

Dated: 03rd September, 2019

To
The Deputy Manager
Department of Corporate Services
BSE LTD Dalal Street, Mumbai-400001

Dear Sir/Ma'am

Sub: Notice of 30th AGM & Annual Report for the Financial Year 2018-19


Ref: Company Code – 532372


We wish to inform you that 30th Annual General Meeting (AGM) of the Company is scheduled to be held on Saturday, the 28th day of September, 2019 at 11.30 A.M at 8-2-672/5&6, Conference Room, 3rd Floor, Ilyas Mohammed Khan Estate, Road#1, Banjara Hills, Hyderabad-500034 Telangana State, India.

Pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are submitting herewith the Annual Report of the Company for the financial year 2018-19. The Annual Report along with Notice of AGM are also being uploaded on the Company's website i.e. [https:// www.virinchi.com](https://www.virinchi.com).

This is for your information and necessary records.

Thanking You
Yours Truly
For Virinchi Limited


K. Ravindranath Tagore
Company Secretary
M.NO: A18894



SaaS to KaaS

Software as a Service

Knowledge as a Service



KNOWLEDGE MONETIZATION

Disclaimer

In this annual report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions.

The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should kindly bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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SaaS to KaaS.

The global healthcare sector is at an inflection moment.

More people's lives are likely to be saved through informed medical decisions than ever before.

These informed decisions are likely to be derived from the convergence of unprecedented computing capability and the power to accurately interpret the generated data.

This convergence could completely transform how patients are diagnosed and treated – the speed, extent and costs.

At Virinchi, we could have responded to this unprecedented reality with a conventional mindset.

We embarked on courageous future-facing initiatives, transforming our business model yet again instead.

The objective: To build a futuristic knowledge as a service enterprise for the benefit of doctors, patients, stakeholders and the world.



The way to create art is to burn and destroy ordinary concepts and to substitute them with new truths that run down from the top of the head and out of the heart.

- Charles Bukowski

The exciting world of Virinchi Limited

01 Pedigree

Virinchi Limited was founded by Mr. Viswanath Kompella in 1990. The Company has established a respect for leveraging the knowledge derived out of one business to develop another business. The result is that the Company has grown attractively in size, scope and sophistication in the last few years, comprising multiple businesses.

02 Businesses

Virinchi is engaged in two businesses. These comprise information technology and healthcare. The Company has built an IT platform for fintech business - a leading loan management system for the short-term micro-credit industry in the US and healthcare delivery in India. The IT platform is self-earning by way of offering full-scale IT services - enterprise applications as well as mobility solutions. The healthcare vertical comprises a chain of three hospitals in Hyderabad offering seamless services through the unique brick and click model.

03 Ethics

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

Mission: To achieve global benchmarks through the adoption of on-going innovation in the healthcare and information technology domains.

04 Goals

IT vertical: *'To build globally inclusive solutions'*

- Building a suite of fintech products to reach the unserved
- Developing deep specialised technology solutions for the healthcare and fintech domains
- Developing delivery capabilities and client footprint for next-generation technology services including SMAC domains, particularly machine learning and 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

05 Footprint

Virinchi's headquarters are located in Hyderabad. The Company's off-shore IT businesses are located across two development centres in Hyderabad (Banjara Hills and Hakimpet) and the on-shore facility is located at Edison, New Jersey, USA. The Company's principal healthcare facility along with two other facilities are located in Hyderabad at Banjara Hills, Barkatpura and Hayathnagar respectively.

06 Business offerings

IT-based services: The Company's flagship product QFund has established a global respect in providing IT solutions to the retail micro lending industry in North America, supported by strategic alliances and products. The Company is respected for technical, financial and infrastructural support.

Healthcare services: Virinchi owns and manages three multi specialty hospitals in Hyderabad, leveraging IT and mobility-based systems. The flagship hospital at Banjara Hills (Hyderabad) is

driven by the latest medical technologies and advanced in-house IT / mobility-based systems.

07 Listing

The Company is listed on the Bombay Stock Exchange (BSE: 532372). The market capitalisation of the Company was Rs.252.5 crore as on March 31, 2019.

08 Respect

Virinchi was recognised in the recent past through brand enhancing awards (given below).

- The Times Healthcare Award for Telugu-speaking states (2017 and 2018)

'Emerging Hospital of the Year' in the multi-specialty hospital category

'Best Hospital – Radiology'

'Best Hospital – Nephrology'

5 individual doctor recognitions

- Hyderabad Software Enterprises Association (HYSEA).

Top IT/ITES Exporter: *2018-19 (Rs.200 crore category) by Hyderabad Software Exporters Association*

'Best Indian IT SME' for 2015-16 by Hyderabad Software Exporters Association

09 Certifications

The Company's consistent capability has been secured through ISO 9001:2000 and CMMI Level 3 certifications.

Virinchi has also been certified by Carnegie Mellon's Software Engineering Institution for its Cleanroom.

10 Employees

Virinchi is a responsible employer of 660 individuals (IT vertical). Nearly 90% employees possessed professional degrees at the close of 2018-19. The average age of employees in IT vertical was 28 towards the end of the year under review.

The Company's knowledge capital

Total employees		Revenue per employee (Rs. lakhs)*	Average age of employees (years)*
IT	Healthcare		
660	1400	39.79	~28

* For the IT business

Consolidated highlights, 2018-19

IT Products business



The Products SaaS and Implementation income has grown in line with the industry's growth of 8-10%.

- Y-o-Y IT products revenue grew 38.2% to Rs.178.4 crore compared to Rs.129.4 crore in the previous year owing to the income of a significant one-time license fee.

IT Services



- Significant decline in onshore revenue on account of a challenging visa environment.
- Steady improvement in the offshore revenue mix with a decline in average billing rates but accompanied by higher margins.

Healthcare



- Y-o-Y revenue growth by 40% to Rs.141 crore with an EBIT of Rs.16.7 crore.
 - YoY healthcare EBIDTA growth of 43% to Rs.28.74 crore with an overall EBIDTA margin of 20.3%.
 - Consolidated PAT grew 78.5% to Rs.58.9 crore. PAT margin improved to 14.3% from 9.6% in the previous year.
 - EPS grew 61.5% to Rs.18.9, despite the issue of 30 lakhs additional equity shares during the year.
 - Receivables improved from 84 days of turnover equivalent to 68 days.
- Consolidated financials**
- Consolidated revenues grew 20% to Rs.411.1 crore.
 - Consolidated EBIDTA margin improved to 30.2% from 28.3%.
 - EBIT grew by 38.8% to Rs.88.2 crore.

Virinchi is disrupting its existing business presence by evolving into a futuristic knowledge as a service enterprise.

Most companies would have focused on a stable business model in a consistent way.

At Virinchi, we have evolved our business model to respond to emerging priorities.

Most IT companies focus on one line of business without diversifying.

At Virinchi, even though we started as an IT company, we progressively extended into healthcare.

Most IT companies focus on IT services or products.

At Virinchi, we have selected to focus on both within our IT vertical.

Most healthcare companies would have focused on conventional service delivery.

Virinchi selected to invest in data with the objective of enhancing healthcare efficiency.

Most healthcare companies would have invested in IT as a business support.

Virinchi emerged as an IT company that extended into the healthcare business instead.

How we have leveraged cutting-edge technologies to enhance business sustainability

Technology is central to human existence today, whether in the form of communication or transactions.

At Virinchi, we have strengthened our business around the core of technology – whether deployed to raise short-term loans with ease (fintech), provide technology-driven services across a range of sectors, provide technology-driven healthcare or leverage the power of Big Data across various applications.

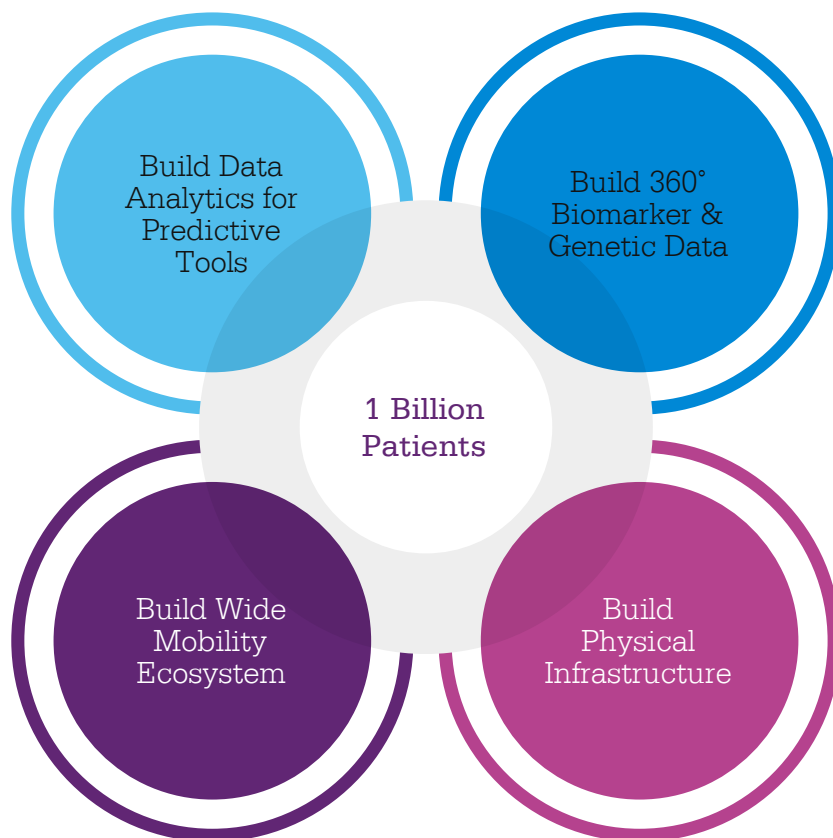
This technology capability has been derived through an IT team equipped with various technology stacks related to the development of web and mobile applications as well as data analytic solutions, reinforced through a CMMI Level 3 certification.

As a result, cutting-edge technology has emerged as the principal recall of the Company. The intensive role of technology has helped the Company grow its IT business, protected the customer profile, helped achieve higher margins and provided adequate cash flows for reinvestment. More importantly, the Company has drawn on years of technology exposure to move from one business to another, providing the second business a technology head-start.

Virinchi's technology product

QFund is a market leader in the short-term loan industry, managing around 5000-plus points of sale and online installations, facilitating the transactions of around USD 20 billion annually.

The other business segment of the Company, where the role of technology has touched lives directly, has been in the healthcare business. The Company's flagship healthcare facility in Banjara Hills, Hyderabad, was arguably the first in India to be commissioned with 100% electronic medical records from day one, establishing a culture of applied technology directed towards an



enhanced stakeholder (employee, patient and doctor) experience.

The Company's IT Platform for healthcare

vHealth, its proprietary hospital information management system, represents a real-time information backbone that seamlessly connects all hospital departments (doctors, nurses, pharmacy, customer relationship management, laboratory, business development and senior management). The effectiveness of vHealth has been showcased through its smartphone compatibility across diagnosis, laboratory reports and medication updates. Besides, doctors can keep abreast of a patient's ongoing progress without requisitioning paper-based reports. The senior management of the hospital accesses business metrics in

real-time. The patient can engage in 30+ activities (comprising appointment bookings, checking diagnostic reports etc.) on the smartphone. Besides, Virinchi offers precision medicine to patients, thanks to the availability of extensive medical data at different price-bands through superior cost management. The ability to access real-time information availability of the referred patient's information is bettering clinical outcomes and enhancing capacity utilisation.

Through the combination of a healthcare facility called vHealth (the Hospital Information Management System) and v23 (proprietary platform to connect all the healthcare providers like diagnostic centers, clinics and pharmacies), Virinchi has been empowered to serve a billion patients across the foreseeable future.

At Virinchi, we have continuously evolved our business model to enhance relevance, respect and competitiveness

How we have progressively transformed our business from one business to two in just three years

IT products (Fintech, OFund)

2002: Entered this business

Rationale: Responded to the need for information technology in the US alternative finance industry, which continues to serve the credit need of sub-prime customers in the US.



IT services (KSoft)

2006: Entered this business

Rationale: Responded to the opportunity of serving the US market, which started outsourcing its IT solutions requirement in the early 2000's.



Healthcare

2016: Launched a 350-bed state-of-the-art facility in Hyderabad

Rationale: Responded to the need for technology-driven healthcare services.



Machine learning algorithms and AI are being deployed to analyse the creditworthiness of loan seekers (fintech) and medicine personalization through cohort analysis (healthcare).

Overview

At Virinchi, the inflection point in our existence transpired in 2013 when the management resolved to accelerate growth, emerge as a multi-business organisation and enhance shareholder value.

The Company resolved to do so through the following initiatives:

- Build around the India advantage or India growth story
- Seek disproportionately large opportunities through disruption

- Launch new businesses from scratch
- Deepen synergies and complementarities between businesses
- Grow (and broaden) revenues aggressively

The Company resolved that even as it would focus on growing its existing business, it would concurrently extend into new ones without any strategic compromise.

Outcome

The Company has performed creditably in this regard (consolidated growth numbers provided as follows):

Revenue growth

78

Rs. crore, Virinchi's revenues, 2013-14



411

Rs. crore, Virinchi's revenues, 2018-19

PAT growth

4

Rs. crore, Virinchi's PAT, 2013-14



59

Rs. crore, Virinchi's PAT, 2018-19

Number of businesses

1

Virinchi's business, 2013-14



2

Virinchi's businesses, 2018-19



How we intend to enhance value

Start-up mindset

The Company has consistently professed a start-up mindset, validating its willingness to get back to the drawing board and start a new business vertical instead of the conventional practice of growing established businesses in a linear manner.



Early bird

The Company is among the early embracers of the disruptive power of data analytics within the healthcare space in India, transforming the way doctors access information, engage in cohort analysis, strengthen their knowledge and how patients are diagnosed or treated.



Repositioning

The Company has evolved from a conventional health care service company into a data science-driven company integrated forwards to facilitate predictable clinical outcomes.



Aggregating patient data

The Company has created a critical mass of patient data (by integrating bedside monitors into a central monitoring system) that is being used to analyse and predict disease trends rather than merely react to them.



Subsidiary

The Company enhanced its focus on the data-driven business through the creation of a dedicated wholly-owned subsidiary (Virinchi Combinatorics & System Biology).



Annuity revenues

The Company created a prudent combination of businesses where the annuity revenues from one business are deployed in building asset-intensive businesses, moderating debt and enhancing overall viability.



Create multi-decade assets

The Company believes that our long-term competitiveness in the healthcare sector will be driven through modern enduring assets coupled with superior service (showcased in our Virinchi Hospitals facility in Hyderabad).



Establish business differentiation

The Company believes that the healthcare business has been differentiated through a high degree of service supported by a wide range of data on patient health, resulting in predictable clinical outcomes.



Asset lightness

The Company operated out of the modern healthcare facility in Banjara Hills, Hyderabad, by leasing the facility for 30 years at a cost attractively lower than the prevailing city average.



Disruptive brick-and-click model of health care

The Company integrated the brick-and-click healthcare model, integrating efficient in-patient healthcare with futuristic technologies that enhance an understanding of patient realities – a prudent convergence of machine learning and people learning.



How we stitched our diverse businesses into a value-creation model



IT products (Fintech)

Large chunky free cash flows from the IT products business

Periodic annuity revenues from fintech services

Utilisation: Invested in the IT services and healthcare businesses

Launch products; build scale through volumes, client mix and geographies

Enhance user reach and experience



IT services

Utilisation: Invested in the healthcare services business

The bedrock of our IT business

Provides scale; creates opportunities for new technology development

Facilitated deeper understanding of new business verticals

Bench strength allocated for new product development



Healthcare delivery

Steady long-term revenues

Utilisation: Invested in the data management business

Provide quality healthcare; brick & click model

Brick model: For underserved markets

Click model: Mobile app-based ecosystem

Focus: Pan-India quality out-patient care

Growth

Business

Our big picture for each of our businesses

Financial technologies



Vision: “To build globally inclusive solutions”

- Process over a billion short-term loans, including payday loans, to sub-prime customers in the US and India
- Proprietary machine learning leading to the creation of credit underwriting tools
- Make retail credit easily accessible to customers in India

Technology-driven business solutions



- Become a global market leader in the lending management solution for the retail micro-credit industry (delivering ~5% of all short-term lending in USA)
- Increase access and accessibility to formal healthcare systems
- Serve as consulting and technology company to varied industries with a diversified client mix
- Provide IT services comprising scalable mobility, analytics, cloud, business intelligence and enterprise solutions
- Enhance access and accessibility to formal healthcare systems
- Use best in-class HIS system to deliver quality patient care

Comprehensive mobility portfolio



- Unique in India’s healthcare space
- Integrate technology and healthcare knowledge in third party clinics
- Create a scalable asset-light healthcare delivery platform

Healthcare



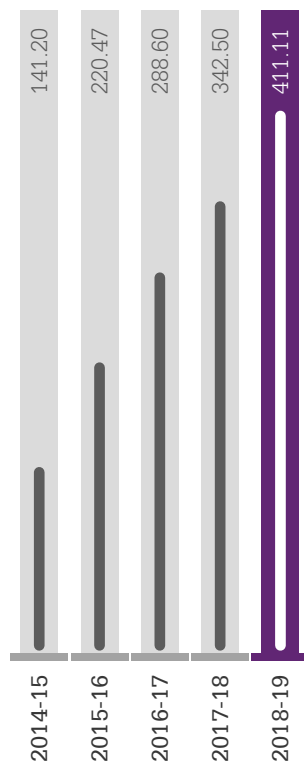
Vision: “To serve a billion patients”

- Existing 550-bed facilities across three Hyderabad locations
- Grow to 5,000 beds in five years
- Leading HIS/EMR solution with 100+ installations
- Healthcare ecosystem mobility solution
- Targeting 1 million integrated healthcare providers

Mapping our five-year financial journey

Revenues

(Rs. crore)



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, taxes and promotions.

Why is this measured?

It is an index that showcases a company's ability to maximise revenues despite business challenges, which can be easily compared with the retrospective average and sectoral peers.

Virinchi's performance

Revenues increased by 20% to reach Rs.411.11 crore in 2018-19.

Net profit

(Rs. crore)



Definition

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

Why is this measured?

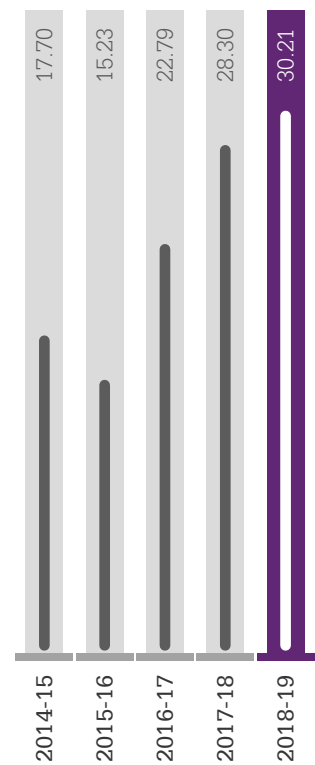
It highlights the strength of the business model in generating value for shareholders.

Virinchi's performance

The Company reported a 78% increase in net profit in 2018-19.

EBITDA margin

(%)



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 provides 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 191 bps increase in EBITDA margin during 2018-19.

Debt-equity ratio



Definition

This is calculated by dividing the total debt by the net worth (less revaluation reserves)

Why this is measured?

This is an indicator of a Company's financial solvency.

Virinchi's performance

The Company's debt-equity ratio improved from 0.58 in 2017-18 to 0.51 in 2018-19.

Interest cover



Definition

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

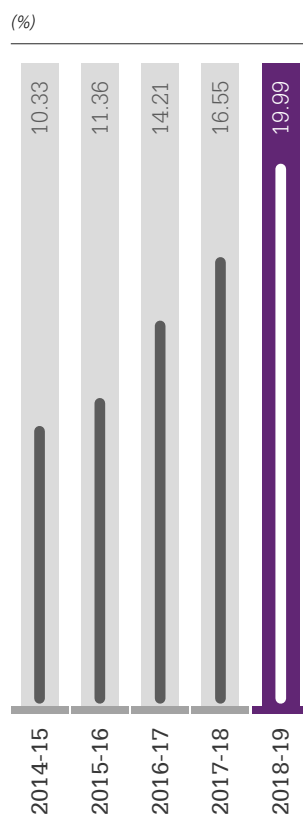
Why this is measured?

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

Virinchi's performance

The Company strengthened its interest cover from 5.38 during 2017-18 to 5.63 during 2018-19.

RoCE



Definition

Return on capital employed is calculated by dividing net operating profit or EBIT by the employed capital, expressed as a percentage.

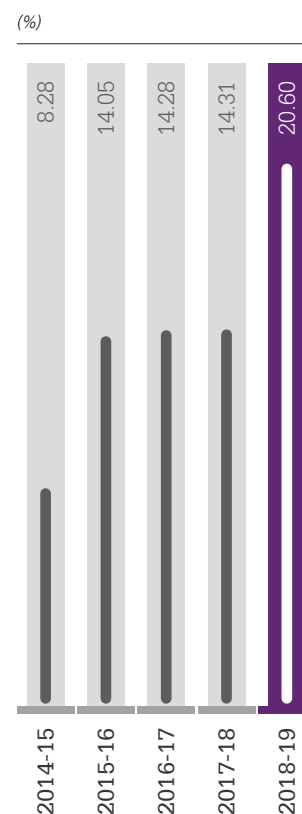
Why this is measured?

Return on capital employed, or RoCE, measures how efficiently a company can generate profits from its capital employed.

Virinchi's performance

The Company's RoCE improved from 16.55% during 2017-18 to 19.99% during 2018-19.

ROE



Definition

Return on equity (ROE) is a measure of financial performance, calculated by dividing net income by shareholders' equity.

Why this is measured?

ROE is a measure of how effectively the management is using the Company's assets to create profits. A steady improvement in a Company's ROE validates its growing financial efficiency.

Virinchi's performance

The Company's ROE improved from 14.31% during 2017-18 to 20.60% during 2018-19.

Chairman Emeritus' message

SaaS to KaaS. Software as a Service to Knowledge as a Service

Overview

I am pleased to present our performance during the year under review.

Virinchi reported a 20% growth in revenue, 28% increase in EBITDA and 78% growth in profit after tax in 2018-19.

Business approach

In the knowledge economy that we are living in today, the competitive edge is derived only by creating incremental knowledge and using that knowledge to enhanced value to the customer.

Virinchi operates in the domains of healthcare and fintech that are relevant whether economies are buoyant or weak, whether people are affluent or in need; there will always be a demand for superior medical treatment and a need to discover and create new assets to leverage. We believe that Virinchi is attractively placed at an inflection point, where a paradigm shift is happening in the global economy in general and the fintech & healthcare domains in particular.

During the last few years, mobile-based customer discovery, engagement and fulfillment combined with unlimited storage, broadband and computing power to moderate costs down to almost nil. This has lead to creation of an ocean of useful data about every single individual on the planet. Never before in the history of mankind has such precise personalised temporal data been available for businesses to serve their customers. This deluge of data has created an unprecedented market for data science to deliver immense value directly to the customer, accessing him or her on the mobile.



Data science, Virinchi & Healthcare

In the area of healthcare, doctors have traditionally relied on over a dozen of diagnostic readings that were easily accessible. They would use these readings to arrive at conclusions before proceeding with the next round of treatment. As medical science improved, the number of relevant diagnostic parameters multiplied from ten to hundred, or probably even a thousand. A deluge of useful data is engaging care givers, who earlier did not possess the wherewithal to decipher the correlations.

The entry of data science has revolutionised this segment: machines are now able to capture patient's medical reality at a cell level and machine learning can cross or match this data over a number of existing and evolving hypotheses to arrive at deeper conclusions, which are specific to the patient. Besides, in some cases, this deeper pattern recognition capability is empowering doctors to pin-point the diagnosis and prescribe targeted personalised therapies supported by much-needed evidence.



Optimism in our health care business

At Virinchi, we are not just a standalone hospital company, but a data science-driven organisation integrated to deliver healthcare to patients. We see this as a synergic complement feeding on each other: the Hospital business provides us with precious patient data, which can be then crunched by our data science team to derive disease cum treatment patterns and trends. The learning from these patterns can then be relayed to the

healthcare businesses even beyond our own captive entities to make treatment improvements, in real time.

We believe that this is how hospitals & healthcare companies of the future will emerge: enhancing clinical outcomes using historical patient data by using the tools of machine learning and data science in real time. Virinchi is probably one of first few healthcare companies in India to initiate the use of data analytics and machine learning as an integral part of caregiving. There is little doubt that the future of medical science world across will be completely driven by data science as future electronic medical record safe-keepers cannot be just passive warehouses of records but need to become active knowledge factories producing precision therapies based on patient similarity patterns. I am pleased to report that Virinchi has already moved ahead in this direction.

Optimism in our fintech business

In the modern world, if there is one thing in the fintech world more important than the need to discover a customer, it is the need to know how much to lend to the customer with potentially zero delinquency based on future potential and complete past data.

In a world where accurate credit analysis is critical to the long-term health of banks, financial institutions and other intermediaries, there is a premium on the ability to lend right (to who and how much and when), recover on time and engage in the next disbursement round.

Virinchi comes with proven credentials in this area with its longstanding exposure to the US fintech space where it has processed no less than 25 million lending cases, building a large repository of knowledge to understand

how credit behaviour changes based on age, income, address, marital status, location, profession, race and even family size. The result is that the Company has developed a deep learning of multi-parametric dynamic credit rating know-how that can make accurate lending decisions, enhancing the quality of loan assets of lenders. This unique strength makes Virinchi the “first choice service provider” to potential lenders in the US, who wish to discover new customers and offer various lending products as we provide credit assessment ‘knowledge as a service’ than simple credit delivery ‘software as a service’.

Optimistic outlook

At Virinchi, we believe that our healthcare and fintech businesses have great potential for growth. Our Company is braced to meet the challenges of a knowledge economy on the strength of the underlying data science platform, which can graduate the Company into a leader in the two segments, in less than a decade from now.

Viswanath Kompella,
Founder & Chairman Emeritus

The Chief Executive Officer's operational review

The Company addressed challenges through a consistent focus on profitable projects and clients on the one hand while countering increased people and administrative costs on the other.

Q: Were you happy with the way the Company performed during 2018-19?

I was pleased with the performance of Virinchi in 2018-19 as the Company reported profitable growth: consolidated income grew by 20% and EBITDA and PAT by 28% and 78% respectively. This profitable growth came at a time when the Indian and global economies slowed, underlining the distinctiveness of the Company's performance. The health of the respective businesses was validated: the IT Product revenues grew 38% while the healthcare business grew 40%, their respective EBITDA margins being 36% and 20% respectively.

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

At Virinchi, the challenge lay in growing the Company's revenues across both business verticals (IT and healthcare) amid growing competition. Some of the related challenges: managing the IT Services business in a tightening US visa environment while growing hospital occupancy and patient footfalls.

The Company addressed these challenges through a consistent focus on profitable projects and clients on the one hand while countering increased people and administrative costs on the other. The Company also implemented a structured working capital management

system where the Group CFO and respective business heads engaged periodically to monitor receivables and payables. The prudent allocation of management bandwidth coupled with the need for efficient working capital optimisation reflected in the drop in receivable days from 84 to 68, which must be seen context of the prevailing economic environment where cash flows were sluggish and receivables for most companies increased..

Q: What were some of the highlights of the Company's working?

The implementation of QFund at our largest client (Advance America) was as per schedule. This proved challenging as all variants of the loan products needed to be rolled out in five States comprising storefront and online variants. This generated an incremental Rs.20 crore in revenues during the year and the Company is engaged in rolling the product out in the remaining States.

The Company's healthcare business reported a 40% income growth following improved capacity utilization. This was partly influenced by the fact that the Company's flagship hospital in Banjara Hills attracted more well-known doctors, strengthening respect, trust and footfalls.

The other decisive initiative during the year under review was the consolidation of all the healthcare facilities into a single entity. During the year, the healthcare business in Virinchi

Limited (200 beds across Barkatpura and Hayathnagar in Hyderabad) were transferred to Virinchi Healthcare Private Limited (100% subsidiary of Virinchi Limited), which comprised the flagship Hyderabad (Banjara Hills) hospital with 350 beds through a slump sale.

Q: How does the Company expect to grow its IT and healthcare businesses?

The Company reinforced its US data center to accommodate more clients and strengthened the offshore delivery through the addition of resources. This will enable the Company to address the growing business from Advance America and other QFund clients. The Company strengthened the Banjara Hills campus to address projects related to IT services, specifically mobility-based projects in the fintech and healthcare domains.

The engagement of well-known doctors at the flagship hospital strengthened patient footfalls and capacity utilization. The facility invested in additional equipment, empowering doctors to perform complex procedures. A system was implemented to be constantly engaged with practising physicians through feedback on their patient treatment and progress. Besides, the Company focused on cash-paying patients to enhance working capital liquidity.



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

The Company intends to invest in growing its vCard business in 2018-19. vCard will be India's first downloadable instant settlement credit card based on UPI, aimed at providing the financial services platform for digital payments and credit services. vCard is scheduled for a trial launch in Hyderabad in the third quarter of 2019-20 and depending on the outcome, is likely to be rolled out across India.

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

We are positive about each of our businesses. The focus of our IT Products business will be on servicing the new contract from Advance America, the endeavour being to roll the product across 15-odd States during the current year. Besides, the Company is likely

to add clients, with discussions being in an advanced stage with a couple of prominent customers. The vCard launch could add incremental revenues during the year.

In the case of healthcare, the focus will be on improving capacity utilization of the flagship hospital at Banjara Hills, Hyderabad. The Company's healthcare revenues across 550 beds are expected to grow attractively with all healthcare operations concentrated in Virinchi Healthcare Private Limited following the transfer of 200 beds from Virinchi Limited.

These realities indicate that 2019-20 could be a year of consolidation across both of our businesses, strengthening overall shareholder value.

Satyajeet Prasad,
CEO

THE COMPANY'S HEALTHCARE REVENUES ACROSS 550 BEDS ARE EXPECTED TO GROW ATTRACTIVELY WITH ALL HEALTHCARE OPERATIONS CONCENTRATED IN VIRINCHI HEALTHCARE PRIVATE LIMITED FOLLOWING THE TRANSFER OF 200 BEDS FROM VIRINCHI LIMITED

The Chief Financial Officer's review

“The net worth infusion by the promoters validates the management's engagement in the Company and underlines a greater confidence in the Company's prospects.”

DURING 2018-19, AROUND 17,10,000 WARRANTS WERE ISSUED TO THE PROMOTER/PROMOTER GROUP, WHICH WERE CONVERTED INTO EQUITY SHARES AT RS. 100 EACH. THE NET WORTH INFUSION HELPED REBALANCE THE COMPANY'S FINANCIAL FOUNDATION AROUND NET WORTH, MODERATING THE OVERALL COST OF CAPITAL IN THE BUSINESS.

Q: What were the principal financial achievements of the Company in 2018-19?

During 2018-19, consolidated revenue grew 20%, EBITDA 28.13%, EBIT 38.81% and PAT 78.41% - indicating profitable growth, validating the value-accretive nature of the Company's business model. The model indicates a growing traction between revenues and profits; the higher the topline, the stronger its trickle-down to the bottomline.

The Company is pleased to report that cash flows from the flagship hospital (Banjara Hills, Hyderabad) covered the entire interest payment and principal repayment obligation for the year. Besides, the consolidation of the healthcare business (following the transfer of 200 beds from Virinchi Limited to Virinchi Healthcare Private Limited, the 100% subsidiary of Virinchi through a slump sale) resulted in the latter owning 550 operating beds on its books, strengthening shareholder value and increasing prospects for healthcare margins improvement.

Q: What else should shareholders take note of?

IT Product revenues grew 38.21% (following a new contract, which included a one-time license revenue of more than Rs.20 crore) even as IT services revenue declined 23.97% (due to a challenging US visa regime where visa rejection increased to more than 50%). To counter this, the IT Services business graduated towards increased offshore engagement at lower billing rates and a focus on higher margin contracts.

Healthcare revenues grew 40% to Rs.141.43 crore, with nearly 25% derived from two smaller facilities

(Barkatpura and Hayathnagar). It would be pertinent to indicate that revenues of the Company's flagship hospital (Banjara Hills) grew an impressive 56.8% to Rs.105.64 crore during 2018-19, validating its growing resources, respect and recall. The healthcare business' cash flows turned positive through improved word of mouth recall, controlled promotional spending and negotiating a fixed + variable remuneration format for some doctors.

Q: How does the Company intend to enhance stakeholder value?

In 2018-19, we improved the capacity utilization of our flagship hospital and transferred the healthcare business to VHPL, which enhanced the consolidated scale of the healthcare business to 550 operating beds and corresponding margins. The Company expects to generate adequate cash flows to address incremental capex requirements resulting in free cash flows during the current financial year.

Q: What are the financial strengths of the Company?

In the case of healthcare, our 3-6-9-12 month risk mitigation plan, which comprised intimating the execution team at least 45 days in advance, helped cash flows stay in control. Due to coordination between the finance & accounts, billing, sales and operations teams, receivables (in terms of days equivalent) moderated from 84 days in 2017-18 to 68 days in 2018-19. As an extension, Return on Capital Employed (RoCE) during 2018-19 improved to 19.99% compared to 16.55% in the previous year. The Company finished



with net worth of Rs.317.27 crore on March 31, 2019; the corresponding debt-equity ratio was 0.51.

Capital was allocated to the healthcare SPV in the form of equity / debt / advances. What is creditable is that with healthcare operations turning PBT-positive and cash flows being sufficient to service the entire debt, the flagship hospital is not likely to require support from Virinchi going forward.

Nearly 70% of the IT Products revenues was derived from three clients, prompting the management to add more clients to the QFund portfolio with the objective to generate 50% revenues from large and medium stores over the next few years.

Q: Why did the Company strengthen its equity structure?

During 2018-19, around 17,10,000 warrants were issued to the promoter/ promoter group, which were converted into equity shares at Rs.100 each. The

net worth infusion helped rebalance the Company's financial foundation around net worth, moderating the overall cost of capital in the business. This initiative validates the management's engagement in the Company and underlines a greater confidence in the Company's prospects. The share of the promoter/ promoter group holding is around 50% following this conversion.

Q: How does the Company intend to take these strengths ahead in 2019-20?

In the case of IT Products, the endeavour has been on increasing revenues from existing clients by offering the factory model of services, where their IT operations will be managed completely by Virinchi. We are close to arranging this with Advance America and are pursuing more opportunities with new clients. In the healthcare business, the Company will add more doctors to the FFS model, coupled with the

engagement of more prominent doctors with the aim of increasing utilization of the flagship hospital. Besides, a growing focus on cash and TPA-based insurance patients is expected to enhance cash flows.

G.Santhi Priya
Chief Financial Officer
and Whole Time Director

Why data represents the 'oil' of the Information Age

Traditional oil is finite.
Data availability seems infinite

Oil is a finite resource.
Data is a cumulative resource.

The same oil cannot be used in multiple places (rival good).
Data can be used in multiple places (non-rival good).

Oil faces friction, transportation and storage costs.
Data encounters lower friction, transportation and storage costs.

The oil life cycle is defined by extraction, refining and distribution.
The data life cycle is defined by relationships with other data, context and with itself.

Blockchain technology in healthcare

34.47

USD million, size of blockchain market in healthcare, 2017

1416

USD million, size of the estimated blockchain market in healthcare, 2024

Artificial Intelligence in healthcare

1.4

USD billion, global artificial intelligence market in healthcare sector, 2018

17.8

USD billion, global artificial intelligence market estimate in the healthcare sector, 2025

IoMT

147.1

USD billion, the global Internet of Things market in healthcare, 2018

87

Per cent of global healthcare organizations that could adopt IoMT services by 2019 (Source: Aruba)

Cloud in healthcare

20.2

USD billion, size of the global healthcare cloud computing market, 2017

35

USD billion, estimated size of the global healthcare cloud computing market, 2022

Source: BCC Research

Telemedicine

1

Million, number of tele-health patients, 2015

7

Million, number of tele-health patients, 2018

The Amazon recommendation engine is indicatively responsible for 35% of its revenues.

Among Fortune 1000 companies, poor data is estimated to cost companies 25% revenues.

For a typical Fortune 1000 company, just a 10% increase in data accessibility could enhance additional net incomes USD 65 million.

Retailers who leverage the extensive power of Big Data could increase operating margins by 60%.

Poor data can cost businesses 20%–35% of their operating revenues.

Bad data or poor data quality costs US businesses USD 600 billion annually.

(Source: Medium)

Virinchi: Building a futuristic data-enriched and knowledge-driven healthcare business



At Virinchi, we did not commission a showpiece 350-bed facility in Hyderabad as just another healthcare infrastructure.

We created this facility with the express objective to align with Article 15 of the International Covenant on Economic, Social and Cultural Rights that says that all people have the right to 'enjoy the benefits of scientific progress and its applications.'

The Company reinforced its strategic differentiation through various initiatives.

Most healthcare facilities in India are singularly positioned around commercial establishments with a healthcare focus. Virinchi commissioned a health care facility around a quasi-university model where knowledge investment, aggregation and dissemination would be

the primary activity, complemented by commercial healthcare applications.

Most healthcare facilities in India focus on the capabilities of their healthcare practitioners (surgeons, physicians and other healthcare professionals). Virinchi selected to focus on the balanced complement of people learning and machine learning, a new frontier in the world of healthcare.

Most healthcare facilities in India work largely with local skills, capabilities and competencies. Virinchi created a facility that would serve as an effective bridge for aggregating and channelizing global best practices into India.

Most healthcare facilities in India work largely as knowledge silos where the competence of respective surgeons and professionals is largely contained within themselves. Virinchi created a knowledge architecture, progressively enriched by knowledge and experience-sharing across professionals of all levels.

Most healthcare facilities access a narrow range of advanced technologies. Virinchi created a modern benchmarked institution engaged in alliances with prominent international technology partners, widening the Company's knowledge bandwidth.

Most healthcare facilities share moderate or no information with their patients. Virinchi created a culture where information related to patient health or ailment is shared with patients, enhancing their understanding, compliance and trust.

The outcome of our differentiated knowledge-intensive approach is that a doctor with a five year experience (say) arrives at the same informed conclusion as a doctor with a 25-year doctor track record. The result is a high clinical excellence at our facility and low mortality rate, enhancing patient respect and trust.

Virinchi Hospitals and governance

At Virinchi, our healthcare business has been structured with a deep commitment to governance.

This governance is reflected in the remuneration provided to our doctors and healthcare professionals.

In contrast to the prevailing system within the country's healthcare sector where doctors in hospitals are remunerated by way of a commission or pre-agreed share of a patient's billing, Virinchi has selected to practice the credible fixed fee model with most doctors.

This fixed fee model has liberated doctors from the stress of marketing the hospital's services, extending a patient's stay or increasing billing per patient – the very things that compromise governance in a trust-based sector.

Over the years, Virinchi's healthcare business has strengthened doctor traction, increased peace of mind, reinforced doctor retention and enhanced clinical outcomes – a virtuous cycle.

Virinchi and Right to Science

Virinchi is aligned with the Right to Science in the following ways...

- Building a clearing house of information and resources about Article 15
- Creating a database of State reports to the UN on the implementation of Article 15

- Identifying exemplars of State practice in the realization of this right
- Designing and implementing pilot projects to demonstrate the value of this right in practice
- Raising the scientific community's awareness of

the meaning, significance and potential applications of Article 15, particularly through the AAAS Science and Human Rights Coalition, and

- Working with scientific organizations to identify discipline-specific applications of Article

15 for use in teaching, research, public education and policy advising.

(Source : American Association for the Advancement of Science)

The growing healthcare opportunity...

Bio-markers have increased 10x in 15 years



A usual modern hospital can provide 25,000+ medical services



5000-odd parameters can be potentially checked per patient



Growing need for data from advanced equipment

...And how Virinchi is equipped to address it

Virinchi introduced next generation healthcare in Hyderabad



Superior combination of concept, infrastructure, equipment and service



Enhanced convenience and anytime-information availability



Age of multi-speciality hospitals has arrived – marked by lower cost and quicker speed

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

Key enablers

<p>Innovative excellence</p> <ul style="list-style-type: none"> Reinforced innovation and outperformance through focused teams Invested in cutting-edge technologies Introduced the flagship lending management system QFund (smooth loan collection and settlement, loan processing, underwriting etc.) Built machine learning underwriting tools to support heuristics decisions <p>Cost management</p> <ul style="list-style-type: none"> Strengthened cost management; invested in superior equipment, scale, integration and stronger trade terms Negotiated a decline in long-term debt cost from 13.50% to 12.20% 	<p>Consultant-of-choice</p> <ul style="list-style-type: none"> Improved quality of product deliveries and price-value proposition Made product improvements; deepened client engagements Forged synergic client relationships Acquired new incremental contracts from the largest customer (Advance America) <p>Robust practices</p> <ul style="list-style-type: none"> Facilitated personal and professional development Implemented superior talent appraisal system Enhanced people retention from 86% to 89% Increased employees from 300 in 2013-14 to 2060 in 2018-19 	<p>Responsible citizenship</p> <ul style="list-style-type: none"> Engaged in impactful CSR initiatives (education for orphans with boarding and lodging in Puttaparthi, Anantapur District, Andhra Pradesh), healthcare and sanitation initiatives in Puttaparthi) Invested Rs.0.46 crore in CSR (2018-19) <p>Value-creation</p> <ul style="list-style-type: none"> Strengthened projects pipeline Grew the healthcare business 40% in 2018-19 Commissioned a brownfield asset-light hospital in 14 months Achived a commissioning cost of Rs.45 lakhs per bed (industry average Rs.60 lakhs per bed without cost of land and building)
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Material issues addressed

<p>Innovative excellence</p> <ul style="list-style-type: none"> Technology <p>Cost leadership</p> <ul style="list-style-type: none"> Competition 	<p>Consultant-of-choice status</p> <ul style="list-style-type: none"> Quality Credibility <p>Robust practices</p> <ul style="list-style-type: none"> Health and safety Talent management 	<p>Responsible citizenship</p> <ul style="list-style-type: none"> Society Education Healthcare <p>Value creation</p> <ul style="list-style-type: none"> Society
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Capitals impacted

<p>Innovative excellence</p> <ul style="list-style-type: none"> Manufactured Intellectual Human Financial <p>Cost leadership</p> <ul style="list-style-type: none"> Financial Manufactured Intellectual Natural Human Social 	<p>Consultant-of-choice status</p> <ul style="list-style-type: none"> Financial Manufactured Intellectual Social <p>Robust practices</p> <ul style="list-style-type: none"> Intellectual Human Financial 	<p>Responsible citizenship</p> <ul style="list-style-type: none"> Social Financial <p>Value creation</p> <ul style="list-style-type: none"> Financial Manufactured Intellectual Social
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Virinchi's value creation paradigm

Resources	Value created (as on March 31, 2019)	Value shared with
Financial capital: The Company's financial capital comprises resources mobilised from investors, promoters, banks and financial institutions.	Financial capital Turnover: Rs.411.11 crore Profit after tax: Rs.58.92 crore Earning per share: Rs.18.90 Market capitalisation: Rs.252.50 crore as on March 31, 2019	Investors: Focusing on cost reduction and operational excellence to strengthen earnings and shareholder returns.
Manufacturing capital: The Company's manufacturing capital comprises infrastructure, technologies and equipment.	Manufacturing capital Revenues from the IT vertical: Rs.262.61 crore Revenues from the healthcare vertical: Rs.141.43 crore	Customers: Offering quality services in a timely manner.
Human capital: The Company's human capital comprises senior management, permanent employees and contractual workers.	Human capital Employees: 2060 Healthcare employees: 1400 IT employees: 660 Remuneration: Rs.128.83 crore	Employees: Focusing on developing skills, preparing leaders of tomorrow and enhancing workplace safety.
Intellectual capital: The Company's intellectual capital comprises sizeable proprietary knowledge aggregated over 15 years.	Intellectual capital Training imparted to employees: 40 hours per person per annum	
Social capital: The Company's social capital comprises enduring relationships forged with various stakeholders.	Social capital CSR beneficiaries: 20 Payment to exchequer: Rs.0.46 crore	Government: Ensuring ethical conduct, complete compliance with established norms and timely payments to the exchequer.
		Communities: Engaging harmoniously with the community at large.

Key business activities

IT Product (Fintech)



IT Services



Healthcare delivery

Influencers of business fundamentals

Vision, mission and values



Corporate governance



Code of conduct

Virinchi. Established a futuristic brick-and-click business model

At Virinchi, we believe that the future is here.

In response to the unprecedented convergence of technologies on the one hand and a vast sectoral under-penetration on the other, we have responded with a customised business model.

This business model represents a balance of cutting-edge technologies that provide a virtual delivery of healthcare solutions complemented by conventional physical engagement.

We believe that this complement offers a number of benefits.

One, the complementary business model will empower the Company to scale service rollout faster – even in regions where it does not enjoy a physical presence.

Two, the integration of IT into physical services will accelerate conventional workflows and moderate costs.

Three, the fusion will enhance the patient experience, marked by wider and deeper diagnosis coupled with treatment accuracy leading to superior clinical outcomes.

Four, the integration will provide the Company with a larger pool of patient data, strengthening data aggregation and analysis.

Five, the integration will result in operational seamlessness, paperless engagement and knowledge sharing.

Six, the integration of IT could moderate the overall cost structure, enhancing the price-value proposition for the patient.

In view of these initiatives, we believe that Virinchi Hospitals is one of the Indian front-runners in providing tomorrow's healthcare experience today.

The unique Virinchi patient experience

vHealth app for patients

- Prescriptions, Lab reports in Document Locker
- Seamless payments
- Book appointment
- Video consultation (emergency)
- Auto dispensing at pharmacy
- Medicine reminder
- App-based second opinion from any doctor

Doctor experience

vHealth+ mobile app for doctors

- Access patients report
- Get day schedule details
- Monitor ICU data
- Suggest changes on the nurse dashboard
- Video consultancy from anywhere, helpful in emergencies

Operational streamlining

- Separate dashboards for nurses, pharmacy, lab managers, accounts team
- CEO dashboard
- IT-backed operation processes (admission, surgery, discharge, insurance, nurse allocation)
- Paperless operations and management
- State-of-the-art diagnostics

Channel partner management

Channel partner app

- Integration of channel partners
- Doctors to refer patients
- Calculate referral payments
- Control both incoming and outgoing referrals
- Generate more leads



Our IT products and services business

262.61

Revenues (Rs. crore), 2018-19

9.32

Revenue growth (%), 2018-19

63.88

Share of overall revenues (%), 2018-19

67.95

Product revenue as share of divisional revenues(%), 2018-19

32.05

Services revenue as share of divisional revenues(%), 2018-19

76.03

Division's EBIT as % of overall EBIT, 2018-19



Overview

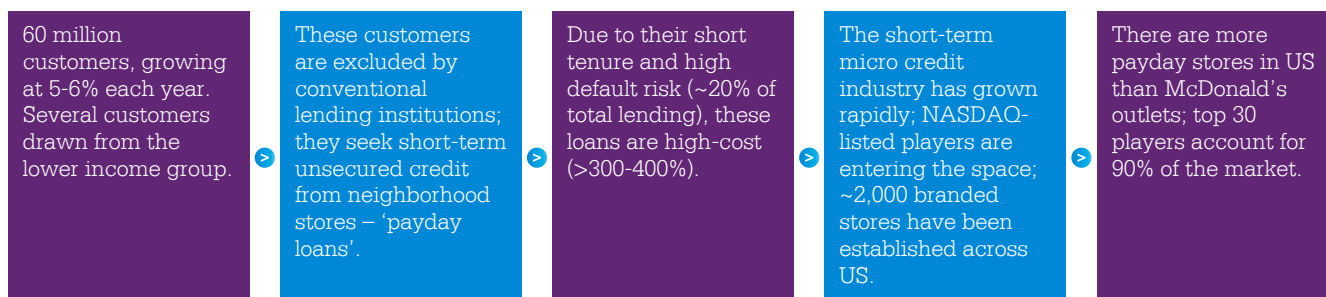
As personal incomes rise, there is a growing priority to make financial investments. Fintech success is being increasingly influenced through the launch of differentiated products addressing people engagement in financial transactions.

With the introduction of digital technologies and decline in physical engagement, there has been a paradigm

shift in the use of fintech products. One in three digitally active consumers use two or more fintech services on average, educating and empowering customers.

The US accounts for 30% share of the global fintech market, followed by APAC, Latin America and Europe accounting for 30%, 20% and 20% respectively. This has highlighted the importance of the US as a single large market for fin-tech services.

Sub-prime customers in the US



IT Services

Revenues: Rs.84.17 crore, 2018-19

Revenue growth: (23.97)%

Revenues as % of IT revenues: 32.05

Virinchi entered this business with the objective to provide IT services, generating steady predictable revenues.

The Company provides consulting and technology services through KSoft Systems Inc., across sectors.

The Company’s IT services (Enterprise applications and SMAC) focus on competencies like social, mobility, analytics, cloud, package product services and application services. The Company’s clients are drawn from the technology, telecom and banking

sectors that account for more than 50% of revenues. The Company strengthened offerings around application availability of 99.99% with a maximum contracted response time of 3 seconds per transaction.

Revenues from services declined in the last 24 months due to a tighter US visa regime, but margins improved along with a deeper focus on clients and projects with better margins. The goal of the business is to continue providing critical cloud infrastructure, supporting distributed operations.

Strategy

Focus on services: The Company strengthened annuity revenues through enduring client engagement.

Maintained realizations: The Company provides technology-driven service offerings, enhancing volumes, client mix and geographic footprint.

Offshore-driven approach: The Company’s competence is built around professionals (onshore and offshore).

Domain expertise: The Company possesses capabilities in cutting-edge spaces like ChatBots, Machine Learning, Big Data Analytics, Cohort Analysis and Enterprise Mobility.

Unique positioning: The Company is present in complex technology spaces insulated from commoditised competition.

Diversified client portfolio

- Banking
- Consumer products
- Consumer products/F&B
- Education
- Engineering and construction
- Healthcare and life science
- Housekeeping services
- HR solutions
- Insurance
- Manufacturing
- Mobility
- NGO
- Oil & gas
- Power
- Retail/apparel/footwear
- Technology
- Telecommunication
- Telecommunications
- Transportation & logistics
- Utilities, consumer durables

IT Products

Revenues: Rs. 178.43 crore, 2018-19

Revenue growth: 38.21%

Revenues as % of IT revenues: 67.95

QFund™ specialises in the creation of products that address the growing needs of the retail microfinance industry in USA.

QFund’s scale and cost advantage in US leveraged the value derived from its India-based delivery centre. The Company’s product was benchmarked around evolving Consumer Financial Protection Bureau (CFPB) regulations related to refinance, Annual Percentage Rate (APR) and lender profile. The Company scaled operations in line with the need for growing lenders’ scale and efficiencies. The product was adapted for online lending and store-front requirements.

Over the years, the Company focused on marketing products to ‘appropriately profitable customers’ resulting in the prudent servicing of more than 15 million short-term loans, including payday loans

to sub-prime customers serviced via QFund.

The result is that the Company works with 12 of 20 leading clients from this space with an average engagement tenure of at least five years per customer.

The result is that the Company has managed 25 million of 60 million US sub-prime customers.

Around 450 employees are dedicated to QFund™, addressing the loan management segment of the alternative financing industry.

The product enjoys a 35% margin and likely to generate sustained SaaS-based revenue growth.

The prospects of the QFund product appear optimistic, marked by an addressable new loan market of USD 12 billion and a monthly processing throughput of ~450,000 loans.

QFund strengths

Versatility: Flexible product with configurability to adapt varied business models.

Intelligent tool: Sophisticated mobility-enabled business intelligence dashboards.

Product footprint: Expanded product footprint across related consumer lending segments.

Single identity: Co-existing models for online, offline and hybrid lending around a single identity.

Machine learning: Built machine learning underwriting tools to support heuristic decisions.

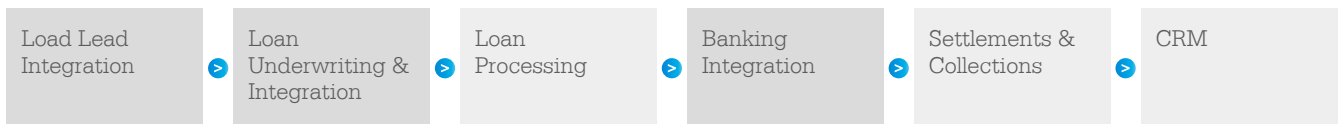
Differentiation: Established sectoral presence with minimal competition.

Competitiveness: Healthy margins, resulting in a sizable contribution to the Company’s profitability.

Alliances: Entered into strategic relationships with marquee clients (Advance America and NCP Finance).

Data critical mass: Sufficient data can lead to 90%+ predictive accuracy.

QFund coverage



BUSINESS VERTICAL # 2

Our Healthcare business



141.43

Revenues (Rs. crore), 2018-19

40

Revenue growth (%), 2018-19

34.40

Healthcare revenues as % of company's revenues, 2018-19 (%)

18.98

Healthcare EBIT as share of company's EBIT, 2018-19 (%)

Overview

Virinchi diversified into the healthcare business in 2013 following the acquisition of Asclepius Consulting and Technologies Private Limited, a leading Indian healthcare technology firm.

This diversification helped de-risk the business, reducing Virinchi's excessive dependence on the IT sector. The Company extended into healthcare services in Hyderabad, catalysed by cutting-edge technology solutions.

The rationale for the Company's presence in this business was validated by ground realities. Over the years, limited healthcare access by the government resulted in the country possessing only three beds per 1000 of the population as against a requirement of 12 beds for every 1000 people, coupled with limited talent pool of only 20% doctors being available against required number.

Why India's health sector represents growing potential

Increase awareness and regulation drive healthcare quality

Increased income lead to higher healthcare spend

Wider healthcare infrastructure improve accessibility

Medical tourism presents international accreditations

The Company has since outlined a vision to serve a billion patients through the following initiatives: strong mobility-backed business processes for replicable and scalable patient experience; through building of 'the widest healthcare mobility ecosystem'; opening APIs for new developer partnerships; providing free Cloud-based clinic management, lab management and a hospital information system; asset-light physical hospital

infrastructure making it possible for the Company to scale from 550 beds; providing trained workforce to healthcare providers, taking national healthcare delivery ahead; creating quality transaction data and electronic medical records; developing machine learning-based predictive tools to build a data-backed healthcare analytics vertical; engaging with Government departments to offer free Mobility Network Services.

Virinchi Hospitals

The Company launched its flagship healthcare facility in Hyderabad (Banjara Hills) comprising 350 beds commissioned in November 2016. The facility comprises 11 operating theatres, 140 ICU beds, 3T MRI, 128 Slice Spectral CT and a ceiling-mounted cath lab. The NABH and NABL-accredited facility comprises 250 super-specialists and a single integrated HIS/ EMR. The flagship hospital achieved a cash breakeven in 2018-19 within only 30 months of commissioning.

Differentiators

The Company differentiated its healthcare services through the following initiatives:

- Proactive investments in cutting-edge medical technologies and Big Data in healthcare delivery
- Right to Science in therapy, making it possible to advance diagnosis and therapy, offer stem cell-based therapies, organ regeneration, adoptive immune therapies, nanotechnology for disease detection, drug delivery and cell/tissue corrections, among others

- Personalized medicine based on an individual's genetic construct leading to predictive diagnosis, enhanced treatment specificity, reduced relapse and reduced treatment burden
- The power of machine learning, making it possible to study a few parameters and treat based on population statistics or study all parameters to provide personalized treatment
- A fixed-fee model for senior doctors, allowing them to focus only on clinical outcomes while a 40-people sales team managed patient acquisitions
- MoUs and medical partnerships with reputed institutions in US, UK, China and Israel, among others, to implement the 'Right to Science' programme, extending the benefit of global medical innovation to patients
- A '100 and One' via app v23, deepening patient engagements

One billion patients

Through these initiatives, the Company expects to provide services to one billion patients, build a cohesive ecosystem for

healthcare, deliver a comprehensive mobility portfolio, provide cutting-edge experiential service and position a robust healthcare delivery platform (through the complement of doctors, clinics, pharmacies, laboratories / diagnostics, nursing homes, BDS/Ayush).

The Company's flagship facility at Banjara Hills, Hyderabad, is being widely recognised as a competent service provider. This advanced brownfield asset-light hospital was commissioned within 14 months for only Rs.45 lakhs per bed, lower than the prevailing sectoral benchmark. It comprises a complement of professional management, sophisticated equipment and facilities at par with the best in the world, dedicated doctors focusing completely on patient care and clinical outcomes (as opposed to financial targets), a team of 170 doctors and 40 sales professionals, robust technological backbone (HIS and EMR systems) resulting in a unique brick-and-click model, presence across relevant therapeutic areas (cardiology, orthopaedics, neurology, nephrology, and cancer care, among others), benchmarking in line with Joint Commission Institute guidelines and a 5-member audit team ensuring operational compliance and consistency.

During the last financial year, the Company transferred Bristlecone Hospitals (comprising a 60-bed Unit in Barkatpura and 140-bed unit in Hayathnagar in Hyderabad to Virinchi Healthcare Private Limited through a slump sale), aggregating its healthcare businesses in one entity.

The Company strengthened its healthcare business through evidence-based medication: comprehensive patient data management with objective-based data capture; sophisticated machine learning algorithms with proven medical NLP algorithms, proprietary lexicons and unstructured data management; the institution of an in-house analytics group to monitor data quality.

This proactive investment translated into the following upsides: patient cohort identification and monitoring; phenotypes for targeted medication;

PHM with community/government agencies; quality data for clinical research and integrated analytics delivery on sophisticated mobility environment.

The Company also extended towards professional learning outcomes to upskill healthcare workers. Over 80,000 hospital staff is expected to be trained across the coming decade and more than 1000 staff within a year, resulting in a strategic advantage. The Company intends to enhance training through the following initiatives:

- Engage in a Government of India project to upskill healthcare workers
- Comply with a government programme in the area of curriculum
- Engage in courses comprising OT nurses, phlebotomist, general duty assistant and diabetes technicians etc.
- Reconcile classroom training and hands-on engagement in Virinchi Hospitals
- Launched a management solution to facilitate self-learning

The Company intends to take its healthcare delivery ahead through the following initiatives:

- Asset-light physical hospital infrastructure to scale from 550 beds to 5000 beds

- Mobility-backed business processes for replicable and scalable patient experience
- Build 'the widest healthcare mobility ecosystem'; open API for new developer partnerships
- Provide free Cloud-based clinic management, lab management and Hospital Information Management
- Work with government departments to offer free mobility network services leading to higher volumes
- Provide trained workforce to healthcare providers for managing healthcare delivery
- Create quality transaction data and electronic medical records
- Develop machine learning predictive tools to build a data-backed healthcare analytics vertical

These initiatives are expected to sustain growth, leveraging wider patient base, new doctors, additional facilities and enhanced market presence. The revenues from the healthcare business are expected to increase following enhanced occupancy.

Going forward, the flagship hospital is expected to improve on its existing 30% occupancy and Rs.27,000 Average revenue per occupied bed (ARPOB) to generate higher revenues.

How we have integrated IT with healthcare delivery

- | | | |
|--|---|---|
| <ul style="list-style-type: none"> • Video consultation • Download Lab/ Radiology Report • Cell Correct Games • Live Healthy • Hospital Facebook/ Twitter • Participate in survey • Videos and tools • Specialities • Find a doctor • Virtual tour | <ul style="list-style-type: none"> • Health coupon • Directions • Report an accident • Chat online • Contact us • Ask a question • Vaccination reminder • Set a reminder • Download bills • Generate estimate • Book an appointment • Book a health check | <ul style="list-style-type: none"> • Download discharge summary • Give feedback • Make payments online • Register online • Gift health |
|--|---|---|

Virinchi Hospitals: Building an innovation-driven healthcare showpiece

<p>Business model innovation</p> <p>Focused on the highest capital efficiency</p> <ul style="list-style-type: none"> • Enjoying the benefits of scale across the delivery chain • Generating IT-driven cost management • Engaged full-time salaried senior medical team • Engaged in population data partnership with Aadhaar • NSDC for high patient provider ratio 	<p>Healthcare technology innovation</p> <p>Focused on the use of cutting-edge innovation</p> <ul style="list-style-type: none"> • Personalized preventive healthcare • Public health evidence-based treatment • Clinical collaboration tools • Targeted therapy • ‘Functional’ mobile-medicine virtual visits • Inter-disciplinary therapies 	<p>Marketing innovation</p> <p>Own/Partner Hospital & Outreach Centers</p> <ul style="list-style-type: none"> • Mobility app and patient portal • Accountable care organization • Analytics and focused patient CRM • Mobility-based doctor referral network • Leadership in content marketing
<p>Healthcare delivery innovation</p> <p>Mobility-backed medical devices</p> <ul style="list-style-type: none"> • Colour changing dressing • Robotic interventions • Image guided minimal invasive surgery • Rapid diagnostics kits 	<p>Medical science innovation</p> <p>Gene therapy</p> <ul style="list-style-type: none"> • Clinical trail drug availability • Stem cell growth • Regenerative medicine • Xenograft/GEMM models for in-vivo study • Genomics-based preventive care 	<p>Process innovation</p> <p>Technology-integrated ecosystem</p> <ul style="list-style-type: none"> • IT-enabled checklist-based • Digital targeted medical literacy • Patient centric IT enabled processes • Cross chain patient identity • Payment integrations

The Company’s healthcare profile				
Departments	Capabilities	Professionals employed	Experience	Qualifications/Knowledge capabilities
38	Each surgical and medical department can handle complex cases	125 full-time and 45 active FFS (fee for service)	Department heads – average experience of 15-20 years Other consultants 10-15 years Junior doctors 3-5 years	Drawn from premier institutions (AIIMS, PGIMER Chandigarh, CMC Vellore, NIMS Hyderabad etc.) Most department heads and consultants possessing post graduate degrees (USA and UK) Doctors with exposure to protocol-driven medicine; experienced in Indian healthcare delivery pressures

Our advanced healthcare infrastructure enhances patient delight

State-of-art diagnostics with global leading technologies

Best-in-class in-house HIM system, proven over 100 hospitals

Robust EMR and HIS resulting in a seamless paperless IT system

Investment in cutting-edge infrastructure

3 Tesla MRI

Spectral CT 128 Slice dual energy

Ceiling mounted Cath Lab with IVUS and FFR packages

Class 100,000 Clean Room ICU

- 100% digital critical care with integrated mobility and bed-side device interface
- 100% infection isolation across all medical ICU beds with a separate step-down ICU
- All critical care beds on a single floor to limit man-material-methods exchange

Integrated OT-CSSD-Transplant Complex

- Amongst the largest operating theatres in the industry
- Laminar flow with the highest luminosity OT lights and specialized OT tables
- Specialized equipment dedicated to each OT
- Sterile corridor distinctly separate from dirty corridors

Our healthcare growth strategy

Innovation in healthcare delivery resulting in economies of scale



Investment in healthcare talent necessary for distributed delivery



Asset-light infrastructure growth



Integrated crowd-sourced healthcare delivery model, widening access



How Virinchi enhanced the well-being of its patients and strengthened its recall

How Virinchi addressed a life-threatening problem with effective and inexpensive treatment

A 24-year student was brought to our hospital for alleged rodenticide consumption. Following evaluation at another hospital, he was found to suffer a mild elevation of liver enzymes. He was admitted to our critical care unit with worsening coagulation parameters. Over the next two days, despite N-Acetyl Cysteine infusion, his enzymes increased 40-50 fold and coagulation parameters worsened. The family was counselled for a probable liver

transplant; it expressed concerns about the procedure and costs.

Our doctors at Virinchi offered the alternative Therapeutic Plasma Exchange treatment with proven benefits in some toxic hepatitis forms. This was conducted across five cycles and seven days.

The result was that liver enzymes showed a progressive decline coupled with an improvement in coagulation

parameters. The normalization of the liver function took 10 days following the completion of the plasma exchange and the patient was discharged within three weeks of admission.

A life-threatening problem was addressed with effective and inexpensive treatment.

Cutting-edge technology tuned a challenging case around with speed

Seventy seven-year-old Ms

Padmavathi was admitted with a knee condition, haemoglobin of 9.4 and rare O-ve blood group. What made her case challenging was that she came with a history of diabetes, hypertension and coronary heart disease.

The surgery was booked using the vHealth app. As a result, the operating theatre and anaesthesia teams were completely aware of her status; adequate blood was provided.

The knee replacement proved uneventful. However, the patient suffered persistent low blood pressure even though the post-operative haemoglobin level was above 8 gm %. Since this information was available on the smartphone, the cardiologist did not administer anti-hypertensives. This procedure was sustained; one unit of O-ve blood was provided. The blood pressure normalised and the patient could be discharged the following day.

The role of the technology must be emphasised: the Hospital Information Management System ensured that a rare blood group was always available; her condition was continuously monitored, preventing a haemodynamic compromise that could have led to cardiac or cerebrovascular complications.

Our biggest payback was the relieved and contented smile on the faces of her family members. They are now returning for a replacement of the other knee!

What our doctors say about Virinchi

"**There** is a pride in working at a futuristic health care facility. We manage a patient's data - admission to discharge - through the vHealth user-friendly software. This is our go-to platform where one can check everything from blood pressure to surgery on it. The

result is enhanced responsiveness: the entire system moves with speed!" - *Dr Sarat Chandra, Senior Consultant, Cardiology Department, Virinchi Hospital*

"**Our** doctor app has made the process of tracking and delivering patient

care seamless with one of the lowest turnaround times in India's healthcare sector. The result is that patients are surprised at the speed with which things move at our facility!" - *Dr Srinivas Samavedam, Head- Critical Care Unit & Medical Director, Virinchi Hospital*

Announcement, 2018-19

During the year under review, Virinchi announced the commencement of Phase 2 of its healthcare expansion at the Banjara Hills facility in Hyderabad. Phase 2 of our healthcare expansion could consist of 150 economy and 100 Oncology beds, costing around Rs.70 to 80 crore. The capital work on 50 economy beds has been underway

since the last two quarters with internal accruals. The Radiation Oncology involving bunkers to house Linear accelerators could require 12-14 months for completion. Phase 2 is to be supported through internal accruals, supplier credit and institutional debt. With the completion of Phase 2, all the planned 800 beds of the Banjara Hills

facility will be operational, providing patient services in over 40 clinical departments. During the last quarter of the year, Virinchi announced operational readiness for an additional 50 beds at the facility (taking the total operational capacity to 400 beds).

Management discussion and analysis

Global economic review and outlook

The global economy grew 3.6% in 2018 compared with 3.8% in 2017, largely on account of the failure of Brexit negotiations, tightened financial conditions, geopolitical tensions and higher crude oil costs. Global growth is estimated at 3.3% in 2019. (Source: World Economic Outlook).

Global economic growth over six years

Year	2015	2016	2017(E)	2018(E)	2019 (P)
Real GDP growth (%)	3.2	3.1	3.8	3.6	3.3

[Source: World Economic Outlook, January 2019] E: Estimated; P: Projected

Indian economic overview

India emerged as the sixth largest economy in the world and retained its position as the fastest-growing trillion-dollar economy for a major part of the year under review. However, after growing 7.2% in 2017-18, the Indian economy grew at 6.8% in 2018-19 as per the provisional second advanced estimates of the Central Statistics Office.

In 2018, India attracted foreign inflow of ~USD 38 billion and witnessed a 23-notch jump to a record 77th position in the World Bank's latest report on the ease of doing business that captured the performance of 190 countries. The commencement of the US-China trade war opened new opportunities for India, particularly in the agro sector. Inflation (including food and energy prices) was pegged at 2.6% on an annual basis, one of the lowest in years and well below the Reserve Bank of India's medium-term target of 4%. The rupee rebounded to Rs.69.44 on March 31, 2019 after having touched a low of Rs.74.45 in the year under review. During the fiscal under review, the Indian Government continued to invest deeper in digitalisation, renewable energy capacity generation and infrastructure building.

Outlook

India's markets are expected to remain in a state of slowdown through 2019-20 even as the medium-term outlook appears better and the long-term outlook favourable.

Global IT sector overview

Rapid technological advancements emerged as a growth driver of the global IT industry. The US represents the largest technology market, accounting for 31% of the total global market estimated at ~ USD 1.17 trillion for 2019.

The Asia Pacific accounted for ~33% of the global IT spending. The corporate and governmental bodies account for the largest share of technology spending, while a smaller portion is derived from household spending. The major categories the industry can be broken down into comprise software, hardware and services sector, accounting for ~53% of the total industry share.

The IT sector's growth is being driven by investments in infrastructure, connected devices and widening bandwidth.

One can expect that in the near future technological solutions in the areas of cloud computing, EDGE, 5G and other infrastructural developments would emerge as the next wave.

(Source: Gartner, IDC)

Regional share of IT expenditure

Region	Share (%)
North America	33
Asia Pacific	33
Europe	22
South America	7
Africa	5

Outlook

Global IT spending is projected at USD 3.79 trillion in 2019, an increase of 1.1% from ~USD 3.747 trillion in 2018. Enterprise software and IT services could exhibit sustained growth with communication services accounting for much of the spending. Software spending is projected to grow at 9.3% in 2019 to USD 427 billion. The global public cloud service market is expected to grow from USD 182.4 billion in 2018 to USD 331.2 billion in 2022, at a compound annual growth rate (CAGR) of 12.6%. The global IoT market is projected to reach USD 318 billion by 2023 from USD 130 billion in 2018 at a CAGR of 20%.

(Source: Gartner, Forbes, Globaldata, Technology Intelligence Centre)

Short Term Retail Lending and Consumer Lending in the USA

US retail lending had USD 14,346.9 billion in total balance outstanding in 2018, registering a compound annual growth rate (CAGR) of 3% between 2014 and 2018. The mortgage credit segment had a total balance outstanding of USD 10,346.5 billion, an equivalent of 72.1% of the market's overall value. The most important factor driving the demand for credit in the US was the attractively low interest rate.

Payday loans: U.S. consumers borrow almost USD 90 billion a year in short-term, small dollar loans that typically range from USD 300 to USD 5,000. However, despite a Consumer Financial

Protection Bureau (CFPB) proposal and a friendly U.S. administration, some online lenders are avoiding payday loans. Most lenders are moving towards installment loans, which are paid back over time rather than in a single payment.

Installment loans: Installment loans are used by almost 10 million Americans annually. They spend more than USD 10 billion on fees and interest to borrow amounts ranging from USD 100 to more than USD 10,000. These loans are issued at roughly 14,000 stores in 44 States by consumer finance companies. These companies are different from lenders that issue payday and auto title loans, and attract much lower costs than those products. The loans are usually repaid in four to 60 monthly installments that are usually affordable for borrowers.

Auto equity loans: In 2017, the average amount borrowed for a new car in the USA was USD 31,099, averaging USD 515 monthly payments, while USD 21,375 was borrowed for a used car, with corresponding installments of USD 398 a month. Americans had accumulated USD 568.6 billion in auto loans by the end of 2017. More than 100 million Americans had auto loans and the total active loan amount across all U.S. lenders in 2017 was USD 1.129 trillion.

Virinchi's service offering

The Company aims to leverage and expand its product portfolio to offer digital solutions across the entire lending value chain for the sub-prime customers in the US and focus on near-prime and mainstream consumer lending industry in India.

Virinchi's QFund segment

QFund, the flagship product of Virinchi, is a technology leader in the short-term mortgage industry, managing around 5000+ points of sale and online installations, transacting around USD 20 billion annually in the US QFund provides short-term loan-related solutions like Payday Loan, Title Loan, Installment Loan, and Check Cashing for loan companies operating from

North America and UK. It manages the entire loan system from loan processing, banking integrations, loan underwriting, loan lead integration, CRM, settlements and collections. With 12 million borrowers, 20,000 lender stores and monthly 4,50,000 loans processed, Virinchi has emerged as a leader in lending management solutions for the retail micro-credit industry.

(Source: Marketresearchreports, Bloomberg, 2018 report from the Office of the Comptroller of the Currency (OCC), Pewtrusts, Forbes)

Indian healthcare industry

India's healthcare industry has grown exponentially, catalysed by increased investment from public and private investors. Global players investing through FDI have played a major role in the growth of the healthcare sector. The hospital industry in India reached Rs.4 trillion (USD 61.79 billion) in 2016-17 and is projected to reach Rs.8.6 trillion (USD 132.84 billion) by 2021-22.

[Source: IBEF]

Growth drivers of the healthcare sector

Economic growth: The GDP and economic reform programs of the Central Government indicate recovery. Consumer price inflation is expected to remain subdued, interest rates could steady and global crude oil prices could stay stable. Besides, factors like bank recapitalisation, rural consumption revival and the Insolvency and Bankruptcy Code reform could strengthen the economy.

(Source: Economic Times)

Rising income: India's per capita GDP increased from Rs.1,11,782 in 2017-18 to an estimated Rs.1,26,406 in 2018-19. The increased disposable income catalysed spending on healthcare.

Urbanisation: India is arguably the fastest urbanising country. In 2017-18, 34% of India's population was urbanised (3% increase since the 2011 Census) and anticipated to reach 36% by 2020

compared with a 51.3% urban population in China in 2011.

(Source: Census of India 2011, MoSPI, Technopak Analysis, The Economic Times)

Working population: India's urban middle-class workforce (over USD 11,000 annual income) was at 27 million or 2% of its total population with a large headroom for growth for the healthcare sector to serve this population.

(Source: Goldman Sachs)

Growing middle-class: India's wealth has grown at 9.2% per annum, faster than the global average of 6% from the year 2000, even after accounting for an annual population growth of 2.2%. This robust increase in national wealth can justifiably be expected to increase spending on healthcare.

(Source: Credit Suisse Global Wealth Report)

Emergence of technology: Owing to the increased penetration of technology, telemedicine, electronic health records, predictive analysis etc., there has been an increasing demand from consumers in terms of ease and options in healthcare services that have contributed to the growth of the healthcare industry.

Increased government support: To encourage private investment in the Indian healthcare sector, the Government of India aims to increase healthcare spending to three percent of Gross Domestic Product (GDP) by 2022.

Growing elderly population: The growing elderly population has also catalysed the growth of spending on healthcare by the Government and private investors.

Rising Foreign Direct Investment: Rising Foreign Direct Investment alongside private sector investments are contributing to the growth of the Indian healthcare industry. From April 2000 to March 2019, FDI inflow into the drugs and pharmaceuticals sector stood at USD 15.98 billion, while inflows into sectors such as hospitals, diagnostic centres and medical appliances stood at USD 6.09 billion and USD 1.82 billion respectively.

Medical tourism: Medical tourism is one of the driving factors behind the growth of the healthcare industry in India. The market for medical tourism in India is estimated to reach USD 6.0 billion in 2018 from USD 3.0 billion in 2017. The number of Foreign Tourist Arrivals (FTAs) in India on a medical visa grew 15.9% year-on-year to an estimated 4,95,056 in 2017 from 4,27,014 in 2016.

Outlook

The Indian healthcare industry is one of the fastest growing sectors. It is anticipated that the industry could reach a size of USD 372 billion by 2022. India has also become one of the leading destinations for high-end diagnostic services with high capital investment for advanced diagnostic facilities.

(Source: IBEF, July 2019)

0.9

Beds per 1,000 people in India

3.5

Beds per 1,000 people recommended by WHO

0.78

Doctor per 1,000 people in India

1

Doctor per 1,000 people recommended by WHO

(Source: IBEF, KPMG, CIA)

Company overview

Founded in 1990, Virinchi Limited is a fintech, IT and healthcare company. The Company has an IT clientele spread across North America, Europe, Middle East and Asia Pacific. With a high expertise in analytics, IT services and healthcare delivery, Virinchi offers an array of products and solutions.

Financial analysis

Profit and loss account analysis

Gross revenues: Gross revenues increased by 20.33% to Rs.411.12 crore in 2018-19, compared to Rs.342.50 crore in 2017-18 on the strength of the IT Products revenue increasing to Rs.178.43 crore in 2018-19 compared to Rs.129.10 crore in 2017-18 and the healthcare revenue increasing to Rs.141.43 crore in 2018-19 compared to Rs.101.05 crore in 2017-18.

Operating profit (EBITDA): Operating profit increased by 28.12% to Rs.124.18 crore during 2018-19 from Rs.96.92 crore during 2017-18, largely due to an improvement in operational efficiencies. The operating margin for 2018-19 was 30.21% compared to 28.30% during 2017-18.

Depreciation & amortisation:

Depreciation & amortisation stood at Rs.35.97 crore in 2018-19, compared to Rs.33.38 crore in the previous year, up by 7.75% on a y-o-y basis, primarily on account of an addition of assets in the healthcare business and amortisation of goodwill on account of the merger of Bristlecone Hospitals with Virinchi Limited.

Finance costs: Finance costs increased by Rs.4.06 crore from Rs.18.01 crore to Rs.22.07 crore in 2018-19 because of an increase in borrowings in the healthcare business. The interest coverage ratio for 2018-19 was 4.00, indicating that the Company was comfortable in addressing interest payment obligations.

Tax expenses: Tax expenses stood at Rs.7.22 crore in 2018-19, which included current tax expenses worth Rs.14.01

crore and deferred tax charges worth Rs.6.76 crore.

Net profit: Net profit stood at Rs.58.92 crore in 2018-19, a 78.43% increase over the previous year. The net margin for 2018-19 was 14.33% compared to 9.64% during 2017-18, due to a fall in employee costs as a percentage of depreciation & amortization and interest as a percentage of revenue respectively.

Balance Sheet analysis

Net worth: The Company's net worth stood at Rs.317.27 crore as on March 31, 2019, an increase of 24.48% compared to Rs.254.89 crore as on March 31, 2018. The net worth comprised paid-up equity share capital amounting to Rs.31.17 crore comprising 3,11,70,734 equity shares of Rs.10 each (fully-paid up) and minority interest of Rs.-0.50 crore, reserves and share premium of Rs.280.50 crore and money received against share warrants of Rs.6.10 crore.

Return on net worth: The return on Net worth improved from 14.31% in 2017-18 to 20.60% in 2018-19 due to a higher rate of growth in net profit (78.43%) vis-à-vis the growth rate in net worth (24.48%).

Loan funds: Loan funds stood at Rs.162.21 crore. While long-term borrowings stood at Rs.106.31 crore, short-term borrowings amounted to Rs.55.90 crore.

Debt-Equity ratio: The debt-equity ratio for 2018-19 was 0.51 compared to 0.58 for 2017-18. Even as total debt increased by Rs.14.21 crore from Rs.148.01 crore in 2017-18 to Rs.162.20 crore in 2018-19, the debt equity ratio decreased to 0.51 due to a higher increase in net worth (Rs.59.83 crore in reserves and Rs.2.95 crore increase in paid-up capital)

Total assets: Total assets increased to 534.80 crore in 2018-19 from Rs.493.50 crore in 2017-18, an increase of 8.37%.

Non-current investments: Non-current investments decreased to Rs.0.29 crore from Rs.1.23 crore in the previous year.

Inventories: Inventories decreased by 17.52% to Rs.8.48 crore from Rs.10.29 crore in the previous year.

Sundry debts: Sundry debts of the Company stood at Rs.76.65 crore, amounting to 68 days of receivables, compared to 84 days of receivables the previous year.

Loans and advances: Total loans and advances amounted to Rs.56.74 crore, comprising 10.61% of the Company's total assets. Short-term loans and advances for the year stood at Rs.47.17 crore (a decrease of 5.24% over the previous year), which were primarily advances made to the newly set-up healthcare subsidiary.

Cash and cash equivalents: Cash and cash equivalents amounted to Rs.9.03 crore as on March 31, 2019 compared to Rs.9.86 crore as on March 31, 2018.

Current liabilities: Current liabilities stood at Rs.103.66 crore, comprising short-term borrowings worth Rs.55.9 crore, trade payables worth Rs.19.81 crore and short-term provisions worth Rs.27.94 crore.

Risk mitigation

Regulatory risk: In the case of IT Products, changes in government's policies could affect the Company's business. Virinchi keeps an ongoing vigil on regulatory interventions resulting in a pre-emptive protective approach wherever possible.

Technology disruption risk: Virinchi works closely with customers to comprehend their prevailing realities with the objective of transforming their responsiveness to market realities and protect/enhance their competitiveness.

Currency appreciation risk: Virinchi recognises that this reality is perpetual and not under their control. The Company continues to moderate costs and responds with proactive hedging to protect/capitalise on the prevailing reality.

Competition risk: In the case of healthcare, increase in the number of players in the industry might lead to an increase in competition for the Company. The Company has built highly developed facilities, which have the ability to service patients at an affordable cost.

Internal control systems and their adequacy

The Company's robust and intricate internal control systems ensure there is efficient use and protection of resources and compliance with policies, procedures and statutory requirements. We have developed well-documented guidelines, procedures for authorisation and approvals at the time of carrying out various activities/incurring expenditure and processes such as audits to verify that the systems are adhered to. Integral to the overall governance, we have a well-established internal audit framework which extensively covers all aspects of financial and operational controls, in all units, functions and departments. The Company also has an efficient financial reporting system in place. Our internal audit team consists of senior members across various functional departments some of whom are also key managerial personnel of the Company. They actively engage in the evaluation and improvement of various functions and activities of the Company including restaurant operations and other support functions and departments. The Company also has an Internal Audit cell, which supports the Audit Committee besides performing independent review of internal controls, operating systems and procedures by external auditors.

Human resources

The Company had employed 2060 officers and workmen in its employment as on March 31, 2019. Increase in the value of human capital through the development of individual and

collective competencies has helped the Company stay in step with market developments and requirements. The Company implemented programs and projects related to skill development and up-gradation of employee competence. Programmes of knowledge sharing were conducted and a number of innovative ideas received from employees were implemented, enhancing quality, optimising cost and increased productivity.

Cautionary statement

The statements in the 'management discussion and analysis' section describing the Company's objectives, projections, estimates and prediction may be considered as forward looking statements. All statements that address expectations or projections about the future, including but not limited to statements about the Company's strategy for growth, product development, market positioning, expenditures and financial results are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realised. The Company's actual results, performances or achievements may thus differ materially from those projected in such forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statement on the basis of any subsequent developments, information or events.

To avoid duplication and repetition, certain heads of information required to be disclosed in the Management Discussion and Analysis have been included in the Board's Report.

Notice of Annual General Meeting

NOTICE is hereby given that the **30th Annual General Meeting** of the Members of the Company will be held on Saturday, the 28th day of September, 2019, at 11.30 AM at 8-2-672/566, Conference Hall, 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, 2019, 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, 2019, together with the Report of the Auditors thereon.
2. To appoint a Director in place of Mr. K. Sri Kalyan (DIN03137506) who retires by rotation, and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

Item# 3. Regularisation of Mr. J. Suresh as Director of the Company

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT Mr. J. Suresh (DIN 08369715), who was appointed as an Additional Director of the Company with effect from 28th February, 2019 by the Board of Directors and who holds office upto the date of this Annual General Meeting of the Company under Section 161(1) of the Companies Act, 2013 (the Act) but who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act, from a member, proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company."

Item# 4. Appointment of Mr. J. Suresh as an Independent Director

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions, if any, of

the Companies Act, 2013 ("Act") and the Rules framed there under (including any statutory modification(s) or reenactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. J. Suresh (holding DIN 083669715), a non executive Independent Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company to hold office for five (5) consecutive years commencing from 28th February, 2019, not liable to retire by rotation."

Item# 5 Regularisation of Mr. M.V Srinivasa Rao as Director of the Company

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT Mr. M.V Srinivasa Rao (DIN00816334), who was appointed as an Additional Director of the Company with effect from 12th November, 2018 by the Board of Directors and who holds office upto the date of this Annual General Meeting of the Company under Section 161(1) of the Companies Act, 2013 (the Act) but who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act, from a member, proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company."

Item# 6 Appointment of Mr. M.V. Srinivasa Rao as Executive Director of the Company

To consider and if thought fit, to pass, with or without modification(s) the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of sections 196, 197 of the Companies Act, 2013 read with the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modifications or re-enactment thereof for the time being in force), as approved by the Nomination and remuneration cum compensation committee and Audit committee, consent of members be and is hereby accorded for appointment of Mr. M.V.Srinivasa Rao (DIN:00816334) as the Executive Director of the Company for a period of Five years w.e.f. 12th November, 2018 on the

remuneration, terms and conditions as recommended by the Nomination & Remuneration Committee.

"RESOLVED FURTHER THAT Mr. M.V. Srinivasa Rao, Executive Director will also be entitled for the reimbursement of actual entertainment, travelling, boarding and lodging expenses incurred by him in connection with the Company's business and such other benefits/amenities and other privileges as any from time to time, be available to other Senior Executives of the Company."

"RESOLVED FURTHER THAT in the event in any financial year during his tenure, the Company does not earn any profits or earns inadequate profits as contemplated under the provisions of Schedule V to the Companies Act, 2013, the Company may pay, remuneration in accordance with the limits as per the provisions of Schedule V of Companies Act, 2013"

Item# 7 Re-Appointment of Mr. Ramam Madu as an Independent Director

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 Sections 149, 152 and any other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the Rules framed there under the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory

modification(s) or reenactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Ramam Madu (holding DIN 02566258), a non executive Independent Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for re-appointment, be and is hereby re-appointed as an Independent Director of the Company to hold office for five (5) consecutive years commencing from 30th September, 2019, not liable to retire by rotation."

By Order of the Board
For VIRINCHI LIMITED

K. Ravindranath Tagore

Company Secretary

M.No.: A18894

Date: 29.08.2019

Place: Hyderabad

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 is annexed hereto.
4. The Register of Members / Register of Beneficiaries and Share Transfer books of the Company will remain closed from 22nd September, 2019 to 28th September 2019 (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, 2009-10, 2010-11 to IEPF.

Year	Type of Dividend	Dividend Per share Rs.	Date of Declaration	Due Date of Transfer	Amount in Rs.
2011-12	Final	0.50	29/09/2012	03/11/2019	3,19,927

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 30th 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 30th AGM 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 30th AGM and the Annual report for the FY 2018-19 will be available on the company's website i.e., www.virinchi.com.
 17. The facility for voting, either through electronic voting system or ballot or polling paper are available at the meeting and members attending the meeting who have not already cast their vote by remote e-voting are entitled to exercise their right at the meeting; The members who have cast their vote by remote-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again;
 18. The Register of Directors and Key Managerial personnel and their shareholding, maintained under section 170 of the Act, and the Register of Contracts or Arrangements in which directors are interested, maintained under section 189 of the Act, will be available for inspection by the members at the AGM.
 19. All documents referred to in the Notice will be available for inspection at the Company's registered Office during normal business hours on working days up to the date of AGM.

20. During the period beginning 24 hours before the time fixed for the commencement of the AGM and until the conclusion of the Meeting, a member would be entitled to inspect the proxies lodged during the business hours of the company, provided that not less than three days of notice in writing is given to the company.

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, and Regulation 44 of the SEBI (LODR) Regulations, 2015 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 30th Annual General Meeting (AGM) to be held on 28.09.2019. 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 Wednesday, 25th September, 2019 at 9.00 a.m. and ends on Friday, 27th September, 2019 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, 2019 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter

- a) 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	For Members holding shares in Physical
For NSDL: 8 Character DP ID followed by 8 Digits Client ID	Folio Number registered with the company
For CDSL: 16 digits beneficiary ID	
 - 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). <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository participant 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 the number 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	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
Account Details	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.

- b) 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

Place: Hyderabad

Company Secretary

Date: 29.08.2019

M.No.: A18894

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

1. Name of the Director	J. Suresh
Date of Birth	15/09/1977
Qualifications:	B.Com, LL.M
Expertise in Specific Functional Areas:	He has more than 12 years of experience in the areas of legal and practicing in the high courts in the matters of Criminal, Civil and Writ petitions etc..
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 31.03.2019	NIL
Relationship between directors inter-se/ Key Managerial Personnel	There is no relationship with other directors on the board & KMP.
Details of Last Remuneration Drawn	NIL
Date of First appointment of Board	28/02/2019
Number of Meeting of the Board attended during the financial year (2018-19)	NIL
2. Name of the Director	M.V.Srinivasa Rao
Date of Birth	8th April, 1968
Qualifications:	B.E (ECE), MBA, IIM, Ahmedabad
Expertise in Specific Functional Areas:	27 years of experience in Management Consulting and Industry. Worked with Deloitte Touche Tohmatsu India Private Limited for 18 years and was in-charge of the Management Consulting practice for Hyderabad market for 11 years. Worked with Best & Crompton Engineering Projects Limited, an EPC company for 5 years in the area of corporate finance. Working with Virinchi Limited in the corporate group for close to two years. Experience spans across various verticals such as IT/ITES, Steel, Fertilizer, Cement, Pharmaceutical, Media & Entertainment, Healthcare and Education. Experience on horizontals spans across corporate finance and strategy & operations. Corporate finance experience includes corporate restructuring for value unlocking, mergers & acquisitions, business and brand valuations, equity & debt fund raising and corporate debt restructuring. Strategy & operations experience includes business strategy formulation and implementation, total cost management through shop floor workflow management, and supply chain management and performance improvement through streamlining of organizational systems and procedures and implementation of performance assessment & monitoring systems.
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 31.03.2019	NIL
Relationship between directors inter-se/Key Managerial Personnel	There is no relationship with other directors on the board & KMP.
Details of Last Remuneration Drawn	Rs.16,37,354
Date of First appointment of Board	12th November, 2018
Number of Meeting of the Board attended during the financial year (2018-19)	2
3. Name of the Director	Ramam Madu
Date of Birth	15-05-1960
Qualifications:	B.A. B.L
Expertise in Specific Functional Areas:	35 years of experience in administration, management and legal fields. He is presently practicing as Advocate in High court of Telangana.
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 31.03.2019	250
Relationship between directors inter-se/Key Managerial Personnel	There is no relationship with other directors on the board & KMP.
Details of Last Remuneration Drawn	No Remuneration paid to him except the sitting fees for attending the meetings.
Date of First appointment of Board	11-05-2011
Number of Meeting of the Board attended during the financial year (2018-19)	9
4. Name of the Director	K.Sri Kalyan
Date of Birth	17-08-1979
Qualifications:	B.E (Mech. Engg.), MBA (SCM)
Expertise in Specific Functional Areas:	He has worked for seven years in Tecumseh Products India Private Limited in Quality Assurance, Production and Project Management and has Four years of Administration and Operations experience. He is a certified ISO 9001 internal auditor, ISO 14001 Lead Auditor and an in-house trainer for Lean Manufacturing and Six Sigma. As the head of the Manufacturing unit, he has worked on several cost saving and quality improvement projects involving TPM and SPC and Quality Circle Techniques. He is a post graduate from SP Jain Centre of Management, a leading B- School in Asia and has specialized in Global Logistics and Supply Chain Management.
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 31.03.2019	50,000
Relationship between directors inter-se/Key Managerial Personnel	There is no relationship with other directors on the board & KMP.
Details of Last Remuneration Drawn	Rs. 31,53,504 p.a.
Date of First appointment of Board	12-08-2013
Number of Meeting of the Board attended during the financial year (2018-19)	9

EXPLANATORY STATEMENT UNDER SECTION 102 OF THE COMPANIES ACT, 2013

Item No 3

Mr. J. Suresh, was appointed as an Additional Director of the Company with effect from 28th February, 2019 by the Board of Directors under Section 161, 149 (1) of the Act. In terms of Section 161(1) of the Act, Mr. J. Suresh holds office only upto the date of the forthcoming AGM but is eligible for appointment as a Director. A notice under Section 160(1) of the Act has been received from a member, signifying intention to propose Mr. J. Suresh as a Director.

The Directors are of the view that the appointment of Mr. J. Suresh, as Director will be beneficial to the operations of the Company and hence said resolution being placed before the members for their approval. Except Mr. J. Suresh, none of the Directors and Key Managerial Personnel of the Company or their respective relatives are concerned or interested in this resolution.

Your Board recommends the resolution set out in Item No. 3 for approval of the members as Ordinary resolution.

Item No 4

Mr. J. Suresh, being eligible and offers himself for appointment as Independent Director of the company. It is proposed to be appointed as Independent Directors for five (5) consecutive years commencing from 28th February, 2019, respectively. Except Mr. J. Suresh, none of the Directors and Key Managerial Personnel of the Company and their respective relatives, in any way concerned or interested, financially or otherwise, in the resolution set out at Item No. 4 respectively of the Notice.

In the opinion of the Board, Mr. J. Suresh fulfills the conditions specified in the Companies Act, 2013 for such appointment. Your Board recommends the resolution set out in Item No. 4 for approval of the members as Ordinary resolution.

Item No 5

Mr. M. V. Srinivasa Rao, was appointed as an Additional Director of the Company with effect from 12th November, 2018 by the Board of Directors under Section 161, 149 (1) of the Act. In terms of Section 161(1) of the Act, Mr. M. V. Srinivasa Rao holds office only upto the date of the forthcoming AGM but is eligible for appointment as a Director. A notice under Section 160(1) of the Act has been

received from a member, signifying intention to propose Mr. M.V. Srinivasa Rao as a Director. The Directors are of the view that the appointment of Mr. M.V. Srinivasa Rao, as Director will be beneficial to the operations of the Company and hence said resolution being placed before the members for their approval.

Except Mr. M.V. Srinivasa Rao, none of the Directors and Key Managerial Personnel of the Company or their respective relatives are concerned or interested in this resolution.

Your Board recommends the resolution set out in Item No. 5 for approval of the members as Ordinary resolution.

Item No 6

Mr. M V Srinivasa Rao is appointed as an Additional Director of the Company on 12th November, 2018. In terms of the Corporate Governance Guidelines of the Company and pursuant to the recommendation of the Board Governance, Nomination and Compensation Committee the Board of Directors and subject to approval of the members and in compliance with section 196 & 197 of Companies act, 2013 read with rules thereof and Schedule V of the Companies Act, 2013 proposed for the appointment of Mr. M. V. Srinivasa Rao as Executive director of the company for a period from 12th November, 2018 to 11th November, 2023 on the remuneration, terms and conditions as recommended by the Nomination & Remuneration cum compensation Committee. Your Directors recommend that the said resolution may be passed as an Ordinary resolution. The details of remuneration payable to Mr. M V Srinivasa Rao and the terms and conditions of the appointment are given below:

Salary: Rs.3,83,333/- per month. Upon approval by the members, a separate agreement to give effect to the above terms will be executed by and between the Company and Mr. M V Srinivasa Rao.

The Board of Directors recommends the resolution in relation to the appointment of Executive Director, for the approval of the members of the Company. Notice has been received from member signifying their intention to propose appointment of Mr. M V Srinivasa Rao as Executive Director of the Company.

The disclosure under SEBI (LODR) Regulations, 2015 is provided at Annexure to this Notice. Except Mr. M V Srinivasa Rao and their relatives, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise in this resolution set out at item no. 6.

Your Board recommends the resolution set out in Item No. 6 for approval of the members as Ordinary resolution.

Item No 7

Mr. Ramam Madu, being eligible and offers himself for re-appointment as Independent Director of the company for a further period of 5 years. It is proposed to be re-appointed as Independent Directors for five (5) consecutive years commencing from 30th September, 2019, respectively. Except Mr. Ramam Madu., none of the Directors and Key Managerial Personnel of the Company and their respective relatives, in any way concerned or interested, financially or otherwise, in the resolution set out at Item No. 7 respectively of the Notice.

In the opinion of the Board, Mr. Ramam Madu fulfills the conditions specified in the Companies Act, 2013 for

such re-appointment. His guidance is very useful to the Company and also holding the position of Chairman of Audit Committee and other Committees.

Your Board recommends the resolution set out in Item No. 7 for approval of the members as Special resolution.

BY ORDER OF THE BOARD
For VIRINCHI LIMITED

Place: Hyderabad

Date: 29.08.2019

K. Ravindranath Tagore

Company Secretary

M.No.: A18894

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

Directors Report

Dear Shareholders,

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, 2019. The Consolidated Performance of your Company and its subsidiaries has been referred to wherever required.

Financial Highlights

(Rs In Lacs)

Particulars	Consolidated		Standalone	
	2018-19	2017-18	2018-19	2017-18
Total Income	41,111.59	34,249.51	17,373.99	17,288.44
Profit before finance Cost, Depreciation & Amortization, Taxation & Exceptional Item	12,421.06	9,692.06	5,978.94	5,435.45
Less: Finance Cost	2,207.29	1,800.62	984.94	696.93
Depreciation and Amortization Expenses	3,600.20	3,337.50	2,060.95	2,374.49
Profit before Tax & Exceptional items	6,613.57	4,553.94	2,933.06	2,364.02
Less: Exceptional items	-	-	-	-
Profit Before Tax	6,613.57	4,553.94	2,933.06	2,364.02
Less: Tax Expenses (Including Deferred Tax)	721.65	1,251.55	785.28	626.57
Profit before minority interest	5,891.93	3,302.39	2,147.77	1,737.46
Less: Minority Interest	-	0.96	NA	NA
Profit After Tax	5,891.93	3,301.43	2,147.77	1,737.46

STATE OF AFFAIRS/COMPANY'S PERFORMANCE

Consolidated Revenues: The total consolidated income of the Company for the FY 2018-19 is Rs.41,111.59 Lakhs as against Rs34,249.51 Lakhs in FY 2017-18

Standalone Revenues: The total income of the Company for the FY 2018-19 is Rs.17,373.99 Lakhs as against Rs. 17,288.44 Lakhs in FY 2017-18

Consolidated profits:

Profit before Tax (PBT) stood at Rs. 6613.57 Lakhs as against Rs. 4553.94 Lakhs for the previous year.

Profit after Tax (PAT) stood at Rs. 5891.93 Lakhs as against Rs. 3302.39 Lakhs for the previous year.

Standalone profits:

Profit before Tax (PBT) stood at Rs. 2933.06 Lakhs as against Rs. 2364.02 Lakhs for the previous year. Profit after Tax (PAT) stood at Rs. 2147.77 Lakhs as against Rs. 1737.46 Lakhs for the previous year.

RESERVES AND SURPLUS

During the year the Company has transferred an amount of Rs.2147.77 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, Outbullapur 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 same has been dismissed by the High court and gave the verdict in favour of the company.

Virinchi Health Care Private Ltd (VHPL)

During the year under review, the flagship hospital at the prime location of Banjara Hills in Hyderabad, obtained NABL accreditation, which is in addition to the existing NABL accreditation.

The hospital super-specialty hospital delivers over 40 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 170 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.

The two units of Bristlecone Hospitals at Barkathpura and Hayathnagar with combined bed strength of 200, run a units of Virinchi Limited have been transferred to Virinchi Healthcare Private Limited through slump sale, effective April 1, 2018.

During the year under review FY 2018-19, VHPL made a total revenue of Rs 141.77 Crores and EBIT of Rs. 13.17 Crores vis-a-vis Rs. 67.49 Crores Revenue and Rs. 3.21 Crores of EBIT in FY 2017-18.

Virinchi Learning Private Ltd

With a focus to impart skilling & up-skilling to the unemployed youth, Virinchi Learning is working together with National Skill Development Council (NSDC), a Govt. of India Organization. Virinchi Learning is offering the skill development courses to the students in the below detailed sector specific courses:

In healthcare Domain:

- 1) General Duty Assistant
- 2) Diabetic Educator
- 3) Dialysis Technician
- 4) Operating theater Technician

In biotechnology:

- 1) Animal care Technician
- 2) Enzymology
- 3) Toxicology

Each course covers 570 hours of classroom training and hands on practical training in group hospitals under the guidance of experienced faculty. To track progress and help in learning, a sophisticated Learning Management Portal is designed for our students. In the last financial year 2018-19, we have imparted training to 731 students and have placed them all with a 100% placement record.

With an objective to provide superior class skill development to the students with a negligible amount of fees, we are aiming to train 1000 Students in the current financial year."

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 55 employees in KSoft as on 31st March, 2019.

For the year under review the total income is Rs. 103.46 Crores as against Rs.96.60 Crores in 2017-18 and the EBIT is Rs.35.78 Crores as against Rs.29.85 Crores in 2017-18.

Slump Sale

During the year the company successfully completed the slump sale of Healthcare Business of the Company to M/s. Virinchi Health Care Private Limited (VHPL), a Wholly Owned Subsidiary of the Company.

Virinchi Hospital has completed two and half years of operations since launch of Phase 1 of the 600 bed flagship facility at Banjara Hills by the end of December 2018. The healthcare operations over the past two and half years on a consolidated basis have stabilized reporting total healthcare revenues of Rs.141.43 crores and EBITDA of Rs. 16.74 crores for the 12 month period ended March 31, 2019 across 550 operating beds (350 at Banjara Hills & 200 in two smaller facilities).

in consonance with the objective of consolidation the healthcare business in Virinchi Limited (Virinchi) is being transferred to Virinchi Healthcare Private Limited (VHPL), the 100% subsidiary of Virinchi through slump sale. All

healthcare business will be carried out through VHPL with the consolidation of healthcare business in one entity and the unit wise cash flows being sufficient to take care of all operating costs of each of the unit respectively, healthcare business is well placed for expansion.

The company took approval from the shareholders of the company by way of postal ballot for the transfer of health care business to M/s. Virinchi Health Care Private Limited (VHPL), a wholly owned subsidiary of the Company for a FULL CONSIDERATION OF Rs. 4557 Lakhs

Directors

In accordance with the provisions of Section 152 of the Act and the Company's Articles of Association, Mr. K. Sri Kalyan, Director retires by rotation at the forthcoming Annual General Meeting and, being eligible offers himself for re-appointment. The Board recommends his re-appointment for the consideration of the Members of the Company at the forthcoming Annual General Meeting. Brief profile of Mr. K. Sri Kalyan has been given in the Notice convening the Annual General Meeting.

Appointments:

During the year under review, the Board of Directors on recommendation of the Nomination and Remuneration Committee appointed Mr. M.V. Srinivasa Rao as an Executive Director on the Board of Directors of the Company in accordance with Section 196 of the Act, with effect from 12th November, 2018 to hold office for a term of 5 (five) consecutive years.

During the year under review, the Board of Directors on recommendation of the Nomination and Remuneration Committee appointed Mr. J. Suresh as an Independent Director on the Board of Directors of the Company in accordance with Section 149(4) of the Act, with effect from February 28th, 2019 to hold office for a term of 5 (five) consecutive years.

The Board of Directors on recommendation of the Nomination and Remuneration Committee also approved for re-appointment of Mr. Ramam Madu as Independent Non-Executive Director for another term of 5 Years from 30th September, 2019. His guidance is very useful to the Company and also holds the Chairmanship of Audit Committee and other Committees.

Cessations:

Mr.Samad. A. Momin and Mr. K. Krishna resigned to the office of Director to pursue other interest and commitments w.e.f 29th August, 2018. Tan Kunasingam V. Sittampalam resigned to the office of Director to pursue other interest and commitments w.e.f 22nd March, 2019

The Directors place on record their deep appreciation for their valuable guidance and assistance received during the tenure as a Director and Chairman / Member of various committees of the Board of Directors of the Company.

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, 21,72,684 equity shares were allotted on exercise of the options vested under the Employee Stock Option Scheme and 1,60,000 equity shares were allotted to the promoters under the Chapter VII of the SEBI (ICDR) Regulations, 2018 and admitted for trading on BSE. Consequently, the Equity Share Capital of your Company increased from 2,82,18,050 equity shares of Rs.10/- each to 3,11,70,734 shares of Rs.10/- each as on March 31, 2019.

Particulars	As at 31st March, 2019		As at 31st March, 2018	
	Number of Shares	Rs.	Number of Shares	Rs.
Equity Shares				
Share capital				
(a) Authorised Equity Shares of Rs.10/- each	40,000,000	40,00,00,000	40,000,000	40,00,00,000
b) issued Subscribed and fully paid up: Equity Shares of Rs. 10/- each	3,11,70,734	31,17,07,340	28,218,050	282,180,500
	3,11,70,734	31,17,07,340	28,218,050	282,180,500

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

Particulars	As at 31st March, 2019		As at 31st March, 2018	
	Number of Shares	Rs.	Number of Shares	Rs.
Equity Shares				
Shares outstanding at the beginning of the year	28,218,050	282,180,500	26,684,550	266,845,500
Add: issued and allotted during the year	-	-	-	-
i. Allotment of shares pursuant to VESOS	21,72,684	2,17,26,840	133,500	1,335,000
iii. Allotment of shares under preferential issue guidelines	1,60,000	16,00,000	1,400,000	14,000,000
Less; Shares bought Back during the year	-	-	-	-
Shares outstanding at the end of the year	3,11,70,734	31,17,07,340	28,218,050	282,180,500

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.

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 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://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.

Pursuant to the SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018, which is effective from April 1, 2019, the Board has formulated a Code of Conduct to regulate, monitor and report trading by insiders and the Board has also adopted a code of practices and procedures for fair disclosure of unpublished price sensitive information.

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

Key Managerial Personnel

Mr. K Sri Kalyan, Whole Time Director, Ms. G. Santhi Priya, Whole Time Director & CFO 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://virinchi.com/pdf/familiarisation-programme-to-independent-directors.pdf>

Transfer of unclaimed dividend and corresponding equity shares

Pursuant to the provisions of Companies Act, 1956/2013, the unclaimed dividend amount pertaining to the financial year 2011-12 is due for transfer to Investor Education and Protection Fund (IEPF) and also the corresponding equity shares.

Particulars of Loans, Guarantees or Investments by the Company

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Act are given in the notes to Financial Statements forming a part of this annual report.

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

Virinchi Health Care Private Ltd and KSoft Systems Inc., are the Material subsidiaries of the company as per the thresholds laid down under the Listing Regulations. The Board of Directors of the Company has approved a Policy for determining material subsidiaries which is in line with the Listing Regulations as amended from time to time. The Policy was revised effective from April 1, 2019 in line with the amendments made to the Listing Regulations. The Policy has been uploaded on the Company's website at <http://virinchi.com/pdf/materialityPolicy.pdf>

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

- number of complaints filed during the financial year - NIL
- number of complaints disposed of during the financial year -NIL
- number of complaints pending as on end of the financial year - NIL

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 11th March, 2019 without the presence

of Executive Directors and management personnel. All the Independent Directors attended the meeting.

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
- Policy for Determining material subsidiary

The link for accessing the above policies is <http://corporate.virinchi.com/policies.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, 2019, 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 assets of 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, 2019 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, 2019.

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-K 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

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 stated 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 - E.

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.

STATUTORY INFORMATION AND OTHER DISCLOSURES

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo

pursuant to Section 134(3)(m) of the Act, read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 is annexed as Annexure F and forms an integral part of this Report. The Disclosure required under Section 197(12) of the Act read with the Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed as Annexure 'A' and forms an integral part of this Report. A statement comprising the names of top 10 employees in terms of remuneration drawn and every persons employed throughout the year, who were in receipt of remuneration in terms of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed as Annexure 'B' and forms an intergral part of this annual report. The above Annexure is not being sent along with this annual report to the members of the Company in line with the provisions of Section 136 of the Act. Members who are interested in obtaining these particulars may write to the Company Secretary at the Registered Office of the Company. The aforesaid Annexure is also available for inspection by Members at the Registered Office of the Company, 21 days before and up to the date of the ensuing Annual General Meeting during the business hours on working days.

None of the employees listed in the said Annexure is a relative of any Director of the Company. Except Mr. Viswanath Kompella, Founder of Virinchi who is on contract employment in the capacity of Advisor None of the employees hold (by himself or along with his spouse and dependent children) more than two percent of the Equity Shares of the Company.

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

9(Nine) 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.

Pursuant to Section 129(3) of the Act read with Rule 5 of the Companies (Accounts) Rules, 2014, a statement containing salient features of the financial statements of Subsidiaries/ Associate Companies/Joint Ventures is given in Form AOC-1 as Annexure-H which forms an integral part of this Report.

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 - C to this report.

EXTRACT OF ANNUAL RETURN:

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

The Annual Return of the company has been published on the website of the company at www.virinchi.com

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

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-G

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-I

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.

Maintenance of Cost Records

The maintenance of Cost Records as specified by Central Government under section 148(1) of Companies Act, 2013 is not applicable.

Report on Corporate Governance

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

The particulars of Energy conservation, Technology Absorption, Foreign Exchange earnings & outflow required under Companies (Accounts) Rules, 2014 is given as Annexure-F.

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, 2019) and the date of the report (August 29th , 2019).

CAUTIONARY STATEMENT

Statements in this Directors' Report and Management Discussion and Analysis Report describing the Company's objectives, projections, estimates, expectations or predictions may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make difference to the Company's operations include Human Resources availability, changes in Government regulations, Tax

regimes, economic developments within India and the countries in which the Company conducts business and other ancillary factor.

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

G. Santhi Priya

Chairperson &
Whole Time Director
DIN: 03114319

Date: 29.08.2019
Place: Hyderabad

Annexure-A

STATEMENT OF DISCLOSURE OF REMUNERATION

Pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Sl. No	Requirements	Disclosure	
1	The ratio of the remuneration of each director to the median remuneration of all the employees of the Company for the financial year.	Name of the Director	Ratio (In X Times)
		G. Santhi Priya	12.82
		K. Sri Kalyan	9.62
		M.V.Srinivasa Rao	4.99
		a. The Median Remuneration of all the employees of the company was Rs. 3,27,886	
		b. For this purpose sitting fees paid to the directors has not been considered as remuneration.	
2	The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary in the financial year	Name of the Director	% increase in Remuneration
		G. Santhi Priya	33.44
		K. Sri Kalyan	40.16
		M.V.Srinivasa Rao	NA
		K.Ravindranath Tagore - Company Secretary	86.89
		K.Kalpana*	-
		M.Ramam*	-
		J.Suresh*	-
3	The percentage increase/decrease in the median remuneration of employees in the financial year.	During FY 2019, the percentage Increase/decrease in the median remuneration of employees as compared to previous year was approximately 31%	
4	The number of permanent employees on the rolls of Company.	There were 660 employees as on March 31, 2019	
5	The Average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentage increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	Average increase in remuneration is 1.67% for Employees other than Managerial Personnel and 53.5% for Managerial Personnel*	
6	Affirmation that the remuneration is as per the remuneration policy of the Company.	Yes, It is confirmed	

Note: The Independent Directors in the company does not receive any remuneration from the company apart from the sitting fees for attending board and committee meetings.

*Note: The Increase in Managerial Remunerations is mainly due to the perquisite on the ESOPS allotted.

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2018-19

Requirements	Disclosure
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. G. Santhi Priya
3. Average net profit of the Company for last three financial years	Rs. 14,57,37,012
4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above)	Rs. 29,14,740
a. Total amount spent for the financial year 2018-19.	Rs. 46,00,000
b. Amount unspent, if any	Nil

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, Health, Sanitation	Distircts of Anantapur in Andhra Pradesh	Rs. 29.14 Lacs	Rs.46 Lacs	Rs.46 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: 29.08.2019

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

Ramam Madu
CSR Committee Chairman
DIN : 0256258

Annexure-D

Annexure to Boards Report

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2019

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# 040-48199999 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	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

SN	Name and address	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Virinchi Infra and Realty Private Limited Address: 8-2-672/5&6, 2nd Floor, Road no. 1 Banjara Hills, Hyderabad -500034 CIN: U45209TG2012PTC084900	Subsidiary	100%	Sec.2(87)(ii)
2.	Tyohar Foods Private Limited Address: 8-2-672/5&6, 6th Floor, Road no. 1 Banjara Hills, Hyderabad -500034 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)

SN	Name and address	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: Address: 8-2-672/5&6, 1st Floor, Road no. 1 Banjara Hills, Hyderabad-500034 CIN: U72200TG2010PTC069967	Subsidiary	100%	Sec.2(87)(ii)
6.	Virinchi Media And Entertainment Private Limited Address: 8-2-672/5&6, 7th Floor, Road no. 1 Banjara Hills, Hyderabad-500034) 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: 8-2-672/5&6, 5th Floor, Road no. 1 Banjara Hills, Hyderabad-500034 CIN : U72200TG2010PTC070100	Subsidiary	100%	Sec.2(87)(ii)
9.	Tensor Fields Consultancy Services Private Limited Address: 8-2-672/5&6, 6th Floor, Road no. 1 Banjara Hills, Hyderabad-500034 CIN:U74900TG2015PTC101115	Subsidiary	100%	Sec.2(87)(ii)
10.	Virinchi Combinatorics and Systems Biology Private Limited Address: 6-3-2, 6-3-3, 6-3-3/1, 5th Floor, Ashoka Metro Politon Build, Road No. 1, Banjara Hills, Hyderabad-500034 CIN:U74999TG2016PTC110019	Subsidiary	100%	Sec.2(87)(ii)

IV) Shareholding 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 (As on 1st April, 2018)				No. of Shares held at the end of the year (As on 31st March, 2019)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
1	Indian									
(a)	Individuals/Hindu undivided Family	11313100	0	11313100	40.09	11423100	0	11423100	36.65	0.97
(b)	Central Government/ State Government(s)	-	-	-	-	-	-	-	-	-
(c)	Financial Institutions/ Banks	-	-	-	-	-	-	-	-	-
(d-i)	Corporate Bodies	1056742	0	1056742	3.74	1106742	0	1106742	3.55	4.73
(d-ii)	Trust/ Promoter	-	-	-	-	-	-	-	-	-
(d-iv)	Directors/Promoters & their Relatives & Friends	-	-	-	-	-	-	-	-	-
	Sub-Total(A)(1)	12369842	0	12369842	43.84	12529842	0	12529842	40.20	1.29
2	Foreign									
(a)	Individuals(Non-Resident Individuals/ Foreign Individuals)	960974	0	960974	3.41	960974	0	960974	3.08	0
(b)	Government	-	-	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-	-	-
(d)	Foreign Portfolio Investor	-	-	-	-	-	-	-	-	-
(f-i)	Corporate Bodies - Foreign Body	-	-	-	-	-	-	-	-	-
(f-ii)	Corporate Bodies - OCB Non Repatriable	-	-	-	-	-	-	-	-	-
(f-iii)	Corporate Bodies - OCB Repatriable	94484	0	94484	0.33	94484	0	94484	0.30	0
(f-iv)	Foreign Institutional Investor (FII) - Others	-	-	-	-	-	-	-	-	-
(f-v)	Foreign Institutional Investor (FII) - DR	-	-	-	-	-	-	-	-	-
(f-vi)	Bank - Foreign Bank	-	-	-	-	-	-	-	-	-
(f-vii)	Trust	-	-	-	-	-	-	-	-	-
	Sub-Total(A)(2)	1055458	0	1055458	3.74	1055458	0	1055458	3.39	0
	Total shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	13425300	0	13425300	47.58	13585300	0	13585300	43.58	1.19
	Public Shareholding									
1	Institutions									
(a)	Mutual Funds	-	-	-	-	-	-	-	-	-
(b)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(c)	Alternate Investment Funds	-	-	-	-	-	-	-	-	-
(d)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(e)	Foreign Portfolio Investor	75000	0	75000	0.27	70000	0	70000	0.22	-6.67
(f)	Financial Institutions/ Banks	-	-	-	-	-	-	-	-	-
(g)	Insurance Companies	-	-	-	-	-	-	-	-	-
(h)	Providend Funds/ Pension Funds	-	-	-	-	-	-	-	-	-
(i-i)	Bank - Foreign Bank	-	-	-	-	-	-	-	-	-
(i-ii)	Foreign Institutional Investors	-	-	-	-	-	-	-	-	-
	Sub-Total(B)(1)	75000	0	75000	0.27	70000	0	70000	0.22	-6.67

Category of Shareholders		No. of shares held at the beginning of the year (As on 1st April, 2018)				No. of Shares held at the end of the year (As on 31st March, 2019)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2	Central Government/ State Government(s)/ President of India								0.00	
(a)	Central Government/State Government(s)/ President of India	0	0	0	0.00	0	0	0	0.00	
	Sub-Total(B)(2)	0	0	0	0.00	0	0	0	0.00	
3	Non-Institutions									
(a-i)	i. Individual shareholders holding nominal share capital up to Rs.2 lakhs	6115863	60161	6176024	21.89	7212443	66286	7278729	23.35	17.85
(a-ii)	ii. Individual shareholders holding nominal share capital excess Rs.2 lakhs	5157426	0	5157426	18.28	5996050	654400	6650450	21.34	28.95
(b)	NBFCs Registered with RBI	0	0	0	0.00			0	0.00	0
(c)	Eployess Trusts	0	0	0	0.00			0	0.00	0
(d)	Overseas Depositories (holding DRs) (balancing figure)	0	0	0	0.00			0	0.00	0
(e-i)	Non-Resident Indian (NRI)	815441	88200	903641	3.20	1350781	58200	1408981	4.52	55.92
(e-ii)	Corporate Bodies - Indian	1704326	0	1704326	6.04	1463145		1463145	4.69	-14.15
(e-iii)	Corporate Bodies - Foreign Bodies	0	500000	500000	1.77	0	500000	500000	1.60	0
(e-iv)	Clearing Member	206860		206860	0.73	107971	0	107971	0.35	-47.80
(e-v)	Corporate Bodies - OCB Non Repatriable	-	-	-	-	-	-	-	-	-
(e-vi)	Corporate Bodies - OCB Repatriable	-	-	-	-	-	-	-	-	-
(e-vii)	Foreign National - FN	-	-	-	-	-	-	-	-	-
(e-viii)	Trust	-	-	-	-	-	-	-	-	-
(e-ix)	Qualified Foreign Investor - Individual	-	-	-	-	-	-	-	-	-
(e-x)	Qualified Foreign Investor - Corporate	-	-	-	-	-	-	-	-	-
(e-xi)	Unclaimed Susp A/c	-	-	-	-	-	-	-	-	-
(e-xii)	IEPF	44473	0	44473	0.16	81158	0	81158	0.26	82.49
	Sub-Total(B)(3)	14044389	648361	14692750	52.07	16211548	1278886	17490434	56.11	19.04
	Total Public Shareholding (B)=(B)(1)+(B)(2)+(B)(3)	14119389	648361	14767750	52.33	16281548	1278886	17560434	56.34	18.91
	Non-Promoter - Non Public Shareholding									
1	Custodian/DR Holder									
(a)	Custodian/DR Holder	-	-	-	-	-	-	-	-	-
	Sub-Total(C)(1)	0	0	0	0.00	0	0	0	0.00	0
2	Employee Benefit Trust (under SEBI (Share based Employee Benefit Regulations, 2014))									
(a)	Employees Benefit Trust (Under SEBI (Share based Employee Benefit) Regulations, 2014)	25000	0	25000	0.09	25000	0	25000	0.08	0
	Sub-Total(C)(2)	25000	0	25000	0.09	25000	0	25000	0.08	0
	Total Non-Promoter- Non Public Shareholding (C)=(C)(1)+(C)(2)	25000	0	25000	0.09	25000	0	25000	0.08	0
	Grand Total(A+B+C)	27569689	648361	28218050	100.00	29891848	1278886	31170734	100.00	10.46

(ii) Shareholding of Promoters

Sl. No	Shareholder's Name	No. of shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year
		No. of Shares	%of Total Share Capital of the Company	%of Shares pledged/encumbered to total shares	No. of Shares	%Of Total Share Capital of the Company	%of Shares pledged/encumbered to total shares	
1	VISWANATH KOMPELLA	6807975	24.13	0	6807975	21.84	6.48	0
2	MADHAVI LATHA KOMPELLA	1118050	3.96	0	1118050	3.59	0	0
3	MODINI KOMPELLA	1070625	3.79	0	1070625	3.43	0	0
4	RAMAKRISHNA PARAMAHAMSA KOMPELLA	1070625	3.79	0	1070625	3.43	0	0
5	LOPA MUDRA KOMPELLA	1070625	3.79	0	1180625	3.79	0	0.39
6	PRAVEEN KUMAR KONDAI	675000	2.39	0	675000	2.17	0	0
7	ABHILASH KONDAI	187000	0.66	0	187000	0.60	0	0
8	ANIL KUMAR PINAPALA	100000	0.35	0	100000	0.32	0	0
9	SHANMUGAM S	72974	0.26	0	72974	0.23	0	0
10	SHEMA RENNY ABRAHAM	50000	0.18	0	50000	0.16	0	0
11	SRINATH KOMPELLA	200	0.00	0	200	0.00	0	0
12	RAJENDER RAO KARPE	26000	0.09	0	26000	0.08	0	0
13	DEEPA REJI ABRAHAM	25000	0.09	0	25000	0.08	0	0
14	P.K.I. SOLUTIONS PRIVATE LTD	405605	1.44	0	405605	1.30	0	0
15	SHRI SHRI RESORTS PRIVATE LTD	401137	1.42	0	401137	1.29	0	0
16	BHARAT MEGAWATTS GEN PRIVATE LTD	250000	0.89	0	300000	0.96	0	0.18
17	SADEC POWER SDN BHD	40645	0.14	0	40645	0.13	0	0
18	AMELIUM CORPORATION SDN BHD	53839	0.19	0	53839	0.17	0	0
	Total shareholding of Promoter and Promoter Group	13425300	47.58		13585300	43.58		
	Total Share Capital of the company	28218050			31170734			

(iii) Change in Promoters shareholding

Sl. No	Shareholder's Name	No. of Shares at the Beginning of the Year (01.04.2018)	%of Total Shares of the Company	Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shares Durign the year	% of Total Shares of the Company during the year
1	VISWANATH KOMPELLA	6807975	24.13		No Change		6807975	21.84
2	MADHAVI LATHA KOMPELLA	1118050	3.96		No Change		1118050	3.59
3	MODINI KOMPELLA	1070625	3.79		No Change		1070625	3.43
4	RAMAKRISHNA PARAMAHAMSA KOMPELLA	1070625	3.79		No Change		1070625	3.43
5	LOPA MUDRA KOMPELLA	1070625	3.79	07/12/18	110000	Allotment	1180625	3.79
6	PRAVEEN KUMAR KONDAI	675000	2.39		No Change		675000	2.17
7	ABHILASH KONDAI	187000	0.66		No Change		187000	0.60
8	ANIL KUMAR PINAPALA	100000	0.35		No Change		100000	0.32
9	SHANMUGAM S	72974	0.26		No Change		72974	0.23
10	SHEMA RENNY ABRAHAM	50000	0.18		No Change		50000	0.16
11	SRINATH KOMPELLA	200	0.00		No Change		200	0.00
12	RAJENDER RAO KARPE	26000	0.09		No Change		26000	0.08
13	DEEPA REJI ABRAHAM	25000	0.09		No Change		25000	0.08
14	P.K.I. SOLUTIONS PRIVATE LTD	405605	1.44		No Change		405605	1.30
15	SHRI SHRI RESORTS PRIVATE LTD	401137	1.42		No Change		401137	1.29
16	BHARAT MEGAWATTS GEN PRIVATE LTD	250000	0.89	07/04/18	50000	Allotment	300000	0.96
17	SADEC POWER SDN BHD	40645	0.14		No Change		40645	0.13
18	AMELIUM CORPORATION SDN BHD	53839	0.19		No Change		53839	0.17

(iv) Change in TOP 10 Shareholders

Sl. No	Shareholder's Name	No. of Shares at the Beginning of the Year (01.04.2018)	%of Total Shares of the Company	Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shares Durign the year	% of Total Shares of the Company during the year
1	Mohan Kumar Tayal	500000	1.87	22/03/2019	80200	purchase	580200	1.86
	At the End of Year						580200	1.86
2	Rite Equity SDN BHD	500000	1.87	No Change			500000	1.60
	At the End of Year						500000	1.60
3	Mallemkonda Realities Private Ltd	500000	1.87	No Change			500000	1.60
	At the End of Year						500000	1.60
4	Vishal Ranjan	0	0	23/04/2018	200000	ESOP	200000	0.66
				18/05/2018	10	purchase	200010	0.66
				24/08/2019	9	purchase	200019	0.66
				11/12/18	240000	ESOP	440019	1.42
	At the End of Year						440019	1.41
5	Satyajeet Prasad	0	0	23/04/2018	200000	ESOP	200000	0.66
				11/12/18	100000	ESOP	300000	0.97
				24/12/2018	140000	ESOP	440000	1.41
	At the End of Year						440000	1.41
6	KAYALVIZHI BALACHANDRAN	378000	1.34	27/04/2018	1000	Sale	377000	1.25
				06/08/18	1000	Sale	376000	1.25
				22/06/2018	1668	Sale	374332	1.24
				30/06/2018	11000	Sale	363332	1.21
				07/06/18	500	Sale	362832	1.19
				08/03/18	250	Sale	362582	1.19
				15/03/2019	1000	Sale	361582	1.16
				22/03/2019	500	Sale	361082	1.16
	At the End of Year						361082	1.16
7	M. Radhamani	44876	0.16	23/04/2018	200000	ESOP	244876	0.81
				11/12/18	70000	ESOP	314876	1.01
	At the End of Year						314876	1.01
8	SUBRAMANIAN P	308590	1.09	25/05/2018	2700	Sale	305890	1.02
				03/08/19	900	Sale	304990	0.98
	At the End of Year						304990	0.98
9	Anirudh Mohta	273230	0.97	No Change			273230	0.88
	At the End of Year						273230	0.88
10	Magadha Infracon Private Ltd	250000	0.89	22/02/2019	3892	purchase	253892	0.81
	At the End of Year						253892	0.81

(v) Shareholding of Directors & KMP

Sl. No	Shareholder's Name	No. of Shares at the Beginning of the Year (01.04.2018)	%of Total Shares of the Company	Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shares Durign the year	% of Total Shares of the Company during the year
1	G.Santhi Priya	-	-	23/04/2018	50000	ESOP	50000	0.17
	At the End of Year						50000	0.16
2	K. Sri Kalyan	-	-	23/04/2018	50000	ESOP	50000	0.17
	At the End of Year						50000	0.16
3	Rama Madu	250	0.0008	No Change			250	0.0008
	At the End of Year						250	0.0008
4	M.V.Srinivasa Rao	-	-				-	-
	At the End of Year						-	-
5	J.Suresh	-	-				-	-
	At the End of Year						-	-
6	K.Kalpana	-	-				-	-
	At the End of Year						-	-
7	K.Ravindranath Tagore	10000	0.035	23/04/2018	50000	ESOP	60000	0.19
	At the End of Year						60000	0.19

V) INDEBTEDNESS :**Indebtedness of the Company including interest outstanding / accrued but not due for payment** (Amount In Rs.)

	Secured Loans excluding deposits	Unsecured Loans	Total Indebtedness
Indebtedness at the beginning of the financial year			
i) Principal Amount	60,59,49,141	75369474.57	68,13,18,615
ii) Interest due but not paid	-	-	-
iii) Interest accrued but not due	-	-	-
Total (i+ii+iii)	60,59,49,141	7,53,69,475	68,13,18,615
Change in Indebtedness during the financial year			-
* Addition	37,32,04,348	-	37,32,04,348
* Reduction	24,28,80,500	5,73,24,596	30,02,05,095
Net Change	13,03,23,848	(5,73,24,596)	7,29,99,253
Indebtedness at the end of the financial year			-
i) Principal Amount	73,62,72,989	1,80,44,879	75,43,17,868
ii) Interest due but not paid	-	-	-
iii) Interest accrued but not due	-	-	-
Total (i+ii+iii)	73,62,72,989	1,80,44,879	75,43,17,868

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:** (Amount In Rs.)

SN.	Particulars of Remuneration Name of the Director	Name of MD/ WTD/Manager			Total Amount
		G. Santhi Priya	K Sri Kalyan	M.V.Srinivasa Rao	
		CFO & Whole Time Director	Whole Time Director	Whole Time Director	
1.	Gross salary	29,52,504	19,02,504	16,37,354	64,92,362
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961				
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	12,51,000	12,51,000	-	25,02,000
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	Nil	Nil	Nil	Nil
2	Stock Option* (Nos.)	50,000	50,000	-	-
3	Sweat Equity	Nil	Nil	Nil	Nil
4	Commission	Nil	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil	Nil
	Total (A)	42,03,504	31,53,504	16,37,354	89,94,362
	Ceiling as per the Act	Rs. 322.64 Lakhs (being the 11 % of Net Profit of the Company calculated as per Section 198 of Companies Act, 2013)			

B. Remuneration to other Directors

(Amount in Rs.)

S. No	Particulars of Remuneration	Name of Directors					Total Amount (Rs.)
1.	Independent Directors	Kunasingam V Sittampalam	Krishna Kanaparthi	Ramam Madu	K. Kalpana	Samad A Mohan	
	Fee for attending board and committee meetings	-	80,000	175,000	120,000	-	3,75,000
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total (1)	-	80,000	175,000	120,000	-	3,75,000
2.	Other Non-Executive Directors						
	Fee for attending board and committee meetings						
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total (2)	-	-	-	-	-	-
	Total (B)=(1+2)	-	80,000	175,000	120,000	-	3,75,000
	Total Managerial Remuneration	-	80,000	175,000	120,000	-	3,75,000
	Overall Ceiling as per the Act	Rs. 322.64 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

S. No	Particulars of Remuneration	Key Managerial Personnel	Total Amount (In Rs.)
	Name	K. Ravindranath Tagore Company Secretary	
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	26,01,204	26,01,204
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	12,51,000	12,51,000
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	Nil	Nil
2	Stock Option (Nos.)	50,000	Nil
3	Sweat Equity	Nil	Nil
4	Commission		
	- as % of profit	Nil	Nil
	- others, specify	Nil	Nil
5	Others, please specify	Nil	Nil
	Total (C)	38,52,204	38,52,204

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty			NIL		
Punishment					
Compounding					
B. DIRECTORS					
Penalty			NIL		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty			NIL		
Punishment					
Compounding					

Form No MR-3

SECRETARIAL AUDIT REPORT

For the Financial Year Ended on 31st March, 2019

(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, 2019 (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.

Sr. No	Compliance Requirement	Deviations	Observation/Remarks of the Practicing Company Secretary
1	Non Compliance of 108(2) of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("ICDR)	The company has to make the listing application with in 20 Days from the date of allotment of the securities. But the company has made application with a delay of 10 days.	The company has paid the necessary penalty to BSE Ltd for this violation and also the necessary interest amount to the allottees.

The following are the details of actions taken against the listed entity by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder:

Sr. No	Action taken by	Details of violation	Details of action taken e.g.fines, warning letter, debarment etc.,	Observations/remarks of the Practicing company secretary if any
1	BSE	Non Compliance of 108(2) of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("ICDR)	Notice of Non- compliance was served requiring the company to pay a fine of Rs.200,000+GST by BSE	The Prescribed fine was paid to the BSE stock exchange.

- 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, 2018 ;
- 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:
- Information Technology Act, 2000 and the rules made thereunder
 - Software Technology Parks of India rules and regulations
 - Copyright Act, 1957
 - The Patents Act, 1970
 - The Trade Marks Act, 1999
2. During the year the Company has conducted 9 Board Meetings, 5 Audit Committee Meetings, 1 Independent Director's Meeting, 5 Nomination and Remuneration Committee and 4 Stakeholders Relationship Committee Meeting and 3 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:-
- 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.
 - 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: 29.08.2019

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

8-2-672/586, 4th Floor, Estate Road No.1,

Banjara Hills 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: 29.08.2019

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 2018-19	FY 2017-18
Foreign Exchange Earnings	146.68	132.04
Foreign Exchange Outgo	34.16	41.34

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-G

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, 2019								
1	Date of Shareholder's Approval	VESOS-2016 27/05/2016	VESOS-2018 28/09/2018							
2	Total number of options approved under ESOS	50,00,000	30,00,000							
3	Vesting requirements	Commences at the expiry of one year from the date of grant								
4	Exercise price or pricing formula	Pricing as decided by the nomination committee as on the date of committee meeting.								
5	Maximum term of options granted	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)	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Profit (Loss) after Tax (in Rs)</td> <td rowspan="5" style="font-size: 3em; vertical-align: middle;">}</td> <td rowspan="5" style="vertical-align: middle;">NIL</td> </tr> <tr> <td>Less: Additional Employee Compensation cost of Fair Value over Intrinsic Value (in Rs)</td> </tr> <tr> <td>Adjusted PAT (Loss) (in Rs)</td> </tr> <tr> <td>Adjusted weighted avg. EPS (in Rs)</td> </tr> <tr> <td></td> </tr> </table>		Profit (Loss) after Tax (in Rs)	}	NIL	Less: Additional Employee Compensation cost of Fair Value over Intrinsic Value (in Rs)	Adjusted PAT (Loss) (in Rs)	Adjusted weighted avg. EPS (in Rs)	
Profit (Loss) after Tax (in Rs)	}	NIL								
Less: Additional Employee Compensation cost of Fair Value over Intrinsic Value (in Rs)										
Adjusted PAT (Loss) (in Rs)										
Adjusted weighted avg. EPS (in Rs)										

Details of ESOS during the financial year

1	Number of Options Outstanding at the beginning of the year(Un-granted)	Nil	30,00,000
2	Number of options granted during the year	50,000	Nil
3	Number of options forfeited/lapsed during the year	50,000	NA
4	Number of options vested during the year	15,48,343	NA
5	Number of options exercised during the year	9,34,400	NA
6	Number of shares arising as a result of exercise of options	9,34,400	NA
7	Amount realized by exercise of options (Rs.)	8,36,51,600	NA
8	Loan repaid by the Trust during the year from exercise price received	Nil	NA
9	Number of options outstanding at the end of the year (out of total number of options approved under ESOS)	Nil	30,00,000
10	Number of options exercisable at the end of the year (out of total number of options approved under ESOS)	9,12,286	NA

Sl.No	Description	Year ended 31st March, 2019	
11	Weighted-average exercise Stock Options Granted on	Weighted average exercise price (in Rs.)	Weighted average exercise price(in Rs.) Weighted average fair value (in Rs.)
	20/06/2017	90.25	93.30
	20/06/2017	93.30	93.30
	24/08/2017	74.95	74.95
12	Employee wise details of options granted to		
	1. Senior Manager Personnel	NA	NA
	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
	b. 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 reliable measure 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	NA
	(ii) exercise price	Refer Point#11	
	(iii) Risk free interest rate	Nil	
	(iv) Expected Life of Options	5 years	
	(v) Expected volatility	NA	
	(vi) Dividend yield	NA	
15	The method used and the assumptions made to incorporate 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	

Annexure-H

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, 2019

S. No	Name of the subsidiary	KSoft Sytems Inc	Qfund Technologies Private Limited	Virinchi Health Care Pvt Ltd	Virinchi Learning Private limited	Virinchi Media Entertainment Pvt Ltd	Virinchi Infra & Realty Pvt. Ltd	Tyohar Foods Private Limited	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	5,43,59,780	19,50,000	1,00,000	1,00,000	1,00,000	58,82,360	1,00,000	1,00,000
2	Reserves & Surplus	80,05,30,532	268,72,857	50,80,69,811	(99,41,684)	(32,079)	(15,520)	(1,10,08,246)	(162,08,463)	98,895	4,17,536
3	Total Assets	109,33,36,520	517,46,884	205,76,52,774	1,88,09,945	143,28,268	1,34,968	38,24,805	51,26,713	4,98,397	8,98,816
4	Total Liabilities	28,82,14,901	247,74,027	149,52,23,176	2,68,01,629	142,60,347	50,488	147,33,051	1,54,52,817	2,99,503	3,81,281
5	Investments	0	2,99,641	0	0	0	0	0	0	0	0
6	Turnover	103,46,81,036	3,39,93,323	141,77,80,763	35,75,000	77,444	2,45,000	3,50,000	25,22,177	18,88,888	18,88,888
7	PBT	34,65,49,873	4,46,910	2,33,13,863	(30,44,453)	29,281	9,954	(1,036)	62,928	1,29,111	5,55,310
8	Pro for Tax	6,69,92,233	(25,866)	(7,36,83,716)	3,32,268	7,614	2,588	(3,01,997)	1,31,764	29,603	1,44,381
9	PAT	27,95,57,640	4,72,775	9,69,97,578	(33,76,721)	21,667	7,366	3,00,961	(68,835)	99,509	4,10,929
10	Proposed Dividend	0	0	0	0	0	0	0	0	0	0
11	% of shareholding	100	100	100	100	100	100	100	51	100	100

Notes:

- Names of Subsidiaries which are yet to commence operations - NIL
- Names of Subsidiaries which have been liquidated or sold during the year - NIL

Part-B- Associates and Joint Ventures

There are no associates and Joint Ventures to report statement as per Section 129(3) of Companies Act, 2013.

Notes referred to above form an integral part of the financial statements

As per our Report of Even Date

For P C N & Associates

Chartered Accountants

Firm Registration No. 016016S

Chandra Babu. M

Partner

Membership No. 227849

Place: Hyderabad

Date: 29th May, 2019

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

K. Sri Kalyan
Whole Time Director
DIN: 03137506

K. Ravindranath Tagore
Company Secretary
M.No. A18894

For and on behalf of the Board for Virinchi Limited

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

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 2018-19.

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- 51% Holding
11	Vivo Bio Tech Ltd	Common Promoter
12	Viswanath Kompella	Founder and Promoter

(b) Nature of contracts/arrangements/transactions

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

Contract with Mr. Viswanath Kompella, promoter and a shareholder holding more than 10% shareholding in the company

The scope of the advisory services to be provided by Mr. Viswanath Kompella shall include advising the Board and the Management with broad strategic aspects of the business, supporting in establishing and enabling relationships with external forums like industry chambers, institutions, government and other agencies on policy matters and in brand and image building of the Company apart from advising the Company's board on any other areas that the Board/ Management may seek his advice.

(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

The appointment of Mr. Viswanath Kompella as advisor shall be effective from 10th November, 2018 initially for a period of 5 years, renewable by the Board from time to time

(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.

Monetary Terms with Mr. Viswanath Kompella

1. Payment of Fee/ Remuneration: Not Exceeding Rs 3,00,00,000/- (Rupees Three Crores Only) per annum (subject to statutory deductions and exclusive of applicable taxes) which is payable as follows:
 - a) Fixed monthly Fee/Remuneration of Rs.15,00,000 (Rupees Fifteen Lacs Only)
 - b) an annual variable incentive of 2% only on the year on year incremental consolidated revenues of the company.
 2. Reimbursements: All the expenses incurred on travelling, boarding, lodging etc. while performing advisory services for and on behalf of the Company shall be reimbursed on actual basis.
 3. Facilities: Mr. Viswanath Kompella shall be provided requisite office facilities, chauffeur driven car and communication facilities to effectively discharge his duties.
- (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.

The Audit Committee in its meeting held on November 12, 2018, has approved the proposal for appointment of Mr. Viswanath Kompella, Chairman Emeritus, as an Advisor of the Company and the same has also been discussed and approved by the Board in its meeting held on November 12, 2018, subject to the approval of the members.

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

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

We, G. 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) significant changes, if any, in internal control over financial reporting during the year;
 - b) Significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements and
 - c) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place: Hyderabad
Date: 29.08.2019

G. Santhi Priya
Chairperson & Whole Time Director
DIN: 03114319

K Sri Kalyan
Whole Time Director
DIN : 03137506

Report on Corporate Governance

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.

Board of Directors:

Composition and Category of Directors:

The Company has an Executive Chairperson cum whole time director and 2 Whole Time Directors, and to have a more professional outlook your company is having 3 Non- Executive independent directors which composition is in compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

9 Board Meetings were held during the Financial Year 2018-19 and the gap between two Meetings did not exceed 120 days. The dates on which the said meetings were held are as follows:

23rd April, 2018, 23rd May, 2018, 30th May, 2018, 30th June, 2018, 14th August, 2018, 29th August, 2018, 12th November, 2018, 11th February, 2019, 28th February, 2019

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 Director	Category	No. of Board Meetings Attended	Whether attended last AGM	No of Other Director - ships#	Committee Member-Ships	Committee Chairman -ship
G. SantiPriya	Chairperson and Whole Time Director	9	Yes	0	0	0
K. Sri Kalyan	Whole Time Director	9	Yes	0	0	0
M.V.Srinivasa Rao**	Whole Time Director	2	NA	0	0	0
K.Krishna*	Independent Non-Executive Director	5	NA	0	0	0
M.Ramam	Independent Non-Executive Director	9	Yes	0	0	0
K.V.Sittampalam*	Independent Non-Executive Director	1	No	0	0	0
K.Kalpana	Independent Non-Executive Director	7	No	2	1	0
SamadA.Momin*	Independent Non-Executive Director	0	NA	0	0	0
J.Suresh**	Independent Non-Executive Director	0	NA	0	0	0

*Resigned During the year

**Appointed during the year

Ms. K.Kalpna is an Independent Non-executive Director in Tanla Solutions Ltd, Kellton Tech Solutions Ltd.

None of the directors are related to any other director on the board.

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

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

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. The Board also confirms that the independent directors fulfill the conditions specified in these regulations and are independent of the management.

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 11th March, 2019, 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

The Web link for details of familiarisation programmes imparted to independent directors is <http://corporate.virinchi.com/policies.php>

Details of skills / expertise / competence available with the Board

The Board comprises highly qualified members who possess required skills, expertise and competence that allow them to make effective contributions to the board and its committees.

The following skills/expertise /competencies have been identified for the effective functioning of the company and are currently available with the Board.

- Industry Knowledge & experience
- Corporate Finance, Taxation,
- Strategic Planning
- Legal & Risk Management
- Corporate Restructuring & Corporate Governance
- Global Business
- Leadership/operational experience.

Resignation of Independent directors during the year

During the year the independent directors viz., K. Krishna, Samad A. Momin, Kunasingam. V. Sittampalam resigned to the Board before the expiry of their term and they have mentioned in their Resignation letters that there are no other material reasons other than those provided in the letter.

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 Five (5) 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	5
K Sri Kalyan	Member	Executive Director	5
K.Krishna*	Member	Independent Non-Executive Director	2
K.Kalpana**	Member	Independent Non-Executive Director	3

*Resigned during the year ** Appointed during the year

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.
- Oversee the Vigil Mechanism
- Oversee the implementation of Prohibition of insider trading Regulations

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.

In addition to the above, the detailed role of the Audit committee and review of information by audit committee is mentioned in the Part C of Schedule II of SEBI(LODR) Regulations, 2015.

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.
- Recommend to the board, all remuneration, in whatever form, payable to senior management

In addition to the above, the detailed role of the Nomination and Remuneration committee and review of information by committee is mentioned in the Section A, Part D of Schedule II of SEBI(LODR) Regulations, 2015.

The Nomination and Remuneration Committee is constituted as follows.

Name of the Director	Designation	Nature of Directorship	Committee Meetings attended
M.Ramam	Chairman	Independent Non-Executive Director	5
Krishna Kanaparthi*	Member	Independent Non-Executive Director	2
K.Kalpana	Member	Independent Non-Executive Director	5
Kunasingam V. Sittampalam*	Member	Independent Non-Executive Director	-
J.Suresh**	Member	Independent Non-Executive Director	-

*Resigned ** Appointed

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.

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 OF DIRECTORS

Details of remuneration paid to the Directors during the financial year 2018-19 are as follows:

a. Executive Directors

Name	Salary	Benefits (perquisites)	Bonus	Pension	Commission	TOTAL
G. Santhi Priya	29,52,504	12,51,000	-	-	-	42,03,504
K.Sri Kalyan	19,02,504	12,51,000	-	-	-	31,53,504
M.V.Srinivasa Rao	16,37,354	-	-	-	-	16,37,354
TOTAL						89,94,362

Ms. G. Santhi Priya, was re-appointed as Whole Time director w.e.f July 22, 2016, for a period of 5 years and Mr. K. Sri Kalyan was re-appointed as Whole Time director w.e.f August 12, 2016 for a period of 5 years on the terms and conditions contained in the respective resolutions passed by the Members in the General Meetings. The Notice period is as per the rules of the Company. There was no severance fee payable to them for cessation of their executive directorship.

Ms. G. Santhi Priya, Mr. K. Sri Kalyan Whole Time Directors were granted 1,00,000 options under Employee Stock Option Plan (ESOP) of the Company and all options were vested and till now each exercised 50,000 options. No other directors were granted options under ESOP.

b. Non-Executive Directors

There were no pecuniary transactions with any non-executive director of the Company

Non-Executive Directors are paid sitting fee for attending the Board and Committee meetings. Sitting fee of 10,000 is being paid to Non-Executive Directors for attending each meeting of the Board of Directors and 5000 for each meeting of the Committees of Board of Directors. During the year, the sitting fees paid was as follows

Sl. No	Name of the Director	Sitting Fees	Shares held as on 31st March, 2019
1	Mr. Ramam Madu	1,75,000	250
2	Ms. K. Kalpana	1,20,000	Nil
3	Mr. K. Krishna*	80,000	NA
4	Mr. J. Suresh	Nil	Nil

*Resigned.

5. Stakeholders Relationship Committee:

- The Board constituted an stakeholders Relationship 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.
- Review of the various measures and initiatives taken by the company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company

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

In addition to the above, the detailed role of the Stakeholders Relationship committee and review of information by committee is mentioned in the Section B, Part D of Schedule II of SEBI(LODR) Regulations, 2015.

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
K.Kalpana**	Member	Independent Non-Executive Director

*Resigned **Appointed

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

Received: 20 Complied:- 20 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. Aarathi Consultants Pvt. Ltd.

The outstanding complaints as on 31st March, 2019 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

Ilyas 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. G. Santhi Priya- Member

During the financial year 2018-19, the CSR Committee met three times and all the members were present for the meeting.

7) 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
2017-18	28/09/2018 11.30 A.M.	8-2-672/5&6, 3rd Floor, Road No. 1 Banjara Hills, Hyderabad-34	6
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

b) Extraordinary General Meeting:

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

Postal Ballot.

Special Resolution was passed pursuant to Postal ballot Notice dated 28th February, 2019 for the following items.

1. Appointment of Mr. Viswanath Kompella, Chairman Emeritus, as an Advisor.
2. Approval to issue and allot 8,00,000 (Eight Lacs) no(s) of Convertible Equity Warrants to senior management employees on a preferential basis.
3. Ratification of resolution passed on 28th September,2018 for Approval of Virinchi Employees Stock option Scheme 2018."
4. Slump sale of Heath Care Division to M/s. Virinchi Health Care Private Limited(VHPL) (Wholly Owned Subsidiary of the Company).
5. Approval of related party transaction between M/s. Virinchi Ltd and M/s. Virinchi Health Care Private Limited(Wholly Owned Subsidiary of the Company) for Slump sale of Heath Care Division of the Company to VHPL

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.

Resolutions	Number of Valid Votes Cast					
	For			Against		
	Number of members voted through electronic voting system and through physical ballot form	Number of valid Votes cast (Shares)	% of number of valid votes cast	Number of members voted through electronic voting system and through physical ballot form	Number of valid Votes cast (Shares)	% of number of valid votes cast
ITEM #1: Appointment of Mr. Viswanath Kompella As An Advisor – Special Resolution	17	920320	93.56	7	62973	6.40
ITEM #2: Issue of Convertible Equity Warrants on Preferential basis to Senior Management employees- Special Resolution	19	931820	94.77	5	51473	5.23
ITEM #3: Ratification of resolution passed on 28th September, 2018 for Approval of Virinchi Employees Stock option Scheme 2018- Special Resolution	18	931520	94.73	6	51773	5.27
ITEM #4: Slump sale of Healthcare Business of the Company to M/s. Virinchi Health Care Private Limited – Special Resolution	19	979561	99.62	5	3732	0.38
ITEM #5: To Approve related party transaction between M/s. Virinchi Ltd and M/s. Virinchi Health Care Private Limited – Special Resolution	19	979561	99.62	5	3732	0.38

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 :

Annual General meeting

Date: 28th September, 2019

Time: 11.30 P.M

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

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

Tentative calendar for declaration of financial results in Financial Year 2019-20

Tentative calendar for declaration of financial results in Financial Year 2019-20

Results for the quarter ended June 30, 2019	on or before August 14, 2019
Results for the quarter ended September 30, 2019	on or before November 14, 2019
Results for the quarter ended December 31, 2019	on or before February 14, 2020
Results for the year ended March 31, 2020	on or before May 30, 2020

Book Closure dates:

The dates for book closure are from 22nd September, 2019 to, September 30th, 2019 (both days inclusive).

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 2019-20 has been paid to the above stock exchange.

Stock Code & ISIN

Trading scrip code on BSE : 532372

International Securities Identification Number (ISIN):

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

Market Price Data :

The Monthly high and low prices of your company's share at BSE for the year ended March 31, 2019 are as under:

Month	Highest (Rs.)	Lowest (Rs.)	Volume of Shares traded
April, 2018	137.00	104.60	15,04,187
May,2018	133.00	107.40	8,74,002
June,2018	119.45	91.00	8,73,266
July, 2018	102.60	79.90	5,37,703
August, 2018	105.10	87.05	8,30,000
September, 2018	97.00	76.00	5,15,172
October, 2018	87.90	67.05	4,01,800
November, 2018	96.00	74.00	4,28,550
December, 2018	87.80	75.50	3,62,051
January,2019	83.85	66.10	2,82,326
February,2019	80.00	68.00	3,51,263
March,2019	92.75	75.25	5,04,144

Share price performance in comparison to broad based indices – BSE**Virinchi Share Price Vs BSE**

Particulars	Share price	BSE Sensex
As on April 1, 2018	107.48	33255.36
As on March 31, 2019	81.01	38672.91
Change (%)	-32.68	14.00

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 Consultants Private 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# 040-2763 4445, 2763 8111 Email: info@aarthicconsultants.com

Distribution of Shareholding as on 31st March, 2019

Sl. No.	Category	Holders	Holders Percentage	Shares	Amount	Amount Percentage
1	1 – 5000	9939	75.74	1668792	16687920	5.35
2	5001 - 10000	1442	10.99	1174173	11741730	3.77
3	10001 - 20000	825	6.29	1267001	12670010	4.06
4	20001 - 30000	290	2.21	745722	7457220	2.39
5	30001 - 40000	138	1.05	496752	4967520	1.59
6	40001 - 50000	106	0.81	498787	4987870	1.60
7	50001 - 100000	176	1.34	1295790	12957900	4.16
8	100001 & Above	206	1.57	24023717	240237170	77.07
	Total	13122	100	31170734	311707340	100

Dematerialisation 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 2019 2,98,91,848 equity shares forming part of 95.90% of the share capital are in demat form and 12,78,886 equity shares forming 4.10% of the share capital are in physical form. 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

Distribution of Shareholding on the basis of ownership as on March 31, 2019

Sl. No	Description	No. of Shares	% of Total Capital
1	Promoter / Promoter group	13585300	43.58
2	Foreign Institutional Investors	70000	0.22
3	Banks / Mutual Funds / NBFC	NIL	NIL
4	Bodies Corporate	1463145	4.69
5	Individuals / HUF	13929179	44.69
6	Employee Trusts	25000	0.09
7	Non Resident Indians	1408981	4.52
8	Foreign Bodies	500000	1.60
9	Central Government	81158	0.26
10	Clearing Members / Trusts	107971	0.35
	TOTAL	31170734	100.00

Dematerialisation of Shares and Liquidity as on 31st March 2019

	No. of Shares	% of Total
NSDL	2,47,87,193	79.52
CDSL	51,04,655	16.38
Physical	12,78,886	4.10
Total	3,11,70,734	100.00

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. During the year 1,60,000 warrants are converted into equity shares.

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

Plant Locations

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 and 5th Floor, illyas Mohammed Khan Estate, Road No.1, Banjara Hills, Hyderabad-500034
USA	1. 340, Raritan Center PKWY,, Edison, NJ-08837 2. 145 N. CHURCH STREET, SUTIE 124, SPARTANBURG, SC 29306
Address for Correspondence:	
For queries relating to shares M/s. Aarthi Consultants Private Limited (Unit-Virinchi Ltd) 1-2-285, Domalguda, Hyderabad. Phone # 040-27634445 / 27638111 Email : info@aarthicconsultants.com	For queries relating to Financial Statements and other contents of Annual Report 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

List of all credit ratings obtained by the entity along with any revision thereto:

Credit Rating of Virinchi Limited is done by India Rating. Rating was upgraded to IND BB/Positive/IND A4+ during the year 2018-19 – in the month of Sept 2018.

Other Disclosures:**Related party transactions**

All transactions entered into with the Related Parties as defined under the Companies Act, 2013 and Regulation 23 of the Listing Regulations during the financial year were on arm's length basis and do not attract the provisions of Section 188 of the Companies Act, 2013. There were no materially significant transactions with Related Parties during the financial year. Related party transactions have been disclosed under significant accounting policies and notes forming part of the Financial Statements in accordance with "IND AS". A statement in summary form of transactions with Related Parties in ordinary course of business and arm's length basis is periodically placed before the Audit committee for review and recommendation to the Board for their approval.

As required under Regulation 23(1) of the Listing Regulations, the Company has formulated a policy on dealing with Related Party Transactions. The Policy is available on the website of the Company viz. www.virinchi.com.
<http://www.virinchi.com/pdf/policyofRelatedPartyTransaction.pdf>

None of the transactions with Related Parties were in conflict with the interest of Company. All the transactions are on arm's length basis and have no potential conflict with the interest of the Company at large and are carried out on an arm's length or fair value basis.

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

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;

Sr. No	Compliance Requirement	Deviations	Remarks
1	Non Compliance of 108(2) of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("ICDR)	The company has to make the listing application within 20 Days from the date of allotment of the securities. But the company has made application with a delay of 10 days.	The company has paid the amount of Rs.2,00,000 to BSE Ltd for this violation and also the necessary interest amount to the allottees.

Details of establishment of Vigil Mechanism (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>

Details of compliance with mandatory requirements and adoption of the non-mandatory requirements:

The Company has complied with all the mandatory requirements of Corporate Governance as per Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and is in the process of implementation of non-mandatory requirements.

Policy on Material Subsidiaries

In terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of the Company has adopted a policy with regard to determination of material subsidiaries.

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://corporate.virinchi.com/policies.php>

Disclosure of commodity price risks and commodity hedging activities. - Not applicable**Details of Utilisation of funds raised through preferential allotment.**

During the year the company raised Rs.1,60,00,000 (One Crore Sixty Lacs) through the allotment of 160,000 equity shares of Rs.10/- at a premium of Rs.90/-. The proceeds of the preferential issue have been utilized towards augmenting the working capital requirements and meeting other business requirements as per the object of the preferential issue.

Recommendations of Committees of the Board

There were no instances during the financial year 2018-19 wherein the Board had not accepted the recommendations made by any Committee of the Board.

Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part

During the year ended March 31, 2019, fees paid to the Statutory Auditors (P C N & Associates) and its network firms are as follows:

Fees (Including Taxes)	Virinchi Limited to Statutory Auditors	Virinchi Ltd to network firms of Statutory Auditors	Subsidiaries of Virinchi Limited to Statutory Auditors and its network firms
Statutory Audit	3,54,000	-	1,18,000
Certification and other attestation services	-	-	-
Non Audit Services	-	-	-
Outlays and Taxes	-	-	-

Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, prohibition and redressal) Act, 2013:

- a. Number of complaints filed during the financial year: Nil
 b. Number of complaints disposed of during the financial year: Nil
 c. Number of complaints pending as on end of the financial year: Nil

Adoption of discretionary requirements as specified in Part E of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

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

THE DISCLOSURES OF THE COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS SPECIFIED IN REGULATION 17 TO 27 AND REGULATION 46(2)

Regulation	Particulars of Regulation	Compliance Status (Yes/No)
17	Board of Directors	Yes
18	Audit Committee	Yes
19	Nomination and Remuneration Committee	Yes
20	Stakeholders Relationship Committee	Yes
21	Risk Management Committee	NA
22	Vigil mechanism	Yes
23	Related Party Transactions	Yes
24	Corporate Governance requirements with respect to subsidiary of listed entity	Yes
25	Obligations with respect to Independent Directors	Yes
26	Obligation with respect to Directors and senior management	Yes
27	Other Corporate Governance requirements	Yes
46(2)(b) to (i)	Website	Yes

EQUITY SHARES IN DEMAT SUSPENSE ACCOUNT/UNCLAIMED 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 2019

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 2018-19 to the Board of Directors at their meeting held on May 29, 2019, as required under regulation 17(8) of SEBI Listing Regulations. See Annexure-J

COMPLIANCE WITH SECRETARIAL STANDARDS

The Institute of Company Secretaries of India, a Statutory Body, has issued Secretarial Standards on various aspects of corporate law and practices. The Company has complied with each one of them.

Certificate on 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, 2019, as stipulated in 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 during the year ended 31st March, 2019.

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.

Place: Hyderabad
Date: 29.08.2019

For PCN& Associates
Chartered Accountants
FRN : 016016S

Chandra Babu M
Partner
M.No: 227849

Annexure-L

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members of Virinchi Ltd
8-2-672/586, 4th Floor, Ilyas Mohammed Khan Estate
Road #1, Banjara Hills, Hyderabad-500034

I V.Chandra Sekhar Patnaik, have examined the relevant registers, records, forms, returns and disclosures received from the Directors of M/s. Virinchi Limited having CIN L72200TG1990PLC011104 and having registered office at 8-2-672/586, 4th Floor, Ilyas Mohammed Khan Estate, Road#, Banjara Hills, Hyderabad-500034 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sl. No	Name of the Director	DIN	Date of appointment in Company
1	Ms.G.Santhi Priya	03114319	21-07-2010
2	Mr. K.Sri Kalyan	03137506	12-08-2013
3	Mr. M.V.Srinivasa Rao	'00816334	12-11-2018
4	Ms.K.Kalpana	07328517	28-08-2017
5	Mr.Ramam Madu	02566258	11-05-2011
6	Mr. J. Suresh	08369715	28-02-2019

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate 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.

M/S. PATNAIK & ASSOCAITES
Company Secretaries

V.CHANDRA SEKHAR PATNAIK
Company secretary in practice
COP.No:16619

Place: Hyderabad
Date : 29.08.2019

Declaration regarding compliance with the code of conduct and ethics

As provided under Regulation 26 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all Board Members and Senior Management Personnel have affirmed compliance with Virinchi Limited Code of Business Conduct and Ethics for the year ended March 31, 2019.

Place: Hyderabad
Date: 29.08.2019

G. Santhi Priya
Chairperson & Whole Time Director
DIN: 03114319

Independent Auditor's Report

To the Members of

M/S VIRINCHI LIMITED

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of VIRINCHI LIMITED ("the Company"), which comprises the Standalone Balance Sheet as at March 31, 2019, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("IndAS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexure to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also 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; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and

completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in: (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in

extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we 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 purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
- d) In our opinion, the aforesaid standalone financial statements comply with the IndAS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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 A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the

requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have pending litigations which would have impact on its standalone financial position.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For P C N Associates.,
Chartered Accountants,
FRN No: 016016S

Chandra Babu M
Partner
M.No:227849

Place: Hyderabad
Date: 29.05.2019

Annexure "A" to the Independent Auditor's Report

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of VIRINCHI LIMITED of even date

Report on the Internal Financial Controls over Financial Reporting under Clause (i) Of Sub-section 3 of 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 March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Company 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. 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 respective 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 Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform 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 risks of material misstatement of the 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 on the internal financial controls system over financial reporting of the Company.

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 those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, 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 accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations 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.

Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations 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 detected. 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, to the best of our information and according to the explanations given to us, 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 31, 2019, 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.,
Chartered Accountants,
FRN No: 016016S

Chandra Babu M

Partner

Place: Hyderabad

Date: 29.05.2019

M.No:227849

Annexure "B" to the Independent Auditor's Report

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of VIRINCHI LIMITED of even date

- | | |
|---|--|
| <p>i. In respect of the Company's fixed assets:</p> <p>(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.</p> <p>(b) The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.</p> <p>(c) According to the information and explanations given to us, the records examined by us and based on the examination of the title deeds of immovable properties, they are held in the name of the company.</p> <p>ii. The Company is in the business of providing software services and does not have any physical inventories. Accordingly, reporting under clause 3 (ii) of the Order is not applicable to the Company.</p> <p>iii. According to the information and explanations given to us, the Company has granted unsecured loans to its Wholly owned subsidiaries, covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:</p> <p>(a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the</p> | <p>Company's interest.</p> <p>(b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.</p> <p>(c) There is no overdue amount remaining outstanding as at the year-end.</p> <p>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 Act in respect of grant of loans, making investments and providing guarantees and securities.</p> <p>v. The Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2019 and therefore, the provisions of the clause (v) of the Order are not applicable to the Company.</p> <p>vi. The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company. Thus reporting under clause 3(vi) of the order is not applicable to the Company.</p> <p>vii. According to the information and explanations given to us, in respect of statutory dues:</p> <p>(a) The Company delayed in depositing some undisputed statutory dues including Provident Fund, Employees' State Insurance, TDS and Income Tax as applicable to it with the appropriate authorities.</p> |
|---|--|

- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.
- (c) According to the information and explanation given to us and based on the records of the company examined by us, there are no dues of Income Tax, Goods and Service Tax and Customs Duty which have not been deposited as at March 31, 2019 on account of any dispute.
- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government. The Company has not issued any debentures.
- ix. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) hence reporting under clause 3 (ix) of the Order is not applicable to the Company.
- x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.
- xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- 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. Details of Preferential Allotment are given below:

Date of allotment	Parties to whom Shares/Share warrants are allotted	Class of Instrument	No. of Shares/ Share warrants	Face Value	Issue price	Total amount received during the year 2018-19
04-07-2018	Bharat Mega Watts Zen Pvt Ltd	Equity Shares	50,000	10	100	37,50,000
12-07-2018	Lopa Mudra Kompella	Equity Shares	1,10,000	10	100	82,50,000

- xv. In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of section 192 of the Companies Act, 2013 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.

For P C N Associates.,
Chartered Accountants,
FRN No: 016016S

Chandra Babu M
Partner
M.No:227849

Place: Hyderabad
Date: 29.05.2019

Standalone Balance Sheet as at March 31, 2019

(Amount in Rs.)

Particulars	Note No	March 31, 2019	March 31, 2018
1) NON CURRENT ASSETS			
Property, Plant and Equipment	1	1,05,09,43,128	1,15,88,21,856
Capital Work - In - Progress	1	-	2,67,09,911
Intangible Assets	1	66,35,93,709	61,40,30,130
Financial Assets			
Non-Current Investments	2	62,54,42,667	63,41,75,042
Long Term Loans and Advances	3	48,30,14,291	5,49,35,760
Other Non-Current Assets	4	40,57,800	48,84,354
2) CURRENT ASSETS			
Inventories	5	-	1,32,77,651
Financial Assets			
Trade and Other Receivables	6	25,70,14,783	37,19,55,163
Cash and Cash Equivalents	7	2,93,13,089	5,21,63,671
Short Term Loans and Advances	8	37,42,01,669	30,25,63,991
Other current Assets	9	4,52,55,416	2,54,49,482
Total Assets		3,53,28,36,551	3,25,89,67,014
EQUITY AND LIABILITIES			
Equity			
Share Capital	10	31,17,07,340	28,21,80,500
Other Equity	11	2,04,26,15,463	1,67,12,98,207
Money Received Against Share Warrants		6,10,00,000	6,50,00,000
(1) Non-Current Liabilities			
Financial Liabilities			
Long-Term Borrowings	12	39,51,32,671	36,34,56,513
Long Term Provision	13	1,51,71,618	1,13,86,689
Deffered Tax Liabilities	14	7,00,92,241	5,88,72,563
(2) Current Liabilities			
Financial Liabilities			
Short Term Borrowings	15	35,91,85,198	31,78,62,102
Trade Payables	16	14,06,46,239	37,54,91,123
Short Term Provisions	17	13,72,85,782	11,34,19,315
Total Equity and Liabilities		3,53,28,36,551	3,25,89,67,014

Notes referred to above form an integral part of the financial statements

As per our Report of Even Date

For and on behalf of the Board for Virinchi Limited

For P C N & Associates

Chartered Accountants

Firm Registration No. 016016S

Chandra Babu. M

Partner

Membership No. 227849

G. Santhi Priya

CFO & Whole Time Director

DIN: 03114319

K. Sri Kalyan

Whole Time Director

DIN: 03137506

K. Ravindranath Tagore

Company Secretary

M.No. A18894

Place: Hyderabad

Date: 29th May, 2019

Standalone Profit and Loss statement for the year ended March 31, 2019

(Amount in Rs.)

Particulars	Note No	March 31, 2019	March 31, 2018
Revenue from operations	18	1,70,21,66,116	1,72,00,51,552
Other Income	19	3,52,33,207	87,92,842
Total Revenue		1,73,73,99,323	1,72,88,44,394
Expenses:			
Pharmacy Purchases	20	-	1,94,09,557
Changes in Inventory	21	-	(1,04,71,407)
Employee Benefit Expenses	22	44,36,43,700	42,31,22,020
Depreciation	1	20,58,37,936	23,68,63,352
Amortization Expense		2,56,610	5,85,990
Financial Cost	23	9,84,94,208	6,96,93,356
Administrative and Other Operating Expenses	24	69,58,61,300	75,32,39,156
Total Expenses		1,44,40,93,755	1,49,24,42,024
Profit before exceptional and extraordinary items and tax		29,33,05,569	23,64,02,371
Exceptional Items		-	-
Profit before extraordinary items and tax		29,33,05,569	23,64,02,371
Extraordinary Items		-	-
Profit Before Tax		29,33,05,569	23,64,02,371
Tax expense:			
(a) Current tax		6,73,08,697	5,49,73,160
(b) Deferred tax Liability/(Asset)		1,12,19,678	76,83,615
Profit(Loss) from the period from continuing operations		21,47,77,193	17,37,45,596
Profit/(Loss) for the period		21,47,77,193	17,37,45,596
Other Comprehensive Income (Net of Tax)		-	1,39,73,533
Total Comprehensive Income (Net of Tax)		21,47,77,193	18,77,19,129
Earning Per Equity Share:			
(1) Basic		7.04	6.65
(2) Diluted		6.51	6.09

Notes referred to above form an integral part of the financial statements

As per our Report of Even Date

For P C N & Associates

Chartered Accountants

Firm Registration No. 016016S

Chandra Babu. M

Partner

Membership No. 227849

Place: Hyderabad

Date: 29th May, 2019

For and on behalf of the Board for Virinchi Limited

G. Santhi Priya

CFO & Whole Time Director

DIN: 03114319

K. Sri Kalyan

Whole Time Director

DIN: 03137506

K. Ravindranath Tagore

Company Secretary

M.No. A18894

Standalone Cash Flow Statement for the year ended March 31, 2019

(Amount in Rs.)

Particulars	March 31, 2019	March 31, 2018
A. Cash Flow from Operating Activities:		
Net Profit before taxation and extraordinary items	29,33,05,569	25,03,75,902
Adjustments for:		
Depreciation	20,58,37,936	23,68,63,352
Amortized Expenses	2,56,610	5,85,990
Interest expenses	9,84,94,208	6,96,93,356
Operating Profit before Working Capital Changes	59,78,94,323	55,75,18,600
Working Capital Changes		
Trade and other receivables Including Inventory	(39,07,34,168)	(18,65,80,249)
Trade and Other payables	(15,46,50,714)	10,62,37,099
Cash Generated from Operations	5,25,09,442	47,71,75,450
Interest paid	9,84,94,208	6,96,93,356
Taxation for the year	7,85,28,375	6,26,56,775
Net Cash from Operating Activities	(11,67,13,142)	34,48,25,320
B. Cash Flow from Investing Activities:		
Purchase of Fixed Assets	(12,08,12,876)	(25,72,24,442)
Loss on Slump Sale	(5,59,85,000)	-
Investment	87,32,375	(27,21,41,630)
Net Cash used in Investing Activities	(16,80,65,501)	(52,93,66,072)
C. Cash Flow From Financial Activities:		
Proceeds from Equity Shares	23,80,51,903	23,92,20,898
Net Proceeds from Long Term Borrowings	3,16,76,158	(4,96,98,404)
Net Cash used in Financing Activities	26,97,28,061	18,95,22,494
Net increase in cash and cash equivalents	(2,28,50,582)	49,81,743
Cash and Cash equivalents as at Beginning of the Year	5,21,63,671	4,71,81,928
Cash and Cash equivalents as at End of the Year	2,93,13,089	5,21,63,671

Notes referred to above form an integral part of the financial statements

As per our Report of Even Date

For and on behalf of the Board for Virinchi Limited

For P C N & Associates

Chartered Accountants

Firm Registration No. 016016S

Chandra Babu. M

Partner

Membership No. 227849

G. Santhi Priya

CFO & Whole Time Director

DIN: 03114319

K. Sri Kalyan

Whole Time Director

DIN: 03137506

K. Ravindranath Tagore

Company Secretary

M.No. A18894

Place: Hyderabad

Date: 29th May, 2019

Notes and other explanatory information to financial statements

for the year ended March 31, 2019

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 supply chain management, alternate financial services, 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. The Organisation is led by First Generation IIT/IIM Entrepreneurs and operates out of its Corporate Office at Banjara Hills, Hyderabad & US Headquarters at Edison, New Jersey.

2. Significant Accounting Policies

(a) Statement of Compliance

The financial statements have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules as amended from time to time.

(b) Basis of Preparation

These Financial statements have been prepared in Indian Rupee (₹) which is the Functional Currency of the Company.

These financial statements have been prepared on a historical cost basis, except for certain Financial Instruments which are measured at Fair Value or amortised cost at the end of each reporting Period, as explained in the Accounting Policies. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle. Based on the nature of services rendered to customers and time elapsed between deployment of resources and the realisation in cash and cash equivalents of the consideration for such services rendered, the Company has considered an operating cycle of 12 months.

The statement of cash flows has been prepared under indirect method.

(c) Use of Estimates and Judgements:

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures of contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

(i) **Income tax** expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred taxes are recognised in statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

(ii) **Current income taxes:** 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.

(iii) **Deferred Income taxes:** Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction. Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses

Notes and other explanatory information to financial statements

for the year ended March 31, 2019

can be utilised. The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

(iv) Useful Life of property, plant and equipment The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

(d) Revenue Recognition Effective April 1, 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The Company has adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognised at the date of initial application (i.e. April 1, 2018). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in standalone statement of profit and loss is not restated – i.e. the comparative information continues to be reported under Ind AS 18 and Ind AS 11. The impact of adoption of the standard on the financial statements of the Company is insignificant.

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

The Company's revenues are derived from sale of services.

- **Sale of Services:**

Service income is recognized as and when the underlying services are performed. There was no change in the point of recognition of revenue upon adoption of Ind AS 115. Upfront non-refundable payments received under these arrangements continue to be deferred and are recognized over the expected period that related services are to be performed.

- Interest income is accrued on, time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(e) Cost Recognition Cost and expenses are recognised when incurred and have been classified according to their nature. The costs of the Company are broadly categorised in employee benefit expenses, depreciation and amortisation expense, Finance Cost and Administrative and other Operating expenses. Employee benefit expenses include Salaries, incentives and allowances, contributions to provident and other funds and staff welfare expenses. Administrative and Other Operating expenses include Power & Fuel, Fees to external consultants, facility expenses, travel expenses, etc.

(f) Foreign Currency Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are retranslated at the exchange rate prevailing on the balance sheet date and exchange gains and losses arising on settlement and restatement are recognised in the statement of profit and loss. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

(g) Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

Notes and other explanatory information to financial statements

for the year ended March 31, 2019

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.

Financial Assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets 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.

Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless they are measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in statement of profit and loss.

Financial Liabilities

Financial liabilities are measured at amortised cost using the effective interest method.

Equity instruments

An equity instrument is a contract that evidences residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received net of direct issue cost.

- (h) **Provisions and Contingent Liabilities** A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

There are no Contingent liabilities as at balance sheet date hence disclosure requirements in Financial statements are not arise.

- (i) **Investments in subsidiaries** Investment in subsidiaries are measured at cost.
- (j) **Property, plant and equipment** : Property, plant and equipment are stated at cost comprising of purchase price and any initial directly attributable cost of bringing the asset to its working condition for its intended use, less accumulated depreciation (other than freehold land) and impairment loss, if any.

Depreciation is provided for property, plant and equipment on a straight line basis so as to expense the cost less residual value over their estimated useful lives based on a technical evaluation. The estimated useful lives and residual value are reviewed at the end of each reporting period, with the effect of any change in estimate accounted for on a prospective basis.

The estimated useful lives are as mentioned below:

Sl.No	Block of Assets	Years
1	Buildings	30
2	Plant & Machinery	15
3	Furniture & fixtures, Electrical Equipment	10
4	Vehicles	10
5	Office Equipment	5
6	Computers	3

Notes and other explanatory information to financial statements

for the year ended March 31, 2019

Depreciation is not recorded on capital work-in-progress until construction and installation is complete and the asset is ready for its intended use.

(k) 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. Intangible assets purchased are measured at cost as of the date of acquisition, as applicable, less accumulated amortisation and accumulated impairment, if any.

Product Development: Salaries and other cost paid to resources working on new products are capitalized as intangible asset under the head "Product Development". Management has estimated life of this product is about 10 years subject to certain improvements to the same product/source code.

Computer Software: The company amortizes Computer software using the straight-line method over a period of 6 years.

(l) Impairment

Financial assets (other than at fair value) The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets are impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. For all other financial assets, expected credit losses are measured at an amount equal to the 12 months expected credit losses.

(ii) Non-financial assets

Tangible and intangible assets

Property, plant & equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit and loss.

(m) Employee benefits

(i) Defined contribution plans

Contributions to defined contribution plans are recognised as expense when employees have rendered services entitling them to such benefits.

(ii) Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages, Bonus, Earned Leave etc. and the expected cost of ex-gratia are recognised in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid when there is a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(n) Earnings per share

Basic earnings per share is computed by dividing profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year.

Notes forming part of the Financial Statements for the year ended March 31, 2019

Note No: 1 Fixed Assets Schedule

(Amount in Rs.)

Particulars	Gross Block				Depreciation/Amortization			Net Block		
	As on 01.04.2018	Additions during the year	Sale / Deletions/ Slumpsale during the year	As at 31.03.2019	Dep. As at 01.04.2018	Depreciation for the year	Depreciation on Deletions	Total Depreciation	As at 31.03.2019	As at 31.03.2018
TANGIBLE ASSETS										
Land	12,29,18,796	-	-	12,29,18,796	-	-	-	-	12,29,18,796	12,29,18,796
Building	34,77,34,592	-	-	34,77,34,592	5,88,80,260	1,09,59,738	-	6,98,39,997	27,78,94,595	28,88,54,332
Plant & Machinery	4,88,97,496	20,97,323	2,50,00,000	2,59,94,819	98,07,243	16,30,919	34,722	1,14,03,439	1,45,91,380	3,90,90,253
Electrical Equipment	7,17,16,599	52,60,709	3,28,88,853	4,40,88,455	2,96,50,559	44,38,816	55,32,146	2,85,57,227	1,55,31,228	4,20,66,040
Office Equipment	4,64,41,849	21,53,483	64,87,548	4,21,07,784	3,50,75,021	32,45,398	59,29,967	3,23,90,451	97,17,333	1,13,66,829
Computers	26,75,67,231	9,81,11,590	2,02,85,071	34,53,93,749	18,41,39,523	6,88,15,657	17,43,176	23,55,24,005	10,98,69,744	8,34,27,707
Furniture	20,97,79,204	8,06,47,696	5,38,49,789	23,65,77,111	11,39,87,668	1,97,31,565	1,26,91,594	12,10,27,638	11,55,49,474	9,57,91,536
Vehicles	3,73,54,811	50,49,865	36,35,135	3,87,69,541	2,68,78,226	18,35,227	20,95,246	2,66,18,204	1,21,51,337	1,04,76,585
Medical Equipment	57,54,11,831	-	7,86,64,202	49,67,47,629	11,05,82,055	4,63,36,338	3,28,90,006	12,40,28,387	37,27,19,242	46,48,29,776
Sub Total (a)	1,72,78,22,410	19,33,20,666	22,08,10,599	1,70,03,32,477	56,90,00,555	15,69,93,657	7,66,04,858	64,93,89,349	1,05,09,43,127	1,15,88,21,855
INTANGIBLE ASSETS										
Software	15,89,28,079	6,70,57,125	-	22,59,85,204	8,55,77,744	2,66,09,025	-	11,21,86,769	11,37,98,436	7,33,50,336
Product Development	40,48,49,439	6,31,08,723	3,64,07,437	43,15,50,725	27,83,85,321	2,22,35,254	46,49,445	29,59,71,129	13,55,79,596	12,64,64,117
Goodwill	47,79,30,748	-	-	47,79,30,748	6,37,15,071	-	-	6,37,15,071	41,42,15,677	41,42,15,677
Sub Total (b)	1,04,17,08,266	13,01,65,849	3,64,07,437	1,13,54,66,678	42,76,78,136	4,88,44,279	46,49,445	47,18,72,969	66,35,93,709	61,40,30,130
Capital Work In Progress	2,67,09,911	(2,51,91,152)	15,18,759	-	-	-	-	-	-	2,67,09,911
Sub Total (c)	2,67,09,911	(2,51,91,152)	15,18,759	-	-	-	-	-	-	2,67,09,911
GRAND TOTAL (a+b+c)	2,79,62,40,587	29,82,95,363	25,87,36,795	2,83,57,99,154	99,66,78,691	20,58,37,936	8,12,54,309	1,12,12,62,318	1,71,45,36,836	1,79,95,61,896

Notes forming part of the Financial Statements for the year ended March 31, 2019

Note No: 2 Non Current Investments

(Amount in Rs.)

Particulars	March 31, 2019	March 31, 2018
1) Investment in Subsidiaries		
a) Equity Shares		
100% holding in Ksoft Systems Inc	45,91,087	45,91,087
100% Holding in Qfund Technologies Pvt. Ltd.	1,00,000	1,00,000
100% Holding in Virinchi Learning Private Ltd	1,86,00,000	1,86,00,000
100% Holding in Virinchi Media & Entertainment Pvt Ltd	1,00,000	1,00,000
100% Holding in Tyohar Foods Pvt Ltd	1,00,000	1,00,000
100% Holding in Virinchi Infra & reality Pvt Ltd	1,00,000	1,00,000
100% Holding in Virinchi Health Care Pvt Ltd	59,59,57,580	59,59,57,580
100% Holding in Tensor Fields Consultancy Services Pvt Ltd	1,00,000	1,00,000
100% Holding in Virinchi Combinatorics & Systems Biology Pvt Ltd	1,00,000	1,00,000
51% Asclepius Consulting - Investment	30,00,000	30,00,000
	62,27,48,667	62,27,48,667
2) Trade Investments		
a) Investment in Equity Instrument		
Quoted (400 Shares of Canara Bank)	-	14,000
b) Investment in Mutual funds		
Canara Robeco Mutual Funds	26,94,000	13,50,000
Add: Other Comprehensive Income	-	15,44,000
Total Trade Investments	26,94,000	29,08,000
3) Investment in Shri Ram Chits	-	85,18,375
Total Non Current Investments	62,54,42,667	63,41,75,042

Note No: 3 Long Term Loans and Advances

(Amount in Rs.)

Particulars	March 31, 2019	March 31, 2018
Deposits	2,72,88,871	5,49,35,760
Advances	45,57,25,420	-
Total Long Term Loans & Advances	48,30,14,291	5,49,35,760

Note No: 4 Other Non Current Assets

(Amount in Rs.)

Particulars	March 31, 2019	March 31, 2018
Unamortised Expenses	40,57,800	48,84,354
Total Non - Current Assets	40,57,800	48,84,354

Note No: 5 Inventory

(Amount in Rs.)

Particulars	March 31, 2019	March 31, 2018
Stock - in - Trade		
Pharmacy	-	1,32,77,651
Total Inventories	-	1,32,77,651

Notes forming part of the Financial Statements for the year ended March 31, 2019**Note No: 6 Trade Receivables**

(Amount in Rs.)

Particulars	March 31, 2019	March 31, 2018
Other Receivables:		
Unsecured, Considered Good	25,70,14,783	37,19,55,163
Total Trade Receivables	25,70,14,783	37,19,55,163

Note No: 7 Cash and Cash Equivalents

(Amount in Rs.)

Particulars	March 31, 2019	March 31, 2018
a) Balance with Banks		
On Current Accounts	58,45,257	2,99,14,585
b) Cash on hand	4,53,065	6,40,295
Sub Total	62,98,322	3,05,54,880
Other Bank Balances		
On Deposit Accounts 12 Months from date of deposit	2,30,14,767	2,16,08,791
Sub Total	2,30,14,767	2,16,08,791
Total Trade Receivables	2,93,13,089	5,21,63,671

Note No: 8 Short Term Loans and Advances

(Amount in Rs.)

Particulars	March 31, 2019	March 31, 2018
Unsecured, Considered Good		
With Subsidiaries	36,94,33,996	30,25,63,991
With Others	47,67,673	-
Total Short Term Loans & Advances	37,42,01,669	30,25,63,991

Note No: 9 Other Current Assets

(Amount in Rs.)

Particulars	March 31, 2019	March 31, 2018
Salary and Travel Advances	1,77,21,541	1,56,62,204
Deferred Financial Charges	19,08,536	8,410
Advance Tax & TDS Receivable	78,38,120	97,78,869
GST	1,77,87,219	-
Total Other Current Assets	4,52,55,416	2,54,49,482

Note No: 10 Equity Share Capital

(Amount in Rs.)

Particulars	March 31, 2019	March 31, 2018
Authorised:		
40000000 Equity Shares of Rs.10/- each	40,00,00,000	40,00,00,000
Issued Subscribed & Paid Up Share Capital:		
Subscribed & Fully Paid Up:		
28218050 of Shares in Current Year and 26684550 of shares in Previous Year	28,21,80,500	26,68,45,500
Add: ESOPS Alloted 27,92,684 in Current Year and 1,33,500 in Previous Year	2,79,26,840	13,35,000
Add: Preferential Issue 1,60,000 in Current Year and 14,00,000 in Previous Year	16,00,000	1,40,00,000
Total Equity Share capital	31,17,07,340	28,21,80,500

Notes forming part of the Financial Statements for the year ended March 31, 2019

Reconciliation of No of Shares	March 31, 2019		March 31, 2018	
	No of Shares	Amount in Rs.	No of Shares	Amount in Rs.
Equity Shares				
Opening Balance	2,82,18,050	28,21,80,500	2,66,84,550	26,68,45,500
Issued as ESOP during the Year	27,92,684	2,79,26,840	1,33,500	13,35,000
Preferential Issue During the Year	1,60,000	16,00,000	14,00,000	1,40,00,000
Closing Balance	3,11,70,734	31,17,07,340	2,82,18,050	28,21,80,500

Details of Shareholders Holding More than 5% of the Aggregate shares in the Company	March 31, 2019		March 31, 2018	
	No of Shares	Amount in Rs.	No of Shares	Amount in Rs.
Equity Shares				
Mr.Viswanath Kompella	68,07,975	21.84	68,07,975	24.13

Note No: 11 Other Equity

(Amount in Rs.)

Particulars	March 31, 2019	March 31, 2018
a) Securities Premium Reserve		
As at the commencement of the year	83,40,06,578	83,40,06,578
Additions during the Year	21,25,25,063	-
As at end of the Year	1,04,65,31,640	83,40,06,578
b) Share options outstanding account	5,09,08,184	5,09,08,184
c) Surplus :		
Opening Balance - Profit and Loss Account	78,63,83,446	59,86,64,318
Add: Transfer from Profit & Loss Account	21,47,77,193	18,77,19,128
Loss on Slump Sale	(5,59,85,000)	-
Total Surplus	94,51,75,639	78,63,83,446
Total Reserves and Surplus	2,04,26,15,463	1,67,12,98,207

Note No: 12 Long Term Borrowings

(Amount in Rs.)

Particulars	March 31, 2019	March 31, 2018
Secured Loans		
Vehicle Loans	60,45,084	43,75,309
Term Loans	38,90,87,587	30,23,78,394
Unsecured Loans	-	5,67,02,810
Total Other Current Assets	39,51,32,671	36,34,56,513

Note No: 13 Long Term Provision

(Amount in Rs.)

Particulars	March 31, 2019	March 31, 2018
Provision for Gratuity	1,51,71,618	1,13,86,689
Total Long Term Provisions	1,51,71,618	1,13,86,689

Notes forming part of the Financial Statements for the year ended March 31, 2019**Note No: 14 Deferred Tax Liability**

(Amount in Rs.)

Particulars	March 31, 2019	March 31, 2018
Opening Deferred tax Liability	5,88,72,563	5,11,88,948
Add: Deferred Tax Liability for the year	1,12,19,678	76,83,615
Total Deferred Tax Liability	7,00,92,241	5,88,72,563

Note No: 15 Short Term Borrowings

(Amount in Rs.)

Particulars	March 31, 2019	March 31, 2018
Secured Loans		
a) From Banks	16,42,40,602	23,25,68,795
b) Long Term Secured Loan payable during the year	17,68,99,717	6,66,26,642
Unsecured Loans		
a) Unsecured Loan payable during the year	1,80,44,879	1,86,66,665
Total Short Term Borrowings	35,91,85,198	31,78,62,102

Note No: 16 Trade Payables

(Amount in Rs.)

Particulars	March 31, 2019	March 31, 2018
Trade Payables	14,06,46,239	37,54,91,123
Total Trade Payables	14,06,46,239	37,54,91,123

Note No: 17 Short Term Provisions

(Amount in Rs.)

Particulars	March 31, 2019	March 31, 2018
a) Provisions for Employee Benefits	5,21,42,376	2,94,28,744
b) Provision for expenses	8,48,19,407	8,36,71,071
c) Audit Fee	3,24,000	3,19,500
Total Short Term Provisions	13,72,85,782	11,34,19,315

Note No: 18 Revenue From Operations

(Amount in Rs.)

Particulars	March 31, 2019	March 31, 2018
(a) Revenue from IT Services (Export)	1,67,45,53,954	1,37,28,26,154
(b) Revenue from Healthcare Services	-	31,46,46,817
(c) Revenue from Pharmacy	-	2,15,55,889
(d) Other Operating Revenues	2,76,12,162	1,10,22,693
Total Revenue from Operations	1,70,21,66,116	1,72,00,51,552

Note No: 19 Other Income

(Amount in Rs.)

Particulars	March 31, 2019	March 31, 2018
(a) Interest Income	79,42,254	57,92,842
(b) Other Non-Operating Income	1,50,00,000	30,00,000
(c) Forex Gain	1,22,90,953	-
Total Other Income	3,52,33,207	87,92,842

Notes forming part of the Financial Statements for the year ended March 31, 2019

Note No: 20 Pharmacy Purchases

(Amount in Rs.)

Particulars	March 31, 2019	March 31, 2018
(a) Pharmacy Purchases	-	1,49,09,015
(b) Discounts and Disallowances	-	45,00,542
Total Trade Purchases	-	1,94,09,557

Note No: 21 Change in Inventory

(Amount in Rs.)

Particulars	March 31, 2019	March 31, 2018
Stock in trade		
Stock in trade at the beginning of the year	-	28,06,244
Less : Stock in trade at the end of the year	-	1,32,77,651
(Increase) / Decrease in Inventories	-	-1,04,71,407

Note No: 22 Employee Benefit Expenses

(Amount in Rs.)

Particulars	March 31, 2019	March 31, 2018
(a) Salaries & Wages	40,40,87,232	39,39,07,472
(b) Contribution to Provident & Other Funds	1,75,14,373	1,69,09,124
(c) Staff Welfare Expenses	2,20,42,095	1,23,05,425
Total Other Income	44,36,43,700	42,31,22,020

Note No: 23 Financial Costs

(Amount in Rs.)

Particulars	March 31, 2019	March 31, 2018
(a) Interest Expenses :		
- Interest on Term Loan and Working Capital	9,81,31,699	6,56,89,559
- Interest on Vehicle Loans	3,62,510	1,50,785
(b) Applicable net gain/loss on foreign currency translations	-	38,53,011
Total Other Income	9,84,94,208	6,96,93,356

Note No: 24 Administrative Expenses

(Amount in Rs.)

Particulars	March 31, 2019	March 31, 2018
(a) Power & Fuel	4,26,52,619	3,85,73,530
(b) Rent	3,82,17,851	4,29,52,735
(c) Repairs & Maintenance	1,24,79,504	2,16,03,388
(d) Insurance	38,35,939	35,36,813
(e) Telephone, Postage and Others	71,21,792	75,99,949
(f) Business Promotion Expenses	2,36,31,655	4,56,37,583
(g) Office Maintenance	6,12,55,799	10,27,39,652
(h) Travelling and Visa Expenses	6,12,50,419	3,15,72,948
(i) Consultancy Charges and Subcontracting Expenses	41,19,96,868	41,82,81,263
(j) Other Administrative Expenses	82,80,538	1,10,00,000
(k) Rates & Taxes	2,45,51,838	2,94,53,069
(l) Auditors fee	5,86,476	2,88,225
Total	69,58,61,300	75,32,39,156

Notes forming part of the Financial Statements for the year ended March 31, 2019

NOTE 25:

Details of Primary and Collateral Securities (For Liabilities referred in Note No. 12 & 15)

Hypothecation of Plant and Machinery, Equipment (Movable Assets), Commercial Property and Personal guarantee of the Promoter of the Company.

Primary Security:

Hypothecation of Movable Assets:

M/s. Canara Bank, IF Branch, Hyderabad, having 1st charge on all movable assets of the company on Foreign Currency Term Loan (FCLR) availed with them.

Hypothecations of Medical 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:

- EMT on 875sq yards open land at Road.No.1 Banjara Hills, Hyderabad -500034
- EMT on property located at Pothaipally Village in Shamirpet Mandal, R.R.Dist:
 - Land: Acres 3 and 36 guntas
 - Building in SY.NO.121
 - 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 Rs. 50 Lakhs
- EMT of factory land measuring 1 acre 36.5 guntas at survey no.441, Hakimpet Village, in Shamirpet Mandal, R R Dist

Corporate Guarantee: M/s.Virinchi Healthcare Pvt Ltd

Personal Guarantee: Mr. Viswanath Kompella.

NOTE 26:

Details of Security deposits referred in note no 3:

Nature of Deposit	Amount in Rs.
Rental Deposit	2,41,60,000
Electricity Deposit	23,64,862
Telephone Deposit	1,35,627
Tender Deposit for Projects	6,28,382
Total	2,72,88,871

NOTE 27:

(Amount in ₹)

Particulars	Current year (Rs)	Previous Year (Rs)
Auditors Fee	5,86,476/-	2,88,225/-

Notes forming part of the Financial Statements for the year ended March 31, 2019

NOTE 28:

The Company has identified Business Segments which comprise Development of Computer Software and Services, IT Enabled Services and Infrastructure and Real Estate Services.

Revenue and expenses directly attributable to segments are reported under each 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 un-allocable expenses.

Standalone Segment Information for the year ended 31st March, 2019

(Rs. In Lacs)

S.No	Description	Year ended	
		31.03.2019	31.03.2018
I	Segment Revenue	Rs. In Lacs	Rs. In Lacs
	Software Product Revenues	14,827.57	12,056.73
	Software Services Revenues	1,917.97	1,720.05
	Health Care Services	-	3,369.88
	IT Enabled Services	276.12	23.85
	Infrastructure and Real Estate Services	-	30.00
	Net sales/income from Operations	17,021.66	17,200.51
II	Segment Result		
	Software Product Revenues	3,355.25	2,085.16
	Software Services Revenues	179.45	171.13
	Health Care Services	-	683.28
	IT Enabled Services	30.97	3.46
	Infrastructure and Real Estate Services	30.00	30.00
	Total	3,595.67	2,973.03
	Interest Expenditure	(984.94)	(696.93)
	Other un-allocable Income net of un-allocable Expenditure	352.33	87.93
	Total Profit Before Tax	2,933.06	2,364.03

Note : With effect from 1st April 2018, Healthcare segment is sold out through slump sale hence segmental Revenues and Segmental Result from current Financials year is Nil. However, segmental revenues and segmental results for healthcare segment for previous financial year 2017-18 are presented.

NOTE 29: 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.

Details of Investment in Subsidiaries:

1. Wholly Owned Subsidiaries

S No.	Name of the Subsidiary	Amount (Rs.)
1	Ksoft Systems Inc	45,91,087
2	Q fund 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

Notes forming part of the Financial Statements for the year ended March 31, 2019

2. Other Subsidiaries – controlling interest

S No.	Name of the Subsidiary	Amount (Rs.)
1	Asclepius Consulting & Technologies Pvt Ltd	30,00,000

NOTE 30: Slump Sale of Healthcare Business

During the financial year, as a part of the strategic plan to consolidate all healthcare assets and cash flows into a single entity, the healthcare business in Virinchi Limited (Virinchi) is transferred to Virinchi Healthcare Private Limited (VHPL) a wholly owned subsidiary of the Company through slump sale for a lumpsum consideration of Rs. 4,557 Lakhs, which resulted in a loss of capital nature amounting to Rs. 559.85 lacs. The effective date of the transactions is April 1, 2018 and all healthcare business will henceforth be carried out through VHPL.

As per Section 188 of The Companies Act, 2013, the consent of the shareholders was obtained through postal ballot.

NOTE 31: Earning per Share

The earnings 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	2018-19	2017-18
Profit available for the equity share holders	21,47,77,193	18,77,19,128
Weighted average number of shares for EPS-Basic	3,11,70,734	2,82,18,050
Weighted average number of shares for EPS-Diluted	3,36,10,734	3,08,18,050
Basic	7.04	6.65
Diluted	6.51	6.09

NOTE 32:

Foreign Currency Outflow during the year of Rs. 34.17 Crores (Previous year Rs. 41.34 crores).

NOTE 33:

Foreign Currency Inflow during the year is Rs. 146.68 Crores (Previous year Rs. 132.04 crores).

NOTE 34:

There are no dues to SSI units outstanding for more than 45 days.

NOTE 35:

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.

Notes forming part of the Financial Statements for the year ended March 31, 2019

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 – (controlling interest)

b) Key Management Personnel:

S. No.	Name	Designation
1	G. 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 (Rs.)	Previous year (Rs.)
G Santhi Priya	Remuneration	*29,52,504	31,50,000
K. Sri Kalyan	Remuneration	*19,02,504	22,50,000
Maddala Veera Srinivasa Rao	Remuneration	*16,37,354	NA
Ravindranath Tagore Kolli	Remuneration	*26,01,204	20,61,204
K Soft Systems Inc	Consultancy charges	12,32,42,429	17,71,73,689
Vivo Bio Tech Ltd	Lease Rental Income	30,00,000	30,00,000
Virinchi Healthcare Pvt Ltd	Rental Income on Medical Equipment	1,20,00,000	0
Virinchi Healthcare Pvt Ltd	Slump sale	45,57,25,420	NA

• Amount of Remuneration is excluding the Value of Perquisite allotted as ESOP.

*Amount of Remuneration paid to M.V. Srinavasa Rao is from the date of appointment of Additional Director.

Details of Loans and Advances given to Related Parties:

S. No.	Name of the Related Party	Relationship	Amount Outstanding as on 31-03-2019
1	Asclepius Consulting & Technologies Pvt Ltd	Subsidiary	5,58,69,133
2	Virinchi Media & Entertainment Pvt. Ltd	Wholly Owned Subsidiary	1,42,25,133
3	Tyohar Foods Pvt Ltd	Wholly Owned Subsidiary	1,22,28,467
4	Virinchi Health Care Pvt Ltd	Wholly Owned Subsidiary	33,06,54,078
5	Virinchi Infra & Realty Pvt Ltd	Wholly Owned Subsidiary	42,000
6	Virinchi Learning Pvt. Ltd.	Wholly Owned Subsidiary	3,97,521

Details of Loans and Advances taken from Related Parties:

S. No.	Name of the Related Party	Relationship	Amount Outstanding as on 31-03-2019
1	Qfund Technologies Pvt. Ltd.	Wholly Owned Subsidiary	3,67,16,360
2	Tensor Fields Consultancy Services Pvt Ltd	Wholly Owned Subsidiary	6,91,000
3	Virinchi Combinatorics & Systems Biology Pvt Ltd	Wholly Owned Subsidiary	2,51,545

NOTE: 36

Statement of ESOP Vested and Exercised during the Current Financial Year:

S No.	Name of the Subsidiary	Year ended 31st March, 2019
1	Number of Options Outstanding at the beginning of the year (Unvested)	31,41,716
2	Number of options granted during the year	50,000
3	Number of options forfeited/lapsed during the year	50,000
4	Number of options vested during the year	15,48,343
5	Number of options exercised during the year	9,34,400
6	Number of shares arising as a result of exercise of options	9,34,400
7	Number of Options exercisable at the end of the year	6,13,943
8	Number of Options Outstanding at the end of the year (Unvested)	15,93,373
9	Amount realized by exercise of options (Rs.)	Rs. 8,36,51,600

NOTE: 37

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**

Chartered Accountants

Firm Registration No. 016016S

Chandra Babu. M

Partner

Membership No. 227849

Place: Hyderabad

Date: 29th May, 2019

For and on behalf of the Board for Virinchi Limited**G. Santhi Priya**

CFO & Whole Time Director

DIN: 03114319

K. Sri Kalyan

Whole Time Director

DIN: 03137506

K. Ravindranath Tagore

Company Secretary

M.No. A18894

Independent Auditor's Report

To the Members of
M/S VIRINCHI LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of VIRINCHI LIMITED ("the Company"), its subsidiaries (the Company, its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2019, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("IndAS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2019, the consolidated profit, consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made there under, and we have fulfilled our other ethical responsibilities

in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Information Other than the Consolidated Financial Statements and Auditor's Report thereon:

- The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexure to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements and our auditor's report thereon.
- Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Consolidated Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the IndAS and other accounting principles generally accepted in India. This responsibility also 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; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group is also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company and its subsidiary companies which are companies incorporated in India, has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained upto the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding

the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in : (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters:

We did not audit the financial statements / financial information of 9 subsidiaries, whose financial statements / financial information reflect total assets before elimination of Rs. 118.87 Crore as at 31 March 2019, total revenues of Rs. 107.92 Crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements/financial

information of 8 Subsidiary companies have been audited by other Auditors whose reports have furnished to us by the Management and in respect of Ksoft Systems Inc., the financial statements and other financial information have not been Audited which are prepared and submitted to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates, and our report in terms of subsection (3) of section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associates is based solely on the audit reports of the other auditors.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we 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 purposes of our audit of the aforesaid consolidated financial statements.
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
 - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors of the company and its subsidiaries, none of the directors of the group companies is disqualified as on March 31, 2019 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 and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the Auditor's reports of the Company and its subsidiary companies. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting of those companies, for reasons stated therein.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the

best of our information and according to the explanations given to us:

i. The consolidated financial statement does not have pending litigations which would have impact on its consolidated financial position of the group.

ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company and its subsidiary companies.

For P C N Associates.,
Chartered Accountants,
FRN No: 016016S

Chandra Babu M
Partner
M.No:227849

Place: Hyderabad
Date: 29.05.2019

Annexure "A" To The Independent Auditor's Report

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of VIRINCHI LIMITED of even date

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting of VIRINCHI LIMITED (herein after referred to as "Company") and its subsidiary companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Company and its subsidiary companies are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies 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. 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 respective 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 Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company and its subsidiary companies 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") issued by the Institute of Chartered Accountants of India and the

Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform 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 risks of material misstatement of the 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 on the internal financial controls system over financial reporting of the Company and its Subsidiary Companies.

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 those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, 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 accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations 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 Limitations of Internal Financial Controls Over Financial Reporting:

Because of the inherent limitations 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 detected. 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 ,to the best of our information and according to the explanations given to us, the Company and its subsidiary companies, 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 March 31, 2019, based on the internal control over financial reporting criteria established by the respective companies 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.,
Chartered Accountants,
FRN No: 016016S

Chandra Babu M
Partner
M.No:227849

Place: Hyderabad
Date: 29.05.2019

Consolidated Balance Sheet as at March 31, 2019

(Amount in Rs.)

Particulars	Note No	March 31, 2019	March 31, 2018
1) NON CURRENT ASSETS			
Property, Plant and Equipment	1	2,93,34,38,981	2,54,23,44,649
Capital Work - In - Progress	1	-	4,71,17,905
Intangible assets	1	82,34,83,398	68,87,26,691
Financial Assets			
Non-Current Investments	2	29,93,641	1,23,40,016
Long Term Loans and Advances	3	9,56,76,644	10,46,94,008
Other Non-Current Assets	4	1,23,38,738	1,11,63,246
2) CURRENT ASSETS			
Inventories	5	8,48,92,448	10,29,29,804
Financial assets			
Trade and Other Receivables	6	76,65,57,208	78,42,25,241
Cash and Cash Equivalents	7	9,03,63,584	9,86,99,252
Short Term Loans and Advances	8	47,17,36,873	49,78,06,297
Other Current Assets	9	6,66,09,549	4,49,74,034
Total Assets		5,34,80,91,064	4,93,50,21,143
EQUITY AND LIABILITIES			
Equity			
Share Capital	10	31,17,07,340	28,21,80,500
Other Equity	11	2,80,50,27,419	2,21,07,45,738
Money Received Against Share Warrants		6,10,00,000	6,50,00,000
Non Controlling Interest		(50,01,158)	(50,26,060)
(1) Non-Current Liabilities			
Financial Liabilities			
Long-Term Borrowings	12	1,06,31,37,840	1,08,33,47,798
Long Term Provision	13	2,48,97,522	1,73,47,320
Deffered Tax Liabilities	14	5,07,07,621	11,86,12,370
(2) Current Liabilities			
Financial Liabilities			
Short Term Borrowings	15	55,90,13,851	49,08,62,857
Trade Payables	16	19,81,14,755	39,67,41,922
Short Term Provisions	17	27,94,85,874	27,52,08,697
Total		5,34,80,91,064	4,93,50,21,143

Notes referred to above form an integral part of the financial statements

As per our Report of Even Date

For P C N & Associates

Chartered Accountants

Firm Registration No. 016016S

Chandra Babu. M

Partner

Membership No. 227849

Place: Hyderabad

Date: 29th May, 2019

For and on behalf of the Board for Virinchi Limited

G. Santhi Priya

CFO & Whole Time Director

DIN: 03114319

K. Sri Kalyan

Whole Time Director

DIN: 03137506

K. Ravindranath Tagore

Company Secretary

M.No. A18894

Consolidated Profit and Loss statement for the year ended March 31, 2019

(Amount in Rs.)

Particulars	Note No	March 31, 2019	March 31, 2018
Revenue from operations	18	4,07,09,31,021	3,41,42,09,903
Other Income	19	4,02,28,392	1,07,40,909
Total Revenue		4,11,11,59,413	3,42,49,50,812
Expenses:			
Purchases	20	21,86,91,687	14,43,31,147
Changes in Inventory	21	1,80,37,366	(2,34,75,332)
Employee Benefit Expenses	22	1,28,83,29,024	97,93,68,104
Depreciation	1	35,97,34,602	33,31,07,352
Amortization expenses		2,85,110	6,42,680
Financial costs	23	22,07,28,900	18,00,62,132
Administrative and Other Operating Expenses	24	1,34,39,95,413	1,35,55,20,945
Total Expenses		3,44,98,02,102	2,96,95,57,029
Profit before exceptional and extraordinary items and tax		66,13,57,311	45,53,93,784
Exceptional Items		-	-
Profit before extraordinary items and tax		66,13,57,311	45,53,93,784
Extraordinary Items			
Profit before tax		66,13,57,311	45,53,93,784
Tax expense:			
(a) Current tax		14,00,69,396	9,50,01,227
(b) Deferred tax Liability/(Asset)		(6,79,04,748)	3,01,53,275
Profit(Loss) from the period from continuing operations		58,91,92,663	33,02,39,281
Minority Interest.		-	96,353
Profit/(Loss) for the period		58,91,92,663	33,01,42,928
Add: Other Comprehensive Income (Net of Tax)		-	18,58,000
Total Comprehensive Income		58,91,92,663	33,20,00,928
Earning per Equity Share			
(i) Basic		19.30	11.77
(ii) Dilute		17.87	10.78

Notes referred to above form an integral part of the financial statements

As per our Report of Even Date

For P C N & Associates

Chartered Accountants

Firm Registration No. 016016S

Chandra Babu. M

Partner

Membership No. 227849

Place: Hyderabad

Date: 29th May, 2019

For and on behalf of the Board for Virinchi Limited

G. Santhi Priya

CFO & Whole Time Director

DIN: 03114319

K. Sri Kalyan

Whole Time Director

DIN: 03137506

K. Ravindranath Tagore

Company Secretary

M.No. A18894

Consolidated Cash Flow Statement for the year ended March 31, 2019

(Amount in Rs.)

Particulars	March 31, 2019	March 31, 2018
A. Cash Flow from Operating Activities:		
Net Profit before taxation and extraordinary items	66,13,57,311	45,71,55,431
Adjustments for:		
Depreciation	36,00,19,712	33,31,07,352
Interest expenses	22,07,28,900	18,00,62,132
Operating Profit before Working Capital Changes	1,24,21,05,923	97,03,24,915
Working Capital Changes		
Trade and other receivables	4,79,81,170	(68,29,09,330)
Trade and other payables	(18,65,53,544)	36,97,99,755
Cash Generated from Operations	1,10,35,33,549	65,72,15,340
Interest paid	22,07,28,900	18,00,62,132
Taxation for the year	7,21,64,648	12,51,54,503
Net Cash from Operating Activities	81,06,40,001	35,19,98,705
B. Cash Flow from Investing Activities:		
Purchase of Fixed Assets	(83,87,52,840)	(50,09,37,312)
Investment	93,46,375	(50,97,691)
Net Cash used in Investing Activities	(82,94,06,465)	(50,60,35,003)
C. Cash Flow From Financial Activities:		
Proceeds from Equity Shares	23,80,51,902	23,92,20,897
Capital Reserve and Others	(20,74,11,141)	-
Net Proceeds from Long Term Borrowings	(2,02,09,958)	(9,89,69,389)
Net Cash used in Financing Activities	1,04,30,803	14,02,51,508
Net increase in cash and cash equivalents	(83,35,660)	(1,37,84,790)
Cash and Cash equivalents as at Beginning of the Year	9,86,99,244	11,24,84,034
Cash and Cash equivalents as at End of the Year	9,03,63,584	9,86,99,244

Notes referred to above form an integral part of the financial statements

As per our Report of Even Date

For and on behalf of the Board for Virinchi Limited

For P C N & Associates

Chartered Accountants

Firm Registration No. 016016S

Chandra Babu. M

Partner

Membership No. 227849

G. Santhi Priya

CFO & Whole Time Director

DIN: 03114319

K. Sri Kalyan

Whole Time Director

DIN: 03137506

K. Ravindranath Tagore

Company Secretary

M.No. A18894

Place: Hyderabad

Date: 29th May, 2019

Notes and other explanatory information to financial statements

for the year ended March 31, 2019

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 supply chain management, alternate financial services, 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. The Organisation is led by First Generation IIT/IIM Entrepreneurs and operates out of its Corporate Office at Banjara Hills, Hyderabad & US Headquarters at Edison, New Jersey.

Virinchi together with subsidiaries and controlled companies is hereinafter referred to as "The Group".

Virinchi Healthcare Pvt Ltd and Ksoft Systems Inc are the material subsidiaries of Virinchi Limited and providing world class Health care services/Facilities and software development and services respectively.

The Group has presence in Learning, Media& Entertainment, Financial Services, Food Industry, Data science and Analysis, Reality and Infrastructure etc.

2. Significant Accounting Policies

(a) Statement of Compliance

The financial statements have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules as amended from time to time.

(b) Company information

The consolidated financial statements of the Company includes subsidiaries listed in the table below:

Name of investee	Principal activities	Country of incorporation	Percentage of ownership/ voting rights	
			31/Mar/19	31/Mar/18
Ksoft Systems Inc	Software Development and Consulting	USA	100	100
Q fund Technologies Pvt. Ltd.	Software Development and Consulting	India	100	100
Virinchi Learning Private Ltd	Educational Services (e-governance project)	India	100	100
Virinchi Media & Entertainment Pvt. Ltd	Media and Entertainment	India	100	100
Tyohar Foods Pvt. Ltd	Catering Services	India	100	100
Virinchi Infra & Reality Pvt. Ltd	Infrastructure	India	100	100
Virinchi Health Care Pvt. Ltd	Healthcare Services	India	100	100
Tensor Fields Consultancy Services Pvt. Ltd	Financial consulting Services	India	100	100
Virinchi Combinatorics & Systems Biology Pvt. Ltd	Date science and Analysis	India	100	100
Asclepius Consulting & Technologies Pvt Ltd	Software Development and Consulting	India	51	51

Notes and other explanatory information to financial statements

for the year ended March 31, 2019

(c) Basis of consolidation

- (i) The consolidated financial statements incorporate the financial statements of the Parent Company and its subsidiaries. For this purpose, an entity which is, directly or indirectly, controlled by the Parent Company is treated as subsidiary. The Parent Company together with its subsidiaries constitute the Company. Control exists when the Parent Company, directly or indirectly, has power over the investee, is exposed to variable returns from its involvement with the investee and has the ability to use its power to affect its returns.
- (ii) Consolidation of a subsidiary begins when the Parent Company, directly or indirectly, obtains control over the subsidiary and ceases when the Parent Company, directly or indirectly, loses control of the subsidiary. Income and expenses of a subsidiary acquired or disposed off during the year are included in the consolidated Statement of from the date the Parent Company, directly or indirectly, gains control until the date when the Parent Company, directly or indirectly, ceases to control the subsidiary.
- (iii) The consolidated financial statements of the Company combines financial statements of the Parent Company and its subsidiary line-by-line by adding together the like items of assets, liabilities, income and expenses. All intra-Company assets, liabilities, income, expenses and unrealised profits/losses on intra Company transactions are eliminated on consolidation. The accounting policies of subsidiaries have been harmonised to ensure the consistency with the policies adopted by the Parent Company.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

The consolidated financial statements have been presented to the extent possible, in the same manner as Parent Company's standalone financial statements.

(d) Basis of Preparation

These Financial statements have been prepared in Indian Rupee (₹) which is the Functional Currency of the Group.

These financial statements have been prepared on a historical cost basis, except for certain Financial Instruments which are measured at Fair Value or amortised cost at the end of each reporting Period, as explained in the Accounting Policies. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All assets and liabilities have been classified as current and non-current as per the Group's normal operating cycle. Based on the nature of services rendered to customers and time elapsed between deployment of resources and the realisation in cash and cash equivalents of the consideration for such services rendered, the Group has considered an operating cycle of 12 months.

The statement of cash flows has been prepared under indirect method.

(e) USE OF ESTIMATES AND JUDGEMENTS:

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures of contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

- i) **Income tax** expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred taxes are recognised in statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Notes and other explanatory information to financial statements for the year ended March 31, 2019

- ii) **Current income taxes:** 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.
- iii) **Deferred Income taxes:** Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction. Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised. The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.
- iv) **Useful Life of property, plant and equipment:** The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

(f) Revenue Recognition

Effective April 1, 2018, the Group has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The Group has adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognised at the date of initial application (i.e. April 1, 2018). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in standalone statement of profit and loss is not restated – i.e. the comparative information continues to be reported under Ind AS 18 and Ind AS 11. The impact of adoption of the standard on the financial statements of the Group is insignificant.

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Group expects to receive in exchange for those products or services.

The Group's revenues are derived from sale of goods and services.

• Sale of Services

Service income is recognized as and when the underlying services are performed. There was no change in the point of recognition of revenue upon adoption of Ind AS 115. Upfront non refundable payments received under these arrangements continue to be deferred and are recognized over the expected period that related services are to be performed.

• Sale of goods

Revenue from sale of goods is recognized where control is transferred to the Company's customers at the time of shipment to or receipt of goods by the customers. There was no change in the point of recognition of revenue upon adoption of Ind AS 115.

• Revenue from Healthcare Services:

Revenue from patients is recognized when the company satisfies performance obligation by transferring promised goods and services to patients. Revenue is measured based on the transaction price which is the fair value of the consideration received /receivable net of discount/concession and GST. The Income by

Notes and other explanatory information to financial statements

for the year ended March 31, 2019

way of doctor's Consultancy fees and the consequent liability towards Doctor's Consultation charges are considered as accrued as and when the amounts are finalized and certainty of recovery from patients is established.

Revenue from dietary/pharmacy sales and other associates services is recognized at the point when the goods are sold or services are rendered.

- Interest income is accrued on, time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.
- (g) Cost Recognition Cost and expenses are recognised when incurred and have been classified according to their nature. The costs of the Company are broadly categorised in employee benefit expenses, depreciation and amortisation expense, Finance Cost and Administrative and other Operating expenses. Employee benefit expenses include Salaries, incentives and allowances, contributions to provident and other funds and staff welfare expenses. Administrative and Other Operating expenses include Power & Fuel, Fees to external consultants, facility expenses, travel expenses, etc.
- (h) Foreign Currency Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are retranslated at the exchange rate prevailing on the balance sheet date and exchange gains and losses arising on settlement and restatement are recognised in the statement of profit and loss. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.
- (i) Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired.

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.

Financial Assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets 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.

Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless they are measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly

Notes and other explanatory information to financial statements

for the year ended March 31, 2019

attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in statement of profit and loss.

Financial Liabilities

Financial liabilities are measured at amortised cost using the effective interest method.

Equity instruments

An equity instrument is a contract that evidences residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received net of direct issue cost.

- (j) **Provisions and Contingent Liabilities** A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

There are no Contingent liabilities as at balance sheet date hence disclosure requirements in Financial statements are not arise.

- (k) **Property, plant and equipment** : Property, plant and equipment are stated at cost comprising of purchase price and any initial directly attributable cost of bringing the asset to its working condition for its intended use, less accumulated depreciation (other than freehold land) and impairment loss, if any.

Depreciation is provided for property, plant and equipment on a straight line basis so as to expense the cost less residual value over their estimated useful lives based on a technical evaluation. The estimated useful lives and residual value are reviewed at the end of each reporting period, with the effect of any change in estimate accounted for on a prospective basis.

The estimated useful lives are as mentioned below:

Buildings	30
Plant and Machinery	15
Furniture, fixtures & Electrical Equipment	10
Vehicles	10
Office equipment	5
Computers	3

Depreciation is not recorded on capital work-in-progress until construction and installation is complete and the asset is ready for its intended use.

(l) 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. Intangible assets purchased are measured at cost as of the date of acquisition, as applicable, less accumulated amortisation and accumulated impairment, if any.

Product Development: Salaries and other cost paid to resources working on new products are capitalized as intangible asset under the head "Product Development". Management has estimated life of this product is about 10 years subject to certain improvements to the same product/source code.

Computer Software: The company amortizes Computer software using the straight-line method over a period of 6 years.

(l) Impairment

Financial assets (other than at fair value) The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets are impaired. Ind AS 109 requires expected credit losses to be

Notes and other explanatory information to financial statements

for the year ended March 31, 2019

measured through a loss allowance. For all other financial assets, expected credit losses are measured at an amount equal to the 12 months expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

(ii) Non-financial assets

Tangible and intangible assets

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit and loss.

(m) Employee benefits

(i) Defined contribution plans

Contributions to defined contribution plans are recognised as expense when employees have rendered services entitling them to such benefits.

(ii) Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages, Bonus, Earned Leave etc. and the expected cost of ex-gratia are recognised in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid when there is a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(n) Earnings per share

Basic earnings per share is computed by dividing profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year.

Notes forming part of the Financial Statements for the year ended March 31, 2019

Note No. 1 Fixed Assets Schedule

(Amount in Rs.)

Particulars	Gross Block			Depreciation/Amortization			Net Block		
	As on 01.04.2018	Additions during the year	Deletions During the Year	As on 31.03.2019	Depreciation for the year	Depreciation on Deletions	Total Depreciation	As on 31.03.2019	As on 31.03.2018
TANGIBLE ASSETS									
Land	12,29,18,796	-	-	12,29,18,796	-	-	-	12,29,18,796	12,29,18,796
Building	1,24,46,72,465	1,27,76,696	-	1,25,74,49,160	4,02,88,315	-	15,28,26,334	1,10,46,22,826	1,13,21,34,444
Plant & Machinery	6,55,18,725	23,13,117	-	6,78,31,842	52,70,062	-	1,91,99,220	4,86,32,622	5,15,89,567
Electrical Equipment	16,14,09,576	93,02,568	-	17,07,12,144	1,50,12,147	-	5,63,23,818	11,43,88,326	12,00,97,905
Office Equipment	5,24,55,136	22,36,383	-	5,46,91,519	43,59,988	-	4,21,27,030	1,25,64,489	1,46,88,094
Computers	33,68,87,618	41,25,58,788	-	74,94,46,406	10,18,43,058	-	33,37,86,502	41,56,59,904	10,49,44,173
Furniture	33,30,48,112	8,54,49,900	-	41,84,98,012	3,50,90,378	-	16,70,74,311	25,14,23,701	20,10,64,179
Vehicles	6,59,86,657	62,42,280	13,55,374	7,08,73,563	57,05,728	6,77,054	4,08,02,779	3,00,70,784	3,02,12,551
Medical Equipment	91,95,79,946	14,91,24,323	-	1,06,87,04,269	8,21,81,489	-	23,70,64,495	83,16,39,774	76,46,96,940
Sub Total (a)	3,30,24,77,030	68,00,04,055	13,55,374	3,98,11,25,711	28,97,51,165	6,77,054	1,04,92,04,489	2,93,19,21,222	2,54,23,46,649
INTANGIBLE ASSETS									
Software	20,92,62,037	14,16,30,420	-	35,08,92,457	4,23,43,054	-	14,58,86,614	20,50,05,843	10,57,18,478
Product Development	47,36,28,845	6,31,08,723	-	53,67,37,568	2,76,40,381	-	33,24,76,690	20,42,60,878	16,87,92,536
Goodwill On Amortisation	47,79,30,748	-	-	47,79,30,748	-	-	6,37,15,071	41,42,15,677	41,42,15,677
Sub Total (b)	1,16,08,21,630	20,47,39,143	-	1,36,55,60,773	6,99,83,435	-	54,20,78,375	82,34,82,398	68,87,26,691
Capital Work In Progress	4,71,15,905	(2,32,56,130)	2,23,41,016	15,18,759	-	-	-	15,18,759	4,71,15,905
Sub Total (c)	4,71,15,905	(2,32,56,130)	2,23,41,016	15,18,759	-	-	-	15,18,759	4,71,15,905
GRAND TOTAL (a+b+c)	4,51,04,14,565	86,14,87,068	2,36,96,390	5,34,82,05,243	35,97,34,600	6,77,054	1,59,12,82,864	3,75,69,22,379	3,27,81,89,245

Notes forming part of the Financial Statements for the year ended March 31, 2019

Note No: 2 Non Current Investments

(Amount in Rs.)

Particulars	March 31, 2019	March 31, 2018
1) Trade Investments		
a) Investment in Equity Instrument Quoted (400 Shares of Canara Bank)	-	14,000
b) Investment in Mutual funds Canara Robeco Mutual Funds	29,93,641	38,07,641
c) Investment in Shri Ram Chits	-	85,18,375
Total Non Current Investments	29,93,641	1,23,40,016

Note No: 3 Long Term Loans and Advances

(Amount in Rs.)

Particulars	March 31, 2019	March 31, 2018
Deposits	9,56,76,644	10,46,94,008
Total Long Term Loans & Advances	9,56,76,644	10,46,94,008

Note No: 4 Other Non Current Assets

(Amount in Rs.)

Particulars	March 31, 2019	March 31, 2018
Unamortised Expenses	1,23,38,738	1,11,63,246
Total other Non - Current Assets	1,23,38,738	1,11,63,246

Note No: 5 Inventory

(Amount in Rs.)

Particulars	March 31, 2019	March 31, 2018
Stock - in - Trade		
Pharmacy	8,48,92,448	10,29,29,804
Total Inventories	8,48,92,448	10,29,29,804

Note No: 6 Trade Receivables

(Amount in Rs.)

Particulars	March 31, 2019	March 31, 2018
Other Receivables:		
Unsecured, Considered Good	76,65,57,208	78,42,25,241
Total Trade Receivables	76,65,57,208	78,42,25,241

Note No: 7 Cash and Cash Equivalents

(Amount in Rs.)

Particulars	March 31, 2019	March 31, 2018
a) Balance with Banks		
On Current Accounts	2,07,17,981	3,63,33,607
b) Cash on hand	34,28,054	23,79,039
Sub Total	2,41,46,035	3,87,12,646
Other Bank Balances		
On Deposit Accounts		
12 Months from date of deposit	6,62,17,549	5,99,86,606
Sub Total	6,62,17,549	5,99,86,606
Total Trade Receivables	9,03,63,584	9,86,99,252

Notes forming part of the Financial Statements for the year ended March 31, 2019**Note No: 8 Short Term Loans and Advances**

(Amount in Rs.)

Particulars	March 31, 2019	March 31, 2018
a) Deposits		
Unsecured, Considered Good	3,98,000	68,000
b) Loans and Advances to Others		
Unsecured, Considered Good	47,13,38,873	49,77,38,297
Total Short Term Loans & Advances	47,17,36,873	49,78,06,297

Note No: 9 Other Current Assets

(Amount in Rs.)

Particulars	March 31, 2019	March 31, 2018
Salary and Travel Advances	1,81,55,493	1,56,62,204
Deferred Financial Charges	19,08,536	8,410
Advance Tax & TDS Receivable	2,76,78,583	1,87,49,249
Prepaid Expenses	10,79,718	2,79,832
GST	1,77,87,219	1,02,74,339
Total Other Current Assets	6,66,09,549	4,49,74,034

Note No: 10 Equity Share Capital

(Amount in Rs.)

Particulars	March 31, 2019	March 31, 2018
Equity Share Capital	31,17,07,340	28,21,80,500
Total Equity Share capital	31,17,07,340	28,21,80,500

Reconciliation of No of Shares	March 31,2019		March 31,2018	
	No of Shares	Amount in Rs.	No of Shares	Amount in Rs.
Equity Shares				
Opening Balance	2,82,18,050	28,21,80,500	2,66,84,550	26,68,45,500
Issued as ESOP during the Year	27,92,684	2,79,26,840	1,33,500	13,35,000
Preferential Issue During the Year	1,60,000	16,00,000	14,00,000	1,40,00,000
Closing Balance	3,11,70,734	31,17,07,340	2,82,18,050	28,21,80,500

Details of Shareholders Holding More than 5% of the Aggregate shares in the Company	March 31,2019		March 31,2018	
	No of Shares	Amount in Rs.	No of Shares	Amount in Rs.
Equity Shares				
Mr.Viswanath Kompella	68,07,975	21.84	68,07,975	24.13

Notes forming part of the Financial Statements for the year ended March 31, 2019

Note No: 11 Other Equity

(Amount in Rs.)

Particulars	March 31, 2019	March 31, 2018
a) Securities Premium Reserve		
As at Opening Of the Year	83,40,06,578	70,80,06,578
Add: Additions during the Year	21,25,25,062	12,60,00,000
As at End of the Year	1,04,65,31,640	83,40,06,578
b) Share options outstanding account	5,09,08,184	5,09,08,184
c) Capital Reserve (arising on consolidation)	(17,32,02,788)	10,47,06,583
d) Surplus :		
i) Opening Balance - Profit and Loss Account	1,22,11,24,394	91,13,07,077
Add: Transfer from Profit & Loss Account	58,91,92,663	33,20,00,928
Foreign exchange Translation Reserve	7,04,73,327	(2,21,83,611)
Total Surplus	1,88,07,90,384	1,22,11,24,394
Total Reserves and Surplus	2,80,50,27,419	2,21,07,45,738

Note No: 12 Long Term Borrowings

(Amount in Rs.)

Particulars	March 31, 2019	March 31, 2018
Secured Loans		
Vehicle Loans	1,64,43,020	2,03,60,036
Term Loans	98,89,55,079	1,03,39,87,921
Unsecured Loans		
From Others	5,77,39,741	2,89,99,842
Total Long Term Borrowings	1,06,31,37,840	1,08,33,47,799

Note No: 13 Long Term Provision

(Amount in Rs.)

Particulars	March 31, 2019	March 31, 2018
Provision for Gratuity	2,48,97,522	1,73,47,320
Total Long Term Provisions	2,48,97,522	1,73,47,320

Note No: 14 Deferred Tax Liability

(Amount in Rs.)

Particulars	March 31, 2019	March 31, 2018
Opening Deferred tax Liability	11,86,12,370	8,84,59,095
Add: Deferred Tax Liability for the year	(6,79,04,748)	3,01,53,275
Total Deferred Tax Liability	5,07,07,621	11,86,12,370

Notes forming part of the Financial Statements for the year ended March 31, 2019**Note No: 15 Short Term Borrowings**

(Amount in Rs.)

Particulars	March 31, 2019	March 31, 2018
Secured Loans		
a) From Banks	31,31,50,006	35,62,08,352
b) Term Loan payable during the year	22,53,78,399	11,41,52,186
Unsecured Loans		
a) From Others	2,04,85,446	2,05,02,319
Total Short Term Borrowings	55,90,13,851	49,08,62,857

Note No: 16 Trade Payables

(Amount in Rs.)

Particulars	March 31, 2019	March 31, 2018
Trade Payables	19,81,14,755	39,67,41,922
Total Trade Payables	19,81,14,755	39,67,41,922

Note No: 17 Short Term Provisions

(Amount in Rs.)

Particulars	March 31, 2019	March 31, 2018
a) Provisions for Employee Benefits		
Salaries Payable	7,70,69,643	6,33,80,680
b) Others		
Rent payable	1,07,72,279	35,01,246
Audit Fee Payable	2,53,900	4,94,900
Provision for Expenses	5,59,07,998	6,26,28,662
Statutory Liabilities	6,24,04,892	2,29,18,569
Provision for Income Tax	7,30,77,163	12,22,84,640
Total Short Term Provisions	27,94,85,874	27,52,08,697

Note No: 18 Revenue From Operations

(Amount in Rs.)

Particulars	March 31, 2019	March 31, 2018
(a) Revenue from IT Services (Export)	2,62,44,35,997	2,39,09,07,438
(b) Revenue from Healthcare Services	1,17,03,59,111	84,93,88,985
(c) Revenue from Pharmacy	24,38,94,369	16,03,50,687
(d) Other Operating Revenues	3,22,41,544	1,35,62,793
Total Revenue from Operations	4,07,09,31,021	3,41,42,09,903

Note No: 19 Other Income

(Amount in Rs.)

Particulars	March 31, 2019	March 31, 2018
(a) Interest Income	1,16,31,605	77,29,146
(b) Other Non-Operating Income	1,62,21,812	30,00,000
(c) Gain on Foreign Currency Translation	1,22,90,953	-
(d) IT Refund	84,023	11,763
Total Other Income	4,02,28,392	1,07,40,909

Notes forming part of the Financial Statements for the year ended March 31, 2019

Note No: 20 Purchase

(Amount in Rs.)

Particulars	March 31, 2019	March 31, 2018
(a) Pharmacy Purchases	21,86,91,687	14,37,55,982
(b) Purchase of Provisions	-	5,75,165
Total Purchase	21,86,91,687	14,43,31,147

Note No: 21 Change in Inventory

(Amount in Rs.)

Particulars	March 31, 2019	March 31, 2018
Stock in trade at the beginning of the year	10,29,29,814	7,94,54,482
Less : Stock in trade at the end of the year	8,48,92,448	10,29,29,814
(Increase) / Decrease in Inventories	1,80,37,366	(2,34,75,332)

Note No: 22 Employee Benefit Expenses

(Amount in Rs.)

Particulars	March 31, 2019	March 31, 2018
(a) Salaries & Wages	1,22,14,19,616	93,11,19,730
(b) Contribution to Provident & Other Funds	3,81,94,498	3,27,66,565
(c) Staff Welfare Expense	2,87,14,910	1,54,81,809
Total Employee Benefit Expenses	1,28,83,29,024	97,93,68,104

Note No: 23 Financial Costs

(Amount in Rs.)

Particulars	March 31, 2019	March 31, 2018
(a) Interest Expenses :		
- Interest on Term Loan and Working Capital	21,92,71,445	17,43,51,945
- Interest on Vehicle Loans	14,57,455	17,81,998
(b) Loss on foreign currency translations	-	39,28,190
Total Other Income	22,07,28,900	18,00,62,132

Note No: 24 Administrative Expenses

(Amount in Rs.)

Particulars	March 31, 2019	March 31, 2018
(a) Power & Fuel	8,90,02,764	6,94,45,555
(b) Rent	17,26,93,456	13,14,26,971
(c) Repairs & Maintenance	5,10,23,171	2,61,22,986
(d) Insurance	4,18,02,000	1,93,33,457
(e) Telephone, Postage and Others	2,23,39,944	2,62,84,645
(f) Business Promotion Expenses	3,89,09,122	6,69,68,899
(g) Office Maintenance	11,94,04,427	13,07,68,842
(h) Travelling and Visa Expenses	7,74,47,886	5,30,50,284
(i) Consultancy Charges and Subcontracting Expenses	66,96,56,144	74,03,46,634
(j) Other Administrative Expenses	2,31,83,842	1,78,64,240
(k) Rates & Taxes	2,73,02,631	6,84,98,857
(l) Disallowances and Network Hospital Discount	96,85,636	45,00,542
(m) Auditor's Fee	15,44,389	9,09,033
Total	1,34,39,95,413	1,35,55,20,945

Notes forming part of the Financial Statements for the year ended March 31, 2019

NOTE 25:

Details of Primary and Collateral Securities (For Liabilities referred in Note No. 12 & 15)

Hypothecation of Plant and Machinery, Equipment (Movable Assets), Commercial Property and Personal guarantee of the Promoter of the Company.

Primary Security:

Hypothecation of Movable Assets:

M/s. Canara Bank, IF Branch, Hyderabad, having 1st charge on all movable assets of the company on Foreign Currency Term Loan (FCLR) availed with them.

Hypothecations of Medical Equipment:

Fixed and Exclusive charge over the Medical Equipment financed by

- Siemens Financial Services Pvt Ltd
- De Lage Landen Financial Services India Private Limited
- Reliance Capital Limited
- Siemens Financial Services Private Limited

Details of Commercial Property:

- EMT on 875sq yards open land at Road.No.1 Banjara Hills, Hyderabad -500034
- EMT on property located at Pothaipally Village in Shamirpet Mandal, R.R.Dist:
 - Land: Acres 3 and 36 guntas
 - Building in SY.NO.121
 - 1st Charge on P&M, Electrical & Office equipment, computers, furniture
- EMT of 7 Acres 36 Guntas of freehold industrial land located at SY No103 Lakshmakkapally, Mulugu Mandal, Medak District in the name of M/S.Vivo Biotech Ltd.
- EMT of 3 Acres 39 Guntas of freehold industrial land located at SY No104 Lakshmakkapally, Mulugu Mandal, Medak District in the name of M/S.Vivo Biotech Ltd.
- EMT of 7 Acres 5 Guntas of freehold industrial land located at syNo.159, Janwada Village, Shankerpally Mandal, Ranga Reddy District in the name of Mr. ViswanathKompella.
- EMT on property located at Flat No.608, Lingapur Plaza, Himayathnagar owned by Mr.Viswanath Kompella
- Pledge of two KDR's worth Rs. 50 Lakhs in the name of Virinchi Health Care Pvt Ltd
- EMT of factory land measuring 1 acre 36.5 guntas at survey no.441, Hakimpet Village, in Shamirpet Mandal, R R Dist. In the name of Virinchi Limited
- EMT of Plot No. 76& 77, Balamrai Co-operative Housing Society , Mahendra Hills, East Marredpally, Secunderabad -26 in the name of Mr. Viswanath Kompella .
- EMT of Plot No. 78, Balamrai Co-operative Housing Society , Mahendra Hills, East Marredpally, Secunderabad -26 in the name of Mr. Viswanath Kompella.
- EMT of Plot No. 88, Balamrai Co-operative Housing Society , Mahendra Hills, East Marredpally, Secunderabad -26 in the name of Mr. Viswanath Kompella.
- EMT of Open non-agricultural land admeasuring 2 Acres 31 Guntas at S.no 438 P, Devar Yamjal , Hakimpet, Shameerpet Mandal, R.R Dist in the name of Virinchi limited.
- EMT of Commercial Flat admeasuring 27,100 Sq.ft, Flat No. 308-A, Ashoka Metropolitan(Virinchi Hospitals), Road NO.12, Banjara Hills , Hyderabad , in the name of M/S , Virinchi Limited.

Notes forming part of the Financial Statements for the year ended March 31, 2019

- EMT of Residential House land admeasuring 400 Sq Yards at Plot no.7B, S.NO 227, Balamrai Society, Mahendra Hills, West Maredpally, Secunderabad, in the name of M/s Iragavarapu Constructions Pvt Ltd.
- EMT of Open Plot admeasuring 400Sq Yards at Plot No 522, Ashoka Colony, Kapra,Keesara Mandal, R.R District, in the name of Smt. Madhavi latha Kompella
- Land and Building situated at 8 canby Dr, Coltsneck, New Jersey, USA property in the name of KSoft systems Inc.

Corporate Guarantee: M/s. Vivo Bio Tech Limited

Personal Guarantee: Mr. Viswanath Kompella.

Mrs. Madhavi Latha Kompella

NOTE 26:

Details of Security deposits referred in note no 3:

Nature of Deposit	Amount in Rs.
Rental Deposit	8,88,12,800
Electricity Deposit	60,37,835
Other Deposits	8,26,009
Total	9,56,76,644

NOTE 27:

(Amount in Rs.)

Particulars	Current year	Previous Year
Auditors Fee	15,44,389/-	9,09,033/-

NOTE 28 :

The Company has identified Business Segments which comprise Development of Computer Software and Services, IT Enabled Services and Infrastructure and Real Estate Services.

Revenue and expenses directly attributable to segments are reported under each 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 un-allocable expenses.

Consolidated Segment Information for the year ended 31st March, 2019

(Rs. In Lacs)

S.No	Description	Year ended	
		31.03.2019	31.03.2018
I	Segment Revenue	Rs. In Lacs	Rs. In Lacs
	Software Product Revenues	17843.30	12,935.28
	Software Services Revenues	8417.36	11071.56
	Health Care Services	14142.54	10105.25
	IT Enabled Services	276.12	0
	Infrastructure and Real Estate Services	30.00	30.00
	Net sales/income from Operations	40709.31	34142.09

Notes forming part of the Financial Statements for the year ended March 31, 2019

S.No	Description	Year ended	
		31.03.2019	31.03.2018
II	Segment Result		
	Software Product Revenues	4527.92	2562.72
	Software Services Revenues	2178.26	2535.36
	Health Care Services	1673.93	1119.07
	IT Enabled Services	8.47	0
	Infrastructure and Real Estate Services	30.00	30.00
	Total	8418.58	6247.15
	Interest Expenditure	2207.29	1800.62
	Other un-allocable Income net of un-allocable Expenditure	402.28	107.41
	Total Profit Before Tax	6613.57	4553.94

NOTE 29: Slump Sale of Healthcare Business

Slump sale of Healthcare Business of the Company to M/s. Virinchi Health Care Private Limited (VHPL), a Wholly Owned Subsidiary of the Company.

As a part of the strategic plan to consolidate all healthcare assets and cash flows into a single entity, the healthcare business in Virinchi Limited (Virinchi) is transferred to Virinchi Healthcare Private Limited (VHPL), the 100% subsidiary of Virinchi through slump sale for a lumpsum consideration of Rs. 4,557 Lakhs. The effective date of the transactions is April 1, 2018 and all healthcare business will henceforth be carried out through VHPL.

As per Section 188 of The Companies Act, 2013, the consent of the shareholders was obtained through postal ballot.

NOTE 30: Earning per Share

The earnings 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	2018-19	2017-18
Profit available for the equity share holders	58,91,92,663	33,20,00,928
No. of equity shares outstanding for EPS-Basic	3,05,27,752	2,82,18,050
No. of equity shares outstanding for EPS-Diluted	3,29,67,752	3,08,18,050
Basic	19.30	11.77
Diluted	17.87	10.78

NOTE 31: 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	G. Santhi Priya	CFO & Whole Time Director
2	K. Sri Kalyan	Whole Time Director
3	K. Ravindranath Tagore	Company Secretary

Notes forming part of the Financial Statements for the year ended March 31, 2019

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 (Rs.)	Previous year (Rs.)
G Santhi Priya	Remuneration	*29,52,504	31,50,000
K. Sri Kalyan	Remuneration	*19,02,504	22,50,000
M.V. Srinivasa Rao	Remuneration	*16,37,354	NA
K. Ravindranath Tagore	Remuneration	*26,01,204	20,61,204
Vivo Bio Tech Ltd	Lease Rental Income	30,00,000	30,00,000

*Amount of Remuneration is excluding the Value of Perquisite allotted as ESOP.

*Amount of Remuneration Paid to M.V. Srinivasa Rao is from Date of Appointment of Additional Director

NOTE: 32

Statement of ESOP Vested and Exercised during the Current Financial Year:

Sl.No	Description	Year ended 31st March, 2019
1	Number of Options Outstanding at the beginning of the year (Unvested)	31,41,716
2	Number of options granted during the year	50,000
3	Number of options forfeited/lapsed during the year	50,000
4	Number of options vested during the year	15,48,343
5	Number of options exercised during the year	9,34,400
6	Number of shares arising as a result of exercise of options	9,34,400
7	Number of Options exercisable at the end of the year	6,13,943
8	Number of Options Outstanding at the end of the year (Unvested)	15,93,373
9	Amount realized by exercise of options (Rs.)	Rs. 8,36,51,600

NOTE 33:

There are no dues to SSI Units outstanding for more than 45 days.

NOTE: 34:

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

Notes referred to above form an integral part of the financial statements

As per our Report of Even Date

For and on behalf of the Board for Virinchi Limited

For P C N & Associates

Chartered Accountants

Firm Registration No. 016016S

Chandra Babu. M

Partner

Membership No. 227849

G. Santhi Priya

CFO & Whole Time Director

DIN: 03114319

K. Sri Kalyan

Whole Time Director

DIN: 03137506

K. Ravindranath Tagore

Company Secretary

M.No. A18894

Place: Hyderabad

Date: 29th May, 2019

VIRINCHI LIMITED

8-2-672/5&6, 4th Floor, Ilyas Mohammed Khan Estate Road No.1,
Banjara Hills Hyderabad.
CIN: L72200TG1990PLC011104

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.

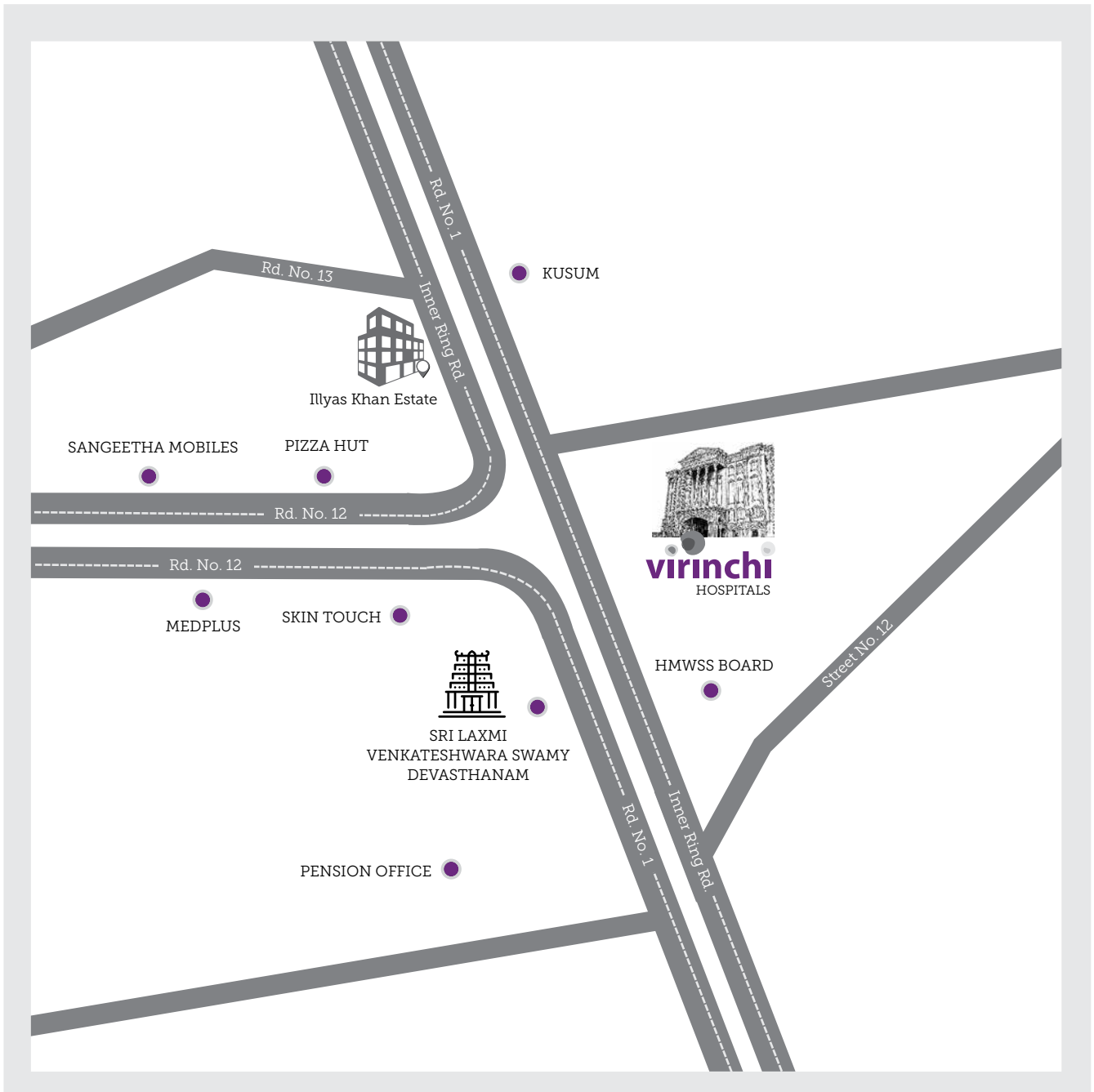
I hereby record my presence at the **30th Annual General Meeting** of the Company to be held on Saturday, the 28th September, 2019 at 11.30 P.M. at 8-2-672/5 & 6, 3rd Floor, Ilyas Mohammed Khan Estate Road no.1, Banjara Hills Hyderabad, Telangana - 500 034.

.....
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: L72200TG1990PLC011104

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:	Name:	Name:
Address:	Address:	Address:
E-Mail Id:	E-Mail Id:	E-Mail Id:
Signature: or failing him	Signature: or failing him	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 30th Annual General Meeting of the Company, to be held on Saturday the 28th day of September, 2019 at 11.30 P.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 31.03.2019 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 Mr. K.Sri Klayan who retires by rotation, and being eligible, offers himself for re-appointment.		
3	Regularisation of Mr. J. Suresh as Director of the Company		
4	Appointment of Mr. J. Suresh as an Independent Director		

S. No	Resolutions	For	Against
5	Regularisation of Mr. M.V Srinivasa Rao as Director of the Company		
6	Appointment of Mr. M.V. Srinivasa Rao as Executive Director of the Company		
7	Re-Appointment of Mr. Ramam Madu as an Independent Director		

Signed this.....day of.....2019.

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.

NOTES

Lined writing area consisting of 22 horizontal lines.

Corporate Information

Founder & Chairman Emeritus

Viswanath Kompella

Board of Directors

M. Santhi Priya
Chairperson & Whole Time Director

K. Sri Kalyan
Whole Time Director

M.V.Srinivasa Rao
Whole Time Director

M. Ramam
Independent and Non-Executive Director

K. Kalpana
Independent and Non-Executive Director

J.Suresh
Additional Director

Kunasingam V. Sittampalam
Independent and Non-Executive Director
(Resigned w.e.f March 22, 2019)

K. Ravindranath Tagore
*Company Secretary, Chief Investor
Relations Officer & Compliance Officer*

Senior Leadership

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

K. Sri Kalyan
Whole Time Director

Registered office

8-2-672 / 5 & 6, 4th Floor
Ilyas Mohammed Khan Estate
Road 1, Banjara Hills
Hyderabad, Telangana-500034
Phone: 040-48199999
E-mail: investors@virinchi.com
Website: www.virinchi.com

Bankers

Canara Bank
IF Branch, Hyderguda,
Hyderabad.

Auditors

M/s. P C N & Associates
Plot No. 12, Ground Floor
Software Layout Unit, Cyberabad
Hyderabad-500081
Phone: 040-23119499

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@arthiconsultants.com

If undelivered, please return to:



Virinchi Limited

8-2-672 / 5 & 6, 4th Floor
Ilyas Mohammed Khan Estate
Road #1, Banjara Hills
Hyderabad - 500034, Telangana

www.virinchi.com