

6<sup>th</sup> September, 2021

To  
The Manager  
Dept. of Corporate Services  
BSE Limited  
Phiroze Jeejeebhoy Towers  
Dalal Street, Mumbai- 400001  
Scrip Code: 532372

Dear Sir/Madam,

**Sub: Notice of 32<sup>nd</sup> Annual General Meeting (AGM) and Annual Report for the FY 2020-21. -Reg.**

**Ref: Regulation 30 and 34 of SEBI (LODR) Regulations, 2015**

Pursuant to Regulation 30 & 34 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, we are enclosing herewith;


- i. A copy of Notice of the 32<sup>nd</sup> Annual General Meeting ("AGM") of the Company.
- ii. Annual Report of the Company for the Financial year ended 31<sup>st</sup> March, 2021.

Kindly take the above information on record.

Thanking you,

Yours faithfully,

**For Virinchi Limited**

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



# Persisting during the pandemic



## 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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## Recover. Reboot. Resile.

There are three messages that we wish to send out to all our stakeholders.

- 1.** In FY 2020-21, the most challenging year in our existence when we were threatened by operational discontinuity, we reported a creditable cash profit.
- 2.** Besides, our operating model was validated, each of our businesses becoming more relevant in a post-pandemic world.
- 3.** The company's performance in FY 2020-21 validated its resilience, providing it with a platform to reboot and report a vigorous recovery across the foreseeable future.

## Virinchi Limited.

We are three businesses in one company. Each of our businesses has been inter-linked by a deep understanding of machine learning and process automation.

**One**, we have built a disruptive fintech business in United States and India that has matured into a robust engine. We are now launching a variant of the same that is poised to address the digital needs of India's mass population.

**Two**, we have built one of the most attractive healthcare infrastructure platforms in India, providing full-scale healthcare services.

**Three**, we are engaged in the business of software services around a global delivery model, addressing the needs of large MNC customers.

We believe we are increasingly relevant in a post-pandemic world needing solutions in the areas of IT services, fintech and healthcare.

### 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 ongoing innovation in the Healthcare, Fin-Tech and Information technology domains.



## Goals

**Fintech and IT services:** 'To build globally inclusive solutions'

- To build a suite of fintech products to reach the unserved
- To develop deep specialised technology solutions for the healthcare and fintech domains
- To develop 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' in a decade from now

- To secure a robust presence in some medically underserved markets in India
- To deliver personalised medicine through data analytics and combinatorics on a single healthcare mobility platform

## Pedigree

Virinchi Limited was founded in the early Nineties. In the last three decades, the company has created a reputation for leveraging knowledge derived out of one business to create another. The result is that the Company has grown attractively into three distinctive businesses in the last few years.

## Footprint

Virinchi's headquarters are located in Hyderabad. The Company's offshore IT business is located across two offshore development centres in Hyderabad (Banjara Hills and Hakimpet) and the onshore facility is located at Marlboro, New Jersey, USA. The Company's healthcare facilities are located in Hyderabad at Banjara Hills, Barkatpura and Hayathnagar.

## Business offerings

**Fintech and IT 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.

## Employees

Virinchi is a responsible employer of 510 individuals (Fintech and IT services). Nearly 77.5% employees possessed professional degrees at the close of FY 2020-21. The average age of employees in the IT vertical was 27 towards the end of the year under review.

## Listing

The Company is listed on the Bombay Stock Exchange (BSE: 532372). The market capitalisation of the Company was Rs. 133.72 Crore as on March 31, 2021.



## 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

## Certifications

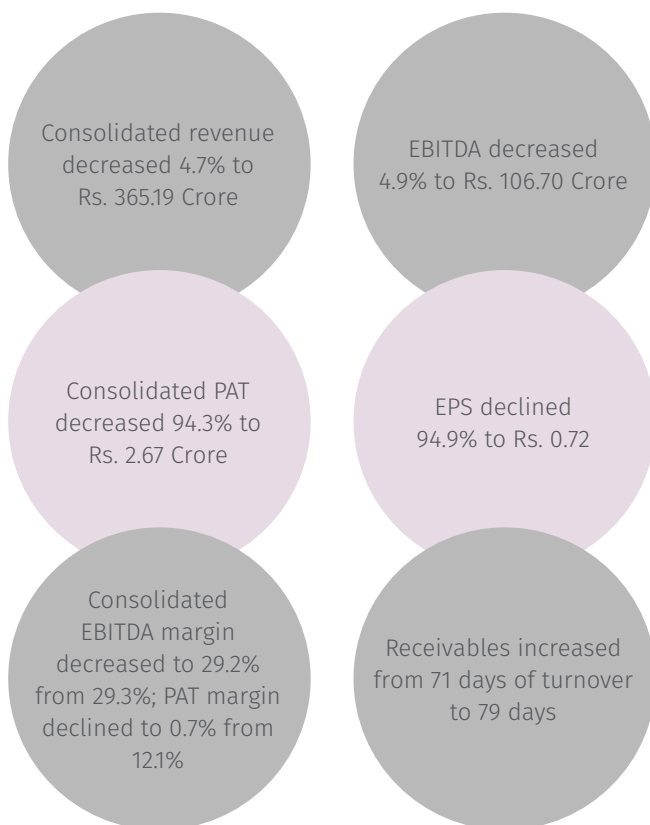
The Company's consistent capability has been secured through ISO 9001:2000 and CMMI Level 3 certifications.

### The Company's knowledge capital, March 31, 2021

Total employees		Revenue per employee (Rs. Lakh)*	Average age of employees (years)*
Fintech and IT services	Healthcare		
510	1265	37.29	27

\*For the Fintech and IT services business

## Consolidated Highlights, FY 2020-21 Profit & Loss account / Balance Sheet



### Fintech business

- IT products revenue decreased 10.4% to Rs. 135.44 Crore compared to Rs. 151.22 Crore in the previous year

### IT Services

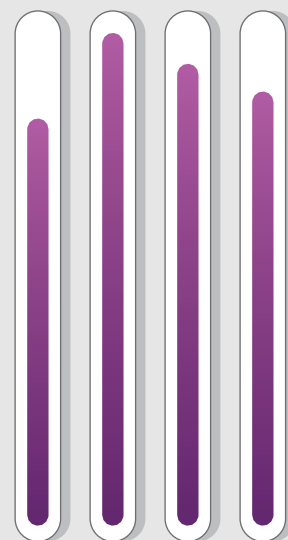
- IT services revenue decreased 13.5% to Rs. 54.77 Crore compared to Rs. 63.27 Crore in the previous year

### Healthcare

- YoY revenue decreased 0.8% to Rs. 160.85 Crore with an EBIT of Rs. 29.06 Crore
- YoY healthcare EBITDA improved 41.2% to Rs. 49.73 Crore with an overall EBITDA margin of 30.9%

### Revenues (Rs. Crore)

342.50 411.11 383.16 365.19



FY18 FY19 FY20 FY21

#### Definition

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

#### Why is this measured?

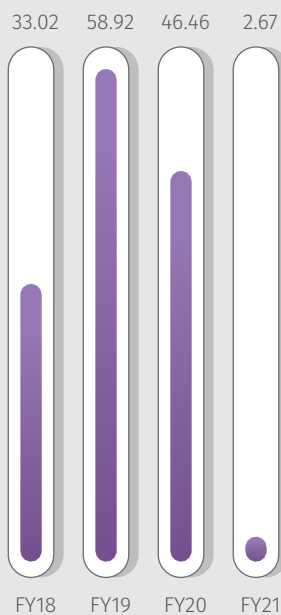
This showcases a Company's ability to grow the business through prudent marketing, pricing and awareness building, which can be compared with the Company's retrospective growth average or with sectoral peers.

#### Virinchi's performance

Revenues declined 4.7% to Rs. 365.19 Crore in FY 2020-21, a fall of Rs. 17.97 Crore. Though total operating revenues declined by Rs. 27.45 Crore, other income increased by Rs. 9.48 Crore due to loan forgiveness (waiver) of amounts sanctioned by US Banks under the US Federal SBA Paycheck Protection Program and impact of foreign exchange fluctuations. The decline in operating revenues was on account of a decline of Rs. 15.78 Crore in IT products income and decline of Rs. 8.51 Crore in IT services income due to the impact of lockdowns in the US in April and May 2020.

# How Virinchi performed in the last few years

## Net profit (Rs. Crore)



### Definition

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

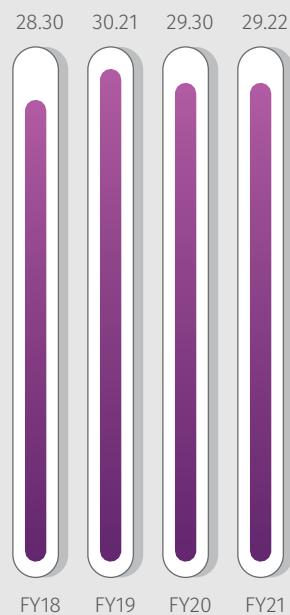
### Why is this measured?

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

### Virinchi's performance

The Company reported a 94.2% decrease in net profit to Rs. 2.67 Crore in FY 2020-21. The decline in Total Income by Rs. 17.97 Crore and increase in administrative expenses of Rs. 1.38 Crore was off-set by a decline in material cost by 0.68 Crore and employee expenses by Rs. 13.08 Crore, resulting in a fall of Rs. 5.58 Crore in EBITDA. Depreciation and amortisation increased by Rs. 3.71 Crore and Finance costs increased by 9.89 Crore due to a five month moratorium availed by group companies during the financial year; increase in prior period items of Rs. 4.85 Crore brought down the PBT by Rs. 24.02 Crore from Rs. 45.59 Crore in FY 2019-20 to Rs. 21.56 in FY 2020-21. Total taxes of Rs. 18.89 Crore during FY 2020-21 (inclusive of Deferred Taxes of Rs. 12.55 Crore) brought down the net profit to Rs. 2.67 during FY 2020-21.

## EBITDA margin (%)



### Definition

EBITDA margin is a profitability ratio distilled from revenue growth, value-addition and cost management.

### Why is this measured?

The EBITDA margin indicates how much a Company earns (before accounting for interest and taxes) on each rupee of sales.

### Virinchi's performance

Despite a reduction in revenues, EBITDA margin declined only marginally by 8 bps to 29.22%. The margins decline was moderated on account of superior margins in the IT business, increased bed occupancy in the health care business and cost moderation.

## Debt-equity ratio (x)



### 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, indicating the Company's ability to remunerate shareholders over debt providers.

### Virinchi's performance

The Company's gearing improved 2 bps to 0.43 in FY 2020-21 following increased net worth and debt reduction.

## Interest cover (x)



### Definition

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

### Why this is measured?

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

### Virinchi's performance

The Company's interest cover, though comfortable, weakened from 5.06 during FY 2019-20 to 3.33 during FY 2020-21 following the decrease in EBITDA by Rs. 5.58 Crore from Rs. 112.28 Crore in FY 2019-20 to Rs. 106.70 Crore in FY 2020-21, while interest outflow increased by Rs. 9.89 Crore to Rs. 32.09 Crore.





## Recover. Reboot. Resile.

How Virinchi addressed the most challenging year in its existence

### Overview

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

Even as we reported a 4.7% decline in revenue, the company reported a cash profit of Rs. 50.88 Crore in FY 2020-21.

The fact that we could report a sizable cash profit for the year and a cash profit in every quarter even at lower revenues represent a validation of the robustness of our business model.

When we were building our businesses in the last few years, one of our priorities was to create a company that would be growth-ready on the one hand and resistant to sharp cyclical declines on the other. At that time, a secular



pandemic like the one that we are currently witnessing was nowhere on the horizon; the company could not have been configured with a global health emergency in mind that was likely to affect every single sector.

I am pleased to communicate that despite a year of revenue decline, your company remained liquid and profitable. This validates that even as our business may at first glance appear diversified, there is an underlying synergy – supporting ‘must run’ businesses - that provides the business with effective shock absorbers in the face of economic slowdowns.

### **Economy outlook**

The year under review was one of the most challenging experienced

by people and businesses the world over.

The COVID-19 pandemic surprised the world for its suddenness and speed; there was a sharp decline in consumer confidence and revenues reported by most business during the early part of 2020. The global economy reversed its growth from 2.9% in 2019 to a contraction of 3.3% in 2020. The profit decline was sharper for a number of companies as they were unable to amortise their fixed costs effectively across a smaller turnover.

The pandemic affected virtually every single company in the world with varying intensity. The larger companies were able to utilise their organisational momentum, access to formal funding lines, strength of

their brands and overall knowledge pool to weather the decline on the one hand and ride the recovery faster than the others.

At Virinchi, we are a small-cap company and encountered the various challenges related to our scale. A number of challenges were unprecedented, putting a premium on our capacity to resist and recover. It is a credit to our organisational passion and engagement that we performed creditably quarter-on-quarter and remained profitable. We could see the year under review through with no Balance Sheet impairment; we addressed all our bank obligations; our business model remained relevant and robust, which is the biggest message that we wish to send out to our stakeholders.

## Relevance of each business

At Virinchi, we believe that the relevance of each of our business has only deepened during the last financial year.

Our health care business came under the spotlight during the last financial year following a sharp increase in the number of pandemic-affected cases. We believe that this business rides a positive momentum catalysed by increased insurance penetration in India, need for the most competent health care intervention, preference for data-based health care facilities and a gravitation towards futuristic facilities.

Our fintech business is increasingly relevant on account of extensive disintermediation by the smartphone, the need for fintech companies to provide real-time solutions and fin-tech companies being driven more by technology than ever.

Our information technology company has found a second wind following the digitalisation wave that was unleashed during the last financial year. The year under review is being considered by most experts as a watershed for digitalisation; a number of cutting-edge technologies are converging to create unforeseen possibilities. The result is that machine learning is empowering users to derive insights from large data volumes, throwing up opportunities and empowering companies to design better products and services. Besides, robotic process automation is empowering software to perform routine tasks, making it possible to reduce human engagement on the one hand and reduce human errors over routine

functions on the other. Our IT service addresses micro-lending, which is an integral part of the US economy where financial stress during the last financial year made this business relevant.

In view of this, I must assure our stakeholders that our business model continues to be relevant, which explains why the company reported creditable results (given the circumstances) during the last financial year.

## How we responded

Our health care business reported Rs. 160.85 Crore in revenues during the financial year compared to Rs. 162.09 Crore in the previous year. Our showpiece facility at Banjara Hills, Hyderabad reported an average occupancy of 30% during the course of the year which compared with the previous year.

Our health care infrastructure business generated a number of precious learnings on how to navigate through the pandemic; this enriched the company's knowledge in terms of emergency preparedness, infrastructure optimisation and operational flexibility.

We strengthened our business during the last financial year following the creation of Virinchi Capital. The latter subsidiary (wholly-owned) towards the end of March 2021 was in the process of mobilising USD 2 Million in the form of convertible debentures and to invested in taking our mobile-driven credit card business ahead from the current financial year onwards.

We continued to address the IT side of our business during the last financial year. We reported Rs.

190.20 Crore in revenues from this business during the last financial year compared with Rs. 214.49 Crore in 2019-20; the contribution of this business to the overall revenues was 52.1% in FY 2020-21 compared with 55.9% in the previous year.

## Outlook

At Virinchi, we are attractively placed to capitalise on the widening prospects.

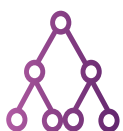
We believe that the worst is over as far as the pandemic is concerned; we foresee a rebound in the global economy, backed by a liquid monetary policy. This is likely to accelerate the growth of various sectors; we see a number of players (large to medium to small) reinvesting in their IT systems; we foresee an attractive trickle-down to our micro-financing space in the US as well.

We feel that the time has come to take our mobile-based credit card business ahead through increased investment that can facilitate a wider and quicker rollout. We believe that the smartphone connection with corresponding KYC verification plays the role of an effective first-line credit filter; the smartphone population in the country is effectively our market and we believe that with a sharp growth in online commerce, the time has come for online credit as well. This market is extensively under-penetrated in India when compared with the global benchmarks and the time has come – aspirationally and economically – for this segment of the market to grow disproportionately faster.

We believe that this broadbasing – IT services and fintech in USA coupled with health care infrastructure and fintech in India – will not only de-risk our company; it will empower us to address some of the most exciting spaces in either the largest or among the fastest growing opportunities in the world.

**M V Srinivasa Rao**

Whole Time Director & CFO



**When we were building our businesses in the last few years, one of our priorities was to create a company that would be growth-ready on the one hand and resistant to sharp cyclical declines on the other.**



## How Virinchi Hospitals protected stakeholders during the pandemic

### Overview

The COVID-19 pandemic disrupted the lives of millions across the world, including India.

As a responsive organisation, Virinchi's priority was the physical and emotional wellbeing of its stakeholders (employees, customers and associates).

The company addressed their collective safety through a range of initiatives:

- The Company took initiatives to protect employees and their families during the pandemic; these comprised organising doctor-on-call facilities, isolation / quarantine facilities, medical helpline, ambulance services and vaccination for those in the 45+ age bracket
- The Company set up a dedicated Covid Response Team, which helped employees and their families
- The Company organised counselling and self-help services to support employees in protecting their emotional health.
- The Company responded with safety-enhancing protocols and working from home in the Technology Services segment, which provided continuous services to customers across the globe.



# How our diversified business model protected our company in a challenging year

Growing from one business to three

01

## Fintech (QFund)

**2002:** Entered this business

**Rationale:** Addressed information technology opportunities in the US alternative finance industry by servicing the credit needs of US sub-prime customers

02

## IT services (KSoft)

**2006:** Entered this business

**Rationale:** Addressed the IT solutions outsourcing opportunities.

03

## Health care

**2016:** Launched a 350-bed facility in Hyderabad (now 400 beds)

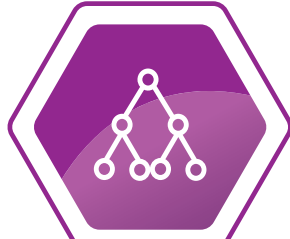
**Rationale:** Responded to the need for cutting-edge technology-driven health care services in India

# Making our business attractive

01

**First-mover**

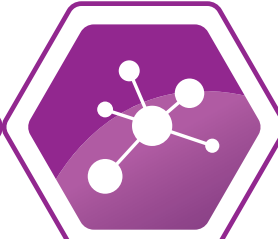
Invested in data science for clinical outcomes



02

**100% subsidiary**

Virinchi Combinatorics & System Biology maps 95% un-addressed dimensions



03

**Annuity revenues**

Predictable revenues from one business deployed in asset-intensive businesses



04

**High cash profit**

Business built around high cash profit visibility



05

**Asset-light**

Leased Hyderabad health care facility for 30 years

## Nature of businesses

**Fintech - US (QFund)**

Generating free cash  
 High margin business  
 Built sustainable volumes  
 Deployed surplus in other businesses

**IT services (KSoft)**

Enduring relationships; annuity revenues  
 Invested in relevant verticals  
 Provided scale and opportunities for new technology development  
 Bench strength allocated to new product development

**Health care delivery**

Steady long-term revenues  
 Invested in data management  
 Brick model: For underserved markets  
 Click model: Mobile app-based ecosystem

**Fintech India**

Relatively nascent opportunity  
 Large addressable market  
 Infused resources into net worth  
 Deployment of data science insights



### Innovative excellence

- Invested in innovation leading to outperformance
- Deployed cutting-edge technologies, especially robotic process automation
- Reinforced QFund, the flagship lending management system
- Invested in machine learning underwriting tools



### Competitiveness

- Strengthened projects pipeline
- Commissioned a brownfield asset-light hospital in 14 months
- Commissioning cost of Rs. 45 Lakh per bed (industry average Rs. 60 Lakh per bed).

# The key enablers of our business effectiveness



### Cost management

- Strengthened cost management
- Invested in superior equipment, scale, integration and stronger trade terms



### Responsible citizenship

- Engaged in impactful CSR initiatives
- Addressed the verticals of health care, education, sanitation and hygiene
- Invested Rs. 0.56 Crore in CSR (FY 2020-21)



### Consultant of choice




- Enhanced products quality
- Strengthened the overall price-value proposition
- Deepened client engagements
- Worked with large QFund customers



### People practices

- Facilitated personal and professional development
- Implemented superior talent appraisal system
- Protected people retention

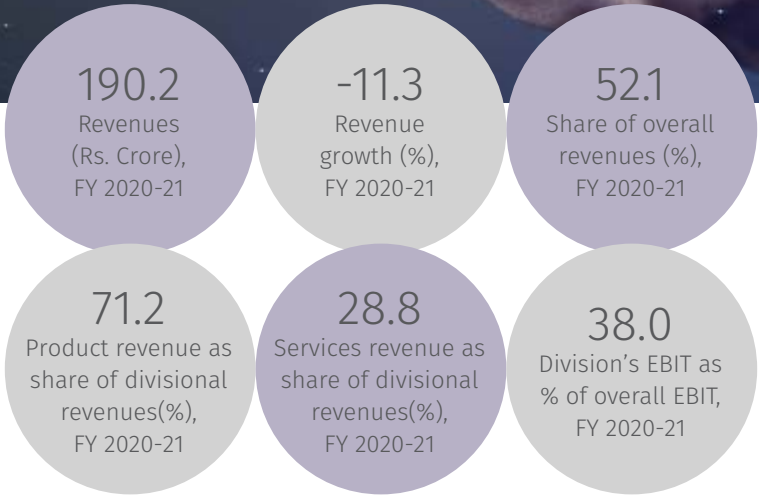
# Our business and how we intend to grow them

 <p><b>Financial technologies</b> Vision: To build globally inclusive solutions</p>	 <p><b>Healthcare</b> Vision: To serve a billion patients in a decade</p>	 <p><b>Fintech in India</b> Vision: To enhance India's financial inclusion</p>
<ul style="list-style-type: none"> <li>• Aspire for market leadership in the lending management solution niche of the retail micro-credit industry (to deliver ~5% of all short-term lending in USA)</li> <li>• Process over 15mn short-term loans, including payday loans, to subprime customers</li> <li>• Build on the proprietary machine learning credit underwriting tools</li> </ul>	<ul style="list-style-type: none"> <li>• Existing 600-bed facilities across three Hyderabad locations</li> <li>• Grow to 5,000 beds in ten years</li> <li>• Leading HIS/EMR solution with 100+ installs</li> <li>• Provide a healthcare ecosystem mobility solution</li> <li>• Integrate technology and healthcare knowledge in third-party hospitals</li> <li>• Create a scalable asset-light healthcare delivery platform</li> </ul>	<ul style="list-style-type: none"> <li>• To provide unsecured credit to a large non-affluent section</li> <li>• Make responsible credit a way of life</li> <li>• Leverage data science to build a mass-based business</li> <li>• Engage a complement of specialised partners</li> <li>• Widen the downloadable credit card business in India by entering into alliances with leading banks and NBFCs.</li> </ul>





**Business vertical: Our Fintech and IT services business**





## Overview

QFund™ focuses on the creation of products directed at the retail microfinance industry in USA. The sector (microfinance or sub-prime loans) plays a critical role; it provides loans to unemployed or low-income individuals or groups with no alternative access to financial services.

The growth of this market is evident in the numbers: in 2010, US private debt was 212.1% of GDP (measure of the size of the economy); in 2020, it was 235.50% compared to 218% in 2019. In 2011, household debt was 90% of GDP; in the third quarter of 2020, it was 79% (Source: Trading economics, Statista).

The sub-prime segment addressed the need to borrow and spend more, reflecting a culture of immediate gratification. Household debt grew from USD 7.4 Trillion at year-end 2000 to USD 13.8 Trillion in 2008 and 134% of disposable personal income, to USD 14.96 Trillion in 2020. The demand for credit is growing, the number of credit inquiries made within the past six months of 2021, increased by 3.7% to USD 121 Million, reversing the decline that had started in the second quarter of 2020. U.S. home mortgage debt relative to GDP continued to be the biggest driver of growth, rising by USD 520 Million to USD 16.56 Trillion in 2020 and it was USD 13.8 Trillion in 2010.

Today, there are about 25,000 sub-prime lenders — twice the number of McDonald’s restaurants in the United States across the country. Only about 3% of adult Americans have used payday lending in the past five years. However, 12 Million Americans use payday loans each year, the majority of those borrowers being 18 to 24 years old. According to a August 2021 CNBC survey, more than one-third (34.8%) of Americans fall into the subprime credit category.

Short-term retail lending played a prominent role in guiding the world towards economic recovery in 2020. The retail lending market in United States had total balances outstanding of USD 12,220.5 Billion in 2020, representing a compound annual growth rate (CAGR) of 1.8% between 2016 and 2020.

Virinchi’s QFund product focused on marketing products to ‘appropriately profitable customers’, servicing more than 10 Million short-term loans, including payday loans to sub-prime customers.

The result is that the Company works with 10 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 to serve 15 Million+ US sub-prime customers.

Around 450 Virinchi employees addressed the QFund™ business. The product-driven business enjoys an attractive margin and likely to generate sustained SaaS-based revenue growth. The prospects of the QFund product appear to optimistic, marked by an addressable new loan market of USD 12 Billion and a monthly processing throughput of ~450,000 loans.

Operational review

### Our Fintech business: QFund

Revenues: Rs. 135.44 Crore, FY 2020-21

Revenue growth: -10.4%

Revenues as % of IT revenues: 71.2



## QFund capabilities



### Versatility

Flexible product with configurability to adapt to 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

Attractive margins; attractive contribution to profitability



### Data critical mass

Sufficient data can lead to 90%+ predictive accuracy



### Alliances

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



### Uptime

The Company strengthened offerings around application availability of 99.99% with a maximum contracted response time of 3 seconds per transaction.

## Our business strengths

### Product

- High configurability
- Omni-channel and mobile applications
- Single installations of 1000+ branches
- Comprehensive third-party integrations
- Completely home-grown product

### People

- Development team with a rich domain expertise
- Cross-functional team
- Individual team members with more than a decade's relevant experience

### PM & Delivery

- Solutions-based approach with rapid releases
- 24x7 support and proactive monitoring
- Offshore and onshore delivery/support
- Proven experience in data migration

### Technology – System & Software

- Service-oriented architecture with RESTful API
- Hosted solution with load balancer, high availability and complete redundancy; invested in Oracle RAC
- Data centers in multiple weather zones
- DDoS-proof
- Invested in multiple environments (QA, UA and PROD)

### Quality

- Code quality and unit tests
- Functional testing (manual and automated)
- Automated build and release
- Frequent performance testing
- Real-time monitoring in production
- ASV scanning, penetration testing

### Security

- SOC2-Type2 attestation by an external and qualified IT security auditor
- Cyber Security controls provided by leading security vendor 'FireEye' across all data centers and PCs/laptops
- Continuous monitoring of security controls with external & internal vulnerability scans as well as application penetration tests on QFund application

### Challenges and counter-initiatives

The principal challenge encountered by this business was the COVID-19 pandemic that occurred at the start of 2020, which affected most businesses the world over, including Virinchi.

Virinchi's 470-member development team was compelled to work from home or remote locations within a week, warranting a large investment to build remote connectivity and cloud-based security monitoring infrastructure.

The product business continued to serve micro-lenders, largely in the US. This sector encountered a decline of more than 10% due to a decline in discretionary spending by consumers (which necessitated lower micro-loans) and general apprehension, as a result of which consumers deferred loans and additional cash infused through government aid that moderated micro-lending.

The company responded to this unprecedented reality by working more intensively with customers, helping them launch flexible and adaptable models to address the new norm, besides assisting them to service their existing customers better.

### Achievements, FY 2020-21

The products business continued to enhance value for existing clients. The company completed

its largest client implementation project, deploying the software product across nearly 20 US States, addressing different regulatory challenges and consolidating more than 10 legacy systems. The successful delivery of the project represents a validation of the company's capability.

The company supported clients through product innovation or service widening during the challenging pandemic. The company enhanced automation of disbursements and payments to a new multi-party lending business model for a large Ohio, USA-based client.

The product extended for the first time into the Indian fintech segment through solutions for the retail lending function through vCard, which could emerge as a game-changer.

In the face of an uncertain business environment, the product business team demonstrated flexibility. The business leveraged the investments in its R&D budget of the earlier years to enhance configurability, which enhanced its competence in addressing evolving business and regulatory needs.

### Performance, FY 2020-21

- IT business revenues de-grew 11.3% to Rs. 190.20 Crore
- Product business revenues de-grew 10.4% to Rs. 135.44 Crore; services

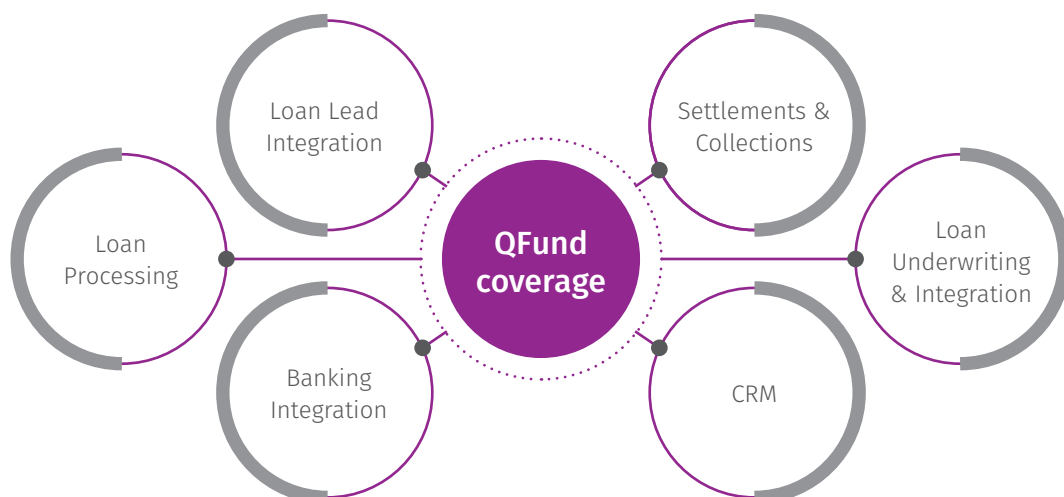
business revenues de-grew 13.5% to Rs. 54.77 Crore.

- The Company engaged and completed a large and complex client deployment
- Nearly 99% IT product revenues were derived from clients of five years or more
- The Company could maintain quarterly revenues, supporting the needs of lenders to trace early delinquency possibilities with speed.

### Outlook

Following the rapid introduction of the Covid vaccine, the global economy is expected to accelerate and this function can consolidate its position in the US market. The business appears positive on account of an improving economy as micro-loan seekers possess the confidence to borrow based on an increase in their personal income. QFund's customers are more likely to invest in analytics to arrive at a comprehensive appraisal of prospective customers' credit-worthiness.

The company intends to capitalise through a major release of its flagship product during the current financial year. The business had planned to overhaul the user interface and user experience of its flagship product, which shall now be available in the next major release planned for the current year.





Operational review

## Our business: IT Services

Revenues: Rs. 54.77 Crore,  
FY 2020-21

Revenue growth: -13.5%

Revenues as % of IT revenues:  
28.8



### Overview

The United States has the most advanced software and information technology (IT) services industry in the world. More than 40% of the USD 5 Trillion global IT market is in North America, primarily the United States.

Virinchi provides a large range of consulting and technology services through its US-based 100% subsidiary 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 (from the technology, telecom and banking

sectors) account for more than 30% revenues.

### Strategy

#### Offshore-driven approach:

The Company's competence is built around a greater focus on offshore services; the Company's mobility and application development capabilities are sourced out of India

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

**Unique positioning:** The Company is present in complex technology spaces that are less vulnerable to pricing pressures

**Stability:** The Company's business is marked by stability in projects and customers on the one hand and revenues cum margins on the other

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

**Attractive mix:** The Company provides technology-driven service offerings, enhancing volumes, client mix and geographic footprint

### Performance, FY 2020-21

Revenues from this business declined 13.5%, while contribution to the corporate EBIT decreased from 18.2% to 6.2%. The Company's revenues from new engagements accounted for 10% share.

### Challenges and counter-initiatives

The principal challenge was, given the fact that a large part of company's onsite service delivery is performed from within the customer's premises, the need to be

physically present in the customer's premises or even visit for conducting projects.

The company sought customer support and deployed all its representatives remotely. The projects team (delivery representatives and consultants) stayed close to customer premises but successfully delivered while working in near-shore but remote office environments.

### Achievements

The service business maintained itself through the pandemic even as an increase in volumes would have helped amortise fixed costs better. The key achievements comprised a continuous increase in institutional capability in the mobility space. The mobility team added a range of capabilities in multiple spaces like healthcare (vHealth), fintech (vCard) and consumer lending (QFund), widening its competence in addressing diverse mobility assignments.

The business strengthened its presence in the healthcare IT niche. In addition to continuous growth in hospital/EMR software segment, the company delivered in medical device software. The company possessed expertise with lab devices; it added software capability in the laparoscopy space, widening its versatility.

### Strengths

The service business possesses a diverse industry experience in addition to building capabilities in several service delivery spaces that comprise ERP, Mobility, Cloud Services, Digital Marketing, Custom App Dev etc. The service business was structured to address onsite, offshore and hybrid projects.

### Outlook

The IT services business is expected to deliver onsite and offshore projects even as it will focus on growing its offshore delivery business and mobility client base.





## Our Indian fintech business: vCard

### Overview

At Virinchi, our Indian fintech is one of the most exciting business from within our Group.

The vCard business has drawn on the company's deep insight into machine learning and mass fintech products. Virinchi leveraged these rich insights to launch India's first UPI-based credit card, a downloadable credit card. The credit card space in India has been historically addressed almost exclusively by large commercial banks. In view of this, a completely indigenous card represents a proud moment for the country given its commitment to indigenous development (Make in India).

The growing relevance of the vCard has been derived by addressing longstanding challenges related to credit cards in India. The plastic credit card is considered inefficient and commoditised; the result has been extensive under-penetration in India with less than 5% penetration. The segment is ready for disruption through a mobile-first



a USD 1 Billion profitable revenue enterprise in five years.

The conventional credit card segment in India has been marked by various lender challenges: expensive origination; expensive service; ultra-expensive low-ticket collection; supply constraints and a high entry cost. The merchant challenges comprise the following: 2% toll fee with no tangible consumer benefits; expensive point-of-sale set-up with a high maintenance cost; focus on upsell to customers with zero consumer engagement; compliance with BharatQR and equivalents with nil traction. The customer challenges that have restricted growth of the credit card segment comprise the following: massive under-penetration, limited point of sale acceptance, commoditised offerings, high friction customer service and negligible innovation.

The result is that even as over 100 Million smartphones are sold each year and the fintech lending sector addresses USD 6 Billion and UPI 2 Billion, there are considerably fewer unique credit card owners.

What makes this business attractive is that India enjoys a large underpenetrated market (a mere 3.5 Crore credit card owners as against 90 Crore debit card owners) and underserved market (70-year-old commoditised plastic credit card engagement as against a mobile-first personalisation) limited by expensive origination and intermediation (the cold-caller gets ~Rs. 4000+ per credit card sold). Besides, the conventional credit card business is marked by expensive support, inconvenience (billing disputes, rewards, fraud etc.) and expensive small ticket collection.

The app - a category creator in the 'intelligent replacement of existing plastic credit cards' - leverages sophisticated and proven Machine Learning, resulting in the following capabilities:

- To underwrite customers without a credit bureau history

- To provide chat-based instant and zero contact customer support
- To personalise customer service and match individuals with merchant offers, payment options and default risks through continuous cohort management.

This is what enhances the utility of this disruptive app-based vCard offering:

- UPI acceptance with up to 30 days of interest-free period
- UPI acceptance network for merchant as well as peer-to-peer payments (PhonePe/ Google Pay/ Whatsapp/ PayTM/ BHIM etc.)
- A 15-25% APR credit line, which can be used as a credit line to transfer cash to one's own account and convert to EMIs at Personal Loan rates (Unsecured Overdraft Facility), digital origination, multiple lenders, which reduces drop-offs, reduces origination costs, allows credit limits as small as Rs. 5000 and makes it possible to 'check eligibility' on Facebook / Whatsapp / No Touch Origination.
- Sophisticated mobile engagement, AI-based merchant matching for local and relevant rewards, with an IIT team working on zero-touch customer support, relevant gratification (instead of reward points or spam offers)
- Can be originated centrally for SMEs/ Corporates through a unique QR source
- All UPI + Card payments can be tagged as personal/ corporate spend, mandating a copy of the invoice/ bill copy
- Integrated expense report and approval/ reimbursement workflow can be implemented depending on partner workflow; vCard piloted the business and is actively covering around 1,000 installs per month through its credit card banking partner RBL Bank (soon to onboard an NBFC partner).

credit card offering the facility of UPI-based payments. Virinchi seeks to offer just that: a UPI-based ~USD 300 mobile-first credit line to India's 600 Million population in addition to a USD 3000 mobile-first credit card to the country's salaried population estimated at 30 Million. In view of the extensive under-penetration and consumer increased aspiration, vCard's objective is to create a profitable USD 1 Billion revenue enterprise in five years.

Virinchi seeks to offer a UPI-based ~USD 300 mobile-first credit line to India's 600 Million population in addition to USD 3000 mobile-first credit card to the 30 Million salaried class with the objective to create



## The advantages of Virinchi's UPI mobile-based credit card

Wide acceptance	Lender cost structure	Customer engagement
<p>UPI mobile credit card rides on a 150 Million UPI acceptance network</p>	<ul style="list-style-type: none"> <li>• Origination cost reduced by 100x</li> <li>• Chat-bot based support as against call center costs</li> <li>• Lowest cost, no-touch small collections</li> <li>• Targeted financial education can reduce small ticket collection risks</li> </ul>	<ul style="list-style-type: none"> <li>• Hyper-personalised gratification (as against reward points)</li> <li>• Chat-based instant support</li> <li>• Subscription-based concierge services</li> </ul>
Merchant and P2P acceptance	Product functionality	Technological know-how
<ul style="list-style-type: none"> <li>• No-friction payments for multiple new use cases</li> <li>• Customer discovery services to merchants</li> <li>• Zero merchant acquisition cost</li> </ul>	<ul style="list-style-type: none"> <li>• Omni-channel zero MDR payments</li> <li>• Instant credit card+ line origination</li> <li>• AI-led personalised gratification</li> <li>• ML-based default prediction and control</li> <li>• Whatsapp-based contextual support</li> <li>• Merchant and subscription services</li> </ul>	<ul style="list-style-type: none"> <li>• Tensor Credibility Index™ will create cohorts, gratify customers, predict defaults and build rewards currency</li> <li>• Proven and stable ML framework</li> </ul>

### Strengths

**Experience:** Virinchi enjoys a strong fintech IT products experience business. The Company has processed accounts of more than 25 Million customers in USA across more than 200 parameters.

**Eco-system:** Virinchi's eco-system comprises regulatory agencies and partners (technology, customer service, customer collection and customer acquisition) resulting in an integrated operational structure. This has translated into paperless instant credit limit activation, UPI-based low MDR merchant payment and artificial intelligence-driven origination, service and collection.

**Revenues:** Virinchi is attractively placed to generate cash-accretive revenues from customer origination, per use and renewal.

**Inclusive:** Virinchi leveraged technology to reduce the cost of origination of cards to one of the lowest entry points for a credit card anywhere in the world.

**System:** Virinchi expects to secure the card through a strong eco-system (CIBIL, Aadhar and online banking etc.) supported by effective counter-fraud GPS-driven safeguards.

**Economy:** Virinchi will capitalise on the UPI backbone to move money at close to zero cost.





## CEO'S BUSINESS OVERVIEW

# “vCard is seeking to double customers from 12,000 in FY 22”

*A review by Vishal Ranjan, CEO, vCard*

### Our business segments

vCard comprises two business segments (credit card and credit line). For the credit card segment, we entered into a partnership with RBL Bank in 2019; we entered the credit line business with Pinnacle Capital. Towards the end of March 2021, we were in the process of mobilising USD 2 Million venture capital funding from QC Holding, which will be deployed to set up Virinchi Capital, our NBFC wing, to drive the credit line business. We are in the process of entering into a strategic partnership with QC Holding, which enjoys an extensive experience in providing short-term credit solutions to retailers and

small businesses. QC is a large global lender with sophisticated practices in underwriting, customer service and micro-loan collection from sub-prime credit-underserved customers.

### Our business advantages

The statistic we keep reminding ourselves about is that India comprises only 60 Million credit card holders compared to 860 Million debit card holders. The reason for this mismatch: credit cards are expensive; banks that provide credit card have large cost structures, which they need to cover, which, in turn, makes it expensive to provide a

credit card to people below a certain income threshold. Interestingly, this large base accounts for a majority of Indians who conduct transactions using cash, debit card or UPI - our target market. We intend to provide this large consumer base with their first credit card without the usual hassles. A plastic credit card application takes around 15-30 days for approval; our customers will get their vCard in a single sitting for which they will need to bring their PAN and Aadhar card, agree to our terms and that is it! The use of PAN cards at the time of registration will help us map an employee's spending behaviour and credit history, making it possible to identify

probable defaulters and delinquents at an early stage.

Why our business has arrived at the right time is that India has created a critical mass of about 50 Crore people with bureau history. vCard will be positioned at par with credit cards like Mastercard or Visa in terms of authorisation, security and other functional and non-functional features. Our product is at the centre of the fintech revolution where we will compete with credit cards like Mastercard and Visa on the one hand, while offering an alternative to popular UPI apps like Gpay and PhonePe. Our credit line will also be in competition with new-age loan products.

### Credit line

Our credit line feature is closely tied with the credit limit of our mobile credit card wherein the credit limit can be converted into a loan, which can be repaid in the form of monthly EMIs. Our credit line is more accessible than traditional loan products (which takes days to

get approved). With vCards, you can get your loan approved at 2am in the morning, because we have already approved the loan amount up to the credit limit when we first issued the credit card.

### Technological and other advancements

We have migrated our product to AWS, ensuring scalability. We integrated our mobile app with QFund, our US-based IT company. We have passed regulatory audits by RBL PCI and DSS and are benchmarked to the highest data security standards.

### Business challenges

The changing rules and regulations make the Indian regulatory environment volatile. Being a start-up, we need to stay updated with the latest regulatory developments and implement them with speed.

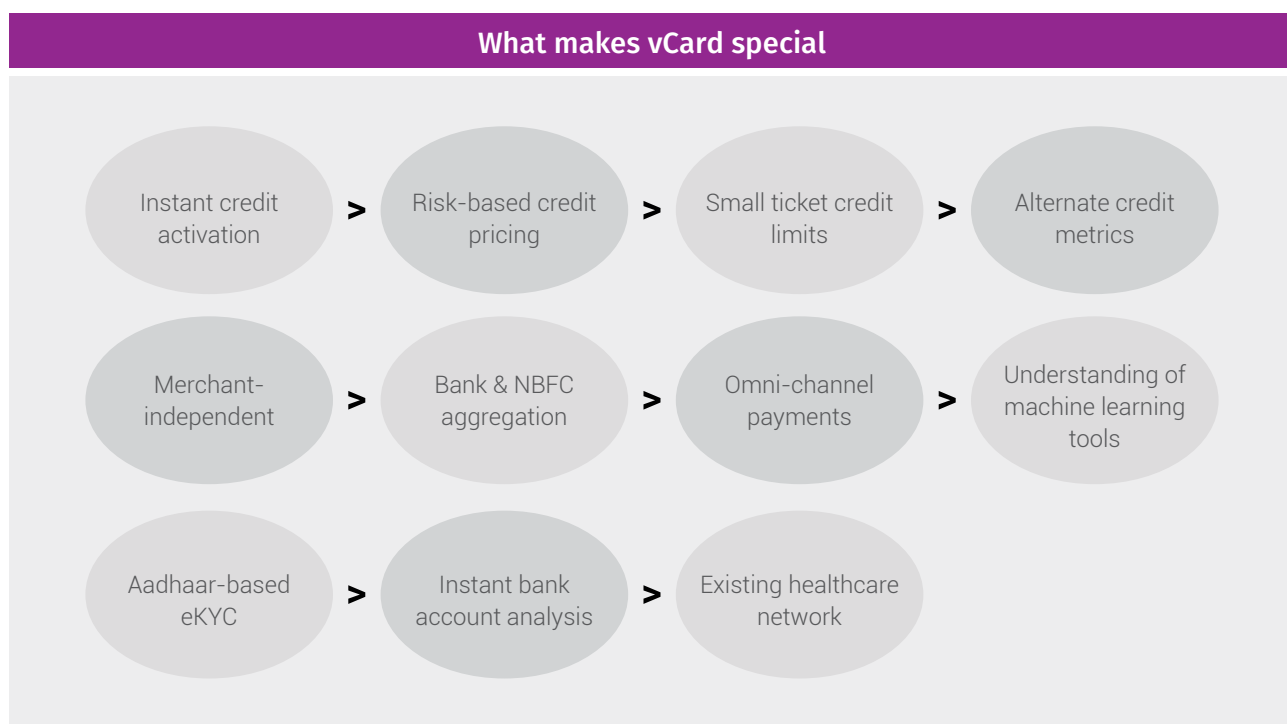
### FY 2020-21 COVID challenges

From February to October 2020, no new cards were issued and we used

this period to build our product. By December 2020, the average spend on vCard was Rs. 28,000-Rs. 30,000, or three times higher than the usual amount of Rs. 8000-Rs. 10,000, largely due to the increasing use of digital payments following the pandemic's outbreak. People used vCards to pay for their grocery, maids, petrol and even big-ticket items like school fees and rent (which may not have been possible using a plastic credit card).

### FY 2021-22 outlook

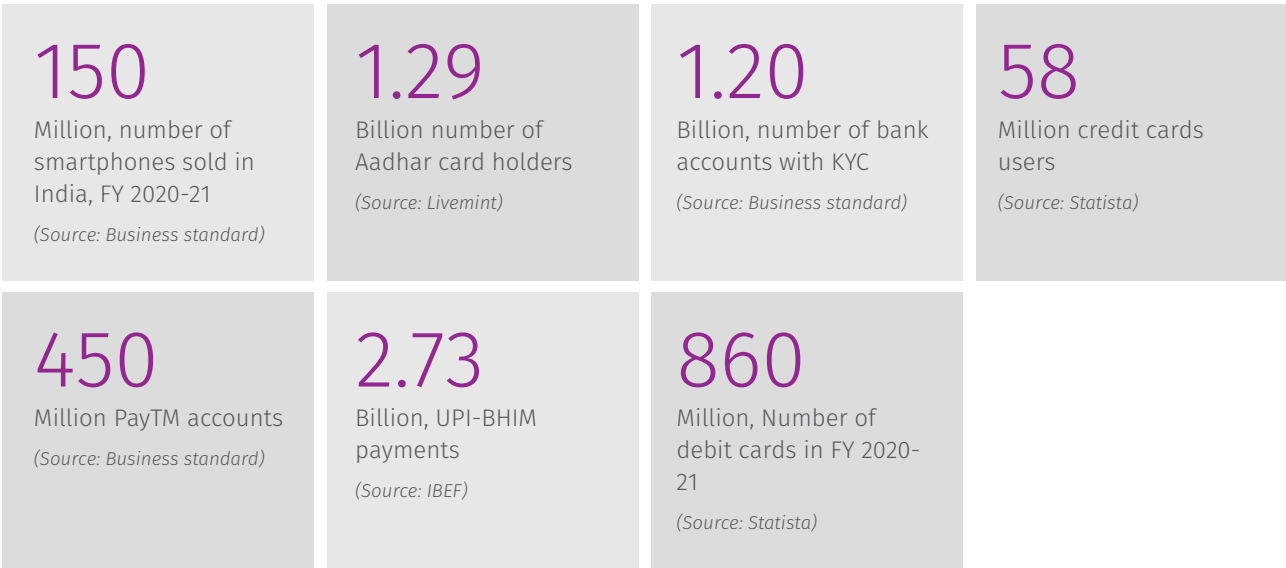
vCard caters to around 12,000 customers and we are seeking to double that number by expanding our marketing team. The Indian market will be our focus for the next years even as there is plenty of opportunity outside of India in markets like Abu Dhabi, Mauritius and Singapore (markets not linked by Mastercard). We intend to collaborate with Mastercard to launch a Tap and Pay solution for credit cards and provide plastic credit cards with vCard features in the next three years.



**The Virinchi eco-system**



**The strengthening eco-system for our vCards business**



**The vast opportunity**

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**3**  
 % of Indian credit card penetration in India

**62**  
 % of debt card penetration in India





Operational review  
**Our Healthcare  
business**





## Overview

The health care sector emerged as one of the most visible the world over during the last year following the outbreak of the pandemic.

Virinchi extended into the business of health care in Hyderabad in 2015. The extensive under-investment in the country (3 beds per 1000 of the population as against a requirement of 12 beds for every 1000 people) represents room for attractive growth in specialised health care, deeper insurance coverage and enhanced patient awareness. Besides, India's emergence as a medical tourism centre in South Asia shifted the spotlight towards the need for modern and specialised health care.

Virinchi entered the space with the overarching commitment to serve a billion patients by 2025 through a complement of mobility-backed business processes, ability to replicate and scale superior patient experiences, build 'the widest healthcare mobility ecosystem', provide free Cloud-based clinic management, lab management and hospital information system, investment-light physical hospital infrastructure, quality transaction data and electronic medical records, machine learning-based predictive tools to build a data-backed healthcare analytics vertical and engage with Government departments to offer free Mobility Network Services.

## Virinchi Hospitals

The Company launched a modern flagship health care facility in Hyderabad (Banjara Hills) comprising 350 beds in November 2016 (upgraded to 400 beds). This facility compared with the best of South Asia: 11 operating theatres, 140 ICU beds, 3T MRI, 128 Slice Spectral CT and a ceiling-mounted Cath Lab. The NABH and NABL-accredited facility comprised 250 super-specialists and a single integrated HIS/ EMR. The flagship hospital achieved cash breakeven in FY 2018-19, within 30 months of commissioning. The

Company created this facility with the 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.'

In FY 2020-21, the principal challenge that this business faced was the countrywide lockdown imposed by the Government of India towards the early part of the financial year to control the spread of COVID-19. The operations of Virinchi's healthcare business were affected as travel restrictions impacted the inflow of domestic and international patients to Indian hospitals; the lockdowns affected out-patient footfalls and a directive from the Government of Telangana in not taking up elective surgeries impacted inpatient case loads.

## Achievements, FY 2020-21

Virinchi Healthcare monitored the COVID-19 situation within the country and State in April and May 2020. It equipped itself to serve the nation during the pandemic by obtaining the license to test and treat COVID-19 patients.

Virinchi Hospitals (under the brand name of Cell Correct Diagnostics) obtained NABL accreditation and empanelment with ICMR to carry out RNA-based virus screening, which included RT-PCR testing for COVID-19 in May 2020. Virinchi Hospitals invested in personal protecting equipment, consumables and testing kits to assist patients in the post lockdown phase.

Virinchi Hospitals was in the forefront in diagnosing and treating COVID-19 patients with treatment protocols getting revised weekly based on the latest evidence published in peer-reviewed journals, WHO guidelines and National and State Guidelines. A COVID-19 protocol note was created, which covered every aspect of COVID-19 – screening, assessment, testing, isolation, treatment, monitoring, discharge and follow-up. The

protocol also contained detailed steps for infection control and safety at the hospital premises and several checklists to monitor adherence were put in place.

An isolation ward of 50 beds was created to serve COVID-19 patients from mid-June 2020, the time Telangana government allowed private hospitals to test and treat COVID-19 patients. Later, more COVID-19 beds were added to serve

the increasing COVID-19 case load.

Given the uncertainty, most patients postponed elective procedures to the extent possible due to the fear of the unknown. In this environment, the hospital doctors' successful handling of emergency procedures enhanced confidence to get elective procedures done. With respect to the treatment of COVID-19 patients and attending to them while at hospital, the shortage of trained nursing and

house-keeping staff during the peak Covid phase graduated the hospital systems to peak efficiency. This learning proved handy in addressing COVID-19 patients in the second wave and regularly sharing patient progress/prognosis with their attendants, enhancing confidence in the affected families.

### Strengths

The flagship hospital is equipped to handle non-Covid and COVID-19 patients; all three units are geared to handle sudden admissions surge.

The flagship continued to attract some of the well-known doctors across different therapeutic areas on account of investments in cutting-edge technologies and professional freedom.

The Company reinforced its strategic differentiation through various initiatives.

Most health care facilities have been designed around a brick-centric approach; Virinchi's model reconciles the virtual delivery of health care solutions complemented by the conventional physical engagement, making the Company geography-agnostic, moderating costs, superior clinical outcomes, larger patient data pool and knowledge sharing.

The company's presence in this space is differentiated: even as most health care facilities are commercial establishments with a health care focus, Virinchi created a quasi-university model where knowledge is complemented by a commercial health care

proposition; its commitment to Right to Science in therapy advances diagnosis and therapy offers stem cell-based therapies, organ regeneration, adoptive immune therapies, nanotechnology for disease detection, drug delivery and cell/tissue corrections, among others

Virinchi has selected to focus on the balanced complement of people and machine learning; it created a facility that would aggregate global best practices. Virinchi created an organisational architecture enriched by knowledge and experience-sharing. The company remunerated doctors around a fixed fee model, inspiring impartial decisions in the patient's interest while a dedicated sales team manages patient acquisitions. Virinchi created a modern institution collaborating with more than 300 reputed institutions (US, UK, China and Israel, among others) to implement the Right to Science programme. Virinchi's forward-looking culture shared patient health, enhancing their trust. The result: a Virinchi doctor with a moderate tenure arrives at the same conclusion as a doctor with a 25-year doctor track record, enhancing effectiveness.

This advanced brownfield asset-light hospital (leased facility) was commissioned within 14 months at a capital cost of only Rs. 45 Lakh per bed, lower than the prevailing benchmark.

The Company comprises a base of 500,000 patients, location in the heart of Hyderabad, growing occupancy and success of the single platform comprising ~50 healthcare apps.

The Company strengthened its health care 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.

The 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.

## Performance, FY 2020-21

- The business generated revenues of Rs. 160.85 Crore (Rs. 162.09 Crore in the previous year)
- Revenues from this business accounted for 44.1% of the Company's revenues (42.3% in the previous year)

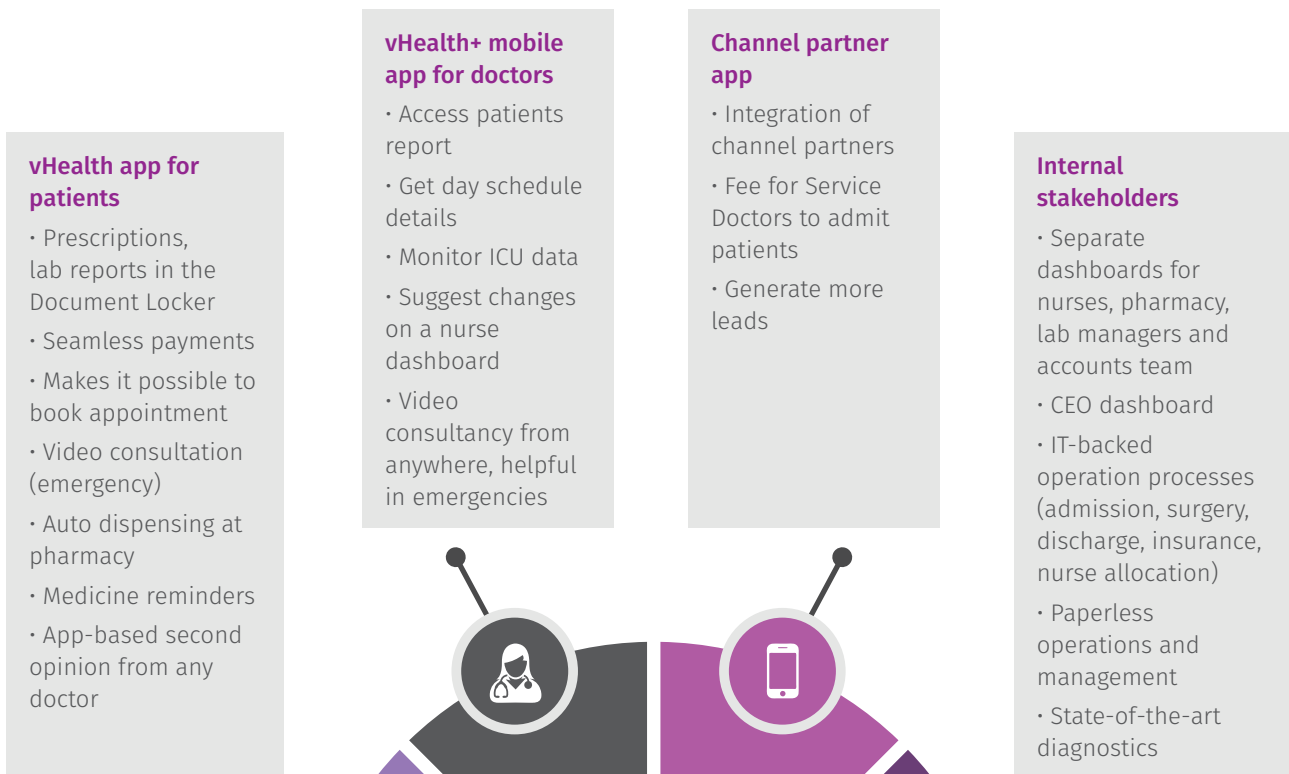
## Outlook

Though the 2020 lockdown impacted revenues, COVID-19 admissions in June, July and August 2020 made up for the lost revenues. The pent-up demand for general medical services

in the third and fourth quarter ensured that the revenues were close to the previous year. Once the COVID-19 cases subside owing to a majority of the population acquiring antibodies on account of infections and vaccination, there could be a growth in elective cases due to on-boarding of more fee-for-service doctors, who make use of hospital infrastructure (operating theatres, ICU beds, lab and other diagnostic services), augmenting hospital incomes.

The Company intends to strengthen its health care delivery through

mobility-backed business processes, 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, create quality transaction data / electronic medical records and develop machine learning predictive tools to build a data-backed healthcare analytics vertical.



**'Wow! I am pleasantly surprised by Virinchi!'**

The predominant response that Virinchi is inspiring for its superior health care service





## What patients told us about their Virinchi Hospitals experience

**M**y knees were in pain for eight years. I recovered fully only in Virinchi Hospitals.  
– Rama Devi

I suffered from COVID-19 and recovered in Virinchi Hospitals. – Krishna

I was admitted with fever, took rapid tests in Virinchi Hospitals and tested positive. Dr. Dilip Gude personally looked after me and recovered.  
– J V Rao

I met with an accident and my backbone was swollen. The Virinchi doctor treated me well and I have now recovered.  
– Panchakshari Lakshety

I suffered from COVID-19, tried for admission in various hospitals but was refused. Virinchi Hospital accepted me, treated me and restored me to full health. – Venkatesh

I was admitted for COVID-19 in Virinchi Hospitals where I received good treatment, facilities and support services. – Ramesh Reddy

I was suffering from knee pain for five years. Virinchi Hospitals replaced my knee and I am fully recovered.  
– Krishnam Raju

I had a cold, fever and was tested positive. I was recommended Virinchi Hospitals. Dr. Jaya Chandra sir's diagnosis was good and the staff helpful. I recovered with speed.  
– Sheikh Hyder

**A** few months ago, I met with an accident in Hyderabad. My hand was broken in two pieces when I was admitted to Virinchi Hospitals. Dr. Natesh took a look and suggested surgery. He is professional and experienced. I was happy with the overall experience.  
– Vinay Jai

**M**y friend Deepak suffered a sickness and went to Virinchi Hospitals. After CT scan doctor Shaikh Mirza said he suspected COVID-19. He was administered oxygen and medicines in the emergency room. His oxygen levels improved thereafter. I am grateful to the critical care team in the ICU led by Dr Srinivas Samavedam as well as the nurses. – *Deepak*

I suffer from high sugar levels and weakness. I was treated in Virinchi Hospitals and recovered within three days.  
– *Raghu Devi*

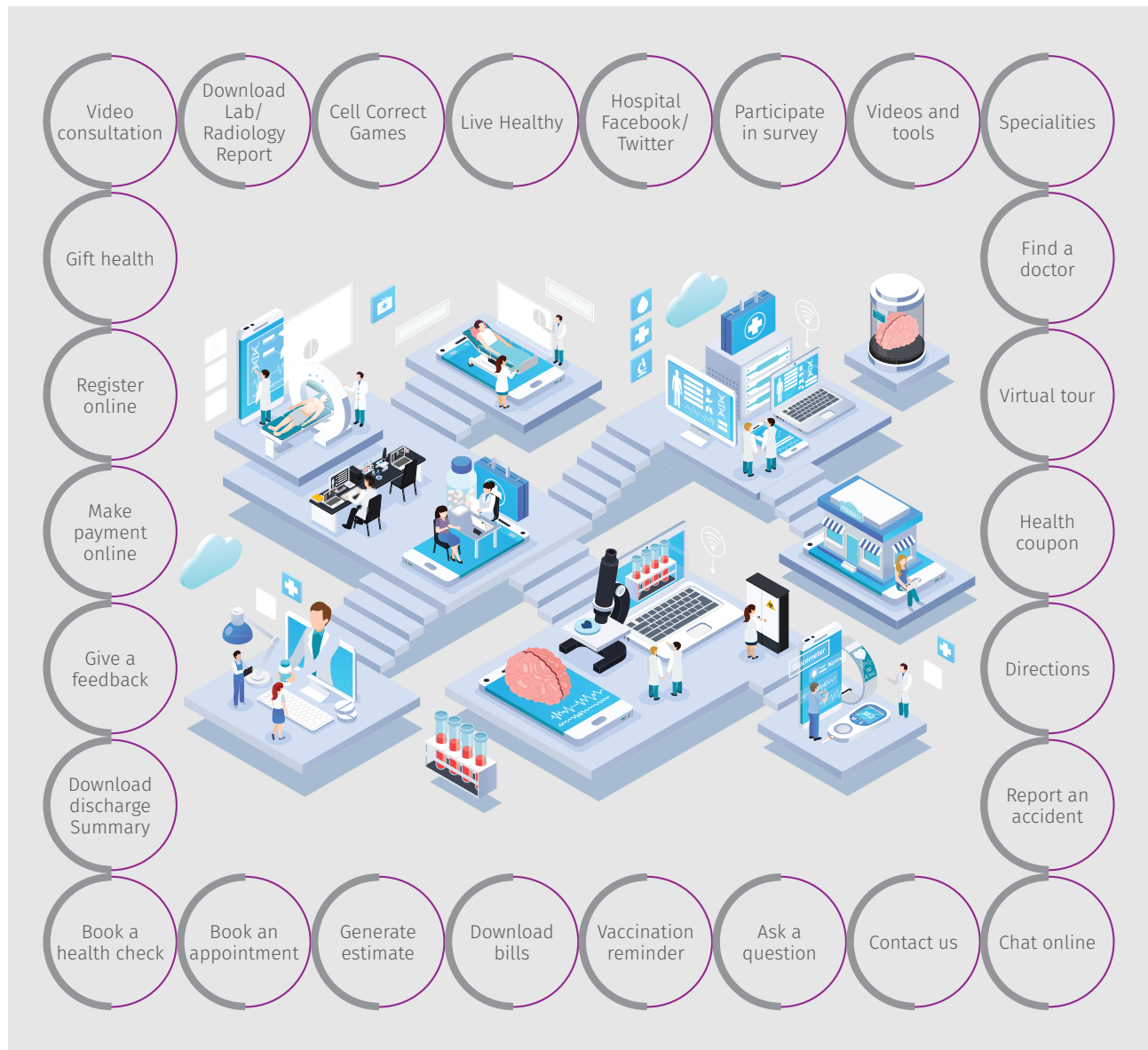
I was tested with Covid pneumonia and recommended Virinchi Hospitals. I was shifted to the ICU. Under the guidance of Dr. Dilip Gude, I recovered within just four days.” – *Name withheld*

I suffered from COVID-19 on July 9, 2020, went to a hospital where I was not administered good treatment and came to Virinchi Hospitals. I was shifted to the ICU and recovered in two days.  
– *Name withheld*

I was admitted for COVID-19 in Virinchi Hospitals and got the best treatment. Dr.Dilip Gude was supportive and the whole staff helpful. I recovered in no time.  
– *Pradeep Kumar*

**H**e is a permanent critical care and sleep medicine specialist practice in the USA. He stays in Hyderabad because his mother was ill due to shortness of breath and saviour reciprocatory failure in COVID-19. He was thankful to the consultant at Virinchi Hospitals because he arranged an emergency ambulance and provided oxygen in time. He is thankful to all ICU doctors, nurses and housekeeping staff of Virinchi Hospital for taking care of his mother. A patient’s son (*name withheld*)

# How we have integrated IT with healthcare delivery



## The Company's health care profile

Departments	Capabilities	Professionals employed	Experience profile	Qualifications/knowledge capabilities
35	Each surgical and medical can handle complex cases	136 full-time and 150 FFS (fee for service)	<p>Department heads – average experience of 15-20 years</p> <p>Other consultants 10-15 years</p> <p>Junior doctors 3-5 years</p>	<p>Drawn from premier institutions (AIIMS, PGIMER Chandigarh, CMC Vellore, NIMS Hyderabad etc.)</p> <p>Most department heads and consultants possessing post graduate degrees (USA, UK and Australia)</p> <p>Doctors with exposure to protocol-driven medicine; experienced in Indian healthcare delivery pressures</p>

# Virinchi Hospitals: Building an innovation-driven health care showpiece

## Business model innovation

*Focused on the highest capital efficiency*

- 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

## Healthcare technology innovation

*Focused on the use of cutting-edge innovation*

- Personalised preventive healthcare
- Public health evidence-based treatment
- Clinical collaboration tools
- Targeted therapy
- 'Functional' mobile-medicine virtual visits
- Inter-disciplinary therapies

## Marketing innovation

*Own/Partner Hospital & Outreach Centers*

- Mobility app and patient portal
- Accountable care organisation
- Analytics and focused patient CRM
- Mobility-based doctor referral network
- Leadership in content marketing

## Healthcare delivery innovation

*Mobility-backed medical devices*

- Colour changing dressing
- Robotic interventions
- Ingestible sensors
- Image guided minimal invasive surgery
- Rapid diagnostics kits

## Medical science innovation

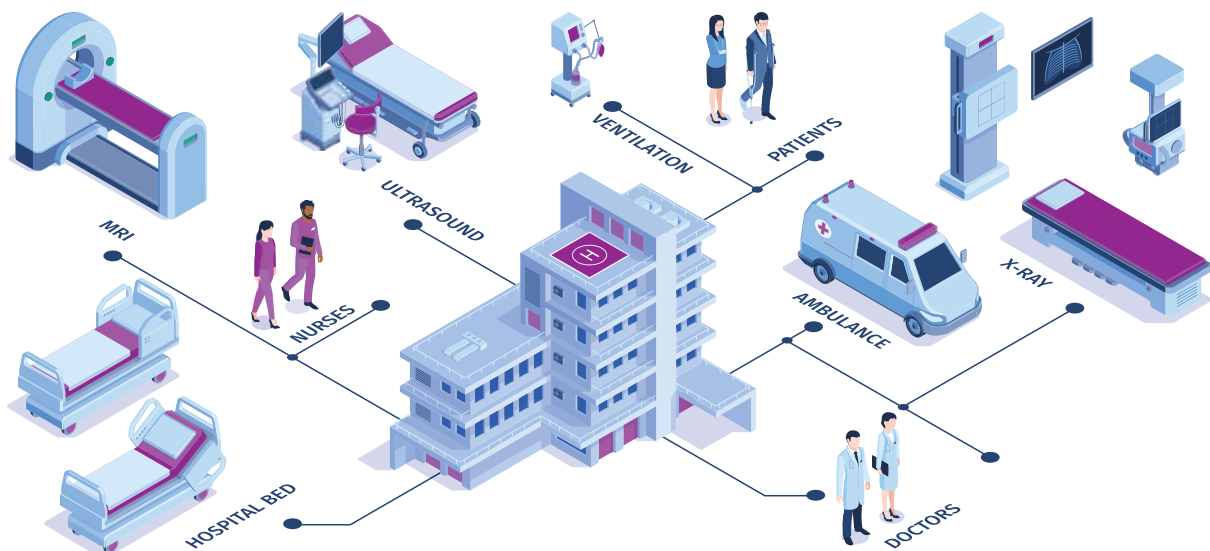
*Gene therapy*

- Clinical trial drug availability
- Stem cell growth
- Regenerative medicine
- Xenograft/GEMM models for in-vivo study
- Genomics-based preventive care

## Process Innovation

*Technology-integrated ecosystem*

- IT-enabled checklists
- Digital targeted medical literacy
- Patient-centric IT-enabled processes
- Cross-chain patient identity
- Payment integration



## Our advanced health care infrastructure



**State-of-art diagnostics with global leading technologies**

**Best-in-class in-house HIS 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 128 Slice

PET CT with Clear.Q Image Reconstruction

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 highest luminosity OT lights and specialised OT tables
- Specialised OT equipment dedicated to each OT
- Sterile corridor distinctly separate from dirty corridors

# How Virinchi Hospitals stood for competent care and empathy in a challenging environment

## *Conversations with various doctors at Virinchi Hospitals*

“Virinchi’s Technology Services business (global development centre for Virinchi Group consisting of 470 IT developers) supported our productivity including relocation of working from home.”

“Virinchi Hospitals stands for its people. Even with the lockdown situation last year, being the front line workers, all necessary precautions were taken in the work premises and after. Pick-up and drop facilities were provided across hierarchies to ensure safety.”

“We applied to the Indian Council of Medical Research for the accreditation of our hospital and received the certification for RMA-based virus testing in May 2020.”

“The Virinchi management took care of employees who suffered from COVID-19, provided free treatment and supported them and their families with monetary and emotional help.”

“We acquired a new technology called Thrombo-elasto-gram (TEG) which tracks the dynamics or sequence of clot development in a human body – a need of the hour with the COVID-19 situation. This helped optimise the treatment of critically ill patients.”

“We added a new section – a pediatric unit and hired pediatric specialists from across India. We launched a assisted reproduction technique – In-vitro fertilisation (IVS) clinic headed by one of the most qualified specialists in Telangana who has been trained in England with an excellent track record of six years.”

“We added a Extracorporeal membrane oxygenation (ECMO) machine for better operational efficiency for critical care. We added multiple sophisticated ventilators, high frequency oxygen devices and upgraded dialysis machines this year.”

“Our hospital is respected for its efficient service, work ethic, world-class infrastructure and technological experience.”

“Our initial goal of commissioning the oncology block and cancer specialists team will take off this year. Our outlook is to upgrade the pediatric intensive care team that we recently commissioned. We are looking forward to commission and get accreditation for our organ transplant segment and introduce more specialties.”

# Management discussion and analysis



## Global economic overview

The global economy reported de-growth of 3.5% in 2020 compared to a growth of 2.9% in 2019, the sharpest contraction since World War II. This steep decline in global economic growth was largely due to the outbreak of the novel coronavirus and the consequent suspension of economic activities across the world. This led to global supply chain disruptions, resulting

in a de-growth in some of the largest global economies.

Consequently, global FDI reported a significant decline from USD 1.5 Trillion in 2019 to USD 859 Billion in 2020, the lowest since the 1990s and more than 30% below the investment trough that followed the 2008-09 global financial meltdown.

Regional growth %	2020	2019
World output	(3.5)	2.9
Advanced economies	(4.9)	1.7
Emerging and developing economies	(2.4)	3.7

(Source: IMF)

**United States:** The country witnessed a GDP de-growth of 3.4% in 2020 compared to a growth of 2.3% in 2019.

**China:** The country's Gross Domestic Product grew 2.3% in 2020 compared to 6.1% in 2019 despite being the epicentre of the outbreak of the novel coronavirus.

**United Kingdom:** Britain's GDP shrank 9.9% in 2020 compared to 1.4% growth in 2019, 2x the annual contraction recorded in the aftermath of the global meltdown in 2009.

**Japan:** Japan witnessed a contraction of 4.8% in 2020, the first instance of a contraction since 2009. (Source:

CNN, IMF, Economic Times, trading economics, Statista, CNBC)

The global economy is projected to grow by 5.5% in 2021 largely due to the successful roll-out of vaccines across the globe, coupled with policy support in large economies. (Source: IMF)

## Indian economic review

The Indian economy passed through one of the volatile periods in living memory in FY 2020-21.

At the start of 2020, India was among five largest global economies; its economic growth rate was the fastest among major economies (save China); its market size

at 1.38 Billion was the second largest in the world; its rural population of the under-consumed was the largest in the world.

The Indian government announced a complete lockdown in public movement and economic activity from the fourth week of March 2020. As economic activity came to a grinding halt, the lockdown had a devastating impact on an already-slumping economy as 1.38 Billion Indians were required to stay indoors - one of the most stringent lockdowns enforced in the world.

The outbreak of the novel coronavirus and the consequent suspension of economic activities

due to the pandemic-induced lockdown, coupled with muted consumer sentiment and investments, had a severe impact on the Indian economy during the first quarter of the year under review. The Indian economy de-grew 23.9% in the first quarter of FY 2020-21, the sharpest de-growth experienced by the country since the index was prepared.

The Indian and state governments selectively lifted controls on movement, public gatherings and events from June 2020 onwards, each stage of lockdown relaxation linked to corresponding economic recovery. Interestingly, as controls relaxed what the country observed was a new normal: individuals were encouraged to work from home; inter-city business travel was replaced by virtual engagement; a greater premium was placed on the ownership of personal mobility modes (cars and two-wheelers); there was a sharp increase in home

purchase following the need to accommodate an additional room for home working.

The result is that India's relief consumption, following the lifting of social distancing controls, translated into a full-blown economic recovery. A number of sectors in India - real estate, steel, cement, home building products and consumer durables, among others - reported unprecedented growth. India de-grew at a relatively improved 7.5% in the July-September quarter and reported 0.4% growth in the October-December quarter and a 1.6% growth in the last quarter of the year under review.

The result is that India's GDP contracted 7.3% during FY 2020-21, largely on account of the sharp depreciation of the first two quarters. This sharp Indian recovery - one of the most decisive among major economies - validated India's robust long-term consumption potential.

### Y-o-Y growth of the Indian economy

Regional growth %	FY18	FY19	FY20	FY21
Real GDP growth (%)	7	6.1	4.2	(7.3)

### Growth of the Indian economy, FY 2020-21

Regional growth %	Q1, FY21	Q2, FY21	Q3, FY21	Q4, FY21
Real GDP growth (%)	(23.9)	(7.5)	0.4	1.6

(Source: Economic Times, IMF, EIU, Business Standard, McKinsey)



## Global IT industry overview

Global IT spending amounted to USD 3.8 Trillion in 2020, a decline of 7.3% from 2019. It is expected to rebound in 2021 to reach USD 4.1 Trillion, an increase of 8.4% from 2020 due to increased enterprise software spending. Enterprise software is expected to have the strongest rebound in 2021-7.2% due to the acceleration of digitalisation efforts by enterprises supporting a remote workforce, delivering virtual services such as distance learning or telehealth, and leveraging hyper automation to ensure pandemic-driven demands are met. United States is the largest tech market in the world, representing 33% of the global market and is expected to reach a market value of USD 1.6 Trillion in 2021. Despite the size of the U.S. market, the majority of technology spending (67%) occurs beyond its borders. Europe remained a significant contributor, accounting for approximately one of every five technology dollars spent worldwide. Also, China plays a major role in the global tech market, comprising 14%

of the global market. As of November 2020, emerging technologies accounts for 17% of the overall global revenue.

The Asia Pacific tech market is projected to grow by over 4.9%, to reach USD 924 Billion in 2021 and expected to reach USD 1 Trillion by 2024. The corporate and governmental bodies accounts for the largest share of technology spending. Also, India's IT spending fell 2.7% in 2020 and as companies prioritised spending on 'mission-critical' technology and services in the initial stages of the COVID-19 pandemic. It is projected to grow 6.8% over the last year to USD 88.8 Billion in 2021, which is faster than the 6.2% year-on-year growth forecasted for worldwide IT spending.

The effects of COVID-19 are felt around the world and are having a significant impact on the technology sector, affecting raw materials supply, disrupting the electronics value chain, and causing an

inflationary risk on products. More positively, the disruption has caused an acceleration of remote working; companies with remote-working technologies are already seeing a increased demand. Security software will see high-order benefits from a growing remote workforce. IT spending on security software has increased as organisations race to secure endpoints, particularly cloud-based tools, log management, and VPNs. Hardware companies are also experiencing a major demand from enterprises, placing large orders for laptops and mobility devices to support employees now working from home. A rapid focus on evaluating and de-risking the end-to-end value chain since March 2020. Therefore, IT spending forecasts indicate continued demand for cloud infrastructure services, and potential increases in spending on specialised softwares.

(Source: Gartner, Deloitte, The Hindu Businessline, ETimes)

### Global IT spending (in USD billions)

Regional growth %	2017	2018	2019	2020	2021
Data Center Systems	181	192	205	208	212
Enterprise software	369	405	457	503	556
Devices	665	689	675	688	685
IT devices	931	987	1031	1,081	1,140
Communications services	1392	1425	1364	1,384	1,413
Overall IT	3539	3699	3732	3,865	4,007

(Source: Gartner)

## Virinchi's service offering

Virinchi Limited is a global leader in advancing IT solutions to the retail micro lending in the USA. It has delivered strategic end-to-end solutions in the areas of Business Analytics, Artificial Intelligence and Enterprise Mobility. The Company

manages turnkey projects for US clients across industries with multiple engagements in Healthcare and Financial Technology. The Company has diversified into IT-backed healthcare delivery over the past three years. Virinchi Hospitals

differentiates itself through a unique and sophisticated mobility backed patient care – which ensures seamless and efficient patient and doctor experience.

## Indian healthcare industry overview

The Indian healthcare sector was pegged at USD 193.83 Billion in 2020 and is expected to increase three-fold to USD 372 Billion by 2022, driven by rising income levels, greater health awareness, increased prevalence of lifestyle diseases and improved access to insurance. India's hospital industry accounts for 80% of the total healthcare market. The hospital industry in India is forecasted to increase to USD 132.84 Billion by FY 2021-22 from USD 61.79 Billion in FY 2016-17 at a CAGR of 16-17%. The sector has the potential to generate 2.7 Million additional jobs in India between 2017- 2022 - over 500,000 new jobs per year. India ranks 145th among 195 countries in terms of quality and accessibility of healthcare, indicating headroom for enhancing healthcare services penetration in India and development of the healthcare industry. India has the largest number of US-FDA compliant pharma plants (more than 262 including APIs) outside of USA. We have nearly 1400 WHO-GMP-approved pharma plants, 253 European Directorate of Quality Medicines (EDQM)-approved plants with modern state of the art technology.

While the Indian population has grown by 160 Million people (approximately 13.25%) from 2011 to 2020, health expenditure only grew by 0.39% during the same decade. The Government has a goal of raising its healthcare spending to 2.5% of GDP from the current level of 1.1% of the GDP by 2025 under the National Health Policy 2017. Also, private hospitals dominate

India's healthcare sector. Around 74% of outpatient care and 65% of hospitalisation care are provided through the private sector in urban India.

Indian healthcare industry also competes with the best in the world in terms of, infrastructure, technology, specialist doctors and nurses. The country has the finest and one of the largest pools of doctors and paramedics in South Asia, with many of them being of global repute. India's expertise in highly specialised areas of organ transplants, cardiology, oncology, etc. has made India an emerging hotspot for medical value travel. Growing incidence of lifestyle diseases, coupled with increasing healthcare costs, are boosting the demand for health insurance coverage. With increasing demand for affordable and quality healthcare, penetration of health insurance is poised to expand. The health segment has a 29.5% share in the total gross written insurance premiums earned in the country.

With the COVID-19 situation in hand, the healthcare sector has been the epicenter for the global pandemic challenge. The overall response to the pandemic resulted in the private and government sectors working in tandem. The healthcare industry, along with the central and state governments, undertook a robust response plan to tackle the pandemic by setting up of dedicated COVID-19 hospitals, isolation centres and tech-enabled mapping of resources. The private Indian healthcare players rose to the occasion and have been providing

all the support that the government needs, such as testing, isolation beds for treatment, medical staff and equipment at government COVID-19 hospitals and home healthcare. Most private facilities initiated their plans in response to the COVID-19 pandemic, which involved significant investments to prepare facilities for controlling and preventing the infection, building infrastructure for quarantine and treatment, and equipping the facility with suitable medical supplies and additional workforce. Additionally, hospitals and labs witnessed a sharp decline in revenues due to delayed medical tourism.

The COVID-19 pandemic has also transformed the way the government and private players are planning to bring changes in the healthcare system. There has been an increased focus on telemedicine services and the government also issued new guidelines to make telemedicine a legal practice in India. The Ministry of Health and Family Welfare (MoH&FW), along with NITI Aayog, has rolled out the new guidelines that will allow registered medical practitioners (RMPs) to provide healthcare services using telemedicine. Furthermore, the government launched the NDHM (National Digital health Mission) to address the country's health crisis. The major components of this mission encompass telemedicine, health IDs, health records, along with e-pharmacy and digi-doctor services.

(Source: KPMG, Ibef.org, Invest India, ETimes)

## Growth drivers of Indian healthcare sector

**Increasing populace:** India's population has grown from 555.2 Million in 1970 to 1.38 Billion in 2020 and is expected to reach 1.64 Billion by 2050.

(Source: The Hindu)

**Rising per-capita income:** The nominal per capita net national income (NNI) of India at current prices during 2020-21 is estimated to have attained a level of Rs. 128,829 as compared to Rs. 135,050 INR for the year 2019-20. By 2030,

urban centers in India will generate nearly 70% of the country's GDP and stimulate a near-fourfold increase in per capita incomes across the nation.

(Source: Statistics Times)

**Urbanisation:** India is arguably the fastest urbanising country. As of 2021, 35% of the total population of India reside in cities compared to 34% in 2020 and is expected that 40% of India's population are about to live in urban centres by 2030, catalysing the growth of the healthcare industry in India. In the next 15 years, about 200 Million people will move from rural areas in India to the country's urban centers. The shift will be massive, almost equal to the current populations of France, Germany, and the United Kingdom combined. (Source: McKinsey)

**Medical tourism:** India's medical value travel market was expected to grow more than double in size from USD 3 Billion at present to around USD 8 Billion by 2020. Medical tourists consider India as the most preferable medical destination owing to lower treatment and travel costs. Also, the introduction of visas for international patients and

attendants has increased medical tourism.

**Growing elderly population:** As of 2019, over 139 Million people living in India are aged over 60 which is over 10% of the country's total population. The proportion of older people is expected to almost double to 19.5% in 2050 with 319 Million people aged over 60, catalysing the growth of the healthcare industry in India. (Source: Ageing Asia)

**Robotic Process Automation (RPA):** Information technology (IT) developments and updated medical electronics have made it possible to deliver quality medical care at home and at affordable prices. This automation is expected to improve the efficiency of the healthcare workforce; reducing costs, reduce human errors and enhance customer services. India's medical technology sector is expected to reach a value of USD 11.86 Billion by 2022 and USD 50 Billion by 2025. (Source: Times of India)

**Government initiatives:** The total per capita government spending on healthcare nearly doubled from Rs. 1,008 per person in FY 2014-15 to Rs. 1,944 in FY 2019-20, at a CAGR of 15%. The Budget 2021 increased the spending on healthcare by 137%. The government plans to invest Rs. 2.23 Lakh Crore on the healthcare industry. The increased spends on the healthcare sector through Atmanirbhar Swasth Bharat Yojana will improve the healthcare infrastructure. (Source: Times of India)

**Increasing medical colleges:** For the academic year 2020-21, there has been a total of 562 medical colleges, including 286 government and 276 private institution across the country, catalyzing the demand for healthcare sector. (Source: Medical Dialogues)

## Company overview

Founded in 1990, Virinchi Limited established itself as a global fintech, technology services and healthcare company. The Company has its headquarter in Hyderabad and has

expanded its presence across North America. With a high expertise in analytics & mobility and healthcare delivery business comprising three operating hospitals with a Pan-India

healthcare mobility solution, Virinchi offers wide range of products and solutions to its customers.

## Risk management

**Competition risk:** Increase in the number of players in the healthcare industry might lead to an increase in competition.

**Mitigation:** The Company has developed facilities, which have the ability to service patients at an affordable cost.

**Customer risk:** Incompetence to provide adequate services may result in dissatisfied customers

**Mitigation:** Over the years, the Company has focused on creating a customer-centric business environment. The Company serviced more than 5 Million customers in fintech in the US and more than 20 customers in the IT Services space in FY 2020-21. The Company has also been the market leader in the fintech space for retail term micro credit industry

**Employee risk:** The inability to maintain an exciting working environment could reduce people retention

**Mitigation:** The Company's employee strength stood at 1775 on March 31, 2021 while talent retention stood 85% for FY 2020-21.

<p><b>Compliance risk:</b> Inability to comply with regulatory norms could result in penalties being levied</p>	<p><b>Mitigation:</b> Virinchi invests in people engagement initiatives, increasing ownership and empowerment. The Company always keeps itself updated with the latest regulatory norms and compliance whenever introduced.</p>
<p><b>Financing risk:</b> Inefficacy to mobilise funding at competitive costs can hinder margins</p>	<p><b>Mitigation:</b> The Company had a net worth of Rs. 375.79 Crore and total debt of Rs. 160.49 Crore as on March 31, 2021. The Company's gearing strengthened from 0.45 in 2019-20 to 0.43 in FY 2020-21.</p>
<p><b>Geographic risk:</b> Over dependence on a specific geography can have an adverse impact on the Company's financial health</p>	<p><b>Mitigation:</b> The Company services its clients across North America. The Company generated 52.1% of its revenues from exports in FY 2020-21.</p>

## Financial overview

### Analysis of the profit and loss statement

**Revenues:** Revenues from operations reported a 4.7% decrease from Rs. 381.46 Crore in FY 2019-20 to Rs. 354.01 Crore in FY 2020-21. Other income of the Company accounted for a 3.1% share of the Company's revenues, reflecting the Company's dependence on core operations.

**Expenses:** Total expenses of the Company decreased by 4.6% from Rs. 270.87 Crore in FY 2019-20 to Rs. 258.48 Crore due to a Rs. 13.08 Crore reduction in employee costs and Rs. 0.68 Crore reduction in raw material costs. Administrative expenses, accounting for a 34.4% share of the Company's revenues, increased by 1.1% from Rs. 124.11 Crore in FY 2019-20 to Rs. 125.48 Crore in FY 2020-21, owing to an increase in the operational scale of the Company.

### Analysis of the Balance Sheet

#### Sources of funds

The capital employed by the Company increased by 6.2% from Rs. 504.84 Crore as on March 31, 2020 to Rs. 536.28 Crore as on March 31, 2021 owing to a Rs. 27.44 Crore increase in net worth and Rs. 4.00 Crore increase in total debt. Return on capital employed, a measurement of returns derived from every rupee invested in the business, decreased by 254 basis points from 13.77% in FY 2019-20 to 11.24% in FY 2020-21 due to a Rs. 9.29 Crore reduction in

EBIT in FY 2020-21 compared to FY 2019-20.

The net worth of the Company increased by 7.9% from Rs. 348.35 Crore as on March 31, 2020 to Rs. 375.79 Crore as on March 31, 2021, owing to an increase in reserves and surplus.

Long-term debt of the Company decreased by 5.3% to Rs. 98.77 Crore as on March 31, 2021 owing to repayments of term and mortgage loans. Long-term debt-equity ratio of the Company stood at 0.26 in FY 2020-21 compared to 0.30 in FY 2019-20.

Finance costs of the Company increased by 44.6% from Rs. 22.20 Crore in FY 2019-20 to Rs. 32.09 Crore in FY 2020-21. The Company's interest cover stood at a comfortable 3.33x in FY 2020-21 (5.06x in FY 2019-20).

#### Applications of funds

• Fixed assets (gross) of the Company increased by 25.6% from Rs. 602.98 Crore as on March 31, 2020 to Rs. 757.03 Crore as on March 31, 2021, owing primarily to an increase of Rs. 33.22 Crore in computer hardware & software and recognition of Rs. 97.19 Crore of Right to Use Asset on account of capitalisation of leased assets as per AS116. Depreciation & amortisation increased by 8.3% from Rs. 44.50 Crore in FY 2019-20 to Rs. 48.21 Crore in FY 2020-21 due to a net addition of fixed assets during the year.

#### Investments

• Non current investments, Loans & advances and Other non-current assets decreased by 19.6% from Rs. 10.91 Crore in FY 2019-20 to Rs. 8.77 Crore in FY 2020-21.

#### Working capital management

• Current assets of the Company increased by 10.5 % from Rs. 156.65 Crore as on March 31, 2020 to Rs. 173.06 Crore as on March 31, 2021 owing to the growing scale of business of the Company. The Current and Quick Ratios of the Company stood at 1.74 and 1.61, respectively in 2020-21, compared to 1.79 and 1.68, respectively in 2019-20.

• Inventories including raw materials, work-in-progress and finished goods among others increased by 28.2% from Rs. 9.64 Crore as on March 31, 2020 to Rs. 12.36 Crore as on March 31, 2021 owing to an increase in healthcare operations.

• Tight liquidity due to Covid-19 resulted in an increase of 3.2% in trade receivables from Rs. 74.61 Crore as on March 31, 2020 to Rs. 77.00 Crore as on March 31, 2021. All receivables were secured and considered good. The Company's debtors' turnover cycle increased to 79.39 days of turnover equivalent in 2020-21 compared to 71.39 days in 2019-20.

• Cash and bank balances of the Company decreased by 119.3% from Rs. 8.67 Crore as on March 31, 2020 to Rs. 19.02 Crore as on March 31, 2021.

## Key ratios and numbers

Particulars	2019-20	2020-21
EBITDA/Turnover (%)	29.3	29.2
EBITDA/Net interest ratio	5.06	3.33
Debt-equity ratio(x)	0.45	0.43
Return on equity (%)	13.9	0.74
Book value per share (Rs.)	114.72	101.58
Earnings per share (Rs.)	14.20	0.72
Debtors Turnover (days)	71.39	79.39
Interest Coverage Ratio (x)	3.05	3.33
Current Ratio (x)	1.79	1.74
Operating Profit Margin (%)	17.69	16.02
Net Profit Margin (%)	12.13	0.73

## Internal control systems and their adequacy

The internal control and risk management system is structured and applied in accordance with the principles and criteria established in the corporate governance code of the organisation. It is an integral part of the general organisational

structure of the Company and the Group and involves a range of personnel who act in a coordinated manner while executing their respective responsibilities. The Board of Directors offers its guidance and strategic supervision

to the Executive Directors and management, monitoring and support committees. The control and risk committee and the head of the audit department work under the supervision of the Board appointed Statutory Auditors.

## Human resources

The Company believes that its intrinsic strength lies in its dedicated and motivated employees. As such, the Company provides competitive compensations, an amiable work environment

and acknowledges employee performance through a planned reward and recognition programme. The Company aims to create a workplace where every person can achieve his or her true potential. The

Company encourages individuals to go beyond the scope of their work, undertake voluntary projects that enable them to learn and devise innovative ideas.

## Cautionary statement

This statement made in this section describes the Company's objectives, projections, expectation and estimations which may be 'forward looking statements' within the meaning of applicable securities laws and regulations. Forward-looking statements 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 by the Company. Actual result could differ materially from those expressed in the statement

or implied due to the influence of external factors which are beyond the control of the Company. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements on the basis of any subsequent developments.

# Notice of Annual General Meeting

NOTICE is hereby given that the 32nd Annual General Meeting of the Members of the Company will be held on Tuesday, the 28th day of September, 2021, at 12.30PM IST through Video Conferencing / Other Audio Visual Means ("VC/OAVM") to transact the following business

## ORDINARY BUSINESS:

### Item# 1 To receive, consider and adopt:

- the Audited Financial Statements of the Company for the financial year ended March 31, 2021, together with the Reports of the Board of Directors and Auditors thereon; and
- the Audited Consolidated Financial statements of the Company for the financial year ended March 31, 2021, together with the Report of the Auditors thereon.

### Item# 2 To appoint a Director in place of Mr. M.V.Srinivasa Rao (DIN: 00816334) who retires by rotation, and being eligible, offers himself for re-appointment.

**Explanation:** Based on the terms of appointment, office of executive directors and the non-executive & non independent chairman are subject to retirement by rotation. Mr. M.V.Srinivasa Rao, who was appointed initially on 12th November, 2018, whose office is liable to retire at the ensuing AGM, being eligible, seeks re-appointment. Based on performance evaluation and the recommendation of the nomination and remuneration committee, the Board recommends his re-appointment.

The members are requested to consider and if thought fit, to pass the following resolution as an ordinary resolution:

RESOLVED THAT, pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, Mr. M.V.Srinivasa Rao (DIN: 00816334) who retires by rotation, be and is hereby re-appointed as a director liable to retire by rotation.

## Special Business:

### Item# 3 Regularisation of Mr. V. Satyanarayana 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. V Satyanarayana (DIN: 09070986), who was appointed as an Additional Director of the Company with effect from 22nd February, 2021 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."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

### Item# 4 Appointment of Mr. V. Satyanarayana as Vice-Chairman and 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 committee and Audit committee, consent of members be and is hereby accorded for appointment of Mr. V Satyanarayana (DIN: 09070986), as the Vice-Chairman & Executive Director of the Company for a period of Five years w.e.f. 22nd February, 2021 on the remuneration, terms and conditions as recommended by the Nomination & Remuneration Committee.

"RESOLVED FURTHER THAT Mr. V Satyanarayana, Vice-Chairman & 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".

"RESOLVED FURTHER THAT the remuneration payable to Mr. V. Satyanarayana, shall not exceed the overall ceiling of the total managerial remuneration as provided under Section 197 of the Companies Act, 2013 or such other limits

as may be prescribed from time to time and the Board be and hereby authorised to revise the gross salary of the appointee by maximum of 50% per annum”.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

#### **Item#5 Increase in Authorized Share Capital and consequent amendment to Memorandum of Association 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 Section 61 and other applicable provisions of the Companies Act, 2013 and rules made thereunder, and the provisions of Article 55 of the Articles of Association of the Company, approval of the Members be and is hereby accorded to increase the Authorised Share Capital of the Company from Rs.40,00,00,000 ( Rupees Forty Crores Only) divided into 4,00,00,000 ( Rupees Four Crores only) equity shares of Rs.10/-each to Rs.45,00,00,000(Rupees Forty Five Crores Only) by creation of additional 50,00,000 (Fifty Lacs) equity shares of Rs.10/-each.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

#### **Item# 6 Alteration of the Capital Clause of the Memorandum of Association 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 13 and 61 and other applicable provisions of the Companies Act, 2013 and the rules issued there under (including any statutory modification or re enactment thereof for the time being in force), the existing Clause V of the Memorandum of Association of the Company be and are hereby deleted and substituted by the following:

V. The Authorised Share Capital of the Company is Rs.45,00,00,000 (Rupees Forty Five Crores Only) divided into 4,50,00,000 (Four Crores Fifty Lacs Only) Equity Shares of Rs.10/- (Rupees Ten Only) each with power to increase and reduce the capital of the company and to divide the shares in the capital for the time being into several classes and attach thereto respectively such preferential qualified or special rights, privilege or conditions as may be determined by or In accordance with the articles of the company for the time being and to vary modify or abrogate such rights, privileges or conditions in such manner as be permitted by the Act or provided by the articles of the Company for the time being.

RESOLVED FURTHER THAT, for the purpose of giving effect to this resolution, the Board (which expression shall also include a Committee thereof ), be and is hereby authorized to do all such acts, deeds, matters and things, including delegation of any of its powers herein conferred to its Directors, Company Secretary or any other officer(s).

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

Date:27/08/2021  
Place: Hyderabad

By Order of the Board  
For **Virinchi Limited**

**K. Ravindranath Tagore**  
Company Secretary

#### **Virinchi Limited**

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:

- In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs (“MCA”) has vide its circular No. 02/2021 dated 13th January, 2021 read with General circulars No’s 20/2020 dated 5th May, 2020, 17/2020 dated 13th April, 2020, 14/2020 dated 8th April, 2020 and also SEBI Circular dated 12th May, 2020 and January 15, 2021 (collectively referred hereinafter collectively referred to as “the Circulars”), companies are allowed to hold AGM through VC, without the physical presence of members at a common venue. Hence, in compliance with the Circulars, the AGM of the Company is being held through VC.
- A member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his / her behalf and the proxy need not be a member of the Company. Since the AGM is being held in accordance with the Circulars through VC, the facility for appointment of proxies by the members will not be available.
- 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 the directors are interested, maintained under Section 189 of the Act, will be available electronically for inspection by the members during the AGM. All documents referred to in the Notice will also be available for electronic inspection without any fee by the members from the date of circulation of this Notice up to the date of AGM, i.e. September 28, 2021. Members seeking to inspect such documents can send an email to [investors@virinchi.com](mailto:investors@virinchi.com).
- 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 directors proposed for appointment and seeking re-appointment is annexed hereto.
- The Register of Members / Register of Beneficiaries and Share Transfer books of the Company will remain closed from 22nd September, 2021 to 28th September 2021 (both days inclusive).
- 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.
- 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@arthiconsultants.com](mailto:info@arthiconsultants.com)
- 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, 2011-12 to IEPF.
- 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.
- 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.
- 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.
- 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.
- 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.



14. In compliance with Section 108 of the Act, read with the corresponding rules, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Listing Regulations”), the Company has provided a facility to its members to exercise their votes electronically through the electronic voting (“e-voting”) facility provided by the Central Depository Services India Limited (CDSL). Members who have cast their votes by remote e-voting prior to the AGM may participate in the AGM but shall not be entitled to cast their votes again. The manner of voting remotely by members holding shares in dematerialized mode, physical mode and for members who have not registered their email addresses is provided in the instructions for e-voting section which forms part of this Notice. The Board has appointed Mr. G. Vinay Babu, Practicing Company Secretary, as the Scrutinizer to scrutinize the e-voting in a fair and transparent manner.
15. The facility for voting during the AGM will also be made available. Members present in the AGM through VC and who have not cast their vote on the resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through the e-voting system during the AGM.
16. Any person who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com). However, if he / she is already registered with CDSL for remote e-voting then he / she can use his / her existing user ID and password for casting the vote.
17. In compliance with the Circulars, the Annual Report 2020-21, the Notice of the 32nd AGM, and instructions for e-voting are being sent only through electronic mode to those members whose email addresses are registered with the Company / depository participant(s).
18. The Scrutinizer will submit his report to the Chairman of the Company (‘the Chairman’) or to any other person authorized by the Chairman after the completion of the scrutiny of the e-voting (votes casted during the AGM and votes casted through remote e-voting), not later than 48 hours from the conclusion of the AGM. The result declared along with the Scrutinizer’s report shall be communicated to the stock exchanges, CDSL, and RTA and will also be displayed on the Company’s website, [www.virinchi.com](http://www.virinchi.com)
19. Since the AGM will be held through VC in accordance with the Circulars, the route map, proxy form and attendance slip are not attached to this Notice.

### CDSL e-Voting System – For Remote e-voting and e-voting during AGM

1. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with M/s. Aarthi Consultants Private Ltd and Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting’s agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
2. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
3. The attendance of the Members attending the AGM/EGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
4. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.
5. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the 32nd AGM has been uploaded on the website of the Company at [www.virinchi.com](http://www.virinchi.com). The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com). The AGM Notice is also disseminated on the website

of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM/EGM) i.e. [www.evotingindia.com](http://www.evotingindia.com).

### THE INTRUCTIONS FOR SHAREHOLDRES FOR REMOTE E-VOTING ARE AS UNDER:

- (i) The e-voting period commences on Friday September 24, 2021 (9:00 a.m. IST) and ends on Monday, September 27, 2021 (5:00 p.m. IST). During this period, members holding shares either in physical or dematerialized form, as on cut-off date, i.e. as on September 21, 2021 may cast their votes electronically. The e-voting module will be disabled by CDSL for voting thereafter. A member will not be allowed to vote again on any resolution on which vote has already been cast. The voting rights of members shall be proportionate to their share of the paid-up equity share capital of the Company as on the cut-off date, i.e. as on September 21, 2021.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders,

in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

- (iv) In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to above said SEBI Circular, Login method for e-Voting and joining virtual meetings for Individual shareholders holding securities in Demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL	1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or visit <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi.
	2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly.
	3) If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a>

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL	<p>4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.</p> <p>1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsd.com">https://eservices.nsd.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p> <p>2) If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsd.com">https://eservices.nsd.com</a>. Select “Register Online for IDeAS “Portal or click at <a href="https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp</a></p> <p>3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsd.com/">https://www.evoting.nsd.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p>
Individual Shareholders (holding securities in demat mode) login through their Depository Participants	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p>

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL**

<b>Login type</b>	<b>Helpdesk details</b>
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 and 22-23058542-43.
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30

- (v) Login method for e-Voting and joining virtual meeting for shareholders other than individual shareholders holding in Demat form & physical shareholders.
- 1) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
  - 2) Click on “Shareholders” module.
  - 3) Now enter your User ID
    - a. For CDSL: 16 digits beneficiary ID,
    - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
    - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
  - 4) Next enter the Image Verification as displayed and Click on Login.
  - 5) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any company, then your existing password is to be used.
  - 6) If you are a first time user follow the steps given below:

<b>For Shareholders holding shares in Demat Form other than individual and and Physical Form</b>	
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"> <li>• Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip indicated in the PAN field.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> <li>• If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).</li> </ul>

- vi) After entering these details appropriately, click on “SUBMIT” tab.
- vii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders 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.
- viii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- ix) Click on the EVSN for the relevant <Virinchi Limited > on which you choose to vote.
- x) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as

desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

- xi) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- xii) 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.
- xiii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- xiv) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- xv) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xvi) Shareholders can also cast their vote using CDSL’s mobile app “m-Voting”. The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

### **INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM & E-VOTING DURING THE MEETING ARE AS UNDER:**

1. The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for Remote e-voting.
3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
4. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
6. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
7. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast 7days prior to meeting mentioning their name, demat account number/folio number,

email id, mobile number at investors@virinchi.com. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 7days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at investors@virinchi.com. These queries will be replied to by the company suitably by email.

8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
9. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
10. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

### **Note for Non – Individual Shareholders and Custodians-Remote Voting**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the “Corporates” module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz;investors@virinchi.com , if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

**PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:**

- For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to [info@arthiconsultants.com](mailto:info@arthiconsultants.com).
- For Demat shareholders- Please update your email id & mobile no. with your respective Depository Participant (DP)
- For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact at 022-23058738 and 022-23058542/43.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL, ) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call on 022-23058542/43.

BY ORDER OF THE BOARD  
For **VIRINCHI LIMITED**

**K. Ravindranath Tagore**  
Company Secretary  
M.No. : 18894

Place : Hyderabad  
Date :27/08/2021

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

## EXPLANATORY STATEMENT

(Pursuant to Section 102 of the Companies Act, 2013)

### Item# 3

Mr.V. Satyanarayana, was appointed as an Additional Director of the Company with effect from 22nd February, 2021 by the Board of Directors under Section 161, 149 (1) of the Act. In terms of Section 161(1) of the Act, Mr.V. Satyanarayana holds office only upto the date of the forthcoming AGM but is eligible for appointment as a Director. The Directors are of the view that the appointment of Mr.V. Satyanarayana, 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.V. Satyanarayana, 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# 4

Mr.V. Satyanarayana, is appointed as an Additional Director of the Company on 22nd February, 2021. In terms of the Corporate Governance Guidelines of the Company and pursuant to the recommendation of the Nomination and remuneration 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.V. Satyanarayana as Vice Chairman &Executive director of the company for a period from 22nd February, 2021 to 21st February,2026 on the remuneration, terms and conditions as recommended by the Nomination & Remuneration Committee. Your Directors recommend that the said resolution may be passed as an Ordinary resolution. The details of remuneration payable to Mr.V. Satyanarayana and the terms and conditions of the appointment are given below:

Salary: Rs.4,00,000/-(Rupees Four Lakhs Only) 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.V. Satyanarayana.

The Board of Directors recommends the resolution in relation to the appointment of Vice Chairman &Executive Director, for the approval of the members of the Company.

The disclosure under SEBI (LODR) Regulations, 2015 is provided at Annexure to this Notice. Except Mr.V. Satyanarayana 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. 4

Your Board recommends the resolution set out in Item No. 4 for approval of the members as Ordinary resolution.

### Item# 5&6

Presently, the Authorised Share Capital of your Company is Rs.40, 00, 00,000 (Rupees Forty Crores only) comprising of 4,00,00,000 (Four Crores) Equity Shares of Rs.10 (Rupees Ten) each. Considering the overall business growth and operational needs of the Company, the Company may propose to raise additional capital, as mentioned under Resolution No.5 of this Notice, by way of preferential issue, placement of shares to Qualified Institutional Buyers through Qualified Institutions Placement (QIP) and / or private placement .Therefore, it is proposed to increase the Authorised Share capital of the Company from Rs.40,00,00,000 (Rupees Forty Crores only) comprising of 4,00,00,000 (Four Crores) Equity Shares of Rs.10 (Rupees Ten) each to Rs.45,00,00,000 (Rupees Forty Five Crores only) comprising of 4,50,00,000 (Four Crores Fifty Lacs Only) Equity Shares of Rs.10 (Rupees Ten ) each .Consequently, the existing Clause V of the Memorandum of Association needs to be altered accordingly. Therefore, the consent of the Members of the Company is being sought under the applicable provisions of the Companies Act, 2013.

None of the Directors, Key Managerial Personnel and their Relatives is, in any way, concerned or interested in these Resolutions.

A draft of altered Memorandum with the aforesaid alterations, shall be available for inspection by the Members of the Company on any working day between 11.00 a.m. and 1.00 p.m. up to 27th September, 2021 at the Registered Office of the Company.

Your board recommends the resolution setout in item#5&6 for approval of members as ordinary resolutions.

BY ORDER OF THE BOARD  
For **VIRINCHI LIMITED**

**K. Ravindranath Tagore**  
Company Secretary  
M.No. : 18894

Place : Hyderabad  
Date :27/08/2021

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

## Annexure

Details of the Directors retiring by rotation and seeking re-appointment / appointment at the Annual General Meeting pursuant to (i) Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and (ii) Secretarial Standards on General Meetings (“SS-2”), issued by the Institute of Company Secretaries of India are as under:

Details of Directors proposed to appoint / re-appoint:

<b>Name of the Director</b>	M.V.Srinivasa Rao	V. Satyanarayana
<b>Director Identification No</b>	00816334	09070986
<b>Date of Birth</b>	08-04-1968	15-01-1966
<b>Age(Years)</b>	53	55
<b>Qualification</b>	B.E (ECE), MBA, IIM, Ahmedabad	ACA
<b>Experience ((including expertise in specific functional area) / Brief Resume</b>	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	Mr. SatyanarayanaVedula is a qualified Chartered Accountant, a Certified Global Business Leader (U21 and Harvard Business School Publishing) and a Six Sigma Black Belt. Prior to joining Virinchi, he was employed in various executive leadership roles with Tech Mahindra (for over 23 years) in Sales, Relationship Management/Business Development, Global Delivery, Global Presales & Large deal management, Contract negotiations, Consulting, Design of Service offerings /productising and Program Management and in driving Automation and Innovation. He has extensive client interaction experience having worked in Australia, USA and Middle East for several years. His cross functional expertise spans most verticals with focus on BFSI, Health and Life Sciences. He has championed the set-up of multiple technology COEs and contributed to enhancing growth in existing accounts and acquiring marquee new logos across all market segments by leading cross functional technical teams in Digital and New Age AD/AMS and Cloud technologies. His last role was in the Health & Life Sciences vertical where he was a global growth enabler spanning all sub-verticals of Payor, Health care Provider, Pharma and Medical Devices Prior to Tech Mahindra, he had worked in leadership roles at a Motorola JV, an Industrial major group in Hyderabad and with A F Ferguson (now Deloitte) where he has contributed in Accounts, Finance, Treasury, Taxation, MIS, Planning and Budgeting and Audit/ Assurance.



Terms and Conditions of Re-appointment	Whole-time Director and terms and conditions as approved by the shareholders in the 30th AGM held on 28th September, 2019	Five (5) years effective from 22nd February, 2021 subject to the approval of shareholders in the 32nd AGM.
Remuneration proposed to be paid (including sitting fees if any)	Remuneration as approved by the shareholders in 30th AGM of the Company. Remuneration paid during the year is disclosed in report on corporate governance forming part of the Annual Report for the FY 2020-21.	Remuneration to be approved by the shareholders in 32nd AGM of the Company. Remuneration paid during the year is disclosed in report on corporate governance forming part of the Annual Report for the FY 2020-21.
Date of first appointment on the Board	12th November, 2018	22nd February, 2021
Shareholding in the Company as on 31st March, 2021	Nil	Nil
Relationship with other Directors / Key Managerial Personnel	There is no relationship with other directors / KMP on the board.	There is no relationship with other directors / KMP on the board.
Number of meetings of the Board attended during the financial year (2020-21)	8	Nil
Directorships of other Boards as on 31st March, 2021	Virinchi Learning Private Limited, QFund Technologies Private Limited, Virinchi Media And Entertainment Private Limited, Raghni Ferro Alloys Private Limited, Virinchi Health Care Private Limited, Capitalsquare Advisors Private Limited, Virinchi Infra And Realty Private Limited, Rayven Broadnet Enterprise Private Limited, Tensor Fields Consultancy Services Private Limited, Virinchi Combinatorics And Systems Biology Private Limited, V23 Medical Solutions Private Limited and Virinchi Capital Private Limited.	Nil
Membership / Chairmanship of Committees of other Boards as on 31st March, 2021	Nil	Nil

For **Virinchi Limited**

**K. Ravindranath Tagore**  
Company Secretary  
M.NO: A18894

Place: Hyderabad  
Date: 27/08/2021

# Board's Report

*Dear members*

Your Directors have 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, 2021. The Consolidated Performance of your Company and its subsidiaries has been referred to wherever required

## 1. Financial Summary or Highlights

The summarized standalone and consolidated financial results of your Company and its subsidiary are given in the table below:

Particulars	Consolidated		Standalone	
	2020-21	2019-20	2020-21	2019-20
Total Income	36518.64	38315.57	13797.63	14102.57
Profit before finance Cost, Depreciation & Amortization, Taxation & Exceptional Item	10670.33	11228.31	4027.68	4482.26
Less: Finance Cost	3208.68	2219.62	735.84	665.74
Depreciation and Amortization Expenses	4820.72	4449.94	1848.62	1551.53
Profit before Tax & Exceptional items	2640.93	4558.75	1443.22	2264.99
Less: Exceptional items	484.62	-	137.40	-
Profit Before Tax	2156.31	4558.75	1305.83	2264.99
Less: Tax Expenses	1889.02	(87.24)	446.57	579.90
Profit before minority interest	267.29	4645.99	-	1685.10
Less: Minority Interest	(7.34)	(0.59)	-	-
Profit After Tax	259.95	4645.40	859.26	1685.10

Rs. In Lacs

### Summary of Operations, State of Company's Affairs & Future Outlook

Your directors are pleased to report that in spite of severe impact on Country's economy and almost all the industries with de-growth to a great extent, your Company has been able to with stand the impact and registered performance at the same level of FY'20

**Consolidated Revenues:** The total consolidated income of the Company for the FY2020-21 is Rs. 36518.64 Lakhs as against Rs. 38315.57 Lakhs in FY 2019-20

**Standalone Revenues:** The total income of the Company for the FY 2020-21 is Rs.13797.63 Lakhs as against Rs.14102.57 Lakhs in FY 2019-20

### Consolidated profits:

Profit before Tax (PBT) stood at Rs.2640.93 Lakhs as against Rs.4558.75 Lakhs for the previous year.

Profit after Tax (PAT) stood at Rs.259.95 Lakhs as against Rs.4645.40 Lakhs for the previous year.

### Standalone profits:

Profit before Tax (PBT) stood at Rs.1305.83 Lakhs as against Rs.2264.99 Lakhs for the previous year. Profit after Tax (PAT) stood at Rs.859.26 Lakhs as against Rs. 1685.10 Lakhs for the previous year.

In the challenging pandemic period, the product business continued its effort to bring more to the existing client base. In fact, company was able to successfully complete

implementation on the largest client implementation that the company ever worked on. Implementing the software product across varying regulations of close to 20 states and consolidating more than 10 legacy systems was a challenge successfully delivered by the team.

The company was also able to support the urgent needs of its clients to innovate new products or enabling existing products in delivering services in the 'pandemic environment'. These ranged from very critical ability to enhanced automation of disbursement & payment to a completely new multi-party lending business model for a large Ohio, USA based client.

The product also saw its first foray into serving the fintech segment in the Indian market by supporting the lending function for the retail lending performed through vCard. This opens large avenues of the product.

With availability of COVID vaccine, the economy is expected to open up and the industry is expected to turn around in 2021 – 22. If the global landscape can hold on to this expectation, this function should be able to consolidate itself in the US market. This should be further aided by the new major release of its flagship product planned during 2021 – 22.

There have been no material changes and commitments, which affect the financial position of the Company which have occurred between the end of the financial year to which the financial statements relate and the dates of this report.

During the year under review, there is no change in nature of the business of the Company. The affairs of the Company are conducted in accordance with the accepted business practices and within the purview of the applicable legislations.

### Amounts Transferred to Reserves

The Board of the company has decided to carry Rs. 8.59 Crores to its Reserves.

### DIVIDEND

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

### PERFORMANCE SUBSIDIARIES INFORMATION

#### Tyohar foods privateLtd

The Company had planned to take up a project under Tyohar Foods Pvt Ltd and had purchased a 50,000 Sq. feet of building in 4047 Square meters of Land located at Survey No 15, Suraram Village, Qutbullapur Mandal, R.R.Dist by participating in an open auction conducted by Canara Bank on 16th August 2012 and the said property

was registered vide Certificate of Sale Doc. No.11361/2012 dt. 25th Sep, 2009 and were put in possession of the said premises.

All the legal cases are closed on the property and the company is in the process to make suitable business plans.

### Virinchi Healthcare Private Limited

Virinchi Healthcare Private Limited (VHPL) has three units in Hyderabad with a total bed capacity of 600. The flagship hospital at Banjara Hills, Hyderabad with bed capacity of 400, delivers therapeutic care over 35 specialties. Virinchi has a dedicated clinical team pursuing MoUs and medical partnerships with 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 hospital is led by leading doctors in the country offering the best of therapeutic and diagnostic care through some of the Industry Leading Medical Infrastructure including 3T fMRI, Ceiling Mounted IVUS Cath Lab, Dual Energy 128 Slice CT, 11 Fully Equipped Operation Theatres & widest range of in-house diagnostic capabilities.

Towards the beginning of the financial year, all three units obtained the license from ICMR to screen RNA based viruses and the license to treat Covid-19 patients from the District Medical & Health Office, Hyderabad.

The healthcare revenues and EBIT were high in Q2 and Q4 of FY21 due to Covid-19 related increase in capacity utilization. The Covid-19 pandemic has impacted the healthcare industry in general and our healthcare services business due to travel restrictions on both domestic and international patients during Q1FY21, where the out-patient footfall was impacted by the lockdowns and the government directive on not taking up elective surgeries impacted the inpatient case-loads.

The fall in revenues in Q1FY21 due to lockdowns was offset by the increase in capacity utilization during Q2FY21 and the performance of VHPL during the year under review FY 2020-21 was not impacted significantly, with a total turnover of Rs 160.85 crores and EBIT of Rs. 29.06 crores vis-a-vis Rs. 162.09 crores of revenue and Rs. 19.25 crores of EBIT in FY 2019-20.

### Virinchi Learning Private Ltd

We have successfully trained and placed 200 students under NSDC program this year. We are planning to partner NSDC on few more training programs to increase the training potential so that rural youth can make the

most out of this program. We have developed training material for 10 courses, of which 7 courses are approved by NSDC and 3 are awaiting approval. There is a dedicated learning portal for the students who enroll in our training programs. We have partnered with reputed hospitals to provide placements to the candidates trained under our NSDC program. Our next year plan is to soon expand the program across Andhra Pradesh and Telangana, attain more number of placement partners, and train as many aspirants as possible.

### 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.

For the year under review the total income is Rs. 78.04 Crores as against Rs. 97.50 Crores in 2019-20 and the PBT is Rs.11.38Crores as against Rs. 17.95Crores in 2019-20.

### Incorporation of New Subsidiaries:

During the year under review, we have incorporated two subsidiaries namely V23 Medical solutions Private Limited and Virinchi Capital Private Limited to carry on the new initiatives 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, 32,33,333 equity shares were allotted to the promoters under the Chapter V of the SEBI (ICDR) Regulations, 2018 and admitted for trading on BSE and 10,39,500 shares allotted to the employees of the company under various esop plans. Consequently, the Equity Share Capital of your Company increased from 3,27,20,734 equity shares of Rs.10/- each to 3,69,93,567 shares of Rs.10/- each as on March 31, 2021

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	Number of Shares	Rs.	Number of Shares	Rs.
Share capital				
(a) Authorised Equity Shares of Rs.10/-each	40,000,000	40,00,00,000	40,000,000	40,00,00,000
(b) issued Subscribed and fully paid up:				
Equity Shares of Rs. 10/-each	3,69,93,567	36,99,35,670	3,27,20,734	32,72,07,340

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

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	Number of Shares	Rs.	Number of Shares	Rs.
Shares outstanding at the beginning of the year	3,27,20,734	32,72,07,340	3,11,70,734	31,17,07,340
Add: issued and allotted during the year				
i. Allotment of shares pursuant to VESOS,2016&2018	10,39,500	1,03,95,000	-	-
iii. Allotment of shares under preferential issue guidelines	32,33,333	3,23,33,330	15,50,000	1,55,00,000
Less; Shares bought Back during the year	-	-	-	-
Shares outstanding at the end of the year	3,69,93,567	36,99,35,670	3,27,20,734	32,72,07,340

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.

During the year the company has allotted 30,00,000 warrants to the promoters and promoter group. They have paid the 25% upfront money and converted 17,33,333 warrants during the year. The pending warrants as on 31st March, 2021 are 12,66,667.

Composition of the Board as on 31st March, 2021 and Details of Board meetings:

Sl. No	Name	Designation
1	M.V.Srinivasa Rao	Chairman & Whole Time Director
2	V. Satyanarayana	Vice-Chairman & Executive Director

Sl. No	Name	Designation
3	K. Sri Kalyan	Non-independent and Non Executive Director
4	K. Kalpana	Independent Director
5	K. Sunder	Independent Director
6	J. Suresh	Independent Director

#### Number of Board Meetings

During the year under review, 8 (Eight) Board meetings were held. The details are as under:

Sl. No	Date of Board Meeting	No. of Directors attended
1	26-06-2020	6
2	31-07-2020	6
3	20-08-2020	6
4	12-11-2020	6
5	28-12-2020	6
6	07-01-2021	6
7	11-02-2021	6
8	22-02-2021	5

#### Committees of the Board

The details of the Committees of the Board viz., Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, and Stakeholders Relationship Committee are reported in the Report on Corporate Governance which forms part of the Board's Report.

#### Meeting of Independent Directors

The details of the Separate meeting of the Independent Directors are reported in the Report on Corporate Governance which forms part of the Board's Report.

#### Familiarization Programme for Independent Directors

The details of the familiarization programme for the Independent Directors are reported in the Report on Corporate Governance which is attached to the Board's Report.

#### DECLARATION BY INDEPENDENT DIRECTORS

K. Kalpana, K. Sunder, J. Suresh are independent directors on the board of your company. In the opinion of the Board and as confirmed by these Directors, they fulfil the conditions specified in Section 149(6) of the Companies Act, 2013 ("the Act") and the Rules made thereunder, and under Regulation 16 (1) (b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 about their status as Independent Directors of the Company.

#### Registration of Independent Directors with the Databank in the portal of Indian Institute of Corporate Affairs

Pursuant to notification dt. 22nd October, 2019 of Ministry of Corporate Affairs all the Independent Directors have registered themselves as Independent Director in the portal of Indian Institute for Corporate Affairs (IICA).

#### Changes in Directors and Key Managerial Personnel

##### Appointments:

During the year under review Mr. V. Satyanarayana is appointed as Vice Chairman & Executive Director on the board with effect from 22nd February, 2021.

##### Cessations:

During the year under review Mr. Ramam Madu, Independent Director, Ms. G. Santhi Priya, Whole Time Director resigned from the Board. The Board placed on record of its appreciation of their long association and valuable contributions made to the Company during their tenure.

##### Change of Role and designation

Mr. K. Sri Kalyan who is a whole Time Director is Re-designated as Non-Independent & Non-executive Director on the Board.

##### Key Managerial Personnel

Mr.M.V.Srinivasa Rao, Whole Time Director & CFO, Mr. V. Satyanarayana, Vice Chairman & Executive Director and Mr. K. Ravindranath Tagore, Company Secretary are the Key Managerial Personnel (KMP) of the company in terms of the provisions of the Act. Ms. Santhi Priya, who was a Key Managerial Personnel of the company resigned to her position during the year.

##### Retirement of Directors:

In accordance with the provisions of Section 152 (6) of the Act and the Company's Articles of Association, Mr. M.V.Srinivasa Rao, Director retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment. The Nomination and Remuneration committee and the Board recommend his re-appointment for the approval of the Members of the Company at the forthcoming Annual General Meeting. Brief profile of Mr. M.V.Srinivasa Rao has been given in the Notice convening the Annual General Meeting.

##### Policy on Directors Appointment and Remuneration

The details of Policy on Directors appointment and Remuneration (i.e. Nomination and Remuneration Policy), criteria for determining qualifications, positive attributes, independence of directors are included in Report on Corporate Governance forming part of the Board's Report.

The details of the remuneration paid to the whole Time and Executive Directors are given in the Corporate Governance Report.

### Transfer of unpaid/unclaimed dividend and corresponding equity shares

Pursuant to the provisions of Section 124(5) of the Companies Act, 2013, as amended, read with Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, dividend which remain unpaid or unclaimed for a period of 7 consecutive years will be transferred to the Investor Education and Protection Fund of the Central Government.

K. Ravindranath Tagore, Company Secretary is the nodal officer for the purpose of IEPF Rules.

### Transfer of Shares to IEPF

As per Section 124(6) of the Companies Act 2013 all shares in respect of which dividend has not been paid or claimed for seven (7) consecutive years or more shall be transferred by the Company to Investor Education and Protection Fund of the Central Government. The shareholders, whose shares are transferred to IEPF, can make an application to IEPF for the credit of shares to their account.

### Annual Return:

Pursuant to the provisions of Section 92(3) and Section 134(3) of the Act read with Rule 12 of the Companies (Management and Administration) Rules, 2014 as amended from time to time, the Annual Return of the Company as on 31st March, 2021 is available on the Company's website and can be accessed at [www.virinchi.com](http://www.virinchi.com)

### 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.

### Contracts or arrangements with Related Parties

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-4

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.

The Company formulated the Policy on dealing with Related Party Transactions. The policy is placed at the Company's website: [www.virinchi.com](http://www.virinchi.com).

### 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.

### Corporate Social Responsibility Committee

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.

### Composition as on 31st March, 2021

Sl. No	Name	Designation	Chairman/Member
1	K. Sunder	Independent Director	Chairman
2	K. Sri Kalyan	Non-Executive Director	Member
3	M.V. Srinivasa Rao	Whole Time Director & CFO	Member

### Terms of Reference

The Committee is primarily responsible for formulating and recommending to the Board of Directors a Corporate Social Responsibility (CSR) Policy and monitoring the same from time to time, amount of expenditure to be incurred on the activities pertaining to CSR and monitoring CSR activities.

### CSR Policy

The Company's CSR Policy is disseminated on the Company's website at [www.virinchi.com](http://www.virinchi.com). During the year 2020-21, four meetings of the Corporate Social Responsibility Committee were held.

### CSR Expenditure during the year 2020-21

As per the Section 135(5) of the Companies Act, 2013, the Company shall ensure that an amount of 2% of the average Net Profits of the Company made during the three immediately preceding financial years shall be spent towards Corporate Social Responsibility activities. For the

Financial Year 2020- 21, the amount to be spent towards CSR activities works out to Rs.53.70 lakhs. The Company has spent Rs.56 lakhs towards the CSR activities in the financial year 2020-21. The detailed Report, on the CSR Activities is annexed to Board's Report at Annexure-2.

### 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 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

- 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

### 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>

### 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>

### Risk Management Policy

#### 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

### Internal Control Systems and Adequacy

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

## Internal audit

In terms of Section 138 of the Companies Act, 2013 and the relevant Rules, the Company appointed M/s. K.L.V S Prasad Rao & Co Chartered Accountants as an Independent Internal Auditor. The Internal Auditor directly reports to the Audit Committee

## Independent Auditors, their Report and Notes to Financial Statements

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 & Associates, 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 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.

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

## 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-8 to Board's Report.

## Compliance with Secretarial Standards

The Company complies with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

## 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. G.Vinay Babu, Practicing

Company Secretary, to undertake the Secretarial Audit of your Company. The Report of the Secretarial Audit is annexed as Annexure - 5.

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

## Annual Secretarial Compliance Report

A Secretarial Compliance Report for the financial year ended 31st March, 2021, on compliance of all applicable SEBI Regulations and circulars / guidelines, issued by M/s. G. Vinay Babu., Practicing Company Secretary, was submitted to BSE Limited.

## Listing at Stock Exchanges

The equity shares of your Company continue to be listed and traded on the BSE Limited. The Annual Listing fee for the year 2021-22 has been paid to the stock exchange.

## 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:

- In the preparation of the annual accounts for the year ended 31st March, 2021, the applicable accounting standards had been followed and there are no material departures.
- 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.
- 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.
- We have prepared the annual accounts for the financial year ended 31st March, 2021 on a going concern basis.
- The Directors have laid down internal financial controls, which are adequate and are operating effectively.
- 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, 2021.



### Significant and Material Orders Passed by the Regulators

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.

### Names of companies which have become or ceased to be, its Subsidiaries, joint ventures or Associate companies:

During the year M/s. V23 Medical Solutions Private Limited and M/s. Virinchi Capital Private Limited have become 100% subsidiaries of Virinchi Ltd.

No company ceased to be Subsidiary during the year . The company don't have any Joint Ventures & Associate companies to report.

### Public 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

### 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-3 which forms an integral part of this Report.

### Reporting of Frauds by Auditors

During the year under review, the Statutory Auditor 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-7

### Maintenance of Cost Records

The maintenance of Cost Records as specified by the 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.

### 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

## 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 -6 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 '1' 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 '1A' and forms an integral 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.

## 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. 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.

3. 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.
4. During the period under review, there were no frauds reported by the auditors under provisions of the Companies Act, 2013.
5. There are no proceeding pending under the Insolvency and Bankruptcy Code, 2016
6. There was no instance of one time settlement with any Bank or Financial Institution
7. There were no material changes commitments affecting the financial position of your Company between the end of financial year (March 31, 2021) and the date of the report (August 27th , 2021).

### Acknowledgments

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

For **Virinchi Ltd**

**M.V.Srinivasa Rao**

DIN:00816334

Chairman & Whole Time Director

Date: 27th August, 2021

Place: Hyderabad

## 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 the employees of the company for the financial year;	<b>Name of the Director</b>	<b>Ratio( In X Times)</b>
		G. Santhi Priya*	4:1
		K. Sri Kalyan*	3:1
		M.V.Srinivasa Rao	10:1
		V. Satyanarayana*	1:1
		* Employed only for part of the year.	
2	The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;	<b>Name of the Director</b>	<b>% increase in Remuneration</b>
		G. Santhi Priya*	Nil
		K. Sri Kalyan	Nil
		M.V.Srinivasa Rao	Nil
		V. Satyanarayana	Not Applicable
		K.Ravindranath Tagore- Company Secretary	Nil
3	The percentage increase in the median remuneration of employees in the financial year.	During FY 2020-21, the percentage Increase in the median remuneration of employees as compared to previous year was approximately 14.37%	
4	The number of permanent employees on the rolls of Company.	There were 459 employees as on March 31, 2021.	
5	a) The Average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year	a) Average increase in remuneration is 8.69% for Employees other than Managerial Personnel	
	b) its comparison with the percentage increase in the managerial remuneration a	b) There is no increase in the managerial remuneration during the year under review.	
	c) justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	c) Not Applicable	
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.

## Annexure-2

## THE ANNUAL REPORT ON CSR ACTIVITIES FOR FINANCIAL YEAR ENDED 31ST MARCH, 2021

(Pursuant to Section 135 of the Act & Rules made there under)

1. Brief outline on CSR Policy of the Company.

The Company has its CSR Policy within broad scope laid down in Schedule VII to the Act, as projects / programmes / activities, excluding activities in its normal course of business.

2. Composition of CSR Committee: As on 31st March, 2021

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Sunder Kanaparthi	Chairman/Independent Director	4	3
2	M.V.Srinivasa Rao	Member/Whole Time Director	4	1
3	K. Sri Kalyan	Member/Non Independent-Non executive Director	4	4
4	RamamMadu*	Chairman/Independent Director	4	1
5	G. SanthiPriya*	Member/Whole Time Director	4	3

\*Both are resigned during the year.

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

[www.virinchi.com](http://www.virinchi.com)

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report).

Not Applicable.

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be set-off for the financial year, if any (in Rs)
1	2017-18	Not Applicable	Not Applicable
2	2018-19	Not Applicable	Not Applicable
3	2019-20	Not Applicable	Not Applicable
	<b>Total</b>	<b>Not Applicable</b>	<b>Not Applicable</b>

6. Average net profit of the company as per section 135(5)- Rs.26,85,47,335

7. (a) Two percent of average net profit of the company as per section 135(5)-Rs.53,70,947

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years.- Nil

(c) Amount required to be set off for the financial year, if any- Nil

(d) Total CSR obligation for the financial year (7a+7b-7c).- Rs.53,70,947

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
56,00,000	Nil	Not Applicable	Not applicable	Nil	Not applicable

(b) Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Sl. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	Location of the project. State. District.	Project duration.	Amount allocated for the project (in Rs.).	Amount spent in the current financial Year (in Rs.).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.).	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency Name CSR Registration number.
						Not Applicable				
<b>Total</b>						<b>Not Applicable</b>				

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/No).	Location of the project. State. District.	Amount spent for the project (in Rs.).	Mode of implementation - Direct (Yes/No).	Mode of implementation - Through implementing agency. Name. CSR registration number.
1.	Education Sanitation and Health care	Promoting Education among children & providing Health Care	No	Andhra Pradesh, East Godavari Dt	24,00,000	No	Viswanadha Foundation CSR00005612
2.	Education Sanitation and Health care	Promoting Education among children & providing Health Care	Yes	Telangana, Hyderabad	32,00,000	No	Lopa Mudra Charitable Trust CSR00005613
<b>Total</b>					<b>56,00,000</b>		

(d) Amount spent in Administrative Overheads- Nil

(e) Amount spent on Impact Assessment, if applicable- Not applicable

(f) Total amount spent for the Financial Year (8b+8c+8d+8e)- 56,00,000

(g) Excess amount for set off, if any-Rs.2,29,053

Sl. No.	Particular	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	53,70,947
(ii)	Total amount spent for the Financial Year	56,00,000
(iii)	Excess amount spent for the financial year [(ii)-(i)]	2,29,053
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	0
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	2,29,053

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in Rs.)
				Name of the Fund	Amount (in Rs).	Date of transfer.	
1.				Not Applicable			
	<b>Total</b>			<b>Not Applicable</b>			

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID.	Name of the Project.	Financial Year in which the project was commenced.	Project duration.	Total amount allocated for the project (in Rs.).	Amount spent on the project in the reporting Financial Year (in Rs).	Cumulative amount spent at the end of reporting Financial Year. (in Rs.)	Status of the project - Completed /Ongoing.
	<b>Total</b>							

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year

(asset-wise details).

(a) Date of creation or acquisition of the capital asset(s).- Not applicable

(b) Amount of CSR spent for creation or acquisition of capital asset.- Not applicable

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.- Not Applicable

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).- Not applicable

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).- Not applicable

Date: 27/08/2021  
Place: Hyderabad

**M.V.Srinivasa Rao**  
Whole Time Director  
DIN: 00816334

**Sunder Kanaparthi**  
Chairman-CSR committee  
DIN: 00914869

**FORM AOC-1**

**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, 2021**

S. No	As on 31.03.2021	Ksoft Systems Inc	Qfund Technologies Pvt. Ltd.	Tyohar Foods Pvt Ltd	Virinchi Learning Private Ltd	Virinchi Media & Entertainment Pvt Ltd	Virinchi Infra & reality Pvt Ltd	Virinchi Health Care Pvt Ltd	Asclepius Consulting & Technologies Pvt Ltd	Tensor Fields Consultancy Services Pvt Ltd	Virinchi Combinatorics & Systems Biology Pvt Ltd	V23 Medical Solutions Pvt Ltd	Virinchi Capital Pvt Ltd
1	Share Capital	45,91,087	1,00,000	1,00,000	19,50,000	1,00,000	1,00,000	5,43,59,780	58,82,360	1,00,000	1,00,000	1,00,000	2,00,00,000
2	Reserves & Surplus	1,07,61,65,516	2,14,28,723	-92,99,904	-1,32,55,972	-1,68,561	5,96,398	42,68,62,732	-1,78,28,089	-2,65,80,497	6,17,836	-24,924	-29,500
3	Total Assets	1,32,99,19,393	2,97,88,096	51,23,844	1,35,73,620	1,63,63,780	32,25,524	31,162,67,300	1,63,70,027	68,73,614	24,94,720	5,85,677	2,04,14,951
4	Total Liabilities	24,91,62,790	82,59,373	1,43,23,748	2,48,79,592	1,64,32,341	25,29,126	26,350,44,788	2,83,15,756	3,33,54,111	17,76,884	5,10,601	4,44,451
5	Investments	1,06,05,556	2,99,641	0	0	0	0	6,33,000	0	0	0	0	0
6	Turnover	78,04,94,825	25,29,490	17,50,000	17,61,630	18,90,000	16,30,000	16,085,19,228	72,03,791	1,51,11,852	18,47,142	0	0
7	PBT	11,38,12,256	-65,21,808	2,66,033	-27,97,676	-1,04,717	3,22,746	4,10,47,754	-15,25,820	-2,48,47,702	1,73,574	-24,924	-29,500
8	Tax	1,72,65,319	-26,66,664	3,96,618	5,19,674	0	81,235	12,87,88,185	-28,306	0	45,129	0	0
9	PAT	9,65,46,937	-38,55,144	-1,30,585	-33,17,350	-1,04,717	2,41,511	-12,24,62,372	-14,97,515	-2,48,47,702	1,28,445	-24,924	-29,500
10	Dividend	0	0	0	0	0	0	-	0	0	0	0	0
11	% of shareholding	100%	100%	100%	100%	100%	100%	100%	51%	100%	100%	100%	100%

**Part - B**

**Joint Venture**

There are no joint ventures to report.

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

As per our Report of Even Date For **PCN & Associates** Chartered Accountants Firm Registration No. 016016S

For and on behalf of the Board for Virinchi Limited

**M. Mohana Saradhi**  
Partner  
M.NO: 244686  
Place: Hyderabad  
Date: 27th August, 2021

**M.V.Srinivasa Rao**  
Whole Time Director & CFO  
DIN: 00816334

**K. Sri Kalyan**  
Non Executive Director  
DIN: 03137506

**K. Ravindranath Tagore**  
Company Secretary  
M.NO: A18894

## Annexure-4

## 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 2020-21.

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 Health Care Private Ltd	Wholly owned Subsidiary
2	Virinchi Learning Private Ltd	Wholly owned Subsidiary
3	QFund Technologies Private Ltd	Wholly owned Subsidiary
4	Tyohar Foods Private Ltd	Wholly owned Subsidiary
5	Virinchi Infra and Realty Private Ltd	Wholly owned Subsidiary
6	Virinchi Combinatorics and Systems Biology Private Limited	Wholly owned Subsidiary
7	KSoft Systems Inc.,USA	Wholly owned Subsidiary
8	Virinchi Media & Entertainment Private Ltd	Wholly owned Subsidiary
9	Tensor Fields Consultancy Services Private Ltd	Wholly owned Subsidiary
10	Asclepius Consulting & Technologies Private Limited	Subsidiary
11	Vivo Bio Tech Ltd	Common Promoter and Director
12	Viswanath Kompella	Founder and Promoter Advisor Cum Chairman Emeritus

(b) Nature of contracts/arrangements/transactions

- Software Development and consulting services with M/s. KSoft Systems Inc and other subsidiary companies
- The company has leased out premises to M/s. Vivo Bio Tech Ltd and also during the year the company entered into a software development and consulting services contract for the bio tech operations.
- 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 duration of the contract for the software development and services is for 5 years.

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.

1. The payment terms of each project as per the intercompany agreements entered with the respective subsidiaries.
2. The payment terms are like 25,000 per month for the leasing of Premises at Banajra Hills, Hyderabad and the value of the contract for the software development is Rs. 5 Crores.
3. Monetary Terms with Mr. Viswanath Kompella
  - a. 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:**

1. Not applicable as these are at arms' length basis and in the ordinary course of the business.
2. 20th August, 2020 is the date of board meeting on which the transaction of software development and consulting services with vivo bio tech ltd is approved.
3. 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, and subsequently has been approved by the members through postal ballot.

**5) Amount paid as advances, if any: Nil**

## Annexure -5

## SECRETARIAL AUDIT REPORT OF M/S. VIRINCHI LIMITED

For The Financial Year Ended On 31st March, 2021

### Form No MR-3

(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, 2021 (the audit period) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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

2. During the year the Company has conducted 8 Board Meetings, 5 Audit Committee Meetings, 1 Independent Director's Meeting, 6 Nomination and Remuneration Committee and 5 Stakeholders Relationship Committee Meeting and 4 Corporate Social Responsibility Committee meetings . 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
  - ♦ Whistle Blower Policy
  - ♦ Related Party Transaction Policy
  - ♦ Familiarization programme for Independent Directors
  - ♦ Nomination and remuneration Policy
  - ♦ Policy on material subsidiaries
  - ♦ Corporate Social Responsibility Policy
7. We further report that:-
  - a. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
  - b. Adequate notice of board meeting is given to all the directors along with agenda and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and meaningful participation at the meeting.
  - c. As per the minutes of the meeting duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.
  - d. We further report that there are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
  - e. We further report that during the year under report, the Company has not undertaken any event/ action having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

**Vinay Babu Gade**  
Company Secretary in Practice  
M.No: A20592  
CP NO: 20707  
UDIN: A020592C000843337

Place: Hyderabad  
Date: 27/08/2021

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

## ANNEXURE TO SECRETARIAL AUDIT REPORT

To,  
The Members,  
**Virinchi Limited**  
8-2-672/5&6, 4th Floor, 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.

Place: Hyderabad  
Date: 27/08/2021

**Vinay Babu Gade**  
Company Secretary in Practice  
M.No: A20592  
CP NO: 20707  
UDIN: A020592C000843337

## SECRETARIAL AUDIT REPORT OF M/S. VIRINCHI HEALTH CARE PRIVATE LIMITED

For The Financial Year Ended 31st March, 2021

### FORM NO MR 3

Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

To  
The Members,  
**M/s. Virinchi Health Care Private Limited**  
Hyderabad.

We have conducted Secretarial Audit pursuant to Section 204 of the Companies Act 2013, on the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. Virinchi Health Care Private Limited (hereinafter called as “the Company”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minutes books, forms, returns filed and other records maintained by the Company and also the information and according to the examinations carried out by us and explanations furnished and representations made to us by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has during the audit period covering the Financial Year ended on 31st March 2021 generally 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. We have examined the books, papers, minute books, forms and returns filed, and other records maintained by the Company for the financial year ended 31st March 2021 (“Audit Period”) according to the provisions of:
  - 1.1. The Companies Act, 2013 (the Act) and the Rules made thereunder;
  - 1.2. The Secretarial Standards on the Meetings of the Board of Directors, Committees (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India.
2. We report that during the period under review the Company has substantially complied with Secretarial Standards on Board Meeting issued by the Institute of Company Secretaries of India.
3. In our opinion and as identified and informed by the Management, the Company has adequate systems

to monitor and ensure compliance (including the process of renewal/fresh/pending applications with Government Authorities), the following laws are specifically applicable to the Company.

- i. Atomic Energy Act, 1962
- ii. Birth and Death and Marriage Registrations Act, 1886
- iii. The Air (Prevention and Control of Pollution), Act, 1981
- iv. The Water (Prevention and Control of Pollution), Act, 1981
- v. Gas Cylinder Rules, 2016
- vi. The Dentists Act, 1948
- vii. Drugs and Cosmetics Act, 1940 and Rules made thereunder
- viii. Epidemic Diseases Act, 1897
- ix. ICMR Guidelines
- x. Excise Permit (For Storage of Spirit) under Central Excise Act, 1956
- xi. Legal Metrology Act, 2009
- xii. Legal Metrology Rules, 2011
- xiii. Medical Termination of Pregnancy Act, 1971
- xiv. NACO Guidelines
- xv. Narcotic Drugs and Psychotropic Substances Act, 1985
- xvi. Hazardous Waste and other Wastes (Management and Transboundary Movement), Rules, 2016
- xvii. Pharmacy Act, 2015
- xviii. Food Safety and Standards Act, 2006 and Rules made thereunder
- xix. Poisons Rules (State specific)
- xx. Pre-Conception and Pre-Natal Diagnostic Techniques Act, 1994

- xxi. Prevention of Illicit Traffic in Narcotics Drugs Act, 1988
- xxii. Prohibition of Smoking Act, 2008
- xxiii. The Static and Mobile Pressure vessels (Unfired) (Amendment), Rules, 2018
- xxiv. The Bio Medical Waste (Management and Handling) (Amendment), Rules, 2018
- xxv. Transplantation of Human Organs and Tissues Act, 1994 and Rules made thereunder
- xxvi. Clinical Establishments and Registration Act, 2010
- xxvii. National Building Code
- xxviii. Indian Medical Council Act 1956
- xxix. Fire Services Act 1999
- xxx. Minimum wages Act 1948
- xxxi. Employee Provident Fund Act 1952
- xxxii. Employee State Insurance Act 1948

It is reported that during the period under review, the Company has been regular in complying with the provisions of the Acts, Rules, Regulations and Guidelines, as mentioned above.

4. We further report that:
- 4.1 Mr. Ravindranath Tagore Kolli, Company Secretary of the Company is also holding the position of Company Secretary & Compliance Officer in the holding Company M/s Virinchi Limited under Section 203 of the Companies Act 2013
  - 4.2 Adequate Notice along with agenda and detailed notes on agenda is given to all the Directors physically to schedule the Board Meetings.
  - 4.3 There exists a system for seeking and obtaining further information and clarifications on the agenda items before the meeting and meaningful participation at the meeting.

- 4.4 Decisions at the meetings of the Board of Directors of the Company were taken unanimously. It is to be noted that for the Audit Period the following events not applicable:
  - i. Public/Right/Preferential issue of shares / debentures/sweat equity, etc.
  - ii. Redemption / buy-back of securities
  - iii. Major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013
  - iv. Merger / amalgamation / reconstruction, etc.
  - v. Foreign technical collaborations
- 4.5 There exist adequate systems and processes in the Company that commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines and advised the company to ensure the compliance of Secretarial Standards with true spirit.
- 5. We further report that during the audit period, there were no specific events / actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc except as stated above and in the Audit Report.

**Vinay Babu Gade**

Company Secretary in Practice

M.No: A20592

CP NO: 20707

UDIN: A020592C000843436

Place: Hyderabad

Date: 27/08/2021

**Note:** This letter is to be read with our letter of even date, which is annexed, and form an integral part of this report.

## ANNEXURE

To  
The Members,  
**M/s. Virinchi Health Care Private Limited**  
Hyderabad.

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

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We 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 the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we 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 the Management. Our examination was limited to the verification of procedures on the random 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.

Place: Hyderabad  
Date: 27/08/2021

**Vinay Babu Gade**  
Company Secretary in Practice  
M.No: A20592  
CP NO: 20707  
UDIN: A020592C000843436

## Annexure-6

# 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:

Particulars	(Rs. in Crores)	
	FY 2020-21	FY 2019-20
Foreign Exchange Earnings	122.31	138.10
Foreign Exchange Outgo	43.61	23.43

### 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.



## 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, 2021							
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	Extended the period for exercise for another 2 years based on the requests received from the employees.							
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="4" style="font-size: 3em; vertical-align: middle; padding: 0 10px;">}</td> <td rowspan="4" style="vertical-align: middle;">NA</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> </table>		Profit (Loss) after Tax (in Rs)	}	NA	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)	}	NA							
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

Sl.No	Description	Year ended 31st March, 2021	
1	Number of Options Outstanding at the beginning of the year( Un-granted)	Nil	17,30,000
2	Number of options granted during the year	NA	Nil
3	Number of options forfeited/lapsed during the year	NA	NA
4	Number of options vested during the year	3,81,750	12,70,000
5	Number of options exercised during the year	1,89,500	8,50,000
6	Number of shares arising as a result of exercise of options	1,89,500	8,50,000
7	Amount realized by exercise of options (Rs.)	37,90,000	85,00,000
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)(1-2)	Nil	17,30,000

Sl.No	Description	Year ended 31st March, 2021	
10	Number of options exercisable at the end of the year (out of total number of options approved under ESOS)	16,36,066	4,20,000
11	<b>Weighted-average exercise</b>		
	Stock Options Granted on	<b>Weighted average exercise price( in Rs.)</b>	<b>Weighted average fair value (in Rs.)</b>
	13th February, 2018(VESOS, 2016)	20	44.34
	31st January, 2020( VESOS-2018)	10	40.25
12	Employee wise details of options granted to 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	Refer Point#11
	(ii) exercise price	Refer Point#11	Refer Point#11
	(iii) Risk free interest rate	5 years	5 years
	(iv) Expected Life of Options	Nil	Nil
	(v) Expected volatility	NA	NA
	(vi) Dividend yield	NA	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	

# 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 one more Whole Time Director, and

to have a more professional outlook your company is having 3 Non- Executive independent directors and one Non-independent and Non- executive Director which composition is in compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

8 Board Meetings were held during the Financial Year 2020-21. The dates on which the said meetings were held are as follows:

26th June, 2020, 31st July, 2020, 20th August, 2020, 12th November, 2020, 28th December, 2020, 7th January, 2021, 11th February, 2021, 22nd February, 2021.

**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. Santhi Priya*	Chairperson and Whole Time Director	7	Yes	0	0	0
M.V.Srinivasa Rao	Chairman & Whole Time Director	8	Yes	0	0	0
V. satyanarayana**	Vice Chairman & Executive Director	NA	NA	0	0	0
K. Sri Kalyan***	Non Independent Non Executive Director	8	YES	0	2	0
M.Ramam*	Independent Non-Executive Director	1	NA	0	0	3
K.Kalpana	Independent Non-Executive Director	8	Yes	2	2	0
J.Suresh	Independent Non-Executive Director	8	Yes	0	0	0
Sunder Kanaparthy**	Independent Non-Executive Director	7	Yes	1	4	4

\*Resigned during the year\*\* Appointed during the year

\*\*\* Re-designated as Non-Independent and Non-Executive Director

Ms. K.Kalpana is an Independent Non-executive Director in Kellton Tech Solutions Ltd and Vivo Bio Tech Ltd

Mr. Sunder Kanaparthy is an Independent Non-executive Director of Vivo Bio Tech Limited.

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 (Including 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.

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.

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

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>

Separate meetings of the Independent Directors

During the year under review, the Independent Directors met on 31st March, 2021, 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

### 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.

Board of Directors	Industry Knowledge	Corporate Finance & Taxation	Strategic Planning	Legal & Risk Management	Corporate Restructuring & Corporate Governance	Global Business	Leadership/Operational Experience
M.V.SrinivasaRao	✓	✓	✓	✓	✓	✓	✓
V. Satyanarayana	✓	✓	✓	✓	✓	✓	✓
K. Sri Kalyan	✓	✓	✓	✓	✓	✓	✓
Sunder Kanaparthi	✓	✓	✓	✓	✓	✓	✓
K. kalpana	✓	✓	✓	✓	✓	✓	✓
J. Suresh	✓	✓	✓	✓	✓	✓	✓

### Resignation of Independent directors during the year

During the year Mr. RamamMadu, who is an independent non-executive director resigned to the board with effect from 26th June, 2020.

### 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	1
Sunder Kanaparthi**	Chairman	Independent Non-Executive Director	4
K Sri Kalyan	Member	Non-Independent Non-Executive Director	5
K.Kalpana	Member	Independent Non-Executive Director	5

\*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	1
Sunder Kanaparthi**	Chairman	Independent Non-Executive	5
K.Kalpana	Member	Independent Non-Executive	6
J.Suresh	Member	Independent Non-Executive	6

\*Resigned during the year

\*\*Appointed during the year

## 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

During FY 2020-21, the Board had also identified the list of core skills, expertise and competencies of the Board of Directors as are required in the context of the business and sector applicable to the Company and those actually available with the Board. The Company has also mapped each of the skills, expertise and competencies against the names of the Board Members possessing the same.

### 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 2020-21 are as follows:

### a. Executive Directors

Name	Salary	Benefits (perquisites)	Bonus	Pension	Commission	TOTAL
G. Santhi Priya	18,31,669	-	-	-	-	18,31,669
K.Sri Kalyan	13,49,357	-	-	-	-	13,49,357
M.V.Srinivasa Rao	42,29,067	-	-	-	-	42,29,067
V. Satyanarayana	4,93,534	-	-	-	-	4,93,534
<b>TOTAL</b>						<b>1,05,06,031</b>

Ms.G. SanthiPriya, resigned to the directorship with effect from 11th February, 2021 and Mr. K. Sri Kalyan is re-designated as Non Independent and Non-Executive Director from 7th January, 2021.

Mr. VedulaSatyanarayana is appointed as Executive Director & Vice Chairman with effect from 22nd February, 2021.

### 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 Rs.10,000 is being paid to Non-Executive Directors for attending each meeting of the Board of Directors and Rs.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, 2021
1	Mr. Ramam Madu	30,000	Nil
2	Ms. K. Kalpana	1,55,000	Nil
3	Mr. J. Suresh	1,10,000	Nil
4	Mr. Sunder Kanaparthi	1,50,000	Nil

## 5. Stakeholders Relationship Committee:

- a) The Board constituted a stakeholders Relationship committee which looks into shareholders and investors grievances under the Chairmanship of M. Ramam who is an Independent and Non-Executive director. He resigned during the year due to personal reasons. There after the board appointed Mr. Sunder Kanaparthi as the Chairman of the committee. 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 annual report, 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.

- b) 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
- c) The Board of Directors has delegated the power of approving transfer of securities to M/s. Aarthi 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
Sunder Kanaparthi**	Chairman	Independent Non-Executive Director
K Sri Kalyan	Member	Non-Independent Non-Executive Director
K.Kalpana	Member	Independent Non-Executive Director

\*Resigned during the year

\*\*Appointed during the year

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

Received: 0 Complied:- 0 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. AarthiConsultants Pvt. Ltd.

The outstanding complaints as on 31st March, 2021 were: NIL

**Name & Designation of the Compliance officer:**

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

**Corporate Social Responsibility Committee (CSR)**

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

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

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

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

- ii. Recommending the amount of expenditure to be incurred on CSR activities of the company;
- iii. Reviewing the performance of the Company in the area of CSR;
- iv. Providing external and independent oversight and guidance on the environmental and social impact of how the company conducts its business;
- v. Monitoring CSR policy of the company from time to time;
- vi. Monitoring the implementation of the CSR projects or programs or activities undertaken by the company.

The CSR Committee comprises of three Directors viz., During the financial year 2020-21, the CSR Committee met four times and all the members were present for the meeting.

Sl. No	Name of the Director	Designation	Attendance
1	RamamMadu*	Chairman	1
2	Sunder kanaparthi**	Chairman	3
3	K.Sri Kalyan	Member	4
4	G. SanthiPriya*	Member	3
5	M.V.Srinivasa Rao**	Member	1

\*Resigned during the year

\*\*Appointed during the year

**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
2019-20	28/09/2020 12.30 PM	8-2-672/5&6, Road No. 1 Banjara Hills, Hyderabad-34	2
2018-19	28/09/2019 11.30. A.M.	8-2-672/5&6, 3rd Floor, Road No. 1 Banjara Hills, Hyderabad-34	1
2017-18	28/09/2018 11.30 A.M.	8-2-672/5&6, 3rd Floor, Road No. 1 Banjara Hills, Hyderabad-34	6

**b) Extraordinary General Meeting:**

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

**Postal Ballot.**

No postal ballot conducted during the year

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

**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



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](http://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](mailto:Investors@virinchi.com)

### 9. General Shareholder Information :

#### Annual General meeting

Date: 28th September, 2021

Time: 12.30 P.M

Venue: Not Applicable as the meeting is conducted through Video Conferencing / Other Audio Visual Means (VC)

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

Tentative calendar for declaration of financial results in Financial Year 2021-22

Tentative calendar for declaration of financial results in Financial Year 2021-22	
Results for the quarter ended June 30, 2021	on or before August 14, 2021
Results for the quarter ended September 30, 2021	on or before November 14, 2021
Results for the quarter ended December 31, 2021	on or before February 14, 2022
Results for the year ended March 31, 2022	on or before May 30, 2022

#### Book Closure dates:

The dates for book closure are from 22nd September, 2021 to, 28th September, 2021 (both days inclusive).

#### Listing on Stock Exchanges

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

The listing fee for the financial year 2021-22 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, 2021 are as under:

Month	Highest (Rs.)	Lowest (Rs.)	Volume of Shares traded
April, 2020	37.75	23.00	528790
May,2020	29.60	23.75	410398
June,2020	35.95	26.00	1161850
July, 2020	31.90	27.20	782589
August, 2020	46.75	27.60	2324891
September, 2020	40.00	33.20	704670
October, 2020	39.95	32.55	512864
November, 2020	37.60	31.30	641937
December, 2020	50.90	35.50	2061394
January,2021	58.70	42.55	1638830
February,2021	47.30	33.00	1532579
March,2021	45.00	33.70	1279169

Share price performance in comparison to broad based indices – BSE

### Virinchi Share Price Vs BSE

Particulars	Share price	BSE Sensex
As on April 1, 2020	24.30	28,265.31
As on March 31, 2021	34.80	49,509.15
Change (%)	30.17	42.91

### 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 transmission of shares held in physical form the transfer documents can be lodged with M/s. Aarhi Consultants Private Limited. Share transmission, 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. Aarhi Consultants Private Ltd (Unit :Virinchi Ltd)

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

### Distribution of Shareholding as on 31st March, 2021

Sl. No.	Category	Holders	Holders Percentage	Shares	Amount	Amount Percentage
1	1 – 5000	9095	74.34	1525021	15250210	4.12
2	5001 – 10000	1380	11.28	1135291	11352910	3.07
3	10001 - 20000	771	6.30	1182327	11823270	3.20
4	20001 - 30000	324	2.65	837157	8371570	2.26
5	30001 - 40000	127	1.04	458993	4589930	1.24
6	40001 - 50000	114	0.93	540685	5406850	1.46
7	50001 - 100000	194	1.59	1451223	14512230	3.92
8	100001 & Above	229	1.87	29862870	298628700	80.72
	<b>Total:</b>	<b>12234</b>	<b>100</b>	<b>36993567</b>	<b>369935670</b>	<b>100.00</b>

### 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 2021, 3,45,63,553 equity shares forming part of 93.43% of the share capital are in demat form and 24,30,014 equity shares forming 6.57% of the share capital are in physical form. Dematerialization of shares is done through M/s. Aarhi 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

Note#1.13,33,333 Warrants which are converted into equity shares are shown in physical as they are not credited into the beneficiary demat accounts as on 31st March, 2021.

Note#2.8,50,000Esops allotted are also shown in physical as they are not credited to the beneficiary Demat accounts as on 31st March, 2021.

#### Shareholding Pattern as on March 31, 2021

Sl.No	Description	No. of Shares	% of Total Capital
1	Promoter / Promoter group	18374083	49.67
2	Foreign Institutional Investors	Nil	Nil
3	Banks / Mutual Funds / NBFC	Nil	Nil
4	Bodies Corporate	2298421	6.21
5	Individuals / HUF	13844316	37.43
6	Employee Trusts	Nil	Nil
7	Non Resident Indians	1759272	4.75
8	Foreign Bodies	500000	1.35
9	Central Government	125547	0.34
10	Clearing Members / Trusts	91928	0.25
	<b>TOTAL</b>	<b>36993567</b>	<b>100.00</b>

#### Dematerialisation of Shares and Liquidity as on 31st March 2021

	No. of Shares	% of Total
NSDL	28544239	77.16
CDSL	6019314	16.27
Physical	2430014	6.57
<b>Total</b>	<b>36993567</b>	<b>100.00</b>

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

The Company has not issued any GDRs/ADRs. However 8,00,000Warrantsare issued during the year 2019-20as per the preferential issue guidelines. The Allottees have not exercised for the conversion and they are lapsed. The amounts paid by them towards those warrants are forfeited.

During the year the company issued preferential allotment of shares on private placement basis to the promoters of the company. The company issued 15,00,000 Equity Shares and 30,00,000 warrants to the promoters of the company. In total, the company allotted 32,33,333 equity shares to the promoters of the company during the year.

Out of the 30,00,000 warrants, 17,33,333 warrants are converted during the year. At the end of the year 12,66,667 warrants are pending for conversion/exercise

#### 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	address
Hyderabad	<ol style="list-style-type: none"> <li>1. Sy.No 121, Behind Hakimpet Airforce Academy, Pothaipally, Hakimpet, Hyderabad-500014</li> <li>2. 8-2-672/5&amp;6, , 1st to 7th Floors, illyas Mohammed Khan Estate, Road No.1, Banjara Hills, Hyderabad-500034</li> </ol>
USA	<ol style="list-style-type: none"> <li>1. Green House, 7 South Main street , Suite E, Marlboro, NJ-07746</li> <li>2. 145 N. CHURCH STREET, SUITE 124, SPARTANBURG, SC 29306</li> <li>3. 400 Sugar Camp Dr, Dayton, OH, USA-45409</li> </ol>

## Address for Correspondence:

For queries relating to shares	For queries relating to Financial Statements and other contents of Annual Report
M/s. Aarthi Consultants Private Limited (Unit-Virinchi Ltd) 1-2-285, Domalguda, Hyderabad. Phone # 040-27634445 / 27638111 Email : info@aarthicconsultants.com	M/s. Virinchi Ltd., 8-2-672/5 & 6, 4th Floor, Illyas Mohammed Khan Estate Banjara Hills, Road # 1, Above Kotak Mahindra Bank, Hyderabad - 500034. Phone # 040-48199999 Email : investors@virinchi.com

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

Credit Rating of Virinchi limited is done by Acuité Ratings & Research Limited . They have assigned ACUITE BB with Stable Outlook for Long Term Loans availed ACUITE A4+ for short term borrowings.

## 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.. 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).

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

<http://www.virinchi.com/pdf/policyofRelatedPartyTransaction.pdf>

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;

Year	Compliance Requirement	Deviations	Remarks
2020-21	Nil	Nil	Nil
2019-20	Nil	Nil	Nil
2018-19	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 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 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>

#### Details of Utilisation of funds raised through preferential allotment.

During the year the company raised Rs.12,93,33,320( Twelve Crore Ninety Three Lacs Thirty Three Thousand Three hundred and Twenty Only) through the allotment of 32,33,333 equity shares of Rs.10/- at a premium of Rs.30/-. 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.

During the year the company allotted 30,00,000 (Thirty Lacs) warrants and the allottees have paid 25% of the price towards allotment of the warrants and have converted 17,33,333 during the year. At the end of the year 12,66,667 warrants are pending for conversion/exercise.

#### Recommendations of Committees of the Board

There were no instances during the financial year 2020-21 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, 2021, fees paid to the Statutory Auditors (P C N & Associates) and its network firms are as follows:

Fees(Including Taxes)	Amount in Rs.		
	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	2,36,000	-	1,77,000
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:**

- 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

**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 is in the process of implementing.
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 2021

### 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 2020-21 to the Board of Directors at their meeting held on 30th June, 2021, as required under regulation 17(8) of SEBI Listing Regulations. See Annexure-9

### 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.

## Annexure-8

# INDEPENDENT AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

To  
The Members of  
**Virinchi Limited.**

We, P C N & Associates, Chartered Accountants, the Statutory Auditors of Virinchi Limited (“the Company”), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31st March, 2021, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”).

### Managements’ Responsibility

2. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the SEBI Listing Regulations.

### Auditors’ Responsibility

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. We have examined the books of account and other relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
5. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

### Opinion

7. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI Listing Regulations during the year ended 31st March, 2021.
8. We 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

9. This certificate is issued solely for the purpose of complying with the aforesaid Regulations and may not be suitable for any other purpose.

For PCN & Associates  
Chartered Accountants  
FRN: 016016S

**M. Mohana Saradhi**  
Partner

Place: Hyderabad  
Date: 27th August, 2021

M.No : 244686  
UDIN: 21244686AAAACR5430



## CERTIFICATION AS REQUIRED UNDER REGULATION 17 (8) SEBI (LODR) REGULATIONS, 2015

We, M.V.Srinivasa Rao, Whole Time Director & CFO, V. Satyanarayana, Vice Chairman & Executive 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 : 27/08/2021

**M.V. Srinivasa Rao**  
Whole Time Director & CFO  
DIN:00816334

**V. Satyanarayana**  
Vice Chairman & Executive Director  
DIN : 09070986

## Annexure-10

# 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**  
8-2-672/5&6, 4th Floor, Ilyas Mohammed Khan Estate  
Road #1, Banjara Hills, Hyderabad-500034

I G. Vinay Babu, 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 8-2-672/5&6, 4th Floor, Ilyas Mohammed Khan Estate, Road#1, 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 and 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, 2021 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	Mr. M.V.Srinivasa Rao	00816334	12-11-2018
2	Mr. K.Sri Kalyan	03137506	12-08-2013
3	Mr. V. Satyanarayana	09070986	22-02-2021
4	Ms.K.Kalpana	07328517	28-08-2017
5	Mr.SunderKanaparth	00914869	26-06-2020
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.

**G. Vinay Babu**  
Company Secretary in Practice  
M.NO: A20592  
CP.NO: 20707  
UDIN: A020592C000843271

Place: Hyderabad  
Date :27/08/2021

## 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, 2021.

**M.V. Srinivasa Rao**  
Chairman & Whole Time Director  
DIN: 00816334

Place: Hyderabad  
Date: 27/08/2021

# FINANCIAL STATEMENTS

# Independent Auditor's Report

To  
The Members of  
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, 2021, 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, 2021, 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 (SAs) specified under section 143(10) of the Companies Act, 2013. 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 Management and Board of Directors are 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 Companies Act, 2013 ("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 standalone Balance Sheet, the standalone 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, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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 has disclosed the impact of pending litigations on its financial position in its standalone financial statements.
  - 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  
Firm's Registration No: 016016S

**M. Mohana Saradhi**  
Partner

Place: Hyderabad  
Date: 30-06-2021

Membership No: 244686  
UDIN: 21244686AAAACE9839

## 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, 2021 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, 2021, 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  
Firm's Registration No: 016016S

**M. Mohana Saradhi**  
Partner

Place: Hyderabad  
Date: 30-06-2021

Membership No: 244686  
UDIN: 21244686AAAACE9839

## 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

- i. In respect of the Company's fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (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.
  - (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.
- 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.
- 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:
  - (a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.
  - (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.
- (c) There is no overdue amount remaining outstanding as at the year-end.
- 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.
- v. The Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2021 and therefore, the provisions of the clause 3(v) of the Order are not applicable to the Company.
- 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.
- vii. According to the information and explanations given to us, in respect of statutory dues:
  - (a) The Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Goods and Service Tax, Customs Duty. However there was a small delay in depositing TDS and Advance Tax as applicable to it with the appropriate authorities.
  - (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, 2021 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 Sales Tax, Service Tax, Excise Duty, Custom Duty and Value Added Tax which have not been deposited as at March 31, 2021 on account of any dispute except Income Tax as given below:

S. No	Nature	Assessment year	Amount of Dispute ( in Rs.)	Amount Deposited	Forum where it is pending
1	Income Tax	2017-2018	5,72,91,255	40,00,000	CIT(A)

- 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) and term loans were applied for the purposes for which those are raised.
- 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) Details of Preferential Allotment and share warrants are given below

Date of Allotment	Name of the Allottee	Class of instrument	No of shares/ Share warrants	Amount Received (₹)
14-10-2020	Kompella Madhavi Latha	Equity Shares (Preferential Allotment)	2,00,000	80,00,000
14-10-2020	Kompella Lopa Mudra		2,00,000	80,00,000
14-10-2020	Kompella Ramakrishna Paramahamsa		2,00,000	80,00,000
14-10-2020	Kompella Modini		2,00,000	80,00,000
14-10-2020	PKI Solutions Pvt Ltd		7,00,000	2,80,00,000
06-02-2021	Kompella Ramakrishna Paramahamsa	Equity Shares (warrants conversion)	50,000	20,00,000
06-02-2021	Kompella Modini		50,000	20,00,000
06-02-2021	PKI Solutions Pvt Ltd		3,00,000	1,20,00,000
15-02-2021	Esops to Employees	Equity Shares, Esops	1,89,500	37,90,000
08-03-2021	Kompella Ramakrishna Paramahamsa	Equity Shares (warrants conversion)	41,666	16,66,640
08-03-2021	Kompella Modini		41,667	16,66,680
08-03-2021	PKI Solutions Pvt Ltd		10,00,000	4,00,00,000
15-03-2021	Esops to Employees	Equity Shares, Esops	8,50,000	85,00,000
19-03-2021	Kompella Lopa Mudra	Equity Shares (warrants conversion)	2,50,000	1,00,00,000

Date of Allotment	Name of the Allottee	Class of instrument	No of shares/ Share warrants	Amount Received (₹)
14-10-2020**	Kompella Madhavi Latha	Warrants	5,00,000	50,00,000
14-10-2020**	Kompella Lopa Mudra		1,50,000	15,00,000
14-10-2020**	Kompella Ramakrishna Paramahamsa		3,08,334	30,83,340
14-10-2020**	Kompella Modini		3,08,333	30,83,330

Price Per warrant is Rs. 40 /- for all the allotments, in the financial year 2020-21 company received Rs. 10 per warrant and balance amount per warrant Rs. 30 was paid at the time of conversion.

\*\*The number of warrants mentioned are remaining balance as on 31st March, 2021 after conversion of the warrants into equity shares during the year

- 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  
Firm's Registration No: 016016S

**M. Mohana Saradhi**  
Partner  
Membership No: 244686  
UDIN: 21244686AAAACE9839

Place: Hyderabad  
Date: 30-06-2021



## Standalone Balance Sheet

as at 31 March

(in Rupees)

ASSETS	Note No	2021	2020
<b>1) NON CURRENT ASSETS</b>			
Property, Plant and Equipment	1	67,57,12,336	71,14,60,685
Right of Use Asset	1	27,98,46,843	-
Capital Work-In-Progress	1	10,91,62,885	4,28,90,000
Goodwill	1	41,42,15,677	41,42,15,677
Other Intangible Assets	1	29,62,30,244	33,75,84,334
<b>Financial Assets</b>			
Non-Current Investments	2	64,55,42,667	62,54,42,667
Loans	3	50,85,86,919	50,85,86,919
Other Financial Assets	4	1,65,76,684	2,72,50,621
Other Non-Current assets	5	17,32,951	36,83,003
<b>2) CURRENT ASSETS</b>			
<b>Financial Assets</b>			
Trade Receivables	6	28,64,73,679	22,45,57,169
Cash and Cash Equivalents	7	4,25,89,677	3,33,44,003
Loans	8	54,15,66,595	47,52,00,236
Other Current Assets	9	11,38,10,600	6,83,58,068
<b>Total Assets</b>		<b>3,93,20,47,757</b>	<b>3,47,25,73,382</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share Capital	10	36,99,35,670	32,72,07,340
Other Equity	11	2,48,26,95,051	2,30,94,38,839
Money Received Against Share Warrants		1,26,66,680	1,70,80,000
<b>(1) Non-Current Liabilities</b>			
<b>Financial Liabilities</b>			
Lease Liability	12	34,19,13,594	
Borrowings	13	20,75,17,998	19,99,99,893
Provisions	14	2,28,94,668	1,93,47,596
Defferred Tax Liability (Net)	15	7,23,46,334	8,59,80,045
<b>(2) Current Liabilities</b>			
<b>Financial Liabilities</b>			
Trade Payables	16	1,03,38,694	8,74,00,010
Other Financial Liabilities	17	27,86,48,578	30,99,48,414
Provisions	18	13,30,90,490	11,61,71,245
<b>Total Equity and Liabilities</b>		<b>3,93,20,47,757</b>	<b>3,47,25,73,382</b>

The accompanying notes form an integral part of the Standalone financial statements.

As per our report of even date attached

For P C N & Associates  
Chartered Accountants  
Firm Registration No. 0160165

M. Mohana Saradhi  
Partner  
M. No. 244686

Place : Hyderabad  
Date : 30th June 2021

For and on behalf of the Board of Directors of Virinchi Limited

M.V. Srinivasa Rao  
CFO & Whole Time Director  
DIN: 00816334

K. Ravindranath Tagore  
Company Secretary  
M. No. A18894

K. Sri Kalyan  
Director  
DIN: 03137506

## Standalone Statement of Profit and Loss

for the year ended 31 March

(in Rupees)

Particulars	Note No	2021	2020
Revenue from operations	19	1,32,95,29,878	1,39,70,37,100
Other Income	20	5,02,32,911	1,32,19,915
<b>Total Income</b>		<b>1,37,97,62,788</b>	<b>1,41,02,57,015</b>
<b>Expenses:</b>			
Employee Benefit Expenses	21	45,48,83,296	48,01,74,398
Depreciation	1	18,39,29,682	15,48,96,350
Amortization Expense		9,31,610	2,56,610
Finance Cost	22	7,35,83,863	6,65,73,539
Administrative & Other Operating Expenses	23	52,21,11,494	48,18,56,879
<b>Total Expenses</b>		<b>1,23,54,39,945</b>	<b>1,18,37,57,777</b>
<b>Profit before exceptional and extraordinary items and tax</b>		<b>14,43,22,844</b>	<b>22,64,99,238</b>
<b>Exceptional items</b>		<b>-</b>	<b>-</b>
<b>Profit before extraordinary items and tax</b>		<b>14,43,22,844</b>	<b>22,64,99,238</b>
<b>Prior Period Expenses</b>		<b>1,37,39,726</b>	<b>-</b>
<b>Profit Before Tax</b>		<b>13,05,83,118</b>	<b>22,64,99,238</b>
<b>Tax expense:</b>			
(a) Current tax		3,89,91,444	4,21,01,861
(b) Deferred Tax Liability	15	56,65,737	1,58,87,804
<b>Profit for the period from continuing operations</b>		<b>8,59,25,937</b>	<b>16,85,09,573</b>
<b>Profit for the period</b>		<b>8,59,25,937</b>	<b>16,85,09,573</b>
<b>Earning Per Equity Share:</b>			
(1) Basic		2.56	5.15
(2) Diluted		2.41	5.03

The accompanying notes form an integral part of the Standalone financial statements.

As per our report of even date attached

**For P C N & Associates**  
Chartered Accountants  
Firm Registration No. 016016S

**M. Mohana Saradhi**  
Partner  
M. No. 244686

Place : Hyderabad  
Date : 30th June 2021

For and on behalf of the Board of Directors of Virinchi Limited

**M.V. Srinivasa Rao**  
CFO & Whole Time Director  
DIN: 00816334

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

**K. Sri Kalyan**  
Director  
DIN: 03137506



## Standalone Statement of Cash Flows

for the year ended 31 March

(in Rupees)

Particulars	2021	2020
<b>A. Cash Flow from Operating Activities:</b>		
Net Profit before taxation and extraordinary items	14,43,22,844	22,64,99,238
<b>Adjustments for:</b>		
Depreciation	18,39,29,682	15,48,96,350
Amortised Expenses	9,31,610	2,56,610
Changes in Reserves on account of Leased Assets	(6,16,83,888)	-
Interest expenses	7,35,83,863	6,65,73,539
<b>Operating Profit before Working Capital Changes</b>	<b>34,10,84,111</b>	<b>44,82,25,737</b>
<b>Working Capital Changes</b>		
Trade and Other Receivables	(16,20,43,022)	(14,43,48,667)
Trade and Other payables	(8,78,94,835)	(10,35,33,767)
<b>Cash Generated from Operations</b>	<b>9,11,46,254</b>	<b>20,03,43,303</b>
Interest paid	7,35,83,863	6,65,73,539
Taxation for the year	3,89,91,444	5,79,89,665
<b>Net Cash from Operating Activities</b>	<b>(2,14,29,053)</b>	<b>7,57,80,098</b>
<b>B. Cash Flow from Investing Activities:</b>		
Purchase of Fixed Assets (Net)	(17,31,00,128)	(99,46,409)
Right of Use Asset	(27,98,46,843)	-
Investment in subsidiaries	(2,01,00,000)	-
<b>Net Cash used in Investing Activities</b>	<b>(47,30,46,971)</b>	<b>(99,46,409)</b>
<b>C. Cash Flow From Financial Activities:</b>		
Proceeds from Equity Shares	14,16,23,320	13,33,30,000
Share Warrants and its forfeiture	1,26,66,678	-
Net Proceeds from Long Term Borrowings	75,18,105	(19,51,32,778)
Lease liability	34,19,13,594	0
<b>Net Cash generated in Financing Activities</b>	<b>50,37,21,696</b>	<b>(6,18,02,778)</b>
<b>Net increase in cash and cash equivalents</b>	<b>92,45,672</b>	<b>40,30,912</b>
Cash and Cash equivalents as at Beginning of the Year	3,33,44,003	2,93,13,089
Cash and Cash equivalents as at End of the Year	<b>4,25,89,675</b>	<b>3,33,44,003</b>

As per our report of even date attached

For P C N & Associates  
Chartered Accountants  
Firm Registration No. 016016S

M. Mohana Saradhi  
Partner  
M. No. 244686

Place : Hyderabad  
Date : 30th June 2021

For and on behalf of the Board of Directors of Virinchi Limited

M.V. Srinivasa Rao  
CFO & Whole Time Director  
DIN: 00816334

K. Ravindranath Tagore  
Company Secretary  
M. No. A18894

K. Sri Kalyan  
Director  
DIN: 03137506

## Standalone Statement of Changes in Equity

for the year ended 31 March, 21

### a. Equity Share Capital

Particulars	Nos.	Amount
As at 31-Mar-2019	3,11,70,734	31,17,07,340
Add : Warrants Conversion	15,50,000	1,55,00,000
As at 31-Mar-2020	3,27,20,734	32,72,07,340
Add : Issued during the year		
Preferential Allotment	15,00,000	1,50,00,000
Warrants Conversion	17,33,333	1,73,33,330
ESOP's Alloted	10,39,500	1,03,95,000
As at 31-Mar-2021	3,69,93,567	36,99,35,670

### b. Other equity

(in Rupees)

Particulars	Reserves and Surplus					Total
	Securities Premium	Share Options Outstanding	Share Warrants Forefeiture	Loss on Slump Sale	Retained Earnings	
At 1 April 2019	1,04,65,31,640	5,09,08,184	-	(5,59,85,000)	1,00,11,60,639	2,04,26,15,463
Additions for the year	13,95,00,000	-	2,22,50,000	(6,34,36,199)	16,85,09,575	26,68,23,376
At 31 March 2020	1,18,60,31,640	5,09,08,184	2,22,50,000	(11,94,21,199)	1,16,96,70,214	2,30,94,38,839
Additions for the year	9,88,94,990	-	1,70,80,000	-	8,59,25,937	20,19,00,927
Less : Leases					(2,86,44,714)	(2,86,44,714)
<b>Balance as of 31 March 2021</b>	<b>1,28,49,26,630</b>	<b>5,09,08,184</b>	<b>3,93,30,000</b>	<b>(11,94,21,199)</b>	<b>1,28,42,40,865</b>	<b>2,48,26,95,052</b>

The accompanying notes are an integral part of the Standalone Financial Statements.

As per our report of even date attached

For P C N & Associates  
Chartered Accountants  
Firm Registration No. 016016S

M. Mohana Saradhi  
Partner  
M. No. 244686

Place : Hyderabad  
Date : 30th June 2021

For and on behalf of the Board of Directors of Virinchi Limited

M.V. Srinivasa Rao  
CFO & Whole Time Director  
DIN: 00816334

K. Ravindranath Tagore  
Company Secretary  
M. No. A18894

K. Sri Kalyan  
Director  
DIN: 03137506

## Standalone Notes and other explanatory information to financial statements

for the year ended 31 March

### 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, India & US Head Quarters at Marlboro, New Jersey.

### 2. Significant Accounting Policies

#### (a) Statement of Compliance

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

These Standalone financial statements have been prepared in accordance with Indian Accounting Standard (Ind AS), under historical cost convention on accrual 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.

Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. As the year-end figures are taken from the source and rounded to the nearest digits, the figures reported for the previous quarters might not always add up to the year-end figures reported in this statement.

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

## Standalone Notes and other explanatory information to financial statements

for the year ended 31 March

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.

### (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 into employee benefit expenses, depreciation and amortisation expense, Finance Cost and Administrative and other Operating expenses. Employee benefit expenses include Salaries including bonus, ESOPS cost, 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.



## Standalone Notes and other explanatory information to financial statements

for the year ended 31 March

### (h) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and in hand. Deposits with banks subsequently measured at amortized cost through Profit & Loss Account.

Cash and Cash Equivalents includes as at 31st Mar 2021 and 31st Mar 2020 restricted cash and bank balances of Rs. 2,96,43,548 and Rs. 3,15,20,704 respectively. These restrictions are primarily on account of bank balance held as marginal money deposit against guarantees

Bank borrowings for working capital not considered as a part of Cash and Cash Equivalents.

#### 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.

### (i) 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.

List of Contingent Liabilities are given below:

1. Corporate guarantee extended to wholly owned subsidiary company namely M/s. Virinchi Health Care Pvt Ltd for an amount of Rs. 68.50 crores and the outstanding liability as on 31st March 2021 is amounting to Rs. 60.93 crores.
2. Income Tax disputed liability for the Assessment year 2017-2018 amounting to Rs. 5.72 crores. Appeal is under process with CIT(A).

### (j) Investments in subsidiaries

Investment in subsidiaries are measured at cost.

### (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.

## Standalone Notes and other explanatory information to financial statements

for the year ended 31 March

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 or 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.

### (m) 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 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.

### (n) 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.

## Standalone Notes and other explanatory information to financial statements

for the year ended 31 March

### (o) 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. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as at the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors

### (p) Leases :

**Current Year Impact of IndAS 116 is follows :**

- (i) Financial Charges on Leased Assets is Rs. 2.13 Cr
- (ii) Amortization cost on Right of Use Asset is Rs. 2.31 Cr
- (iii) Additional Charge to P&L during the current financial year due to adoption of INDAS 116 is Rs 1.25 cr

## Standalone Notes and other explanatory information to financial statements

for the year ended 31 March

Name of Asset	(in Rupees)									
	Gross Block			Depreciation /Amortization			Net Block			
	As on 31-03-2020	Additions	Deletions	As on 31-03-2021	As on 31-03-2020	Depreciation for the Year	As on 31-03-2021	As on 31-03-2021	As on 31-03-2020	As on 31-03-2021
Property Plant & Equipment										
<b>Tangible Assets - Company Owned</b>										
Land	12,29,18,796	-	-	12,29,18,796	-	-	-	12,29,18,796	12,29,18,796	12,29,18,796
Building	40,49,40,296	-	-	40,49,40,296	8,13,09,469	1,25,29,734	9,38,39,203	31,11,01,093	32,36,30,827	32,36,30,827
Plant & Machinery	2,99,66,364	-	-	2,99,66,364	1,31,35,289	21,24,276	1,52,59,564	1,47,06,800	1,68,31,076	1,68,31,076
Electrical Equipment	4,57,58,455	-	-	4,57,58,455	3,22,28,002	30,57,829	3,52,85,831	1,04,72,624	1,35,30,453	1,35,30,453
Office Equipment	5,10,78,784	23,97,430	-	5,34,76,214	3,57,47,684	45,23,802	4,02,71,486	1,32,04,728	1,53,31,100	1,53,31,100
Computers	36,49,08,678	5,19,35,903	-	41,68,44,581	28,61,59,433	4,61,65,339	33,23,24,771	8,45,19,810	7,87,49,245	7,87,49,245
Furniture	25,21,71,004	67,73,043	-	25,89,44,047	14,43,51,341	2,38,45,167	16,81,96,508	9,07,47,539	10,78,19,663	10,78,19,663
Vehicles	6,22,99,961	-	9,04,600	6,13,95,361	2,92,80,043	40,74,371	3,33,54,414	2,80,40,947	3,26,49,525	3,26,49,525
<b>Sub Total A</b>	<b>1,33,40,42,338</b>	<b>6,11,06,376</b>	<b>9,04,600</b>	<b>1,39,42,44,114</b>	<b>62,22,11,260</b>	<b>9,63,20,518</b>	<b>71,85,31,778</b>	<b>67,57,12,336</b>	<b>71,14,60,685</b>	<b>71,14,60,685</b>
<b>Tangible Assets - Lease Assets</b>										
Right of Use Asset	-	30,29,57,642	-	30,29,57,642	-	2,31,10,799	2,31,10,799	27,98,46,843	-	-
<b>Sub Total B</b>	<b>-</b>	<b>30,29,57,642</b>	<b>-</b>	<b>30,29,57,642</b>	<b>-</b>	<b>2,31,10,799</b>	<b>2,31,10,799</b>	<b>27,98,46,843</b>	<b>-</b>	<b>-</b>
<b>Intangible Assets</b>										
Goodwill On Amortisation	47,79,30,748	-	-	47,79,30,748	6,37,15,071	-	6,37,15,071	41,42,15,677	41,42,15,677	41,42,15,677
<b>Sub Total C</b>	<b>47,79,30,748</b>	<b>-</b>	<b>-</b>	<b>47,79,30,748</b>	<b>6,37,15,071</b>	<b>-</b>	<b>6,37,15,071</b>	<b>41,42,15,677</b>	<b>41,42,15,677</b>	<b>41,42,15,677</b>
Software - Purchased	24,40,29,463	2,31,44,275	-	26,71,73,738	14,07,75,261	3,07,31,999	17,15,07,260	9,56,66,478	10,32,54,202	10,32,54,202
Product Development	55,93,88,425	-	-	55,93,88,425	32,50,58,293	3,37,66,366	35,88,24,659	20,05,63,766	23,43,30,132	23,43,30,132
<b>Sub Total D</b>	<b>80,34,17,888</b>	<b>2,31,44,275</b>	<b>-</b>	<b>82,65,62,163</b>	<b>46,58,33,554</b>	<b>6,44,98,365</b>	<b>53,03,31,919</b>	<b>29,62,30,244</b>	<b>33,75,84,334</b>	<b>33,75,84,334</b>
Capital Work In Progress	4,28,90,000	6,62,72,885	-	10,91,62,885	-	-	-	10,91,62,885	4,28,90,000	4,28,90,000
<b>Sub Total E</b>	<b>4,28,90,000</b>	<b>6,62,72,885</b>	<b>-</b>	<b>10,91,62,885</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,91,62,885</b>	<b>4,28,90,000</b>	<b>4,28,90,000</b>
<b>Total (A+B+C+D+E)</b>	<b>2,65,82,80,974</b>	<b>45,34,81,178</b>	<b>9,04,600</b>	<b>3,11,08,57,552</b>	<b>1,15,17,59,885</b>	<b>18,39,29,682</b>	<b>1,33,56,89,567</b>	<b>1,77,51,67,985</b>	<b>1,50,61,50,696</b>	<b>1,50,61,50,696</b>

### NOTE NO: 1 FIXED ASSETS :

## Notes forming part of the Financial Statements

for the year ended 31 March

### Note No: 2 Non Current Investments

(in Rupees)

Particulars	2021	2020
<b>1) Investment in Subsidiaries</b>		
<b>a) Equity Shares in Wholly owned Subsidiaries</b>		
Ksoft Systems Inc	45,91,087	45,91,087
Virinchi Health Care Pvt Ltd	59,59,57,580	59,59,57,580
Virinchi Capital Pvt Ltd	2,00,00,000	-
Virinchi Learning Private Ltd	1,86,00,000	1,86,00,000
Virinchi Combinatorics & Systems Biology Pvt Ltd	1,00,000	1,00,000
Virinchi Infra & Reality Pvt Ltd	1,00,000	1,00,000
Virinchi Media & Entertainment Pvt Ltd	1,00,000	1,00,000
Tyohar Foods Pvt Ltd	1,00,000	1,00,000
Tensor Fields Consultancy Services Pvt Ltd	1,00,000	1,00,000
V23 Medical Solutions Pvt Ltd	1,00,000	-
Qfund Technologies Pvt. Ltd.	1,00,000	1,00,000
<b>b) Other Subsidiaries - Controlling Interest</b>		
51% Asclepius Consulting & Technologies Pvt Ltd	30,00,000	30,00,000
<b>Total Equity instruments of Subsidiaries</b>	<b>64,28,48,667</b>	<b>62,27,48,667</b>
<b>2) Trade Investments</b>		
<b>1) Investment in Mutual funds</b>		
Canara Robeco Mutual Funds	26,94,000	26,94,000
<b>Total Trade Investments</b>	<b>26,94,000</b>	<b>26,94,000</b>
<b>Total Non Current Investments</b>	<b>64,55,42,667</b>	<b>62,54,42,667</b>

### Note No: 3 Loans

(in Rupees)

Particulars	2021	2020
Loans to Subsidiaries	50,85,86,919	50,85,86,919
<b>Total Loans to Subsidiaries</b>	<b>50,85,86,919</b>	<b>50,85,86,919</b>

### Note No: 4 Other Financial Assets

(in Rupees)

Particulars	2021	2020
Rental and Security Deposits	1,65,76,684	2,72,50,621
<b>Total Non - Current Assets</b>	<b>1,65,76,684</b>	<b>2,72,50,621</b>

### Note No: 5 Other Non Current Assets

(in Rupees)

Particulars	2021	2020
Unamortised Expenses	17,32,951	36,83,003
<b>Total Non - Current Assets</b>	<b>17,32,951</b>	<b>36,83,003</b>

## Notes forming part of the Financial Statements

for the year ended 31 March

### Note No: 6 Trade Receivables

(in Rupees)

Particulars	2021	2020
<b>Unsecured, Considered Good</b>		
Below Six Months	25,60,28,257	22,45,57,169
Other Receivables	3,04,45,422	-
<b>Total Trade Receivables</b>	<b>28,64,73,679</b>	<b>22,45,57,169</b>

### Note No: 7 Cash and Cash Equivalents

(in Rupees)

Particulars	2021	2020
<b>a) Balance with Banks</b>		
On Current Accounts	1,29,46,115	8,73,854
<b>b) Cash on hand</b>	14	9,49,445
<b>Sub Total</b>	<b>1,29,46,129</b>	<b>18,23,299</b>
<b>Others</b>		
Deposit with more than 12 Months maturity	2,96,43,548	3,15,20,704
<b>Sub Total</b>	<b>2,96,43,548</b>	<b>3,15,20,704</b>
<b>Total Cash and Cash Equivalents</b>	<b>4,25,89,677</b>	<b>3,33,44,003</b>

### Note No: 8 Loans

(in Rupees)

Particulars	2021	2020
<b>Unsecured, Considered Good</b>		
To Subsidiaries	44,31,72,029	47,16,38,814
Others	9,83,94,566	35,61,422
<b>Total Short Term Loans &amp; Advances</b>	<b>54,15,66,595</b>	<b>47,52,00,236</b>

### Note No: 9 Other Current Assets

(in Rupees)

Particulars	2021	2020
Salary and Travel Advances	7,10,27,807	3,62,80,906
Deferred Financial Charges	16,02,527	16,44,754
Advance Tax & TDS Receivable	1,57,89,925	71,43,087
GST Input Credit	2,53,90,341	2,32,89,321
<b>Total Other Current Assets</b>	<b>11,38,10,600</b>	<b>6,83,58,068</b>

## Notes forming part of the Financial Statements

for the year ended 31 March

### Note No: 10 Equity Share Capital

(in Rupees)

Particulars	Nos.	Amount
As at 31-Mar-2019	3,11,70,734	31,17,07,340
Add : Warrants Conversion	15,50,000	1,55,00,000
<b>As at 31-Mar-2020</b>	<b>3,27,20,734</b>	<b>32,72,07,340</b>
<b>Add : Issued during the year</b>		
Preferential Allotment	15,00,000	1,50,00,000
Warrants Conversion	17,33,333	1,73,33,330
ESOP's Alloted	10,39,500	1,03,95,000
<b>As at 31-Mar-2021</b>	<b>3,69,93,567</b>	<b>36,99,35,670</b>

(in Rupees)

Particulars	2021	2020
	Nos.	Nos.
<b>Authorised:</b>		
40000000 Equity Shares of Rs. 10/- each	40,00,00,000	40,00,00,000
<b>Issued Subscribed &amp; Paid Up Share Capital:</b>		
<b>Subscribed &amp; Fully Paid Up:</b>		
Equity Share of Rs. 10/- each	3,69,93,567	3,27,20,734

### Details of Shareholders Holding More than 5% of the Aggregate shares in the Company

Particulars	No of Shares	% Of Holding
<b>Equity Shares</b>		
<b>As at 31-Mar-2020</b>		
Mr. Viswanath Kompella	68,07,975	20.81%
Master Rama Krishna Paramahamsa	15,70,625	4.80%
Ms. Lopa Mudra Kompella	14,10,625	4.31%
<b>As at 31-Mar-2021</b>		
Mr. Viswanath Kompella	68,34,175	18.47%
Master Rama Krishna Paramahamsa	18,62,291	5.03%
Ms. Lopa Mudra Kompella	18,60,625	5.03%

### Note No: 11 Other Equity

(in Rupees)

Particulars	Securities Premium	Share options outstanding account	Share Warrants Forefeiture	Loss on Slump Sale	Retained Earnings	Total
As at 31-Mar-2019	1,04,65,31,640	5,09,08,184	-	(5,59,85,000)	1,00,11,60,639	2,04,26,15,463
Additions for the Year	13,95,00,000	-	2,22,50,000	(6,34,36,199)	16,85,09,575	26,68,23,376
<b>As at 31-Mar-2020</b>	<b>1,18,60,31,640</b>	<b>5,09,08,184</b>	<b>2,22,50,000</b>	<b>(11,94,21,199)</b>	<b>1,16,96,70,214</b>	<b>2,30,94,38,839</b>
Additions for the Year	9,88,94,990	-	1,70,80,000	-	8,59,25,937	20,19,00,926
Less : Lease	-	-	-	-	(2,86,44,714)	(2,86,44,714)
<b>As at 31-Mar-2021</b>	<b>1,28,49,26,630</b>	<b>5,09,08,184</b>	<b>3,93,30,000</b>	<b>(11,94,21,199)</b>	<b>1,28,42,40,865</b>	<b>2,48,26,95,051</b>

## Notes forming part of the Financial Statements

for the year ended 31 March

### Note No: 12 Lease Liability

(in Rupees)

Particulars	2021	2020
Building	32,92,41,304	-
Computers	70,98,180	-
Software	55,74,110	-
<b>Total Lease Liability</b>	<b>34,19,13,594</b>	<b>-</b>

### Note No: 13 Borrowings

(in Rupees)

Particulars	2021	2020
<b>Secured Loans</b>		
Vehicle Loans	1,84,20,172	2,21,73,468
Term Loans	18,90,97,826	17,78,26,425
<b>Total Long Term Borrowings</b>	<b>20,75,17,998</b>	<b>19,99,99,893</b>

### Note No: 14 Provisions

(in Rupees)

Particulars	2021	2020
Provision for Gratuity	2,28,94,668	1,93,47,596
<b>Total Long Term Provisions</b>	<b>2,28,94,668</b>	<b>1,93,47,596</b>

### Note No: 15 Deferred Tax Liability (Net)

(in Rupees)

Particulars	2021	2020
Opening Deferred tax Liability	8,59,80,045	7,00,92,241
Less: Deferred Tax Cumulative effect on Lease Accounting	(1,92,99,448)	-
Add: Deferred Tax Liability for the year	56,65,737	1,58,87,804
<b>Total Deferred Tax Liability (Net)</b>	<b>7,23,46,334</b>	<b>8,59,80,045</b>

### Note No: 16 Trade Payables

(in Rupees)

Particulars	2021	2020
Unsecured Trade Payables	1,03,38,694	8,74,00,010
<b>Total Trade Payables</b>	<b>1,03,38,694</b>	<b>8,74,00,010</b>

### Note No: 17 Other Financial Liabilities

(in Rupees)

Particulars	2021	2020
<b>Secured Loans</b>		
a) From Banks	19,03,26,107	18,01,93,822
b) Long Term Loans repayable during the year	8,83,22,471	12,91,38,649
<b>Unsecured Loans</b>		
a) Payable during the year	-	6,15,942
<b>Total Short Term Borrowings</b>	<b>27,86,48,578</b>	<b>30,99,48,414</b>



## Notes forming part of the Financial Statements

for the year ended 31 March

### Note No: 18 Provisions

(in Rupees)

Particulars	2021	2020
a) Provisions for Employee Benefits	4,98,59,925	4,19,10,655
b) Provisions for Taxes	8,30,48,565	7,38,28,591
c) Audit Fee Payable	1,82,000	4,32,000
<b>Total Short Term Provisions</b>	<b>13,30,90,490</b>	<b>11,61,71,245</b>

### Note No:19 Revenue From Operations

(in Rupees)

Particulars	2021	2020
(a) Revenue from Services	1,27,39,06,652	1,34,81,91,482
(b) Other Operating Revenues	5,56,23,225	4,88,45,617
<b>Total Revenue from Operations</b>	<b>1,32,95,29,878</b>	<b>1,39,70,37,100</b>

### Note No:20 Other Income

(in Rupees)

Particulars	2021	2020
(a) Interest Income	3,16,10,950	19,02,376
(b) Other Non-Operating Income	1,53,52,880	22,50,000
(c) Foreign Exchange Gains	32,69,081	90,67,540
<b>Total Other Income</b>	<b>5,02,32,911</b>	<b>1,32,19,915</b>

### Note No: 21 Employee Benefit Expenses

(in Rupees)

Particulars	2021	2020
(a) Salaries	43,07,18,283	43,92,64,613
(b) Contribution to Provident & Other Funds	1,49,91,037	2,02,04,320
(c) Staff Welfare	91,73,976	2,07,05,465
<b>Total Employee Benefit Expenses</b>	<b>45,48,83,296</b>	<b>48,01,74,398</b>

### Note No:22 Finance Costs

(in Rupees)

Particulars	2021	2020
(a) Interest Expenses :		
- on Term Loans and Working Capital	5,04,63,224	6,53,96,590
- on Vehicle Loans	18,26,411	11,76,949
- Finance Charge on Lease Liability	2,12,94,229	-
<b>Total Finance Cost</b>	<b>7,35,83,863</b>	<b>6,65,73,539</b>

## Notes forming part of the Financial Statements

for the year ended 31 March

### Note No: 23 Administrative & Other Operating Expenses

(in Rupees)

Particulars	2021	2020
(a) Power & Fuel	1,16,58,242	1,94,59,685
(b) Rent	90,37,944	4,75,71,838
(c) Repairs & Maintenance	24,82,609	39,60,968
(d) Insurance	91,26,340	40,24,190
(e) Telephone, Postage and Others	49,89,253	70,86,678
(f) Business Promotion Expenses	1,81,73,281	1,04,12,137
(g) Office Maintenance	2,81,67,413	6,68,03,786
(h) Travelling and Visa Expenses	74,58,297	2,93,80,544
(i) Consultancy Charges and Subcontracting Expenses	39,91,74,382	25,94,34,818
(j) Other Administrative Expenses	1,15,06,017	1,33,74,414
(k) Rates & Taxes	1,44,05,950	1,96,04,178
(l) Bank Charges	56,95,767	-
(m) Auditors Fee	2,36,000	7,43,644
<b>Total Administrative Expenses</b>	<b>52,21,11,494</b>	<b>48,18,56,879</b>

### NOTE 24:

#### Details of Primary and Collateral Securities (For Liabilities referred in Note No.13 & 17)

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

#### Hypothecation of Movable Assets:

- M/s. Canara Bank, Mid Corporate Branch, Hyderabad, having 1st charge on all movable assets such as Plant & Machinery, Electrical & Office equipment, computers and furniture of the company on Foreign Currency Term Loan (FCLR) availed with them.
- Hypothecation of Receivables

#### Primary Security:

- 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

#### Collateral Security:

- EMT of Land & Building admeasuring 3 acres 36 Guntas situated at Pothaipally Village, Shameerpet Mandal, RR District, Telangana in the name of the company.
- EMT on property located at Flat No.608, Lingapur Plaza, Himayathnagar owned by Mr.Viswanath Kompella
- Pledge of Three KDR's worth Rs. 82 Lakhs
- EMT of factory land measuring 1 acre 36.5 guntas at Survey No. 441, Hakimpet Village, in Shamirpet Mandal, R R Dist, Telangana

**Personal Guarantee:** Mr. Viswanath Kompella, Promoter of the company.

## Notes forming part of the Financial Statements

for the year ended 31 March

### NOTE 25:

(in Rupees)

Particulars		
	Current year (Rs.)	Previous Year (Rs.)
Statutory auditors fee paid	2,36,000	2,36,000

### NOTE 26:

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.

S. No	Description	Year Ended	
		2021	2020
<b>I</b>	<b>Segment Revenue</b>	Rs. In Lacs	Rs. In Lacs
	IT Products and Concentric Services	12,999.90	13,481.91
	IT Enabled Services	295.40	488.46
	Infrastructure and Real Estate Services	0	22.50
	<b>Net sales/income from Operations</b>	<b>13,295.30</b>	<b>13,992.87</b>
<b>II</b>	<b>Segment Result</b>		
	IT Products and Concentric Services	16,50.15	2,758.99
	IT Enabled Services	26.59	39.54
	Infrastructure and Real Estate Services	0	22.50
	<b>Total</b>	<b>1,676.74</b>	<b>2,821.03</b>
	Interest Expenditure	(735.84)	(665.74)
	Other un-allocable Income net of un-allocable Expenditure	502.33	109.70
	<b>Total Profit Before Tax</b>	<b>1,443.23</b>	<b>2,264.99</b>

### NOTE 27:

#### 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 Investments in Subsidiaries – for Investments referred in Note No. 2

#### ➤ Wholly Owned Subsidiaries :

S No.	Name of the Subsidiary	No. of Shares	Face value	Share capital (Rs.)	Share Premium	Total Amount (Rs.)
1	Ksoft Systems Inc	100100	USD 1	45,91,087	-	45,91,087
2	Q fund Technologies Pvt. Ltd.	10,000	₹10	1,00,000	-	1,00,000
3	Virinchi Learning Private Ltd	1,95,000	₹10	19,50,000	1,66,50,000	1,86,00,000
4	Virinchi Media & Entertainment Pvt. Ltd	10,000	₹10	1,00,000	-	1,00,000
5	Tyohar Foods Pvt. Ltd	10,000	₹10	1,00,000	-	1,00,000
6	Virinchi Infra & Reality Pvt. Ltd	10,000	₹10	1,00,000	-	1,00,000

## Notes forming part of the Financial Statements

for the year ended 31 March

### NOTE 27:

#### Investments (Contd.)

S No.	Name of the Subsidiary	No. of Shares	Face value	Share capital (Rs.)	Share Premium	Total Amount (Rs.)
7	Virinchi Health Care Pvt. Ltd	54,35,978	₹10	5,43,59,780	54,15,97,800	59,59,57,580
8	Tensor Fields Consultancy Services Pvt. Ltd	10,000	₹10	1,00,000	-	1,00,000
9	Virinchi Combinatorics & Systems Biology Pvt. Ltd	10,000	₹10	1,00,000	-	1,00,000
10	Virinchi Capital Pvt. Ltd.	20,00,000	₹10	2,00,00,000	-	2,00,00,000
11	V23 Medical solutions Pvt. Ltd.	10,000	₹10	1,00,000	-	1,00,000

#### ➤ Other Subsidiaries – Controlling interest (51%)

S No.	Name of the Subsidiary	No. of Shares	Face value	Share capital (Rs.)	Share Premium	Total Amount (Rs.)
1	Asclepius Consulting & Technologies Pvt Ltd	3,00,000	₹10	30,00,000	-	30,00,000

### NOTE 28: 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.

(in Rupees)

Particulars	2020-21	2019-20
Profit available for the equity share holders	8,59,25,937	16,85,09,573
Weighted average number of shares for Basic EPS	3,36,11,586	3,27,20,734
Weighted average number of shares for Diluted EPS	3,56,67,652	3,35,20,734
Basic	2.56	5.15
Diluted	2.41	5.03

### NOTE 29:

Foreign Currency Outflow during the year Nil. Previous Year Rs. 23.43 Crores.

### NOTE 30:

Foreign Currency Inflow during the year is Rs. 77.60 Crores (Previous Year – Rs. 138.10Crores.).

### 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.

## Notes forming part of the Financial Statements

for the year ended 31 March

### NOTE 31: Related Party Transactions. (Contd.)

#### 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. V23 Medical solutions Pvt ltd.
11. Virinchi Capital Pvt Ltd.
12. Asclepius Consulting & Technologies Pvt Ltd – (controlling interest)

#### b) Key Management Personnel:

S. NO.	NAME	Designation
1	M.V.Srinivasa Rao	CFO & Whole Time Director
2	V.Satyanarayana	Vice Chairman & Executive 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.)
M V Srinivasa Rao	Remuneration	42,29,067	45,61,200
K. Sri Kalyan	Remuneration	13,49,357	22,40,000
V Satyanarayana	Remuneration	4,93,534	0
Santi Priya G	Remuneration	18,31,669	31,40,000
K. Ravindranath Tagore	Remuneration	26,01,200	26,01,200
Viswanath Kompella	Promoter	60,00,000	2,70,00,000
K Soft Systems Inc	Paid for Consultancy charges	10,10,03,573	21,34,13,407
Tensor Fields Consultancy Services Pvt. Ltd	Consultancy services rendered	2,39,85,760	0
Tensor Fields Consultancy Services Pvt. Ltd	Interest income	85,911	0
Vivo BioTech Ltd	Sale of software product	5,00,00,000	0
Asclepius Consulting & Technologies Pvt Ltd	Interest income	21,83,024	0
Virinchi Health Care Pvt Ltd	Interest income	2,23,63,912	0
Virinchi Media & Entertainment Pvt. Ltd	Interest income	9,96,157	0
Tyohar Foods Pvt Ltd	Interest income	6,90,899	0
Virinchi Learning Pvt. Ltd	Interest income	1,54,476	0
Vivo Biotech Ltd	Lease Rental income	0	22,50,000
Virinchi Healthcare Pvt. Ltd	Slump sale	0	5,28,61,499

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

## Notes forming part of the Financial Statements

for the year ended 31 March

### NOTE 31: Related Party Transactions. (Contd.)

Details of Loans and Advances given to Related Parties:

#### ➤ Short Term Advances :

S. No.	Name of the Related Party	Relationship	Amount Rs.
1	Asclepius Consulting & Technologies Pvt Ltd	Subsidiary – Controlling Interest	6,43,91,402
2	Virinchi Media & Entertainment Pvt. Ltd	100% Subsidiary	1,63,21,013
3	Tyohar Foods Pvt Ltd	100% Subsidiary	1,09,50,292
4	Virinchi Health Care Pvt Ltd	100% Subsidiary	31,07,03,877
5	Tensor Fields Consultancy Services Pvt Ltd	100% Subsidiary	1,37,05,005
6	Virinchi Learning Pvt. Ltd.	100% Subsidiary	13,93,649
7	Virinchi Combinatorics & Systems Biology Pvt. Ltd.	100% Subsidiary	3,91,355
8	V23 Medical solutions Pvt ltd.	100% Subsidiary	5,04,701
9	Q Fund Technologies Pvt Ltd	100% Subsidiary	4,43,95,783

#### ➤ Long Term Advances :

S. No.	Name of the Related Party	Relationship	Amount Rs.
1.	Virinchi Health Care Pvt Ltd	100% Subsidiary	50,85,86,919

Details of Loans and Advances taken from Related Parties:

S. No.	Name of the Related Party	Relationship	Amount Rs.
1.	Virinchi Capital Pvt ltd	100% Subsidiary	1,95,85,049

### NOTE: 32

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

S. No	Description	Year ended 31st March, 2021	
		VESOS-2016	VESOS-2018
1	Number of Options Outstanding at the beginning of the year( Un-granted)	Nil	17,30,000
2	Number of options granted during the year	Nil	Nil
3	Number of options forfeited/lapsed during the year	NA	NA
4	Number of options vested during the year	3,81,750	12,70,000
5	Number of options exercised during the year	1,89,500	8,50,000
6	Number of shares arising as a result of exercise of options	1,89,500	8,50,000
7	Amount realized by exercise of options (Rs.)	37,90,000	85,00,000
8	Number of options outstanding at the end of the year (out of total number of options approved under ESOS)(1-2)	Nil	17,30,000
9	Number of options exercisable at the end of the year (out of total number of options approved under ESOS)	16,36,066	4,20,000



## Notes forming part of the Financial Statements

for the year ended 31 March

### NOTE: 33

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 attached

**For P C N & Associates**  
*Chartered Accountants*  
Firm Registration No. 016016S

**M. Mohana Saradhi**  
*Partner*  
M. No. 244686

Place : Hyderabad  
Date : 30th June 2021

For and on behalf of the Board of Directors of Virinchi Limited

**M.V. Srinivasa Rao**  
*CFO & Whole Time Director*  
DIN: 00816334

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

**K. Sri Kalyan**  
*Director*  
DIN: 03137506

# Independent Auditor's Report

To  
The Members of  
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, 2021, 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 ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2021, 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 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 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 up to 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 11 subsidiaries, whose financial statements / financial information reflect total assets before elimination of Rs. 14,436.98 Lakhs as at 31 March 2021, group total revenues of Rs. 8142.19 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements/financial information of 10 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, 2021 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, 2021 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 statements disclose the impact of pending litigations on the 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  
Firm's Registration No: 016016S

**M. Mohana Saradhi**  
Partner

Place: Hyderabad  
Date: 30-06-2021

Membership No: 244686  
UDIN: 21244686AAAACF6356

## 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, 2021, 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, 2021, 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  
Firm's Registration No: 016016S

**M. Mohana Saradhi**  
Partner  
Membership No: 244686  
UDIN: 21244686AAAACF6356

Place: Hyderabad  
Date: 30-06-2021

## Consolidated Balance Sheet

as at 31 March

(in Rupees)

ASSETS	Note No	2021	2020
<b>1) NON CURRENT ASSETS</b>			
Property, Plant and Equipment	1	3,19,67,14,326	3,05,49,42,816
Right of Use Asset	1	91,88,26,863	-
Capital Work-In-Progress	1	10,91,62,885	4,44,77,898
Goodwill	1	41,42,15,677	41,42,15,677
Other Intangible Assets		41,58,50,292	48,03,64,402
<b>Financial Assets</b>			
Non-Current Investments	2	36,26,641	29,93,641
Loans	3	7,55,23,817	9,49,41,192
Other Non-Current assets	4	85,30,892	1,11,21,401
<b>2) CURRENT ASSETS</b>			
Inventories	5	12,35,68,174	9,63,65,011
<b>Financial Assets</b>			
Trade Receivables	6	77,00,20,404	74,61,30,917
Cash and Cash Equivalents	7	19,02,12,479	8,67,22,550
Loans	8	46,98,52,107	50,32,65,251
Other Current Assets	9	17,69,39,735	13,40,13,936
<b>Total Assets</b>		<b>6,87,30,44,292</b>	<b>5,66,95,54,693</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share Capital	10	36,99,35,670	32,72,07,340
Other Equity	11	3,38,11,25,861	3,41,45,63,009
Money Received Against Share Warrants		1,26,66,680	1,70,80,000
Minority Interest		(57,93,572)	(50,59,790)
<b>(1) Non-Current Liabilities</b>			
<b>Financial Liabilities</b>			
Lease Liability	12	1,00,89,82,638	-
Borrowings	13	98,77,18,060	1,04,27,91,439
Provisions	14	3,98,09,899	3,32,48,750
Deferred Tax Liability (Net)	15	8,31,20,249	(3,74,89,851)
<b>(2) Current Liabilities</b>			
<b>Financial Liabilities</b>			
Trade Payables	16	8,24,50,804	11,20,25,707
Other Financial Liabilities	17	61,71,47,888	52,20,82,917
Provisions	18	29,58,80,115	24,31,05,172
<b>Total Equity and Liabilities</b>		<b>6,87,30,44,292</b>	<b>5,66,95,54,694</b>

The accompanying notes form an integral part of the Standalone financial statements.

As per our report of even date attached

For P C N & Associates  
Chartered Accountants  
Firm Registration No. 016016S

M. Mohana Saradhi  
Partner  
M. No. 244686

Place : Hyderabad  
Date : 30th June 2021

For and on behalf of the Board of Directors of Virinchi Limited

M.V. Srinivasa Rao  
CFO & Whole Time Director  
DIN: 00816334

K. Ravindranath Tagore  
Company Secretary  
M. No. A18894

K. Sri Kalyan  
Director  
DIN: 03137506

## Consolidated Statement of Profit and Loss

for the year ended 31 March

(in Rupees)

Particulars	Note No	2021	2020
Revenue from operations	19	3,54,00,79,215	3,81,46,19,315
Other Income	20	11,17,85,074	1,69,38,151
<b>Total Revenue</b>		<b>3,65,18,64,289</b>	<b>3,83,15,57,466</b>
<b>Expenses:</b>			
Purchases		26,05,63,124	24,92,29,293
Change in Inventory		(2,96,25,598)	(1,14,72,563)
Employee Benefit Expenses	21	1,09,90,49,151	1,22,98,82,864
Depreciation	1	48,01,74,478	44,44,70,006
Amortization Expense		18,97,688	5,23,589
Finance Cost	22	32,08,48,605	22,19,62,008
Administrative and Other Operating Expenses	23	1,25,48,63,778	1,24,10,87,294
<b>Total Expenses</b>		<b>3,38,77,71,225</b>	<b>3,37,56,82,492</b>
<b>Profit before exceptional and extraordinary items and tax</b>		<b>26,40,93,063</b>	<b>45,58,74,974</b>
<b>Exceptional Items</b>			
<b>Profit before extraordinary items and tax</b>		<b>26,40,93,063</b>	<b>45,58,74,974</b>
<b>Priorperiod Items</b>		<b>4,84,61,667</b>	<b>-</b>
<b>Profit Before Tax</b>		<b>21,56,31,396</b>	<b>45,58,74,974</b>
Tax expense:			
(a) Current tax		6,34,26,922	7,90,31,646
(b) Deferred Tax Liability	15	12,54,75,387	(8,77,55,911)
<b>Profit from the period from continuing operations</b>		<b>2,67,29,086</b>	<b>46,45,99,238</b>
<b>Profit for the period</b>		<b>2,67,29,086</b>	<b>46,45,99,238</b>
<b>Minority Interest</b>		<b>(7,33,782)</b>	<b>(59,336)</b>
<b>Total Comprehensive Income (Net of Tax)</b>		<b>2,74,62,868</b>	<b>46,46,58,574</b>
<b>Earning Per Equity Share:</b>			
(1) Basic		0.82	14.20
(2) Diluted		0.77	13.90

The accompanying notes form an integral part of the Consolidated financial statements.

As per our report of even date attached

**For P C N & Associates**  
Chartered Accountants  
Firm Registration No. 016016S

**M. Mohana Saradhi**  
Partner  
M. No. 244686

Place : Hyderabad  
Date : 30th June 2021

For and on behalf of the Board of Directors of Virinchi Limited

**M.V. Srinivasa Rao**  
CFO & Whole Time Director  
DIN: 00816334

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

**K. Sri Kalyan**  
Director  
DIN: 03137506

## Consolidated statement of cash flows

for the year ended 31 March

(in Rupees)

Particulars	2021	2020
<b>A. Cash Flow from Operating Activities:</b>		
Net Profit before taxation and extraordinary items	26,40,93,063	45,59,34,310
<b>Adjustments for:</b>		
Depreciation	48,01,74,478	44,44,70,006
Amortised Expenses	18,97,688	5,23,589
Changes in Reserves on account of Leased Assets	(26,36,50,705)	
Interest expenses	32,08,48,605	22,19,62,009
<b>Operating Profit before Working Capital Changes</b>	<b>80,33,63,130</b>	<b>1,12,28,89,914</b>
<b>Working Capital Changes</b>		
Trade and other receivables Including Inventory	(4,04,95,109)	18,22,34,153
Trade and Other payables	24,54,36,258	(23,93,65,601)
<b>Cash Generated from Operations</b>	<b>1,00,83,04,279</b>	<b>1,06,57,58,466</b>
Interest paid	32,08,48,605	22,19,62,009
Taxation for the year	18,89,02,310	(87,24,264)
<b>Net Cash Generated from Operating Activities</b>	<b>49,85,53,364</b>	<b>85,25,20,721</b>
<b>B. Cash Flow from Investing Activities:</b>		
Purchase of Fixed Assets	(62,21,16,863)	(68,20,72,429)
Right of Use Asset	(91,88,26,863)	-
Investments	(6,33,000)	-
<b>Net Cash used in Investing Activities</b>	<b>(1,54,15,76,726)</b>	<b>(68,20,72,429)</b>
<b>C. Cash Flow From Financial Activities:</b>		
Proceeds from Equity Shares	14,16,23,320	13,33,30,000
Share Warrants and its forfeiture	1,26,66,680	-
Foreign Translation and other non current reserves	3,83,14,032	(28,70,72,926)
Lease liability	95,39,09,259	(2,03,46,402)
<b>Net Cash used in Financing Activities</b>	<b>1,14,65,13,290</b>	<b>(17,40,89,327)</b>
<b>Net increase in cash and cash equivalents</b>	<b>10,34,89,928</b>	<b>(36,41,035)</b>
Cash and Cash equivalents as at Beginning of the Year	8,67,22,550	9,03,63,584
Cash and Cash equivalents as at End of the Year	<b>19,02,12,478</b>	<b>8,67,22,549</b>

As per our report of even date attached

For and on behalf of the Board of Directors of Virinchi Limited

For P C N & Associates  
Chartered Accountants  
Firm Registration No. 016016S

M.V. Srinivasa Rao  
CFO & Whole Time Director  
DIN: 00816334

K. Sri Kalyan  
Director  
DIN: 03137506

M. Mohana Saradhi  
Partner  
M. No. 244686

K. Ravindranath Tagore  
Company Secretary  
M. No. A18894

Place : Hyderabad  
Date : 30th June 2021

## Consolidated Statement of Changes in Equity

for the year ended 31 March

### a. Equity Share Capital

Particulars	Nos.	Amount
As at 31-Mar-2019	3,11,70,734	31,17,07,340
Add : Warrants Conversion	15,50,000	1,55,00,000
<b>As at 31-Mar-2020</b>	<b>3,27,20,734</b>	<b>32,72,07,340</b>
<b>Add : Issued during the year</b>		
Preferential Allotment	15,00,000	1,50,00,000
Warrants Conversion	17,33,333	1,73,33,330
ESOP's Alloted	10,39,500	1,03,95,000
<b>As at 31-Mar-2021</b>	<b>3,69,93,567</b>	<b>36,99,35,670</b>

### b. Other equity

Particulars	Reserves and Surplus						Total
	Securities Premium	Share Options Outstanding	Share Warrants Forefeiture	Capital reserves & Others	Foreign Exchange Transactions	Retained Earnings	
At 1 April 2019	1,04,65,31,640	5,09,08,184	-	(26,71,94,996)	7,04,73,327	1,90,43,09,264	2,80,50,27,419
Additions for the year	13,95,00,000	-	2,22,50,000	-	(1,68,72,985)	46,46,58,574	60,95,35,589
<b>At 31 March 2020</b>	<b>1,18,60,31,640</b>	<b>5,09,08,184</b>	<b>2,22,50,000</b>	<b>(26,71,94,996)</b>	<b>5,36,00,342</b>	<b>2,36,89,67,838</b>	<b>3,41,45,63,008</b>
Additions for the year	9,88,94,990	-	1,70,80,000	-	1,90,14,584	2,74,62,868	16,24,52,442
Less : Leases						(19,58,89,589)	(19,58,89,589)
<b>Balance as of 31 March 2021</b>	<b>1,28,49,26,630</b>	<b>5,09,08,184</b>	<b>3,93,30,000</b>	<b>(26,71,94,996)</b>	<b>7,26,14,926</b>	<b>2,20,05,41,117</b>	<b>3,38,11,25,861</b>

The accompanying notes are an integral part of the Standalone Financial Statements.

As per our report of even date attached

For P C N & Associates  
Chartered Accountants  
Firm Registration No. 016016S

M. Mohana Saradhi  
Partner  
M. No. 244686

Place : Hyderabad  
Date : 30th June 2021

For and on behalf of the Board of Directors of Virinchi Limited

M.V. Srinivasa Rao  
CFO & Whole Time Director  
DIN: 00816334

K. Ravindranath Tagore  
Company Secretary  
M. No. A18894

K. Sri Kalyan  
Director  
DIN: 03137506



## Consolidated Notes and other explanatory information to financial statements

for the year ended 31 March

### 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, Telangana & 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/21	31/Mar/20
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
V23 Medical Solutions Pvt. Ltd.	Medical distribution	India	100	Nil
Virinchi Capital Pvt. Ltd.	NBFC – short term lending	India	100	Nil
Asclepius Consulting & Technologies Pvt Ltd	Software Development and Consulting	India	51	51

## Consolidated Notes and other explanatory information to financial statements

for the year ended 31 March

### (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 Profit and Loss 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.

Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. As the year-end figures are taken from the source and rounded to the nearest digits, the figures reported for the previous quarters might not always add up to the year-end figures reported in this statement.

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.
- 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.

## Consolidated Notes and other explanatory information to financial statements

for the year ended 31 March

- 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 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,

## Consolidated Notes and other explanatory information to financial statements

for the year ended 31 March

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. Deposits with banks subsequently measured at amortized cost through Profit & Loss Account.

Cash and Cash Equivalents includes as at 31st Mar 2021 and 31st Mar 2020 restricted cash and bank balances of Rs. 10,42,19,952 and Rs. 7,40,58,921 respectively. These restrictions are primarily on account of bank balance held as marginal money deposit against guarantees

Bank borrowings for working capital not considered as a part of Cash and Cash Equivalents.

### 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.

- (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.

## Consolidated Notes and other explanatory information to financial statements

for the year ended 31 March

List of Contingent Liabilities are given below:

1. Corporate guarantee extended to wholly owned subsidiary Company namely M/s. Virinchi Health Care Pvt Ltd for an amount of Rs. 68.50 crores and the outstanding liability as on 31st March 2021 is amounting to Rs. 60.93 crores.
2. Income Tax disputed liability for the Assessment year 2017-2018 amounting to Rs. 5.72 crores. Appeal is under process with CIT(A).

(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.

(i) **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 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.

## Consolidated Notes and other explanatory information to financial statements

for the year ended 31 March

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. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as at the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors

### o) Leases :

#### Current Year Impact of IndAS 116 is follows :

(i) Financial Charges on Leased Assets is Rs 12.42 Cr

(ii) Amortization cost on Right of Use Asset is 5.30 Cr

(iii) Additional Charge to P&L during the current financial year due to adoption of INDAS 116 is Rs 4.88 Cr

## Notes forming part of the Financial Statements

for the year ended 31 March

(in Rupees)

### NOTE NO: 1 FIXED ASSETS :

Name of Asset	Gross Block		Depreciation/Amortization		Net Block	
	As on 31-03-2020	As on 31-03-2021	As on 31-03-2020	As on 31-03-2021	As on 31-03-21	As on 31-03-20
Property Plant & Equipment						
<b>Tangible Assets - Company Owned</b>						
Land	12,29,18,796	12,29,18,796	-	-	12,29,18,796	12,29,18,796
Building	1,35,59,82,356	1,36,71,66,980	19,40,85,802	4,37,75,207	1,12,93,05,971	1,16,18,96,554
Plant & Machinery	7,96,03,387	2,31,474	2,56,38,650	69,03,295	4,72,92,916	5,39,64,737
Electrical Equipment	17,79,03,414	2,49,511	6,92,96,150	1,33,36,937	9,55,19,838	10,86,07,264
Office Equipment	7,51,20,597	24,02,271	4,77,10,696	71,10,106	2,27,02,066	2,74,09,901
Computers	82,35,27,098	29,75,82,429	47,84,05,691	10,20,79,986	54,06,23,849	34,51,21,407
Furniture	45,35,45,573	80,26,420	20,59,06,583	3,94,86,425	21,61,78,984	24,76,38,990
Vehicles	9,44,03,983	10,38,614	4,73,39,947	80,59,627	3,91,38,423	4,66,93,643
Medical Equipment	1,27,09,50,620	14,96,31,722	33,02,58,799	10,72,90,060	98,30,33,483	94,06,91,524
<b>Sub Total A</b>	<b>4,45,39,55,823</b>	<b>47,03,47,065</b>	<b>1,39,86,42,318</b>	<b>32,80,41,644</b>	<b>3,19,67,14,326</b>	<b>3,05,49,42,816</b>
<b>Tangible Assets - Lease Assets</b>						
Right of Use Asset		97,18,75,336	-	5,30,48,473	91,88,26,863	-
<b>Sub Total B</b>	<b>-</b>	<b>97,18,75,336</b>	<b>-</b>	<b>5,30,48,473</b>	<b>91,88,26,863</b>	<b>-</b>
<b>Intangible Assets</b>						
Goodwill	47,79,30,748	47,79,30,748	6,37,15,071	-	41,42,15,677	41,42,15,677
<b>Sub Total C</b>	<b>47,79,30,748</b>	<b>47,79,30,748</b>	<b>6,37,15,071</b>	<b>-</b>	<b>41,42,15,677</b>	<b>41,42,15,677</b>
Software - Purchased	42,29,71,664	3,45,70,251	21,07,43,231	6,01,58,980	18,66,39,704	21,22,28,432
Product Development	63,04,17,831	-	36,22,81,861	3,89,25,382	22,92,10,588	26,81,35,970
<b>Sub Total D</b>	<b>1,05,33,89,495</b>	<b>3,45,70,251</b>	<b>57,30,25,092</b>	<b>9,90,84,362</b>	<b>41,58,50,292</b>	<b>48,03,64,402</b>
Capital Work In Progress	4,44,77,898	6,46,84,987	-	-	10,91,62,885	4,44,77,898
<b>Sub Total E</b>	<b>4,44,77,898</b>	<b>6,46,84,987</b>	<b>-</b>	<b>-</b>	<b>10,91,62,885</b>	<b>4,44,77,898</b>
<b>Total (A+B+C+D+E)</b>	<b>6,02,97,53,964</b>	<b>1,54,14,77,639</b>	<b>2,03,53,82,481</b>	<b>48,01,74,479</b>	<b>5,05,47,70,043</b>	<b>3,99,40,00,793</b>

## Notes forming part of the Financial Statements

for the year ended 31 March

### Note No: 2 Non Current Investments

(in Rupees)

Particulars	2021	2020
<b>1) Trade Investments</b>		
Canara Robeco Mutual Funds	29,93,641	29,93,641
<b>2) Other Investments</b>		
Shriram Chits	6,33,000	-
<b>Total Non Current Investments</b>	<b>36,26,641</b>	<b>29,93,641</b>

### Note No: 3 Loans

(in Rupees)

Particulars	2021	2020
Deposits	2,37,91,615	9,49,41,192
Other Advances	5,17,32,202	-
<b>Total Long Term Loans &amp; Advances</b>	<b>7,55,23,817</b>	<b>9,49,41,192</b>

### Note No: 4 Other Non Current Assets

(in Rupees)

Particulars	2021	2020
Unamortised Expenses	85,30,892	1,11,21,401
<b>Total Non - Current Assets</b>	<b>85,30,892</b>	<b>1,11,21,401</b>

### Note No: 5 Inventory

(in Rupees)

Particulars	2021	2020
Pharmacy Stock	12,35,68,174	9,63,65,011
<b>Total Inventory</b>	<b>12,35,68,174</b>	<b>9,63,65,011</b>

### Note No: 6 Trade Receivables

(in Rupees)

Particulars	2021	2020
<b>Unsecured, Considered Good</b>		
Below Six Months	68,95,74,982	74,61,30,917
Other Receivables	8,04,45,422	-
<b>Total Trade Receivables</b>	<b>77,00,20,404</b>	<b>74,61,30,917</b>

### Note No: 7 Cash and Cash Equivalents

(in Rupees)

Particulars	2021	2020
<b>a) Balance with Banks</b>		
On Current Accounts	6,56,09,221	1,07,78,729
<b>b) Cash on hand</b>	<b>2,03,83,306</b>	<b>18,84,900</b>
<b>Sub Total</b>	<b>8,59,92,527</b>	<b>1,26,63,630</b>
<b>Others</b>		
Deposit with more than 12 Months maturity	10,42,19,952	7,40,58,921
<b>Sub Total</b>	<b>10,42,19,952</b>	<b>7,40,58,921</b>
<b>Total Cash and Cash Equivalents</b>	<b>19,02,12,479</b>	<b>8,67,22,550</b>



## Notes forming part of the Financial Statements

for the year ended 31 March

### Note No: 8 Loans

(in Rupees)

Particulars	2021	2020
<b>Loans and Advances to Others</b>		
Unsecured Considered Good	46,98,52,107	50,32,65,251
<b>Total Short Term Loans &amp; Advances</b>	<b>46,98,52,107</b>	<b>50,32,65,251</b>

### Note No: 9 Other Current Assets

(in Rupees)

Particulars	2021	2020
Salary and Travel Advances	9,35,64,648	5,03,61,796
Deferred Financial Charges	24,74,677	5,16,12,112
Advance Tax & TDS Receivable	5,09,95,030	87,50,708
GST	2,99,05,380	2,32,89,321
<b>Total Other Current Assets</b>	<b>17,69,39,735</b>	<b>13,40,13,936</b>

### Note No: 10 Equity Share Capital

(in Rupees)

Particulars	Nos.	Amount
As at 31-Mar-2019	3,11,70,734	31,17,07,340
Add : Warrants Conversion	15,50,000	1,55,00,000
<b>As at 31-Mar-2020</b>	<b>3,27,20,734</b>	<b>32,72,07,340</b>
<b>Add : Issued during the year</b>		
Preferential Allotment	15,00,000	1,50,00,000
Warrants Conversion	17,33,333	1,73,33,330
ESOP's Alloted	10,39,500	1,03,95,000
<b>As at 31-Mar-2021</b>	<b>3,69,93,567</b>	<b>36,99,35,670</b>

(in Rupees)

Particulars	2021	2020
	Nos.	Nos.
<b>Authorised:</b>		
40000000 Equity Shares of Rs. 10/- each	40,00,00,000	40,00,00,000
<b>Issued Subscribed &amp; Paid Up Share Capital:</b>		
<b>Subscribed &amp; Fully Paid Up:</b>		
Equity Share of Rs. 10/- each	3,69,93,567	3,27,20,734

## Notes forming part of the Financial Statements

for the year ended 31 March

Details of Shareholders Holding More than 5% of the Aggregate shares in the Company

Particulars	No of Shares	% Of Holding
<b>Equity Shares</b>		
<b>As at 31-Mar-2020</b>		
Mr. Viswanath Kompella	68,07,975	20.81%
Master Rama Krishna Paramahamsa	15,70,625	4.80%
Ms. Lopa Mudra Kompella	14,10,625	4.31%
<b>As at 31-Mar-2021</b>		
Mr. Viswanath Kompella	68,34,175	18.47%
Master Rama Krishna Paramahamsa	18,62,291	5.03%
Ms. Lopa Mudra Kompella	18,60,625	5.03%

### Note No: 11 Other Equity

(in Rupees)

Particulars	Securities Premium	Share options outstanding account	Share Warrants Forefeiture	Capital Reserves & Others	Foreign Exchange Transaction Reserve	Retained Earnings	Total
<b>As at 31-Mar-2019</b>	1,04,65,31,640	5,09,08,184	-	(26,71,94,996)	7,04,73,327	1,90,43,09,264	2,80,50,27,419
Additions for the Year	13,95,00,000	-	2,22,50,000	-	(1,68,72,985)	46,46,58,574	60,95,35,589
<b>As at 31-Mar-2020</b>	1,18,60,31,640	5,09,08,184	2,22,50,000	(26,71,94,996)	5,36,00,342	2,36,89,67,838	3,41,45,63,008
Additions for the Year	9,88,94,990	-	1,70,80,000	-	1,90,14,584	2,74,62,868	16,24,52,442
Less : Leases				-		(19,58,89,589)	(19,58,89,589)
<b>As at 31-Mar-2021</b>	<b>1,28,49,26,630</b>	<b>5,09,08,184</b>	<b>3,93,30,000</b>	<b>(26,71,94,996)</b>	<b>7,26,14,926</b>	<b>2,20,05,41,117</b>	<b>3,38,11,25,860</b>

### Note No: 12 Lease Liability

(in Rupees)

Particulars	2021	2020
Building	96,93,87,605	-
Computers	70,98,180	-
Medical Equipment	2,69,22,744	-
Software	55,74,110	-
<b>Total Lease Liability</b>	<b>1,00,89,82,638</b>	<b>-</b>

### Note No: 13 Borrowings

(in Rupees)

Particulars	2021	2020
<b>Secured Loans</b>		
Vehicle Loans	2,65,28,552	2,59,06,764
Term Loans	96,11,89,508	1,01,02,19,839
<b>Unsecured Loans</b>		
Others	-	66,64,836
<b>Total Long Term Borrowings</b>	<b>98,77,18,060</b>	<b>1,04,27,91,439</b>

## Notes forming part of the Financial Statements

for the year ended 31 March

### Note No: 14 Provision

(in Rupees)

Particulars	2021	2020
Provision for Gratuity	3,98,09,899	3,32,48,750
<b>Total Long Term Provisions</b>	<b>3,98,09,899</b>	<b>3,32,48,750</b>

### Note No: 15 Deferred Tax

(in Rupees)

Particulars	2021	2020
Opening Deferred tax Liability/(Asset)	(3,74,89,851)	5,07,07,622
Less: Deferred Tax Cumulative effect on Lease Accounting	(48,65,288)	-
Add: Deferred Tax Liability for the year	12,54,75,387	(8,81,97,473)
<b>Total Deferred Tax Liability/(Asset) - Net</b>	<b>8,31,20,249</b>	<b>(3,74,89,851)</b>

### Note No: 16 Trade Payables

(in Rupees)

Particulars	2021	2020
Trade Payables	8,24,50,804	11,20,25,707
<b>Total Trade Payables</b>	<b>8,24,50,804</b>	<b>11,20,25,707</b>

### Note No: 17 Other Financial Liabilities

(in Rupees)

Particulars	2021	2020
<b>Secured Loans</b>		
a) From Banks	37,37,21,070	34,18,52,356
b) Long Term Secured Loan repayable during the year	24,34,26,819	17,91,44,619
<b>Unsecured Loans</b>		
Others	-	10,85,942
<b>Total Short Term Borrowings</b>	<b>61,71,47,888</b>	<b>52,20,82,917</b>

### Note No: 18 Provisions

(in Rupees)

Particulars	2021	2020
a) Provisions for Employee Benefits	10,74,67,740	9,07,06,011
a) Provisions for Taxes	13,83,10,806	4,35,61,439
b) Provision for expenses	4,97,73,469	10,82,70,023
c) Audit Fee Payable	3,28,100	5,67,700
<b>Total Short Term Provisions</b>	<b>29,58,80,115</b>	<b>24,31,05,172</b>

### Note No:19 Revenue From Operations

(in Rupees)

Particulars	2021	2020
(a) Revenue from IT Services (Export)	1,85,98,64,971	2,14,49,00,159
(b) Revenue from Healthcare Services	1,34,65,50,559	1,35,63,95,207
(c) Revenue from Pharmacy Sale	25,65,77,019	25,40,12,802
(d) Other Operating Revenues	7,70,86,667	5,93,11,148
<b>Total Revenue from Operations</b>	<b>3,54,00,79,215</b>	<b>3,81,46,19,315</b>

## Notes forming part of the Financial Statements

for the year ended 31 March

### Note No:20 Other Income

(in Rupees)

Particulars	2021	2020
(a) Interest Income	59,63,825	19,44,508
(b) Other Non-Operating Income	10,25,52,168	50,90,334
(c) Foreign Exchange Gains	32,69,081	99,03,309
<b>Total Other Income</b>	<b>11,17,85,074</b>	<b>1,69,38,151</b>

### Note No:21 Employee Benefit Expenses

(in Rupees)

Particulars	2021	2020
(a) Salaries	1,05,49,38,834	1,15,89,36,676
(b) Contribution to Provident & Other Funds	2,96,31,551	4,19,38,986
(c) Staff Welfare	1,44,78,766	2,90,07,202
<b>Total Employee Benefit Expenses</b>	<b>1,09,90,49,151</b>	<b>1,22,98,82,864</b>

### Note No:22 Finance Costs

(in Rupees)

Particulars	2021	2020
(a) Interest Expenses :		
- on Term Loans and Working Capital	19,03,86,641	22,02,33,607
- on Vehicle Loans	62,35,928	17,28,401
- Finance Charge on Lease Liability	12,42,26,036	-
<b>Total Finance Cost</b>	<b>32,08,48,605</b>	<b>22,19,62,008</b>

### Note No:23 Administrative and Other Operating Expenses

(in Rupees)

Particulars	2021	2020
(a) Power & Fuel	5,36,06,569	7,06,93,309
(b) Rent	4,26,16,832	18,01,58,859
(c) Repairs & Maintenance	2,67,16,636	1,94,21,527
(d) Insurance	3,39,73,431	3,07,01,591
(e) Telephone, Postage and Others	2,03,61,525	2,47,90,374
(f) Business Promotion Expenses	4,41,21,625	1,94,80,707
(g) Office Maintenance	7,89,17,768	18,09,60,614
(h) Travelling and Visa Expenses	1,96,90,633	4,87,41,773
(i) Consultancy Charges and Subcontracting Expenses	81,88,53,034	59,33,13,905
(j) Other Administrative Expenses	1,59,32,844	2,56,94,842
(k) Rates & Taxes	8,34,66,974	2,89,57,343
(l) Disallowances & Network Hospital Discount	93,97,238	1,67,82,859
(m) Bank charges	57,48,795	-
(n) Auditors Fee	14,59,876	13,89,594
<b>Total</b>	<b>1,25,48,63,778</b>	<b>1,24,10,87,294</b>

## Notes forming part of the Financial Statements

for the year ended 31 March

### NOTE 24:

#### Details of Primary and Collateral Securities (For Liabilities referred in Note No.13 & 17)

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, Mid Corporate Branch, Hyderabad.

M/s. Central Bank of India, Corporate Finance Branch, Koti, Hyderabad,

M/s. Punjab National Bank, Ameerpet, Hyderabad

M/s. DBS Bank Ltd, West Marredpally, Secunderabad.

are having 1st charge on all movable assets of the company on Term Loans availed with them.

Hypothecation of Current Assets to

M/s. Canara Bank, Mid Corporate Branch, Hyderabad.

M/s. Central Bank of India, Corporate Finance Branch, Koti, Hyderabad,

Stock and receivables are 1st Charge and 2nd charge on Movable assets in virinchi Health Care Pvt Ltd for working capital limits

##### 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
- Commercial Flat admeasuring 2700 Sq.ft, Flat No. 308-A, Ashoka Metropolitan (Virinchi Hospitals), Road NO.12, Banjara Hills , Hyderabad , in the name of M/s. Virinchi Limited.
- EMT on Land and Building located at Colts Neck Township, Country of Monmouth, State of New Jersey, USA.

##### 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. 82 Lakhs
- EMT of factory land measuring 1 acre 36.5 guntas at survey no.441, Hakimpet Village, in Shamirpet Mandal, R R Dist
- 11.875 Acres freehold industrial land located at SY No103 & Sy No. 104 Lakshmakkapally, Mulugu Mandal ,Medak District in the name of M/S.Vivo Biotech Ltd.
- Acres 5 Guntas of freehold industrial land located at syNo.159, Janwada Village, Shankerpally Mandal, Ranga Reddy District in the name of Mr. Viswanath Kompella.
- Plot No. 76& 77, Balamrai Co-operative Housing Society , Mahendra Hills, East Marredpally, Secunderabad -26 in the name of Mr. Viswanath Kompella.

## Notes forming part of the Financial Statements

for the year ended 31 March

- Plot No. 78, Balamrai Co-operative Housing Society , Mahendra Hills, East Marredpally, Secunderabad -26 in the name of Mr. Viswanath Kompella.
- Plot No. 88, Balamrai Co-operative Housing Society , Mahendra Hills, East Marredpally, Secunderabad -26 in the name of Mr. Viswanath Kompella.
- Plot No. 227, Balamrai Co-operative Housing Society , Mahendra Hills, East Marredpally, Secunderabad -26 in the name of M/s. Shri Shri Resorts Pvt Ltd.
- 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 M/s.Virinchi limited.
- Residential House land admeasuring 324.44 Sq Yards at Plot No 227, Balamrai Society, Mahendra Hills, West Maredpally, Secunderabad, in the name of M/s Iragavarapu Constructions Pvt Ltd.
- 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

### Personal Guarantee:

- Mr. Viswanath Kompella has given personal guarantee for all loans availed by the Holding company and its subsidiaries.
- Mrs. Madhavi Latha Kompella has given personal guarantee for loans availed by M/s. Virinchi Health Care Pvt Ltd.

### Corporate Guarantee: M/s. Vivo Bio Tech Limited

### 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
- ◆ Clix Capital Services Private Limited

### NOTE 25:

(in Rupees)

Particulars	Current year (Rs.)	Previous Year (Rs.)
Auditors Fee	14,59,876/-	13,89,594/-

### NOTE 26:

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.

## Notes forming part of the Financial Statements

for the year ended 31 March

### NOTE 26: (Contd.)

S. No	Description	Year Ended( In Lakhs)	
		2021	2020
<b>I</b>	<b>Segment Revenue</b>		
	Software Product Revenues	13,543.68	15,121.72
	Software Services Revenues	5,476.51	6,327.27
	Healthcare Services	16,085.19	16,208.74
	IT Enabled Services	295.41	488.45
	Infrastructure and Real Estate Services	0.00	22.5
	<b>Net Sales/Income from Operations</b>	<b>35,400.78</b>	<b>38,168.68</b>
<b>II</b>	<b>Segment Result</b>		
	Software Product Revenues	1462.42	3,490.81
	Software Services Revenues	336.57	1,153.67
	Healthcare Services	2,906.18	1,924.96
	IT Enabled Services	26.59	39.54
	Infrastructure and Real Estate Services	0.00	22.5
	<b>Total</b>	<b>4,731.76</b>	<b>6,631.48</b>
	Interest Expenditure	3,208.68	2,219.62
	Other Un-allocable Income Net of Un-allocable Expenditure	1,117.85	146.88
	<b>Total Profit Before Tax</b>	<b>2,640.93</b>	<b>4,558.74</b>

### NOTE 27: 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	(in Rupees)	
	2020-21	2019-20
Profit available for the equity share holders	2,74,62,868	46,45,39,905
Weighted average number of shares for Basic EPS	3,36,11,586	3,27,20,734
Weighted average number of shares for Diluted EPS	3,56,67,652	3,35,20,734
Basic	0.82	14.20
Diluted	0.77	13.90

### NOTE 28: 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 31 March

### NOTE 28: Related Party Transactions. (Contd.)

#### 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)
11. V23 Medical Solutions Pvt. Ltd.
12. Virinchi Capital Pvt. Ltd.

#### b) Key Management Personnel:

S. NO.	NAME	Designation
1	M.V. Srinivasa Rao	CFO & Whole Time Director
2	V. Satyanarayana	Vice chairman & Executive 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.)
M V Srinivasa Rao	Remuneration	42,29,067	45,61,200
K. Sri Kalyan	Remuneration	13,49,357	22,40,000
Madhavi Latha Kompella	Promoter	30,00,000	0
V Satyanarayana	Remuneration	4,93,534	0
Santi Priya G	Remuneration	18,31,669	31,40,000
K. Ravindranath Tagore	Remuneration	26,01,200	26,01,200
Viswanath Kompella	Promoter	60,00,000	2,70,00,000
K Soft Systems Inc	Paid for Consultancy charges	10,10,03,573	21,34,13,407
Tensor Fields Consultancy Services Pvt. Ltd	Consultancy services rendered	2,39,85,760	0
Tensor Fields Consultancy Services Pvt. Ltd	Interest income	85,911	0
Vivo BioTech Ltd	Sale of software product	5,00,00,000	0
Asclepius Consulting & Technologies Pvt Ltd	Interest income	21,83,024	0
Virinchi Health Care Pvt Ltd	Interest income	2,23,63,912	0
Virinchi Media & Entertainment Pvt. Ltd	Interest income	9,96,157	0
Tyohar Foods Pvt Ltd	Interest income	6,90,899	0
Virinchi Learning Pvt. Ltd	Interest income	1,54,476	0
Vivo BioTech Ltd	Lease Rental income	0	22,50,000
Virinchi Healthcare Pvt. Ltd	Slump sale	0	5,28,61,499



## Notes forming part of the Financial Statements

for the year ended 31 March

### NOTE: 29

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

S. No	Description	Year ended 31st March, 2021	
		VESOS-2016	VESOS-2018
1	Number of Options Outstanding at the beginning of the year( Un-granted)	Nil	17,30,000
2	Number of options granted during the year	Nil	Nil
3	Number of options forfeited/lapsed during the year	NA	NA
4	Number of options vested during the year	3,81,750	12,70,000
5	Number of options exercised during the year	1,89,500	8,50,000
6	Number of shares arising as a result of exercise of options	1,89,500	8,50,000
7	Amount realized by exercise of options (Rs.)	37,90,000	85,00,000
8	Number of options outstanding at the end of the year (out of total number of options approved under ESOS)(1-2)	Nil	17,30,000
9	Number of options exercisable at the end of the year (out of total number of options approved under ESOS)	16,36,066	4,20,000

### NOTE: 30

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 attached

**For P C N & Associates**  
Chartered Accountants  
Firm Registration No. 016016S

**M. Mohana Saradhi**  
Partner  
M. No. 244686

Place : Hyderabad  
Date : 30th June 2021

For and on behalf of the Board of Directors of Virinchi Limited

**M.V. Srinivasa Rao**  
CFO & Whole Time Director  
DIN: 00816334

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

**K. Sri Kalyan**  
Director  
DIN: 03137506

## Notes forming part of the Financial Statements

for the year ended 31 March

Additional Information as required by Paragraph 2 of the General Instructions for preparation of Consolidated Financial Statements to Schedule III to the Companies Act,2013

		Net Assets (TA-TL)			
		As % of Consolidated Net Assets	Amounts	As % of share in Consolidated Profit/(Loss)	Amounts
<b>Parent</b>	Virinchi Limited	58.94	2,21,00,78,636	312.90	8,59,25,937
<b>Subsidiaries- Wholly Owned</b>	Indian				
	Qfund Technologies Pvt Ltd	0.57	2,15,18,338	(14.04)	(38,55,144)
	Virinchi Learning Pvt Ltd	(0.30)	(1,13,05,970)	(12.08)	(33,17,350)
	Virinchi Media & Entertainment Pvt Ltd	0.00	(68,561)	(0.38)	(1,04,717)
	Tyohar Foods Pvt Ltd	(0.24)	(90,43,842)	0.09	25,478
	Virinchi Infra & Reality Pvt Ltd	0.02	6,67,546	0.88	2,41,511
	Virinchi Health Care Pvt Ltd	12.66	47,48,19,739	(445.92)	(12,24,62,372)
	Tensor Fields Consultancy Services Pvt Ltd	(0.71)	(2,64,99,270)	(90.48)	(2,48,47,702)
	Virinchi Combinatorics & Systems Biology Pvt Ltd	0.02	7,00,336	0.47	1,28,445
	Virinchi Capital Pvt Ltd	0.52	1,96,55,549	(0.11)	(29,500)
	V23 Medical solutions Pvt Ltd	0.00	70,375	(0.09)	(24,924)
<b>Subsidiaries- Wholly Owned</b>	Foreign				
	Ksoft Systems Inc	28.82	1,08,07,56,603	351.55	9,65,46,937
<b>Subsidiaries- Controlling Interest</b>	Asclepius Consulting & Technologies Pvt Ltd	(0.32)	(1,19,45,729)	(2.78)	(7,63,732)

## Form AOC-1

### 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, 2021

S. No	As on 31.03.2021	Ksoft Systems Inc	Qfund Technologies Pvt. Ltd.	Tyohar Foods Pvt Ltd.	Virinchi Learning Private Ltd	Virinchi Media & Entertainment Pvt Ltd	Virinchi & reality Pvt Ltd	Virinchi Health Care	Asclepius Consulting & Technologies	Tensor Fields Consultancy Services Pvt Ltd	Virinchi Combinatorics & Systems Biology Pvt Ltd	V23 Medical Solutions Pvt Ltd	Virinchi Capital Pvt Ltd
1	Share Capital	45,91,087	1,00,000	1,00,000	19,50,000	1,00,000	1,00,000	5,43,59,780	58,82,360	1,00,000	1,00,000	1,00,000	2,00,00,000
2	Reserves & Surplus	1,07,61,65,516	2,14,28,723	(92,99,904)	(1,32,55,972)	(1,68,561)	5,96,398	42,68,62,732	(1,78,28,089)	(2,65,80,497)	6,17,836	(24,924)	(29,500)
3	Total Assets	1,32,99,19,393	2,97,88,096	51,23,844	1,35,73,620	1,63,63,780	32,25,524	3,11,62,67,300	1,63,70,027	68,73,614	24,94,720	5,85,677	2,04,14,951
4	Total Liabilities	24,91,62,790	82,59,373	1,43,23,748	2,48,79,592	1,64,32,341	25,29,126	2,63,50,44,788	2,83,15,756	3,33,54,111	17,76,884	5,10,601	4,44,451
5	Investments	1,06,05,556	2,99,641	0	0	0	0	6,33,000	0	0	0	0	0
6	Turnover	78,04,94,825	25,29,490	17,50,000	17,61,630	18,90,000	16,30,000	1,60,85,19,228	72,03,791	1,51,11,852	18,47,142	0	0
7	PBT	11,38,12,256	(65,21,808)	2,66,033	(27,97,676)	(1,04,717)	3,22,746	4,10,47,754	(15,25,820)	(2,48,47,702)	1,73,574	(24,924)	(29,500)
8	Tax	1,72,65,319	(26,66,664)	3,96,618	5,19,674	0	81,235	12,87,88,185	(28,306)	0	45,129	0	0
9	PAT	9,65,46,937	(38,55,144)	(1,30,585)	(33,17,350)	(1,04,717)	2,41,511	(12,24,62,372)	(14,97,515)	(2,48,47,702)	1,28,445	(24,924)	(29,500)
10	Dividend	0	0	0	0	0	0	-	0	0	0	0	0
11	% of shareholding	100%	100%	100%	100%	100%	100%	100%	51%	100%	100%	100%	100%

## Part B

### Joint Venture

There are no joint ventures to report.

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

For and on behalf of the Board for Virinchi Limited

**M. Mohana Saradhi**

Partner

M.NO: 244686

Place: Hyderabad

Date: 30th June, 2021

**M.V.Srinivasa Rao**

Whole Time Director & CFO

DIN: 00816334

**K. Sri Kalyan**

Non Executive Director

DIN: 03137506

**K. Ravindranath Tagore**

Company Secretary

M.NO: A18894

# Corporate Information

## Founder & Chairman Emeritus

Viswanath Kompella

## Board of Directors

**M. V. Srinivasa Rao**

*Whole-Time Director*

**V. Satyanarayana**

*Vice-Chairman & Executive Director*

**K. Sri Kalyan**

*Non-Independent Non Executive Director*

**K. Kalpana**

*Independent and Non-Executive Director*

**J. Suresh**

*Independent and Non-Executive Director*

**Sunder Kanpaparthi**

*Independent and Non-Executive Director*

**K. Ravindranath Tagore**

*- Company Secretary,  
Chief Investor Relations Officer &  
Compliance Officer*

## Senior Leadership

**Satyajeet Prasad**

*CEO*

**M. V. Srinivasa Rao**

*CFO & Group President*

**Vishal Ranjan**

*CEO, vCard.*

**Sivaji Pendyala**

*COO*

## 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](mailto:investors@virinchi.com)

Website: [www.virinchi.com](http://www.virinchi.com)

## Banker

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# 040-2311 9499

## Office Address in USA

Green House, 7 South Main Street,  
Suite E Marlboro, NJ, USA-07746

Phone# 7326962555,

Fax# 732-783- 0432

## Registrar & Share Transfer Agents

M/s. Aarthi Consultants Private Ltd

1-2-285, Domalguda,

Hyderabad-500029

Phone # 91-40-27634445, 27638111

Fax: 91-40-27632184

Email: [info@aarthiconsultants.com](mailto:info@aarthiconsultants.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](http://www.virinchi.com)