation of power and defined limits for approving revenue as well as capital expenditure. Processes for formulating and reviewing annual and long term business plans have been laid down to ensure adequacy of the control system, adherence to the management instructions and legal compliances

Directors' Responsibility Statement

Pursuant to section 134(5) of the Companies Act, 2013, your Directors, based on the representations received from the Operating Management, and after due enquiry, confirm that:

a) In the preparation of the annual accounts for the year ended 31st March, 2018, the applicable accounting standards had been followed and there are no material departures.

b) The directors 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 at the end of financial year and of the profit of the company for that period.

c) The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 2013 for safeguarding the assetsof the Company and for preventing and detecting fraud and other irregularities

d) We have prepared the annual accounts for the financial year ended 31st March, 2018 on a going concern basis.

e) The Directors have laid down internal financial controls, which are adequate and are operating effectively.

f) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively throughout the Financial Year ended 31st March, 2018.

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

As required under Regulation 34 (3) read with schedule V (E) of the SEBI (LODR) Regulations, 2015, Auditor's certificate on corporate governance is enclosed as Annexure to Board's Report.

AUDITOR'S REPORT/ SECRETARIAL AUDIT REPORT

The observation made in the Auditors' Report read together with relevant notes thereon are self-explanatory and hence, do not call for any further comments under Section 134 of the Companies Act, 2013.

As required under section 204 (1) of the Companies Act, 2013 the Company has obtained a secretarial audit report.

AUDITORS

The firm name of Statutory Auditors M/s. Chandra Babu Naidu & Co has been changed to M/s. PCN & Associates during the financial year.

M/s. PCN& Associates., Chartered Accountants, (ICAI firm Registration Number : 016016S) were appointed as Statutory Auditors of the Company to hold office for a term of 5 years from the conclusion of the 28th Annual General Meeting (AGM) held on 28th September, 2017 until the conclusion of 33rd AGM of the company to be held in the year 2022.

Pursuant to the Notification issued by the Ministry of Corporate Affairs on 7th May, 2018, amending section 139 of the Companies Act, 2013, the mandatory requirement for ratification of appointment of Auditors by the Members at every AGM has been omitted and hence your Company has not proposed ratification of appointment of M/s PCN & Co. Chartered Accountants, at the forthcoming AGM. The Auditors' Report is unmodified i.e. it does not contain any qualification, reservation or adverse remark or disclaimer

The company has received consent letter from the statutory auditors and certificate indicating satisfaction of criteria sated in Section 141 of Companies Act, 2013.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial

Personnel) Rules, 2014, your Company has appointed Mr. V Chandra Sekhar Patnaik, Practising Company Secretary, to undertake the Secretarial Audit of your Company. The Report of the Secretarial Audit is annexed as **Annexure - D**.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark or disclaimer.

SIGNIFICANT AND MATERIAL ORDERS

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operation in future.

FIXED DEPOSITS

Your Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014

Meetings of the Board and Committees

Eleven Meetings of the Board of Directors were held during the year. For further details on the meetings and the attendance of directors/ members, please refer report on Corporate Governance of this Annual Report.

Consolidated Financial Statements

Pursuant to Regulation 33 of SEBI (LODR) Regulations, 2015 and the Companies Act, 2013, the consolidated financial statements prepared as per companies Act, 2013 and applicable Accounting Standards, duly audited forms part of the Annual Report.

Consolidated financial statements incorporating the operations of the company, its subsidiaries are appended. As required under the provisions of the Act, a statement showing the salient features of the financial Statements of the subsidiaries is enclosed to this report.

The financial statements of the subsidiary companies will be made available to the members of the company and its subsidiary companies on request and will also be kept for inspection in the registered office of the company.

PARTICULARS OF EMPLOYEES

The remuneration paid to your Directors is in accordance with the Nomination and Remuneration Policy formulated in accordance with Section 178 of the Companies Act, 2013 and Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) for the time being in force). The salient aspects covered in the Nomination and Remuneration Policy have been outlined in the Corporate Governance Report which forms part of this report.

The information required under Section 197 (12) of the Act read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed as **Annexure - A**.

Corporate Social Responsibility (CSR)

In terms of section 135 and Schedule VII of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014 made thereunder, the Board of Directors of your Company have constituted a CSR Committee.

The CSR Committee has framed a CSR Policy which forms part of the Annual Report on CSR, annexed as **Annexure - B** to this report.

Virinchi Ltd had earmarked a budget of Rs.24.45 Lacs (i.e. 2% of average net profits of the previous 3 years) for FY 2017-18 and spent Rs. 24.45 Lacs during the year towards CSR activities across India.

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT-9 is annexed herewith as **Annexure-C.**

Annual Return

The Annual Return referred to in sub-section (3) of section 92 has been placed at the website of the company and the same can be accessed at

http://corporate.virinchi.com/corporateOverview.php#

Reporting of Frauds by Auditors

During the year under review, the Statutory Auditors and Secretarial Auditor have not reported any instances of frauds committed in the Company by its Officers or Employees to the Audit Committee under section 143(12) of the Companies Act, 2013, details of which needs to be mentioned in this Report.

CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO.

The Particulars as required under Sub- section (3)(m)of Section 134 of the Companies Act,2013, read with the Companies(Accounts) Rules 2014 are enclosed in **Annexure-E.**

Details about Employees Stock Option Scheme,

Disclosures pursuant to Regulation 14 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 is annexed as **Annexure-F.**

Related Party Transactions

Related party transactions that were entered during the financial year were on an arm's length basis and were in the ordinary course of business. There were no materially significant related party transactions with the Company's Promoters, Promoter Group, Directors, Senior Management Personnel or their relatives, which could have had a potential conflict with the interests of your Company. Please see the details of the same in form AOC-2 which is annexed as **Annexure-H.**

Further all Related Party Transactions are placed before the Audit Committee for approval. Prior omnibus approval for normal company transactions is also obtained from the Audit Committee for the related party transactions which are of repetitive nature as well as for the normal company transactions which cannot be foreseen and accordingly the required disclosures are made to the Committee on quarterly basis in terms of the approval of the Committee.

Your Directors have on the recommendations of the Audit Committee, adopted a policy to regulate transactions between your Company and its Related Parties, in compliance with the applicable provisions of the Companies Act 2013, the Rules made thereunder and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015.

Report on Corporate Governance

Corporate Governance Report is set out as separate Annexure to this Report.

Management Discussion and Analysis Report

Management's Discussion and Analysis report for the year under review as stipulated under Regulation 34(2) (e) SEBI (LODR) Regulation, 2015 of the Listing Agreement with the stock exchanges is presented in a separate section forming part of the Annual report

GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of shares (including sweat equity shares) to employees of your Company under any scheme save and except ESOS referred to in this Report.
3. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
4. During the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
5. During the period under review, there were no frauds reported by the auditors under provisions of the Companies Act, 2013.
6. There were no material changes commitments affecting the financial position of your Company between the end of financial year (March 31, 2018) and the date of the report (August 29th , 2018).

Acknowledgments

Your directors would like to place on record their appreciation of support, co-operation and assistance received from the company's clients, Central Government authorities, bankers, shareholders and suppliers. The board wishes to convey its appreciation for hard work, solidarity, cooperation and support put in by the company's employees at all levels in enabling such growth.

For Virinchi Ltd

M. Santhi Priya

Place: Hyderabad *Chairperson& Whole Time Director*

Date: 29th August, 2018 DIN: 03114319

ANNEXURE-A

Particulars of Employees information as per Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

i) The percentage of increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2017-18, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2017-18 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

The independent Directors don't get any remuneration from the company apart from the sitting fees for attending the Board and committee meetings.

Sl. No	Name of Director/ KMP and Designation	Remuneration of Director/KMP for financial year 2017-18 (Rs. in lakhs)	% increase in Remuneration in the Financial Year 2017-18	Ratio of remuneration of each Director / to median remuneration of employees	Comparison of the Remuneration of the KMP against the performance of the company
1	K. Sri Kalyan Whole Time Director	22,50,000 /-	116%	7	Profit before Tax increased by 168.56% and Profit After Tax increased by 152.20% Year 2017-18
2	M. Santi Priya Whole Time Director and CFO	31,50,000/-	75%	10	
3	K. Ravindranath Tagore Company Secretary	20,61,204/-	5%	7	

During the period under review, no employee of the Company is employed throughout the financial year and in receipt of Rs.60 lakhs or more, or employed for part of the year and in receipt of Rs.5 lakhs or more a month, under Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

II. The median remuneration of employees of the Company during the financial year was Rs. 2.50 lakhs; In the financial year, there was increase of 25.07% in the median remuneration of employees;

III. There were 628 employees on the rolls of Company as on March 31, 2018

IV. Relationship between average increase in remuneration and company performance: - The Profit before tax for the financial year ended March 31, 2018 increased by 168.56 % whereas the decrease in median remuneration was 40 %

V. Comparison of Remuneration of the Key Managerial Personnel(s) against the performance of the Company:

The total remuneration of Key Managerial Personnel was Rs. 74.61 lakhs whereas the Profit before tax was Rs. 2364.02 lakhs in 2017-18.

VI) a) Variations in the Market Capitalisation of the Company: The Market Capitalisation as on March 31, 2018 at BSE was Rs.29078.70lakhs (Rs. 31007.45 lakhs as on March 31, 2017)

b) Price Earnings ratio of the Company at BSE was 16 as at March 31, 2018 and was.27 as at March 31, 2017;

VII. Average percentage increase made in the salaries of employees other than the managerial personnel was 2.44% whereas the increase in the managerial remuneration for the same financial year was 90.82%

VIII) The key parameters for any variable component of remuneration availed by the directors: Not applicable

IX) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but received remuneration in excess of the highest paid director during the year –1:1.73; and

X) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

ANNEXURE-B

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2017-18

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs	Virinchi to be a socially responsible corporate by fulfilling its responsibilities as a member of the society and community, thereby creating a positive impact to the stakeholders with a concern towards the environment. The programs include Education, Community, Environment Sustainability and Rural Development Projects & Donations. The CSR Policy of the Company is available on the website of the Company i.e www.virinchi.com
2. The Composition of the CSR Committee	1. Ramam Madu 2. K. Sri Kalyan 3. M. Santhi Priya
3. Average net profit of the Company for last three financial years	Rs. 12,22,36,303
4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above)	Rs. 24,44,726
5. Details of CSR spent during the financial year 2017-18: a. Total amount spent for the financial year 2017-18. b. Amount unspent, if any	Rs. 24,44,726 Nil

c. Manner in which the amount spent during the financial year is detailed below.

Sl. No	CSR project or activity Identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs were undertaken	Amount outlay (budget) project or Programs wise	Amount spent on the projects or Programs Subheads: (1)Direct expenditure on projects or Programs. (2) Overheads:	Cumulative expenditure upto to the reporting period	Amount spent: Direct or through implementing agency
1	Viswanatha Foundation	Education	Podagatlapalli, East Godavari Dt,	Rs. 24.45 Lacs	Rs. 24.45 Lacs	Rs. 24.45 Lacs	Through Foundation

RESPONSIBILITY STATEMENT

The Responsibility Statement of the CSR Committee of the Board of Directors of the Company, is reproduced below: 'The implementation and monitoring of Corporate Social Responsibility (CSR) Policy, is in compliance with CSR objectives and policy of the Company.

Place: Hyderabad
Date: 29th August, 2018

M. Santhi Priya
Whole Time Director & CFO
DIN : 03114319

Ramam Madu
CSR Committee Chairman
DIN : 0256258

ANNEXURE-C

Annexure to Boards Report

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2018

Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014

I. REGISTRATION & OTHER DETAILS:

i)	CIN	L72200TG1990PLC011104
ii)	Registration Date	13/03/1990
iii)	Name of the Company	Virinchi Limited
iv)	Category/Sub-category of the Company	Company Limited by Shares
V)	Address of the Registered Office & contact details	8-2-672/5&6, 4th Floor, Road No 1 Banjara Hills, Hyderabad-500034 Phone# 040-41899999 E-mail: Investors@virinchi.com
vi)	Whether listed company	Yes
vii)	Name, Address & contact details of the Registrar & Transfer Agent, if any.	M/s. Aarthi Consultants Private Ltd 1-2-285, Domalguda, Hyderabad – 500029 Phone# 91-40-27634445, 27638111 Fax: 91-40-27632184

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the Company
1	Computer Programming, Consultancy and Related Activities	6201,6202, 6209	80.41%
2	Health Care Services	86100	19.59%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and address of the Company	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Virinchi Infra and Realty Private Limited Address: Plot No.10, Sivaramakrishna Colony, West Marredpally, Secunderabad, Telangana-500026 CIN: U45209TG2012PTC084900	Subsidiary	100%	Sec.2(87)(ii)
2	Tyohar Foods Private Limited Address: Plot No.10, SRK Colony, West Marredpally, Secunderabad, Telangana-500026 CIN: U15122TG2012PTC082709	Subsidiary	100%	Sec.2(87)(ii)
3	Virinchi Health Care Private Limited Address: 6-3-2,6-3-3,6-3-3/1, Ashoka Metro Politon Building Road No 1, Banjara Hills, Hyderabad Hyderabad TG 500034 IN CIN: U85100TG2013PTC091707	Subsidiary	100%	Sec.2(87)(ii)

S. No.	Name and address of the Company	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
4	Asclepius Consulting &Technologies Private Limited Address:,8-2-672/5&6, 4th Floor, Road no. 1 Banjara Hills, Hyderabad-500034 CIN: U72200KA2008PTC045437	Subsidiary	51%	Sec.2(87)(ii)
5	Virinchi Learning Private Limited Address: Plot No.10, SRK Colony, West Marredpally, Secunderabad, Telangana-500026 CIN: U72200TG2010PTC069967	Subsidiary	100%	Sec.2(87)(ii)
6	Virinchi Media And Entertainment Private Limited Address: Plot No.10, Sivaramakrishna Colony, West Marredpally, Secunderabad, Telangana-500026 CIN: U92100TG2010PTC070028	Subsidiary	100%	Sec.2(87)(ii)
7	Ksoft Systems Inc. 340, Raritan Business PKWY, Edison, NJ USA – 08837	Subsidiary	100%	Sec.2(87)(ii)
8	QFund Technologies Private Limited Address: Plot No.10, Sivaramakrishna Colony, West Marredpally, Secunderabad, Telangana-500026 CIN : U72200TG201OPTC070100	Subsidiary	100%	Sec.2(87)(ii)
9	Tensor Fields Consultancy Services Private Limited Address: Plot No.10, SRK Colony, West Marredpally, Secunderabad, Telangana-500026 CIN:U74900TG2015PTC101115	Subsidiary	100%	Sec.2(87)(ii)
10	Virinchi Combinatorics and Systems Biology PrivateLimited Address: Plot No.10, SRK Colony, West Marredpally, Secunderabad, Telangana-500026 CIN:U74999TG2016PTC110019	Subsidiary	100%	Sec.2(87)(ii)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Categorywise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
a) Individual/ HUF	11347070	0	11347070	42.52	11313100	0	11313100	40.09	-2.43
b) Central Govt	0	0	0	0	0	0	0	0.00	0.00
c) State Govt(s)	0	0	0	0	0	0	0	0.00	0.00
d) Bodies Corp.	1056742	0	1056742	3.96	1056742	0	1056742	3.74	-0.22
e) Banks / FI	0	0	0	0	0	0	0	0.00	0.00
f) Any other	0	0	0	0	0	0	0	0.00	0.00
Sub Total (A) (1)	12403812	0	12403812	46.48	12369842	0	12369842	43.84	-2.65
(2) Foreign								0.00	0.00
NRI Individuals	960974	0	960974	3.6	960974	0	960974	3.41	0.19
Other Individuals	0	0	0	0	0	0	0	0.00	0.00
Bodies Corp.	0	0	0	0	0	0	0	0.00	0.00
Banks / FI	0	0	0	0	0	0	0	0.00	0.00
Any other -	0	0	0	0	0	0	0	0.00	0.00

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
e)(1)Overseas Corporate Bodies	94484	0	94484	0.35	94484	0	94484	0.33	-0.02
Sub Total (A) (2)	**1055458**	**0**	**1055458**	**3.96**	**1055458**	**0**	**1055458**	**3.74**	**-0.22**
TOTAL(A)= A(1)+A(2)	**13459270**	**0**	**13459270**	**50.44**	**13425300**	**0**	**13425300**	**47.58**	**-2.86**
B. Public Shareholding	0	0	0	0.00	0	0	0	**0.00**	**0.00**
1. Institutions	0	0	0	0.00	0	0	0	**0.00**	**0.00**
a) Mutual Funds	0	0	0	0.00	0	0	0	0.00	0.00
b) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
c) Alternate Investment Funds	0	0	0	0.00	0	0	0	0.00	0.00
d) Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
e) Foreign Portfolio Investor	70000	0	70000	0.26	75000	0	75000	0.27	-0.01
f) Financial Institutions/ Banks	0	0	0	0	0	0	0	0.00	0.00
g) Insurance Companies	0	0	0	0	0	0	0	0.00	0.00
h) Providend / Pension Funds	0	0	0	0	0	0	0	0.00	0.00
i) Bank - Foreign Bank	0	0	0	0	0	0	0	0.00	0.00
j) Foreign Institutional Investors	0	0	0	0	0	0	0	0.00	0.00
a) Others (specify)	0	0	0	0	0	0	0	0.00	0.00
Sub-total (B)(1):-	70000	0	70000	0.26	75000	0	75000	0.27	-0.01
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	2990471	0	2990471	11.21	1704326	0	1704326	6.04	5.17
ii) Overseas	0	0	0	0	0	0	0	0.00	0.00
b) Individuals								0.00	0.00
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	4523159	84482	4607641	17.27	6115863	60161	6176024	21.89	4.62
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	3439048	146000	3585048	13.43	5157426	0	5157426	18.28	4.85
c) Others (specify)									
c) i) Non Resident Indians	421269	88300	509569	1.91	815441	88200	903641	3.20	1.29
c) ii) Overseas Corporate	0	500000	500000	0.00	0	500000	500000	1.77	1.77
c)iii) Foreign Nationals								0.00	0.00
c)iv) Clearing Members	482791	0	482791	1.81	206860	0	206860	0.73	1.08
c)v) Trusts	0	0	0	0.00	0	0	0	0.00	0.00
c) vi) Foreign Bodies - D R	0	0	0	0.00	0	0	0	0.00	0.00
c) vii) Employees	0	1375	1375	0.01	0	0	0	0.00	0.01
c)viii IEPF	0	0	0	0.00	44473	0	44473	0.16	0.16

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Sub-total (B)(2):-	11856738	820157	12676895	47.51	14044389	648361	14692750	52.07	4.30
Total Public Shareholding (B)=(B)(1)+(B)(2)	11926738	820157	12746895	47.77	14119389	648361	14767750	52.33	-4.40
C. Non Promoter - Non Public									
1. Shares held by Custodian for GDRs & ADRs -	0	0	0	0	0	0	0	0.00	0
2. Employee Benefit Trust under SEBI (SBEB) Reg. 2014	478385	0	478385	1.79	25000	0	25000	0.09	1.70
Total Non Promoter - Non Public	478385	0	478385	1.79	25000	0	25000	0.09	1.7
Grand Total (A+B+C)	**25864393**	**820157**	**26684550**	**100**	**25864393**	**820157**	**28218050**	**100.00**	

ii) Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	VISWANATH KOMPELLA	6807975	25.51	0	6807975	24.13	0	-1.38
2	KOMPELLA MADHAVI LATHA	1118050	4.19	0	1118050	3.96	0	-0.23
3	KOMPELLA MODINI	1070625	4.01	0	1070625	3.79	0	-0.22
4	KOMPELLA RAMAKRISHNA PARAMAHAMSA	1070625	4.01	0	1070625	3.79	0	-0.22
5	KOMPELLA LOPAMUDRA	1070625	4.01	0	1070625	3.79	0	-0.22
6	PRAVEEN KUMAR KONDAI	675000	2.53	0	675000	2.39	0	-0.14
7	P K I SOLUTIONS PVT LTD	405605	1.52	0	405605	1.44	0	-0.08
8	SHRI SHRI RESORTS PVT LTD	401137	1.50	0	401137	1.42	0	-0.08
9	BHARAT MEGAWATTS GEN PRIVATE LIMITED	250000	0.94	0	250000	0.89	0	-0.05
10	ABHILASH KONDAI	187000	0.70	0	187000	0.66	0	-0.04
11	ANIL KUMAR PINAPALA	100000	0.37	0	100000	0.35	0	-0.02
12	SHANMUGAM S	72974	0.27	0	72974	0.26	0	-0.01
13	AMELIUM CORPORATION SDN BHD	53839	0.20	0	53839	0.19	0	-0.01
14	SHEMA RENNY ABRAHAM	50000	0.19	0	50000	0.18	0	-0.01
15	SADEC POWER SDN BHD	40645	0.15	0	40645	0.14	0	-0.01
16	SRINATH KOMPELLA	34170	0.13	0	200	0.00	0	-0.13
17	RAJENDER RAO KARPE	26000	0.10	0	26000	0.09	0	-0.01
18	DEEPA REJI ABRAHAM	25000	0.09	0	25000	0.09	0	-0.00

iii.) Change in Promoters' Shareholding (please specify, if there is no change)

S. No.	Shareholder's Name	Shareholding at the beginning of the year		Date	Reason	Increase / Decrease in Shareholding		Cumulative share-holding during the year	
		No. of Shares	% of total Shares of the com-pany**			No. of Shares	% of total Shares of the com-pany	No. of Shares	% of total Shares of the Com-pany
1	VISWANATH KOMPELLA	6807975	25.51	na	Na	Na	Na	6807975`	24.13
2	KOMPELLA MADHAVI LATHA	1118050	4.19	Na	Na	Na	Na	1118050	3.96
3.	KOMPELLA MODINI	1070625	4.01	Na	Na	Na	Na	1070625	3.79
4.	KOMPELLA RAMA KRISHNA PARAMAHAMSA	1070625	4.01	Na	Na	Na	Na	1070625	3.79
5.	KOMPELLA LOPAMUDRA	1070625	4.01	Na	Na	Na	Na	1070625	3.79
6.	PRAVEEN KUMAR ONDAI	675000	2.53	Na	Na	Na	Na	675000	2.39
7.	P K I SOLUTIONS PVT LTD	405605	1.52	Na	Na	Na	Na	405605	1.44
8.	SHRI SHRI RESORTS PVT LTD	401137	1.50	Na	Na	Na	Na	401137	1.42
9.	BHARAT MEGAWATTS GEN PRIVATE LIMITED	250000	0.94	Na	Na	Na	Na	250000	0.89
10	ABHILASH KONDAI	187000	0.70	Na	Na	Na	Na	187000	0.66
11	ANIL KUMAR PINAPALA	100000	0.37	Na	Na	Na	Na	100000	0.35
12	SHANMUGAM S	72974	0.27	Na	Na	Na	Na	72974	0.26
13	AMELIUM CORPORATION SDN BHD	53839	0.20	Na	Na	Na	Na	53839	0.19
14	SHEMA RENNY ABRAHAM	50000	0.19	Na	Na	Na	Na	50000	0.18
15	SADEC POWER SDN BHD	40645	0.15	Na	Na	Na	Na	40645	0.14
16	SRINATH KOMPELLA	34170	0.13	21st April, 2017	Market Sale	7681	0.02	26489	0.09
				25th April, 2017	Market Sale	26289	0.09	200	0.00
17	RAJENDER RAO KARPE	26000	0.10	Na	Na	Na	Na	26000	0.09
18	DEEPA REJI ABRAHAM	25000	0.09	Na	Na	Na	Na	25000	0.09

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	RITE EQUITY SDN BHD	500000	1.87		
	Purchase(s) during the year	0	0.00	500000	1.77
	Sale(s) during the year	0	0.00	500000	1.77
2	MALLEMKONDA REALITIES PVT LTD	0	0.00		
	Purchase(s) during the year	500000	1.87	500000	1.87
	Sale(s) during the year	0	0.00	500000	1.87
3	MOHAN KUMAR TAYEL	0	0.00		
	Purchase(s) during the year	500000	1.77	500000	1.87
	Sale(s) during the year	0	0.00	500000	1.87
4	KAYALVIZHI BALACHANDRAN	124323	0.44		
	Purchase(s) during the year	253677	0.90	378000	1.34
	Sale(s) during the year	0	0.00	378000	1.34
5	SUBRAMANIAN P	350890	1.24		
	Purchase(s) during the year	0	0.00	350890	1.24
	Sale(s) during the year	-42300	-0.15	308590	1.09
6	ANIRUDH MOHTA	217146	0.77		
	Purchase(s) during the year	265989	0.94	483135	1.71
	Sale(s) during the year	-209905	-0.74	273230	0.97
7	NITIN PARIKH BROKERAGE SERVICES LIMITED	259900	0.92		
	Purchase(s) during the year	0	0.00	259900	0.92
	Sale(s) during the year	0	0.00	259900	0.92
8	MAGADHA INFRACON PRIVATE LIMITED	250000	0.89		
	Purchase(s) during the year	0	0.00	250000	0.89
	Sale(s) during the year	0	0.00	250000	0.89
9	MOHAMMED ARSHAD	7000	0.02		
	Purchase(s) during the year	147215	0.52	154215	0.55
	Sale(s) during the year	0	0	154215	0.55
10	MANU GOPALDAS CHHABRIA	278491	0.99		
	Purchase(s) during the year	52011	0.18	330502	1.17
	Sale(s) during the year	-184031	-0.65	146471	0.52

v) Shareholding of Directors and Key Managerial Personnel :

Sl No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	M. Santhi Priya CFO& Whole Time Director				
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
	At the End of the year	NIL	NIL	NIL	NIL
2	K Sri Kalyan Whole time Director				
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
	At the End of the year	NIL	NIL	NIL	NIL
3.	K Ravindranath Tagore Company Secretary				
	At the beginning of the year	10,000	0.037	10,000	0.035
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
	At the End of the year	10,000	0.037	10,000	0.035
4.	M Ramam Independent Director				
	At the beginning of the year	250	0.0009	250	0.0008
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g.allotment / transfer / bonus/ sweat equity etc):	NIL	NIL	(250)	(0.0008)
	At the End of the year	250	0.0009	NIL	NIL
5.	K Krishna Independent Director				
	At the beginning of the year	3909	0.014	3909	0.013
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g.allotment / transfer / bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
	At the End of the year	3909	0.014	3909	0.013

Sl No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
6.	Datuk Kunasingam V. Sittampalam				
	Independent Director				
	At the beginning of the year Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g.allotment / transfer / bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
	At the End of the year	NIL	NIL	NIL	NIL
7.	Samad A. Momin				
	Independent Director				
	At the beginning of the year Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g.allotment / transfer / bonus/ sweat equity etc)	NIL	NIL	NIL	NIL
	At the End of the year	NIL	NIL	NIL	NIL
8.	K. Kalpana				
	Independent Director				
	At the beginning of the year Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g.allotment / transfer / bonus/ sweat equity etc): At the End of the year	NIL	NIL	NIL	NIL
	At the End of the year	NIL	NIL	NIL	NIL

V) INDEBTEDNESS :

Indebtedness of the Company including interest outstanding / accrued but not due for payment

Particulars	Secured Loans	Unsecured Loans excluding deposits	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	539,880,109	122,852,519	NIL	662,732,628
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	**539,880,109**	**122,852,519**	**NIL**	**662,732,628**
Change in Indebtedness during the financial year				
• Addition	1016696482	50000000	NIL	1,06,66,96,482
• Reduction	950627449	97483044	NIL	1,04,81,10,493
Net Change	**6,60,69,033**	**(4,74,83,044)**	**NIL**	**1,85,85,989**
Indebtedness at the end of the financial year				
i) Principal Amount	60,59,49,143	7,53,69,475	NIL	68,13,18,617
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	**60,59,49,143**	**7,53,69,475**	**NIL**	**68,13,18,617**

VI) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager :

(Rs.)

Sl No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
	Name	M Santi Priya CFO & Whole Time Director	K Sri Kalyan Whole Time Director	
1	Gross Salary			
	a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	31,50,000	22,50,000	54,00,000
	b) Value of perquisites u/s 17(2) Income Tax Act, 1961	Nil	Nil	Nil
	c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	Nil	Nil	Nil
2.	Stock Option (No. of options granted)	1,00,000	1,00,000	2,00,000
3.	Sweat Equity	Nil	Nil	Nil
4	Commission	Nil	Nil	Nil
5.	Others, please specify	Nil	Nil	Nil
	Total (A)	31,50,000	22,50,000	54,00,000
	Ceiling as per the Act	Rs.197.06 Lakhs(being the 11 % of Net Profit of the Company calculated as per Section 198 ofCompanies Act, 2013)		

B. Remuneration to other directors:

(Amount in Rs.)

Sl No.	Particulars of Remuneration	Name of Directors					Total Amount
		Kunasingam V Sittampalam	Krishna Kanaparthy	Ramam Madu	K. Kalpana	Samad A Momin	
1	**Independent Directors**						
	Fee for attending board and committee meetings	-	78,000	78,000	28,000	-	184,000
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total (1)	-	78,000	78,000	28,000	-	184,000
2	**Other Non-Executive Directors**						
	Fee for attending board and committee meetings						
	Fee for attending board and committee meetings						
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total (2)	-	-	-	-	-	-
	Total (B)=(1+2)	-	-	-	-	-	-
	Total Managerial Remuneration	-	78,000	78,000	28,000	-	184,000
	Overall Ceiling as per the Act	Rs.197.06 Lakhs(being the 11 % of Net Profit of the Company calculated as per Section 198 of Companies Act, 2013)					

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD:

(Rs.)

Sl No.	Particulars of Remuneration	Key Managerial Personnel K. Ravindranath Tagore Company Secretary	Total Amount (In Rs.)
1	Gross Salary		
	a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	20,61,204	20,61,204
	b) Value of perquisites u/s 17(2) Income Tax Act, 1961	Nil	Nil
	c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	Nil	Nil
2.	Stock Option (No. of options granted)	1,00,000	1,00,000
3.	Sweat Equity	Nil	Nil
4	Commission	Nil	Nil
	- as % of profit	Nil	Nil
	- others, specify	Nil	Nil
5.	Others, please specify	Nil	Nil
	Total (c)	**20,61,204**	**20,61,204**

V. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES :

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed Compounding fees imposed	Authority (RD/ NCLT/Court)
A. COMPANY				
Penalty				
Punishment			NIL	
Compounding				
B. DIRECTORS				
Penalty				
Punishment			NIL	
Compounding				
C. OTHER OFFICERS IN DEFAULT				
Penalty				
Punishment			NIL	
Compounding				

ANNEXURE-D

Form No. MR-3

Secretarial Audit Report

For The Financial Year Ended On 31st March, 2018

(Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014)

To

The Members,

Virinchi Limited

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Virinchi Limited. (hereinafter called the company).Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the financial year ended on March 31, 2018 (the audit period) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company during the audit period according to the provisions of:
   - i. The Companies Act, 2013 (the Act) and the rules made thereunder;
   - ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
   - iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
   - iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment. There was no External Commercial Borrowing.
   - v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act):-
     - a. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
     - b. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
     - c. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
     - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014);
     - e. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not Applicable to the Company during the Audit Period);
     - f. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not Applicable to the Company during the Audit Period);
     - g. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
     - h. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not Applicable to the Company during the Audit Period); and
     - i. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not Applicable to the Company during the Audit Period);
   - vi. Other laws applicable specifically to the Company namely:
     - a. Information Technology Act, 2000 and the rules made thereunder
     - b. Software Technology Parks of India rules and regulations
     - c. Copyright Act, 1957
     - d. The Patents Act, 1970
     - e. The Trade Marks Act, 1999

2. During the year the Company has conducted 11 Board Meetings, 4 Audit Committee Meetings, 1 Independent Director's Meeting, 4 Nomination and Remuneration Committee and 4 Stakeholders Relationship Committee Meeting and 1 Corporate Social Responsibility Committee meeting . We have also examined compliance with the Secretarial Standards issued by the Institute of Company Secretaries of India on meeting of the Board of Directors and General Meeting.

3. I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

4. I further report that the Compliance by the Company of applicable financial laws like Direct and Indirect tax laws has not been reviewed thoroughly in this audit since the same have been subject to review by statutory financial audit and other designated professionals

5. I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

6. The Company has framed various policies and displayed the same on the company's website i.e.,www.virinchi.com
   - Policy on Preservation of Documents
   - Risk Management Policy
   - Whistle Blower Policy
   - Related Party Transaction Policy
   - Familiarization programme for Independent Directors
   - Nomination and remuneration Policy
   - Policy on material subsidiaries
   - Corporate Social Responsibility Policy

7. We further report that:-
   a. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
   b. Adequate notice of board meeting is given to all the directors along with agenda and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and meaningful participation at the meeting.
   c. As per the minutes of the meeting duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.
   d. We further report that there are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
   e. We further report that during the year under report, the Company has not undertaken any event/ action having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

For PATNAIK & ASSOCIATES
Company Secretaries

V Chandra Sekhar Patnaik
Practicing Company Secretary
COP No.: 16619

Place: Hyderabad
Date:29th August, 2018

Note: This report is to be read with our letter of even date which is annexed as 'ANNEXURE' and forms an integral part of this report.

ANNEXURE TO SECRETARIAL AUDIT REPORT

To,
The Members,
Virinchi Limited
8-2-672/5&6, 4th Floor, Ilyas Mohammed Khan Estate Road no.1,
Banjara Hills Hyderabad Hyderabad TG 500034 IN

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For PATNAIK & ASSOCIATES
Company Secretaries

V Chandra Sekhar Patnaik
Practicing Company Secretary
COP No.: 16619

Place: Hyderabad
Date:29th August, 2018

ANNEXURE-E

PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTFLOW REQUIRED UNDER COMPANIES (ACCOUNTS) RULES, 2014

Conservation of Energy:

Company's operations require electrical energy for its use in air conditioning the premises, for power supply to computer systems and lighting which are not energy intensive. However, adequate measures have been taken to reduce energy consumption, wherever possible.

To decrease the carbon footprint, company transportation is extended to associates from different parts of the city; the occupation is 100% in all the buses on all the working days. Also, to conserve the natural resources, STP plan is installed and the waste water and solid material emitted out, after processing is being used for landscaping. The company has adopted laudable practices like reducing the carbon foot prints, maximizing the utilization of natural light and reducing the electric light fitments, reduction of size of work station partitions. use of recycled material for the work stations' wood boards, provision of task lights for every work station to minimize the power consumption, central control switch for entire work station and automated water control taps in the rest rooms. As part of energy conservation, LED lighting is being use for the new areas, which are undergoing interior renovation works.

Research and Development

Your company will continue to focus and invest in its R & D activities in software engineering, technologies and products. Your company leverages its excellence in technology for producing World Class Products and solutions. The continual exposure to new technologies has helped maintain high motivation levels in employees and to generate higher levels of productivity, efficiency and quality. Your company continues to give due importance to research and development to maintain its leadership in the field of leading edge technologies.

Foreign Exchange Earnings and Outgo:

Most of your Company's earnings are from the export of Computer Software and Services. In order to promote product sales and services, your Company participated in various exhibitions and carried product promotion activities.

Details of foreign exchange earnings and outgo during the year as follows:

(Rs. in Crores)

Particulars	FY 2017-18	FY 2016-17
Foreign Exchange Earnings	132.04	74.46
Foreign Exchange Outgo	41.34	14.36

Technology Absorption, Adaptation and Innovation

Your company continues to use state-of-the-art technology for improving the productivity and quality of its products and services. To create adequate infrastructure, your Company continues to invest in the latest hardware and software.

To support its growth plans, the company continues to invest in global solutions that are configured consistently for its core business processes.

ANNEXURE-F

Disclosures pursuant to Regulation 14 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014

Relevant disclosures in terms of the 'Guidance note on accounting for employee share-based payments' issued by ICAI forms part of the notes to the financial statements provided in this Annual Report

Sl.No	Description	Year ended 31st March, 2018	
1	Date of Shareholder's Approval	VESOS-2004 29/09/2004	VESOS-2016 27/05/2016
2	Total number of options approved under ESOS	11,67,000	50,00,000
3	Vesting requirements	Commences at the expiry of two year from the date of grant	
4	Exercise price or pricing formula	Grant price is the face value of the equity shares of the Company, i.e., INR 10.00	Pricing as decided by the nomination committee as on the date of committee meeting.
5	Maximum term of options granted	2 years	5 years
6	Source of shares (primary, secondary or Primary combination)	Primary	
7	Variation of terms of options	Nil	
8	Method used to account for ESOS - Intrinsic or fair value	The company has calculated the employee compensation cost using the intrinsic value of the stock options	
9	Difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options	Nil	
10	The impact of this difference on profits and on EPS of the company on the current year profits (for the year grants)	Profit (Loss) after Tax (in Rs) Less: Additional Employee Compensation cost of Fair Value over Intrinsic Value (in Rs) Adjusted PAT (Loss) (in Rs) Adjusted weighted avg. EPS (in Rs)	NA

Details of ESOS during the financial year

Sl.No	Description	Year ended 31st March, 2018	
1	Number of Options Oustanding at the beginnning of the year(Un-granted)	Nil	950,000
2	Number of options granted during the year	0	950,000
3	Number of options forfeited/lapsed during the year	0	0
4	Number of options vested during the year	133500	2,156,627
5	Number of options exercised during the year	133500	18,58,284
6	Number of shares arising as a result of exercise of options	133500	18,58,284
7	Amount realized by exercise of options (Rs.)	1335000	51,400,250
8	Loan repaid by the Trust during the year from exercise price received	Nil	Nil
9	Number of options outstanding at the end of the year (out of total number of options approved under ESOS)	Nil	Nil
10	Number of options exercisable at the end of the year (out of total number of options approved under ESOS	Nil	21,92,627

Details of ESOS during the financial year

Sl.No	Description	Year ended 31st March, 2018	
11	Weighted-average exercise		
	Stock Options Granted on	Weighted average exercise price (in Rs.)	Weighted average fair value (in Rs.)
	13th February, 2017	76.63	76.63
	20th June, 2017	92.30	93.30
12	Employee wise details of options granted to		
	1. Key Managerial Personnel		
	1. Satyajet Prasad	NIL	2,40,000
	2. Vishal Ranjan		2,40,000
	3. Srinivas Myana		1,50,000
	a. a. Any other employee who receive a grant of options in any one year of option amounting to 5% or more of option granted during the year	NIL	NIL
	c. Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants & conversions) of the Company at the time of grant	NIL	NIL
13	Description of the method and significant assumptions used during the year to estimate the fair value of the options, including the following weighted average information	The Black Scholes option-pricing model was developed for estimating fair value of traded options that have no vesting restrictions and are fully transferable. Since option-pricing models require use of substantive assumptions, changes therein can materially affect fair value of options. The option pricing models do not necessarily provide a reliablemeasure of fair value of options	
14	The main assumptions used in the Black Scholes option-pricing model during the year were as follows:		
	(i) Weighted average values of share price	Refer point # 11	
	(ii) exercise price	Rs. 76.63	
	(iii) Risk free interest rate	–	
	(iv) Expected Life of Options	5 years	
	(v) Expected volatility	Nil	
	(vi) Dividend yield	NA	
15	The method used and the assumptions made to incorporate NA the effects of expected early exercise	NA	
16	How expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility	NA	
17	Whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition	Yes and other standard methods accepted by ICAI	

FORM AOC - I

PART - A

STATEMENT SHOWING SALIENT FEATURES OF THE FINANCIAL STATEMENTS OF SUBSIDIARIES

As per the Companies Act, 2013 for the financial year ended 31st March, 2018

S. No	Name of the subsidiary	KSoft Sytems Inc	Qfund Technologies Private Limited	Tyohar Foods Private Limited	Virinchi Learning Private limited	Virinchi Media Entertainment Pvt Ltd	Virinchi Infra & Realty Pvt. Ltd	Virinchi Health Care Pvt Ltd	Asclepius Consulting & Technologies Private Limited	Tensor Fields Consulting Services Pvt Ltd	Virinchi Combinatorics and Systems Biology Private Limited
1	Share capital	45,91,087	1,00,000	1,00,000	19,50,000	1,00,000	1,00,000	5,43,59,780	58,82,360	1,00,000	1,00,000
2	Reserves & Surplus	75,04,99,565	26,40,0,082	(1,13,09,208)	(65,64,964)	(53,746)	(22,886)	35,50,87,233	(1,61,39,628)	(614)	6,606
3	Total Assets	93,14,65,554	8,22,63,118	2,65,09,139	3,66,45,797	1,43,77,287	83,014	1,57,46,94,688	1,20,85,547	4,21,834	3,46,632
4	Total Liabilities	17,63,74,903	5,57,63,036	3,77,18,346	4,44,45,797	1,43,31,033	5,900	1,16,52,47,678	2,23,42,815	3,22,448	2,40,025
5	Investments	-	5,99,641	-	-	-	-	-	-	-	-
6	Turnover	96,60,34,632	4,72,66,393	3,83,543	26,76,759	-	-	67,49,42,412	41,52,680	3,50,000	3,00,000
7	PBT	28,86,77,875	10,22,586	(22,45,952)	(49,31,708)	(16,959)	(5,900)	(6,37,36,482)	1,88,882	21,189	17,882
8	Pro for Tax	3,88,67,788	3,48,537	27,921	7,17,216	-	-	3,75,31,949	(7,757)	6,548	5,526
9	PAT	24,98,10,087	6,74,050	(22,73,873)	(56,48,924)	(16,959)	(5,900)	(10,12,68,431)	1,96,639	14,641	12,356
10	Proposed Dividend	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
11	% of shareholding	100%	100%	100%	100%	100%	100%	100%	51%	100%	100%

PART - B:

JOINT VENTURE:

There are no joint ventures to report.

ANNEXURE-H

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms' length transactions under third proviso thereto

1. **Details of contracts or arrangements or transactions not at arm's length basis**

   Details of contracts or arrangements or transactions not at arm's length basis The company has not entered into any contract or arrangement or transaction with its related parties which is not at arm's length during financial year 2017-18.

2. **Details of material contracts or arrangement or transactions at arm's length basis**

   (a) Name(s) of the related party and nature of relationship

Sl.No	Name of the Company	Relationship
1	Virinchi Helath Care Private Ltd	Wholly owned Subsidiary
2	Virinchi Learning Private Ltd	Wholly owned Subsidiary
3	QFund Technologies Private Ltd	Wholly owned Subsidiary
4	Tyohar Foods Private Ltd	Wholly owned Subsidiary
5	Virinchi Infra and Realty Private Ltd	Wholly owned Subsidiary
6	Virinchi Combinatorics and Systems Biology Private Limited	Wholly owned Subsidiary
7	KSoft Systems Inc.,USA	Wholly owned Subsidiary
8	Virinchi Media & Entertainment Private Ltd	Wholly owned Subsidiary
9	Tensor Fields Consultancy Services Private Ltd	Wholly owned Subsidiary
10	Asclepius Consulting & Technologies Private Limited	Subsidiary
11	Vivo Bio Tech Ltd	Common Promoter

   (b) **Nature of contracts/arrangements/transactions**

   Software Development and consulting services. The company has leased out premises to Vivo Bio Tech Ltd,

   (c) **Duration of the contracts/arrangements/transactions**

   Inter-company agreements entered into with subsidiary companies, as amended and ongoing.

   The lease agreement extended for another 11 months

   (d) **Salient terms of the contracts or arrangements or transactions including the value, if any:**

   To provide IT Services to the client/customers as per agreement.

   The payment terms of each project as per the intercompany agreements entered with the respective subsidiaries.

   For the lease transaction it is Rs. 30 Lakhs per year.

   (e) Date(s) of approval by the Board, if any: Not applicable as these are at arms' length basis and in the ordinary course of the business. 30/08/2014 is the date of board meeting on which the transaction of lease agreement with vivo bio tech ltd is approved.

   (f) Amount paid as advances, if any: Nil

ANNEXURE-I

Certification as required under Regulation 17 (8) SEBI (LODR) Regulations, 2015

We, M. Santhi Priya, Chairperson, Whole Time Director & CFO, K Sri Kalyan, Whole Time Director of Virinchi Limited to the best of our knowledge and belief, certify that:

1. We have reviewed the Balance Sheet and Profit and Loss Account, and its Schedules and Notes on Accounts, as well as the Cash Flow statement and the Directors Report.
2. Based on our knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the statements made
3. Based on our knowledge and information, the financial statements, and other financial information included in this report, fairly present in all material respects, the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report, and are in compliance with the existing accounting standards and/or applicable laws and regulations.
4. To the best of our knowledge and belief, no transactions entered into by the company during the year are fraudulent, illegal or violative of the Company's code of conduct.
5. The Company's other certifying officers and we, are responsible for establishing and maintaining disclosure controls and procedures for the company, and we have:
    a) Designed such disclosure controls and procedures to ensure that material information relating to the company is made known to us particularly during the period in which this report is being prepared. And
    b) Evaluated the effectiveness of the Company's disclosure, controls and procedures.
6. We have disclosed to the Company's auditors and the audit committee
    a) all significant changes in internal control during the year;
    b) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements and c) any fraud, whether or not material, that involves management or other employees who have significant role in the company's internal controls

	K Sri Kalyan	**M. Santhi Priya**
Place : Hyderabad	*Whole Time Director*	*Chairperson, Whole Time Director & CFO*
Date : 30th May, 2018	DIN : 03137506	DIN : 03114319

Report on Corporate Governance

1. COMPANY'S PHILOSOPHY

The Company believes that corporate governance is the application of best management practices, compliance of law in true letter and spirit and adherence to ethical standards for the effective management and distribution of wealth and discharge of social responsibility for the sustainable development of all stakeholders. Through its processes and independence of functioning, the Board of Directors of the Company provides effective leadership to the Company and its management for achieving sustained prosperity for all the stakeholders.

The Company is in compliance with the requirements of revised guidelines on Corporate Governance stipulated under SEBI (LODR) Regulations, 2015.

2. BOARD OF DIRECTORS

Composition and Category of Directors

The Company has an Executive Chairperson cum whole time director and 1 Whole Time Director, and to have a more professional outlook your company is having 5 Non- Executive directors which composition is in compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

11 Board Meetings were held during the Financial Year 2017-18 and the gap between two Meetings did not exceed 120 days. The dates on which the said meetings were held are as follows:

3rd April, 2017, 12th April, 2017, 24th April, 2017, 22nd May, 2017, 20th June, 2017, 9th August, 2017, 28th August, 2017, 20th November, 2017, 4th December, 2017, 6th January, 2018, 12th February, 2018

The necessary quorum was present for all meetings.

Attendance of each Director at the Board Meetings and the last AGM and their Category

Name of the	Category	No. of Board Meetings attended	Whether attended last AGM	No of Other Directorships #	Committee Memberships	Committee Chairmanship
M. Santhi Priya	Chairperson and Whole Time Director	11	Yes	0	0	0
K. Sri Kalyan	Whole Time Director	11	Yes	0	0	0
K.Krishna	Independent Non-Executive Director	11	Yes	0	0	0
M.Ramam	Independent Non-Executive Director	11	Yes	0	0	0
K.V.Sittampalam	Independent Non-Executive Director	1	No	1	0	0
K.Kalpana	Independent Non-Executive Director	4	Yes	2	0	0
SamadA.Momin	Independent Non-Executive Director	1	No	0	0	0

The Directorships held by Directors as mentioned above do not include alternate directorships and directorships of foreign companies, section 8 companies and private limited companies.

in accordance with SEBI (LODaqR) Regulations, 2015, memberships/chairmanships of only the Audit Committee and shareholders/ investors grievance committees all Public Limited Companies (Excluding Virinchi Ltd) have been considered.

The company has M/s. Virinchi healthcare Private Ltd as 'material non-listed indian subsidiary company' as defined under SEBI (LODR) Regulations, 2015.

The policy relating to the material subsidiary is available in the website of the company at www.virinchi.com

None of the directors on the board is a member of more than 10 committees or Chairman of more than 5 committees, across all companies in which he/she is a director. The necessary disclosures regarding committee positions have been made by the directors. All independent directors have provided an affirmation of their independence as required under the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

Training of board members

Non-executive directors who are inducted on the board are given an orientation about the company, its operations, services, details of subsidiaries and joint ventures, board procedures and processes and major risks and risk management strategies. The company ensures that directors are inducted through a familiarization process comprising, inter alia, their roles and responsibilities.

Newly inducted directors spend approximately a week at the time of their induction and interact with the Chairman, Whole Time Director& CFO CEO, and other members of the senior management. They interact with the heads of all business units and other functional heads. They are provided a walk through among some of the centres of excellence and given a detailed understanding of the business and its operations. Directors are regularly updated on changes in policies and programmes, laws and the general business environment. Details of the familiarization programme for Non-Executive Directors and their letter of appointment are published on the website of the company

Separate meetings of the Independent Directors

During the year under review, the Independent Directors met on 17th February, 2018, inter alia, to discuss:

- Evaluation of the performance of Non-Independent Directors and the Board of Directors as a whole;
- Evaluation of the performance of the Chairman of the company, taking into account the views of the Executive and Non-Executive Directors;
- Evaluation of the quality, content and timeliness of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties

Board member Evaluation

One of the key functions of the Board is to monitor and review the Board evaluation framework. The Board works with the nomination and remuneration committee to lay down the evaluation criteria for the performance of the Chairman, the Board, Board committees and executive / non-executive / independent directors through a peer evaluation, excluding the director being evaluated.

Independent directors have three key roles - Governance, Control and Guidance. Some of the performance indicators based on which the independent directors are evaluated include:

- The Ability to contribute to and monitor our corporate governance practice.
- The ability to contribute by introducing international best practices to address business challenges and risks
- Active participation in long term strategic planning
- Commitment to the fulfillment of a director's obligations and fiduciary responsibilities, these include participation in Board and committee meetings.
- To improve the effectiveness of the Board and its Committees, as well as that of each individual director, a formal and rigorous Board review is internally undertaken on an annual basis.

3. AUDIT COMMITTEE:

The management is responsible for the Company's internal controls and the financial reporting process while the statutory auditors are responsible for performing independent audits of the Company's financial statements in accordance with generally accepted auditing practices and for issuing reports based on such audits. The Board of Directors has constituted and entrusted the Audit Committee with the responsibility to supervise these processes and thus ensure accurate and timely disclosures that maintain the transparency, integrity and quality of financial control and reporting. The constitution of the Audit Committee also meets with the requirements of Section 177 of the Companies Act, 2013 and SEBI Listing Regulations

During the year under review Four (4) meetings were held for approval of Unaudited Financial Results and Audited results. The constitution of the Committee and the attendance of each member of the Committee are given below:

Name of the Director	Designation	Nature of Directorship	Committee Meetings attended
M.Ramam	Chairman	Independent Non-Executive Director	4
K Sri Kalyan	Member	Executive Director	4
K.Krishna	Member	Independent Non-Executive Director	4

The Meetings of Audit Committee were also attended by the representatives of Statutory Auditor as Invitees. The Un-audited financial results for each quarter are recommended by the Audit Committee before passed on to the Board of Directors for approval and adoption.

Mr. Ravindranath Tagore Kolli is the Secretary of the Committee.

The primary responsibilities of the Audit Committee are to

- Financial reporting process
- Draft financial statements and auditor's report (before submission to the Board) Accounting policies and practices
- Internal controls and internal audit systems

- Risk management policies and practices
- Internal audit reports and adequacy of internal audit function.

The role of the audit committee includes recommending the appointment and removal of the external auditor, discussion of the audit, plan and fixation of audit fee and also approval of payment of fees for any other services.

4. NOMINATION AND REMUNERATION COMMITTEE

The terms of reference of the remuneration committee are as follows:

- To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.
- shall formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees
- Framing and implementing on behalf of the Board and on behalf of the shareholders, a credible and transparent policy on remuneration of executive directors including ESOPs, Pension Rights and any Compensation Payment.
- Ensuring the remuneration policy is good enough to attract, retain and motivate directors.
- Review the performance of the Board of Directors and Senior Management Employees based on certain criteria as approved by the Board.

The Nomination and Remuneration Committee is constituted as follows.

Name of the Director	Designation	Nature of Directorship	Meetings attended
M. Ramam	Chairman	Independent Non-Executive	4
Krishna Kanaparthy	Member	Independent Non-Executive	4
K.V. Sittampalam*	Member	Independent Non-Executive	0
K.Kalpana**	Member	Independent Non-Executive	1

*Resigned ** Appointed.

Board member Evaluation

One of the key functions of the Board is to monitor and review the Board evaluation framework. The Board works with the nomination and remuneration committee to lay down the evaluation criteria for the performance of the Chairman, the Board, Board committees and executive / non-executive / independent directors through a peer evaluation, excluding the director being evaluated.

Independent directors have three key roles - Governance, Control and Guidance. Some of the performance indicators based on which the independent directors are evaluated include:

- The Ability to contribute to and monitor our corporate governance practice.
- The ability to contribute by introducing international best practices to address business challenges and risks
- Active participation in long term strategic planning
- Commitment to the fulfillment of a director's obligations and fiduciary responsibilities, these include participation in Board and committee meetings.

To improve the effectiveness of the Board and its Committees, as well as that of each individual director, a formal and rigorous Board review is internally undertaken on an annual basis.

Remuneration policy:

The Nomination and Remuneration (N&R) Committee has adopted a Charter which, inter alia, deals with the manner of Selection of Board of Directors and CEO & Managing Director and their remuneration.

This Policy is accordingly derived from the said Charter.

1. Criteria of Selection of Non-Executive Directors

i. The Non-Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of Technology, marketing, finance, taxation, law, governance and general management.

ii. In case of appointment of Independent Directors, the N&R Committee shall satisfy itself with regard to the criteria of Independence of the Directors vis-à-vis the Company so as to enable the Board to discharge its function and duties Effectively.

iii. The N&R Committee shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Companies Act, 2013.

iv. The N&R Committee shall consider the following attributes / criteria, whilst recommending to the Board the candidature for appointment as Director:

a) Qualification, expertise and experience of the Directors in their respective fields;

b) Personal, Professional or business standing;

c) Diversity of the Board.

v. In case of re-appointment of Non-Executive Directors, the Board shall take into consideration the performance evaluation of the Director and his engagement level

2. Remuneration

The Non-Executive Directors shall be entitled to receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board / Committee meetings detailed hereunder:

i. A Non-Executive Director shall be entitled to receive sitting fees for each meeting of the Board or Committee of the Board attended by him, of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014;

ii. The Independent Directors of the Company shall not be entitled to participate in the Stock Option Scheme of the Company, if any, introduced by the Company.

Details of remuneration to the directors for the Year:

Name of the Director	Remuneration paid during the year 2017-18 (in Rs.)		
	Sitting Fees	Salary	Total
M. Santi Priya	NIL	31,50,000	31,50,000
K. Sri Kalyan	NIL	22,50,000	22,50,000
M. Ramam	78,000	NIL	78,000
K. Krishna	78,000	NIL	78,000
K.V. Sittampalam	NIL	NIL	NIL
Samad A Momin	NIL	NIL	NIL
Kalpana Kunda	28,000	NIL	28,000

Shares held by Non-Executive Directors as on 31st March, 2018 are as follows:

S. No.	Name of the Director	No. of shares held as on the Date
1	Ramam Madu	Nil
2	Samad A Momin	Nil
3	K.V. Sittampalam	Nil
4	K. Krishna	3909
5	Kalpana Kunda	Nil

5. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Board constituted an investors' grievance committee which looks into shareholders and investors grievances under the Chairmanship of M. Ramam who is an Independent and Non- Executive director. The Committee inter alia approves issue of duplicate certificates and oversees and reviews all matters connected with the transfer of securities. The committee looks into shareholders complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc. The committee oversees the performance of the Registrar and Transfer Agents and recommends measures for overall improvement in the quality of investor services.

The Board of Directors has delegated the power of approving transfer of securities to M/s. Aarthi Consultants Private Limited.

Composition of the Committee:

Name	Designation	Category
M. Ramam	Chairman	Independent Non-Executive Director
K Sri Kalyan	Member	Executive Director
K. Krishna	Member	Independent Non-Executive Director

The total No. of Complaints received and complied during the year were; Opening: 0 Complaints

Received: 8 Complied-: 8 Pending: 0

The Complaints had been attended to within seven days from the date of receipt of the complaint, as communicated by our Registrars and Share Transfer Agents M/s. Aarthi Consultants Pvt. Ltd.

The outstanding complaints as on 31st March, 2018 were: NIL

Name & Designation of the Compliance officer:

Mr.K.Ravindranath Tagore
Company Secretary, Chief Investor Relations &
Compliance Officer
8-2-672 / 5 & 6, 4th Floor
Illyas Mohammed Khan Estate,
Road No. 1, Banjara Hills
Phone# 040-48199999 Email:investors@virinchi.com /
www.virinchi.com

Corporate Social Responsibility Committee (CSR)

Corporate Social Responsibility (CSR) is an integral part of our culture and constantly seeks opportunities to give back to the society and hope to make a difference to the lives of people by sharing our business success with them.

The main objective of the CSR Policy is to lay down guidelines and also make CSR as one of the key business drivers for sustainable development of the environment and the society in which Virinchi operates in particular and the overall development of the global community at large.

The role of the Corporate Social Responsibility Committee is as follows:

i. Formulating and recommending to the Board the CSR Policy and activities to be undertaken by the company;

ii. Recommending the amount of expenditure to be incurred on CSR activities of the company;

iii. Reviewing the performance of the Company in the area of CSR;

iv. Providing external and independent oversight and guidance on the environmental and social impact of how the company conducts its business;

v. Monitoring CSR policy of the company from time to time;

vi. Monitoring the implementation of the CSR projects or programs or activities undertaken by the company.

The CSR Committee comprises of three Directors viz.,

1. Ramam Madu- chairman
2. K Sri Kalyan- Member
3. M. Santhi Priya- Member

During the financial year 2017-18, the CSR Committee met once i.e. on 13.02.2018 and all the members were present for the meeting.

6. a) **Details of Annual General Meetings: Location and time of the last three AGM's.**

Financial Year	Date & Time	Venue	No. of Special Resolutions Passed
2016-17	28/09/2017 12.30 P.M.	8-2-672/5&6, 3rd Floor, Road No. 1 Banjara Hills, Hyderabad-34	3
2015-16	30/09/2016 10.30 A.M	Padmashali Kalyana Mandapam, 2-12-66, Nehru Nagar, West Marredpally, Secunderabad, Telangana-500026	1
2014-15	30/09/2015 10.30 A.M	Padmashali Kalyana Mandapam, 2-12-66, Nehru Nagar, West Marredpally, Secunderabad, Telangana-500026	NIL

b) **Extraordinary General Meeting**

During the year the company has not conducted any EGM's.

7. POSTAL BALLOT.

Special Resolution was passed pursuant to Postal ballot Notice dated 20th November, 2017 for the following items.

(i) Approval to issue and allot 26,00,000 (Twenty Six Lacs) no(s) of Convertable Equity Warrants to Promoter group on a preferential basis

(ii) Approval to issue and allot 14,00,000 (Fourteen Lacs) no(s) of Equity Shares to Strategic investors on a preferential basis

Mr. V. Chandra Sekhar Patnaik (CP. No16619), Practicing Company Secretary was appointed as the Scrutinizer for conducting the e-voting in fair and transparent manner. The details of voting pattern are as follows.

Sl. No	Brief Particulars of Special Resolutions	Total No. of Valid Votes	No. of Shares and % of total votes cast in favour		No. of Shares and % of total votes cast against	
			No. of shares	% of votes	No. of shares	% of Votes
1.	Approval to issue and allot 26,00,000 (Twenty Six Lacs) no(s) of Convertible Equity Warrants to Promoter group on a preferential basis	1123661	1122582	99.90	1079	0.10
2	Approval to issue and allot 14,00,000 (Fourteen Lacs) no(s) of Equity Shares to Strategic investors on a preferential basis	4245316	4245304	99.9997	12	0.0003

The procedure for postal ballot is as per section 110 of the companies Act, 2013 read with Rule 22 of Companies (Management and Administration) Rules, 2014. The Scrutinizer has submitted report to the Chairman Stating that the resolution has been duly passed by the members of the company with requisite majority.

8. MEANS OF COMMUNICATION

i. publication of Results

The quarterly, half-yearly & nine months un-audited financial results and annual audited results of the Company were generally published in Financial Express, national level English newspaper(s) and Nava Telangana, regional language newspaper circulating in the state of Telangana

ii. Website and news release

The quarterly, half-yearly & nine months un-audited financial results and annual audited results are available on the website of the Company i.e. "www.virinchi.com". Official news releases, detailed presentations made to media, analysts, institutional investors, etc are available on the website of the Company i.e. www.virinchi.com. Official media releases are sent to BSE Limited. Your Company also make timely disclosure of necessary information to BSE Limited in terms of the Listing Regulation and other rules and regulation issued by the Securities and Exchange Board of India.

Further following information is available on the website of the Company i.e. www.virinchi.com:

- Details of business of the Company;
- Terms and conditions of appointment of Independent Directors;
- Composition of various Committees of Board of Directors;
- Code of Conduct for Board of Directors and Senior Management Personnel;
- Details of establishment of vigil mechanism/ Whistle Blower policy;
- Criteria of making payments to Non-Executive Directors;
- Policy on dealing with Related Party Transactions;
- Policy for determining 'material' subsidiaries;
- Details of familiarization programs imparted to Independent Directors;
- Policy for determination of materiality of events.

Annual Report:

The Annual Report containing, inter alia, Audited Standalone Financial Statement, Consolidated Financial Statement, Directors' Report, Auditors' Report, Corporate Governance Report and other important information is circulated to members and others entitled thereto.

Disclosures to Stock Exchanges:

The Company informs BSE all price sensitive matters or such other matters which in its opinion are material and of relevance to the members.

E-voting:

Pursuant to the requirements of the Companies Act, 2013, and the SEBI Listing Regulations, company is providing e-voting facility to its shareholders, in respect of all shareholders' resolutions, to be passed at the General Meetings.

BSE Corporate Compliance & Listing Centre (the 'Listing Centre'): BSE's Listing Centre is a web-based application designed for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are also filed electronically on the Listing Centre.

SEBI Complaints Redress System (SCORES):

The investor complaints are processed in a centralised web-based complaints redress system. The salient features of this system are: Centralised database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the complaint and its current status.

Dedicated e-mail ID

Investors@virinchi.com

9. GENERAL SHAREHOLDER INFORMATION :

a) Annual General meeting

Date:28th September,2018

Time: 11.30 A.M

Venue:8-2-672/5&6, 3rd Floor, Ilyas Mohammed Khan Estate Road No.1, Banjara Hills Hyderabad, Telangana - 500 034

b) Financial Calendar : Financial year 1st April to 31st March

Tentative calendar for declaration of financial results in Financial Year 2018-19

Tentative calendar for declaration of financial results in Financial Year 2018-19	
Results for the quarter ended June 30, 2018	on or before August 14, 2018
Results for the quarter ended September 30, 2018	on or before November 14, 2018
Results for the quarter ended December 31, 2018	on or before February 14, 2019
Results for the year ended March 31, 2019	on or before May 30, 2019

c) Book Closure dates: The dates for book closure are from 22nd September, 2018 to 28th September, 2018 (both days inclusive).

d) Listing on Stock Exchanges

The Company's shares are listed on BSE Limited (BSE), Floor 25, Phiroze Jee jee bhoy Towers, Dalal Street, Mumbai - 400 001

The listing fee for the financial year 2018-19 has been paid to the above stock exchange.

e) Stock Code:

Trading scrip code on BSE : 532372

f) **International Securities Identification Number (ISIN):**

ISIN is a unique identification number of traded scrip. The Company's' ISIN for equity shares is INE539B01017.

g) **Market Price Data :**

The Monthly high and low prices of your company's share at BSE for the year ended March 31, 2018 are as under:

Month	Highest (Rs.)	Lowest (Rs.)	Volume of Shares traders traded
April, 2017	131.50	110.10	2,255,744
May, 2017	117.70	90.10	1,839,209
June, 2017	99.85	85.25	750,479
July, 2017	95.05	84.90	720,001
August, 2017	93.35	66.70	1,599,639
September, 2017	111.60	88.55	1,841,212
October, 2017	111.50	94.60	1,273,094
November, 2017	113.80	85.10	1,709,882
December, 2017	127.00	106.50	2,567,488
January, 2018	153.50	121.50	2,693,333
February, 2018	142.00	112.00	1,219,702
March, 2018	120.75	95.10	1,009,657

Share price performance in comparison to broad based indices – BSE

Virinchi Share Price Vs BSE

Particulars	Share price	BSE Sensex
As on April 1, 2017	122.00	29,910.22
As on March 31, 2018	103.05	32,968.68
Change (%)	-15.53%	10.22%

h) **Registrar and Share Transfer Agents, Share Transfer System**

All queries and requests relating to share transfers/transmissions may be addressed to our Registrar and Transfer Agent. As regards transfer of shares held in physical form the transfer documents can be lodged with M/s. Aarthi ConsultantsPrivate Limited. Share transfers, if documents are found to be in order, are registered and returned within stipulated time from the date of receipt of the documents.

M/s. Aarthi Consultants Private Ltd (Unit Virinchi Ltd)

1-2-285, Domalguda, Hyderabad Phone# 040-27634445, 2763 8111 Email: info@aarthiconsultants.com

i) Distribution of Shareholding as on 31st March, 2018

Sl. No.	Category	Holders	Holders Percentage	Shares	Amount	Amount Percentage
1	1 - 5000	10232	77.38	1732760	17327600	6.14
2	5001 - 10000	1382	10.45	1139803	11398030	4.04
3	10001 - 20000	760	5.75	1173822	11738220	4.16
4	20001 - 30000	262	1.98	674425	6744250	2.39
5	30001 - 40000	135	1.02	490276	4902760	1.74
6	40001 - 50000	98	0.74	458887	4588870	1.63
7	50001 - 100000	158	1.19	1174120	11741200	4.16
8	100001 & Above	196	1.48	21373957	213739570	75.75
	Total:	13223	100	28218050	282180500	100.00

j) **Dematerialisaiton of Shares and liquidity**

The Company's shares are available for dematerialization on both the Depositories viz., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As on 31st March 2018 a total of 27557189 Equity Shares were dematerialized representing 97.66 % of the total paid up equity share capital of the Company. Dematerialization of shares is done through M/s. Aarthi Consultants Private Limited and on an average the dematerialization process is completed within 7 days from the date of receipt of a valid dematerialization request along with the relevant documents

Dematerialisation of Shares and Liquidity as on 31st March 2018

	No. of Shares	% of Total
NSDL	23370756	82.82
CDSL	4186433	14.84
Physical	660861	2.34
Total	**28218050**	**100.00**

k) **Distribution of Shareholding on the basis of ownership as on March 31, 2018**

Sl.No	Description	No. of Shares	% of Total Capital
1	Company Promoter / Promoter group	13425300	47.58
2	Foreign Institutional Investors	75000	0.26
3	Banks / Mutual Funds / NBFC	NIL	NIL
4	Bodies Corporate	1704326	6.04
5	Individuals / HUF	11333450	40.17
6	Employee Trusts	25000	0.09
7	Non Resident Indians	903641	3.20
8	Foreign Bodiesw	500000	1.77
9	Central Government	44473	0.16
10	Clearing Members / Trusts	206860	0.73
Total		**28218050**	**100.00**

l) **Outstanding GDRs / ADRs / Warrants or any convertible instruments, conversion date and likely impact on equity**

The Company has not issued any GDRs/ADRs. However 26,00,000 Warrants are issued during the year 2017-18 as per the preferential issue guidelines. They can be converted into equity shares with in a period of 18 months from the date of allotment.

Commodity Price Risk or foreign exchange risk and hedging activities.

The commodity price risk is not applicable to the company as it is the business of export of services.

Foreign exchange risks are tracked and managed within the Risk Management framework. Short-term foreign currency asset – liability mismatch is continuously monitored and hedged. The foreign exchange market is highly regulated and the Company ensures compliance with all the regulations

m) **CEO and CFO Certification:**

The Chief Executive Officer and the Chief Financial Officer of the Company gave certification on financial reporting and internal controls for the financial year 2017-18 to the Board of Directors at their meeting held on May 30 , 2018, as required under regulation 17(8) of SEBI Listing Regulations. See Annexure-I

n) **EQUITY SHARES IN SUSPENSE ACCOUNT**

As per Regulation 39(4) read with Schedule VI of SEBI (LODR) Regulations, 2015, the Company reports that No Equity Shares are lying in the suspense account as on 31st March 2018

o) Development Facilities

The Company has Software Development facilities, the particulars of which are as follows::

Development Facilities	Facilities
Hyderabad	1. Sy.No 121, Behind Hakimpet Airforce Academy, Pothaipally, Hakimpet, Hyderabad-014 2. 8-2-672/5&6, 4th Floor, illyas Mohammed Khan Estate, Road No.1, Banjara Hills, Hyderabad-500034
USA	340, Raritan Center PKWY, Edison, NJ-08837

p) Address for Correspondence:

For queries relating to shares	For queries relating to Financial Statements and other contents of Annual Repor
M/s. Aarthi Consultants Private Ltd (Unit- Virinchi Ltd) 1-2-285, Domalguda, Hyderabad Phone# 040-27634445, 2763 8111 Email: info@aarthiconsultants.com	M/s. Virinchi Ltd 8-2-672 / 5 & 6, 4th Floor, illyas Mohammed Khan Estate Banjara Hills, Road#1, Above Kotak Mahindra Bank Hyderabad- 500034 Phone# 040-48199999 Email: investors@virinchi.com

10. DISCLOSURES

1. Disclosures on materially significant related party transactions, which may have potential conflict with the interest of the Company at large: There are no materially significant related party transactions that may have potential conflict with the interest of the Company at large. However, the other related party transactions form part of the financial statements. The related party transactions policy is available on the website of the Company at http://www.virinchi.com/pdf/ policyofRelatedPartyTransaction.pdf

   i. Details of non-compliance by the listed entity, penalties, strictures imposed on the listed entity by stock exchange(s) or the board or any statutory authority, on any matter related to capital markets, during the last three years; NIL

   ii. Whistle blower policy:
   The Company has adopted a Whistle Blower Policy and has established the necessary vigil mechanism as defined under Regulation 22 of SEBI Listing Regulations for directors and employees to report concerns about unethical behavior. No person has been denied access to the Chairman of the audit committee. The Vigil Mechanism Policy is available on the website of the Company i.e. http://www.virinchi.com/pdf/whistleBlowersPolicy.pdf

   iii. Details of compliance with mandatory requirements
   The Company has complied with all mandatory requirements specified in regulation 17 to 27 and clause (b) to (i) of sub-regulation (2) of regulation 46 of SEBI Listing Regulations.

   iv. The company has a material Indian subsidiary company viz. M/s. Virinchi Health Care Private Ltd and has complied with the necessary compliances. However the company has M/s. KSoft Systems Inc. which is located in USA has its material unlisted foreign subsidiary company. The Board of Directors has reviewed the financial statements of the material unlisted indian and foreign subsidiary company. The policy for determining 'material' subsidiaries is available on http://www.virinchi.com

   v. Disclosure of commodity price risks and commodity hedging activities.- Not applicable
   The Company is preparing its financial statements in line with the accounting standards issued by the Institute of Chartered Accountants of India and the company has not raised any fresh funds from the public or through Right or Preferential Issue

11. NON-MANDATORY REQUIREMENTS

Compliance Report on Discretionary Requirements under Regulation 27(1) of SEBI (LODR) Regulations, 2015

Status of implementation of non-mandatory requirements is as follows:

Sl.No	Requirement	Status of Implementation
1	A non-executive chairperson may be entitled to maintain a chairperson's office at the listed entity's expense and also allowed reimbursement of expenses incurred in performance of his duties	Not applicable as the company has an executive chairman
2	A half-yearly declaration of financial performance including summary of the significant events in last six-months, maybe sent to each household of Shareholders	The company sends a quarterly investor update to the shareholders comprising key financial, business and operations update. This is sent in the electronic mode
3	The listed entity may move towards a regime of financial statements with unmodified audit opinion	The company has constantly endeavoured towards this and until now the company's audit reports are all 'clean reports/ unmodified opinions
4	The listed entity may appoint separate persons to the post of chairperson and managing director or chief executive officer.	The offices of Executive Chairman and Managing Director & CEO are different
5	The internal auditor may report directly to the audit committee.	The Internal auditor directly makes a presentation to the Audit Committee and the internal auditor has the direct access to the Audit Committee

For VIRINCHI LIMITED
(formerl Virinchi Technologies Limited)

M. Santhi Priya
Whole Time Director
DIN : 03114319

Place : Hyderabad
Date : 29th August, 2018

Certificate of Corporate Governance

To
The Members of
Virinchi Limited,

We have examined the compliance of conditions of Corporate Governance by M/s. Virinchi Limited ("the company") for the year ended March 31, 2018, as per the provisions of regulations 17-27, clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated above. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations, as applicable.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Restrictions on Use

This certificate is issued solely for the purpose of complying with the aforesaid Regulations and may not be suitable for any other purpose.

For PCN& Associates
Chartered Accountants
FRN: 016016S

Chandra Babu M
Partner
M.No: 227849

Place: Hyderabad
Date: 30th May, 2018

Declaration regarding compliance with the code of conduct and ethics policy of the company by Board Members and senior management personnel

This is to confirm that the company has adopted code of conduct and Ethics policy for the Board of Directors and Associates of the Company, which is available at www.virinchi.com

I M. Santhi Priya, Chairperson & Whole Time Director declare that the Board of directors and senior management personnel have affirmed compliance with the Code of Conduct and Ethics Policy of the Company

M. Santi Priya
Chairperson & Whole Time Director
DIN : 03114319

Place: Hyderabad
Date : 29th August, 2018

Financial Section

Independent Auditor's Report

To the Members of
M/S VIRINCHI LIMITED

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **M/s. VIRINCHI LIMITED** ('the Company'), which comprises the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (Including other Comprehensive Income) and Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information. (herein after referred to as Ind AS Financial Statement)

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the act') with respect to the preparation and presentation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance (including the other comprehensive income), cash flows and Statement of Changes in Equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with rule 7 of Companies (Accounts) Rules, 2014. This responsibility includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; design, implementation and maintenance of adequate internal financial controls, that are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements:

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS of the financial position of the Company as at 31st March 2018, and its financial performance including other comprehensive income, it's cash flow and changes in the equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure A, a statement on the matters Specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we further report that:

   a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   c) the Balance Sheet, Statement of Profit and Loss(including Other Comprehensive Income), the Cash Flow Statement and the Statement of changes in Equity dealt with by this Report are in agreement with the books of account;

   d) in our opinion, the aforesaid standalone Ind AS financial statements comply with the applicable Indian Accounting Standards specified under Section 133 of the Act, read with relevant rules issued there under.

   e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in ' Annexure B'; and

   g) With respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has no pending litigations as at 31st March 2018 to disclose impact on its financial position in its Standalone Ind AS financial statements.

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the company during the year ended 31st March 2018.

For P C N Associates.,
(Formerly known as ChandraBabu Naidu & Co)
Chartered Accountants,
FRN No: 016016S

Chandra Babu M
Partner
M.No:227849

Place: Hyderabad
Date: 30th May, 2018

Annexure A to the Auditors Report

Annexure referred to in Independent Auditors Report to the Members of Virinchi Limited on the Standalone Ind AS financial statements for the year ended 31st March 2018, we report that:

i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets have been physically verified by the management at regular intervals; as informed to us no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable.

(c) According to the information and explanations given to us and on the basis of our examination of records of the Company, the title deeds of immovable properties are held in the name of the Company.

ii. The physical verification of inventory has been conducted at reasonable intervals by the management during the year and no material discrepancies were noticed on such verification.

iii. The company has granted loans to 8 body corporates covered in the register maintained under Section 189 of the companies Act 2013 ('the Act').

a) In our opinion, the rate of interest and other terms and conditions on which the loan has been granted to the with body corporates covered in the register maintained under Section 189 of the Act were not prejudicial to the interest of the company.

b) In the case of loans granted to the body corporates covered in the register maintained under Section 189 of the Act.

c) There are no over due amount in respect of the loan granted to a body corporate covered in the register maintained under Section 189 of the Act.

iv. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of Sections 185 and 186 of the companies Act 2013 in respect of loan and investment made and guarantees and securities provided by it.

v. The Company has not accepted any deposits from the public covered under Section 73 to 76 of the Companies Act, 2013 and rules framed there under to the extent notified.

vi. In respect of the company, the central government has not prescribed maintenance of cost records under sub section (1) of Section 148 of the companies Act, 2013.

vii. (a) According to the information and explanations given to us and based on the records of the company examined by us, the company is regular in depositing the undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Custom Duty, Goods and Services Tax and other material statutory dues, as applicable, with the appropriate authorities in India ;

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Custom Duty, Goods and Services Tax and other material statutory dues in arrears as at 31st March 2018 for a period of more than 6 months for the date they became payable.

(c) According to the information and explanations given to us and based on the records of the company examined by us, there are no dues of Provident fund, Employees state insurance, income tax, service tax, custom duty and other material statutory dues, which have not been deposited on account of any disputes.

viii. In our opinion, and according to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institution or banks or Government or dues to debenture holders as at the balance sheet date.

ix. (a) The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments), whereas the company have raised term loans during the year.

(b) Amount raised by way of term loans was solely utilized for the purpose for which amount was raised.

x. According to the information and explanations given to us, no material fraud by the company or on the company by its officers or employees has been noticed or reported during the course of our Audit.

xi. The Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with schedule V to the Act.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the Provisions of clause 3(xii) of the order are not applicable to the company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Section 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting standard (AS) 24, related party disclosures specified under Section 133 of the Act, read with relevant rules issued there under.

xiv. (a) According to the information and explanations given by the management, the company has made preferential allotment during the year.

(b) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of Sections 42 of the companies Act 2013 in respect of preferential allotment of shares.

(c) Amount raised by way of Preferential allotment was solely utilized for the purpose for which amount was raised.

xv. The Company has not entered into non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of clause 3(xv) of the Order are not applicable to the Company.

xvi. The Company is not required to be registered under Section 45-IA of The Reserve Bank of India Act 1934. Accordingly, the provisions of clause 3(xvi) of the order are not applicable to the Company.

For P C N Associates.,
(Formerly known as ChandraBabu Naidu & Co)
Chartered Accountants,
FRN No: 016016S

Chandra Babu M
Partner
M.No:227849

Place: Hyderabad
Date: 30th May, 2018

Annexure B to the Independent Auditor's Report

Report on the Internal Financial Controls under clause (i) of the Sub-section 3 of the Section 143 of the Companies Act, 2013 ('The Act')

We have audited the internal financial controls over financial reporting of VIRINCHI LIMITED ("the Company") as of 31st march 2018 in conjunction with our audit of standalone Ind AS financial statements of the company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting based on our Audit. We conducted our audit in accordance with the Guidance note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the standards on Auditing deed to be prescribed under Section 143(10) of the Act to the extent applicable to an Audit of Internal Financial Controls, both applicable to an audit of Internal Financial Controls and both issued by the ICAI. These standards and guidance note require that we comply with ethical requirements and plan and performed the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our Audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the Auditor's Judgement, including the assessment of the risk of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion and the company's internal financial control system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes these policies and procedures that (1) pertain to the maintenance of records that, in reasonable detailed, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted principles, and that receipts and expenditures of the company are being made only in accordance with authorization of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitation of Internal Financial Controls over Financial Reporting

Because of the inherent limitation of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be deducted. Also, Projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31st, 2018, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute Of Chartered Accountants of India.

For P C N Associates.,
(Formerly known as ChandraBabu Naidu & Co)
Chartered Accountants,
FRN No: 016016S

Chandra Babu M
Partner
M.No:227849

Place: Hyderabad
Date: 30th May, 2018

Standalone Balance Sheet as at March 31, 2018

(Amount in ₹)

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
ASSETS				
1) NON CURRENT ASSETS				
Property, Plant and Equipment	1	1,15,88,21,855	1,12,26,79,222	53,00,74,349
Capital Work-In-Progress	1	2,67,09,911	1,48,67,921	-
Goodwill	1	41,42,15,677	46,19,99,723	-
Intangible Assets	1	19,98,14,453	17,96,53,941	15,53,19,051
Financial Assets				
Non-Current Investments	2	63,41,75,042	35,42,33,412	34,91,55,087
Loans and advances	3	5,49,35,760	2,53,64,118	40,39,787
Other Non-Current assets	4	48,84,354	20,35,951	-
2) CURRENT ASSETS				
Inventories	5	1,32,77,651	28,06,244	-
Financial Assets				
Trade and Other Receivables	6	37,19,55,163	25,40,65,283	15,98,11,125
Cash and Cash Equivalents	7	5,21,63,674	4,71,81,928	9,90,17,163
Loans and Advances	8	30,25,63,991	27,80,26,296	13,94,48,143
Other current assets	9	2,54,49,483	3,25,74,250	2,43,19,302
Total Assets		**3,25,89,67,014**	**2,77,54,88,289**	**1,46,11,84,007**
EQUITY AND LIABILITIES				
Equity				
Share Capital	10	28,21,80,500	26,67,48,102	17,98,60,500
Other Equity	11	1,67,12,98,208	1,32,47,90,580	74,73,34,855
Share Warrants		6,50,00,000	-	-
(1) Non-Current Liabilities				
Financial Liabilities				
Borrowings	12	36,34,56,513	41,31,54,916	7,54,10,912
Provision	13	1,13,86,689	82,28,269	54,39,648
Deferred Tax Liabilities	14	5,88,72,563	5,11,88,948	3,47,33,549
(2) Current Liabilities				
Financial Liabilities				
Borrowings	15	31,78,62,102	24,95,77,712	19,06,36,838
Trade Payables	16	37,54,91,123	37,85,70,242	18,30,09,109
Provisions	17	11,34,19,316	8,32,29,521	4,47,58,596
Total Liabilities		**3,25,89,67,014**	**2,77,54,88,289**	**1,46,11,84,007**

Notes referred to above form an integral part of the financial statements

As per our Report of Even Date

For P C N & Associates
(Formerly known as ChandraBabu Naidu & Co.),
Chartered Accountants
Firm Registration No. 016016S

Chandra Babu. M
Partner
Membership No. 227849

Place : Hyderabad
Date : 30th May 2018

For and on behalf of the Board for Virinchi Limited

M. Santhi Priya
CFO & Whole Time Director
DIN: 3114319

K. Sri Kalyan
Whole Time Director
DIN: 3137506

K. Ravindranath Tagore
Company Secretary
M.No. A18894

Standalone Profit and Loss Statement for the year ended March 31, 2018

(Amount in ₹)

	Particulars	Note No.	Year Ended March 31, 2018	Year Ended March 31, 2017
1.	Revenue from operations	18	1,72,00,51,553	1,38,85,62,345
	Other Income	19	87,92,842	1,04,96,120
	Total Revenue (1)		**1,72,88,44,395**	**1,39,90,58,465**
2.	Expenses:			
	Pharmacy Purchases	20	1,94,09,559	2,40,76,500
	Changes in Inventory	21	(1,04,71,407)	41,14,310
	Employee Benefit Expenses	22	42,31,22,021	41,06,04,233
	Depreciation	1	23,68,63,352	17,75,44,821
	Amortization expense		5,85,990	2,26,207
	Financial costs	23	6,96,93,355	5,66,11,149
	Administrative and Other Operating Expenses	24	75,32,39,155	58,56,29,284
	Total Expenses (2)		**1,49,24,42,023**	**1,25,88,06,504**
3.	**Profit before tax (1- 2)**		**23,64,02,370**	**14,02,51,961**
4.	Tax expense:			
	(a) Current tax		5,49,73,160	2,10,78,044
	(b) Deferred tax Liability/(Asset)		76,83,615	50,14,189
5.	**Profit/(Loss) for the period**		**17,37,45,595**	**11,41,59,728**
6.	**Other Comprehensive Income (Net of Tax)**		**1,39,73,533**	**-**
7.	**Total Comprehensive Income (Net of Tax)**		**18,77,19,128**	**11,41,59,728**
8.	Earning per equity share:			
	(1) Basic		6.65	4.28
	(2) Diluted		6.09	4.28

NOTES TO FINANCIALS STATEMENTS & SIGNIFICANT ACCOUNTING POLICIES

Notes referred to above form an integral part of the financial statements

As per our Report of Even Date

For P C N & Associates
(Formerly known as ChandraBabu Naidu & Co.),
Chartered Accountants
Firm Registration No. 016016S

Chandra Babu. M
Partner
Membership No. 227849

Place : Hyderabad
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K. Sri Kalyan
Whole Time Director
DIN: 3137506

K. Ravindranath Tagore
Company Secretary
M.No. A18894

Standalone Cash Flow Statement for the year ended March 31, 2018

(Amount in ₹)

Particulars		Year Ended March 31, 2018	Year Ended March 31, 2017
A.	**Cash Flow from Operating Activities:**		
	Net Profit/ (Loss) before taxation	25,03,75,902	14,02,51,961
	<u>Adjustments for:</u>		
	Depreciation	23,68,63,352	17,75,44,821
	W/o. Expenses	5,85,990	2,26,207
	Interest expenses	6,96,93,356	5,66,11,149
	Operating Profit before Working Capital Changes	**55,75,18,600**	**37,46,34,138**
	<u>Working Capital Changes</u>		
	Trade and other receivables Including Inventory	(18,65,80,249)	(26,72,53,785)
	Trade and Other payables	10,62,37,099	31,19,91,000
	Cash Generated from Operations	**47,71,75,450**	**41,93,71,353**
	Interest paid	6,96,93,356	5,66,11,149
	Taxation for the year	6,26,56,775	2,60,92,233
	Net Cash from Operating Activities	**34,48,25,320**	**33,66,67,970**
B.	**Cash Flow from Investing Activities:**		
	Purchase of Fixed Assets	(25,72,24,442)	(73,01,77,257)
	Investment	(27,21,41,630)	(50,78,325)
	Net Cash used in Investing Activities	**(52,93,66,072)**	**(73,52,55,582)**
C.	**Cash Flow From Financial Activities:**		
	Proceeds from Equity	23,92,20,898	90,08,371
	Net Proceeds from Long Term Borrowings	(4,96,98,404)	33,77,44,004
	Net Cash used in Financing Activities	**18,95,22,494**	**34,67,52,375**
	Net increase in cash and cash equivalents	49,81,743	(5,18,35,237)
	Cash and Cash equivalents as at 01.04.2017	4,71,81,928	9,90,17,164
	Cash and Cash equivalents as at 31.03.2018	**5,21,63,671**	**4,71,81,927**

As per our Report of Even Date

For P C N & Associates
(Formerly known as ChandraBabu Naidu & Co.),
Chartered Accountants
Firm Registration No. 016016S

Chandra Babu. M
Partner
Membership No. 227849

Place : Hyderabad
Date : 30th May 2018

For and on behalf of the Board for Virinchi Limited

M. Santhi Priya
CFO & Whole Time Director
DIN: 3114319

K. Sri Kalyan
Whole Time Director
DIN: 3137506

K. Ravindranath Tagore
Company Secretary
M.No. A18894

Notes forming part of the Financial Statements for the year ended March 31, 2018

1. Corporate Information

Virinchi Limited, India ("Virinchi") is an IT Products & Services company offering customized solutions to companies across the globe since 1990. Virinchi is a publicly held company listed on the BSE LTD, one of India's largest stock exchanges, since the year 2000. Virinchi has developed & retained IP in several software products operating in the verticals of supply chain management, alternate financial services, health & biotechnology, however, had limited success in offering most of the solutions barring the software product for financial services where Virinchi has reached leadership position considering the market share of this niche industry vertical. Full Scale IT services with deep competency in Analytics & Mobility and Healthcare Delivery Business in India comprising Three Operating Hospitals with a Pan-India Healthcare Mobility solution. The 1400 people firm is led by First Generation IIT/IIM Entrepreneurs and operates out of its Corporate Office in Banjara Hills, Hyderabad & US Headquarters at Edison, New Jersey.

2. Basis of preparation

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

(i) Compliance with Ind AS

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) read with Companies (Indian Accounting Standards) Rules, 2015, 2016 & 2017 and other relevant provisions of the Act.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets and liabilities (including derivative instruments) and contingent consideration that is measured at fair value;
- Assets held for sale – measured at fair value less cost to sell; and
- Defined benefit plans – plan assets measured at fair value;

2.1 Summary of significant accounting policies

I. Significant Accounting Estimates and Judgments

Estimates, assumptions concerning the future and judgments are made in the preparation of the financial statements. They affect the application of the Company's accounting policies, reporting amounts of assets, liabilities, income and expense and disclosures made. Although these estimates are based on management's best knowledge of current events and actions, actual result may differ from those estimates.

The critical accounting estimates and assumptions used and areas involving a high degree of judgments are described below:

Use of estimation and assumptions

In the process of applying the entity's accounting policies, management had made the following estimation and assumptions that have the significant effect on the amounts recognised in the financial statements.

Income tax

The company recognizes tax liabilities based upon self-assessment as per the tax laws. When the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such final determination is made.

Property, plant and equipment & Intangible Assets

Key estimates related to long-lived assets (property, plant and equipment, mineral leaseholds and intangible assets) include useful lives, recoverability of carrying values and the existence of any retirement obligations. As a result of future decisions, such estimates could be significantly modified. The estimated useful lives of long-lived assets is applied as per the Schedule II of Companies Act, 2013 and estimated based upon our historical experience, engineering estimates and industry information. These estimates include an assumption regarding periodic maintenance and an appropriate level of annual capital expenditures to maintain the assets.

Employee Benefits- Measurement of Defined Benefit Obligation

Management assesses post-employment and other employee benefit obligations using the projected unit credit method based on actuarial assumptions which represent management's best estimates of the variables that will determine the ultimate cost of providing post-employment and other employee benefits.

II. **Property, Plant and Equipment**

All items of property, plant and equipment are initially recorded at cost. The cost of an item of plant and equipment is recognized as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Cost includes its purchase price (after deducting trade discounts and rebates), import duties & non-refundable purchase taxes, any costs directly attributable to bringing the asset to the location & condition necessary for it to be capable of operating in the manner intended by management, borrowing costs on qualifying assets and asset retirement costs. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The activities necessary to prepare an asset for its intended use or sale extend to more than just physical construction of the asset. It may also include technical (DPR, environmental, planning, Land acquisition and geological study) and administrative work such as obtaining approvals before the commencement of physical construction.

The cost of replacing a part of an item of property, plant and equipment is capitalized if it is probable that the future economic benefits of the part will flow to the Company and that its cost can be measured reliably. The carrying amount of the replaced part is derecognized.

Costs of day to day repairs and maintenance costs are recognized into the statement of profit and loss account as incurred.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, estimated useful lives and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de recognition of the asset is recognised in the profit or loss in the year the asset is derecognized.

Assets under installation or under construction as at the Balance Sheet date are shown as Capital Work in Progress.

Depreciation

Depreciation is provided on Straight Line Method, as per the provisions of schedule II of the Companies Act, 2013 or based on useful life estimated on the technical assessment. Asset class wise useful lives in years are as under:

Plant and Machinery	1 to 25
Buildings	8 to 60
Computers and equipment	3 to 6
Furniture & fixtures	10 to 15
Vehicles	8 to 10
Office equipment	5 to 15

Leasehold Assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use.

In respect of additions / deletions to the fixed assets / leasehold improvements, depreciation is charged from the date the asset is ready to use / up to the date of deletion.

Depreciation on adjustments to the historical cost of the assets on account of reinstatement of long term borrowings in foreign currency, if any, is provided prospectively over the residual useful life of the asset.

III. **Intangible Assets**

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. The company amortizes Computer software using the straight-line method over the period of 6 years.

IV. **Financial Assets**

Financial assets comprise of investments in equity and debt securities, trade receivables, cash and cash equivalents and other financial assets.

Initial recognition:

All financial assets are recognised initially at fair value. Purchases or sales of financial asset that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the company commits to purchase or sell the assets.

Subsequent Measurement:

(i) **Financial assets measured at amortised cost:**

Financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortised cost using effective interest rate (EIR) method. The EIR amortization is recognised as finance income in the Statement of Profit and Loss.

The Company while applying above criteria has classified the following at amortised cost:

a) Trade receivable

b) Cash and cash equivalents

c) Other Financial Asset

(ii) **Financial assets at fair value through other comprehensive income (FVTOCI):**

Financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, selling the financial assets and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at FVTOCI.

Fair Value movements in financial assets at FVTOCI are recognised in other comprehensive income.

Equity instruments held for trading are classified as at fair value through profit or loss (FVTPL). For other equity instruments the company classifies the same as at FVTOCI. The classification is made on initial recognition and is irrevocable. Fair value changes on equity investments at FVTOCI, excluding dividends are recognised in other comprehensive income (OCI).

(iii) **Financial assets at fair value through profit or loss (FVTPL)**

Financial assets are measured at fair value through profit or loss if it does not meet the criteria for classification as measured at amortised cost or at fair value through other comprehensive income. All fair value changes are recognised in the statement of profit and loss.

(iv) **Investment in subsidiaries, joint ventures & associates are carried at cost in the separate financial statements.**

Impairment of Financial Assets:

Financial assets are tested for impairment based on the expected credit losses.

(i) **Trade Receivables**

An impairment analysis is performed at each reporting date. The expected credit losses over life time of the asset are estimated by adopting the simplified approach using a provision matrix which is based on historical loss rates reflecting current condition and forecasts of future economic conditions. In this approach assets are grouped on the basis of similar credit characteristics such as industry, customer segment, past due status and other factors which are relevant to estimate the expected cash loss from these assets.

(ii) **Other financial assets**

Other financial assets are tested for impairment based on significant change in credit risk since initial recognition and impairment is measured based on probability of default over the life time when there is significant increase in credit risk.

De-recognition of financial assets

A financial asset is derecognized only when:

- The company has transferred the rights to receive cash flows from the financial asset or
- The contractual right to receive cash flows from financial asset is expired or
- Retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset and transferred substantially all risks and rewards of ownership of the financial asset, in such cases the financial asset is derecognized. Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is also derecognized if the company has not retained control of the financial asset.

V. Impairment of Non-Financial Assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

VI. Cash and Cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term investments with an original maturity of three months or less. Deposits with banks subsequently measured at amortized cost and short term investments are measured at fair value through Profit & Loss account.

VII. Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit tax is adjusted for the effects of transactions of non cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated.

VIII. Share Capital

Equity shares are classified as equity.

IX. Financial Liabilities

Initial recognition and measurement

Financial liabilities are recognized when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value plus any directly attributable transaction costs, such as loan processing fees and issue expenses.

Subsequent measurement – at amortised cost

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de recognised, and through the amortization process.

De recognition

A financial liability is de recognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

X. Income Taxes

Income tax expense is comprised of current and deferred taxes. Current and deferred tax is recognized in net income except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current income taxes for the current period, including any adjustments to tax payable in respect of previous years, are recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the tax rates that are enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and liabilities are recognized for temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases using the tax rates that are expected to apply in the period in which the deferred tax asset or liability is expected to settle, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable income nor the accounting income. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable income will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and reduced accordingly to the extent that it is no longer probable that they can be utilized.

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of temporary differences which reverse during the tax holiday period, to the extent the company's gross total income is subject to the deduction during the tax holiday period.

Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognized in the year in which the temporary differences originate. However, the Company restricts recognition of deferred tax assets to the extent that it has become reasonably certain, that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the temporary differences which originate first are considered to reverse first.

Deferred tax assets and liabilities are offset when there is legally enforceable right of offset current tax assets and liabilities when the deferred tax balances relate to the same taxation authority. Current tax asset and liabilities are offset where the entity has legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

XI. Provisions , Contingent Liabilities and Contingent Assets

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense and is recorded over the estimated time period until settlement of the obligation. Provisions are reviewed and adjusted, when required, to reflect the current best estimate at the end of each reporting period.

The Company recognizes decommissioning provisions in the period in which a legal or constructive obligation arises. A corresponding decommissioning cost is added to the carrying amount of the associated property, plant and equipment, and it is depreciated over the estimated useful life of the asset.

A provision for onerous contracts is recognized when the expected benefits to be derived by the company from a contract are lower than the unavoidable cost of meeting its obligations under contract. The provision is measured at the present value of the lower of expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the company recognizes any impairment loss on the assets associated with that contract.

Liquidated Damages / Penalty as per the contracts / Additional Contract Claims / Counter Claims under the contract entered into with Vendors and Contractors are recognised at the end of the contract or as agreed upon.

Contingent Liabilities

Contingent liability is disclosed in case of

- A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- A present obligation arising from past events, when no reliable estimate is possible;
- A possible obligation arising from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company where the probability of outflow of resources is not remote.

Contingent Assets

Contingent assets are not recognized but disclosed in the financial statements when as inflow of economic benefits is probable

XII. **Fair Value Measurements**

Company uses the following hierarchy when determining fair values:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices); and,

Level 3 – Inputs for the asset or liability that are not based on observable market data.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting dates. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The fair value for these instruments is determined using Level 1 inputs.

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is fair valued using level 2 inputs.

If one or more of the significant inputs is not based on observable market data, the instrument is fair valued using Level 3 inputs. Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting dates, with the resulting value discounted back to present value;
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

XIII. **Revenue Recognition**

Revenue is recognized and measured at the fair value of the consideration received or receivable, to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

The company collects GST, service tax, sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue. The following specific recognition criteria must also be met before revenue is recognized:

Sale of Goods

Revenue from the sale of goods are recognized when there is persuasive evidence, usually in the form of an executed sales agreement at the time of delivery of the goods to customer, indicating that there has been a transfer of risks and rewards to the customer, no further work or processing is required, the quantity and quality of the goods has been determined, the price is considered fixed and generally title has passed.

Insurance Claims

Insurance claims are recognized on acceptance / receipt of the claim.

Interest

Revenue is recognized as the interest accrues, using the effective interest method. This is the method of calculating the amortized cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Dividends

Dividends are recognised in profit or loss only when the right to receive payment is established.

XIV. Foreign Currency Transactions

Transactions in foreign currencies are translated to the functional currency of the company, at exchange rates in effect at the transaction date.

At each reporting date monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate in effect at the date of the statement of financial position.

The translation for other non-monetary assets is not updated from historical exchange rates unless they are carried at fair value.

XV. Investments

Investments are classified into current and long-term investments. Investments that are readily realizable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long-term investments.

Long term investments are stated at cost and provision for diminution is made if the decline in value is other than temporary in nature. Current investments are stated at lower of cost and fair value determined on the basis of each category of investments.

Cost of overseas investment comprises the Indian Rupee value of the consideration paid for the investment translated at the exchange rate prevalent at the date of investment.

XVI. Gratuity

The Company has made a provision for gratuity to its employees. Gratuity is a defined benefit retirement plan covering eligible employees. In accordance with the Payment of Gratuity Act, 1972, the gratuity plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employees' salary and the tenure of employment.

XVII. Related Party Disclosures

The Company furnishes the details of Related Party Disclosures as required by Companies Act 2013 and Indian Accounting Standard (IND AS)- 24.

XVIII. Earnings per Share

Basic earnings per share are calculated by dividing:

- The profit attributable to owners of the company
- By the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account:

- The after income tax effect of interest and other financing costs associated with dilutive potential equity shares
- The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

XIX. Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III of the Companies Act, 2013, unless otherwise stated.

Notes forming part of the Financial Statements for the year ended March 31, 2018

NOTE 1 : FIXED ASSETS AND DEPRECIATION

Sl. No.	Particulars	Gross Block			Depreciation/Amortization			Net Block		
		As at 01.04.2017	Additions during the year	As on 31.03.2018	Dep. As on 01.04.2017	Depreciation for the year	As at 31.03.2018	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
I.	PROPERTY, PLANT AND EQUIPMENT									
1	LAND	12,29,18,796	-	12,29,18,796	-	-	-	12,29,18,796	12,29,18,796	5,47,25,874
2	BUILDING	29,47,34,592	5,30,00,000	34,77,34,592	4,86,38,775	1,02,41,485	5,88,80,260	28,88,54,332	24,60,95,817	25,53,78,327
3	PLANT & MACHINERY	2,28,32,209	2,60,65,287	4,88,97,496	82,83,675	15,23,568	98,07,243	3,90,90,253	1,45,48,534	1,22,50,753
4	ELECTRICAL EQUIPMENT	4,38,47,379	2,78,69,220	7,17,16,599	2,43,81,462	52,69,096	2,96,50,559	4,20,66,040	1,94,65,917	2,01,52,309
6	OFFICE EQUIPMENT	4,43,33,587	21,08,263	4,64,41,850	3,14,33,298	36,41,722	3,50,75,021	1,13,66,829	1,29,00,289	72,93,407
7	COMPUTERS	23,22,62,632	3,53,04,599	26,75,67,231	13,24,65,077	5,16,74,446	18,41,39,523	8,34,27,707	9,97,97,554	9,66,96,122
8	FURNITURE	17,95,77,633	3,02,01,571	20,97,79,204	9,35,36,965	2,04,50,703	11,39,87,668	9,57,91,536	8,60,40,668	7,12,77,896
9	VEHICLES	3,65,88,564	7,66,247	3,73,54,811	2,45,51,149	23,27,077	2,68,78,226	1,04,76,585	1,20,37,415	1,22,99,661
10	MEDICAL EQUIPMENT	56,56,71,831	97,40,000	57,54,11,831	5,67,97,598	5,37,84,457	11,05,82,055	46,48,29,776	50,88,74,233	-
	SUB TOTAL (A)	**1,54,27,67,223**	**18,50,55,187**	**1,72,78,22,410**	**42,00,88,001**	**14,89,12,554**	**56,90,00,555**	**1,15,88,21,855**	**1,12,26,79,222**	**53,00,74,349**
II.	CAPITAL WORK IN PROGRESS	1,48,67,921	1,18,41,990	2,67,09,911	-	-	-	2,67,09,911	1,48,67,921	
	SUB TOTAL (B)	**1,48,67,921**	**1,18,41,990**	**2,67,09,911**	**-**	**-**	**-**	**2,67,09,911**	**1,48,67,921**	**-**
III.	GOODWILL ON AMORTISATION	47,79,30,748	-	47,79,30,748	1,59,31,025	4,77,84,046	6,37,15,071	41,42,15,677	46,19,99,723	
	SUB TOTAL (C)	**47,79,30,748**	**-**	**47,79,30,748**	**1,59,31,025**	**4,77,84,046**	**6,37,15,071**	**41,42,15,677**	**46,19,99,723**	**-**
IV	INTANGIBLE ASSETS			-						
1	SOFTWARE	10,86,00,814	5,03,27,265	15,89,28,079	6,91,31,774	1,64,45,969	8,55,77,743	7,33,50,336	3,94,69,040	4,56,54,517
2	PRODUCT DEVELOPMENT	39,48,49,439	1,00,00,000	40,48,49,439	25,46,64,538	2,37,20,783	27,83,85,322	12,64,64,117	14,01,84,901	10,96,64,534
	SUB TOTAL (D)	**50,34,50,253**	**6,03,27,265**	**56,37,77,518**	**32,37,96,312**	**4,01,66,752**	**36,39,63,065**	**19,98,14,453**	**17,96,53,941**	**15,53,19,051**
	GRAND TOTAL (A+B+C+D)	**2,53,90,16,145**	**25,72,24,442**	**2,79,62,40,587**	**75,98,15,339**	**23,68,63,352**	**99,66,78,691**	**1,79,95,61,896**	**1,77,92,00,806**	**68,53,93,400**

Notes forming part of the Financial Statements for the year ended March 31, 2018

Note No. 2 : Non Current Investments

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
1) Investment in Subsidiaries			
a) Equity Shares			
100% holding in Ksoft Systems Inc	45,91,087	45,91,087	45,91,087
100% Holding in Qfund Technologies Pvt. Ltd.	1,00,000	1,00,000	1,00,000
100% Holding in Virinchi Learning Private Ltd	1,86,00,000	1,08,00,000	1,08,00,000
100% Holding in Virinchi Media & Entertainment Pvt Ltd	1,00,000	1,00,000	1,00,000
100% Holding in Tyohar Foods Pvt Ltd	1,00,000	1,00,000	1,00,000
100% Holding in Virinchi Infra & reality Pvt Ltd	1,00,000	1,00,000	1,00,000
100% Holding in Virinchi Health Care Pvt Ltd	59,59,57,580	32,91,00,000	32,90,00,000
51% Asclepius Consulting - Investment	30,00,000	30,00,000	30,00,000
100% Holding in Tensor Fields Consultancy Services Pvt Ltd	1,00,000	1,00,000	1,00,000
100% Holding in Virinchi Combinatorics & Systems Biology Pvt Ltd	1,00,000	1,00,000	-
	62,27,48,667	**34,80,91,087**	**34,78,91,087**
2) Trade Investments			
a) Investment in Equity Instrument			
Quoted (400 Shares of Canara Bank)	14,000	14,000	14,000
b) Investment in Mutual funds			
Canara Robeco Mutual Funds	28,94,000	13,50,000	12,50,000
Add: Other Comprehensive Income			
Total Trade Investments	**29,08,000**	**13,64,000**	**12,64,000**
c) Investment in Shri Ram Chits	85,18,375	47,78,325	-
	1,14,26,375	**61,42,325**	**12,64,000**
Total Non Current Investments	**63,41,75,042**	**35,42,33,412**	**34,91,55,087**

Note No. 3 : Long Term Loans and Advances

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Unsecured			
Deposits	5,49,35,760	2,53,64,118	40,39,787
Total Long Term Loans & Advances	**5,49,35,760**	**2,53,64,118**	**40,39,787**

Note No. 4 : Other Non Current Assets

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Unamortised Expenses	48,84,354	20,35,951	-
Total Non - Current Assets	**48,84,354**	**20,35,951**	**-**

Note No. 5 : Inventory

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Stock - in - Trade			
Pharmacy	1,32,77,651	28,06,244	-
Total Inventories	**1,32,77,651**	**28,06,244**	**-**

Notes forming part of the Financial Statements for the year ended March 31, 2018

Note No. 6 : Trade Receivables

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Other Receivables:			
Unsecured, Considered Good	37,19,55,163	25,40,65,283	15,98,11,125
Total Trade Receivables	**37,19,55,163**	**25,40,65,283**	**15,98,11,125**

Note No. 7 : Cash and Cash Equivalents

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
a) Balance with Banks			
On Current Accounts	2,99,14,585	41,08,996	32,18,746
b) Cash on hand	6,40,298	2,56,538	2,01,311
Sub Total	**3,05,54,883**	**43,65,534**	**34,20,057**
Other Bank Balances			
On Deposit Accounts			
12 Months from date of deposit	2,16,08,791	4,28,16,394	9,55,97,106
Sub Total	**2,16,08,791**	**4,28,16,394**	**9,55,97,106**
Total Cash and Cash Equivalents	**5,21,63,674**	**4,71,81,928**	**9,90,17,163**

Note No. 8 : Short Term Loans and Advances

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
a) Loans and Advances to Others			
Unsecured, Considered Good	30,25,63,991	27,80,26,296	13,94,48,143
Total Short Term Loans & Advances	**30,25,63,991**	**27,80,26,296**	**13,94,48,143**

Note No. 9 : Other Current Assets

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Salary and Travel Advances	1,56,62,204	1,43,61,913	1,33,09,190
Deferred Financial Charges	8,410	26,67,061	25,21,628
Advance Tax & TDS Receivable	97,78,869	81,52,483	72,69,596
Other Unamortised Expenses	-	1,090	1,090
Service Tax	-	73,91,703	12,17,798
	2,54,49,483	**3,25,74,250**	**2,43,19,302**

Note No. 10 : Equity Share Capital

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Authorised:			
40000000 Equity Share of ₹10/- each (Current Year)	40,00,00,000	40,00,00,000	25,00,00,000
40000000 Equity Share of ₹10/- each (Previous Year)			
Issued, Subscribed & Paid Up Share Capital:			
Subscribed & Fully Paid Up:			
(a) 26684550 Equity shares of ₹10/- each	26,68,45,500	26,68,45,500	17,99,57,898
Add: VESOS, 2004 (1,33,500 @ 10/- each)	13,35,000	-	-
Add: Preferential issue	1,40,00,000	-	-
(b) Calls in Arrears	-	(97,398)	(97,398)
Total Equity Share capital	**28,21,80,500**	**26,67,48,102**	**17,98,60,500**

Notes forming part of the Financial Statements for the year ended March 31, 2018

Note No. 11 : Other Equity

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
a) Securities Premium Reserve			
As at the commencement of the year	70,80,06,578	25,37,18,978	25,37,18,978
Add: Premium Received During the Year	12,60,00,000	45,42,87,600	-
As at end of the year	**83,40,06,578**	**70,80,06,578**	**25,37,18,978**
b) Share options outstanding account	5,09,08,184	1,81,19,684	91,11,286
c) Surplus :			
i) Opening Balance - Profit and Loss Account	59,86,64,318	48,45,04,590	44,27,42,953
Add: Transfer from Profit & Loss Account	18,77,19,128	11,41,59,728	4,17,61,638
Total Surplus	**78,63,83,446**	**59,86,64,318**	**48,45,04,591**
Total Reserves and Surplus	**1,67,12,98,208**	**1,32,47,90,580**	**74,73,34,855**

Note No. 12 : Long Term Borrowings

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Secured Loans			
Vehicle Loans	43,75,309	64,59,229	67,50,403
Term Loans	30,23,78,394	28,38,43,168	1,17,28,418
Unsecured Loans	5,67,02,810	12,28,52,519	5,69,32,091
Total Long Term Borrowings	**36,34,56,513**	**41,31,54,916**	**7,54,10,912**

Note No. 13 : Long Term Provision

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Provision for Gratuity	1,13,86,689	82,28,269	54,39,648
Total Long Term Provisions	**1,13,86,689**	**82,28,269**	**54,39,648**

Note No. 14 : Deferred Tax Liability

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Opening Deferred tax Liability	5,11,88,948	4,61,74,759	2,94,38,033
Add: Deferred Tax Liability for the year	76,83,615	50,14,189	52,95,516
Total Deferred Tax Liability (Net)	**5,88,72,563**	**5,11,88,948**	**3,47,33,549**

Note No. 15 : Short Term Borrowings

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Secured Loans			
a) From Banks	23,25,68,795	18,56,07,749	16,83,42,622
b) Term Loan payable during the year	6,66,26,642	6,39,69,963	2,22,94,216
Unsecured Loans	1,86,66,665	-	-
Total Short Term Borrowings	**31,78,62,102**	**24,95,77,712**	**19,06,36,838**

Notes forming part of the Financial Statements for the year ended March 31, 2018

Note No. 16 : Trade Payables

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
a) Trade Payables	37,54,91,123	37,85,70,242	18,30,09,109
Total Trade Payables	**37,54,91,123**	**37,85,70,242**	**18,30,09,109**

Note No. 17 : Short Term Provisions

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
a) Provisions for Employee Benefits			
Provident Fund	85,85,259	17,06,309	11,10,381
ESI	17,65,940	76,207	1,40,339
Salaries	1,90,77,545	6,38,29,470	3,33,82,895
b) Others			
Audit Fee	3,19,500	1,57,500	1,56,750
Provision for Expenses	1,01,64,128	25,07,523	18,33,041
Statutory Liabilities (Including Provision for Income Tax)	7,35,06,944	1,49,52,512	81,35,190
Total Short Term Provisions	**11,34,19,316**	**8,32,29,521**	**4,47,58,596**

Note No. 18 : Revenue From Operations

(Amount in ₹)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
(a) Revenue from Services (Export)	1,37,28,26,154	1,09,47,81,046
(b) Revenue from Hospital Services	31,46,46,817	24,94,85,773
(c) Revenue from Pharmacy	2,15,55,889	2,98,58,799
(d) Other Operating Revenues	1,10,22,693	1,44,36,727
Total Revenue from Operations	**1,72,00,51,553**	**1,38,85,62,345**

Note No. 19 : Other Income

(Amount in ₹)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
(a) Interest Income	57,92,842	74,96,120
(b) Rent	30,00,000	30,00,000
Total Other Income	**87,92,842**	**1,04,96,120**

Note No. 20 : Pharmacy Purchases

(Amount in ₹)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
(a) Pharmacy Purchases	1,49,09,015	1,98,48,875
(b) Discounts and Disallowances	45,00,544	42,27,625
Total Trade Purchases	**1,94,09,559**	**2,40,76,500**

Notes forming part of the Financial Statements for the year ended March 31, 2018

Note No. 21 : Change in Inventory

(Amount in ₹)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Stock in trade		
Stock in trade at the beginning of the year	28,06,244	69,20,554
Less : Stock in trade at the end of the year	1,32,77,651	28,06,244
(Increase) / Decrease in Inventories	**(1,04,71,407)**	**41,14,310**

Note No. 22 : Employee Benefit Expenses

(Amount in ₹)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
(a) Salaries & Wages	38,85,07,472	37,41,57,184
(b) ESOPS	-	88,11,000
(c) Contribution to Employees	1,69,09,124	1,54,16,856
(d) Staff Welfare Exp	1,23,05,425	93,89,235
(e) Managerial Remuneration	54,00,000	28,29,958
Total Employee Benefit Expenses	**42,31,22,021**	**41,06,04,233**

Note No. 23 : Financial Costs

(Amount in ₹)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
(a) Interest Expenses :		
- Interest on Term Loan and Working Capital	6,56,89,559	3,90,06,881
- Interest on Vehicle Loans	1,50,785	5,68,225
(b) Applicable net gain/loss on foreign currency translations	38,53,011	1,70,36,043
Total Finance Cost	**6,96,93,355**	**5,66,11,149**

Note No. 24 : Administrative Expenses

(Amount in ₹)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
(a) Power & Fuel	3,85,73,530	1,86,33,604
(b) Rent	4,29,52,735	1,57,48,646
(c) Repairs & Maintenance	2,16,03,388	1,33,15,652
(d) Insurance	35,36,813	19,59,677
(e) Telephone, Postage and Others	75,99,949	84,68,826
(f) Business Promotion Expenses	4,56,37,583	6,72,89,675
(g) Office Maintenance	10,27,39,652	8,53,35,498
(h) Travelling and Visa Expenses	3,15,72,948	6,05,32,478
(i) Consultancy Charges and Subcontracting Expenses	41,82,81,263	25,57,74,372
(j) Other Administrative Expenses	1,10,00,000	4,81,57,933
(k) Rates & Taxes	2,94,53,069	1,02,62,923
(l) Payment to Auditors:		
(i) As Auditor	2,88,225	1,50,000
Total	**75,32,39,155**	**58,56,29,284**

Note No. 25

Hypothecation of Plant and Machinery Equipment (Movable Assets), Commercial Property and Personal guarantee of the Promoter of the Company.

Hypothecations of Movable Assets:

During the year company has availed Foreign Currency Term Loan (FCLR) from M/s. Canara Bank, IF Branch, Hyderabad and banker having 1st charge on all movable assets pertaining to the project for which loan was sanctioned.

Hypothecations of Equipment:

Fixed and Exclusive charge over the Medical Equipment financed by

- Siemens Financial Services Pvt Ltd
- De Lage Landen Financial Services India Private Limited

Details of Commercial Property:

1. 875sq yards open land at Road.No.1 Banjara Hills, Hyederabad - 34

Corporate Guarantee: M/s.Virinchi Healthcare Pvt Ltd

Personal Guarantee: Mr. Viswanath Kompella.

Note No. 26

Details of Property Offered as Primary Security and Collateral Security:

Primary Security:

EMT on property located at Pothaipally Village in Shamir pet Mandal, R.R.DIst:

(a) Land: Acres 3 and 36 guntas

(b) Building in SY.NO.121

(c) 1st Charge on P&M, Electrical & Office equipment, computers, furniture

Collateral Security:

- EMT on property located at Flat No.608, Lingapur Plaza, Himayathnagar owned by Mr.Viswanath Kompella
- Pledge of two KDR's worth ₹ 50 Lakhs
- EMT of factory land measuring 1 acre 36.5 guntas at survey no.441, Hakimpet Village, in Shamirpet Mandal, R RDist

Note No. 27

Details of Security deposits referred in note no 3:

Nature of Deposit	Amount in ₹
Rental Deposits	5,09,94,343
Electricity Deposit	30,15,356
Gas Cylinders	42,000
Pollution Control Board	2,00,052
Telephone Deposit	1,55,627
Deposit for New Projects	5,28,382
	5,49,35,760

Note No. 28

(Amount in ₹)

Particulars	Current year (₹)	Previous Year (₹)
Directors Remuneration	54,00,000/-	28,29,958/-

Note No. 29

(Amount in ₹)

Particulars	Current year (₹)	Previous Year (₹)
Auditors Remuneration	2,88,225/-	1,50,000/-

Notes forming part of the Financial Statements for the year ended March 31, 2018

Note No. 30

The Company has identified Business Segments which comprise Development of Computer Software and Services, Healthcare Services, IT Enabled Services and Infrastructure and Real Estate Services.

Revenue and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly identifiable to specific segment have been allocated on the basis of associated revenue of the segment and manpower efforts. All other expenses which are not attributable or allocable to segments have been disclosed as unallocable expenses.

Standalone Segment Information for the year ended 31st March, 2018 (Amount in ₹)

S. No	Description	Year Ended March 31, 2018	Year Ended March 31, 2017
I	**Segment Revenue**		
	Software Product Revenues	12,056.73	9,246.09
	Software Services Revenues	1,720.05	1,645.85
	Health Care Services	3369.88	2,793.45
	IT Enabled Services	23.86	170.25
	Infrastructure and Real Estate Services	30.00	30.00
	Net sales/income from Operations	**17,200.52**	**13,885.64**
II	**Segment Result**		
	Software Product	2085.16	1,109.94
	Software Services	171.13	148.13
	Health Care Services	683.28	551.77
	IT Enabled Services	3.46	23.83
	Infrastructure and Real Estate Services	30.00	30.00
	Total	**2973.03**	**1,863.67**
	Interest Expenditure	(696.93)	(566.11)
	Other un-allocable Income net off un-allocable Expenditure	87.93	104.96
	Total Profit Before Tax	**2,364.03**	**1,402.52**

Note No 31 : Investments

Investments are stated at cost i.e. cost of acquisition, inclusive of expenses incidental to acquisition wherever applicable. Provision for diminution in the value of investments is not created as it is not a permanent decline.

1. Wholly Owned Subsidiaries

S. No	Description	Amount in ₹
1	Ksoft Systems Inc	45,91,087
2	Qfund Technologies Pvt. Ltd.	1,00,000
3	Virinchi Learning Private Ltd	1,86,00,000
4	Virinchi Media & Entertainment Pvt. Ltd	1,00,000
5	Tyohar Foods Pvt. Ltd	1,00,000
6	Virinchi Infra & Reality Pvt. Ltd	1,00,000
7	Virinchi Health Care Pvt. Ltd	59,59,57,580
8	Tensor Fields Consultancy Services Pvt. Ltd	1,00,000
9	Virinchi Combinatorics & Systems Biology Pvt. Ltd	1,00,000

2. Other Subsidiaries – controlling interest

S. No	Description	Amount in ₹
1	Asclepius Consulting & Technologies Pvt Ltd	30,00,000

Notes forming part of the Financial Statements for the year ended March 31, 2018

Note No. 32: earning per share

The earning considered in ascertaining the companies earning per share comprise net profit after tax. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the year.

Particulars	2017-18	2016-17
Profit available for the equity share holders	18,77,19,128/-	11,41,59,728/-
No. of equity shares outstanding for EPS-Basic	2,82,18,050	2,66,84,550
No. of equity shares outstanding of EPS-Diluted	3,08,18,050	2,66,84,550
Basic	6.65	4.28
Diluted	6.09	4.28

Note No. 33

Foreign Currency Outflow during the year of ₹ 41.34 Crores

Note No. 34

Foreign Currency Inflow during the year is ₹132.04 Crores.

Note No. 35

There are no dues to SSI Units outstanding for more than 45 days.

Note No. 36

Confirmations were not obtained from debtors/creditors as to the balances receivable from/payable to them as at year end.

Note No. 37

Related Party Transactions.

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of Company at large.

Related Party Disclosures

The followings are the list of related parties:

a) **Subsidiary Companies:**

1. Qfund Technologies Pvt. Ltd.
2. KSoft Systems Inc
3. Virinchi Media & Entertainment Pvt. Ltd
4. Virinchi Learning Pvt. Ltd.
5. Tyohar Foods Pvt Ltd
6. Virinchi Infra & Realty Pvt Ltd
7. Virinchi Health Care Pvt Ltd
8. Tensor Fields Consultancy Services Pvt Ltd
9. Virinchi Combinatorics & Systems Biology Pvt Ltd
10. Asclepius Consulting & Technologies Pvt Ltd

Note No. 37 (contd.)

b) Key Management Personnel:

S. No	Name	Designation
1	M. SANTHI PRIYA	CFO &Whole Time Director
2	K. SRI KALYAN	Whole Time Director
3	K. RAVINDRANATH TAGORE	Company Secretary

c) Other Related Party:

1. Vivo Bio Tech Ltd

The followings are the Related Party Transactions:

Name of the related Party	Nature of transaction	Current year (₹)	Previous Year (₹)
M. Santhi Priya	Remuneration	31,50,000	18,00,000
K. Sri Kalyan	Remuneration	22,50,000	10,29,958
K Soft Systems Inc	Consultancy charges	17,71,73,689	12,55,99,482
Vivo Bio Tech Ltd	Lease Rental Income	30,00,000	30,00,000

Note No. : 38

Previous figures have been regrouped wherever necessary and the figures have been rounded off to the nearest rupee.

Notes referred to above form an integral part of the financial statements

As per our Report of Even Date

For P C N & Associates
(Formerly known as ChandraBabu Naidu & Co.),
Chartered Accountants
Firm Registration No. 016016S

Chandra Babu. M
Partner
Membership No. 227849

Place : Hyderabad
Date : 30th May 2018

For and on behalf of the Board for Virinchi Limited

M. Santhi Priya
CFO & Whole Time Director
DIN: 3114319

K. Sri Kalyan
Whole Time Director
DIN: 3137506

K. Ravindranath Tagore
Company Secretary
M.No. A18894

Independent Auditor's Report

To the Members of
M/S VIRINCHI LIMITED

Report on the consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of **M/s. Virinchi Limited** ("the Holding Company"), its subsidiaries and its jointly controlled entities; together referred to as " the Group" comprising the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss (including other comprehensive income) and Consolidated Cash Flow Statement and the Statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as ' the consolidated financial statements')

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ('the Act') that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act, read with rule 7 of Companies (Accounts) Rules, 2014. The Board of Directors of the respective companies is responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; design, implementation and maintenance of adequate internal financial controls, that are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which has been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act and the rules made there under including the accounting and auditing standards and matters which are required to be included in audit report.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments; the auditor considers internal financial control relevant to the Company's preparation of the consolidated Ind AS financial statements that give a true and fair view. In order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements:

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements and the other financial information of subsidiaries these consolidated Ind AS financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, including the Ind AS:

These consolidated financial statements include the financials of the following entities:

a) Qfund Technologies Private Ltd.

b) KSoft Systems Inc

c) Virinchi Media & Entertainment Private Ltd

d) Virinchi Learning Private Ltd.

e) Tyohar Foods Private Ltd

f) Virinchi Infra & Realty Private Ltd

g) Virinchi Health Care Private Ltd

h) Tensor Fields Consultancy Services Private Ltd

i) Virinchi Combinatorics & Systems Biology Private Ltd

j) Asclepius Consulting & Technologies Private Ltd

We did not audit the financial statements and other financial information, in respect of nine subsidiaries, whose Ind AS financial statements include total assets of ₹1,09,95,82,958/- as at March 31, 2018, and total revenues of ₹1,02,11,64,005/- for the year ended on that date. These Ind AS financial statements and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion, in so far as it relates to the affairs of such subsidiaries is based solely on the report of other auditors. Our opinion is not qualified in respect of this matter.

(i) In the case of the consolidated balance sheet, of the state of affairs of the Company as at 31 March 2018;

(ii) In the case of the consolidated statement of profit and loss, including other comprehensive income for the year ended on that date; and

(iii) In the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable that:

   a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated Ind AS financial statements;

   b) in our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept by the Company so far as appears from our examination of those books;

   c) the Consolidated Balance Sheet, the consolidated Statement of Profit and Loss including other comprehensive income, and the consolidated Cash Flow Statement and the Statement of changes in equity dealt with by this Report are in agreement with the books of account maintained for the purpose of our audit of the aforesaid consolidated Ind AS financial statements;

   d) in our opinion, the aforesaid consolidated Ind AS financial statements comply with the applicable Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014 .

   e) On the basis of written representations received from the directors of the Holding Company as on March 31, 2018, and taken on record by the Board of Directors of the Holding Company, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the group and the operating effectiveness of such controls, refer to our separate report in ' Annexure A'; and

   g) With respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The consolidated Ind AS financial statement has disclosed the pending litigations which could have impact on its financial position.

      ii. The Holding company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the holding company and the subsidiary companies incorporated in India.

For P C N Associates.,
(Formerly known as ChandraBabu Naidu & Co)
Chartered Accountants,
FRN No: 016016S

Chandra Babu M
Partner
M.No:227849

Place: Hyderabad
Date: 30th May, 2018

Annexure A to the Independent Auditor's Report

Report on the Internal Financial Controls under clause (i) of the Sub-section 3 of the Section 143 of the Companies Act, 2013 ('The Act')

In conjunction with our Audit of the consolidated Ind AS financial statements of the company as of and for the year ended 31st March 2018, we have audited the internal financial controls over financial reporting of **Virinchi Limited** ('the Holding company') and its subsidiary companies which are incorporated in India, as of the date.

Management's Responsibility for Internal Financial Controls

The Respective Board of Directors of the Holding Company and its subsidiary/joint venture companies, which are incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting based on our Audit. We conducted our audit in accordance with the Guidance note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the standards on Auditing deed to be prescribed under Section 143(10) of the Act to the extent applicable to an Audit of Internal Financial Controls, both applicable to an audit of Internal Financial Controls and both issued by the ICAI. These standards and guidance note require that we comply with ethical requirements and plan and performed the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our Audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the Auditor's Judgment, including the assessment of the risk of martial misstatement of the Consolidated Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion and the company's internal financial control system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes these policies and procedures that (1) pertain to the maintenance of records that, in reasonable detailed, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted principles, and that receipts and expenditures of the Company are being made only in accordance with authorization of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitation of Internal Financial Controls over Financial Reporting

Because of the inherent limitation of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be deducted. Also, Projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For P C N Associates.,
(Formerly known as ChandraBabu Naidu & Co)
Chartered Accountants,
FRN No: 016016S

Chandra Babu M
Partner
M.No:227849

Place: Hyderabad
Date: 30th May, 2018

Consolidated Balance Sheet as at March 31, 2018

(Amount in ₹)

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
ASSETS				
1) NON CURRENT ASSETS				
Property, Plant and Equipment	1	2,54,23,44,649	2,44,68,95,044	1,18,74,62,385
Capital Work-In-Progress	1	4,71,17,905	3,27,48,567	17,49,20,417
Goodwill	1	41,42,15,677	46,19,99,723	
Intangible assets	1	27,45,11,014	25,38,02,562	24,08,10,533
Financial Assets				
Non-Current Investments	2	1,23,40,016	72,42,325	57,23,550
Long Term loans and advances	3	10,46,94,008	8,28,60,704	4,55,46,358
Other Non-Current assets	4	1,11,63,246	66,71,162	-
2) CURRENT ASSETS				
Inventories	5	10,29,29,804	7,94,54,482	-
Financial assets				
Trade and Other Receivables	6	78,42,25,241	41,94,52,646	54,08,13,852
Cash and Cash Equivalents	7	9,86,99,252	11,24,84,682	27,16,03,612
Loans and Advances	8	49,78,06,297	23,94,75,069	14,08,07,743
Other current assets	9	4,49,74,034	3,49,69,237	3,69,84,611
Total Assets		**4,93,50,21,143**	**4,17,80,56,203**	**2,64,46,73,061**
EQUITY AND LIABILITIES				
Equity				
Share Capital	10	28,21,80,500	26,67,48,102	17,98,60,500
Other Equity	11	2,20,57,19,678	1,80,10,17,503	1,05,65,85,379
Money Received Against Share Warrants		6,50,00,000		
(1) **Non-Current Liabilities**				
Financial Liabilities				
Borrowings	12	1,08,33,47,799	1,18,23,17,186	884032175
Provision	13	1,73,47,320	1,06,62,957	5856786
Defferred Tax Liabilities	14	11,86,12,370	8,84,59,095	3,86,11,136
(2) **Current Liabilities**				
Financial Liabilities				
Borrowings	15	49,08,62,857	40,22,24,530	21,94,67,947
Trade Payables	16	39,67,41,922	27,22,34,510	12,43,87,606
Provisions	17	27,52,08,697	15,43,92,320	13,58,71,532
Total		**4,93,50,21,143**	**4,17,80,56,203**	**2,64,46,73,061**

Notes referred to above form an integral part of the account

As per our Report of Even Date

For P C N & Associates
(Formerly known as ChandraBabu Naidu & Co.),
Chartered Accountants
Firm Registration No. 016016S

Chandra Babu. M
Partner
Membership No. 227849

Place : Hyderabad
Date : 30th May 2018

For and on behalf of the Board for Virinchi Limited

M. Santhi Priya
CFO & Whole Time Director
DIN: 3114319

K. Sri Kalyan
Whole Time Director
DIN: 3137506

K. Ravindranath Tagore
Company Secretary
M.No. A18894

Consolidated Profit and Loss Statement for the year ended March 31, 2018

(Amount in ₹)

Particulars	Note No.	Year Ended March 31, 2018	Year Ended March 31, 2017
1. Revenue from operations	18	3,41,42,09,903	2,86,67,76,439
Other Income	19	1,07,40,909	1,92,34,240
Total Revenue (1)		**3,42,49,50,812**	**2,88,60,10,679**
2. Expenses:			
Purchases	20	14,88,31,689	13,17,46,355
Changes in Inventory	21	(2,34,75,332)	(7,25,33,928)
Employee Benefit Expenses	22	97,39,68,105	1,22,88,32,209
Depreciation	1	33,31,07,351	24,73,66,123
Amortization expense		6,42,680	2,46,823
Financial costs	23	18,00,62,133	11,51,19,841
Administrative and Other Operating Expenses	24	1,35,64,20,403	94,01,41,791
Total Expenses (2)		**2,96,95,57,029**	**2,59,09,19,214**
3. Profit before tax (1- 2)		**45,53,93,783**	**29,50,91,465**
4. Tax expense:			
(a) Current tax		9,50,01,227	2,21,05,910
(b) Deferred tax Liability/(Asset)		3,01,53,275	3,70,30,972
5. Profit after Tax		**33,02,39,281**	**23,59,54,583**
6. Minority Interest.		96,353	
7. Profit/(Loss) for the period		33,01,42,928	23,59,54,583
Add: Other Comprehensive Income (Net of Tax)		18,58,000	-
8. Total Comprehensive Income		**33,20,00,928**	**23,59,54,583**
9. Earning per equity share:			
(1) Basic		11.77	8.84
(2) Diluted		10.78	8.84

NOTES TO FINANCIALS STATEMENTS & SIGNIFICANT ACCOUNTING POLICIES

Notes referred to above form an integral part of the account

As per our Report of Even Date

For P C N & Associates
(Formerly known as ChandraBabu Naidu & Co.),
Chartered Accountants
Firm Registration No. 016016S

Chandra Babu. M
Partner
Membership No. 227849

Place : Hyderabad
Date : 30th May 2018

For and on behalf of the Board for Virinchi Limited

M. Santhi Priya
CFO & Whole Time Director
DIN: 3114319

K. Sri Kalyan
Whole Time Director
DIN: 3137506

K. Ravindranath Tagore
Company Secretary
M.No. A18894

Consolidated Cash Flow Statement for the year ended March 31, 2018

(Amount in ₹)

	Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
A.	**Cash Flow from Operating Activities:**		
	Net Profit/ (Loss) before taxation and extraordinary items	4,571.55	2,950.91
	Adjustments for:		
	Depreciation	3,331.07	2,476.13
	Interest expenses	1,800.62	1,151.20
	Operating Profit before Working Capital Changes	9,703.25	6,578.24
	Working Capital Changes		
	Trade and other receivables	(6,829.09)	(987.31)
	Trade and other payables	3,698.00	4,037.78
	Cash Generated from Operations	**6,572.16**	**9,628.71**
	Interest paid	1,800.62	1,151.20
	Taxation for the year	1,251.55	591.37
	Net Cash from Operating Activities	**3,519.98**	**7,886.14**
B.	**Cash Flow from Investing Activities:**		
	Purchase of Fixed Assets	(5,009.38)	(12,535.10)
	Investment	(50.98)	(15.19)
	Net Cash used in Investing Activities	**(5060.36)**	**(12,550.29)**
C.	**Cash Flow From Financial Activities:**		
	Proceeds from Equity	2,392.21	90.08
	Net Proceeds from Long Term Borrowings	(989.69)	2,982.85
	Net Cash used in Financing Activities	**1,402.52**	**3,072.93**
	Net increase in cash and cash equivalents	(137.85)	(1,591.21)
	Cash and Cash equivalents as at 01.04.2017	1,124.83	2,716.04
	Cash and Cash equivalents as at 31.03.2018	**986.98**	**1,124.83**

Notes referred to above form an integral part of the account

As per our Report of Even Date

For P C N & Associates
(Formerly known as ChandraBabu Naidu & Co.),
Chartered Accountants
Firm Registration No. 016016S

Chandra Babu. M
Partner
Membership No. 227849

Place : Hyderabad
Date : 30th May 2018

For and on behalf of the Board for Virinchi Limited

M. Santhi Priya
CFO & Whole Time Director
DIN: 3114319

K. Sri Kalyan
Whole Time Director
DIN: 3137506

K. Ravindranath Tagore
Company Secretary
M.No. A18894

Notes forming part of the Consolidated Financial Statements
for the year ended March 31, 2018

1. Corporate Information

Virinchi Limited, India ("Virinchi") is an IT Products & Services company offering customized solutions to companies across the globe since 1991. Virinchi is a publicly held company listed on the BSE LTD, one of India's largest stock exchanges, since the year 2000. Virinchi has developed & retained IP in several software products operating in the verticals of supply chain management, alternate financial services, health & biotechnology, however, has had limited success in offering most of the solutions barring the software product for financial services where Virinchi has reached leadership position considering the market share of this niche industry vertical. Full Scale IT services with deep competency in Analytics & Mobility and Healthcare Delivery Business in India comprising Three Operating Hospitals with a Pan-India Healthcare Mobility solution. The 1400 people firm is led by First Generation IIT/IIM Entrepreneurs and operates out of its Corporate Office in Banjara Hills, Hyderabad & US Headquarters at Edison, New Jersey.

2. Basis of preparation

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

(i) Compliance with Ind AS

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) read with Companies (Indian Accounting Standards) Rules, 2015, 2016 & 2017 and other relevant provisions of the Act.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets and liabilities (including derivative instruments) and contingent consideration that is measured at fair value;
- Assets held for sale – measured at fair value less cost to sell; and
- Defined benefit plans – plan assets measured at fair value;

3. Basis of Consolidation:

The Consolidated Financial statements include the financial statements of M/s. Virinchi Limited (the "parent company"), Qfund Technologies Pvt. Ltd (referred as "the Company"), Ksoft systems Inc (referred as "company"), Virinchi Media & Entertainment Pvt. Ltd (referred as "company"), Virinchi Learning Pvt. Ltd(referred as "company"),Tyohar Foods Pvt. Ltd(referred as "company"),Virinchi Infra & Realty Pvt. Ltd(referred as "company"), Virinchi Health Care Pvt. Ltd (referred as "company"), Asclepius Consulting & Technologies Pvt. Ltd (referred as "company"),Tensor Fields Consulting Services Pvt. Ltd (referred as "company") and Virinchi Combinatorics And Systems Biology Private Limited (referred as "the Company"), in which the parent company has more than one-half of the voting power of an enterprise.

The consolidated financial statements have been prepared on the following basis:

(i). The financial statements of the parent company and the subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances/transactions and resulting unrealized profits in full. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the balance sheet of the parent company and its share in the post-acquisition increase in the relevant reserves of the subsidiaries.

(ii). The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the parent company for its separate financial statements.

(iii). The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstance.

2.1 Summary of significant accounting policies

I. Significant Accounting Estimates and Judgments

Estimates, assumptions concerning the future and judgments are made in the preparation of the financial statements. They affect the application of the Company's accounting policies, reporting amounts of assets, liabilities, income and expense and disclosures made. Although these estimates are based on management's best knowledge of current events and actions, actual result may differ from those estimates.

The critical accounting estimates and assumptions used and areas involving a high degree of judgments are described below:

Use of estimation and assumptions

In the process of applying the entity's accounting policies, management had made the following estimation and assumptions that have the significant effect on the amounts recognised in the financial statements.

Income tax

The company recognizes tax liabilities based upon self-assessment as per the tax laws. When the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such final determination is made.

Property, plant and equipment & Intangible Assets

Key estimates related to long-lived assets (property, plant and equipment, mineral leaseholds and intangible assets) include useful lives, recoverability of carrying values and the existence of any retirement obligations. As a result of future decisions, such estimates could be significantly modified. The estimated useful lives of long-lived assets is applied as per the Schedule II of Companies Act, 2013 and estimated based upon our historical experience, engineering estimates and industry information. These estimates include an assumption regarding periodic maintenance and an appropriate level of annual capital expenditures to maintain the assets.

Employee Benefits- Measurement of Defined Benefit Obligation

Management assesses post-employment and other employee benefit obligations using the projected unit credit method based on actuarial assumptions which represent management's best estimates of the variables that will determine the ultimate cost of providing post-employment and other employee benefits.

II. Property, Plant and Equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of plant and equipment is recognized as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Cost includes its purchase price (after deducting trade discounts and rebates), import duties & non-refundable purchase taxes, any costs directly attributable to bringing the asset to the location & condition necessary for it to be capable of operating in the manner intended by management, borrowing costs on qualifying assets and asset retirement costs. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The activities necessary to prepare an asset for its intended use or sale extend to more than just physical construction of the asset. It may also include technical (DPR, environmental, planning, Land acquisition and geological study) and administrative work such as obtaining approvals before the commencement of physical construction.

The cost of replacing a part of an item of property, plant and equipment is capitalized if it is probable that the future economic benefits of the part will flow to the Company and that its cost can be measured reliably. The carrying amount of the replaced part is derecognized.

Costs of day to day repairs and maintenance costs are recognized into the statement of profit and loss account as incurred.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, estimated useful lives and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de recognition of the asset is recognised in the profit or loss in the year the asset is derecognized.

Assets under installation or under construction as at the Balance Sheet date are shown as Capital Work in Progress.

Depreciation

Depreciation is provided on Straight Line Method, as per the provisions of schedule II of the Companies Act, 2013 or based on useful life estimated on the technical assessment. Asset class wise useful lives in years are as under:

Plant and Machinery	1 to 25
Buildings	8 to 60

Computers and equipment	3 to 6
Furniture & fixtures	10 to 15
Vehicles	8 to 10
Office equipment	5 to 15

Leasehold Assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use.

In respect of additions / deletions to the fixed assets / leasehold improvements, depreciation is charged from the date the asset is ready to use / up to the date of deletion.

Depreciation on adjustments to the historical cost of the assets on account of reinstatement of long term borrowings in foreign currency, if any, is provided prospectively over the residual useful life of the asset.

III. Intangible Assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. The company amortizes Computer software using the straight-line method over the period of 4 years.

IV. Financial Assets

Financial assets comprise of investments in equity and debt securities, trade receivables, cash and cash equivalents and other financial assets.

Initial recognition:

All financial assets are recognised initially at fair value. Purchases or sales of financial asset that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the company commits to purchase or sell the assets.

Subsequent Measurement:

(i) Financial assets measured at amortised cost:

Financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortised cost using effective interest rate (EIR) method. The EIR amortization is recognised as finance income in the Statement of Profit and Loss.

The Company while applying above criteria has classified the following at amortised cost:

a) Trade receivable

b) Cash and cash equivalents

c) Other Financial Asset

(ii) Financial assets at fair value through other comprehensive income (FVTOCI):

Financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, selling the financial assets and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at FVTOCI.

Fair Value movements in financial assets at FVTOCI are recognised in other comprehensive income.

Equity instruments held for trading are classified as at fair value through profit or loss (FVTPL). For other equity instruments the company classifies the same as at FVTOCI. The classification is made on initial recognition and is irrevocable. Fair value changes on equity investments at FVTOCI, excluding dividends are recognised in other comprehensive income (OCI).

(iii) Financial assets at fair value through profit or loss (FVTPL)

Financial assets are measured at fair value through profit or loss if it does not meet the criteria for classification as measured at amortised cost or at fair value through other comprehensive income. All fair value changes are recognised in the statement of profit and loss.

(iv) Investment in subsidiaries, joint ventures & associates are carried at cost in the separate financial statements.

Impairment of Financial Assets:

Financial assets are tested for impairment based on the expected credit losses.

(i) Trade Receivables

An impairment analysis is performed at each reporting date. The expected credit losses over life time of the asset are estimated by adopting the simplified approach using a provision matrix which is based on historical loss rates reflecting current condition and forecasts of future economic conditions. In this approach assets are grouped on the basis of similar credit characteristics such as industry, customer segment, past due status and other factors which are relevant to estimate the expected cash loss from these assets.

(ii) Other financial assets

Other financial assets are tested for impairment based on significant change in credit risk since initial recognition and impairment is measured based on probability of default over the life time when there is significant increase in credit risk.

De-recognition of financial assets

A financial asset is derecognized only when:

- The company has transferred the rights to receive cash flows from the financial asset or
- The contractual right to receive cash flows from financial asset is expired or
- Retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset and transferred substantially all risks and rewards of ownership of the financial asset, in such cases the financial asset is derecognized. Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is also derecognized if the company has not retained control of the financial asset.

V. Impairment of Non-Financial Assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

VI. Cash and Cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term investments with an original maturity of three months or less. Deposits with banks subsequently measured at amortized cost and short term investments are measured at fair value through Profit & Loss account.

VII. Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit tax is adjusted for the effects of transactions of noncash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated.

VIII. Share Capital

Equity shares are classified as equity.

IX. Financial Liabilities

Initial recognition and measurement

Financial liabilities are recognized when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value plus any directly attributable transaction costs, such as loan processing fees and issue expenses.

Subsequent measurement – at amortised cost

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de recognised, and through the amortization process.

De recognition

A financial liability is de recognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

X. Employee Benefits

- Employee benefits are charged to the statement of Profit and Loss for the year and for the projects under construction stage are capitalised as other direct cost in the Capital Work in Progress / Intangible asset under development.
- Retirement benefits in the form of Provident Fund are a defined contribution scheme and the contributions are recognised, when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.
- Gratuity liability is defined benefit obligations and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Re-measurement in case of defined benefit plans gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income and they are included in retained earnings in the statement of changes in equity in the balance sheet.
- Compensated absences are provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Re-measurement as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.
- The amount of Non-current and Current portions of employee benefits is classified as per the actuarial valuation at the end of each financial year.

XI. Income Taxes

Income tax expense is comprised of current and deferred taxes. Current and deferred tax is recognized in net income except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current income taxes for the current period, including any adjustments to tax payable in respect of previous years, are recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the tax rates that are enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and liabilities are recognized for temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases using the tax rates that are expected to apply in the period in which the deferred tax asset or liability is expected to settle, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable income nor the accounting income. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable income will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and reduced accordingly to the extent that it is no longer probable that they can be utilized.

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of temporary differences which reverse during the tax holiday period, to the extent the company’s gross total income is subject to the deduction during the tax holiday period.

Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognized in the year in which the temporary differences originate. However, the Company restricts recognition of deferred tax assets to the extent that it has become reasonably certain, that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the temporary differences which originate first are considered to reverse first.

Deferred tax assets and liabilities are offset when there is legally enforceable right of offset current tax assets and liabilities when the deferred tax balances relate to the same taxation authority. Current tax asset and liabilities are offset where the entity has legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

XII. Leases

As a lessee

Leases of property, plant and equipment where the company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

As a lessor

Lease income from operating leases where the company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are classified in the balance sheet based on their nature.

Lease-hold land:

Leasehold land that normally has a finite economic life and title which is not expected to pass to the lessee by the end of the lease term is treated as an operating lease.

The payment made on entering into or acquiring a leasehold land is accounted for as leasehold land use rights (referred to as prepaid lease payments in Ind AS 17 "Leases") and is amortized over the lease term in accordance with the pattern of benefits provided.

XIII. Provisions , Contingent Liabilities and Contingent Assets

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense and is recorded over the estimated time period until settlement of the obligation. Provisions are reviewed and adjusted, when required, to reflect the current best estimate at the end of each reporting period.

The Company recognizes decommissioning provisions in the period in which a legal or constructive obligation arises. A corresponding decommissioning cost is added to the carrying amount of the associated property, plant and equipment, and it is depreciated over the estimated useful life of the asset.

A provision for onerous contracts is recognized when the expected benefits to be derived by the company from a contract are lower than the unavoidable cost of meeting its obligations under contract. The provision is measured at the present value of the lower of expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the company recognizes any impairment loss on the assets associated with that contract.

Liquidated Damages / Penalty as per the contracts / Additional Contract Claims / Counter Claims under the contract entered into with Vendors and Contractors are recognised at the end of the contract or as agreed upon.

Contingent Liabilities

Contingent liability is disclosed in case of

- A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- A present obligation arising from past events, when no reliable estimate is possible;
- A possible obligation arising from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company where the probability of outflow of resources is not remote.

Contingent Assets

Contingent assets are not recognized but disclosed in the financial statements when as inflow of economic benefits is probable

XIV. Fair Value Measurements

Company uses the following hierarchy when determining fair values:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices); and,

Level 3 – Inputs for the asset or liability that are not based on observable market data.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting dates. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The fair value for these instruments is determined using Level 1 inputs.

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is fair valued using level 2 inputs.

If one or more of the significant inputs is not based on observable market data, the instrument is fair valued using Level 3 inputs. Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting dates, with the resulting value discounted back to present value;
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

XV. Revenue Recognition

Revenue is recognized and measured at the fair value of the consideration received or receivable, to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

The company collects GST, service tax, sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue. The following specific recognition criteria must also be met before revenue is recognized:

Sale of Goods

Revenue from the sale of goods are recognized when there is persuasive evidence, usually in the form of an executed sales agreement at the time of delivery of the goods to customer, indicating that there has been a transfer of risks and rewards to the customer, no further work or processing is required, the quantity and quality of the goods has been determined, the price is considered fixed and generally title has passed.

Insurance Claims

Insurance claims are recognized on acceptance / receipt of the claim.

Interest

Revenue is recognized as the interest accrues, using the effective interest method. This is the method of calculating the amortized cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Dividends

Dividends are recognised in profit or loss only when the right to receive payment is established.

XVI. Foreign Currency Transactions

Transactions in foreign currencies are translated to the functional currency of the company, at exchange rates in effect at the transaction date.

At each reporting date monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate in effect at the date of the statement of financial position.

The translation for other non-monetary assets is not updated from historical exchange rates unless they are carried at fair value.

XVII. Investments

Investments are classified into current and long-term investments. Investments that are readily realizable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long-term investments.

Long term investments are stated at cost and provision for diminution is made if the decline in value is other than temporary in nature. Current investments are stated at lower of cost and fair value determined on the basis of each category of investments.

Cost of overseas investment comprises the Indian Rupee value of the consideration paid for the investment translated at the exchange rate prevalent at the date of investment.

XVIII. Gratuity:

The Company has made a provision for gratuity to its employees. Gratuity is a defined benefit retirement plan covering eligible employees. In accordance with the Payment of Gratuity Act, 1972, the gratuity plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employees' salary and the tenure of employment.

XIX. Related Party Disclosures

The Company furnishes the details of Related Party Disclosures as required by Companies Act 2013 and Indian Accounting Standard (IND AS) - 24.

XIX. Earnings per Share

Basic earnings per share are calculated by dividing:

- The profit attributable to owners of the company
- By the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account:

- The after income tax effect of interest and other financing costs associated with dilutive potential equity shares
- The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

XX. Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III of the Companies Act, 2013, unless otherwise stated.

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2018

NOTE 1 : FIXED ASSETS AND DEPRECIATION

Sl. No.	Particulars	Gross Block			Depreciation/Amortization			Net Block		
		As at 01.04.2017	Additions during the year	As on 31.03.2018	Dep. As on 01.04.2017	Depreciation for the year	As at 31.03.2018	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
I.	**PROPERTY, PLANT AND EQUIPMENT**									
1	LAND	12,29,18,796	-	12,29,18,796	-	-	-	12,29,18,796	12,29,18,796	54725874
2	BUILDING	1,10,13,49,391	14,33,23,073	1,24,46,72,464	7,55,14,101	3,70,23,919	11,25,38,019	1,13,21,34,445	1,02,58,35,291	576418893
3	PLANT & MACHINERY	3,84,52,238	2,70,66,487	6,55,18,725	1,03,86,518	35,42,640	1,39,29,158	5,15,89,567	2,80,65,720	18168777
4	ELECTRICAL EQUIPMENT	13,12,06,421	3,02,03,155	16,14,09,576	2,90,84,728	1,22,26,943	4,13,11,671	12,00,97,905	10,21,21,693	64843127
6	OFFICE EQUIPMENT	5,01,43,394	23,11,742	5,24,55,136	3,29,71,028	47,96,014	3,77,67,042	1,46,88,094	1,71,72,367	12124738
7	COMPUTERS	29,94,47,385	3,74,40,233	33,68,87,618	16,95,32,624	6,24,10,820	23,19,43,444	10,49,44,173	12,99,14,761	125052832
8	FURNITURE	30,20,98,423	3,09,47,689	33,30,46,112	10,18,72,988	3,01,10,945	13,19,83,933	20,10,62,179	20,02,25,435	153815709
9	VEHICLES	6,52,20,410	7,66,247	6,59,86,657	3,00,23,823	57,50,282	3,57,74,105	3,02,12,551	3,51,96,586	38553268
10	MEDICAL EQUIPMENT	86,34,16,321	5,61,63,625	91,95,79,946	7,79,71,925	7,69,11,081	15,48,83,006	76,46,96,939	78,54,44,395	143759167
	SUB TOTAL (A)	**2,97,42,52,779**	**32,82,22,251**	**3,30,24,75,030**	**52,73,57,735**	**23,27,72,644**	**76,01,30,378**	**2,54,23,44,649**	**2,44,68,95,044**	**1,18,74,62,385**
II.	**CAPITAL WORK IN PROGRESS**	3,27,48,567	1,43,69,338	4,71,17,905			-	4,71,17,905	3,27,48,567	174920417
	SUB TOTAL (B)	**3,27,48,567**	**1,43,69,338**	**4,71,17,905**	-	-	-	**4,71,17,905**	**3,27,48,567**	**17,49,20,417**
III	GOODWILL	47,79,30,748	-	47,79,30,748	1,59,31,025	4,77,84,046	6,37,15,071	41,42,15,677	46,19,99,723	-
	SUB TOTAL (C)	**47,79,30,748**	-	**47,79,30,748**	**1,59,31,025**	**4,77,84,046**	**6,37,15,071**	**41,42,15,677**	**46,19,99,723**	-
	INTANGIBLE ASSETS									
1	SOFTWARE	14,60,02,924	6,32,59,113	20,92,62,037	8,02,98,951	2,32,44,609	10,35,43,560	10,57,18,478	6,57,03,973	71879017
2	PRODUCT DEVELOPMENT	46,36,28,845	1,00,00,000	47,36,28,845	27,55,30,257	2,93,06,052	30,48,36,309	16,87,92,536	18,80,98,588	168931516
	SUB TOTAL (D)	**60,96,31,769**	**7,32,59,113**	**68,28,90,882**	**35,58,29,208**	**5,25,50,661**	**40,83,79,869**	**27,45,11,014**	**25,38,02,561**	**24,08,10,533**
	GRAND TOTAL (A+B+C+D)	**4,09,45,63,863**	**41,58,50,702**	**4,51,04,14,565**	**89,91,17,968**	**33,31,07,351**	**1,23,22,25,318**	**3,27,81,89,245**	**3,19,54,45,895**	**1,60,31,93,335**

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2018

Note No. 2 : Non Current Investments

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
2) Trade Investments			
a) Investment in Equity Instrument			
Quoted (400 Shares of Canara Bank)	14,000	14,000	14,000
b) Investment in Mutual funds			
Canara Robeco Mutual Funds	38,07,641	13,50,000	23,50,000
c) Investment in Shri Ram Chits	85,18,375	58,78,325	33,59,550
Total Non Current Investments	1,23,40,016	72,42,325	57,23,550

Note No. 3 : Long Term Loans and Advances

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Unsecured			
Deposits	10,46,94,008	8,28,60,704	4,55,46,358
Total Long Term Loans & Advances	10,46,94,008	8,28,60,704	4,55,46,358

Note No. 4 : Other Non Current Assets

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Unamortised Expenses	1,11,63,246	66,71,162	-
Total Non - Current Assets	1,11,63,246	66,71,162	-

Note No. 5 : Inventory

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Stock - in - Trade			
Pharmacy	10,29,29,804	7,94,54,482	-
Total Inventories	10,29,29,804	7,94,54,482	-

Note No. 6 : Trade Receivables

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Outstanding for a period not exceeding six months from the date they are due for payment			
Unsecured, Considered Good	78,42,25,241	41,94,52,646	54,08,13,852
Total Trade Receivables	78,42,25,241	41,94,52,646	54,08,13,852

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2018

Note No. 7 : Cash and Cash Equivalents

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
a) Balance with Banks			
On Current Accounts	3,63,33,607	70,51,159	37410572
b) Cash on hand	23,79,039	17,51,552	851688
Sub Total	**3,87,12,646**	**88,02,711**	**3,82,62,260**
Other Bank Balances			
On Deposit Accounts			
12 Months from date of deposit	5,99,86,606	10,36,81,971	233341352
Sub Total	**5,99,86,606**	**10,36,81,971**	**23,33,41,352**
Total Cash and Cash Equivalents	**9,86,99,252**	**11,24,84,682**	**27,16,03,612**

Note No. 8 : Short Term Loans and Advances

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
a) Deposits			
Unsecured, Considered Good	68,000	8,54,443	-
b) Loans and Advances to Others			
Unsecured, Considered Good	49,77,38,297	23,86,20,626	140807743
Total Short Term Loans & Advances	**49,78,06,297**	**23,94,75,069**	**14,08,07,743**

Note No. 9 : Other Current Assets

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Salary and Travel Advances	1,56,62,204	1,45,00,931	1,33,20,190
Deferred Financial Charges	8,410	26,67,061	1,24,45,915
Advance Tax & TDS Receivable	1,87,49,249	92,18,790	91,59,249
Prepaid Expenses	2,79,832	9,20,887	-
GST/Service Tax Credit	1,02,74,339	76,61,568	20,59,257
	4,49,74,034	**3,49,69,237**	**3,69,84,611**

Note No. 10 : Equity Share Capital

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Authorised:			
40000000 Equity Share of ₹10/- each (Current Year)	40,00,00,000	40,00,00,000	25,00,00,000
40000000 Equity Share of ₹10/- each (Previous Year)			
Issued, Subscribed & Paid Up:			
Subscribed & Fully Paid Up:			
(a) 26684550 Equity shares of ₹10/- each	26,68,45,500	26,68,45,500	17,99,57,898
Add: VESOS, 2004 (1,33,500 @ 10/- each)	13,35,000	-	-
Add: Preferential issue	1,40,00,000	-	-
(b) Calls in Arrears	-	(97,398)	(97,398)
Total Equity Share capital	**28,21,80,500**	**26,67,48,102**	**17,98,60,500**

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2018

Note No. 11 : Other Equity

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
a) Securities Premium Reserve			
As at the commencement of the year	70,80,06,578	25,37,18,978	25,37,18,978
Add: Premium Received During the Year	12,60,00,000	45,42,87,600	-
As at end of the year	**83,40,06,578**	**70,80,06,578**	**25,37,18,978**
b) Share options outstanding account	5,09,08,184	1,81,19,684	91,11,286
c) Capital Reserve (arising on consolidation)	**10,47,06,583**	**16,35,84,164**	**118402622**
Minority Interest	**(50,26,061)**	**-**	**-**
d) Surplus :			
i) Opening Balance - Profit and Loss Account	91,13,07,077	67,53,52,494	51,32,97,072
Add: Transfer from Profit & Loss Account	33,20,00,928	23,59,54,583	16,20,55,423
Foreign exchange Transaction Reserve	(2,21,83,611)	-	-
Total Surplus	**1,22,11,24,394**	**91,13,07,077**	**67,53,52,495**
Total Reserves and Surplus	**2,20,57,19,678**	**1,80,10,17,503**	**1,05,65,85,381**

Note No. 12 : Long Term Borrowings

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Secured Loans			
Vehicle Loans	2,03,60,036	2,93,23,652	36494522
Term Loans	1,03,39,87,921	1,07,98,03,023	614888998
Unsecured Loans			
Other Unsecured Loans	2,89,99,842	7,31,90,512	232648655
Total Long Term Borrowings	**1,08,33,47,799**	**1,18,23,17,187**	**88,40,32,175**

Note No. 13 : Long Term Provision

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Provision for Gratuity	1,73,47,320	1,06,62,957	58,56,786
Total Long Term Provisions	**1,73,47,320**	**1,06,62,957**	**58,56,786**

Note No. 14 : Deferred Tax Liability

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Opening Deferred tax Liability	8,84,59,095	5,00,37,630	3,29,47,157
Add: Deferred Tax Liability for the year	3,01,53,275	3,84,21,465	56,63,976
Total Deferred Tax Liability (Net)	**11,86,12,370**	**8,84,59,095**	**3,86,11,133**

Note No. 15 : Short Term Borrowings

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Secured Loans			
a) From Banks	35,62,08,352	30,25,52,272	17,66,26,896
b) Term Loan payable during the year	11,41,52,186	9,93,97,242	2,22,94,216
Unsecured Loans	2,05,02,319	2,75,016	2,05,46,835
Total Short Term Borrowings	**49,08,62,857**	**40,22,24,530**	**21,94,67,947**

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2018

Note No. 16 : Trade Payables

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
a) Trade Payables	39,67,41,922	27,22,34,510	12,43,87,606
Total Trade Payables	**39,67,41,922**	**27,22,34,510**	**12,43,87,606**

Note No. 17 : Short Term Provisions

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
a) Provisions for Employee Benefits			
Provident Fund	2,12,50,896	54,92,622	12,20,145
ESI	35,01,246	3,01,805	1,40,339
Salaries	6,33,80,680	10,26,99,294	10,61,56,961
b) Others	-		
Audit Fee	4,94,900	3,28,225	2,64,833
Provision for Expenses	6,26,28,662	2,63,61,559	1,66,50,030
Statutory Liabilities	16,67,673	66,18,092	48,89,889
Income Tax	12,22,84,640	1,25,90,723	65,98,235
Total Short Term Provisions	**27,52,08,697**	**15,43,92,320**	**13,58,71,532**

Note No. 18 : Revenue From Operations

(Amount in ₹)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
(a) Revenue from Services	3,37,90,91,221	2,77,50,67,048
(b) Revenue from Pharmacy	2,15,55,889	7,72,72,664
(c) Other Operating Revenues	1,35,62,793	1,44,36,727
Total Revenue from Operations	**3,41,42,09,903**	**2,86,67,76,439**

Note No. 19 : Other Income

(Amount in ₹)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
(a) Interest Income	77,29,146	1,57,64,089
(b) Other Non-Operating Income	30,00,000	30,00,000
(c) Net Gain/Loss on Foreign Currency Translation	-	(8,61,519)
(d) IT Refund	11,763	13,31,670
Total Other Income	**1,07,40,909**	**1,92,34,240**

Note No. 20 : Pharmacy Purchases

(Amount in ₹)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
(a) Pharmacy Purchases	14,88,31,689	13,17,46,355
Total Trade Purchases	**14,88,31,689**	**13,17,46,355**

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2018

Note No. 21 : Change in Inventory

(Amount in ₹)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Stock in trade		
Stock in trade at the beginning of the year	7,94,54,482	69,20,554
Less : Stock in trade at the end of the year	(10,29,29,814)	(7,94,54,482)
(Increase) / Decrease in Inventories	(2,34,75,332)	(7,25,33,928)

Note No. 22 : Employee Benefit Expenses

(Amount in ₹)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
(a) Salaries & Wages	92,03,19,731	1,17,22,18,818
(b) ESOPS	-	88,11,000
(c) Contribution to Employees	3,27,66,565	2,45,50,674
(d) Staff Welfare Exp	1,54,81,809	2,04,21,759
(e) Managerial Remuneration	54,00,000	28,29,958
Total Employee Benefit Expenses	97,39,68,105	1,22,88,32,209

Note No. 23 : Financial Costs

(Amount in ₹)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
(a) Interest Expenses :		
- Interest on Term Loan and Working Capital	17,43,51,945	9,54,04,758
- Interest on Vehicle Loans	17,81,998	26,79,040
(b) Applicable net gain/loss on foreign currency translations	39,28,190	1,70,36,043
Total Finance Cost	18,00,62,133	11,51,19,841

Note No. 24 : Administrative Expenses

(Amount in ₹)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
(a) Power & Fuel	6,94,45,555	4,56,80,161
(b) Rent	13,14,26,971	5,32,85,092
(c) Repairs & Maintenance	2,61,22,986	2,08,51,730
(d) Insurance	1,93,33,457	48,04,031
(e) Telephone, Postage and Others	2,62,84,645	2,04,66,709
(f) Business Promotion Expenses	6,69,68,899	13,25,70,901
(g) Office Maintenance	13,07,68,842	10,16,21,146
(h) Travelling and Visa Expenses	5,30,50,284	8,35,40,468
(i) Consultancy Charges and Subcontracting Expenses	74,57,46,634	38,06,44,629
(j) Other Administrative Expenses	1,78,64,240	4,48,29,027
(k) Rates & Taxes	6,84,98,857	5,15,17,672
(l) Payment to Auditors:		
(i) As Auditor	9,09,033	3,30,225
Total	1,35,64,20,403	94,01,41,791

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2018

Note No. 25 : Investments

Investments are stated at cost i.e. cost of acquisition, inclusive of expenses incidental to acquisition wherever applicable. Provision for diminution in the value of investments is not created as it is not a permanent decline.

Note No. 26 : Earning per Share

The earning considered in ascertaining the companies earning per share comprise net profit after tax. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the year.

(Amount in ₹)

Particulars	2017-18	2016-17
Profit available for the equity share holders	33,20,00,928	2,35,954,582
No. of equity shares outstanding for EPS-Basic	28,21,80,50	26,684,550
No. of equity shares outstanding of EPS-Diluted	3,08,18,050	26,684,550
Basic	11.77	8.84
Diluted	10.78	8.84

Note No. 27

There are no dues to SSI Units outstanding for more than 45 days.

Note No. 28

Confirmations were not obtained from debtors/creditors as to the balances receivable from/payable to them as at year end.

Note No. 29 : Related Party Transactions

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of Company at large.

Related Party Disclosures

a) Key Management Personnel:

S. No	Name	Designation
1	M SANTHI PRIYA	CFO & Whole Time Director
2	K SRI KALYAN	Whole Time Director
3	K RAVINDRANATH TAGORE	Company Secretary

b) Other Related Party:

1. Vivo Bio Tech Ltd

The followings are the Related Party Transactions:

Name of the related Party	Nature of transaction	Current year (₹)	Previous Year (₹)
M Santhi Priya	Remuneration	31,50,000	18,00,000
K Sri Kalyan	Lease Rental	22,50,000	10,29,958
K Soft Systems Inc	Consultancy charges	17,71,73,689	12,55,99,482
Vivo Bio Tech Ltd	Lease Rental Income	30,00,000	30,00,000

Notes forming part of the Consolidated Financial Statements
for the year ended March 31, 2018

Note No. 30

Previous year's figures have been regrouped wherever necessary

Note No. 31

The figures have been rounded off to the nearest rupee

Notes referred to above form an integral part of the financial statements

As per our Report of Even Date

For P C N & Associates
(Formerly known as ChandraBabu Naidu & Co.),
Chartered Accountants
Firm Registration No. 016016S

Chandra Babu. M
Partner
Membership No. 227849

Place : Hyderabad
Date : 30th May 2018

For and on behalf of the Board for Virinchi Limited

M. Santhi Priya
CFO & Whole Time Director
DIN: 3114319

K. Sri Kalyan
Whole Time Director
DIN: 3137506

K. Ravindranath Tagore
Company Secretary
M.No. A18894

VIRINCHI LIMITED

8-2-672/5&6, 4th Floor, Ilyas Mohammed Khan Estate Road No.1,
Banjara Hills Hyderabad.
CIN: L72200TG1990TLC011104

ATTENDANCE SLIP

SLIP DULY FILLED IN TO BE HANDED OVER AT THE ENTRANCE OF THE MEETING HALL

Regd Folio No:____________________________________ No. of Shares held:____________________________________

SHAREHOLDER'S NAME: Mr /Mrs/Ms____
(In Block Capitals)

IN CASE OF PROXY

NAME OF THE PROXY : Mr/ Mrs/Ms____

I Certify that I am a Registered Shareholder / Proxy for the Registered Shareholder of the Company.

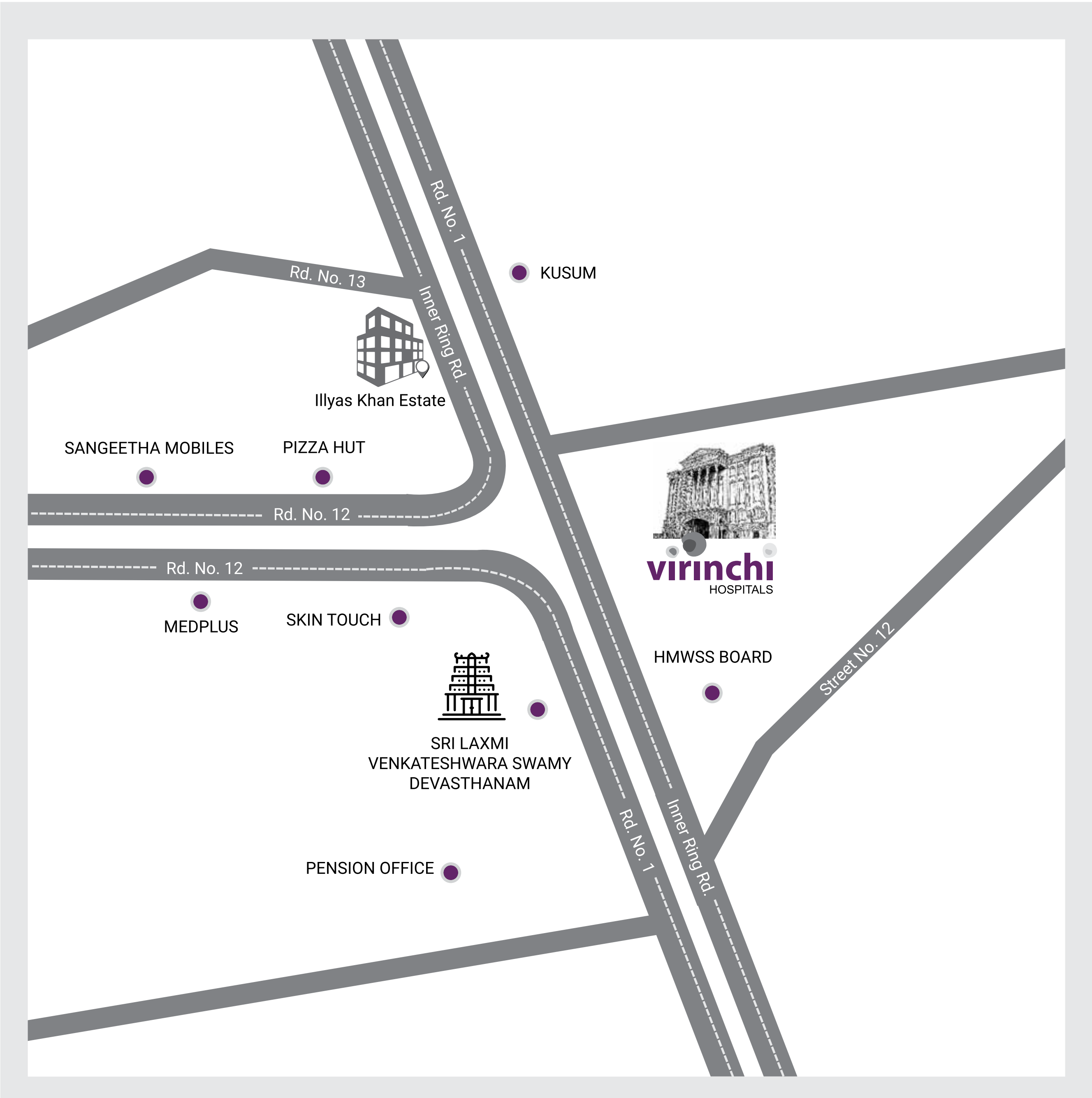
I hereby record my presence at the 29th Annual General Meeting of the Company to be held on Friday, the 28th September, 2018 at 11.30 A.M. at 8-2-672/5&6, 3rd Floor, Ilyas Mohammed Khan Estate Road no.1, Banjara Hills Hyderabad, Telangana - 500 034.

____
Member's / Proxy's Signature

Notes:

1. Please bring this Attendance Slip when you are attending the Meeting.
2. Please do not bring with you any person who is not a member of the Company

Route Map to the venue of AGM



VIRINCHI LIMITED

8-2-672/5&6, 4th Floor, Ilyas Mohammed Khan Estate Road No.1,
Banjara Hills Hyderabad.
CIN: L72200TG1990TLC011104

MGT-11
PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

I/We, being the member(s) of________________________________ shares of the above named company, hereby appoint:

Name of the member (s):		Email Id:	
		Folio No./ Client Id No.:	
Registered address:		DP Id No.:	

Name: Address: E-Mail Id: Signature: or failing him	Name: Address: E-Mail Id: Signature: or failing him	Name: Address: E-Mail Id: Signature: or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 29th Annual General Meeting of the Company, to be held on Friday the 28th day of September, 2018 at 11.30 A.M. at "at 8-2-672/5&6, 3rd Floor, Ilyas Mohammed Khan Estate Road no.1, Banjara Hills Hyderabad , Telangana-500034;resolutions as are indicated below:

S.No	Resolutions	For	Against
1	Consider and adopt audited financial statements as at 31.03.2018 and statement of profit and loss accounts for the year ended and the reports of the board of Directors and Auditors		
2	To appoint a Director in place of Ms. M Santi Priya who retires by rotation, and being eligible, offers herself for re-appointment.		
3	Increase in limit of investment by Foreign Portfolio Investors from 24% to 49% of the paid-up equity share capital of the Company		
4	Increase in the limit of investment by Non-Resident Indians & overseas citizen of India(OCI) in the equity shares of the Company under the Portfolio Investment Scheme under FEMA, from 10% to 24% of the paid-up equity share capital of the Company		
5	Investment(S), Loans, Guarantees And Security In Excess Of Limits Specified Under Section 186 Of Companies Act, 2013		

S.No	Resolutions	For	Against
6	Approval of Virinchi Limited Employee Stock Option Scheme 2018 and Grant of Employees Stock Options to employees of the Company thereunder		
7	Grant of Employee Stock Options to the employees of the Subsidiary company(ies), if any, of the Company under Virinchi Limited Employee Stock Option Scheme 2018		
8	To Approve Grant of options to equal to or exceeding one per cent but not exceeding four per cent of the issued Capital of the Company during any one financial year to identified employees under Virinchi Employees Stock Option Scheme, 2018(VESOS, 2018)		

Signed this____________________day of____________________2018.

Affix ₹ 1/-
revenue
Stamp

____ ____

Signature of shareholder Signature of Proxy holder(s)

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

Corporate Information

Viswanath Kompella	*Founder*

Board of Directors

M. Santhi Priya	*Chairperson* & Whole Time Director
K. Sri Kalyan	*Whole Time Director*
Datuk Kunasingam Sittampalam	*Independent and Non-Executive Director*
Samad A. Momin	*Independent and Non-Executive Director (Resigned w.e.f 29th August, 2018)*
K. Krishna	*Independent and Non-Executive Director (Resigned w.e.f 29th August, 2018)*
M. Ramam	*Independent and Non-Executive Director*
K. Kalpana	*Independent and Non-Executive Director*
K. Ravindranath Tagore	*Company Secretary, Chief Investor Relations Officer & Compliance Officer*

Senior Leadership Team

Satyajeet Prasad	*CEO*
M. Santhi Priya	*Group CFO*
M. V. Srinivasa Rao	*Group President*
Vishal Ranjan	*CEO, Ksoft Systems Inc.*
Sivaji Pendyala	*COO*
Neeraj Kumar	*Head of Sales & Services, North America*
Srinivas Myana	*CMO, Healthcare*
Dr. NSVV Murty	*Medical Director, Healthcare*
K. Sri Kalyan	*Whole Time Director*

Registered office

8-2-672 / 5 & 6, 4th Floor
IIyas Mohammed Khan Estate
Banjara Hills,
Hyderabad - 500034

Phone: 040-48199999
E-mail: investors@virinchi.com
Website: www.virinchi.com

Bankers

Canara Bank
IF Branch, Hyderguda, Road #1,
Hyderabad, Telangana

Auditors

M/s. PCN & Associates,
(formerly Chandra Babu Naidu & Co.,)
Plot No.12,Ground Floor
Software Layout Unit, Cyberabad
Hyderabad - 500081
Phone: 040-2311 9499

Office address in USA

Raritan Center Pkwy
340, Fernwood Ave, Edison, NJ - 08837
Phone: 7326962555, Fax: 732-783-0432

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
Email: info@aarthiconsultants.com

If undelivered, please return to:

Virinchi Limited
8-2-672 / 5 & 6, 4th Floor
IIyas Mohammed Khan Estate
Road #1, Banjara Hills
Hyderabad - 500034, Telangana