Dated: 5th September, 2020

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 31st Annual General Meeting and Annual Report- Regulation 30 and 34 of SEBI(LODR) Regulations, 2015

Ref: Scrip Code# 532372

Pursuant to Regulation 30 and 34(1) of the SEBI(LODR) Regulations, 2015 we are enclosing herewith :

i) A copy of Notice of the 31st Annual General Meeting ("AGM") of the company
ii) Annual Report of the Company for the Financial year ended 31st March, 2020

Kindly take the above information on record.

This is for your record and reference.

Thanking you,

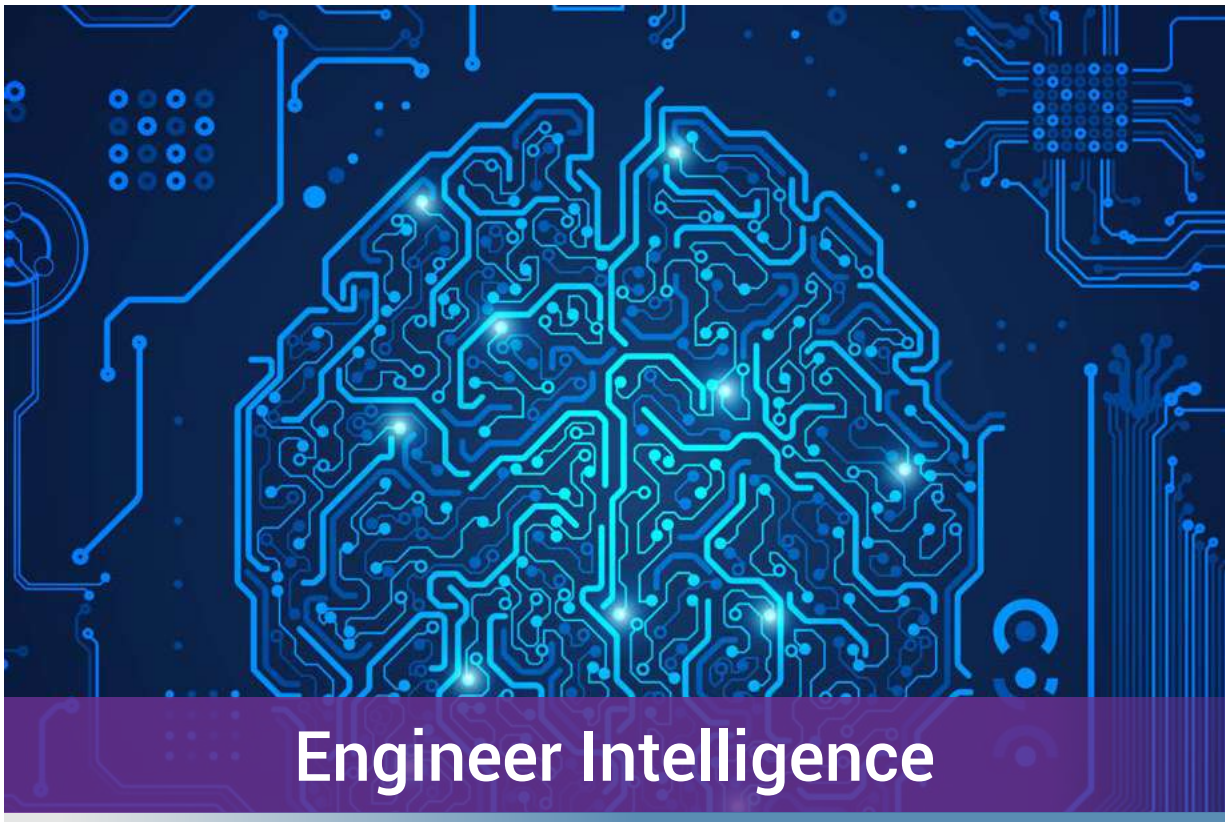
Yours Truly
For Virinchi Limited

VIRINCHI LIMITED Hyderabad

K Ravindranath Tagore
Company Secretary
M.No.A18894

Virinchi Limited

Annual Report 2019-20



Engineer Intelligence

Robotise Process



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.



Contents

02 Virinchi- Know us

04 How Virinchi performed in the last few years

06 Business Overview

22 How we expect to grow these businesses

35 Life and Death battle with Covid

42 Our advanced healthcare infrastructure

44 Management Discussion and Analysis

51 Notice of Annual General Meeting

71 Director's Report

100 Report on Corporate Governance

114 Financial Section

Engineer Intelligence

Robotise Process

The time has come for old data to create new knowledge. This continuous new knowledge is now emerging as a key differentiator for competent and future-facing service providers.

At Virinchi, we are building our entire business – fintech, IT products cum services and health care - around this singular perspective.



Virinchi Limited.

Where we have created a business model around three relevant and completely different businesses.

One, software products and services for global customers

Two, health care services in India.

Three, fintech services in India.

Each of these businesses is woven together by our deep understanding of machine learning and process automation.

Making it possible to service clients with understanding, proficiency and agility.



Pedigree

Virinchi Limited, founded in early 90's, has created a reputation of using knowledge & experience derived out of one business to develop another. The result is that the Company has grown attractively in size, scope and sophistication in the last few years, comprising multiple businesses.

Businesses

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

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.

Footprint

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

Listing

The Company is listed on the Bombay Stock Exchange (BSE: 532372).The market capitalisation of the Company was Rs. 87.27 crores as on March 31, 2020.



Goals

IT vertical: 'To build globally inclusive solutions'

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

Healthcare vertical: 'To Serve patients pan India by 2030'

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

Business offerings

IT Products & 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.

Respect

Virinchi was recognised in the recent past through brand enhancing awards:

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

Employees

Virinchi is a responsible employer of 525 employees in IT 95% of employees possessed professional degrees Average age of IT employees is 30 years.

The Company's knowledge capital

Total employees

IT
525

Healthcare
1400

Revenue per employee (Rs. lakhs)*

40.86

Average age of employees (years)*

~30

* For the IT business

Consolidated Highlights, 2019-20 Profit & Loss account / Balance Sheet

- Consolidated revenue declined 6.8% to Rs. 383.16 crores
- EBIT declined 23.2% to Rs. 67.78 crores
- Consolidated PAT declined 21.2% to Rs. 46.46 crores
- EPS declined 24.9% to Rs. 14.20
- Consolidated EBIDTA margin declined to 29.3% from 30.2%; PAT margin to 12.1% from 14.3% in the previous year
- Receivables increased from 68 days of turnover equivalent to 71 days

IT Products business

- IT products revenue declined 15.3% to Rs. 151.22 crores compared to Rs. 178.43 crores in the previous year

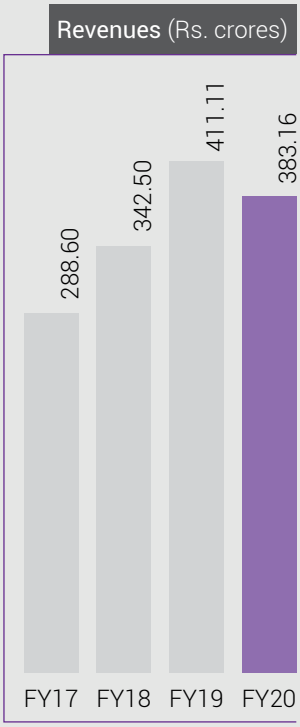
IT Services

- IT services revenue declined 24.8% to Rs. 63.27 crores compared to Rs. 84.17 crores in the previous year

Healthcare

- YoY revenue growth grew 14.6% to Rs. 162.09 crores with an EBIT of Rs. 19.25 crores
- YoY healthcare EBIT improved 15% to Rs. 19.25 crores with an overall EBIT margin of 11.9%

How Virinchi performed in the last few years

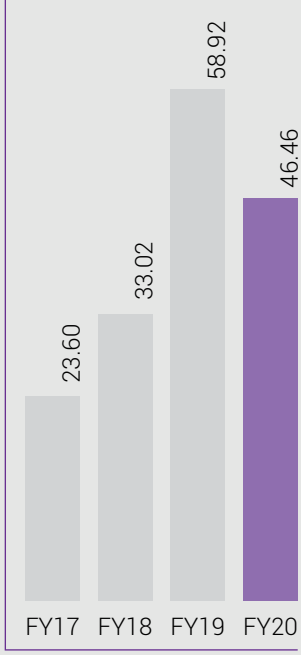


Definition
Revenue is the income generated by a business from the sale of goods or services before the deduction of costs and expenses, taxes and promotions.

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 6.80% to Rs. 383.16 crores in FY2019-20 on account of a Rs. 26 crores one-time license fee income that had been accounted for in FY19 that did not recur in FY20.

Net profit (Rs. crores)

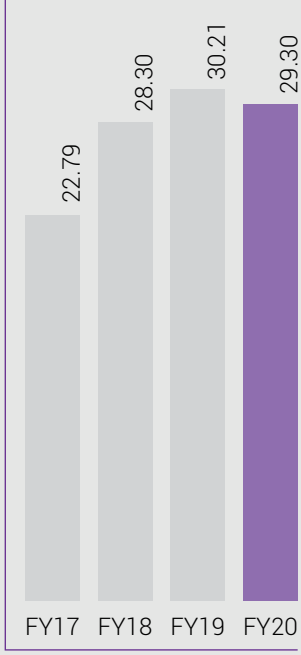


Definition
Profit earned during the year after deducting all expenses and provisions.

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 21.15% decline in net profit to Rs. 46.46 crores in FY2019-20. Though total revenue declined by Rs. 27.96 crores, employee expenses and administrative expenditure declined by Rs. 5.84 crores and 10.32 crores respectively, resulting in a fall of Rs. 11.90 crores in EBITDA. Despite the decline, the Company posted its second highest net profit.

EBITDA margin (%)

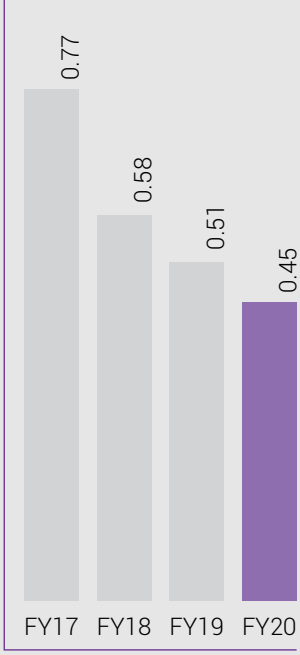


Definition
EBITDA margin is a profitability ratio distilled from revenue growth, value-addition and cost management.

Why is this measured?
The EBIDTA 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, EBIDTA margin declined only marginally by 90 bps to 29.30%, its second highest level. 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 6 bps to 0.45 in FY2019-20 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 5.63 during FY2019 to 5.06 during FY2020 following the decline in EBITDA by s. 11.90 crores from Rs. 124.18 crores in FY2019 to Rs. 112.28 crores in FY2020, while interest outflow increased marginally to Rs. 22.20 crores.



Business overview

Virinchi's outlook, challenges and continuity

Even as the economic reality remains grim, there is something else that is transforming our world – for the better. A number of cutting-edge technologies are converging to create unforeseen possibilities.

Overview

I present our performance during the year under review.

Virinchi reported a 6.8% decline in revenue, 9.6% reduction in EBITDA and 21.2% decline in profit after tax in 2019-20. This decline was largely on account of a one-time license fee income that had been credited to our numbers in the previous year, which did not exist in 2019-20.

Economy outlook

These are trying times in the history of our modern world. Even as the global economy was slowing (growth of 3.6% declined to 2.9% in 2019), the outbreak of the Covid-19 pandemic resulted in a series of lockdowns the world over. The result is that the global economy is expected to de-grow sharply for the first time in the living memory of a large number of people.

Business outlook

Even as the economic reality remains grim, there is something else that is transforming our world – for the better. 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 new 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.

At Virinchi, we are attractively placed to capitalise on these trends. The result is that over the last few years,



Virinchi has not only grown its core businesses of IT products and services but also has leveraged these learnings to create completely new and different businesses. The Company, which was earlier known only as a software services and product Company delivering solutions in USA, has since entered the business of health care services and fintech in India. This disparate presence across diverse spaces has helped the Company de-risk its presence so that no single business is linked to the prospects of another; more importantly, it has empowered the Company to enhance its opportunity-responsiveness in prospecting new businesses where entry was barred for years due to a dearth of technology capability.

On the face of it, an information technology Company like Virinchi would have never been considered competent to manage a health care business. We felt otherwise; we saw the health care business as essentially an IT business woven around a health care manifestation; the result is that we have positioned ourselves not just as a standalone data science Company but a data science-driven organisation integrated into health care; the health care business provides patient data that is then analysed by our data science protocols to derive disease cum treatment patterns and trends; the learning from these patterns is then relayed back to the consultants to make treatment decisions.

This was our opportunity window when we went into business: doctors based their prognosis on only few dozen readings while modern medical science was giving few thousand parameters about each patient. Data science has and will continue to revolutionise doctor's engagement: machines now capture patients' medical realities more completely; they cross them across similar patient population data to arrive at a deeper understanding in a fraction of the time with enhanced consistency, empowering doctors to treat with more data at their disposal and with increased confidence.

The result is that IT has graduated from being a back-end support in our health care business to being the process implementor; IT has evolved from being the functional support provider to the experience promoter; from being a passive enabler to a governance-driver.

The result is IT at Virinchi Hospitals is not just about accuracy and reliability; it is about the way a patient is welcomed into our health care facility, how a patient's relatives are put at ease about medical outcomes, how a doctor accesses information on the patient, how doctors consult with patients through tablets, the integrity with which a patient is billed, the speed with which we are able to discharge a patient and the sensitivity with which we are able to provide post-operative care.

The result is that our flagship health care facility in Hyderabad is now a go-to facility not just in the city of its presence; it is drawing patients from across the hinterland. Besides, our facility is not just a local facility demonstrating an improved standard; it is being considered a national showpiece in terms of revolutionary way of approaching the subject of health care through the intensive use of data analytics and machine learning – all within half a decade of launch.

At Virinchi, we are bringing this commitment to our business of fintech as well. We believe that the credit space in India has been extensively under-penetrated for a number of reasons. We believe that individual credit represents the foundation of a consumption-led economy especially when this credit is provided to the self-employed or low income individuals, which we believe represents a large opportunity to address financial inclusion.

What we have been asked is 'What do you know about the business of credit cards to succeed?' Our answer is that we bring together distinctive competencies: the extensive experience in machine learning and processing the accounts of more than 15 million US customers across more than 100 parameters, providing insights into ascertaining credit worthiness. To this rich experience we bring the power of complementary partners and an eco-system of technology and AI-driven customer service, customer collection and customer acquisition. The result is paperless instant credit limit activation on a UPI-based merchant payment model with machine learning driven origination, service and collection.

Model validated

This model of diverse businesses, held together by cutting-edge technologies, has already begun to deliver results. Even as the business environment was challenging in the last financial year and revenues declined 6.8%, the Company was able to maintain its EBIDTA margin around the level of the previous year. By the end of the year under review, the outlook was stable for the IT business; the health care business matured and the fintech India business was ready to be launched.

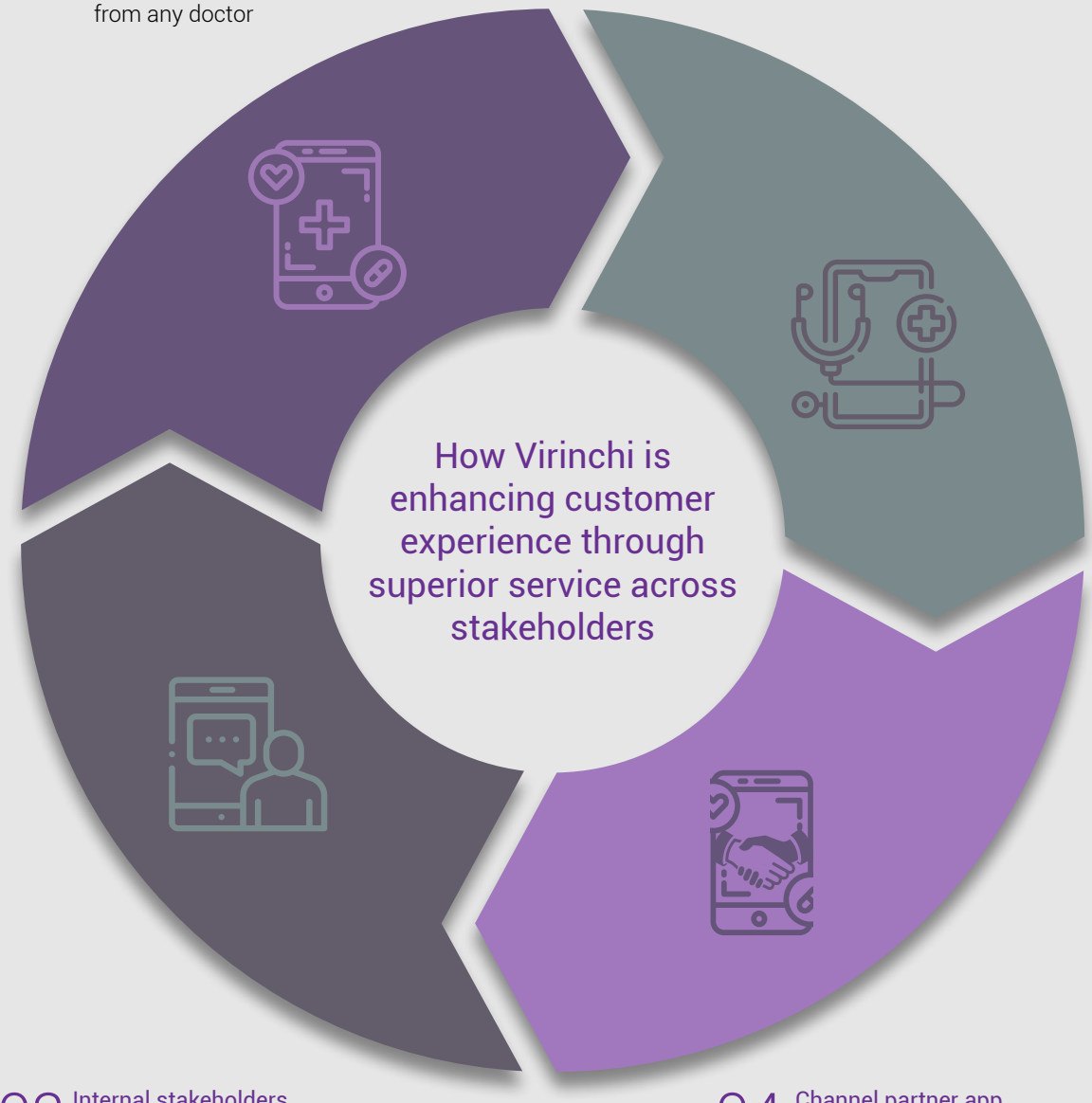
Challenges and continuity

This is a challenging phase for the Company. The demand outlook remains uncertain and there is a premium on revenue visibility. In this environment, we expect to limit our downside to a moderate revenue de-growth. We are optimistic of protecting our financial integrity as we are able to maintain most of the revenue streams while the moratorium that we sought in the first quarter of the current financial year has helped us to maintain adequate cash flows. We are confident that the Company will tide through the COVID pandemic-inflicted crisis and pursue all stated opportunities in 2021.

M. V. Srinivasa Rao
Whole Time Director



How Virinchi is enhancing customer experience through superior service across stakeholders



01 vHealth app for patients

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

02 vHealth+ mobile app for doctors

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

03 Internal stakeholders

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

04 Channel partner app

- Integration of channel partners
- Fee for Service Doctors to admit patients
- Generate more leads



350-410

USD billion, annual value that could be created by RPA by 2025 (Source: McKinsey)

36

% automation potential in the health care sector (Source: McKinsey)



Insight

How Robotic Process Automation is transforming the health care industry

Overview

The one technology expected to transform the face of health care the world over is robotic process automation (RPA).

Robotic process automation is the application of technology to configure computer software to capture and interpret applications for rule-based processing of transactions, manipulate data, trigger responses, and communicate with other digital systems. Robotic process automation comprises the application of smart software to carry out high-volume and repetitive tasks that are monotonous and time-consuming.

By the virtue of prudent activity segregation between the critical and the routine, RPA enhances service, transparency and accountability.

Market size

McKinsey forecasted that robotic process automation would be an emerging technology that could potentially reshape healthcare and create USD350 billion to USD410 billion in annual value by 2025.

The evidence for this optimism is extensive.

A hospital in Dublin that uses the Company's RPA bots to process testing kits addresses what normally took an average three hours a day in the nursing department to something that now takes a few minutes. A Cleveland clinic that would take minutes to record patient intake now takes seconds to do the same through RPA.

The automation headroom and enhanced health care efficiency are subjects that have engaged analysts for years. A McKinsey 2016 report indicated that the healthcare sector held out a 36% automation potential and 'the future health sector will undoubtedly involve automation of routine task'.

Impact

Some of the areas that RPA can automate comprise the following: scheduling, physician order entry, remote test ordering, inventory management, personal health records, data collection from patients in the waiting room, electronic medical records, laboratory test-review tasks, and repetition of prescriptions, clinical decision–support systems, tele-health and telemedicine systems.

Patients' scheduling: Automation can aggregate appointment request from lead generators, classify them based on the payer profile and other preferences such as location, personal doctor preferences etc., and forward to a floor management representative who actually makes the appointment. The result could be fewer mistakes, satisfied customers and evenly distributed appointments across doctors' working time.

Care cycle: RPA makes continuous record monitoring a reality leading to the possibility of accurate diagnosis and customised treatment. Automated medical records lead to a reduction in complications, strengthening the care cycle. Besides, this liberates doctors to devote more quality time to attend to patients, validating the point that prudent technology enriches people engagement.

Revenue cycle: RPA strengthens new patient appointment requests, patient pre-arrival and arrival, claim denials, billing, etc., enhancing the quality of engagement, strengthening repeat visits or referrals. In turn, this enhanced bed utilisation, strengthening profitability.

Streamlined healthcare workflows: Patient wellness, case and utilisation management, healthcare management and coordination, or remote monitoring that involve high-frequency, high-volume repetitive tasks can be efficiently completed by RPA, moderating costs for providers and improved service for patients.

Cost reductions: There is evidence to suggest that RPA in a hospital environment can moderate the cost of functions and competitiveness. Accounts payable and data digitisation processes can be automated by means of RPA, improving billing efficiency. By upgrading administrative processes, healthcare companies can significantly economise labour and financial resources.

Employee satisfaction: RPA can enhance patient treatment effectiveness and, in doing so, enhance job satisfaction for doctors and support staff, strengthening pride in their work and the facility. The result is that RPA can emerge as a powerful HR tool.

Outlook

RPA is not just expected to enhance operating health care efficiency; it is expected to revolutionise the industry through the improved patient outcomes – the core of the business – that make humankind more effective in countering disease and disability.



50
% savings through RPA (Source: KPMG)

30-40
% of health care claims that do not meet requirements as identified by RPA

2,467
USD million, size of the global RPA market, 2022

30
% growth of the RPA market between 2017 and 2022



Data Science and health care transformations

Data Science and machine learning algorithms are transforming the face of the global health care industry.

In the healthcare space, a predictive model accesses historical data, examines it, seeks disease patterns and generates predictions. The result is that predictive analytics is playing an important role in enhancing patient care, chronic disease management, supply chain efficiency and pharmaceutical logistics.

With data science, hospitals can predict ailments missed by the care giver, better prognosis based on similar patient analytics and press preventive measures that initiate proactive treatment to moderate the risk of patient health aggravation. From a back-end perspective, predictive analytics monitors the logistic supply of hospitals and pharmaceutical departments, enhancing overall efficiency.

Data Science plays a vital role in IoT (Internet of Things). These IoT devices, that are present as wearable devices that track heartbeat, temperature and other medical parameters of the users. The data that is collected is analyzed with the help of data science. With the help of analytical tools, doctors are able to keep track of patients' circadian cycle, their blood pressure as well as calorie intake.

Analysis

How Virinchi is using Robotic Process Automation to build a stronger health care business

01 Superior inventory management

Materials (~800) always available
Efficient service
Stronger control
No stock outs
Reduced inventory
Better capital efficiency

02 Nursing effectiveness

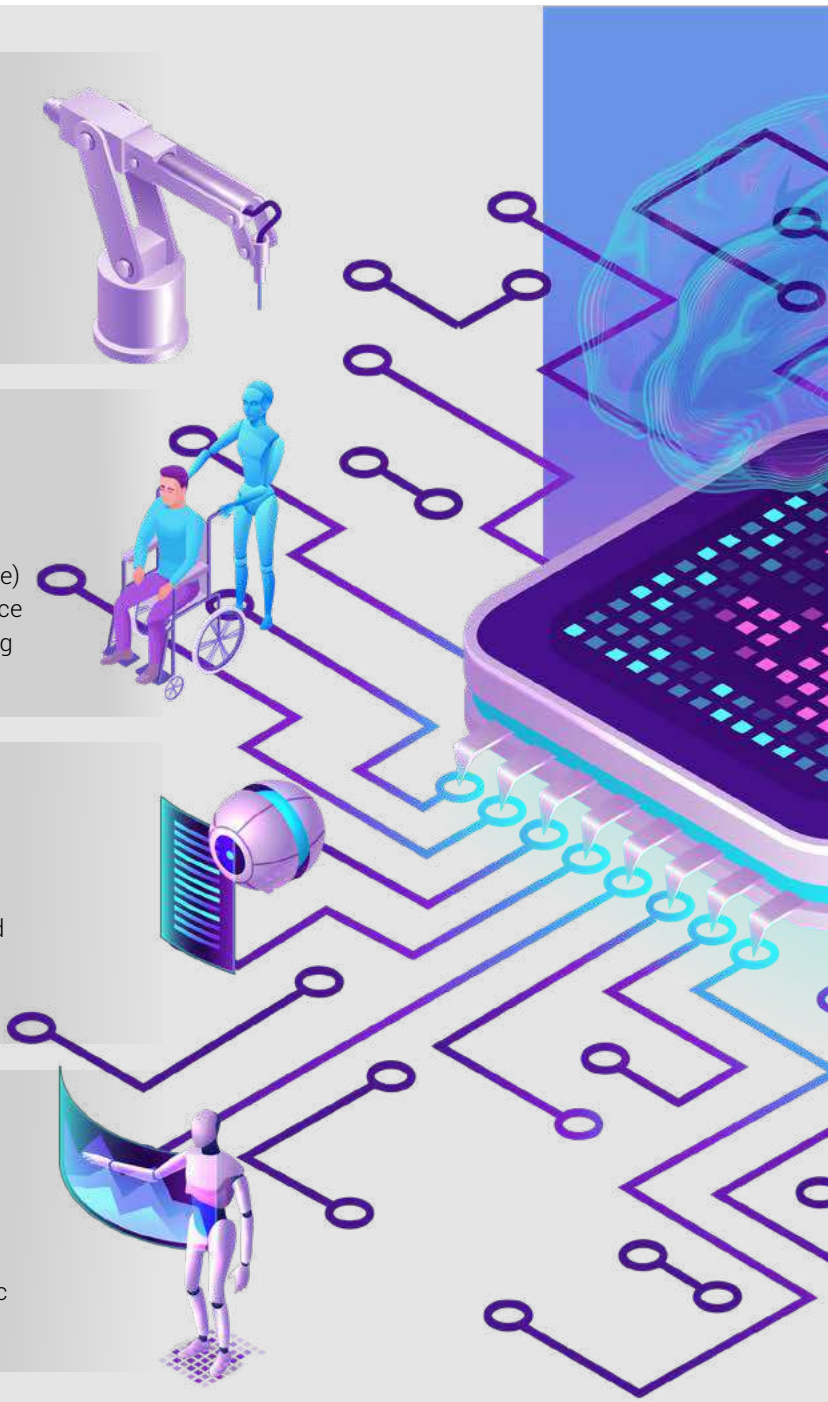
Automate the medication chart based on prescription
Singular focus on medication application
Segregation of non-medical information (price)
Allocation of right information to the right place
Record of what was administered to the billing team

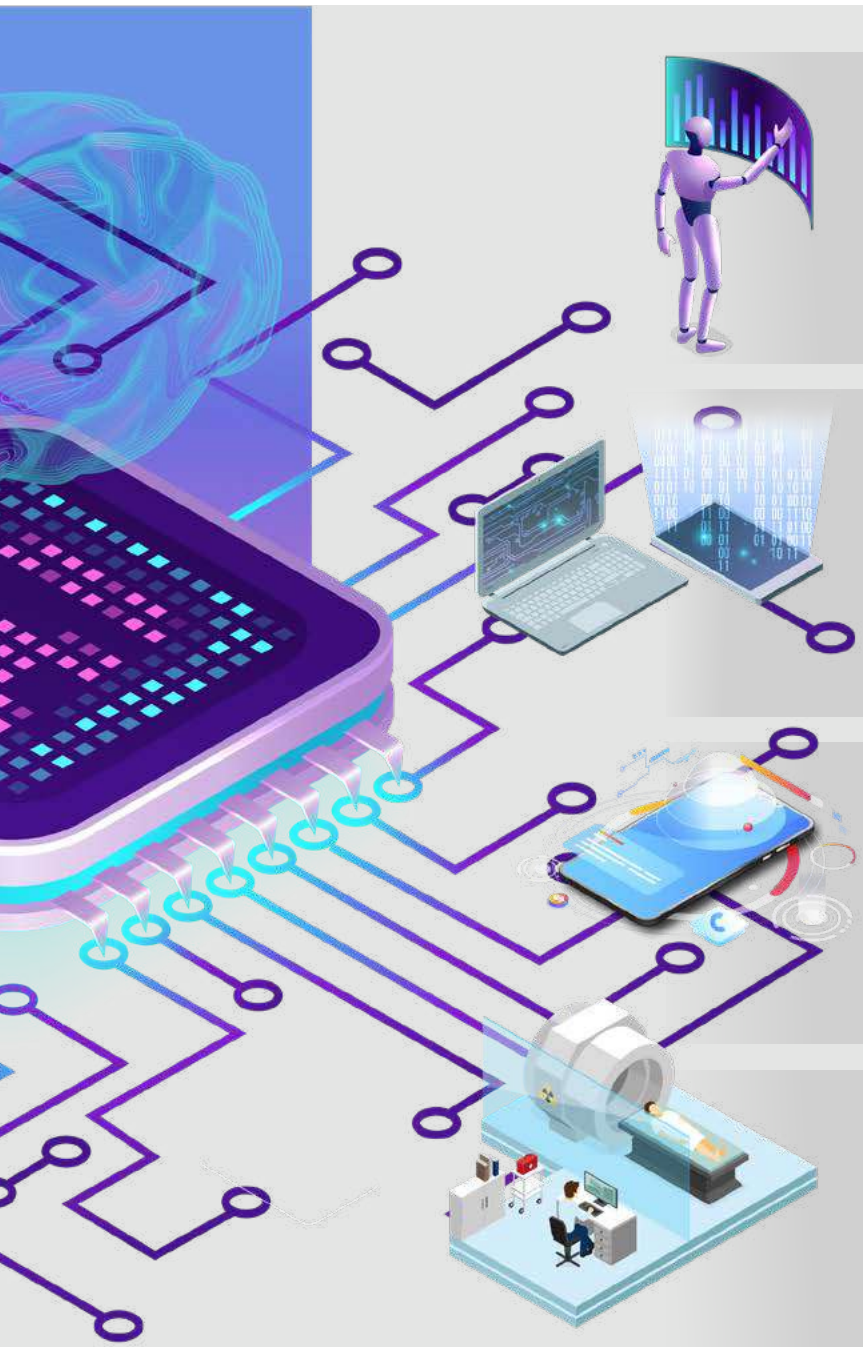
03 Real-time cost estimation

Timely management of patient expectations
Helps minimise last minute shocks to either party
Enhances transparency between hospital and customer
Event logging and alerting

04 Video station

Converges app, portal, patient and doctor 24x7 application
Extends the doctor virtually to the patient
Efficient remote monitoring
Launched and validated well before pandemic





05 Channel partner app

Linkage of business conversion to incentive
Scientific computation

06 App compatibility

Covers employees, doctors, marketing executives and patients
Covers 80% of Company's functions
Methodical and measurable outcomes
Enhances productivity and transparency
User-friendly

07 Service

Smart phone-compatible
All information on one uniform page
Uniform set of information available
Accelerates speed of responsiveness
Under-delivery mapped immediately
Extends to post-discharge support

08 Enhance integrity

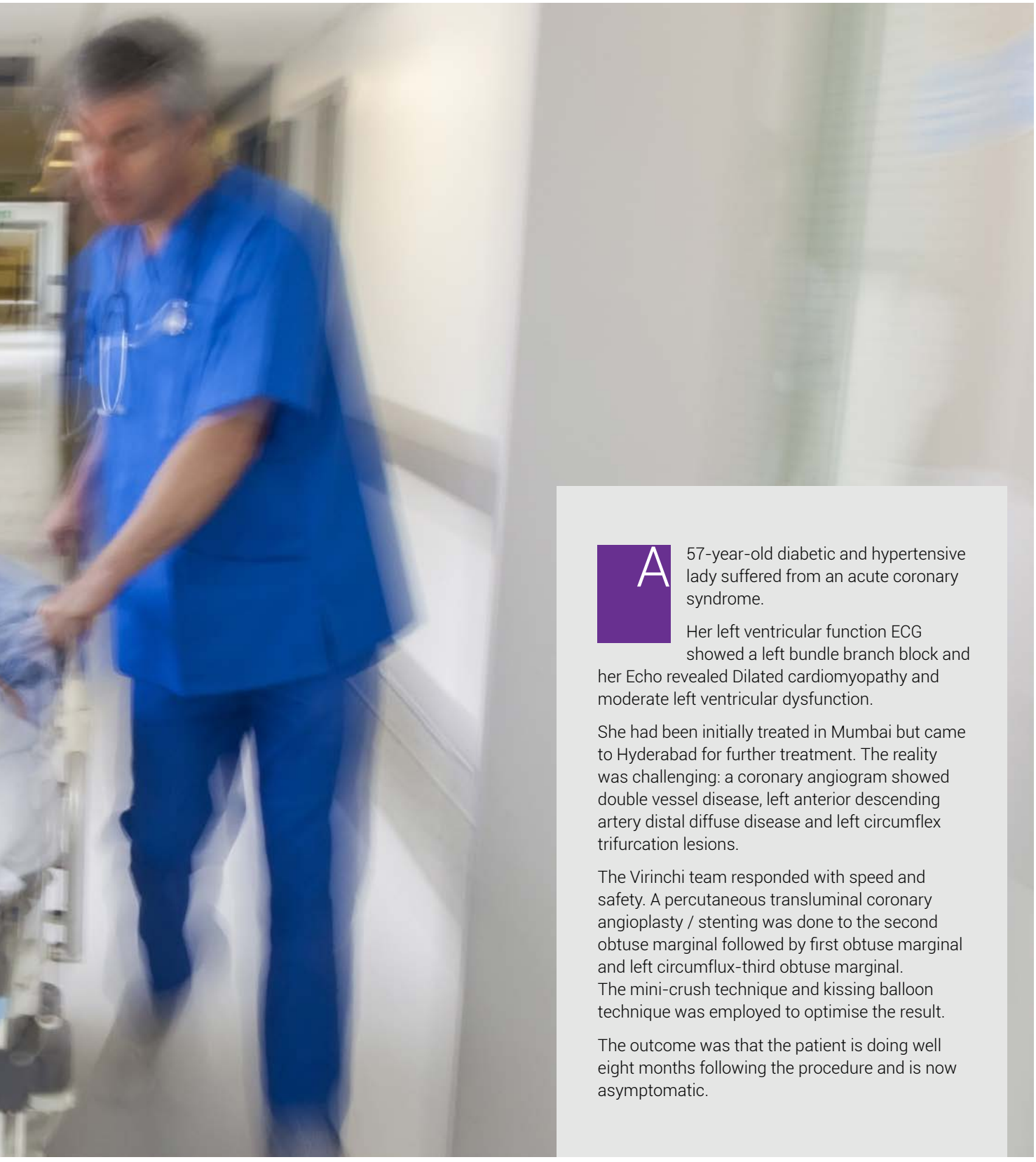
Use of consumables audited and tracked
Enhanced systemic integrity
Completely fair billing to patients
Tamper-proof system
Increased stakeholder buy-in

OUTCOMES

Optimal inventory > Superior nursing care > Greater billing compliance >
Anytime anywhere doctor access > Credible referral and marketing system >
Functionality at the touch of a finger > Informed decision-making > Greater systemic faith

How a complex procedure translated into patient recovery





A 57-year-old diabetic and hypertensive lady suffered from an acute coronary syndrome.

Her left ventricular function ECG showed a left bundle branch block and her Echo revealed Dilated cardiomyopathy and moderate left ventricular dysfunction.

She had been initially treated in Mumbai but came to Hyderabad for further treatment. The reality was challenging: a coronary angiogram showed double vessel disease, left anterior descending artery distal diffuse disease and left circumflex trifurcation lesions.

The Virinchi team responded with speed and safety. A percutaneous transluminal coronary angioplasty / stenting was done to the second obtuse marginal followed by first obtuse marginal and left circumflux-third obtuse marginal.
The mini-crush technique and kissing balloon technique was employed to optimise the result.

The outcome was that the patient is doing well eight months following the procedure and is now asymptomatic.

How Virinchi created a robust and diversified business model

Elements of our approach

We remained opportunity-responsive and sector-agnostic

We extended the learning from one business to launch new ones

We extended our rich experience of providing fintech solutions in USA for customers who interface with millions of consumers

We leveraged this insight to the Indian environment to launch B2C businesses.

We entered large under-penetrated spaces (health care and fintech in India) where the use of data could make a visible difference

We strengthened machine learning; we intend to graduate towards machine thinking

We possess capabilities to extend into a number of under-penetrated spaces, widening our business complement

Growing from one business to four

IT products (Q-Fund)

2002: Entered this business

Rationale: Responded to the need for information technology in the US alternative finance industry; the Company services the credit needs of sub-prime customers in the US.

IT services (K-Soft)

2006: Entered this business

Rationale: Addressed the growing needs to service the US market, which started outsourcing its IT solutions from the Company from the early 2000s.

Health care

2016: Launched a 350-bed facility in Hyderabad (enhanced to 400 beds in 2020)

Rationale: Responded to the need for technology-driven health care services

Data driven business

2019: Launched data-driven businesses (health care and fintech in India)

Rationale: Responded to digitalisation and data-driven technologies



Virinchi positioned to enhance value

Start-up mindset
Lateral growth over linear

Early bird
Embraced data science for informed clinical outcomes

Patient data
Analysis and prediction of client health



100% subsidiary
Virinchi Combinatorics & System Biology maps 95% un-addressed dimensions

Annuity revenues
Predictable revenues from one business deployed in building asset-intensive businesses

Small Balance Sheet
Business built around low debt and liquidity

Asset lightness
Leased Hyderabad health care facility 30 years

Nature of businesses

01 IT products (Q-Fund)

- Free cash flows
- Launched products; built volumes, client mix and geographies
- Invested proceeds in IT services and health care businesses

02 IT services (K-Soft)

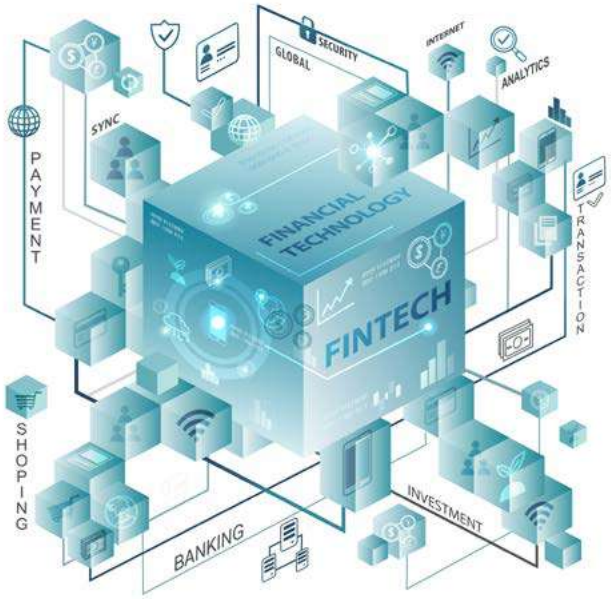
- Periodic annuity revenues from fintech services
- Invested in the health care services business
- Provided scale and opportunities for new technology development
- Bench strength allocated to new product development

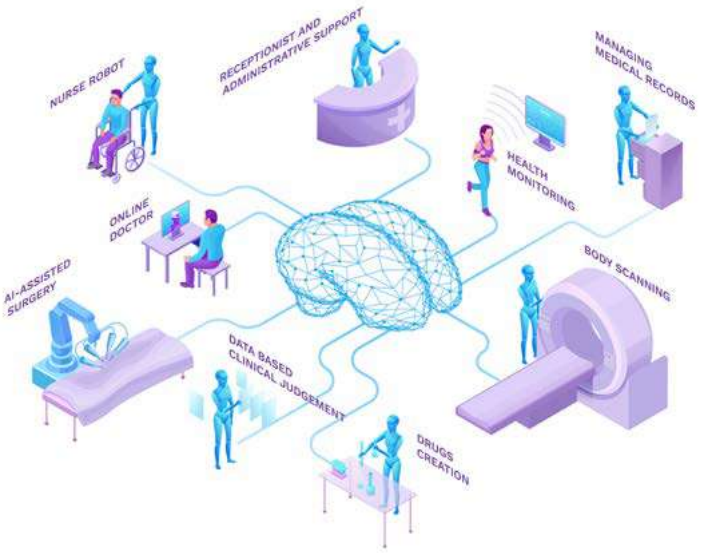
03 Health care delivery

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

04 Fintech business

- Large addressable market
- Globally unique proposition
- Deployment of data science insights





The key enablers of our value-addition



Innovative excellence

- Reinforced a culture of innovation leading to outperformance
- Invested in cutting-edge technologies
- Strengthened the flagship lending management system QFund
- Built machine learning underwriting tools for heuristics decision making



Cost management

- Strengthened cost management; invested in superior equipment, scale, integration and stronger trade terms
- Negotiated a decline in long-term debt cost from 12.50% to 12.00%



Consultant of choice

- Enhanced products quality and price-value proposition
- Deepened client engagements
- Worked with large QFund customers



People practices

- Facilitated personal and professional development
- Implemented superior talent appraisal system
- Enhanced people retention from 85% to 88%



Responsible citizenship

- Engaged in impactful CSR initiatives
- Conducted preventive health checks in villages, distributing medicines and other essentials to pregnant woman, children and the elderly
- Helped marginalised students through scholarships, providing lodging and boarding in schools and colleges; provided supplies for their education and uplift of school infrastructure with computers, desks and toilet construction
- Constructed wash room facilities to maintain villages in good hygienic conditions and sanitation
- Invested Rs. 0.45 crores in CSR (2019-20)



Competitiveness

- Strengthened projects pipeline
- Grew the healthcare business 14.6% in 2019-20
- Commissioned a brownfield asset-light hospital in 14 months
- Commissioning cost of Rs. 45 lakhs per bed (industry average Rs. 60 per bed).

How we expect to grow these businesses



Financial technologies

Vision: To build globally inclusive solutions

* Become global market leader in the lending management solution for the retail micro-credit industry (delivering ~5% of all short-term lending in USA)
• Process over 15 million short-term loans, including payday loans, to subprime customers
• Proprietary machine learning credit underwriting tools
• Downloadable credit card in India with leading banks and NBFCs.

Healthcare

Vision: To serve a billion patients

• Existing 800-bed facilities across 3 Hyderabad locations
* Grow to 5,000 beds in ten years
• Leading HIS/EMR solution with 100+ installs
• Healthcare ecosystem mobility solution
* Integrate technology and healthcare knowledge in third party hospitals
*Create a scalable asset-light healthcare delivery platform

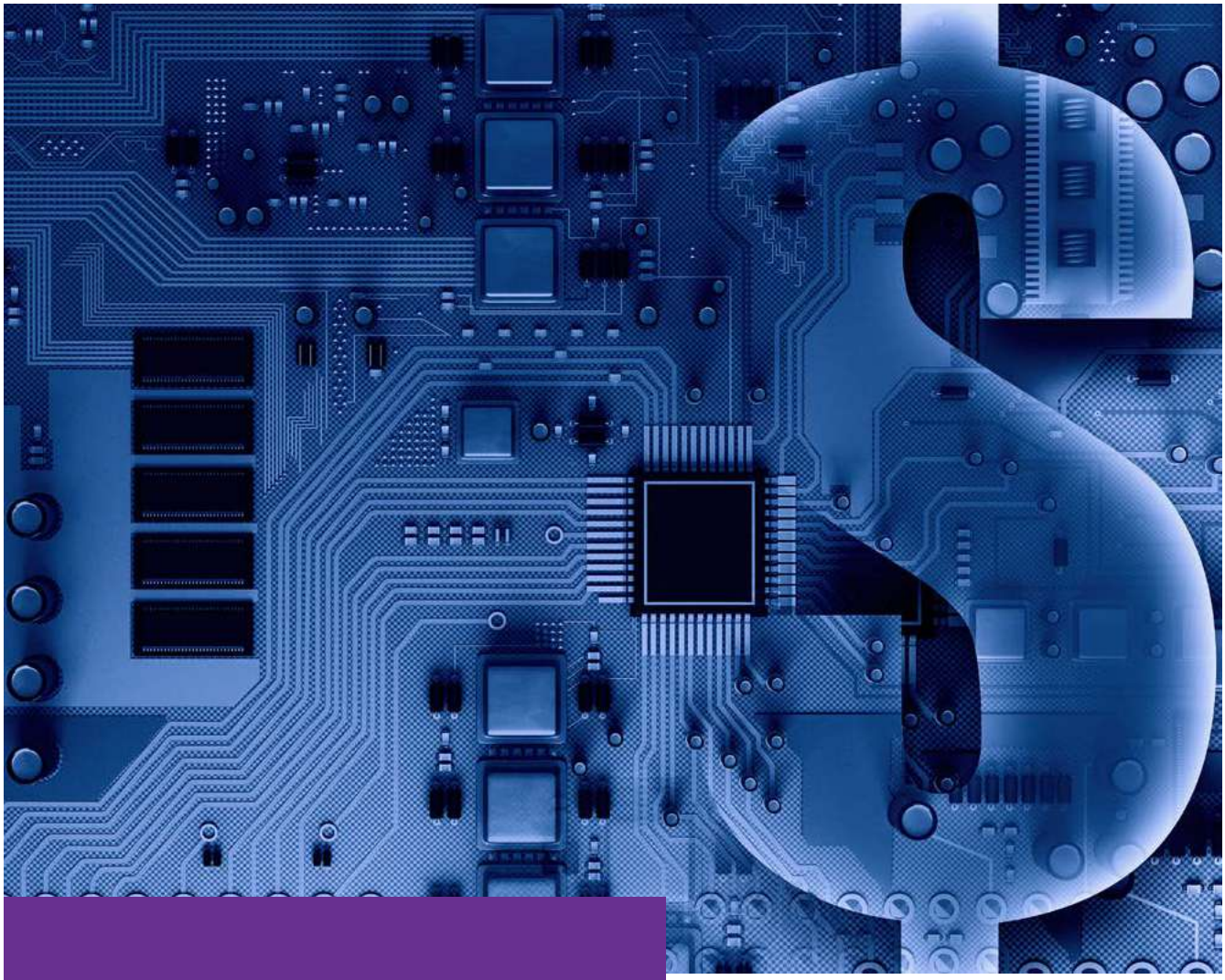




Fintech in India

Vision: To enhance India's financial inclusion

* To make unsecured credit accessible to the non-affluent
* Make responsible credit a way of life
* Leverage data science to build a mass-based business
* Engage a complement of specialised partners



Business vertical: **#01**

Our IT products and services business

214.49
Revenues (Rs. crores), 2019-20

-18.3
Revenue growth (%), 2019-20

56.0
Share of overall revenues (%), 2019-20

70.5
Product revenue as share of divisional revenues(%), 2019-20

29.5
Services revenue as share of divisional revenues(%), 2019-20

68.5
Division's EBIT as % of overall EBIT, 2019-20

Operational review

Our business:

QFund

Revenues: Rs. 151.22 crores, 2019-20

Revenue growth: -15.3%

Revenues as % of IT revenues: 70.5

Overview

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

Microfinance or sub-prime loans play a critical role in advanced and emerging markets. They provide loans to unemployed or low-income individuals or groups with no alternative access to financial services. These micro-loans to unbanked populations help them become self-sufficient.

The growth of this market is evident in the numbers: in 1981, US private debt was 123% of GDP (measure of the size of the economy); by the third quarter of 2008, it was 290%. In 1981, household debt was 48% of GDP; in 2007, it was 100%.

The sub-prime segment addressed the need to borrow and spend more, reflecting a culture of immediate gratification. Household debt grew from USD705 billion at year-end 1974, 60% of disposable personal income, to USD7.4 trillion at year-end 2000, and finally to USD14.5 trillion in midyear 2008, 134% of disposable personal income. During 2008, the typical USA household owned 13 credit cards, with 40% of households carrying a balance, up from 6% in 1970. U.S. home mortgage debt relative to GDP increased from an average of 46% during the 1990s to 73% during 2008, reaching USD10.5 trillion.

Today, there are about 23,000 sub-prime lenders—twice the number of McDonald's restaurants in the United States—across the country. While only about 6% of adult Americans have used payday lending in the past five years, the majority of those borrowers are 18 to 24 years old. With the cost of living outpacing inflation, quick loans that do not require a credit score can be an attractive tool to address personal financial gaps. According to a 2018 CNBC survey, nearly 40% of 18 to 21-year-olds and 51% of millennials have considered a sub-prime loan.

Virinchi's QFund product was adapted for online lending and store-front requirements. Over the years, the Company focused on marketing products to 'appropriately profitable customers' resulting in the prudent servicing of more than 15 million short-term loans, including payday loans to sub-prime customers serviced via QFund.

The result is that the Company works with 12 of 20 leading clients from this space with average engagement tenure of at least five years per customer. The result is that the Company has managed 25 million of 60 million US sub-prime customers.

Around 350 Virinchi employees are dedicated to the QFundTM business addressing the loan management segment of the alternative financing industry. The product enjoys an attractive margin and likely to generate sustained SaaS-based revenue growth.

The prospects of the QFund product appear to be optimistic, marked by an addressable new loan market of USD12 billion and a monthly processing throughput of ~450,000 loans.

QFund strengths

Versatility: Flexible product with configurability to adapt varied business models

Intelligent tool: Sophisticated mobility-enabled business intelligence dashboards.

Product footprint: Expanded product footprint across related consumer lending segments

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

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

Differentiation: Established sectoral presence with minimal competition

Competitiveness: Healthy margins, resulting in sizable contribution to the Company's profitability

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

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

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



Performance, 2019-20

• IT business revenues de-grew 15.3% to Rs. 151.22 crores as the one-time license fee inflow of the earlier year did not recur; when one considers revenues without one-time revenue spikes, revenues from this business would be close to the previous year

• Product business revenues grew -15.3% to Rs. 151.22 crores; services business revenues grew -24.8% to Rs. 63.27 crores.

• The Company engaged in deeper and more complex client engagements, marked by superior quality solutions and increased revenues

• The Company collaborated with regulators on the technical advocacy side

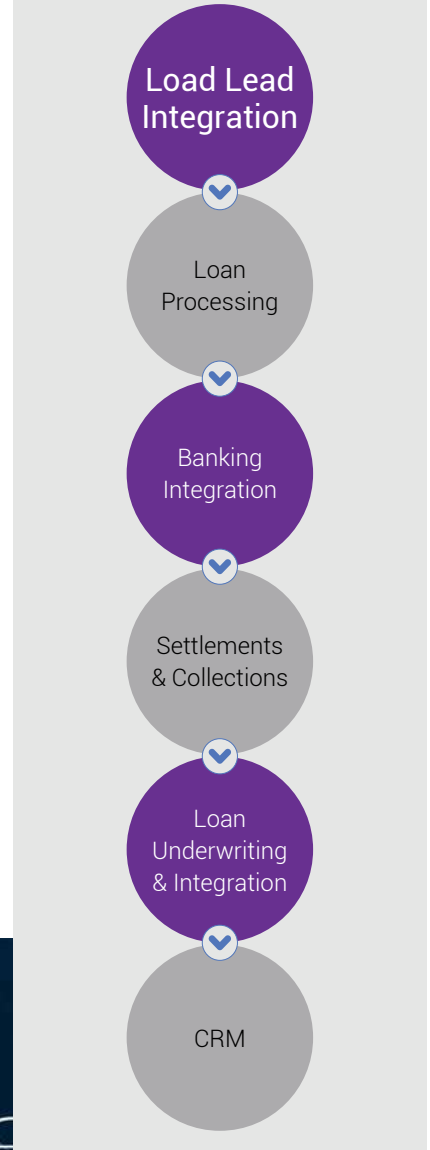
• The increased trust generated by the Company was reflected in 95% of its revenues being derived from clients of five years or more

• The mission-critical nature of the Company's engagement was reflected during the Covid-19 slowdown in the US, when microloans declined 40% but the Company generated month-on-month increase in revenues as corporate customers sought to trace early delinquency signals with speed

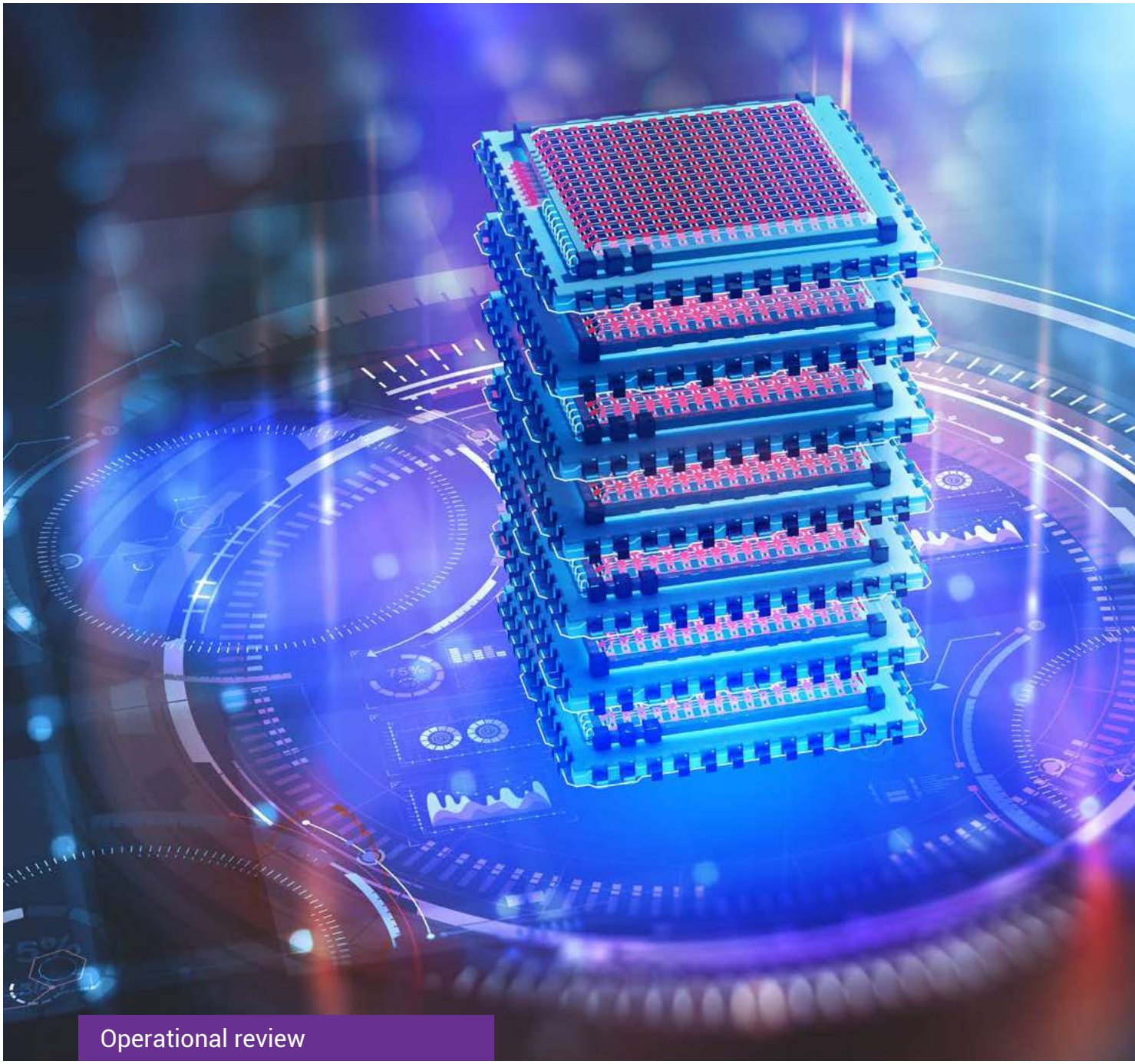
Outlook

The outlook for this business appears positive as loan seekers addressed by QFund's customers will seek to borrow small amounts in view of the ongoing liquidity squeeze. Besides, QFund's customers will seek to invest in analytics to arrive at a superior appraisal of prospective customers on the one hand and post-disbursal repayment capability on the other.

QFund coverage







Operational review

Our business

IT Services

Revenues: Rs. 63.27 crores, 2019-20
Revenue growth: -24.8%
Revenues as % of IT revenues: 29.5



Overview

A growth in digitalisation and decline in physical engagement has accelerated the growth of the fin-tech sector. An estimated one in three digitally active consumers use two or more fin-tech services on average.

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 50% revenues.

Strategy

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 insulated from commoditised competition.

Offshore-driven approach: The Company's competence is built around a greater focus on offshore services (over onsite); the Company's mobility and application development capabilities are sourced out of India

Conscious de-growth: As the Company gave up its onsite model, there was a planned reduction in revenues without a corresponding decline in profits, strengthening overall margins from this business

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

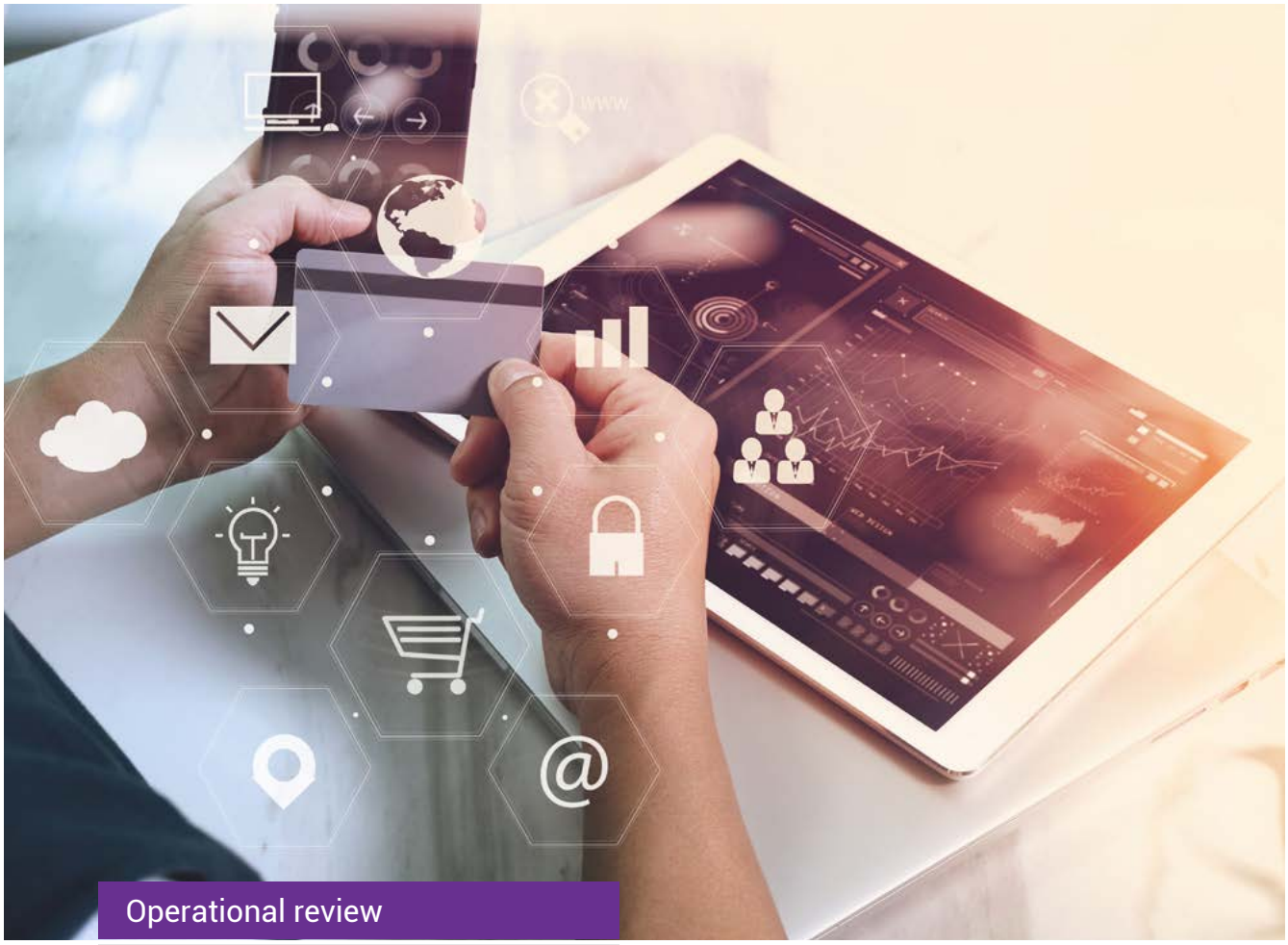
Performance, 2019-20

Revenues from this business declined 24.8%, while contribution to the corporate EBIT decreased from 24.7% to 17.0%

The Company's revenues from new engagements accounted for 10% share.

Our diversified client portfolio

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



Operational review

Our business

vCard

Overview

VCard is the result of Virinchi's insight into machine learning and mass fintech products. The result is India's first UPI-based credit card, a downloadable credit card that has until now been addressed only by large commercial banks and a completely indigenous card that represents a proud moment in the Make in India movement.

The Company's vCard is relevant: it intends to extend the credit card market from high net worth individuals to the self-employed who otherwise would have been compelled to borrow from unorganised high cost lenders. The result is that Virinchi's vCard is intended to enhance financial inclusion with an indigenised product.

The opportunity for VCard appears attractive: India's credit card penetration of 3% compares weakly with a 65% debit card penetration, indicating a large room to correct. (Source: ICICI Direct, February 2020)

Strengths

Experience: Virinchi has engaged in growing its fintech IT products business for long. The Company's machine learning expertise has comprised the processing of accounts of more than 28 million customers in USA across more than 200 parameters, indicating how customer data can be used to ascertain credit worthiness.

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 complement is manifested in 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 Rs. 30, 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 zero cost.

Performance, 2019-20

The Company launched VCard on 2nd October 2019

The Company received 200,000 applications for the card; in an experimental launch 2000 cards were allotted

The Company used this soft launch to analyse the credit patterns of card holders and draw inferences

The Company did not notice any major delinquency during the financial year, the economic slowdown notwithstanding

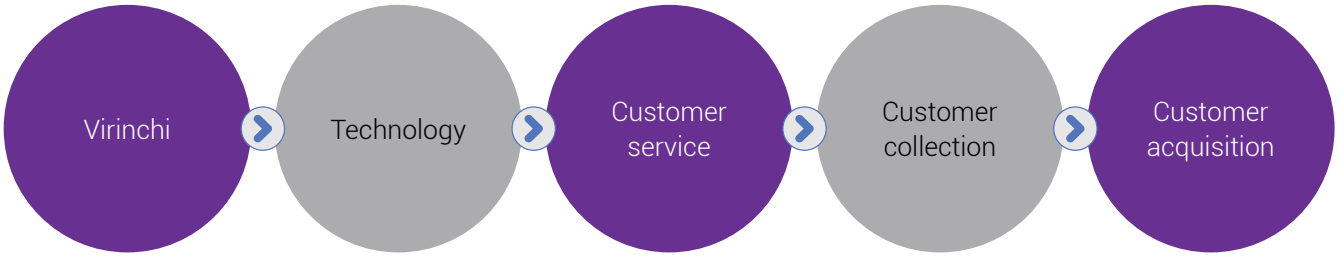
The Company passed three successful reviews by the regulator, validating its systemic robustness

The Company modified its product as per customer feedback

Outlook

The Company is poised to scale its vCard business from the second half of 2020-21.

The Virinchi eco-system



What makes vCard special

Instant credit activation	Risk-based credit pricing	Small ticket credit limits	Alternate credit metrics
Merchant-independent	Bank & NBFC aggregation	Omni-channel payments	Understanding of machine learning tools
Aadhaar-based eKYC	Instant bank account analysis	Existing healthcare network	

The strengthening eco-system for our vCards business

1517.83
Million, number of smartphones sold in 2019

1.25
Billion number of Aadhar card holders

[960]
Million, number of bank accounts with KYC

52
Million, credit cards users

350
Million, PayTM accounts

1.15
Billion, UPI-BHIM payments

843
Million, Number of debit cards in 2019

The vast opportunity

3%
of Indian credit card penetration

65%
of debt card penetration in India



Qualitative drivers of our vCard business

- Small merchants accept digital payment modes with GST
- eSignature accepted by RBI
- Digilocker for all government documents
- Aadhaar-linked KYC and bank accounts
- Digital bank statement analysis
- Stronger credit bureau reporting



Business vertical: #02

Our Health care business

162.09
Revenues (Rs. crores), 2019-20

14.6
Revenue growth (%), 2019-20

42.3
Healthcare revenues as % of Company's revenues, 2019-20 (%)

28.4
Healthcare EBIT as share of Company's EBIT, 2019-20 (%)

Overview

Virinchi acquired Asclepius Consulting, a leading Indian healthcare technology firm, and extended into the business of health care in Hyderabad in 2013.

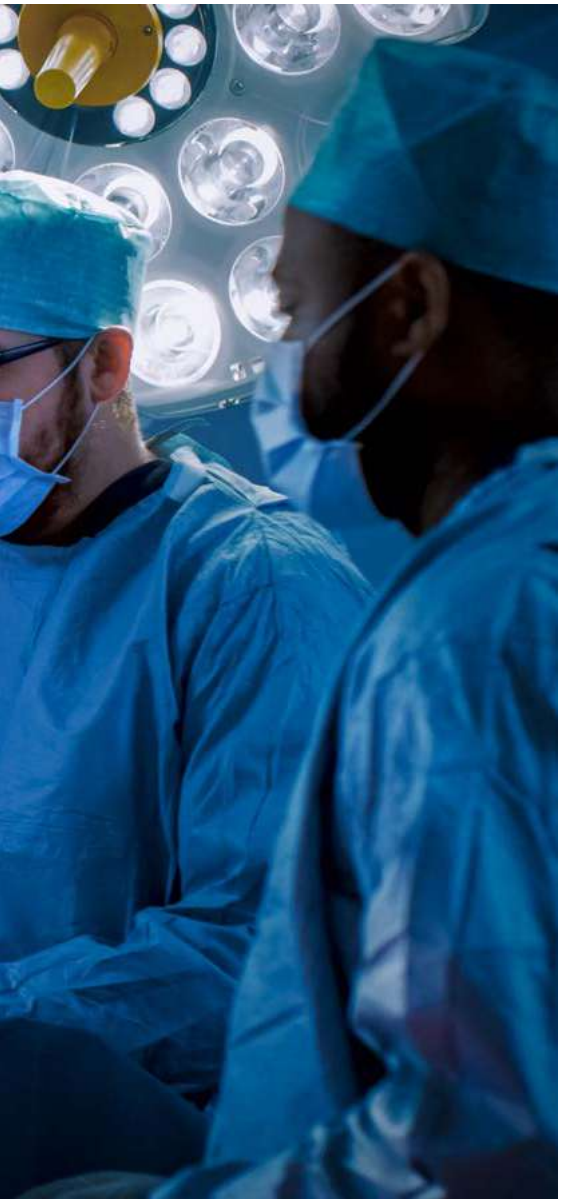
There was a rationale for the Company's presence in this space: an extensive under-investment in the country (3 beds per 1000 of the population as against a requirement of 12 beds for every 1000 people), growing need for specialised health care, deeper insurance coverage and enhanced patient awareness. 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 through the following initiatives: mobility-backed business processes; the ability to replicate and scale superior patient experiences; building 'the widest healthcare mobility ecosystem'; providing free Cloud-based clinic management, lab management and hospital information system; asset-light physical hospital infrastructure making it possible for the Company to scale the number of 800 beds with speed if required; create quality transaction data and electronic medical records; develop machine learning-based predictive tools to build a data-backed healthcare analytics vertical; engage with Government departments to offer free Mobility Network Services.



Virinchi Hospitals

The Company launched a showpiece flagship health care facility in Hyderabad (Banjara Hills) comprising 350 beds in November 2016. This state-of-the-art facility compared with the best standards 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 FY2019, within 30 months of commission. 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.'



Differentiators

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.

Most health care facilities are commercial establishments with a health care focus; Virinchi created a quasi-university model where the primary interplay of knowledge - aggregation and dissemination - would be complemented by commercial health care delivery; its commitment to Right to Science in therapy makes it possible to advance diagnosis and therapy, offer stem cell-based therapies, organ regeneration, adoptive immune therapies, nanotechnology for disease detection, drug delivery and cell/tissue corrections among others

Most health care facilities focus on people capabilities (surgeons and support professionals); Virinchi selected to focus on the balanced complement of people and machine learning.

Most health care facilities work with local capabilities; Virinchi created a facility that would aggregate global best practices.

Most health care facilities work as knowledge silos where the competence of some professionals is contained within; Virinchi created an organisational architecture enriched by knowledge and experience-sharing.

Most health care facilities remunerate doctors through a commission or pre-agreed share of the patient's billing; Virinchi remunerates doctors around a fixed fee model, inspiring impartial decisions in the patient's interest while a dedicated sales team manages patient acquisitions.

Most health care facilities access select technologies; 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

Most health care facilities share little or no information with patients; Virinchi's forward-looking culture shared patient health, enhancing their trust.

The outcome of our differentiated knowledge-intensive approach is that a Virinchi doctor with a moderate tenure arrives at the same conclusion as a doctor with a 25-year doctor track record, enhancing effectiveness.

Strengths

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

The Company comprises a base of 400,000 patients, strategic 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.

This proactive investment translated into the following upsides: Patient cohort identification and monitoring; phenotypes for targeted medication; PHM with community/government agencies; quality data for clinical research and integrated analytics delivery on sophisticated mobility environment.

During the last couple of years, Virinchi transferred Bristlecone (comprising a 60-bed Unit in Barkatpura and 140 bed unit in Hayathnagar in Hyderabad to Virinchi Healthcare Private Limited through a slump sale), strengthening its focus on the showpiece 400-bed health care facility in Banjara Hills.

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

Performance, 2019-20

- The business generated revenues of Rs. 162.09 crores (Rs. 141.43 crores in the previous year)
- Revenues from this business accounted for 42.3% of the Company's revenues (34.4% in the previous year)

Outlook

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

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

Going forward, the flagship hospital is expected to improve on its occupancy and ARPOB to generate higher revenues.



What some of our patients told us before being discharged

"My doctor Jaychandra is very very excellent"

- Salauddin

"Excellent hospitality by doctors and staff."

- Vasudeva Rao Tanniru

"Best hospital and clean"

- Abdul Rasheed

"Very very good. Excellent."

- Syed Habeeb Ahmed

"Good services"

- Laiq Tahseen

"Good doctor and reception people are good."

- Mahesh Kabra

"Good coordination."

- Khatija Bee

"Good doctor and reception people are good giving good response."

- Mushtaq Hussain

"Superr."

- Ishrath Ansari

"Admitted my father with CKD. Dr.Ratan Jah and Dr.Rakesh are best doctors I have seen till date. Have been to many private hospitals for my dad's health issues but Virinchi has best doctors with best treatment."

- Satyanarayana P

Life-and-death chess battle with Covid

This article appeared in The Telegraph newspaper, Kolkata, and mentions the cutting-edge health care services provided by Virinchi Hospitals

New Delhi: Critical-care specialist Srinivas Samavedam is engaged in what he calls a life-or-death "chess battle" with Covid-19, monitoring every move the coronavirus makes tp plan timely countermoves.

Each time Samavedam or his colleagues at **Hyderabad's Virinchi** or their peers across India treating severe Covid-19 cases get their counter-strikes right, a patient goes home.

We're winning more now that we were three months ago" said Samavedam, general secretary of the Indian Society for Critical Care Medicine, a professional body.

India has recorded a steady fall in its Covid-19 case fatality rate (CFR)- the proportion of deaths among lab-confirmed patients-from 3.33% in June to 2.57% in mid-July and 1.93% on August 16.

The 1.4 percentage point fall in the CFR would translate into more than 870 deaths averted daily or over 6000 patients saved weekly based on India's average of 62,382 new cases per day for the week ending August 15.

India's health ministry too has reported a fall in ventilator use, doctors say, are outcomes of the rising counts of lab-confirmed cases through improvements in how the patients are being treated.

"Treatment strategies have changed. We're still learning but we're more confident about what we should do and what works now than three months ago," said Anjan Trikha, professor of critical-care medicine and head of Covid-19 management at all India Institute of Medical Sciences, New Delhi.

"We now use non-invasive oxygen delivery strategies more often that earlier and the (invasive_ ventilators only when non-invasive methods fail." Health ministry officials have attributed the fall in CFR to early diagnosis and effective treatment under the standard guidelines made available to the doctors nationwide. Doctors from AIIMS too offer online guidance twice weekly to their peers across the country.

"We now see oxygen as a drug," said Yogiraj Ray, a senior consultant in charge of the Covid-19 critical care ward at the Infectious Diseases Hospital, Calcutta. "We take into account the dose, the delivery mode and target the oxygen levels we want in the patient." Early reports from China and Italy had prompted doctors worldwide to offer invasive ventilation to most Covid-19 patients with severe oxygen deprivation. Although non-invasive oxygen delivery was an option, doctors often chose to put their patients on ventilator- which requires incubating them -out of fear that patients receive non-invasive oxygen might generate aerosols and endanger hospital staff.

"Over time, with experience, when some patients rejected the ventilation option, we realised this was unfounded fear," said a senior doctor at a private hospital. Doctors believed that the lower ventilation rates will reduce deaths.

Ventilation—an invasive process in which oxygen is pumped through a tube inserted into the throat- carries health risks. Doctors have unlined that the average mortality among patients put on ventilator for other causes of pneumonia is between 35 and 45%. "I have 34 Covid-19 patients who need oxygen now; 14 are on non-invasive ventilation, 6 are on high flow oxygen," Samavedam said on Sunday. "Three months ago, all 34 would be on invasive ventilation."

Falls in death rates and in ventilator use have been observed in other countries too. In the UK, for instance, deaths among Covid-19 patients in hospitals fell from 6% in early April to 1.5% in mid-June.

During the early weeks of pandemic, doctor viewed severe Covid-19 primarily severe pneumonia with acute respiratory distress syndrome (ARDS)- caused also by myriad other microbes, including H1N1 influenza virus.

"We now know that Covid-19 is not classical ARDS," said Sumit Ray, head of critical care medicine at the Holy Family Hospital, New Delhi. "The infection may also lead to small clots in blood vessels and other complications. We need to look out for signals of such complications as early as possible."

Ray added: "As we learn more about a new infection, survival rates improve." He underlined that mortality among patients with severe H1N1 was 60% when the infection first emerged. "But by the second season mortality had dropped to 40-45%, which is typical for all viral ARDS," he said.

Doctors say that a Covid-19 patient's survival hinges on other factors, the physicians ability to quickly recognise how the infection is affecting the patients physiology and respond with timely interventions.

"It's like a chess battle--- we have to keep an eye on what the virus is doing," Samavedam said. Daily blood tests allow the doctors to look out for specific biochemical markers or signatures of trouble. If levels of a marker called D-dimer--associated with the risk of blood clottingincreases, the doctor gives the patient an anti-clotting drug. If a marker called interleukin-6----associated with an inflammatory condition called a cytokine storm-increases, the doctor introduces cytokine-storm drugs. When a marker linked to viral proliferation increases, the doctor administers an anti-viral. "We calibrate treatment according to the behaviour of the virus," Samavedam said.

But doctors say it would be a mistake to infer that the reduced need for ventilators means that Covid-19 patients do not require invasive ventilation at all. "The challenge is to identify early patients who need ventilation and offer it in time," said Shikha Panwar, a critical-care medicine specialist at the Sarvodaya Hospital, Faridabad.

"Most of the critically ill patients recover after non-invasive ventilation or high-flow oxygen. But a small percentage of such patients can't maintain their oxygen levels through non-invasive oxygen. Denying ventilators to such patients is not justified." Panwar recalled a 55-year old patient who she believed needed invasive ventilation. "But he refused and kept on demanding high-flow oxygen. He survived but his lungs are fibrosed and he still needs extra oxygen a month after discharge," she said.

Timely invasive ventilation can be crucial, doctors have emphasised amid concern that some patients or their families have been refusing invasive ventilation because of its risks. "A small subset of Covid-19 patients will need invasive ventilation," said Ray at the Holy Family Hospital. "The ventilator settings in Covid-19 are slightly different. We've learnt that over time."

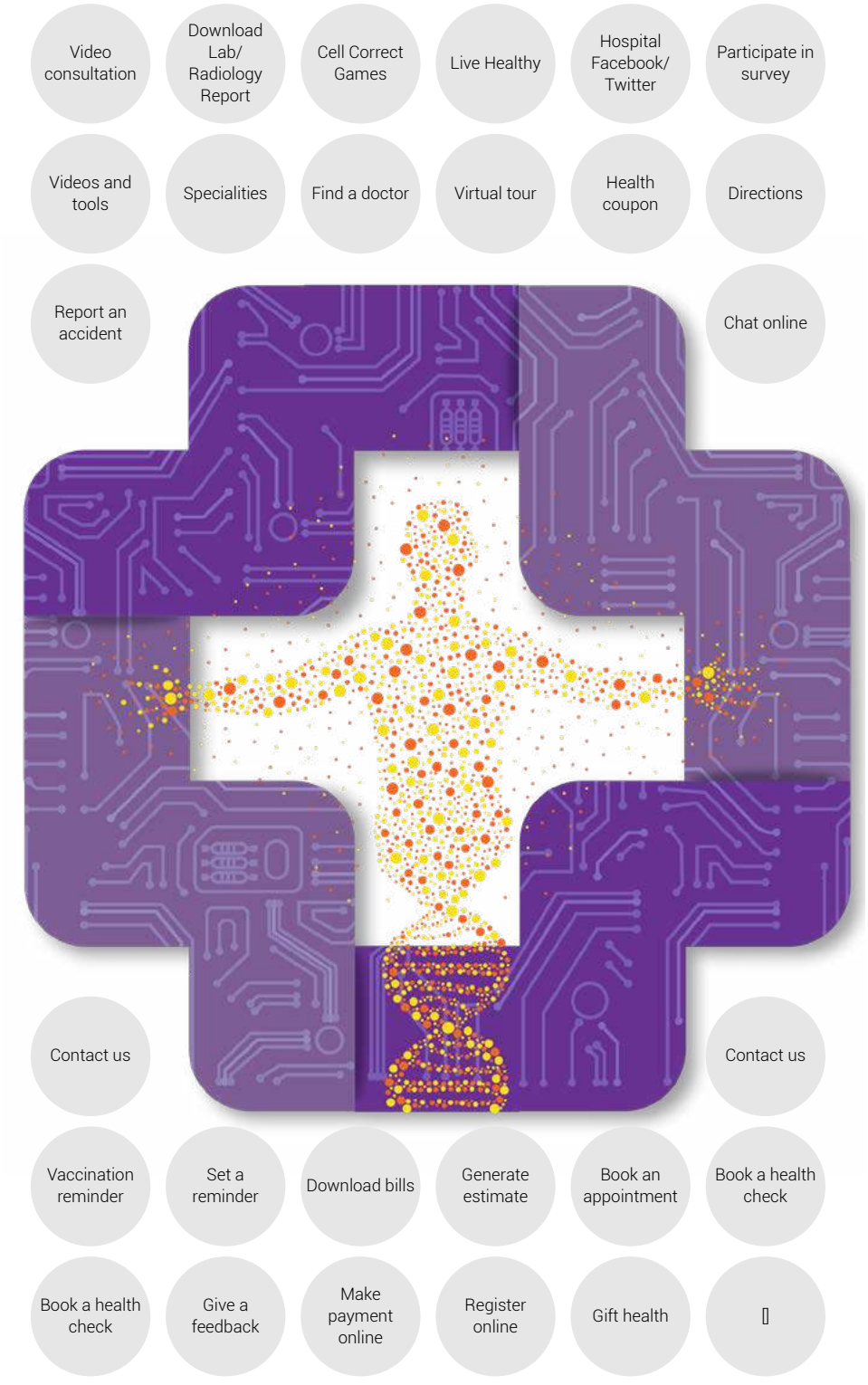
In one hospital, a 36-year old patient in a critical condition refused ventilation for six days, insisting on non-invasive oxygen delivery. "Finally, we incubated him after the six-day delay but he died six days after intubation," the patient's treating doctor said, "We had lost time."

The health ministry on Sunday recorded 63,490 new Covid-19 cases, which raised the total number of lab-confirmed cases above 2.58 million, of whom 677,444 patients are under medical supervision, over 1.86 million have recovered and 49,980 have died.

Source: The Telegraph, Kolkata, 17 August 2020

Health Care Ecosystem
v23 aggregator for health service providers

How we have integrated IT with healthcare delivery





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

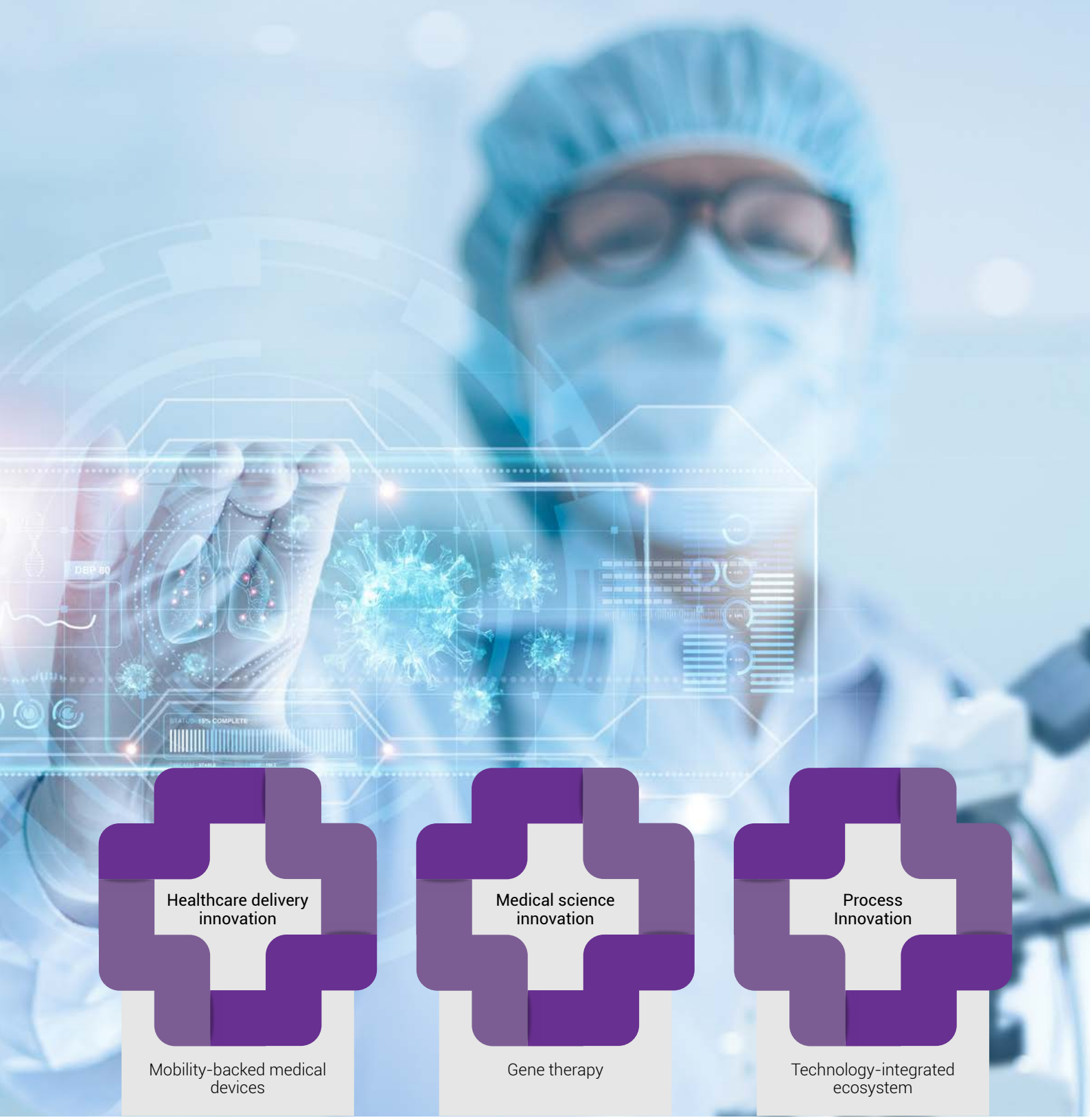
Focused on the use of cutting-edge innovation

- 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

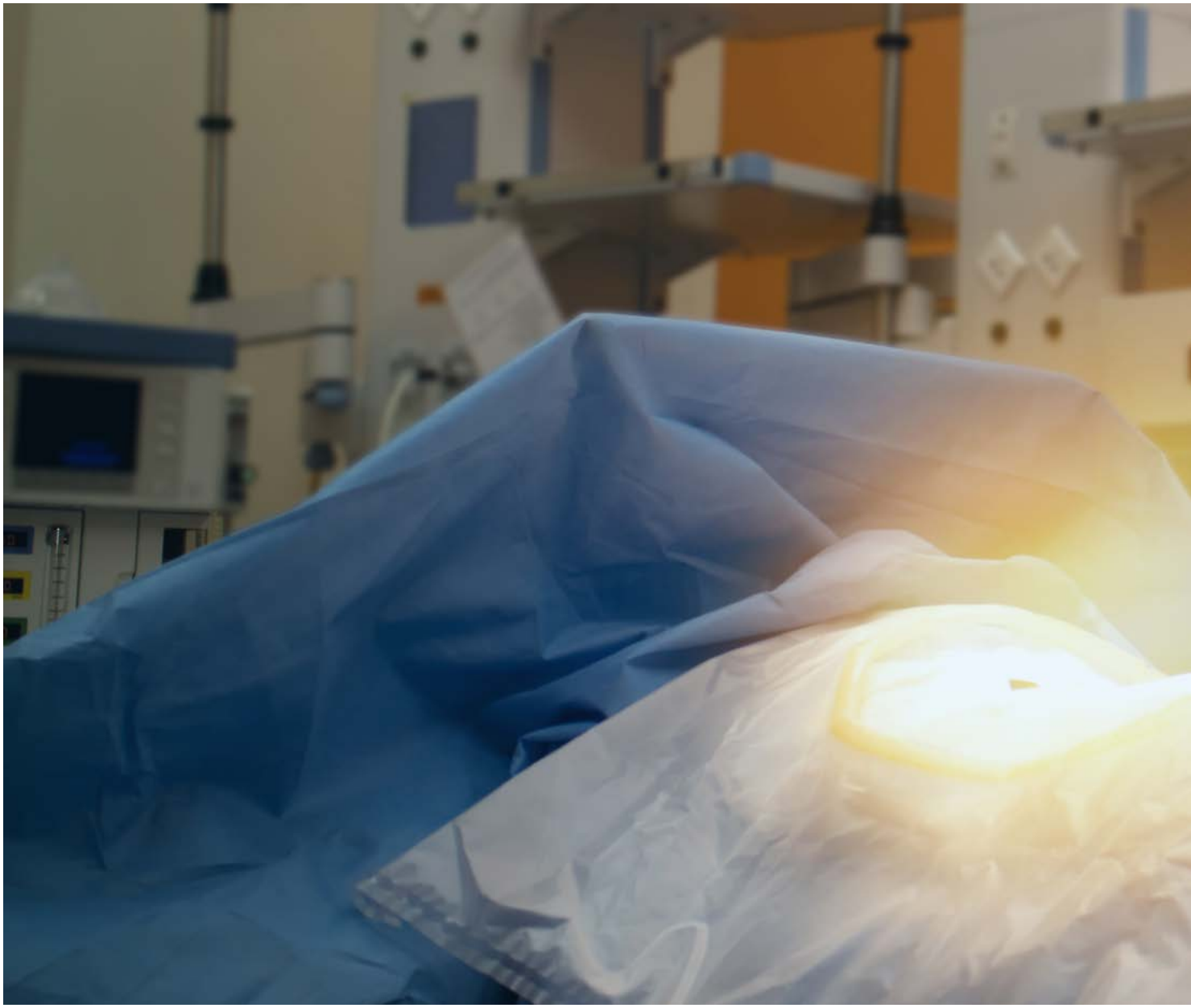
- Clinical trial drug availability
- Stem cell growth
- Regenerative medicine
- Xenograft/GEMM models for in-vivo study
- Genomics-based preventive care

Process Innovation

Technology-integrated ecosystem

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

The Company's health care profile





Departments	Capabilities	Professionals employed	Experience profile	Qualifications/knowledge capabilities
38	Each surgical and medical can handle complex cases	120 full-time and 130 FFS (fee for service)	Department heads – average experience of 15-20 years	Drawn from premier institutions (AIIMS, PGIMER Chandigarh, CMC Vellore, NIMS Hyderabad etc.)
			Other consultants 10-15 years	Most department heads and consultants possessing post graduate degrees (USA, UK and Australia)
			Junior doctors 3-5 years	Doctors with exposure to protocol-driven medicine; experienced in Indian healthcare delivery pressures



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



RPA in the health care sector

140
US Million, size of RPA market in health care, 2019

1416
US Million, size of RPA market in health care, 2019

Artificial Intelligence in health care

1.4
US billion, global artificial intelligence market in health care sector, 2018

17.8
US billion, global artificial intelligence market estimate in health care sector, 2025

Cloud in healthcare

20.2
USD billion, size of the global healthcare cloud computing market, 2017

35
USD billion, size of the global healthcare cloud computing market, 2022

Telemedicine

1
Million, number of tele-health patients, 2015

7
Million, number of tele-health patients, 2015

IoMT

147.1
US billion, the global Internet of Things market in healthcare, 2018

19.9
% CAGR across next few years

87
Per cent of global healthcare organisations who will adopt IoT services by 2019

Management Discussion and Analysis



Global economic overview

The global economy grew 2.9% in 2019 compared to 3.6% in 2018. This sharp decline was precipitated by an increase in global trade disputes that affected the cross-border movement of products and services, a slowdown in the global manufacturing sector, weak growth coming out of some of the largest global economies and the impact of Brexit. The result was that global trade grew a mere 0.9% in 2019, pulling down the overall economic growth average.

United States: The country's Gross Domestic Product grew by 2.3% in 2019 compared to 2.9% in 2018-19 as a result of a decline in business investments and the ongoing trade war with China.

China: The country's Gross Domestic Product grew by 6.1% in 2019 compared to 6.7% in 2018 as a result of the trade war with the United States, overcapacity in some industries, corporate sector indebtedness and a shrinking room for monetary and fiscal policies.

United Kingdom: The country's Gross Domestic Product grew by 1.4% in 2019 compared to 1.3% in 2018.

Japan: The country's Gross Domestic Product grew by 2.0% in 2019 compared to 2.4% in 2018.

The Great Lockdown, as a result of the pandemic Covid-19, is projected to shrink the global growth significantly starting from the calendar year 2020.

(Source: World Economic Outlook, April 2020, CNN, Economic Times, trading economics, Statista, CNBC)



Indian economic review

India emerged as the fifth-largest world economy in 2019 with a gross domestic product (GDP) of USD2.94 trillion. India jumped 14 places to 63 in the 2020 World Bank's Ease of Doing Business ranking.

There was a decline in consumer spending that affected India's GDP growth during the year under review. India's growth for FY2019-20 was estimated at 4.2% compared with 6.1% in the previous year. Manufacturing growth was seen at 2%, a 15-year low as against 6.9% growth in FY19.

Y-o-Y growth of the Indian economy

	FY17	FY18	FY19	FY20
Real GDP growth (%)	8.3	7	6.1	4.2

Growth of the Indian economy, 2019-20

	Q1, FY20	Q2, FY20	Q3 FY20	Q4,FY20
Real GDP growth (%)	5.2	4.4	4.1	3.1

(Source: Economic Times, CSO, Economic Survey, IMF, EIU)

A sharp slowdown in economic growth and a surge in inflation weighed on the country's currency rate; the Indian rupee emerged as one of the worst performers among Asian peers, marked by a depreciation of nearly 2% since January 2019. Retail inflation climbed to a six-year high of 7.35% in December 2019.

During the last week of the financial year under review, the national lockdown affected freight traffic, consumer offtake and a range of economic activities.

Key government initiatives, 2019-20

National infrastructure pipeline: To achieve a GDP of USD 5 trillion by 2025, the government announced a National Infrastructure Policy entailing an investment of Rs. 102 trillion in five years.

Corporate tax relief: The government moderated the corporate tax rate to 22% from 25%; it announced a new tax rate of 15% for new domestic manufacturing companies, strengthening the Make-in-India initiative. The new effective CIT would be 25.17%, inclusive of a new lower surcharge of 10% and cess of 4%. India's CIT is now closer to the global average statutory CIT of 23.03%.

Outlook

Various forecasts have estimated a sharp de-growth in the Indian economy for the current financial year, the first such instance of a de-growth in decades.

Global growth over the years

	World output	Advanced economies	Developing and emerging
2015	3.5	2.3	4.3
2016	3.4	1.7	4.6
2017	3.9	2.5	4.8
2018	3.6	2.2	4.5
2019	2.9	1.7	3.7

(Source: IMF)

Global IT industry overview

Global IT spending was estimated at USD3.7 trillion in 2019, an increase of 0.4% from 2018. Global IT spending is expected to rebound in 2020 to reach USD 5.2 trillion due to increased enterprise software spending. The United States is the largest tech market in the world, representing 32% of the global market and is expected to reach a market value of USD1.7 trillion in 2020. However, the majority of technology spending (68%) occurs beyond the US border. Western Europe remained a significant contributor, accounting for approximately one of every five technology dollars spent worldwide. China also established itself as a major player in the global tech market. Emerging technologies currently account for only 17% of the overall global revenue.

The growth of the Asia Pacific tech market is projected to decline by 4% in 2020.China was estimated to have spent USD256 billion on tech goods and services in 2019, cementing its position as the region's largest tech market, while India is the fastest-growing. Japan stood second with USD198 billion in tech spending, followed by India with tech spending of ~ USD70 billion. China and Japan dominate the Asia-Pacific tech market with about a 60% combined share.

The coronavirus pandemic would lead to global slowdown. While the actual impact of COVID-19 on market will be evident by middle of 2020, a slowdown is expected in terms of discretionary IT spending, contract renewals and new deals. Existing project executions would also be impacted due to travel restrictions in some places. (Source: Comptia, Gartner, forrester.com)

Global IT spending (in USD billions)

Segments	2017	2018	2019
Data centre systems	181	192	205
Enterprise software	369	405	457
Devices	665	689	675
IT devices	931	987	1031
Communications services	1392	1425	1364
Overall IT	3539	3699	3732

(Source: Gartner)

Short-term retail lending and consumer lending in the USA

Short term retail lending in the US increased significantly in 2019. The average FICO score in the United States stood at 703 in 2019. Currently, 59% of Americans have a FICO score of 700 or higher. The average mortgage balance for Americans reached USD203,296 in 2019, an increase of 2% from 2018. In 2019, mortgage debt in the US reached at an all-time high of USD9.6 trillion. Consumer debt grew by 19% since the Great Recession in 2009 to reach USD14.1 trillion in 2019.

Auto loans: The average auto loan balance for Americans was USD16,259 in 2019, an increase of 2% from 2018. Overall, 30% of Americans availed an auto loan in 2019. The total outstanding car loan balances in the US amounted to USD1.3 trillion in 2019. The average auto loan balance for Americans reached USD19,231in 2019.

Payday loans: The Federal lawmakers aim to reduce payday loan rates from 400% interest to 36%. However, 12 million Americans take a payday loan every year, the majority of those borrowers are 18 to 24 years old, with the cost of living outpacing inflation, quick loans that do not require a credit score could be an enticing tool to fill personal financial gaps, especially for young people. According to a 2018 CNBC survey, nearly 40% of age group 18 to 21-years and 51% of millennials considered a payday loan.

Instalment loans: Instalment loans range between USD500 to USD2,000. The total US outstanding balances originated through POS instalment lending solutions was estimated at USD110 billion in 2019. The online instalment loans grew by ~ 643% in 2018 since 2014. Almost 60% of loans range between USD500 to USD2000 in 2018, compared to 43% of all loans in 2014. About 45% of online instalment borrowers in 2018 reported annual income over USD40,000 and 15% with annual incomes between USD50,000 and USD60,000, and around 13% with incomes above USD60,000.

(Source: experian.com, CNBC, Forbes, MC Kinsey, lending times, Bloomberg)

Virinchi's service offering

The Company is a global leader in providing IT solutions to the retail micro lending in the USA. The Company manages turnkey projects by building, managing and supporting IT systems across infrastructure, application and business process verticals. The Company's three state-of-the-art multispecialty hospitals deliver advanced medical care by leveraging sophisticated IT and mobility based systems.

Indian healthcare industry overview

Indian healthcare sector is expected to record a threefold rise and reach a value of USD 372 billion, growing at CAGR of 22% between 2016-2022. Indian hospital industry accounting for 80% of the total healthcare market, was pegged at USD61.79 billion in 2017 and is expected to increase at a CAGR of 16-17% to reach USD132.84 billion by 2022. In 2017, the Indian healthcare sector was the fourth-largest employer, employing 319,780 people and is expected to generate 40 million jobs in India by the end of 2020. 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 is the only country with largest number of US-FDA compliant Pharma plants (more than 262 including APIs) outside of USA and more than 1400 WHO-GMP approved Pharma Plants, 253 European Directorate of Quality Medicines (EDQM) approved plants with modern state-of-the-art technology. The government aims to increase public expenditure on healthcare from 1.1% to 2.5% of the GDP in the next four years and to 5% in the following 5 years. More than 70% of the bed capacity expansion in the last decade has been contributed by private sector. It is estimated that India will require 2.07 million more doctors by 2030 to achieve a doctor-to-population ratio of 1:1000. Distribution of healthcare spending between public and private in India is split 30:70 as against China's 56:44, Brazil's 46:54 and Europe's 78:22.

Single specialty hospital and clinics are growing rapidly in India and this is expected to change the scenario of the underpenetrated healthcare sector. Growing incidence of lifestyle diseases, rising demand of affordable healthcare delivery systems due to the increasing healthcare costs, technological advancements, the emergence of telemedicine, rapid health insurance penetration and government initiatives such as e-health together, coupled with the tax benefits and incentives are driving the healthcare market in India.

The healthcare sector is at the epicentre of the unprecedented global pandemic challenge, and the private sector has risen to the occasion by offering the government all the support it needs for the treatment of Covid-19 positive patients or deploying equipment and staff in identified nodal hospitals. The COVID-19 pandemic has brought a sense of urgency to improve the healthcare infrastructure in India.

To recover from the impact of coronavirus outbreak, India is required to raise its supply to 8.5 hospital beds and 8 physicians per 10,000 people, to meet the standards of Japan and South Korea - over 100 beds per 10,000 people. For this, a specially designed fiscal stimulus could be funnelled into public health and policy bottlenecks removed so that the sector becomes a catalyst of GDP growth. Subsidised loans, earmarked land, single-window approvals and tax holidays, among others, could be used for making medical devices and drugs and setting up new hospitals.

(Source: Economic Times, Business Standard, Live Mint, EY reports)

Growth drivers of Indian healthcare sector

Increasing population: India's population has grown from 555.2 million in 1970 to 1.36 billion in 2019, a 146% expansion and is expected to add more 273 million people by 2050. (Source: India Today)

Increasing incomes: The nominal per-capita net national income during 2019-20 is estimated at Rs. 135,050, a rise of 6.8% compared to Rs. 126,406 during 2018-19, suggesting a long term trend. (Source: Business Today)

Burgeoning middle class: By 2030, India would move from being an economy led by the bottom of the pyramid, to one led by the middle class. Nearly 80% of households in 2030 would be middle-income, up from about 50% currently. The middle class would drive 75% of consumer spending in 2030. As 140 million households move into the middle class and another 20 million move into the high-income bracket, they will spend 2-2.5x more on essential categories (food, beverages, apparel, personal care, gadgets, transport and housing) and 3-4x more on services (healthcare, education, entertainment and household care).

Growing elderly population: The share of elderly people is expected to increase from 8.6% in 2011 to 16% by 2041, catalysing the growth of the healthcare industry in India.

Medical tourism: India is expected to reach the USD9 billion mark by 2020 in terms of Medical Value Travel (MVT) market. Visas for international patients and attendants have been introduced to ease medical tourism. India is one of the preferred medical destinations for the medical tourists owing to lower treatment and travel costs.

Government focus: The total per capita government spending on healthcare almost doubled from Rs. 1,008 per person in FY15 to Rs. 1,944 in FY20. The total expenditure by the Centre and states for FY20 was Rs. 2.6 trillion, or 1.29% of GDP, indicating headroom for growth. The Governmnet schemes such as AB-PMJAY (Ayushman Bharat-Pradhan Mantri Jan Arogya Yojana) benefiting 10 crores Indian families currently. It has a potential of around 50 crores people who can come under its ambit and avail its benefits. The Government aims to invest in increasing the number of

hospitals by establishing more facilities under the Ayushman Bharat wing.

Robotic Process Automation (RPA): Developments in information technology (IT) and integration with medical electronics has made it possible to provide high quality medical care at home and at affordable prices, enabling the customers to save upto 20-50%. RPA is expected to improve the efficiency of the healthcare workforce; reducing costs and creating value proposition. India's medical technology sector is expected to reach a value of USD 9.60 billion by 2022.

Increasing medical colleges: In the academic year 2019-20, 279 government medical colleges offered MBBS courses compared to 260 private ones. There has been a 47% rise in government medical colleges during 2014-19, compared to a 33% increase in the total number of medical colleges in the past five years, from 404 in 2014-15 to 539 in 2019.

Increasing doctors: The number of doctors possessing recognised medical, qualifications (Under I.M.C Act) registered with state medical councils/medical council of India increased to 1,154,686 in 2018 from 827,006 in 2010.

(Source: We forum, India Today, Economic Times, Outlook India, Worldometers, Live Mint, IBEF)

Company overview

Established in 1990, Virinchi Limited is a fintech, global consulting and technology services and healthcare Company. The Company is headquartered in Hyderabad and has expanded its presence across North America, Europe, Middle East and Asia Pacific. With deep competency in analytics & mobility and healthcare delivery business comprising three operating hospitals with a Pan-India healthcare mobility solution, the Company provides a wide range of products and solutions to its customers.

Risk management

Customer risk: An inability to provide adequate services may result in dissatisfied customers

Mitigation: Over the years the Company has created a customer-centric business environment. The Company serviced to more than 15 customers in fintech in the US and more than 20 customers in IT Services space in 2019-20.

Economy risk: The Company's performance could be adversely affected in the event of economic slowdown

Mitigation: India's economy slowed down to 4.2% in 2019-20, yet the Company reported a stable revenue after normalising for onetime income, signifying robustness.

Geographic risk: An overt dependence on a particular geography can have an adverse impact on the Company's financial health

Mitigation: The Company services its clients across six continents across the world. The Company generated 57.7% of its revenues from exports in 2019-20.

Employee risk: Inability to maintain a robust working environment could reduce people retention

Mitigation: The Company's employee strength stood at 1925 on March 31, 2020 while its retention stood 88% for FY2019-20.

Financing risk: The inability to mobilise funding at competitive costs can hamper margins

Mitigation: The Company had a net worth of Rs. 348.35 crores and total debt of Rs. 156.49 crores as on March 31, 2020. The Company's gearing strengthened from 0.51 in 2018-19 to 0.45 in 2019-20.

Compliance risk: Inability to comply with regulatory norms could result in penalties being levied

Mitigation: The Company invested in an overarching people engagement initiative, increasing ownership and empowerment. The Company always keeps itself updated when it comes to the latest compliance notifications introduced.

Competition risk: High competition from competitors may impact profitability

Mitigation: The Company's highly developed healthcare facilities enable it to service patients at an affordable cost. The Company is also the market leader in loan management system for short term micro credit industry.

Financial overview

Analysis of the profit and loss statement

Revenues: Revenues from operations reported a -6.3% growth from Rs. 407.09 crores in 2018-19 to reach Rs. 381.46 crores in 2019-20. Other incomes of the Company accounted for a 0.44% share of the Company's revenues reflecting the Company's dependence on its core business operations.

Expenses: Total expenses of the Company decreased by 5.6% from Rs. 286.93 crores in 2018-19 to Rs. 270.87 crores due to Rs. 10.32 crores reduction in administrative expenses and Rs. 5.84 crores reduction in employee costs. Raw material costs, accounting for a 6.2% share of the Company's revenues increased by 0.43% from Rs. 23.67 crores in 2018-19 to Rs. 23.78 crores in 2019-20 owing to an increase in the operational scale of the Company. Employees expenses accounting for a 32.1 % share of the Company's revenues decreased by 4.5% from Rs. 128.83 crores in 2018-19 to Rs. 122.99 crores in 2019-20.

Analysis of the Balance Sheet

Sources of funds

The capital employed by the Company increased by 5.3% from Rs. 479.49 crores as on March 31, 2019 to Rs. 504.84 crores as on March 31, 2020 owing to Rs. 31.08 crores increase in net worth and Rs. 5.73 crores decrease in total debt. Return on capital employed, a measurement of returns derived from every rupee invested in the business decreased by 622 basis points from 19.99% in 2018-19 to 13.77% in 2019-20 due to Rs. 12.46 crores reduction in EBIT in 2019-20 compared to 2018-19.

The net worth of the Company increased by 9.8% from Rs. 317.27 crores as on March 31, 2019 to Rs. 348.35 crores as on March 31, 2020 owing to increase in reserves and surpluses.

Long-term debt of the Company decreased by 1.9% to Rs. 104.28 crores as on March 31, 2020 owing to repayments of term and mortgage loans. Long-term debt-equity ratio of the Company stood at 0.30 in 2019-20 compared to 0.34 in 2018-19.

Finance costs of the Company increased by 0.6% from Rs. 22.07 crores in 2018-19 to Rs. 22.20 crores in 2019-20. The Company's interest cover stood at a comfortable 3.05x in 2019-20 (3.99x in 2018-19).

Applications of funds

- Fixed assets (gross) of the Company increased by 12.74% from Rs. 534.82 crores as on March 31, 2019 to Rs. 602.98 crores as on March 31, 2020 owing to an increase in plant and machinery. Depreciation & amortisation increased by 23.7% from Rs. 35.97 crores in FY 2018-19 to Rs. 44.50 in FY 2019-20 due to net addition of fixed assets during the year.

Investments

- There has been no change in the Non-current investments of the Company compared to the previous year.

Working capital management

- Current assets of the Company increased by 5.8 % from Rs. 148.02 crores as on March 31, 2019 to Rs. 156.65 crores as on March 31, 2020 owing to the growing scale of business of the Company. The current and quick ratios of the Company stood at 1.79 and 1.68, respectively in 2019-20 compared to 1.43 and 1.35, respectively in 2018-19.
- Inventories including raw materials, work-in-progress and finished goods among others increased by 13.55% from Rs. 8.49 crores as on March 31, 2019 to Rs. 9.64 crores as on March 31, 2020 owing to an increase in the healthcare operations.
- Fall in business volumes resulted in a decrease of 2.7% in trade receivables from Rs. 76.66 crores as on March 31, 2019 to Rs. 74.61 crores as on March 31, 2020. All receivables were secured and considered good. The Company's debtors' turnover cycle increased slightly to 71.39 days of turnover equivalent in 2019-20 compared to 68.73 days in 2018-19.
- Cash and bank balances of the Company decreased by 4.1% from Rs. 9.04 crores as on March 31, 2019 to Rs. 8.67 crores as on March 31, 2020.

Global IT spending (in USD billions)

Particulars	2018-19	2019-20
EBIDTA/Turnover (%)	30.2	29.3
EBIDTA/Net interest ratio	5.63	5.06
Debt-equity ratio	0.51	0.45
Return on equity (%)	20.6	13.9
Book value per share (Rs.)	101.79	114.72
Earnings per share (Rs.)	18.90	14.20
Debtors Turnover (days)	68.73	71.39
Interest Coverage Ratio (x)	3.99	3.05
Current Ratio (x)	1.43	1.79
Debt Equity Ratio (x)	0.51	0.45
Operating Profit Margin (%)	21.46	17.69
Net Profit Margin (%)	14.33	12.13

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 31st Annual General Meeting of the Members of the Company will be held on Monday, the 28th day of September, 2020, at 12.30 PM IST through Video Conferencing / Other Audio Visual Means ("VC/ OAVM") to transact the following business

ORDINARY BUSINESS:

1. To receive, consider and adopt:
   (a) the Audited Financial Statements of the Company for the financial year ended March 31, 2020, together with the Reports of the Board of Directors and Auditors thereon; and
   (b) the Audited Consolidated Financial statements of the Company for the financial year ended March 31,2020, together with the Report of the Auditors thereon.

2. To appoint a Director in place of Ms. G. Santhi Priya (DIN 03114319) who retires by rotation, and being eligible, offers herself 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. Ms. G.Santhi Priya, who was appointed initially on 21st July, 2010, 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 her 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, Ms. G. Santhi Priya (DIN 03114319), who retires by rotation, be and is hereby re-appointed as a director liable to retire by rotation.

SPECIAL BUSINESS:

Item# 3.Appointment of Mr. Sunder Kanaparthy (DIN: 00914869) as an Independent Director

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

"**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, and 152 any other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the Rules framed there under (including any statutory modification(s) or reenactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Sunder Kanaparthy (DIN: 00914869) who was appointed as an Additional Director of the company with effect from 26th June, 2020 under section 161 of the Companies Act, 2013, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company to hold office for five (5) consecutive years commencing from 26th June, 2020, not liable to retire by rotation."

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers to any committee of directors with power to further delegate to any other officer(s) / authorized representative(s) of the Company to do all acts, deeds and things and take all such steps as may be necessary, proper or expedient to give effect to this resolution.

Item# 4. Issue of Convertible Equity Warrants on Preferential basis to Promoters and Promoter Group

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

"**RESOLVED THAT** pursuant to the provisions of Sections 62(1)(c), read with Section 42, and other applicable provisions, if any, of the Companies Act, 2013, and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) ("Act"), and in accordance with the enabling provisions of the Memorandum and Articles of Association of the Company, the listing agreements entered into by the Company with the stock exchanges, where the shares of the Company are listed, the rules and regulations issued by the Securities and Exchange Board of India("SEBI"), including the provisions of Chapter V – "Preferential Issue" and other applicable provisions, if any, of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "ICDR Regulations"), the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations") and any other policies, rules, regulations, guidelines, notifications and circulars, if any, issued by the Government of India or any other competent authority, from time to time, to the extent applicable and subject to the permission(s), consent(s), sanction(s) and approval(s), if any, by any authority, as may be necessary,

and subject to such conditions and modifications as might be prescribed while granting such approval(s), consent(s), permission(s) and sanction(s), and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall be deemed to include any committee(s) constituted/to be constituted by the Board to exercise its powers including the powers conferred by this Resolution) and subject to any other alterations, modifications, conditions, corrections, changes and variations that may be decided by the Board in its absolute discretion, the consent of the Company be and is hereby accorded to the Board to create, issue, offer, and allot, from time to time in one or more tranches, 30,00,000 (Thirty Lakhs only) Convertible Equity Warrants ("Warrants") on a preferential basis to Promoters and Promoter group as mentioned below ("Warrant Holder"), with a right to Warrant Holder to apply for and get allotted one equity share of face value of ₹10/- (Rupees Ten Only) each (the "Equity Shares"), ranking in all respects pari-passu with the existing equity shares of the Company, for each Warrant, within a period of 18 (Eighteen) months from the date of allotment of Warrants, at a price of ₹40/- (Rupees Forty Only) arrived in accordance with the part IV of chapter V of the SEBI (ICDR) Regulations, 2018 to the below mentioned allottees hereinafter referred to as "Proposed Allottees":

Sl. No.	Name of the Proposed Allottee	Number of Convertible equity warrants applied
1	Ms. Madhavi Latha Kompella	5,00,000
2	Ms. Lopa Mudra Kompella D/o Viswanath Kompella	4,00,000
3	Master. Ramakrishna Paramahamsa Kompella S/o Viswanath Kompella	4,00,000
4	Ms. Modini Kompella D/o Viswanath Kompella	4,00,000
5	M/s. P.K.I. Solutions Private Limited	13,00,000
	TOTAL	**30,00,000**

RESOLVED FURTHER THAT the relevant date, as per Regulation 161(a) or 161(b) of the SEBI ICDR Regulations, 2018 for the determination of issue price of the Warrants to be allotted pursuant to the preferential issue is fixed as 29th August, 2020 i.e. 30 days prior to the date of passing of special resolution to approve the proposed preferential issue in terms of Section 62(1) (c) of the Act.

RESOLVED FURTHER THAT the equity shares to be allotted upon exercise of Warrants shall rank pari - passu in all respects including as to dividend, with the existing fully paid up equity shares of face value of Rs.10/-each of the Company, subject to the relevant provisions contained in the Articles of Association of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorized to determine, vary, modify, alter any of the terms and conditions of the proposed issue of Warrants including reduction of the size of the issue, as it may deem expedient, in its discretion.

RESOLVED FURTHER THAT the said Warrants shall be issued and allotted by the Company within a period of 15 (Fifteen) days from the date of passing of this resolution, provided that where the allotment of the said Warrants is pending on account of pendency of any approval for such allotment by any regulatory authority or the Central Government, the allotment shall be completed within a period of 15 (Fifteen) days from the date of receipt of last of such approvals, in accordance with provisions of ICDR Regulations .

RESOLVED FURTHER THAT without prejudice to the generality of the above, the issue of Warrants shall be subject to following terms:

i. The proposed allottees of Warrants shall, on the date of allotment of Warrants, pay an amount equivalent to at least 25% [Twenty-five percentage only] of the exercise price determined in compliance with the provisions of the SEBI (ICDR) Regulations, 2018;

ii. The balance 75% [Seventy-five percentage only] of the exercise price shall be payable on or before the conversion of said Warrants into Equity Shares, within a maximum permissible period of 18 months from the allotment thereof;

iii. The proposed allottees of Warrants will be entitled to apply for and obtain allotment of one equity share of face value of ₹10/- (Rupees Ten only) each of the Company against each Warrant at any time after the date of allotment but on or before the expiry of 18 (Eighteen) months from the date of allotment ("Tenor") thereof, in one or more tranches;

iv. In the event the Warrant Holder does not exercise the Warrants within 18 (Eighteen) months from the date of allotment of the Warrants, the Warrants shall lapse and the amount paid on such Warrants shall stand forfeited by the Company;

v. The Warrant Holder shall be entitled to exercise the option of exercising any or all of the Warrants in one or more tranches by way of a written notice to the Company, specifying the number of Warrants proposed to be exercised along with the aggregate amount thereon, without any further approval from the shareholders of the Company prior to or at the time of conversion. The Company shall accordingly, issue and allot the corresponding number of Equity Shares to the Warrant holder;

vi. The Company make an application for Listing, within 20 days from date of allotment of Equity Shares, upon conversion of warrants, to the stock Exchanges where shares of the Company are listed in accordance with SEBI (LODR) Regulations, 2015;

vii. The Equity Shares to be so allotted on exercise of the

Warrants shall be in dematerialized form and shall be subject to the provisions of the Memorandum of Association and Articles of Association of the Company and shall rank pari-passu in all respects including dividend, with the existing fully paid Equity Shares of the Company;

viii. Upon exercise of the Warrants by the Warrant Holder, the Company shall issue and allot appropriate number of Equity Shares and perform such actions as are required to credit the Equity Shares to the depository account of Warrant Holder and entering the name of Warrant Holder in the records of the Company as the registered owner of such Equity Shares;

ix. The issue of the Warrants as well as Equity Shares arising from the exercise of the Warrants shall be governed by the regulations and guidelines issued by SEBI or any other statutory authority as the case may be or any modifications thereof;

x. Subject to the provisions of Regulation 168 of Chapter V of the SEBI (ICDR) Regulations, 2018, the Warrants and equity shares allotted on exercise of such Warrants will be transferable within the Promoters and persons forming part of Promoter Group;

xi. In the event that the Company completes any form of capital restructuring prior to the conversion of the Warrants, then, the number of Equity Shares that each Warrant converts into and the price payable for such Equity Shares, shall be adjusted accordingly in a manner that, to the extent permitted by applicable laws, Warrant holder: (a) receives such number of Equity Shares that Warrant holder would have been entitled to receive; and (b) pays such consideration for such Equity Shares to the Company which Warrant holder would have been required to pay, had the Warrants been exercised immediately prior to the completion of such capital restructuring;

xii. The Company shall re-compute the price of the Warrants/ Equity Shares issued on conversion of Warrants in terms of the provisions of ICDR Regulations, where it is required to do so and the differential price, if any, shall be required to be paid by such Warrant holder to the Company in accordance with the provisions of ICDR Regulations;

xiii. The Warrants and the Equity Shares allotted pursuant to exercise of such Warrants shall be subject to a lock-in for such period as specified under Chapter V of ICDR Regulations, 2018 relating to preferential issues;

xiv. The Warrants by itself, until exercise of conversion option and Equity Shares allotted, does not give to the Warrant holder thereof any rights with respect to that of a shareholder(s) of the Company; and

xv. Until the Warrants are transferred, the Company shall treat Warrant Holder as the absolute owner for all purposes without being affected by any notice to the contrary.

xvi. Warrants so allotted under this resolution shall not be sold, transferred, hypothecated or encumbered in any manner during the period of lock-in as provided under SEBI (ICDR) Regulations except to the extent and in the manner permitted there under.

RESOLVED FURTHER THAT the Board / Board Committee be and is hereby authorized to issue and allot such number of Equity Shares of the Company as may be required to be issued and allotted upon exercise of the option in the Warrants held by the holder(s) of the Warrants.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any Committee of the Board or any Director(s) or Officer(s) of the Company and to generally do all such acts, deeds and things as may be required in connection with the aforesaid resolution, including issue of offer letter, making necessary filings with the stock exchanges and regulatory authorities and execution of any documents on behalf of the Company and to represent the Company before any governmental authorities and to appoint any merchant bankers or other professional advisors, consultants and legal advisors to give effect to the aforesaid resolution.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as they may in its absolute discretion deem necessary, desirable and expedient for such purpose, including without limitation, effecting any modifications or changes to the foregoing (including modification to the terms of the issue), entering into contracts, arrangements, agreements, documents without being required to seek any fresh approval of the shareholders of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution and to settle all questions, difficulties or doubts that may arise in regard to the offer, issue and allotment of the Warrants and Equity Shares and utilisation of proceeds of the Warrants and Equity Shares issued upon exercise of such Warrants, take all other steps which may be incidental, consequential, relevant or ancillary to give effect to the aforesaid resolution.

RESOLVED FURTHER THAT the Directors and the Company Secretary be and are hereby severally authorized to do all such other acts, deeds and things and sign and execute and file such papers and documents as may be necessary to give effect to this resolution and for matter connected therewith or incidental thereto

Item#5. Issue of Equity Shares on Preferential basis to Promoters and Promoter Group

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

"**RESOLVED THAT** pursuant to the provisions of Sections 62(1)(c), read with Section 42, and other applicable provisions, if any, of the Companies Act, 2013, and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) ("Act"), and in accordance

with the enabling provisions of the Memorandum and Articles of Association of the Company, the listing agreements entered into by the Company with the stock exchanges, where the shares of the Company are listed, the rules and regulations issued by the Securities and Exchange Board of India("SEBI"), including the provisions of Chapter V – "Preferential Issue" and other applicable provisions, if any, of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "ICDR Regulations"), the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations") and any other policies, rules, regulations, guidelines, notifications and circulars, if any, issued by the Government of India or any other competent authority, from time to time, to the extent applicable and subject to the permission(s), consent(s), sanction(s) and approval(s), if any, by any authority, as may be necessary, and subject to such conditions and modifications as might be prescribed while granting such approval(s), consent(s), permission(s) and sanction(s), and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall be deemed to include any committee(s) constituted/to be constituted by the Board to exercise its powers including the powers conferred by this Resolution) and subject to any other alterations, modifications, conditions, corrections, changes and variations that may be decided by the Board in its absolute discretion, the consent of the Company be and is hereby accorded to the Board to create, issue, offer, and allot, 15,00,000 (Fifteen Lakhs only) Equity Shares on a preferential basis to Promoters and Promoter group as mentioned below equity share of face value of ₹10/- (Rupees Ten Only) each (the "Equity Shares"), ranking in all respects pari-passu with the existing equity shares of the Company, at a price of ₹40/- (Rupees Forty Only) arrived in accordance with the part IV of chapter V of the SEBI (ICDR) Regulations, 2018 to the below mentioned Proposed allottees hereinafter referred to as "Proposed Allottees":

DETAILS OF PROPOSED ALLOTEES:

Sl. No.	Name of the Proposed Allottee	Number of equity Shares applied
1	Ms. Madhavi Latha Kompella	2,00,000
2	Ms. Lopa Mudra Kompella D/O Viswanath Kompella	2,00,000
3	Master. Ramakrishna Paramahamsa Kompella S/o Viswanath Kompella	2,00,000
4	Ms. Modini Kompella D/o Viswanath Kompella	2,00,000
5	M/s. P.K.I. Solutions Private Limited	7,00,000
	TOTAL	**15,00,000**

RESOLVED FURTHER THAT the relevant date, as per Regulation 161(a) or 161(b) of the SEBI ICDR Regulations, 2018 for the determination of issue price of the Equity shares to be allotted pursuant to the preferential issue is fixed as 29th August, 2020 i.e. 30 days prior to the date of passing of special resolution to approve the proposed preferential issue in terms of Section 62(1) (c) of the Act.

RESOLVED FURTHER THAT the equity shares to be allotted shall rank pari - passu in all respects including as to dividend, with the existing fully paid up equity shares of face value of Rs.10/-each of the Company, subject to the relevant provisions contained in the Articles of Association of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorized to determine, vary, modify, alter any of the terms and conditions of the proposed issue of Equity shares including reduction of the size of the issue, as it may deem expedient, in its discretion.

RESOLVED FURTHER THAT the said Equity Shares shall be issued and allotted by the Company within a period of 15 (Fifteen) days from the date of passing of this resolution, provided that where the allotment of the said Equity shares is pending on account of pendency of any approval for such allotment by any regulatory authority or the Central Government, the allotment shall be completed within a period of 15 (Fifteen) days from the date of receipt of last of such approvals, in accordance with provisions of ICDR Regulations .

RESOLVED FURTHER THAT the Equity Shares to be issued and allotted shall be subject to lock-in as provided under the provisions of SEBI ICDR Regulations and the equity shares to be allotted shall rank pari - passu in all respects including as to dividend, with the existing fully paid up equity shares of face value of Rs.10/-each of the Company, subject to the relevant provisions contained in the Articles of Association of the Company.

RESOLVED FURTHER THAT aforesaid issue of Equity Shares shall be subject to the following terms and conditions:

a) The Proposed allottee shall be required to bring in 100% of the consideration on or before the date of allotment thereof

b) The consideration for allotment of Equity Shares shall be paid to the company from the bank account of the proposed allottee.

c) The Equity Shares so allotted to the proposed allottee under this resolution shall not be sold, transferred, hypothecated or encumbered in any manner during the period of Lock-in provided under SEBI ICDR Regulations except to the extent and in the manner permitted there under.

d) Allotment shall only be made in dematerialized form.

RESOLVED FURTHER THAT the Board be and is hereby authorized to determine, vary, modify, alter any of the terms and conditions of the proposed issue of Equity Shares including reduction of the size of the issue, as it may deem expedient, in

its discretion

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any Committee of the Board or any Director(s) or Officer(s) of the Company and to generally do all such acts, deeds and things as may be required in connection with the aforesaid resolution, including issue of offer letter, making necessary filings with the stock exchanges and regulatory authorities and execution of any documents on behalf of the Company and to represent the Company before any governmental authorities and to appoint any merchant bankers or other professional advisors, consultants and legal advisors to give effect to the aforesaid resolution.

RESOLVED FURTHER THAT the Directors and the Company Secretary be and are hereby severally authorized to do all such other acts, deeds and things and sign and execute and file such papers and documents as may be necessary to give effect to this resolution and for matter connected therewith or incidental thereto.

By Order of the Board
For Virinchi Limited

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

Date: 20/08/2020
Place: Hyderabad

Registered Office:

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

Notes:

1. Pursuant to the General Circular numbers 20/2020, 14/2020, 17/2020 issued by the Ministry of Corporate Affairs (MCA) and Circular number SEBI/HO/CFD/CMD1/CIR/P/2020/79 issued by the Securities and Exchange Board of India (SEBI) (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.
2. 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.
3. 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, 2020. Members seeking to inspect such documents can send an email to investors@virinchi.com.
4. 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.
5. The Register of Members / Register of Beneficiaries and Share Transfer books of the Company will remain closed from 22nd September, 2020 to 28th September 2020 (both days inclusive).
6. 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.
7. Members are requested to send all communication relating to shares to the Company's R&T Agents (Physical and Electronic) at the following address: M/s. Aarthi Consultants Private Ltd, Unit: Virinchi Ltd, 1-2-285, Domalguda, Hyderabad-500 029 Email- info@aarthiconsultants.com
8. 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.
9. 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.
10. 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.
11. 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.
12. 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
13. 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.. 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 2019-20, the Notice of the 31st 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

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 31st AGM has been uploaded on the website of the Company at www.virinchi.com . The Notice can also

be accessed from the websites of the Stock Exchanges i.e. BSE Limited at 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.

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

i) The e-voting period commences on Thursday September24, 2020 (9:00 a.m. IST) and ends on Sunday, September 27, 2020 (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, 2020 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, 2020.

ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.

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

iv) Click on "Shareholders" module.

v) 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.

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

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

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

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

x) 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.

xi) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

xii) Click on the EVSN for the relevant <Virinchi Limited > on which you choose to vote.

xiii) 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.

xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

xv) 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.

xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and

	For Shareholders holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) ▪ 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.
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. ▪ 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).

click on Forgot Password & enter the details as prompted by the system.

xix) 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.

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:

1. 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@aarthiconsultants.com .
2. For Demat shareholders -, please provide Demat account detials (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to info@aarthiconsultants.com
3. The company/RTA shall co-ordinate with CDSL and provide the login credentials to the above mentioned shareholders.

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at https://www.evotingindia.com under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
2. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
3. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. 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.
5. 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 7 days 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 7 days 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.
6. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. 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.
3. 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.
4. Shareholders who have voted through Remote e-Voting will be eligible to attend the EGM/AGM. However, they will not be eligible to vote at the AGM.

NOTE FOR NON-INDIVIDUAL SHAREHOLDERS AND CUSTODIANS

- 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.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or call 1800225533.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, 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 or call 1800225533.

By Order of the Board
For Virinchi Limited

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

Date: 20/08/2020
Place: Hyderabad

Registered Office:

Virinchi Limited
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 TO THE NOTICE
APPOINTMENT AND RE-APPOINTMENT OF DIRECTORS
(Item No. 2 of the Notice of 31st Annual General Meeting of M/s. Virinchi Limited)

Brief Profile of Ms. G.Santhi Priya

Name of the Director	G.Santhi Priya
Director Identification Number (DIN)	03114319
Date of Birth & Age	09/07/1974, 46 Years
Qualifications	B.com, ACA, AICWA, DISA
Expertise in Specific Functional Areas	She has more than 20 years of experience in the areas of Auditing, Corporate Finance and Taxation
Brief Resume	She is a qualified Chartered accountant and Cost Accountant possessing rich experience of over 20 years in fields of Audit, Corporate Finance, Restructuring, Direct and Indirect Taxes, Fund raising. She has previously worked as partner in various leading auditing firms prior to joining Virinchi Ltd.
Relationship between other Directors, Manager and Other KMP's of the Company.	She is not related to any Directors, Manager and Other Key Managerial Personnel of the company.
Nature of appointment (Appointment/ re-appointment)	Re-appointment
Terms and conditions of appointment / reappointment	Terms and conditions of appointment are as per the resolution at Item No. 2 of re-appointment in the Notice convening Annual General Meeting on 28th September, 2020.
Date of first appointment on the Board	21st July, 2010
Remuneration proposed to be paid/paid during the year	Rs.31,40,004
Number of Meeting of the Board attended during the financial year (2019-20).	6
Names of listed entities in which the person also holds the directorship in other Companies	NIL
Directorships held in other public Companies (Excluding Foreign companies and Section 8 Companies, Wholly owned subsidiaries)	NIL
Memberships/Chairmanships of Committees of other public Companies (Includes Only Audit Committee and Stakeholder's Relationship Committee)	NIL
Number of shares held in the company	50,000

ANNEXURE TO THE NOTICE

APPOINTMENT AND RE-APPOINTMENT OF DIRECTORS

(Item No. 3 of the Notice of 31st Annual General Meeting of M/s. Virinchi Limited)

Brief Profile of Mr. Sunder Kanaparthy

Name of the Director	Sunder Kanaparthy
Director Identification Number (DIN)	00914869
Date of Birth & Age	29/10/1964, 55 Years
Qualifications	B.Sc, LLB
Expertise in Specific Functional Areas	He has around 25 years of experience in corporate law practice and advisor to various corporate and government companies. He is a practicing advocate at High court of Telangana
Brief Resume	He has been practicing as advocate after his enrolment into the Bar council of High Court of Andhra Pradesh . Presently He is a practicing Advocate at High Court for the State of Telangana. He specialised his practice in Corporate Law, Civil and Criminal Law from Last 25 years.
Relationship between other Directors, Manager and Other KMP's of the Company.	He is not related to any Directors, Manager and Other Key Managerial Personnel of the company.
Nature of appointment (Appointment/ re-appointment)	Appointment
Terms and conditions of appointment / reappointment	Terms and conditions of appointment are as per the resolution at Item No. 3 of appointment in the Notice convening Annual General Meeting on 28th September, 2020.
Appointment at current designation/ Date of first appointment on the Board	26/06/2020
Remuneration proposed to be paid/paid during the year	Sitting Fees
Number of Meeting of the Board attended during the financial year (2019-20).	NOT APPLICABLE
Names of listed entities in which the person also holds the directorship in other Companies	Vivo Bio Tech Limited
Directorships held in other public Companies (Excluding Foreign companies and Section 8 Companies, Wholly owned Subsidiaries)	Vivo Bio Tech Limited
Memberships/Chairmanships of Committees of other public Companies (Includes Only Audit Committee and Stakeholder's Relationship Committee)	Chairman of Audit Committee and Stakeholders Relationship committee of Vivo Bio Tech Limited
Number of shares held in the company	Nil

Explanatory Statement Under Section 102 of the Companies Act, 2013

Item# 3

Mr. Sunder Kanaparthy, was appointed as an Additional Director of the Company with effect from 26th June, 2020 by the Board of Directors under Section 161, 149 (1) of the Act. Mr. Sunder Kanaparthy, being eligible and offers herself for appointment as Independent Director of the company. It is proposed to be appointed as Independent Directors for five (5) consecutive years commencing from 26th June, 2020, respectively. Except Mr. Sunder Kanaparthy, none of the Directors and Key Managerial Personnel of the Company and their respective relatives, in any way concerned or interested, financially or otherwise, in the resolution set out at Item No. 3 respectively of the Notice.

In the opinion of the Board, Mr. Sunder Kanaparthy fulfils the conditions specified in the Companies Act, 2013 and the Rules framed thereunder and Securities and Exchange Board of India (Listing obligations and Disclosure Requirements) Regulations, 2015 for appointment as an Independent Director and she is independent of the management.

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

Item# 4

The Company wants to raise long term funds to finance growth plans of the Company, strengthen financial structure, enhancing liquidity, working capital resources and for general corporate purposes. Hence, the Board of Directors of the company in their meeting held on 20th August, 2020 has considered and approved the proposal to issue 30,00,000 (Thirty Lacs Only) Warrants having attached thereto the right to subscribe for equal number of Equity Shares of ₹10/ - each at an issue/exercise price of ₹40/- determined in accordance with part IV of chapter V of the SEBI ICDR Regulations, 2018 in one or more tranches. The members are requested to note that as per Section 62(1)(c), 42 and other applicable provisions, if any, of the Companies Act, 2013 read with the relevant Rules made thereunder and Chapter V of the SEBI (ICDR) Regulations, 2018 as amended, prior approval of the shareholders by way of Special Resolution is required to issue convertible equity warrants to the Promoters and Promoter Group.

Salient features of the preferential issue of Warrants are under:

The proposed issue and allotment of Warrants, on a preferential basis, shall be governed by the applicable provisions of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations") and the Companies Act, 2013 read with rules made thereunder ("Act").

Without generality to the above, the salient features of the preferential issue of Warrants are as under:

- The "Relevant Date" as per the Regulation 161 of SEBI (ICDR) Regulations,2018 for determining the minimum price for the preferential issue of Warrants is 29th August, 2020, which is 30 [thirty] days prior to the date of the shareholders' meeting to be held on 28th September, 2020
- 25% [Twenty-five percentage only] of the consideration for preferential issue of Warrants shall be received by the Company prior to the allotment of said warrants.
- The Warrants shall be exercised within a period of 18 (eighteen) months from the date of their allotment, in one or more tranches.
- At the time of exercise, the Warrant Holder shall pay the balance 75% [Seventy-five percentage only] of the consideration payable in respect of the Warrants so being exercised. The amount paid will be adjusted / set off against the issue price of the resultant equity shares. The Board (or a Committee thereof) upon receipt of the entire payment towards issue price, shall allot one equity share per warrant. If the entitlement against the warrants to apply for the equity shares is not exercised within the specified period of 18 [eighteen] months, such entitlement shall lapse and the amount paid on such warrants shall stand forfeited.
- The Company has not made any preferential issue of securities in this financial year, other than the proposed issue of Warrants as stated in this notice.
- The Warrant Holder has not sold any equity shares during the six months preceding the Relevant Date. The Warrant Holder has not subscribed to any warrants of the Company during last one year

The other information prescribed under Regulation 163 of the ICDR Regulations, 2018 and other applicable laws in relation to the Proposed Special Resolution as set out at Item No.4 are given hereunder:

a) Object of the preferential issue of Warrants and details of utilization of proceeds: The proceeds of the preferential issue will be utilized towards augmenting the working capital requirements and meeting other business requirements.

b) Maximum number of specified securities to be issued:

30,00,000 (Thirty Lakhs only) Convertible Equity Warrants ("Warrants") on a preferential basis to Promoters and Promoter Group mentioned below ("Warrant Holder"), with a right to Warrant Holder to apply for and get allotted one equity share of face value of Rs. 10/- (Rupees Ten Only) each (the "Equity Shares")

c) The proposal or intention of the Promoter / Promoter group, Directors or Key Managerial Personnel to subscribe to the proposed preferential issue, if any:

None of the directors or key managerial personnel intends to subscribe to any shares pursuant to this preferential issue of equity shares. However, To meet the objects of the issue, the Promoters Ms. Madhavi Latha Kompella, Mr. Ramakrishna Paramahamsa Kompella, Ms. Lopa Mudra Kompella, Ms. Modini Kompella, M/s. P.K.I. Solutions Private Limited has shown their interest to subscribe 30,00,000 warrants

d) Shareholding pattern of the issuer before and after the preferential issue:

S. No.	Category of Shareholder	Pre issue holding details		Post Issue Holding Details**	
		No. of shares	% of Shares	No. of shares	% of Shares
A	**Promoters and Promoter Group Holding**				
1	**Indian Promoters / Promoter Group :**				
	Individuals / HUF	12,508,550	38.23	14,208,550	38.91
	Bodies Corporate	1,586,742	4.85	28,86,742	7.90
	Sub Total	**14,095,292**	**43.08**	**17,095,292**	**46.81**
	Foreign Promoters / Promoter Group :				
	Individuals	960,974	2.94	960,974	2.63
	Body Corporates	94,484	0.29	94,484	0.26
	Sub Total	1,055,458	3.23	1055,458	2.89
	Sub Total (A)	**15,150,750**	**46.30**	**18,150,750**	**49.70**
B	**Non Promoters Holding**				
	Institutions	0		0	0
	Foreign Portfolio Investors	0		0	0
	Non-Institutions				
	Individuals - Individual shareholders holding nominal share capital up to ₹2 Lakhs. Individuals	7,140,886	21.82	7,140,886	19.5
	Individual shareholders holding nominal share capital in excess of ₹2 Lakhs.	6,315,800	19.30	6,715,800	18.39
	Non-Resident Indian-Non Repatriable	886,394	2.71	1,286,394	3.52
	Non-Resident Indian- Repatriable	536,522	1.64	536,522	1.47
	Corporate Bodies	1,843,095	5.63	1,843,095	5.05
	Clearing Member	221,740	0.68	221,740	0.61
	Corporate Bodies- OCB	500,000	1.53	500,000	1.37
	IEPF	125,547	0.38	122,547	0.34
	Total Non-Promoter Holding (B)	**17,569,984**	**53.70**	**18,369,984**	**50.30**
C	**Employee Benefit Trust (under SEBI (Share based Employee Benefit))**				
	Regulations, 2014)-C	0	0	0	0
	Sub-Total-C	**0**	**0**	**0**	**0**
	TOTAL(A+B+C)	**32,720,734**	**100.00**	**36,520,734**	**100.00**

**Post Issue holding -Assuming full conversion of 8,00,000 warrants allotted on 21st May, 2019 and the proposed 30,00,000 warrants.

e) **Time frame within which the preferential issue shall be completed:**

As required under the ICDR Regulations the preferential issue/allotment of Warrants shall be completed, within a period of 15 [Fifteen] days from the date of passing of the special resolution contained in this Notice. Provided that where the allotment on preferential basis is pending on account of pendency of any approval of such allotment from any regulatory authority or the Central Government, the allotment shall be completed within a period of 15 days from the date of receipt of

last such approvals.

f) The Identity of the natural persons who are the ultimate beneficial owners of the shares/ Warrants proposed to be allotted and/or who ultimately control the proposed allottees, the percentage of pre and post preferential issue capital that may be held by them.

S. No.	Name of proposed allotee	Pre preferential Holding	% of Pre preferential share capital	Issue of Equity Shares and Warrants (each warrant is convertible into one equity share	Post Preferential Share capital considering Conversion of warrants	% of Post preferential share capital considering Conversion of warrants.**
1	Ms. Madhvi Latha Kompella	11,37,300	3.48	5,00,000	16,37,300	4.58
2	Lopa Mudra Kompella	1,410,625	4.31	4,00,000	18,10,625	5.07
3	Master Ramakrishna Paramhamsa Kompella	1,570,625	4.80	4,00,000	19,70,625	5.52
4	Master Modini Kompella	1,410,625	4.31	4,00,000	18,10,625	5.07
5	P.K.I.Solutions Private Limited	6,35,605	1.94	13,00,000	19,35,605	5.42

**Post Issue holding and % of post issue Holding -Assuming full conversion of proposed issue of 30,00,000 warrants.

Details of Ultimate Beneficiaries

S. No.	Name of proposed allotee	Names of Ultimate Beneficiaries
1	Ms. Madhavi Latha Kompella	Not applicable.
2	Ms. Lopa Mudra Kompella D/o Viswanath Kompella Age:18 yrs	Mr. Viswanath Kompella and Madhavi Latha Kompella who are her father and mother are the ultimate Beneficiaries
3	Master. Ramakrishna Paramahamsa Kompella S/O Viswanath Kompella Age:15 yrs	As the allottee is minor, Mr. Viswanath Kompella and Madhavi Latha Kompella who are her father and mother are the ultimate Beneficiaries
4	Ms. Modini Kompella D/o Viswanath Kompella Age:13 yrs	As the allottee is minor, Mr. Viswanath Kompella and Madhavi Latha Kompella who are her father and mother are the ultimate Beneficiaries
5	P.K.I.Solutions Private Limited	1. Viswanath Kompella 2. Madhavi Latha Kompella

g) **Relevant Date:**

The Relevant Date for the purpose of determining the pricing of shares arising out of Warrants in accordance with Chapter V of SEBI (ICDR) Regulations, 2018 is 29th August, 2020 (i.e., 30 days prior to the date of General Meeting, i.e., 28th September, 2020). The Warrants will be allotted in accordance with the price determined in terms of Part IV of Chapter V of the SEBI (ICDR) Regulations, 2018.

h) **Pricing of the Issue:**

The issue of warrants and equity shares arising through issuance will be at a price not less than higher of following:

- the average of the weekly high and low of the volume weighted average price of the related equity shares quoted on the recognized stock exchange during the twenty six weeks preceding the relevant date; or
- the average of the weekly high and low of the volume weighted average prices of the related equity shares quoted on a recognized stock exchange during the two weeks preceding the relevant date.

i) **The Company hereby undertakes that:**

- The Company hereby undertakes that the company shall re-compute the price of the specified securities in terms of the provision of these regulations where it is required to do so.
- The Company further undertakes that if the amount payable on account of the re-computation of price is not paid within the time stipulated in these regulations, the specified securities shall continue to be locked- in till the time such amount is paid by the Proposed allottees.

j) **Certificate of Statutory Auditors:**

Copy of the certificate of statutory auditors will be available

for inspection at registered office of the Company on 28th September, 2020 during business hours, considering the proposed preferential issue, certifying that the issue is being made in accordance with the requirements of these regulations.

k) **Change in control, if any, in the Company consequent to the preferential issue**

As a result of the proposed issue of Warrants on a preferential basis, and upon conversion of the Warrants, there will be no change in the control of the Company

l) **Consequential Changes in the Voting Rights:**

Voting rights will change in tandem with the shareholding pattern. However, there shall not be any change in the management control of the Company.

m) **Lock-in-period**

- The entire pre-preferential shareholding of Warrant Holder, if any, shall also be locked-in as per Regulation167 of the ICDR Regulations,2018.
- Warrants being allotted to Promoters shall be locked-in for a period of 3(three) year from the date of trading approval or such other period as may be prescribed by the SEBI (Issue of Capital And Disclosure Requirements) Regulations, 2018.
- Lock-in of the equity shares allotted pursuant to conversion of convertible securities other than warrants, issued on preferential basis shall be reduced to the extent the convertible securities have already been locked-in

n) Number of persons to whom allotment on preferential basis has been made in terms of number of securities as well as price Post 31st March, 2020 and up to the date of this Notice, the following preferential allotments have been made:

Date of Allotment	No. of securities allotted	Issue Price	No. of allottees	Type of Securities
Not applicable				

o) Class or Classes of persons to whom the allotment is proposed to be made: The allotment is proposed to be made to the Promoter and Promoter group.

p) Other Disclosure:

- It is hereby confirmed that neither the Company nor any of its Promoters or Directors are a willful defaulter.
- The Board, in its meeting held on 20th August, 2020 has approved the issuance of Warrants on preferential basis to the Warrant Holder in the manner stated hereinabove, subject to the approval of members and other approvals, as may be required.
- Regulation 160(b) of the ICDR Regulations, 2018 provides that preferential issue of specified securities by a listed company would require approval of its shareholders by way of a Special Resolution. The Board, therefore, recommends the resolution as set out in Item No.4 above to be passed as a Special Resolution.

q) In accordance with the ICDR Regulations

i. all the Equity Shares held by the Proposed Allottees in the Company are in dematerialized form only.

ii. No person belonging to the promoters / promoter group have sold any Equity Shares of the Company during the 6 (Six) months preceding the Relevant Date;

iii. No person belonging to the promoters / promoter group has previously subscribed to any warrants of the Company but failed to exercise them in the last one year.

iv. the Company and none of its promoters or directors is a willful defaulter or a fugitive economic offender; and

The issue of Equity Shares and Warrants shall be made in accordance with the provisions of the Memorandum and Articles of Association of the Company and shall be made in a dematerialized format only.

None of the Directors or Key Managerial Personnel of the Company and/or their relative(s) is in any way concerned or interested, financially or otherwise, in the proposed resolution in **Item No. 4**.

The Board of Directors of the Company recommends the Resolution to be passed as a Special Resolution as set out in **Item No. 4** of the Notice.

Item# 5

The Company wants to raise long term funds to finance growth plans of the Company, strengthen financial structure, enhancing liquidity, working capital resources and for general corporate purposes. Hence, the Board of Directors of the company in their meeting held on 20th August, 2020 has considered and approved the proposal to issue 15,00,000 (Fifteen Lacs Only) Equity Shares of ₹10/ - each at an issue/ exercise price of ₹40/- determined in accordance with part IV of chapter V of the SEBI ICDR Regulations, 2018. The members are requested to note that as per Section 62(1)(c), 42 and other applicable provisions, if any, of the Companies Act, 2013 read

with the relevant Rules made thereunder and Chapter V of the SEBI (ICDR) Regulations, 2018 as amended, prior approval of the shareholders by way of Special Resolution is required to issue equity shares to the Promoters and Promoter Group.

Salient features of the preferential issue of equity shares are under:

The proposed issue and allotment of Equity Shares, on a preferential basis, shall be governed by the applicable provisions of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations") and the Companies Act, 2013 read with rules made thereunder ("Act").

Without generality to the above, the salient features of the preferential issue of Equity Shares are as under:

- The Company has not made any preferential issue of securities in this financial year, other than the proposed issue of Equity shares/Warrants as stated in this notice.
- The Promoters & Promoter Group has not sold any equity shares during the six months preceding the Relevant Date. The Proposed allottees have not subscribed to any Equity shares of the Company during last one year

The other information prescribed under Regulation 163 of the ICDR Regulations, 2018 and other applicable laws in relation to the Proposed Special Resolution as set out at item No.6 are given hereunder:

a) **Object of the preferential issue of Warrants and details of utilization of proceeds:** The proceeds of the preferential issue will be utilized towards augmenting the working capital requirements and meeting other business requirements.

b) **Maximum number of specified securities to be issued:**

15,00,000 (Fifteen Lakhs only) Equity Shares of ₹10/-each on a preferential basis to Promoters and Promoter Group mentioned below.

c) **The proposal or intention of the Promoter / Promoter group, Directors or Key Managerial Personnel to subscribe to the proposed preferential issue, if any:**

None of the directors or key managerial personnel intends to subscribe to any shares pursuant to this preferential issue of equity shares. However, To meet the objects of the issue, the Promoters Ms. Madhavi Latha Kompella, Mr. Ramakrishna Paramahamsa Kompella, Ms. Lopa Mudra Kompella, Ms. Modini Kompella, M/s. P.K.I. Solutions Private Limited has shown their interest to subscribe 15,00,000 Equity Shares

d) Shareholding pattern of the issuer before and after the preferential issue:

S. No.	Category of Shareholder	Pre issue holding details		Post Issue Holding Details**	
		No. of shares	% of Shares	No. of shares	% of Shares
A	**Promoters and Promoter Group Holding**				
1	Indian Promoters / Promoter Group :				
	Individuals / HUF	12,508,550	38.23	15,008,550	39.47
	Bodies Corporate	1,586,742	4.85	3,586,742	9.43
	Sub Total	**14,095,292**	**43.08**	**18,595,292**	**48.91**
	Foreign Promoters / Promoter Group :				
	Individuals	960,974	2.94	960,974	2.53
	Body Corporates	94,484	0.29	94,484	0.25
	Sub Total	1,055,458	3.23	1,055,458	2.78
	Sub Total (A)	**15,150,750**	**46.30**	**19,650,750**	**51.68**
B	Non Promoters Holding				
	Institutions	0	0	0	
	Foreign Portfolio Investors	0	0	0	
	Non-Institutions				
	Individuals - Individual shareholders holding nominal share capital up to ₹2 Lakhs. Individuals	7,140,886	21.82	7,140,886	18.78
	Individual shareholders holding nominal share capital in excess of Rs. 2 Lakhs.	6,315,800	19.30	6,715,800	17.66
	Non-Resident Indian-Non Repatriable	886,394	2.71	1,286,394	3.38
	Non-Resident Indian- Repatriable	536,522	1.64	536,522	1.41
	Corporate Bodies	1,843,095	5.63	1,843,095	4.85
	Clearing Member	221,740	0.68	221,740	0.58
	Corporate Bodies- OCB	500,000	1.53	500,000	1.32
	IEPF	125,547	0.38	125,547	0.33

S. No.	Category of Shareholder	Pre issue holding details		Post Issue Holding Details**	
		No. of shares	% of Shares	No. of shares	% of Shares
	Total Non-Promoter Holding (B)	**17,569,984**	**53.70**	**18,369,984**	**48.32**
C	Employee Benefit Trust (under SEBI (Share based Employee Benefit))				
	Regulations, 2014)-C	0	0	0	0
	Sub-Total-C	**0**	**0**	**0**	**0**
	TOTAL(A+B+C)	**32,720,734**	**100.00**	**38,020,734**	**100.00**

**Post Issue holding -Assuming full conversion of 8,00,000 warrants allotted on 21st May, 2019 and the proposed warrants of 30,00,000 at resolution no. 4 and the proposed 15,00,000 equity shares at Resolution# 5

e) **Time frame within which the preferential issue shall be completed:**

As required under the ICDR Regulations the preferential issue/allotment of Equity Shares shall be completed, within a period of 15 [Fifteen] days from the date of passing of the special resolution contained in this Notice. Provided that where the allotment on preferential basis is pending on account of pendency of any approval of such allotment from any regulatory authority or the Central Government, the allotment shall be completed within a period of 15 days from the date of receipt of last such approvals.

f) **The Identity of the natural persons who are the ultimate beneficial owners of the shares proposed to be allotted and/or who ultimately control the proposed allottees, the percentage of pre and post preferential issue capital that may be held by them.**

S. No.	Name of proposed allotee	Pre preferential Holding	% of Pre preferential share capital	Proposed Issue of Equity Shares	Post Preferential Share capital considering allotment of proposed equity shares (i.e 15,00,000)	% of Post preferential share capital considering Conversion of pending warrants and allotment of proposed equity shares**
1	Ms. Madhvi Latha Kompella	11,37,300	3.48	2,00,000	3.91	3.82
2	Lopa Mudra Kompella	1,410,625	4.31	2,00,000	4.71	4.60
3	Master Ramakrishna Paramhamsa Kompella	1,570,625	4.80	2,00,000	5.17	5.06
4	Master Modini Kompella	1,410,625	4.31	2,00,000	4.71	4.60
5	P.K.I.Solutions Private Limited	635605	1.94	7,00,000	3.90	3.81

**Post Issue holding and % of post issue Holding -Assuming full conversion of 8,00,000 warrants allotted on 21st May, 2019 and the proposed issue of 15,00,000 equity shares.

Details of Ultimate Beneficiaries

S. No.	Name of proposed allotee	Names of Ultimate Beneficiaries
1	Ms. Madhavi Latha Kompella	Not applicable.
2	Ms. Lopa Mudra Kompella D/o Viswanath Kompella Age:18 yrs	Mr. Viswanath Kompella and Madhavi Latha Kompella who are her father and mother are the ultimate Beneficiaries
3	Master. Ramakrishna Paramahamsa Kompella S/O Viswanath Kompella Age:15 yrs	As the allottee is minor, Mr. Viswanath Kompella and Madhavi Latha Kompella who are her father and mother are the ultimate Beneficiaries
4	Ms. Modini Kompella D/o Viswanath Kompella Age:13 yrs	As the allottee is minor, Mr. Viswanath Kompella and Madhavi Latha Kompella who are her father and mother are the ultimate Beneficiaries

S. No.	Name of proposed allotee	Names of Ultimate Beneficiaries
5	P.K.I.Solutions Private Limited	1. Viswanath Kompella 2. Madhavi Latha Kompella

g) **Relevant Date:**

The Relevant Date for the purpose of determining the pricing of Equity shares in accordance with Chapter V of SEBI (ICDR) Regulations, 2018 is 29th August, 2020 (i.e., 30 days prior to the date of General Meeting, i.e.,28th September, 2020). The Equity Shares will be allotted in accordance with the price determined in terms of Part IV of Chapter V of the SEBI (ICDR) Regulations, 2018.

h) **Pricing of the Issue:**

The issue of Equity Shares will be at a price not less than higher of following:

- the average of the weekly high and low of the volume weighted average price of the related equity shares quoted on the recognized stock exchange during the twenty six weeks preceding the relevant date; or
- the average of the weekly high and low of the volume weighted average prices of the related equity shares quoted on a recognised stock exchange during the two weeks preceding the relevant date.

i) **The Company hereby undertakes that:**

- The Company hereby undertakes that the company shall re-compute the price of the specified securities in terms of the provision of these regulations where it is required to do so.
- The Company further undertakes that if the amount payable on account of the re-computation of price is not paid within the time stipulated in these regulations, the specified securities shall continue to be locked- in till the time such amount is paid by the Proposed allottees.

j) **Certificate of Statutory Auditors:**

Copy of the certificate of statutory auditors will be available for inspection at registered office of the Company on 28th September, 2020 during business hours, considering the proposed preferential issue, certifying that the issue is being made in accordance with the requirements of these regulations.

k) **Change in control, if any, in the Company consequent to the preferential issue**

As a result of the proposed issue of Equity Shares on a preferential basis, there will be no change in the control of the Company

l) **Consequential Changes in the Voting Rights:**

Voting rights will change in tandem with the shareholding pattern. However, there shall not be any change in the management control of the Company.

m) **Lock-in-period**

- The entire pre-preferential shareholding of Proposed allottee, if any, shall also be locked-in as per Regulation167 of the ICDR Regulations,2018.
- Equity shares being allotted to Promoters shall be locked-in for a period of 3(three) year from the date of trading approval or such other period as may be prescribed by the SEBI (Issue of Capital And Disclosure Requirements) Regulations, 2018.

n) **Number of persons to whom allotment on preferential basis has been made in terms of number of securities as well as price Post 31st March, 2020 and up to the date of this Notice, the following preferential allotments have been made:**

Date of Allotment	No. of securities allotted	Issue Price	No. of allottees	Type of Securities
Nil				

o) **Class or Classes of persons to whom the allotment is proposed to be made: The allotment is proposed to be made to the Promoter and Promoter group.**

p) **Other Disclosure:**

- It is hereby confirmed that neither the Company nor any of its Promoters or Directors are a willful defaulter.
- The Board, in its meeting held on 20th August, 2020 has approved the issuance of Equity Shares on preferential basis to the promoters and promoter group in the manner stated hereinabove, subject to the approval of members and other approvals, as may be required.
- Regulation 160(b) of the ICDR Regulations,2018 provides that preferential issue of specified securities by a listed company would require approval of its shareholders by way of a Special Resolution. The Board, therefore, recommends the resolution as set out in Item No.6 above to be passed as a Special Resolution.

q) **In accordance with the ICDR Regulations**

i. all the Equity Shares held by the Proposed Allottees

in the Company are in dematerialized form only.

ii. No person belonging to the promoters / promoter group have sold any Equity Shares of the Company during the 6 (Six) months preceding the Relevant Date;

iii. No person belonging to the promoters / promoter group has previously subscribed to any warrants of the Company but failed to exercise them in the last one year.

iv. the Company and none of its promoters or directors is a willful defaulter or a fugitive economic offender; and

The issue of Equity Shares shall be made in accordance with the provisions of the Memorandum and Articles of Association of the Company and shall be made in a dematerialized format only.

None of the Directors or Key Managerial Personnel of the Company and/or their relative(s) is in any way concerned or interested, financially or otherwise, in the proposed resolution in Item No. 5

The Board of Directors of the Company recommends the Resolution to be passed as a Special Resolution as set out in Item No. 5 of the Notice.

By Order of the Board

For Virinchi Limited

K. Ravindranath Tagore

Company Secretary

M.No.: A18894

Date: 20/08/2020

Place: Hyderabad

Registered Office:

Virinchi Limited

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

Directors' Report

Dear Members,

Your Directors have great pleasure in presenting the report of the Business and Operations of your Company ('the Company' or 'Virinchi'), along with the audited financial statements, for the financial year ended March 31, 2020. The Consolidated Performance of your Company and its subsidiaries has been referred to wherever required

FINANCIAL PERFORMANCE

(Rs. In Lakhs)

Particulars	Consolidated		Standalone	
	2019-20	2018-19	2019-20	2018-19
Total Income	38315.57	41,111.59	14102.57	17,373.99
Profit before finance Cost, Depreciation & Amortization, Taxation & Exceptional Item	11228.31	12,421.06	4482.26	5,978.94
Less: Finance Cost	2219.62	2,207.29	665.74	984.94
Depreciation and Amortization Expenses	4449.94	3,600.20	1551.53	2,060.95
Profit before Tax & Exceptional items	4558.75	6,613.57	2264.99	2,933.06
Less: Exceptional items	-	-	-	-
Profit Before Tax	4558.75	6,613.57	2264.99	2,933.06
Less: Tax Expenses	(87.24)	721.65	579.90	785.28
Profit before minority interest	4645.99	5,891.93	1685.10	2,147.77
Less: Minority Interest	(0.59)	-	-	NA
Profit After Tax	4645.40	5,891.93	1685.10	2,147.77

STATE OF AFFAIRS/COMPANY'S PERFORMANCE

Consolidated Revenues: The total consolidated income of the Company for the FY 2019-20 is ₹38,315.57 Lakhs as against ₹41,111.59 Lakhs in FY 2018-19

Standalone Revenues: The total income of the Company for the FY 2019-20 is ₹14,102.57 Lakhs as against ₹17,373.99 Lakhs in FY 2018-19

Consolidated profits:

Profit before Tax (PBT) stood at ₹4,558.75 Lakhs as against ₹6,613.57 Lakhs for the previous year.

Profit after Tax (PAT) stood at ₹4,645.40 Lakhs as against ₹5,891.93 Lakhs for the previous year.

Standalone profits:

Profit before Tax (PBT) stood at ₹2264.99 Lakhs as against ₹2,933.06 Lakhs for the previous year. Profit after Tax (PAT) stood at ₹1685.10 Lakhs as against ₹2,147.77 Lakhs for the previous year.

RESERVES AND SURPLUS

During the year the Company has transferred an amount of ₹1,685.09Lakhs to Reserves and Surplus.

DIVIDEND

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

PERFORMANCE SUBSIDIARIES INFORMATION

Tyohar foods private Ltd

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

pleased to pass the Order dt. 22.01.2016 in favour of the Bank and dismissed the case filed by the Applicants.

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

The Applicants/Petitioners approached the Hon'ble High Court and filed a Writ Petition No. 25067/2017 and the same has been dismissed by the High court and gave the verdict in favour of the company.

Later, one V.Sai Kumar has filed OS no.83/2013 in II ADJ Court at L.B.Nagar against their family members and now he wanted to implead us into the case and filed a petition. Virinchi along with Canara Bank have filed our Counters that they cannot implead us and submitted our arguments, we are awaiting for the Orders.

Virinchi Health Care Private Ltd

Virinchi Healthcare Private Limited (VHPL) has three units in Hyderabad, with the flagship hospital at Banjara Hills, Hyderabad, delivering therapeutic care over 40 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.

In December 2019, the second block of the flagship hospital with 50 beds was commissioned, taking the bed capacity to 400 at Banjara Hills campus. 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 Cath Lab, Dual Energy 128 Slice CT, 11 Fully Equipped Operation Theatre & widest range of in-house diagnostic capabilities.

In order to complete the process of consolidating all healthcare business in VHPL, during the year, healthcare assets worth Rs. 37.27 Cr and corresponding liabilities of Rs. 25.64 Cr were transferred to VHPL from Virinchi Limited through slump sale, effective April 1, 2019, which is a follow-on activity to the slump sale of the two smaller hospitals in Hyderabad with a total capacity of 200 beds in FY19, which was effective April 1, 2018. With this, all the healthcare assets and liabilities are now accounted in the books of VHPL along with the income and expenses.

The healthcare revenues and EBIT have seen QoQ growth during FY20 till Q3 and the performance in Q4 was in line to exceed that in Q3, upto March 25, 2020, when Covid-19 related nationwide lockdown was announced. The Covid-19 pandemic has impacted the healthcare industry in general and our healthcare services business operations due to travel restrictions impacting both domestic and international patients' inflow to the hospitals. The out-patient footfall was impacted by the lockdowns and the government directive on not taking up elective surgeries impacted the inpatient case-loads.

Since the Covid-19 affect was towards the end of March 2020, the performance of VHPL during the year under review FY 2019-20 was not impacted significantly, with a total turnover of ₹162.09 crores and EBIT of Rs. 19.53 crores vis-a-vis Rs. 141.43 crores of revenue and Rs. 13.17 crores of EBIT in FY 2018-19.

Virinchi Learning Private Ltd

We have successfully trained and placed 470 students under NSDC program this year. We are planning to partner with few more training programs to increase the training potential and that rural youth can utilize 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.

The employees have joined in various projects of the company and total head count is 50 employees in KSoft as on 31st March, 2020.

For the year under review the total income is ₹97.50 Crores as against ₹103.46 Crores in 2018-19 and the EBIT is Rs.19 Crores as against ₹35.79 Crores in 2018-19.

Directors

In accordance with the provisions of Section 152 (6) of the Act and the Company's Articles of Association, Ms. G. Santhi

Priya, Director retires by rotation at the forthcoming Annual General Meeting and, being eligible offers herself for re-appointment. The Board recommends her re-appointment for the consideration of the Members of the Company at the forthcoming Annual General Meeting. Brief profile of Ms. G. Santhi Priya has been given in the Notice convening the Annual General Meeting.

Appointments:

During the year under review there are no appointments in the Board.

Cessations:

During the year under review there are no cessations in the Board.

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, 15,50,000 equity shares were allotted to the promoters under the Chapter VII of the SEBI (ICDR) Regulations, 2009 and admitted for trading on BSE . Consequently, the Equity Share Capital of your Company increased from 3,11,70,734 equity shares of ₹10/- each to 3,27,20,734 shares of ₹10/- each as on March 31, 2020.

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Number of Shares	₹	Number of Shares	₹
Equity Shares				
Share capital				
(a) Authorised Equity Shares of ₹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 ₹10/-each				
	3,27,20,734	32, 72,07,340	3,11,70,734	31,17,07,340

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

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Number of Shares	₹	Number of Shares	₹
Equity Shares				
Shares outstanding at the beginning of the year	3,11,70,734	31,17,07,340	28,218,050	282,180,500
Add: issued and allotted during the year				
i. Allotment of shares pursuant to VESOS, 2016	-	-	21,72,684	2,17,26,840
ii. Allotment of shares under preferential issue guidelines	15,50,000	1,55,00,000	1,60,000	16,00,000
Less: Shares bought Back during the year	-	-	-	-
Shares outstanding at the end of the year	3,27,20,734	32,72,07,340	3,11,70,734	31,17,07,340

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 8,00,000 warrants to the senior management of the company at Rs.85.40. They have paid the 25% upfront money and are pending for exercise/conversion..

During the year, 8,90,000 warrants expired as the promoters were unable to exercise the warrants due to the completion of Maximum limits for acquisition of shares in a year.

CODE OF CONDUCT:

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

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

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

The Code lays down the standard procedure of business conduct which is expected to be followed by the Directors and the designated employees in their business dealings and in particular on matters relating to integrity in the work place, in

business practices and in dealing with stakeholders. The Code gives guidance through examples on the expected behaviour from an employee in a given situation and the reporting structure.

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

VIGIL MECHANISM / WHISTLE BLOWER POLICY:

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

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

http://virinchi.com/pdf/whistleBlowersPolicy.pdf

PREVENTION OF INSIDER TRADING

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

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

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

DECLARATION BY INDEPENDENT DIRECTORS

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

Key Managerial Personnel

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

Familiarization Programme for Independent Directors

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

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

Accordingly, your Company arranged technical sessions to familiarize the Independent Directors, the details of which are disclosed on the website of the company at

http://virinchi.com/pdf/familiaratisation-programme-to-independent-directors.pdf

Transfer of unclaimed dividend and corresponding equity shares

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

Particulars of Loans, Guarantees Or Investments By The Company

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

Board Evaluation

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

Material Subsidiary

Virinchi Health Care Private Ltd and KSoft Systems Inc., are the Material subsidiaries of the company as per the thresholds laid down under the Listing Regulations. The Board of Directors of the Company has approved a Policy for determining material subsidiaries which is in line with the Listing Regulations as amended from time to time. The Policy was revised effective from April 1, 2019 in line with the

amendments made to the Listing Regulations. The Policy has been uploaded on the Company's website at http://virinchi.com/pdf/materialityPolicy.pdf

Sexual Harassment Policy

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

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

Meetings of Independent Directors

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

One such meeting of Independent Directors was held during the year on 11th March, 2020 without the presence of Executive Directors and management personnel. All the Independent Directors attended the meeting.

Registration Of Independent Directors In Independent Directors Databank

All the Independent Directors of the Company have been registered and are members of Independent Directors Databank maintained by Indian Institute of Corporate Affairs.

Governance Policies

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

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

The link for accessing the above policies is http://corporate.virinchi.com/policies.php

BOARD DISCLOSURES

i. Risk Management

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

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

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

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

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

ii. Internal Control System

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

Directors' Responsibility Statement

Pursuant to section 134(5) of the Companies Act, 2013, your Directors, based on the representations received from the

Operating Management, and after due enquiry, confirm that:

a) In the preparation of the annual accounts for the year ended 31st March, 2020, the applicable accounting standards had been followed and there are no material departures.

b) The directors have selected appropriate accounting policies and applied them consistently and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of financial year and of the profit of the company for that period.

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

d) We have prepared the annual accounts for the financial year ended 31st March, 2020 on a going concern basis.

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

f) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively throughout the Financial Year ended 31st March, 2020.

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

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

AUDITOR'S REPORT/ SECRETARIAL AUDIT REPORT:

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

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

AUDITORS

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

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

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

SECRETARIAL AUDIT:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company has appointed Mr. V. Chandra Sekhar Patnaik, Practising Company Secretary, to undertake the Secretarial Audit of your Company. The Report of the Secretarial Audit is annexed as Annexure - E.

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

SIGNIFICANT AND MATERIAL ORDERS

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

STATUTORY INFORMATION AND OTHER DISCLOSURES

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

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

FIXED DEPOSITS

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

Meetings of the Board and Committees

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

Consolidated Financial Statements

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

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

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

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

Corporate Social Responsibility (CSR)

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

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

EXTRACT OF ANNUAL RETURN:

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

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

Reporting of Frauds by Auditors

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

Details about Employees Stock Option Scheme

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

Related Party Transactions

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

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

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

Maintenance of Cost Records

The maintenance of Cost Records as specified by 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

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 were no material changes commitments affecting the financial position of your Company between the end of financial year (March 31, 2020) and the date of the report (August 20th , 2020).

CAUTIONARY STATEMENT

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

Acknowledgments

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

For Virinchi Ltd

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

Date:20th August, 2020
Place; Hyderabad

ANNEXURE-A

STATEMENT OF DISCLOSURE OF REMUNERATION

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

Sl. No	Requirements	Disclosure	
1	The ratio of the remuneration of each director to the median remuneration of all the employees of the Company for the financial year.	Name of the Director	Ratio (In X Times)
		G. Santhi Priya	8.86
		K. Sri Kalyan	6.32
		M.V.Srinivasa Rao	12.87
		a. The Median Remuneration of all the employees of the company was 3,54,447/- b. For this purpose sitting fees paid to the directors has not been considered as remuneration.	
2	The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary in the financial year	Name of the Director	% increase in Remuneration
		G. Santhi Priya	6.33
		K. Sri Kalyan	17.71
		M.V.Srinivasa Rao	10.22
		K.Ravindranath Tagore- Company Secretary	-
		K.Kalpana*	-
		M.Ramam*	-
		J.Suresh*	-
3	The percentage increase/decrease in the median remuneration of employees in the financial year.	During FY 2019-20, the percentage Increase/decrease in the median remuneration of employees as compared to previous year was approximately 8.1%	
4	The number of permanent employees on the rolls of Company.	There were 646 employees as on March 31, 2020	
5	The Average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentage increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	Average increase in remuneration is 8.1% for Employees other than Managerial Personnel and 10.53% for Managerial Personnel	
6	Affirmation that the remuneration is as per the remuneration policy of the Company.	Yes, It is confirmed.	

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

ANNEXURE-C

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2019-20

Sl. No		Requirements
1.	A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs	Virinchi to be a socially responsible corporate by fulfilling its responsibilities as a member of the society and community, thereby creating a positive impact to the stakeholders with a concern towards the environment. The programs include Education, Community, Environment Sustainability and Rural Development Projects & Donations. The CSR Policy of the Company is available on the website of the Company i.e www.virinchi.com
2.	The Composition of the CSR Committee	1. Ramam Madu 2. K. Sri Kalyan 3. G. Santhi Priya
3.	Average net profit of the Company for last three financial years	₹22,33,19,967
4.	Prescribed CSR Expenditure (two percent of the amount as in item 3 above)	₹44,66,399
	a. Total amount spent for the financial year 2019-120.	₹44,80,000
	b. Amount unspent, if any	Nil

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

Sl. No.	CSR project or activity Identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs were undertaken	Amount Outlay (budget) project or Programs Wise	Amount spent on the projects or Programs Subheads: (1) Direct expenditure on projects or Programs. (2) Overheads:	Cumulative expenditure upto to the reporting Period	Amount spent: Direct or through implementing Agency
1	Viswanatha Foundation	Education, Health, Sanitation	Podagatlapalli, East Godavari Dt, Andhra Pradesh	₹5.20 Lacs	₹5.20 Lacs	₹5.20 Lacs	Through Foundation
2	Lopa mudraCharitable Trust	Education, Health, Sanitation	Hyderabad	₹39.60 Lacs	₹39.60 Lacs	₹39.60 Lacs	Through Foundation

RESPONSIBILITY STATEMENT

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

Place: Hyderabad
Date: 26.06.2020

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

Ramam Madu
CSR Committee Chairman
DIN : 0256258

ANNEXURE-D

Annexure to Boards Report

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2020
Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION & OTHER DETAILS:

i)	CIN	L72200TG1990PLC011104
ii)	Registration Date	13/03/1990
iii)	Name of the Company	Virinchi Limited
iv)	Category/Sub-category of the Company	Company Limited by Shares
V	Address of the Registered Office & contact details	8-2-672/5&6, 4th Floor, Road No. 1 Banjara Hills, Hyderabad-500 034 Phone# 040-48199999 E-mail: Investors@virinchi.com
vi)	Whether listed company	Yes
vii)	Name, Address & contact details of the Registrar & Transfer Agent, if any.	M/s. Aarthi Consultants Private Ltd 1-2-285, Domalguda, Hyderabad – 500029 Phone# 91-40-27634445, 27638111 Fax: 91-40-27632184

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Computer Programming, Consultancy and Related Activities	6201,6202, 6209	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and address of the Company	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	**Virinchi Infra and Realty Private Limited** Address: 8-2-672/5&6, 2nd Floor, Road no. 1 Banjara Hills, Hyderabad-500034) CIN: U45209TG2012PTC084900	Subsidiary	100%	Sec.2(87)(ii)
2	**Tyohar Foods Private Limited** Address: 8-2-672/5&6, 6th Floor, Road no. 1 Banjara Hills, Hyderabad-500034) CIN: U15122TG2012PTC082709	Subsidiary	100%	Sec.2(87)(ii)
3	**Virinchi Health Care Private Limited** Address:6-3-2,6-3-3,6-3-3/1, Ashoka Metro Politon Building Road No 1, Banjara Hills, Hyderabad Hyderabad TG 500034 IN CIN: U85100TG2013PTC091707	Subsidiary	100%	Sec.2(87)(ii)

S. No.	Name and address of the Company	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
4	**Asclepius Consulting &Technologies Private Limited** Address:,8-2-672/5&6, 4th Floor, Road no. 1 Banjara Hills, Hyderabad-500034 CIN: U72200TG2008PTC118227	Subsidiary	51%	Sec.2(87)(ii)
5	**Virinchi Learning Private Limited** Address: 8-2-672/5&6, 1st Floor, Road no. 1 Banjara Hills, Hyderabad-500034) CIN: U72200TG2010PTC069967	Subsidiary	100%	Sec.2(87)(ii)
6	**Virinchi Media And Entertainment Private Limited** Address: 8-2-672/5&6, 7th Floor, Road no. 1 Banjara Hills, Hyderabad-500034) CIN: U92100TG2010PTC070028	Subsidiary	100%	Sec.2(87)(ii)
7	**Ksoft Systems Inc.** 340, Raritan Business PKWY, Edison, NJ USA – 08837	Subsidiary	100%	Sec.2(87)(ii)
8	**QFund Technologies Private Limited** Address: 8-2-672/5&6, 5th Floor, Road no. 1 Banjara Hills, Hyderabad-500034) CIN : U72200TG201OPTC070100	Subsidiary	100%	Sec.2(87)(ii)
9	**Tensor Fields Consultancy Services Private Limited** Address: 8-2-672/5&6, 6th Floor, Road no. 1 Banjara Hills, Hyderabad-500034) CIN:U74900TG2015PTC101115	Subsidiary	100%	Sec.2(87)(ii)
10	Virinchi Combinatorics and Systems Biology Private Limited Address: 6-3-2, 6-3-3, 6-3-3/1, 5th Floor, Ashoka Metro Politon Build, Road No. 1, Banjara Hills, Hyderabad-500034) CIN:U74999TG2016PTC110019	Subsidiary	100%	Sec.2(87)(ii)

IV) SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

i) Categorywise shareholding

Category of Shareholders		No. of shares held at the beginning of the year (As on 1st April, 2019)				No. Of Shares held at the end of the year (As on 31st March, 2020)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
1	**Indian**									
(a)	Individuals/Hindu undivided Family	11423100	0	11423100	36.65	12463100	0	12463100	38.09	9.10
(b)	Central Government/ State Government(s)	-	-	-	-	-	-	-	-	-
(c)	Financial Institutions/ Banks	-	-	-	-	-	-	-	-	
(d-i)	Corporate Bodies	1106742	0	1106742	3.55	1586742	0	1586742	4.85	43.37
(d-ii)	Trust/ Promoter	-	-	-	-	-	-	-	-	
(d-iv)	Directors/Promoters & their Relatives & Friends	-	-	-	-	-	-	-	-	
	Sub-Total(A)(1)	12529842	0	12529842	40.20	14049842	0	14049842	42.94	12.13
2	**Foreign**									
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	960974	0	960974	3.08	960974	0	960974	2.94	0
(b)	Government	-	-	-	-	-	-	-	-	
(c)	Institutions	-	-	-	-	-	-	-	-	
(d)	Foreign Portfolio Investor	-	-	-	-	-	-	-	-	
(f-i)	Corporate Bodies - Foreign Body	-	-	-	-	-	-	-	-	
(f-ii)	Corporate Bodies - OCB Non Repatriable	-	-	-	-	-	-	-	-	
(f-iii)	Corporate Bodies - OCB Repatriable	94484	0	94484	0.30	94484	0	94484	0.29	0
(f-iv)	Foreign Institutional Investor (FII) - Others	-	-	-	-	-	-	-	-	
(f-v)	Foreign Institutional Investor (FII) - DR	-	-	-	-	-	-	-	-	
(f-vi)	Bank - Foreign Bank	-	-	-	-	-	-	-	-	
(f-vii)	Trust	-	-	-	-	-	-	-	-	
	Sub-Total(A)(2)	**1055458**	**0**	**1055458**	**3.39**	**1055458**	**0**	**1055458**	**3.23**	**0**
	Total shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	**13585300**	**0**	**13585300**	**43.58**	**15105300**	**0**	**15105300**	**46.16**	**11.19**
	Public Shareholding									
1	**Institutions**	-	-	-	-	-	-	-	-	
(a)	Mutual Funds	-	-	-	-	-	-	-	-	
(b)	Venture Capital Funds	-	-	-	-	-	-	-	-	
(c)	Alternate Investment Funds	-	-	-	-	-	-	-	-	
(d)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	
(e)	Foreign Portfolio Investor	70000	0	70000	0.22	0	0	0	0.00	-100.00
(f)	Financial Institutions/ Banks	-	-	-	-	-	-	-	-	
(g)	Insurance Companies	-	-	-	-	-	-	-	-	
(h)	Providend Funds/ Pension Funds	-	-	-	-	-	-	-	-	
(i-i)	Bank - Foreign Bank	-	-	-	-	-	-	-	-	
(i-ii)	Foreign Institutional Investors	-	-	-	-	-	-	-	-	
	Sub-Total(B)(1)	**70000**	**0**	**70000**	**0.22**	**0**	**0**	**0**	**0.00**	**-100.00**
2	**Central Government/ State Government(s)/ President of India**								**0.00**	
(a)	Central Government/ State Government(s)/ President of India	0	0	0	0.00	0	0	0	0.00	
	Sub-Total(B)(2)	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	

Category of Shareholders		No. of shares held at the beginning of the year (As on 1st April, 2019)				No. Of Shares held at the end of the year (As on 31st March, 2020)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
3	**Non-Institutions**									
(a-i)	i. Individual shareholders holding nominal share capital up to ₹2 Lakhs	7212443	66286	7278729	23.35	7154702	54981	7209683	22.03	-0.95
(a-ii)	ii. Individual shareholders holding nominal share capital excess ₹2 Lakhs	5996050	654400	6650450	21.34	6665732	140000	6805732	20.80	2.33
(b)	NBFCs Registered with RBI	0	0	0	0.00			0	0.00	0
(c)	Eployess Trusts	0	0	0	0.00			0	0.00	0
(d)	Overseas Depositories (holding DRs) (balancing figure)	0	0	0	0.00			0	0.00	0
(e-i)	Non-Resident Indian (NRI)	1350781	58200	1408981	4.52	1386055	58200	1444255	4.41	2.50
(e-ii)	Corporate Bodies - Indian	1463145	0	1463145	4.69	1495700		1495700	4.57	2.23
(e-iii)	Corporate Bodies - Foreign Bodies	0	500000	500000	1.60	0	500000	500000	1.53	0
(e-iv)	Clearing Member	107971		107971	0.35	34517	0	34517	0.11	-68.03
(e-v)	Corporate Bodies - OCB Non Repatriable	-	-	-	-	-	-	-	-	-
(e-vi)	Corporate Bodies - OCB Repatriable	-	-	-	-	-	-	-	-	-
(e-vii)	Foreign National - FN	-	-	-	-	-	-	-	-	-
(e-viii)	Trust	-	-	-	-	-	-	-	-	-
(e-ix)	Qualified Foreign Investor - Individual	-	-	-	-	-	-	-	-	-
(e-x)	Qualified Foreign Investor - Corporate	-	-	-	-	-	-	-	-	-
(e-xi)	Unclaimed Susp A/c	-	-	-	-	-	-	-	-	-
(e-xii)	IEPF	81158	0	81158	0.26	125547	0	125547	0.38	54.69
	Sub-Total(B)(3)	**16211548**	**1278886**	**17490434**	**56.11**	**16862253**	**753181**	**17615434**	**53.84**	**0.71**
	Total Public Shareholding (B)=(B)(1)+(B)(2)+(B)(3)	**16281548**	**1278886**	**17560434**	**56.34**	**16862253**	**753181**	**17615434**	**53.84**	**0.31**
	Non-Promoter -Non Public Shareholding									
1	**Custodian/DR Holder**									
(a)	**Custodian/DR Holder**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Sub-Total(C)(1)	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0**
2	**Employee Benefit Trust (under SEBI (Share based Employee Benefit Regulations, 2014)**									
(a)	Employees Benefit Trust (Under SEBI (Share based Employee Benefit) Regulations, 2014	25000	0	25000	0.08	0	0	0	0.00	-100
	Sub-Total(C)(2)	**25000**	**0**	**25000**	**0.08**	**0**	**0**	**0**	**0.00**	**-100**
	Total Non-Promoter-Non Public Shareholding (C)=(C)(1)+(C)(2)	**25000**	**0**	**25000**	**0.08**	**0**	**0**	**0**	**0.00**	**-100**
	Grand Total(A+B+C)	**29891848**	**1278886**	**31170734**	**100.00**	**31967553**	**753181**	**32720734**	**100.00**	**4.97**

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	No. of shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year
		No. of Shares	%of Total Share Capital of the Company	%of Shares pledged/ encumbered to total shares	No. of Shares	% of Total Share Capital of the Company	% of Shares pledged/ encumbered to total shares	
1	VISWANATH KOMPELLA	6807975	20.81	0	6807975	20.81	6.17	0
2	MADHAVI LATHA KOMPELLA	1118050	3.42	0	1118050	3.42	0	0
3	MODINI KOMPELLA	1070625	3.27	0	1410625	4.31	0	1.09
4	RAMAKRISHNA PARAMAHAMSA KOMPELLA	1070625	3.27	0	1570625	4.80	0	1.60
5	LOPA MUDRA KOMPELLA	1180625	3.61	0	1410625	4.31	0	0.74
6	PRAVEEN KUMAR KONDAI	675000	2.06	0	675000	2.06	0	0
7	ABHILASH KONDAI	187000	0.57	0	187000	0.57	0	0
8	ANIL KUMAR PINAPALA	100000	0.31	0	100000	0.31	0	0
9	SHANMUGAM S	72974	0.22	0	72974	0.22	0	0
10	SHEMA RENNY ABRAHAM	50000	0.15	0	20000	0.06	0	-0.10
11	SRINATH KOMPELLA	200	0.00	0	200	0.00	0	0
12	RAJENDER RAO KARPE	26000	0.08	0	26000	0.08	0	0
13	DEEPA REJI ABRAHAM	25000	0.08	0	25000	0.08	0	0
14	P.K.I. SOLUTIONS PRIVATE LTD	405605	1.24	0	635605	1.94	0	0.74
15	SHRI SHRI RESORTS PRIVATE LTD	401137	1.23	0	501137	1.53	0	0.32
16	BHARAT MEGAWATTS GEN PRIVATE LTD	300000	0.92	0	450000	1.38	0	0.48
17	SADEC POWER SDN BHD	40645	0.12	0	40645	0.12	0	0
18	AMELIUM CORPORATION SDN BHD	53839	0.16	0	53839	0.16	0	0
	Total shareholding of Promoter and Promoter Group	13585300	41.52		15105300	46.16		
	Total Share Capital of the company	**31170734**			**32720734**			

(ii) Change in Promoters' Shareholding

Sl. No.	Shareholder's Name	No. of Shares at the Beginning of the Year (01.04.2019)	% of Total Shares of the Company	Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shares during the year	% of Total Shares of the Company during the year
1	VISWANATH KOMPELLA	6807975	21.84		No Change		6807975	20.81
2	MADHAVI LATHA KOMPELLA	1118050	3.59		No Change		1118050	3.42
3	MODINI KOMPELLA	1070625	3.43	6/25/2019	340000	Allotment	1410625	4.31
4	RAMAKRISHNA PARAMAHAMSA KOMPELLA	1070625	3.43	6/3/2019	500000	Allotment	1570625	4.80
5	LOPA MUDRA KOMPELLA	1180625	3.79	6/12/2019	230000	Allotment	1410625	4.31
6	PRAVEEN KUMAR KONDAI	675000	2.17		No Change		675000	2.06
7	ABHILASH KONDAI	187000	0.60		No Change		187000	0.57
8	ANIL KUMAR PINAPALA	100000	0.32		No Change		100000	0.31
9	SHANMUGAM S	72974	0.23		No Change		72974	0.22
10	SHEMA RENNY ABRAHAM	50000	0.16	12/6/2019	-30000		20000	0.06
11	SRINATH KOMPELLA	200	0.00		No Change		200	0.00
12	RAJENDER RAO KARPE	26000	0.08		No Change		26000	0.08
13	DEEPA REJI ABRAHAM	25000	0.08		No Change		25000	0.08
14	P.K.I. SOLUTIONS PRIVATE LTD	405605	1.30	4/24/2019	100000	Allotment	505605	1.55
				5/4/2019	130000	Allotment	635605	1.94
15	SHRI SHRI RESORTS PRIVATE LTD	401137	1.29	4/24/2019	100000	Allotment	501137	1.53
16	BHARAT MEGAWATTS GEN PRIVATE LTD	300000	0.96	4/24/2019	100000	Allotment	400000	1.22
				5/4/2019	50000	Allotment	450000	1.38
17	SADEC POWER SDN BHD	40645	0.13		No Change		40645	0.12
18	**AMELIUM CORPORATION SDN BHD**	**53839**	**0.17**		No Change		**53839**	**0.16**

iv) Shareholding Pattern of of TOP10 Shareholders : (Other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Shareholder's Name	No. of Shares at the Beginning of the Year (01.04.2019)	% of Total Shares of the Company	Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shares during the year	% of Total Shares of the Company during the year
1	Mohan Kumar Tayal	580200		4/1/2019	125220	purchase	705420	2.26
				4/5/2019	13330	purchase	718750	2.31
				4/12/2019	10564	Sale	708186	2.27
				2/21/2020	17600	Sale	690586	2.11
				2/28/2020	30751	Sale	659835	2.02
				3/6/2020	64951	Sale	594884	1.82
				3/13/2020	19959	Sale	574925	1.76
				3/20/2020	15200	Sale	559725	1.71
	At the End of Year						559725	1.71
2	Rite Equity SDN BHD	500000	1.87		No Change		500000	1.53
	At the End of Year						500000	1.53
3	Mallemkonda Realities Private Ltd	500000	1.87	2/21/2020	6748	purchase	506748	1.55
				2/28/2020	7100	purchase	513848	1.57
				3/6/2020	30000	purchase	543848	1.66
				3/13/2020	2000	purchase	545848	1.67
				3/20/2020	5368	purchase	551216	1.68
				3/27/2020	5000	purchase	556216	1.70
	At the End of Year						556216	1.70
4	Vishal Ranjan	440019	0		No Change		440019	1.34
	At the End of Year						440019	1.34
5	Satyajeet Prasad	440000	0		No Change		440000	1.34
	At the End of Year						440000	1.34
6	KAYALVIZHI BALACHANDRAN	361082		5/3/2019	1847	Sale	359235	1.14
				5/10/2019	1500	Sale	357735	1.13
				5/24/2019	235	Sale	357500	1.13
				5/31/2019	1000	Sale	356500	1.13
				7/26/2019	1000	Sale	355500	1.09
				8/23/2019	1000	Sale	354500	1.08
				9/6/2019	1113	Sale	353387	1.08
				9/21/2019	1000	Sale	352387	1.08
				11/29/2019	4000	Sale	348387	1.06
	At the End of Year						348387	1.06
7	M. Radhamani	314876			No Change		314876	0.96
	At the End of Year						314876	0.96
8	Sangeetha S	300490			No Change		300490	0.92
	At the End of Year						304990	0.93
9	Anirudh Mehta	273230		12/27/2019	12630	Sale	260600	0.80
				12/31/2019	3704	Sale	256896	0.79
	At the End of Year						256896	0.79
10	Magadha Infracon Private Ltd	253892		1/3/2020	974	purchase	254866	0.78
	At the End of Year						254866	0.78

iv) Shareholding Pattern of of TOP10 Shareholders : (Other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Shareholding of each Directors and each Key Managerial Personnel	No. of Shares at the Beginning of the Year (01.04.2019)	% of Total Shares of the Company	Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shares during the year	% of Total Shares of the Company during the year
1	G.Santhi Priya	50000	-		No Change		50000	0.16
	At the End of Year						50000	0.16
2	K. Sri Kalyan	50000	-		No Change		50000	0.17
	At the End of Year						50000	0.16
3	Ramam Madu	-	-	-	-	-	-	-
	At the End of Year							
4	M.V.Srinivasa Rao	-	-				-	-
	At the End of Year						-	-
5	J.Suresh	-	-				-	-
	At the End of Year						-	-
6	K.Kalpana	-	-				-	-
	At the End of Year						-	-
7	K.Ravindranath Tagore	60000					60000	0.19
	At the End of Year						60000	0.19

V) INDEBTEDNESS : Indebtedness of the Company including interest outstanding / accured but not due for payment.

(Amount in ₹)

	Secured Loans excluding deposits	Unsecured Loans	Total Indebtedness
Indebtedness at the beginning of the financial year			
i) Principal Amount	73,62,72,989	1,80,44,879	75,43,17,868
ii) Interest due but not paid	-	-	-
iii) Interest accrued but not due	-	-	-
Total (i+ii+iii)	**73,62,72,989**	**1,80,44,879**	**75,43,17,868**
Change in Indebtedness during the financial year			-
*Addition	80,09,69,827		80,09,69,827
*Reduction	102, 79,10,450	1,74,28,937	104,53,39,387
Net Change	(22,69,40,624)	(1,74,28,937)	(24,43,69,560)
Indebtedness at the end of the financial year			-
i) Principal Amount	50,93,32,365	6,15,942	50,99,48,307
ii) Interest due but not paid			-
iii) Interest accrued but not due			-
Total (i+ii+iii)	**50,93,32,365**	**6,15,942**	**50,99,48,307**

VI. Remuneration of Directors and Key Managerial Personnel

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

(Amount in ₹)

Sl. No.	Particulars of Remuneration / Name of the Director	Name of MD/ WTD/Manager			Total Amount
		G. Santhi Priya	K Sri Kalyan	M.V.Srinivasa Rao	
		CFO & Whole Time Director	Whole Time Director	Whole Time Director	
1	Gross salary	31,40,004	22,40,004	45,61,200	99,41,208
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961				
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	Nil	Nil	Nil	Nil
2	Stock Option*	Nil	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil	Nil
4	Commission	Nil	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil	Nil
	Total (A)	**31,40,004**	**22,40,004**	**45,61,200**	**99,41,208**
	Ceiling as per the Act	₹238.21 Lakhs (being the 11% of Net Profit of the Company calculated as per Section 198 of Companies Act, 2013)			

B. Remuneration to other Directors

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount (₹)
1	Independent Directors	Ramam Madu	K.Kalpana	J. Suresh	
	Fee for attending board and committee meetings	1,35,000	95,000	80,000	3,10,000
	(d) Commission				
	(e) Others, please specify				
	Total (1)	**1,35,000**	**95,000**	**80,000**	**3,10,000**
2	Other Non-Executive Directors				
	Fee for attending board and committee meetings				
	Commission				
	Others, please specify				
	Total (2)	**0**	**0**	**0**	**0**
	Total (B)=(1+2)	**1,35,000**	**95,000**	**80,000**	**3,10,000**
	Total Managerial Remuneration	1,35,000	95,000	80,000	3,10,000
	Overall Ceiling as per the Act	₹238.21 Lakhs (being the 11% of Net Profit of the Company calculated as per Section 198 of Companies Act, 2013)			

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

(Amount in ₹)

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

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

ANNEXURE-E

SECRETARIAL AUDIT REPORT

For The Financial Year Ended On 31st March, 2020

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, 2020 (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 6 Board Meetings, 5 Audit Committee Meetings, 1 Independent Director's Meeting, 4 Nomination and Remuneration Committee and 4 Stakeholders Relationship Committee Meeting and 3 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.

For PATNAIK & ASSOCIATES
Company Secretaries

V Chandra Sekhar Patnaik
Practicing Company Secretary
COP No.: 16619
UDIN: A045479B000592058

Place: Hyderabad
Date: 20th August, 2020

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.

For PATNAIK & ASSOCIATES
Company Secretaries

V Chandra Sekhar Patnaik
Practicing Company Secretary
COP No.: 16619
UDIN: A045479B000592058

Place: Hyderabad
Date: 20th August, 2020

ANNEXURE-F

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:

(₹ in Crores)

Particulars	FY 2019-20	FY 2018-19
Foreign Exchange Earnings	138.10	146.68
Foreign Exchange Outgo	23.43	34.17

Technology Absorption, Adaptation and Innovation

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

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

ANNEXURE-G

DISCLOSURES PURSUANT TO REGULATION 14 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (SHARE BASED EMPLOYEE BENEFITS) REGULATIONS, 2014

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

Sl. No.	Description	Year ended 31st March, 2020	
1	Date of Shareholder's Approval	VESOS-2016 27/05/2016	VESOS-2018 28/09/2018
2	Total number of options approved under ESOS	50,00,000	30,00,000
3	Vesting requirements	Commences at the expiry of one year from the date of grant	
4	Exercise price or pricing formula	Pricing as decided by the nomination committee as on the date of committee meeting.	
5	Maximum term of options granted	5 years	
6	Source of shares (primary, secondary or Primary combination)	Primary	
7	Variation of terms of options	Nil	
8	Method used to account for ESOS - Intrinsic or fair value	The company has calculated the employee compensation cost using the Fair value of the stock options	
9	Difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options	Nil	
10	The impact of this difference on profits and on EPS of the company on the current year profits (for the year grants)	{Profit (Loss) after Tax (in ₹) Less: Additional Employee Compensation cost of Fair Value over Intrinsic Value (in ₹) Adjusted PAT (Loss) (in ₹) Adjusted weighted avg. EPS (in ₹)} NA	

Details of ESOS during the financial year

Sl. No.	Description	Year ended 31st March, 2020	
1	Number of Options Oustanding at the beginning of the year (Un-granted)	Nil	30,00,000
2	Number of options granted during the year	NA	12,70,000
3	Number of options forfeited/lapsed during the year	NA	NA
4	Number of options vested during the year	5,31,530	NA
5	Number of options exercised during the year	-	NA
6	Number of shares arising as a result of exercise of options	-	NA
7	Amount realized by exercise of options (₹)		NA
8	Loan repaid by the Trust during the year from exercise price received	Nil	NA
9	Number of options outstanding at the end of the year (out of total number of options approved under ESOS)	Nil	17,30,000
10	Number of options exercisable at the end of the year (out of total number of options approved under ESOS)	14,43,816	NA
	Weighted-average exercise		

Sl. No.	Description	Year ended 31st March, 2020	
	Stock Options Granted on	Weighted average exercise price (in ₹)	Weighted average fair value (in ₹)
	Nil	Nil	Nil
12	Employee wise details of options granted to		
	1. Senior Manager Personnel 1. Vishal Ranjan 2. Satyajeet Prasad	NA	6,10,000 6,60,000
	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 1. Vishal Ranjan 2. Satyajeet Prasad	NA	6,10,000 6,60,000
	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 1. Vishal Ranjan 2. Satyajeet Prasad	NA	6,10,000 6,60,000
13	Description of the method and significant assumptions used during the year to estimate the fair value of the options, including the following weighted average information	The Black Scholes option-pricing model was developed for estimating fair value of traded options that have no vesting restrictions and are fully transferable. Since option-pricing models require use of substantive assumptions, changes therein can materially affect fair value of options. The option pricing models do not necessarily provide a reliablemeasure of fair value of options	
14	The main assumptions used in the Black Scholes option-pricing model during the year were as follows: (i) Weighted average values of share price (ii) exercise price (iii) Risk free interest rate (iv) Expected Life of Options (v) Expected volatility (vi) Dividend yield	Refer Point#11 Refer Point#11 5 years Nil NA 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	

ANNEXURE-I

FORM AOC - I

PART - A

STATEMENT SHOWING SALIENT FEATURES OF THE FINANCIAL STATEMENTS OF SUBSIDIARIES
AS PER THE COMPANIES ACT, 2013 FOR THE FINANCIAL YEAR ENDED 31ST MARCH,2019

(Amount in ₹)

S. No	Name of the subsidiary	KSoft Sytems Inc	QFund Technologies Private Limited	Tyohar Foods Private Limited	Virinchi Learning Private limited	Virinchi Media Entertainment Pvt Ltd	Virinchi Infra & Realty Pvt. Ltd	Virinchi Health Care Pvt Ltd	Asclepius Consulting & Technologies Private Limited	Tensor Fields Consulting Services Pvt Ltd	Virinchi Combinatorics and Systems Biology Private Limited
1	Share capital	45,91,087	1,00,000	1,00,000	19,50,000	1,00,000	1,00,000	5,43,59,780	58,82,360	1,00,000	1,00,000
2	Reserves & Surplus	94,99,66,855	2,52,83,866	(91,69,320)	(99,38,620)	(63,844)	3,54,887	71,65,69,979	(1,63,30,574)	(17,32,794)	4,89,391
3	Total Assets	1,14,50,78,616	3,18,62,814	38,74,895	1,61,06,320	1,43,15,789	16,11,278	2,63,65,14,884	1,24,89,023	10,25,077	16,19,461
4	Total Liabilities	19,05,20,674	64,78,948	1,29,44,217	2,40,94,940	1,42,79,633	11,56,391	1,86,55,85,127	2,29,37,237	26,57,871	10,30,070
5	Investments	0	2,99,641	0	0	0	0	0	0	0	0
6	Turnover	97,49,77,932	2,13,71,921	17,77,778	19,50,000	0	15,30,668	162,08,73,540	43,80,644	24,66,474	16,66,667
7	PBT	17,95,54,225	(7,75,767)	14,34,422	(18,88,644)	(31,765)	4,94,998	5,22,02,839	1,21,094	(18,31,689)	96,025
8	Pro for Tax	2,72,38,376	8,13,225	(4,04,504)	(18,91,708)	0	1,24,591	(9,28,61,130)	2,43,206	0	24,170
9	PAT	15,23,15,849	(15,88,992)	18,38,926	3,064	(31,765)	3,70,407	14,50,63,969	(1,22,111)	(18,31,689)	71,855
10	Proposed Dividend	0	0	0	0	0	0	0	0	0	0
11	% of shareholding	100	100	100	100	100	100	100	51	100	100

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

Chandra Babu. M
Partner
Membership No. 227849

Place: Hyderabad
Date: 20th August, 2020

For and on behalf of the Board for Virinchi Limited

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

K. Sri Kalyan
Whole Time Director
DIN: 03137506

K. Ravindranath Tagore
Company Secretary
M.No. A18894

ANNEXURE-I

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 2019-20.

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.

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

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

(c) Duration of the contracts/arrangements/transactions

Inter-company agreements entered into with subsidiary companies, as amended and ongoing. The lease agreement extended for another 11 months

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

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

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

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

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

Monetary Terms with Mr. Viswanath Kompella

1. Payment of Fee/ Remuneration: Not Exceeding ₹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 ₹15,00,000 (Rupees Fifteen Lacs Only)
   b) an annual variable incentive of 2% only on the year on year incremental consolidated revenues of the company.
2. Reimbursements: All the expenses incurred on travelling, boarding, lodging etc. while performing advisory services for and on behalf of the Company shall be reimbursed on actual basis.
3. Facilities: Mr. Viswanath Kompella shall be provided requisite office facilities, chauffeur driven car and communication facilities to effectively discharge his duties.

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

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

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

For Virinchi Ltd

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

Date:20th August, 2020
Place; Hyderabad

ANNEXURE-J

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

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

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

Place: Hyderabad
Date: 20-08-2020

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

K. Sri Kalyan
Whole Time Director
DIN : 03137506

Report on Corporate Governance

COMPANY'S PHILOSOPHY:

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

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

BOARD OF DIRECTORS:

Composition and Category of Directors:

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

6 Board Meetings were held during the Financial Year 2019-20 and the gap between two Meetings did not exceed 120 days. The dates on which the said meetings were held are as follows:

29th May, 2019, 14th August, 2019, 29th August, 2019, 27th September, 2019, 11th November, 2019, 31st January, 2020.

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 Directorships#	Committee Memberships	Committee Chairmanship
M. Santhi Priya	Chairperson and Whole Time Director	6	Yes	0	0	0
K. Sri Kalyan	Whole Time Director	6	Yes	0	0	0
M.V. Srinivasa Rao	Whole Time Director	6	Yes	0	0	0
M. Ramam	Independent Non-Executive Director	6	Yes	0	0	0
K. Kalpana	Independent Non-Executive Director	5	Yes	1	0	0
J. Suresh	Independent Non-Executive Director	6	Yes	0	0	0

Ms. K.Kalpana is an Independent Non-executive Director in Kellton Tech Solutions Ltd. The Tenure of her independent directorship completed in Tanla solutions Ltd on 30th September, 2019.

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

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

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

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

TRAINING OF BOARD MEMBERS

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

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

Separate meetings of the Independent Directors

During the year under review, the Independent Directors met on 11th March, 2020, inter alia, to discuss:

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

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

Details of skills / expertise / competence available with the Board

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

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

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

Board of Directors	Industry Knowledge	Corporate Finance & Taxation	Strategic Planning	Legal & Risk Management	Corporate Restructuring & Corporate Governance	Global Business	Leadership/ Operational Experience
G. Santhi Priya	√	√	√	√	√	√	√
M.V.Srinivas aRao	√	√	√	√	√	√	√
K.Sri Kalyan	√	√	√	√	√		√
Ramam Madu	√	√	√	√	√	√	√
k.kalpana	√		√	√	√	√	√
J.Suresh	√	√	√	√	√	√	√

Resignation of Independent directors during the year.

During the year no director resigned to the their office.

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

Name of the Director	Designation	Nature of Directorship	Committee Meetings attended
M. Ramam	Chairman	Independent Non-Executive Director	5
K Sri Kalyan	Member	Executive Director	5
K.Kalpana	Member	Independent Non-Executive Director	5

attendance of each member of the Committee are given below:

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.

Name of Director	Designation	Nature of Directorship	Meetings attended
M. Ramam	Chairman	Independent Non-Executive	4
K.Kalpana	Member	Independent Non-Executive	4
J.Suresh	Member	Independent Non-Executive	4

The Nomination and Remuneration Committee is constituted as follows:

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 2019-20, 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 2019-20 are as follows:

a. Executive Directors

Name	Salary	Benefits (perquisites)	Bonus	Pension	Commission	TOTAL
G. Santhi Priya	31,40,004	-	-	-	-	31,40,004
K.Sri Kalyan	22,40,004	-	-	-	-	22,40,004
M.V.Srinivasa Rao	45,61,200	-	-	-	-	45,61,200

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

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

b. Non-Executive Directors

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

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

Sl. No.	Name of the Director	Sitting Fees	Shares held as on 31st March, 2020
1	Mr. Ramam Madu	135,000	Nil
2	Ms. K. Kalpana	95,000	Nil
3	Mr. J. Suresh	80,000	Nil

5. STAKEHOLDERS RELATIONSHIP COMMITTEE:

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

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
K Sri Kalyan	Member	Executive Director
K.Kalpana	Member	Independent Non-Executive Director

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. Aarthi Consultants Pvt. Ltd.

The outstanding complaints as on 31st March, 2020 were: NIL

Name & Designation of the Compliance officer:

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

Corporate Social Responsibility Committee (CSR)

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

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

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

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

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

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

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

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

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

The CSR Committee comprises of three Directors viz.,

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

During the financial year 2019-20, the CSR Committee met three times and all the members were present for the meeting.

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

Financial Year	Date & Time	Venue	No. of Special Resolutions Passed
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
2016-17	28/09/2017 12.30 P.M.	8-2-672/5&6, 3rd Floor, Road No. 1 Banjara Hills, Hyderabad-34	3

b) Extraordinary General Meeting:

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

Postal Ballot.

No postal ballot conducted during the year

8. MEANS OF COMMUNICATION

i. publication of Results

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

ii. Website and news release

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

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

Details of business of the Company;

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

Annual Report:

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

Disclosures to Stock Exchanges:

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

E-voting

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

BSE Corporate Compliance & Listing Centre (the 'Listing Centre'):

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

SEBI Complaints Redress System (SCORES):

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

Dedicated e-mail ID

Investors@virinchi.com

9. GENERAL SHAREHOLDER INFORMATION :

Annual General meeting

Date: 28th September, 2020
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 2020-21

Book Closure dates:

The dates for book closure are from 22nd September, 2020 to, September 28th, 2020 (both days inclusive).

Listing on Stock Exchanges

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

The listing fee for the financial year 2020-21 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.

Results for the quarter ended June 30, 2020	on or before August 14, 2020
Results for the quarter ended September 30, 2020	on or before November 14, 2020
Results for the quarter ended December 31, 2020	on or before February 14, 2021
Results for the year ended March 31, 2021	on or before May 30, 2021

Market Price Data :

The Monthly high and low prices of your company's share at BSE for the year ended March 31, 2020 are as under:

Month	Highest (Rs.)	Lowest (Rs.)	Volume of Shares traded
April, 2019	87.70	75.15	2,42,291
May,2019	93.00	71.00	4,77,082
June,2019	88.00	68.00	2,63,470
July, 2019	73.95	48.70	3,82,841
August, 2019	58.15	37.00	4,07,189
September, 2019	53.00	38.45	3,41,663
October, 2019	46.00	34.00	3,79,631
November, 2019	44.50	33.55	3,19,450
December, 2019	41.15	31.20	4,26,743
January,2020	51.00	33.60	5,60,668
February,2020	49.25	33.30	4,79,570
March,2020	36.90	18.00	6,88,265

Share price performance in comparison to broad based indices – BSE

Virinchi Share Price Vs BSE

Particulars	Share price	BSE Sensex
As on April 1, 2019	87.10	38,871.87
As on March 31, 2020	26.20	29,468.49
Change (%)	-69.91	-24.19

Registrar and Share Transfer Agents, Share Transfer System

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

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

1-2-285, Domalguda, Hyderabad Phone# 040-2763 4445, 2763 8111 Email: info@aarthiconsultants.com

Distribution of Shareholding as on 31st March, 2020

Sl. No.	Category	Holders	Holders Percentage	Shares	Amount	Amount Percentage
1	1– 5000	8725	74.53	1476082	14760820	4.51
2	5001 - 10000	1290	11.02	1052765	10527650	3.22
3	10001 - 20000	753	6.43	1157393	11573930	3.54
4	20001 - 30000	297	2.54	762013	7620130	2.33
5	30001 - 40000	144	1.23	517560	5175600	1.58
6	40001 - 50000	115	0.98	540074	5400740	1.65
7	50001 - 100000	169	1.44	1254537	12545370	3.83
8	100001 & Above	214	1.83	25960310	259603100	79.34
	Total:	**11707**	**100**	**32720734**	**327207340**	**100.00**

Dematerialisaiton of Shares and liquidity

The Company's shares are available for dematerialization on both the Depositories viz., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As on 31st March 2020 3,19,67,553 equity shares forming part of 97.70% of the share capital are in demat form and 7,53,181 equity shares forming 2.30% of the share capital are in physical form. Dematerialization of shares is done through M/s. Aarthi Consultants Private Limited and on an average the dematerialization process is completed within 7 days from the date of receipt of a valid dematerialization request along with the relevant documents

Shareholding Pattern as on March 31, 2020

Sl. No.	Description	No. of Shares	% of Total Capital
1	Promoter / Promoter group	15105300	46.16
2	Foreign Institutional Investors	Nil	Nil
3	Banks / Mutual Funds / NBFC	Nil	Nil
4	Bodies Corporate	1495700	4.57
5	Individuals / HUF	14015415	42.83
6	Employee Trusts	Nil	Nil
7	Non Resident Indians	1444255	4.41
8	Foreign Bodies	500000	1.53
9	Central Government	125547	0.38
10	Clearing Members / Trusts	34517	0.11
	Total:	**32720734**	**100.00**

Dematerialisation of Shares and Liquidity as on 31st March 2020

	No. of Shares	% of Total
NSDL	2,60,22,837	79.53
CDSL	59,44,716	18.17
Physical	7,53,181	2.30
Total	**3,27,20,734**	**100.00**

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

The Company has not issued any GDRs/ADRs. However 8,00,000 Warrants are issued during the year 2019-20 as per the preferential issue guidelines. They can be converted into equity shares with in a period of 18 months from the date of allotment. During the year, 8,90,000 warrants expired as the promoters were unable to exercise the warrants due to the completion of Maximum limits for acquisition of shares in a year.

Commodity Price Risk or foreign exchange risk and hedging activities.

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

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

Plant Locations

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

Development Facilities	Facilities
Hyderabad	1. Sy.No 121, Behind Hakimpet Airforce Academy, Pothaipally, Hakimpet, Hyderabad-014 2. 8-2-672/5&6, , 1st to 7th Floors, illyas Mohammed Khan Estate, Road No.1, Banjara Hills, Hyderabad-500034
USA	1. 340, Raritan Center PKWY,, Edison, NJ-08837 2. 145 N. Church Street, Sutie 124, Spartanburg, SC 29306 3. 400 Sugar Camp Dr, Dayton, OH, USA-45409

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@aarthiconsultants.com	M/s. Virinchi Ltd. 8-2-672/5 & 6, 4th Floor, Illyas Mohammed Khan Estate Banjara Hills, Road # 1, Above Kotak Mahindra Bank, Hyderabad - 500034. Phone # 040-48199999 Email : investors@virinchi.com

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 and the same is valid till March 16, 2021.

Other Disclosures:

Related party transactions

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

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

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

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

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

Year	Compliance Requirement	Deviations	Remarks
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.
2017-18	Nil	Nil	Nil

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

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

Details of Utilisation of funds raised through preferential allotment.

During the year the company raised ₹15,50,00,000(Fifteen Crore Fifty Lacs) through the allotment of 15,50,000 equity shares of Rs.10/- at a premium of Rs.90/-. The proceeds of the preferential issue have been utilized towards augmenting the working capital requirements and meeting other business requirements as per the object of the preferential issue.

During the year the company allotted 8,00,000 (Eight Lacs) warrants and the allottees have paid 25% of the price towards allotment of the warrants which resulted into ₹1,70,80,000.

Recommendations of Committees of the Board

There were no instances during the financial year 2019-20 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, 2020, fees paid to the Statutory Auditors (P C N & Associates) and its network firms are as follows:

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

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

a. Number of complaints filed during the financial year: Nil

b. Number of complaints disposed of during the financial year: Nil

c. Number of complaints pending as on end of the financial year: Nil

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

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

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

Regulation	Particulars of Regulation	Compliance Status (Yes/No)
17	Board of Directors	Yes
18	Audit Committee	Yes
19	Nomination and Remuneration Committee	Yes
20	Stakeholders Relationship Committee	Yes

Regulation	Particulars of Regulation	Compliance Status (Yes/No)
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 2020

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 2019-20 to the Board of Directors at their meeting held on 26th June, 2020, as required under regulation 17(8) of SEBI Listing Regulations. See Annexure-J

COMPLIANCE WITH SECRETARIAL STANDARDS

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

ANNEXURE-K

CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of Virinchi Limited,

We have examined the compliance of conditions of Corporate Governance by M/s. Virinchi Limited ("the company") for the year ended March 31, 2020, as stipulated in regulations 17-27, clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated above. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations during the year ended 31st March, 2020.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Restrictions on Use

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

For PCN& Associates
Chartered Accountants
FRN : 016016S

M. Naveen
Partner
M.No: 237316
UDIN: 20237316AAAAEY2739

Place: Hyderabad
Date: 20-08-2020

ANNEXURE-L

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

To,
The Members of Virinchi Ltd
8-2-672/5&6, 4th Floor, Ilyas Mohammed Khan Estate
Road #1, Banjara Hills, Hyderabad-500034

I V.Chandra Sekhar Patnaik, have examined the relevant registers, records, forms, returns and disclosures received from the Directors of M/s. Virinchi Limited having CIN L72200TG1990PLC011104 and having registered office at 8-2-672/5&6, 4th Floor, Ilyas Mohammed Khan Estate, Road#, Banjara Hills, Hyderabad-500034 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority .

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

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

M/S. PATNAIK& ASSOCIATES
Company Secretaries

V. Chandra Sekhar Patnaik
Company Secretary In Practice
COP.NO:16619
UDIN: A045479B000592080

Place: Hyderabad
Date: 20.08.2020

DECLARATION REGARDING COMPLIANCE WITH 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, 2020.

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

Place: Hyderabad
Date: 20.08.2020

Independent Auditor's Report

To,

The members of
M/s Virinchi Limited

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS OPINION

We have audited the accompanying standalone financial statements of VIRINCHI LIMITED ("the Company"), which Comprises the Standalone Balance Sheet as at March 31, 2020, 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, 2020, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

BASIS FOR OPINION

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

INFORMATION OTHER THAN THE STANDALONE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

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

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

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

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

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that my 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, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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:

   h) 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.

   i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

      i) The Company does not have pending litigations which would have impact on its standalone financial position.

      ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

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

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For P C N & Associates,
Chartered Accountants
Firm's Registration No: 016016S

M Naveen
Partner
Membership No: 237316
UDIN: 20237316AAAADS2342

Place: Hyderabad
Date: 26-06-2020

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, 2020 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, 2020, 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 Naveen
Partner
Membership No: 237316
UDIN: 20237316AAAADS2342

Place: Hyderabad
Date: 26-06-2020

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 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, 2020 and therefore, the provisions of the clause (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 delayed in depositing some undisputed statutory dues including Provident Fund, Employees' State Insurance, TDS and Income Tax as applicable to it with the appropriate authorities.

   (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, 2020 for a period of more than six months from the date they became payable.

   (c) According to the information and explanation given to us and based on the records of the company examined by us, there are no dues of Income Tax, Goods and Service Tax and Customs Duty which have not been deposited as at March 31, 2020 on account of any dispute, except income tax appeal pertaining to Assessment Year 2017-18 which is under process with Income Tax authorities -Hyderabad.

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.

xv. (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.

xvi. (c) Amount raised by way of Preferential allotment was solely utilized for the purpose for which amount was raised. Details of Preferential Allotment are given below:

Date of Allotment	Parties to whom shares/ Share warrants are allotted	Class of instrument	No of shares/ Share warrants	Face value	Issue price*	Total amount received during the year 2019-20 In Rupees
24-04-2019	P.K.I. Solutions Private Limited	Equity Shares	100000	10	100	75,00,000
24-04-2019	Bharat Megawatts Zen Private Limited	Equity Shares	100000	10	100	75,00,000
24-04-2019	Shri Shri Resorts Private Limited	Equity Shares	100000	10	100	75,00,000
04-05-2019	P.K.I.Solutions Private Limited	Equity Shares	130000	10	100	97,50,000
04-05-2019	Bharat Megawatts Zen Private Limited	Equity Shares	50000	10	100	37,50,000
03-06-2019	Kompella Ramakrishna Paramahamsa	Equity Shares	500000	10	100	3,75,00,000
12-06-2019	Kompella Lopa Mudra	Equity Shares	230000	10	100	1,72,50,000
25-06-2019	Kompella Modini	Equity Shares	340000	10	100	2,55,00,000
21-05-2019	Satyajeet Prasad	Warrants	4,00,000 (Warrants)	10	85.4**	85,40,000
21-05-2019	Vishal Ranjan	Warrants	4,00,000 (Warrants)	10	85.4**	85,40,000

* Price Per warrant is Rs.100 /- for all the allotments, in the financial year 2018-19 company received Rs.25 per warrant and balance amount per warrant Rs.75 was paid at the time of conversion.

** For 8 lakh warrants issue price is Rs.85.40, during the financial year 2019-20 company received only Rs. 21.35 per warrant.

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.

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 Naveen
Partner
Membership No: 237316
UDIN: 20237316AAAADS2342

Place: Hyderabad
Date: 26-06-2020

Standalone Balance Sheet as at March 31, 2020

(in Rupees)

Particulars	Notes	March 31, 2020	March 31, 2019
1) NON CURRENT ASSETS			
Property, Plant and Equipment	1	71,14,60,685	105,09,43,127
Capital Work-In-Progress	1	4,28,90,000	-
Intangible Assets	1	75,18,00,011	66,35,93,709
Financial Assets			
Non-Current Investments	2	62,54,42,667	62,54,42,667
Long Term Loans and Advances	3	53,58,37,540	48,30,14,291
Other Non-Current Assets	4	36,83,003	40,57,800
2) CURRENT ASSETS			
Inventories			
Financial Assets			
Trade and Other Receivables	5	22,45,57,169	25,70,14,783
Cash and Cash Equivalents	6	3,33,44,003	2,93,13,089
Short Term Loans and Advances	7	47,52,00,236	37,42,01,669
Other Current Assets	8	6,83,58,068	4,52,55,416
Total Assets		**347,25,73,382**	**353,28,36,551**
EQUITY AND LIABILITIES			
Equity			
Share Capital	9	32,72,07,340	31,17,07,340
Other Equity	10	230,94,38,839	204,26,15,463
Money Received Against Share Warrants		1,70,80,000	6,10,00,000
(1) **Non-Current Liabilities**			
Financial Liabilities			
Long-Term Borrowings	11	19,99,99,893	39,51,32,671
Long Term Provision	12	1,93,47,596	1,51,71,618
Deferred Tax Liabilities	13	8,59,80,045	7,00,92,241
(2) **Current Liabilities**			
Financial Liabilities			
Short Term Borrowings	14	30,99,48,413	35,91,85,198
Trade Payables	15	8,74,00,010	14,06,46,239
Short Term Provisions	16	11,61,71,246	13,72,85,782
Total Equity and Liabilities		**347,25,73,382**	**353,28,36,551**

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

M. Naveen
Partner
Membership No. 237316
UDIN: 20237316AAAADS2342

Place: Hyderabad
Date: 26th June 2020

For and on behalf of the Board for Virinchi Limited

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

K. Sri Kalyan
Whole Time Director
DIN: 03137506

K. Ravindranath Tagore
Company Secretary
M.No. A18894

Standalone Statement of Profit and Loss for the year ended March 31, 2020

(in Rupees)

Particulars	Notes	March 31, 2020	March 31, 2019
Revenue from Operations	17	139,70,37,099	170,21,66,116
Other Income	18	1,32,19,915	3,52,33,207
Total Revenue		**141,02,57,014**	**173,73,99,323**
Expenses:			
Employee Benefit Expenses	19	48,01,74,398	44,36,43,700
Depreciation	1	15,48,96,348	20,58,37,936
Amortization Expense		2,56,610	2,56,610
Financial cost	20	6,65,73,539	9,84,94,208
Administrative and Other Operating Expenses	21	48,18,56,879	69,58,61,300
Total Expenses		**118,37,57,774**	**144,40,93,754**
Profit before exceptional and extraordinary items and tax		22,64,99,240	29,33,05,569
Exceptional Items		-	-
Profit before extraordinary items and tax		22,64,99,240	29,33,05,569
Extraordinary Items		-	-
Profit Before Tax		22,64,99,240	29,33,05,569
Tax expense:			
(a) Current tax		4,21,01,861	6,73,08,698
(b) Deferred tax Liability/(Asset)		1,58,87,804	1,12,19,678
Profit(Loss) from the period from continuing operations		16,85,09,575	21,47,77,193
Profit/(Loss) for the period		**16,85,09,575**	**21,47,77,193**
Other Comprehensive Income (Net of Tax)		-	-
Total Comprehensive Income (Net of Tax)		**16,85,09,575**	**21,47,77,193**
Earning Per Equity Share:			
(1) Basic		5.15	7.04
(2) Diluted		5.03	6.51

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

M. Naveen
Partner
Membership No. 237316
UDIN: 20237316AAAADS2342

Place: Hyderabad
Date: 26th June 2020

For and on behalf of the Board for Virinchi Limited

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

K. Sri Kalyan
Whole Time Director
DIN: 03137506

K. Ravindranath Tagore
Company Secretary
M.No. A18894

Standalone Cash Flow Statement for the year ended March 31, 2020

(in Rupees)

Particulars		Notes	March 31, 2020	March 31, 2019
A.	**Cash Flow from Operating Activities:**			
	Net Profit/ (Loss) before taxation and extraordinary items		22,64,99,240	29,33,05,569
	Adjustments for:			
	Depreciation		15,48,96,348	20,58,37,936
	Amortised Expenses		2,56,610	2,56,610
	Interest expenses		6,65,73,539	9,84,94,208
	Operating Profit before Working Capital Changes		**44,82,25,737**	**59,78,94,323**
	Working Capital Changes			
	Trade and other receivables		(14,43,48,667)	(39,07,34,168)
	Trade and Other payables		(10,35,33,768)	(15,46,50,714)
	Cash Generated from Operations		**20,03,43,302**	**5,25,09,441**
	Interest paid		6,65,73,539	9,84,94,208
	Taxation for the year		5,79,89,665	7,85,28,375
	Net Cash from Operating Activities		**7,57,80,098**	**(12,45,13,142)**
B.	**Cash Flow from Investing Activities:**			
	Purchase of Fixed Assets		(99,46,406)	(17,67,97,876)
	Investment		-	87,32,375
	Net Cash used in Investing Activities		**(99,46,406)**	**(16,80,65,501)**
C.	**Cash Flow From Financial Activities:**			
	Proceeds from Equity Shares		13,33,30,000	23,80,51,903
	Net Proceeds from Long Term Borrowings		(19,51,32,778)	3,16,76,158
	Net Cash used in Financing Activities		**(6,18,02,778)**	**26,97,28,061**
	Net increase in cash and cash equivalents		40,30,914	(2,28,50,582)
	Cash and Cash equivalents as at Beginning of the Year		2,93,13,089	5,21,63,671
	Cash and Cash equivalents as at End of the Year		**3,33,44,003**	**2,93,13,089**

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

M. Naveen
Partner
Membership No. 237316
UDIN: 20237316AAAADS2342

Place: Hyderabad
Date: 26th June 2020

For and on behalf of the Board for Virinchi Limited

G. Santhi Priya
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DIN: 03137506

K. Ravindranath Tagore
Company Secretary
M.No. A18894

Statement of changes in equity for the year ended March 31, 2020

a. Equity Share Capital		
Equity Shares of Rs.10 Each, Issued , Subscribed and Fully Paid	NO.	Rs.
As At April 1 , 2018	2,82,18,050	28,21,80,500
Add: Issued During the Year	29,52,684	2,95,26,840
As At March 31 , 2019	3,11,70,734	31,17,07,340
Add: Issued During the Year	-	-
Warrants Converted in to Equity Shares	15,50,000	1,55,00,000
As At March 31 , 2020	3,27,20,734	32,72,07,340

Particulars	Securities Premium	Share Options Outstanding	Share Warrants Forefeiture	Loss on Slump Sale	Retained Earnings	Total
As At April 1 ,2018	83,40,06,578	5,09,08,184	-	-	78,63,83,446	167,12,98,208
Additions for the Year	21,25,25,062	-	-	(5,59,85,000)	21,47,77,193	37,13,17,255
As At March 31 ,2019	104,65,31,640	5,09,08,184	-	(5,59,85,000)	100,11,60,639	204,26,15,463
Additions for the Year	13,95,00,000	-	2,22,50,000	(6,34,36,199)	16,85,09,575	26,68,23,376
As At March 31 ,2020	118,60,31,640	5,09,08,184	2,22,50,000	(11,94,21,199)	116,96,70,214	230,94,38,839

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

M. Naveen
Partner
Membership No. 237316
UDIN: 20237316AAAADS2342

Place: Hyderabad
Date: 26th June 2020

For and on behalf of the Board for Virinchi Limited

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

K. Sri Kalyan
Whole Time Director
DIN: 03137506

K. Ravindranath Tagore
Company Secretary
M.No. A18894

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Notes and other explanatory information to financial statements

FOR THE YEAR ENDED MARCH 31, 2020

1. CORPORATE INFORMATION

Virinchi Limited, India ("Virinchi") is an IT Products & Services company offering customized solutions to companies across the globe since 1990. Virinchi is a publicly held company listed on the BSE LTD, one of India's largest stock exchanges, since the year 2000. Virinchi has developed & retained IP in several software products operating in supply chain management, alternate financial services, however, has had limited success in offering most of the solutions barring the software product for financial services where Virinchi has reached leadership position considering the market share of this niche industry. The Organisation is led by First Generation IIT/IIM Entrepreneurs and operates out of its Corporate Office at Banjara Hills, Hyderabad & US Headquarters at Edison, New Jersey.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

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

(b) Basis of Preparation

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

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

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

(c) Use of Estimates and Judgements:

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

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

ii) **Current income taxes:** The company recognizes tax liabilities based upon self-assessment as per the tax laws. When the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such final determination is made.

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

Notes and other explanatory information to financial statements

FOR THE YEAR ENDED MARCH 31, 2020

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

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

(d) Revenue Recognition

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

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

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

• Sale of Services:

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

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

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

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

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

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

Notes and other explanatory information to financial statements

FOR THE YEAR ENDED MARCH 31, 2020

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 2020 and 31st Mar 2019 restricted cash and bank balances of Rs.3,15,20,704 and Rs.2,30,14,767 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.

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

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

(i) Investments in subsidiaries Investment in subsidiaries are measured at cost.

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

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

Notes and other explanatory information to financial statements

FOR THE YEAR ENDED MARCH 31, 2020

The estimated useful lives are as mentioned below:

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

(K) Intangible assets:

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets purchased are measured at cost as of the date of acquisition, as applicable, less accumulated amortisation and accumulated impairment, if any.

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

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

(l) Impairment

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

(ii) Non-financial assets

Tangible and intangible assets

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

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

(m) Employee benefits

(i) Defined contribution plans

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

Notes and other explanatory information to financial statements

FOR THE YEAR ENDED MARCH 31, 2020

(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.

NOTE NO: 1 FIXED ASSETS SCHEDULE

(in Rupees)

Particulars	Gross Block				Depreciation/Amortization				Net Block	
	As on 01.04.2019	Additions during the year	Sale / Deletions/ Slumpsale during the year	As on 31.03.2020	Dep. As on 01.04.2019	Depreciation for the year	Depreciation on Deletions	Total Depreciation	As on 31.03.2020	As on 31.03.2019
TANGIBLE ASSETS										
Land	12,29,18,796	-	-	12,29,18,796	-			-	12,29,18,796	12,29,18,796
Buildings	34,77,34,592	5,72,05,704	-	40,49,40,296	6,98,39,998	1,14,69,471	-	8,13,09,469	32,36,30,827	27,78,94,594
Plant & Machinery	2,59,94,819	39,71,545	-	2,99,66,364	1,14,03,440	17,31,849	-	1,31,35,289	1,68,31,075	1,45,91,379
Electrical Equipment	4,40,88,455	16,70,000	-	4,57,58,455	2,85,57,229	36,70,775	-	3,22,28,004	1,35,30,451	1,55,31,226
Office Equipment	4,21,07,784	89,71,000	-	5,10,78,784	3,23,90,452	33,57,232	-	3,57,47,684	1,53,31,100	97,17,332
Computers	34,53,93,749	1,95,14,929	-	36,49,08,678	23,55,23,997	5,06,35,429	-	28,61,59,426	7,87,49,252	10,98,69,752
Furniture	23,65,77,111	1,55,93,893	-	25,21,71,004	12,10,27,639	2,33,23,703	-	14,43,51,342	10,78,19,662	11,55,49,472
Vehicles	3,87,69,541	2,35,30,420	-	6,22,99,961	2,66,18,207	30,32,232	-	2,96,50,439	3,26,49,522	1,21,51,334
Medical Equipment	49,67,47,629	-	49,67,47,629	-	12,40,28,387	-	12,40,28,387	-	-	37,27,19,242
Sub Total (a)	**170,03,32,476**	**13,04,57,491**	**49,67,47,629**	**133,40,42,338**	**64,93,89,349**	**9,72,20,691**	**12,40,28,387**	**62,25,81,653**	**71,14,60,685**	**105,09,43,127**
INTANGIBLE ASSETS										
Software	22,59,85,204	1,80,44,259	-	24,40,29,463	11,21,86,768	2,85,88,493	-	14,07,75,261	10,32,54,202	11,37,98,436
Product Development	43,15,50,725	12,78,37,700	-	55,93,88,425	29,59,71,129	2,90,87,164	-	32,50,58,293	23,43,30,132	13,55,79,596
Goodwill	47,79,30,748	-	-	47,79,30,748	6,37,15,071	-	-	6,37,15,071	41,42,15,677	41,42,15,677
Sub Total (b)	**113,54,66,677**	**14,58,81,959**	**-**	**128,13,48,636**	**47,18,72,968**	**5,76,75,657**	**-**	**52,95,48,625**	**75,18,00,011**	**66,35,93,709**
Capital Work In Progress	-	4,28,90,000	-	4,28,90,000	-	-	-	-	4,28,90,000	-
Sub Total (c)	**-**	**4,28,90,000**	**-**	**4,28,90,000**	**-**	**-**		**-**	**4,28,90,000**	**-**
GRAND TOTAL (a+b+c)	**283,57,99,153**	**31,92,29,450**	**49,67,47,629**	**265,82,80,974**	**112,12,62,317**	**15,48,96,348**	**12,40,28,387**	**115,21,30,278**	**150,61,50,696**	**171,45,36,836**

Notes forming part of the Financial Statements

FOR THE YEAR ENDED MARCH 31, 2020

NOTE NO: 2 NON CURRENT INVESTMENTS

(in Rupees)

Particulars	March 31, 2020	March 31, 2019
1) Investment in Subsidiaries		
a) Equity Shares		
100% Holding in Ksoft Systems Inc	45,91,087	45,91,087
100% Holding in Qfund Technologies Pvt. Ltd.	1,00,000	1,00,000
100% Holding in Virinchi Learning Private Ltd	1,86,00,000	1,86,00,000
100% Holding in Virinchi Media & Entertainment Pvt Ltd	1,00,000	1,00,000
100% Holding in Tyohar Foods Pvt Ltd	1,00,000	1,00,000
100% Holding in Virinchi Infra & reality Pvt Ltd	1,00,000	1,00,000
100% Holding in Virinchi Health Care Pvt Ltd	59,59,57,580	59,59,57,580
100% Holding in Tensor Fields Consultancy Services Pvt Ltd	1,00,000	1,00,000
100% Holding in Virinchi Combinatorics & Systems Biology Pvt Ltd	1,00,000	1,00,000
51% Holding in Asclepius Consulting & Technologies Private Limited	30,00,000	30,00,000
	62,27,48,667	**62,27,48,667**
2) Trade Investments		
1) Investment in Mutual funds		
Canara Robeco Mutual Funds	26,94,000	26,94,000
Total Trade Investments	**26,94,000**	**26,94,000**
Total Non Current Investments	**62,54,42,667**	**62,54,42,667**

NOTE NO: 3 LONG TERM LOANS AND ADVANCES

(in Rupees)

Particulars	March 31, 2020	March 31, 2019
Deposits	2,72,50,621	2,72,88,871
Advances to Subsidiaries	50,85,86,919	45,57,25,420
Total Long Term Loans & Advances	**53,58,37,540**	**48,30,14,291**

NOTE NO: 4 OTHER NON CURRENT ASSETS

(in Rupees)

Particulars	March 31, 2020	March 31, 2019
Unamortised Expenses	36,83,003	40,57,800
Total Non - Current Assets	**36,83,003**	**40,57,800**

NOTE NO: 5 TRADE RECEIVABLES

(in Rupees)

Particulars	March 31, 2020	March 31, 2019
Unsecured, Considered Good		
Below Six Months	22,45,57,169	25,70,14,783
Above Six Months	-	-
Total Trade Receivables	**22,45,57,169**	**25,70,14,783**

Notes forming part of the Financial Statements

FOR THE YEAR ENDED MARCH 31, 2020

NOTE NO: 6 CASH AND CASH EQUIVALENTS

(in Rupees)

Particulars	March 31, 2020	March 31, 2019
a) Balance with Banks		
On Current Accounts	8,73,854	58,45,257
b) Cash on hand	9,49,445	4,53,065
Sub Total	**18,23,299**	**62,98,322**
Other Bank Balances		
On Deposit Accounts 12 Months from date of deposit	3,15,20,704	2,30,14,767
Sub Total	**3,15,20,704**	**2,30,14,767**
Total Cash and Cash Equivalents	**3,33,44,003**	**2,93,13,089**

NOTE NO: 7 SHORT TERM LOANS AND ADVANCES

(in Rupees)

Particulars	March 31, 2020	March 31, 2019
Unsecured, Considered Good		
With Subsidiaries	47,16,38,814	36,94,33,996
With Others	35,61,422	47,67,673
Total Short Term Loans & Advances	**47,52,00,236**	**37,42,01,669**

NOTE NO: 8 OTHER CURRENT ASSETS

(in Rupees)

Particulars	March 31, 2020	March 31, 2019
Salary and Travel Advances	3,62,80,906	1,77,21,541
Deferred Financial Charges	16,44,754	19,08,536
Advance Tax & TDS Receivable	71,43,087	78,38,120
GST	2,32,89,321	1,77,87,219
Total Other Current Assets	**6,83,58,068**	**4,52,55,416**

NOTE NO: 9 SHARE CAPITAL

(in Rupees)

Equity Shares of Rs.10 Each, Issued , Subscribed and Fully Paid	No.	Rs.
As at April 1, 2018	2,82,18,050	28,21,80,500
Add: Issued During the Year	-	-
ESOPS Allotted During the Year	27,92,684	2,79,26,840
Preferential Issue During the Year	1,60,000	16,00,000
As at March 31, 2019	3,11,70,734	31,17,07,340
Add: Issued During the Year	-	-
Warrants Converted in to Equity Shares	15,50,000	1,55,00,000
As at March 31, 2020	**3,27,20,734**	**32,72,07,340**

Particulars	March 31, 2020	March 31, 2019
Authorised:		
400,00,000 Equity Shares of Rs.10/- Each	40,00,00,000	40,00,00,000
Issued, Subscribed and Fully Paid Up		
3,27,20,734 Equity Shares of Rs.10/-Each	32,72,07,340	31,17,07,340
Total Equity Share capital	**32,72,07,340**	**31,17,07,340**

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Notes forming part of the Financial Statements

FOR THE YEAR ENDED MARCH 31, 2020

Reconcilliation of Shares Outstanding at Beginning and end of the Reporting Year	March 31, 2020		March 31, 2019	
	No. of Shares	Amount in Rs.	No. of Shares	Amount in Rs.
As at Beginning of the Year	3,11,70,734	31,17,07,340	2,82,18,050	28,21,80,500
ESOP's Allotted During the Year	-	-	27,92,684	2,79,26,840
Preferential Issue During the Year	-	-	1,60,000	16,00,000
Warrants Converted to Equity Shares	15,50,000	1,55,00,000	-	-
As at End of the Year	3,27,20,734	32,72,07,340	3,11,70,734	31,17,07,340

Details of Share Holders Holding More than 5% Shares in the Company	March 31, 2020		March 31, 2019	
	No. of Shares	% of Share Holding	No. of Shares	% of Share Holding
Mr.Viswanath Kompella	68,07,975	20.81	68,07,975	21.84

NOTE NO: 10 OTHER EQUITY

	Securities Premium	Share Options Outstanding	Share Warrants Forefeiture	Loss on Slump Sale	Retained Earnings	Total
As at April 1, 2018	83,40,06,578	5,09,08,184	-	-	78,63,83,446	167,12,98,208
Additions for the Year	21,25,25,062	-	-	(5,59,85,000)	21,47,77,193	37,13,17,255
As at March 31, 2019	104,65,31,640	5,09,08,184	-	(5,59,85,000)	100,11,60,639	204,26,15,463
Additions for the Year	13,95,00,000	-	2,22,50,000	(6,34,36,199)	16,85,09,575	26,68,23,376
As at March 31, 2020	**118,60,31,640**	**5,09,08,184**	**2,22,50,000**	**(11,94,21,199)**	**116,96,70,214**	**230,94,38,839**

NOTE NO: 11 LONG TERM BORROWINGS

(in Rupees)

Particulars	March 31, 2020	March 31, 2019
Secured Loans		
Vehicle Loans	2,21,73,468	60,45,084
Term Loans	30,69,65,074	56,59,87,304
Less: Repayable During the Year	(12,91,38,649)	(17,68,99,717)
Total Long Term Borrowings	**19,99,99,893**	**39,51,32,671**

NOTE NO: 12 LONG TERM PROVISION

(in Rupees)

Particulars	March 31, 2020	March 31, 2019
Provision for Gratuity	1,93,47,596	1,51,71,618
Total Long Term Provisions	**1,93,47,596**	**1,51,71,618**

NOTE NO: 13 DEFERRED TAX LIABILITY

(in Rupees)

Particulars	March 31, 2020	March 31, 2019
Opening Deferred tax Liability	7,00,92,241	5,88,72,563
Add: Deferred Tax Liability for the year	1,58,87,804	1,12,19,678
Total Deferred Tax Liability	**8,59,80,045**	**7,00,92,241**

Notes forming part of the Financial Statements

FOR THE YEAR ENDED MARCH 31, 2020

NOTE NO: 14 SHORT TERM BORROWINGS

(in Rupees)

Particulars	March 31, 2020	March 31, 2019
Secured Loans		
a) From Banks	18,01,93,822	16,42,40,602
b) Long Term Loan payable during the year	12,91,38,649	17,68,99,717
Unsecured Loans		
a) Payable during the year	6,15,942	1,80,44,879
Total Short Term Borrowings	**30,99,48,413**	**35,91,85,198**

NOTE NO: 15 TRADE PAYABLES

(in Rupees)

Particulars	March 31, 2020	March 31, 2019
Unsecured Trade Payables	8,74,00,010	14,06,46,239
Total Trade Payables	**8,74,00,010**	**14,06,46,239**

NOTE NO: 16 SHORT TERM PROVISIONS

(in Rupees)

Particulars	March 31, 2020	March 31, 2019
a) Provisions for Employee Benefits	4,19,10,655	5,21,42,375
b) Provision for Expenses	7,38,28,591	8,48,19,407
c) Audit Fee Payable	4,32,000	3,24,000
Total Short Term Provisions	**11,61,71,246**	**13,72,85,782**

NOTE NO: 17 REVENUE FROM OPERATIONS

(in Rupees)

Particulars	March 31, 2020	March 31, 2019
a) Revenue from Services	134,81,91,482	167,45,53,954
b) Other Operating Revenues	4,88,45,617	2,76,12,162
Total Revenue from Operations	**139,70,37,099**	**170,21,66,116**

NOTE NO: 18 OTHER INCOME

(in Rupees)

Particulars	March 31, 2020	March 31, 2019
a) Interest Income	19,02,375	79,42,254
b) Other Non-Operating Income	22,50,000	1,50,00,000
c) Forex Gain	90,67,540	1,22,90,953
Total Other Income	**1,32,19,915**	**3,52,33,207**

NOTE NO: 19 EMPLOYEE BENEFIT EXPENSES

(in Rupees)

Particulars	March 31, 2020	March 31, 2019
a) Salaries & Wages	43,92,64,613	40,40,87,232
b) Contribution to Provident & Other Funds	2,02,04,320	1,75,14,373
c) Staff Welfare Expenses	2,07,05,465	2,20,42,095
Total Employee Benefit Expenses	**48,01,74,398**	**44,36,43,700**

Notes forming part of the Financial Statements

FOR THE YEAR ENDED MARCH 31, 2020

NOTE NO: 20 FINANCE COSTS

(in Rupees)

Particulars	March 31, 2020	March 31, 2019
(a) Interest Expenses :		
- Interest on Term Loan and Working Capital	6,53,96,590	9,81,31,699
- Interest on Vehicle Loans	11,76,949	3,62,509
Total Finance Cost	**6,65,73,539**	**9,84,94,208**

NOTE NO: 21 ADMINISTRATIVE EXPENSES

(in Rupees)

Particulars	March 31, 2020	March 31, 2019
(a) Power & Fuel	1,94,59,685	4,26,52,619
(b) Rent	4,75,71,838	3,82,17,851
(c) Repairs & Maintenance	39,60,968	1,24,79,504
(d) Insurance	40,24,190	38,35,939
(e) Telephone, Postage and Others	70,86,678	71,21,792
(f) Business Promotion Expenses	1,04,12,137	2,36,31,655
(g) Office Maintenance	6,68,03,786	6,12,55,799
(h) Travelling and Visa Expenses	2,93,80,544	6,12,50,419
(i) Consultancy Charges and Subcontracting Expenses	25,94,34,817	41,19,96,869
(j) Other Administrative Expenses	1,33,74,414	82,80,538
(k) Rates & Taxes	1,96,04,178	2,45,51,839
(l) Auditors Fee	7,43,644	5,86,476
Total	**48,18,56,879**	**69,58,61,300**

NOTE 22:

Details of Primary and Collateral Securities (For Liabilities referred in Note No.11 & 14)

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

- 1st Charge on P&M, Electrical & Office equipment, computers, furniture

Primary Security:

Hypothecation of Movable Assets:

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

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

Collateral Security:

- EMT on property located at Flat No.608, Lingapur Plaza, Himayathnagar owned by Mr.Viswanath Kompella
- Pledge of two KDR's worth Rs. 50 Lakhs
- EMT of factory land measuring 1 acre 36.5 guntas at survey no.441, Hakimpet Village, in Shamirpet Mandal, R R Dist

Notes forming part of the Financial Statements

FOR THE YEAR ENDED MARCH 31, 2020

Personal Guarantee: Mr. Viswanath Kompella.

NOTE 23:

Details of Security deposits referred in note no 3:

Nature of Deposit	Amount in Rs.
Rental Deposit	2,42,20,000
Electricity Deposit	13,67,583
Telephone Deposit	1,37,377
Customs Deposit	9,97,279
Performance Guarantee Deposits	5,28,382
Total	**2,72,50,621**

NOTE 24:

Particulars	Current year (Rs)	Previous Year (Rs)
Auditors Fee	7,43,644/-	5,86,476/-

NOTE 25:

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.

(in Rupees)

S. No.	Description	Year Ended	
		March 31, 2020	March 31, 2019
I	**Segment Revenue**		
	IT Products and Concentric Services	13,481.91	16,745.54
	IT Enabled Services	488.46	276.12
	Infrastructure and Real Estate Services	22.50	30.00
	Net sales/income from Operations	13,992.87	17,021.66
II	**Segment Result**		
	IT Products and Concentric Services	2,758.99	3,534.70
	IT Enabled Services	39.54	30.97
	Infrastructure and Real Estate Services	22.5	30.00
	Total	2,821.03	3,595.67
	Interest Expenditure	(665.74)	(984.94)
	Other un-allocable Income net of un-allocable Expenditure	109.70	322.33
	Total Profit Before Tax	**2,264.99**	**2,933.06**

Notes forming part of the Financial Statements

FOR THE YEAR ENDED MARCH 31, 2020

NOTE 26: INVESTMENTS

Investments are stated at cost i.e. cost of acquisition, inclusive of expenses incidental to acquisition wherever applicable. Provision for diminution in the value of investments is not created as it is not a permanent decline.

Details of Investment in Subsidiaries:

1. Wholly Owned Subsidiaries

(in Rupees)

S. No.	Name of the Subsidiary	Amount (Rs)
1	Ksoft Systems Inc	45,91,087
2	Q fund Technologies Pvt. Ltd.	1,00,000
3	Virinchi Learning Private Ltd	1,86,00,000
4	Virinchi Media & Entertainment Pvt. Ltd	1,00,000
5	Tyohar Foods Pvt. Ltd	1,00,000
6	Virinchi Infra & Reality Pvt. Ltd	1,00,000
7	Virinchi Health Care Pvt. Ltd	59,59,57,580
8	Tensor Fields Consultancy Services Pvt. Ltd	1,00,000
9	Virinchi Combinatorics & Systems Biology Pvt. Ltd	1,00,000

2. **Other Subsidiaries – controlling interest**

(in Rupees)

S. No.	Name of the Subsidiary	Amount (Rs)
1	51% Holding in Asclepius Consulting & Technologies Private Limited	30,00,000

NOTE 27: SLUMP SALE OF HEALTHCARE BUSINESS

During the current financial year, Medical equipment's relating to Health Care business transferred to Virinchi Healthcare Private Limited (VHPL), a Wholly Owned Subsidiary of the Company, through slump sale for a lump sum consideration of Rs. 528.62 Lakhs, which resulted in a Loss of capital nature amounting to Rs.634.36 Lakhs.

The effective date of the transactions is April 1, 2019.

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	2019-20	2018-19
Profit available for the equity share holders	16,85,09,573	21,47,77,193
Weighted average number of shares for Basic EPS	3,27,20,734	3,11,70,734
Weighted average number of shares for Diluted EPS	3,35,20,734	3,36,10,734
Basic	5.15	7.04
Diluted	5.03	6.51

NOTE 29:

Foreign Currency Outflow during the year of Rs. 23.43 Crores (Previous Year – Rs. 34.17Crores).

NOTE 30:

Foreign Currency Inflow during the year is Rs. 138.10 Crores (Previous Year – Rs. 146.68Crores.).

Notes forming part of the Financial Statements

FOR THE YEAR ENDED MARCH 31, 2020

NOTE 31: RELATED PARTY TRANSACTIONS.

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of Company at large.

Related Party Disclosures

The followings are the list of related parties:

a) **Subsidiary Companies:**

1. Qfund Technologies Pvt. Ltd.
2. KSoft Systems Inc
3. Virinchi Media & Entertainment Pvt. Ltd
4. Virinchi Learning Pvt. Ltd.
5. Tyohar Foods Pvt Ltd
6. Virinchi Infra & Realty Pvt Ltd
7. Virinchi Health Care Pvt Ltd
8. Tensor Fields Consultancy Services Pvt Ltd
9. Virinchi Combinatorics & Systems Biology Pvt Ltd
10. Asclepius Consulting & Technologies Pvt Ltd – (controlling interest)

b) **Key Management Personnel:**

S. No.	Name	Designation
1	G. Santhi Priya	CFO &Whole Time Director
2	K. Sri Kalyan	Whole Time Director
3	K. Ravindranath Tagore	Company Secretary

c) **Other Related Party:**

1. Vivo Bio Tech Ltd

The followings are the Related Party Transactions:

Name of the related Party	Nature of transaction	Current year (Rs)	Previous year (Rs)
G Santhi Priya	Remuneration	31,40,000	*29,52,504
K. Sri Kalyan	Remuneration	22,40,000	*19,02,504
M.V. Srinivasa Rao	Remuneration	45,61,200	*16,37,354
K. Ravindranath Tagore	Remuneration	26,01,200	*26,01,204
Viswanath Kompella	Remuneration	2,70,00,000	75,00,000
K Soft Systems Inc	Consultancy charges	21,34,13,407	12,32,42,429
Vivo Bio Tech Ltd	Lease Rental Income	22,50,000	30,00,000
Virinchi Healthcare Pvt Ltd	Slump sale	5,28,61,499	45,57,25,420

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

*Amount of Remuneration Paid to M.V. Srinivasa Rao is from Date of Appointment of Additional Director

Details of Loans and Advances given to Related Parties:

Notes forming part of the Financial Statements

FOR THE YEAR ENDED MARCH 31, 2020

S.No.	Name of the Related Party	Relationship	Amount Outstanding as on 31-03-2020
1	Asclepius Consulting & Technologies Pvt. Ltd.	Subsidiary-Controlling interest	6,04,16,133
2	Virinchi Media & Entertainment Pvt. Ltd.	Wholly Owned Subsidiary	1,42,46,133
3	Tyohar Foods Pvt. Ltd.	Wholly Owned Subsidiary	1,02,83,467
4	Virinchi Health Care Pvt. Ltd.	Wholly Owned Subsidiary	89,33,71,985
5	Tensor Fields Consultancy Services Private Limited	Wholly Owned Subsidiary	12,13,039
6	Virinchi Learning Pvt. Ltd.	Wholly Owned Subsidiary	16,44,521

Details of Loans and Advances taken from Related Parties:

S.No.	Name of the Related Party	Relationship	Amount Outstanding as on 31-03-2020
1	Virinchi Combinatorics & Systems Biology Pvt Ltd	Wholly Owned Subsidiary	9,49,545
2	Ksoft Systems Inc	Wholly Owned Subsidiary	11,92,70,660
3	Qfund Technologies Pvt Ltd	Wholly Owned Subsidiary	2,97,07,300
4	Virinchi Infra and Realty Pvt Ltd	Wholly Owned Subsidiary	14,81,080

NOTE: 32

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

S.No.	Description	Year ended 31st March, 2020
1	Number of Options Outstanding at the beginning of the year (Unvested)	12,95,030
2	Number of options granted during the year	Nil
3	Number of options forfeited/lapsed during the year	Nil
4	Number of options vested during the year	531530
5	Number of options exercised during the year	Nil
6	Number of shares arising as a result of exercise of options	Nil
7	Number of Options exercisable at the end of the year	1443816
8	Number of Options Outstanding at the end of the year Unvested)	763500
9	Amount realized by exercise of options (Rs.)	Nil

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

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

M. Naveen
Partner
Membership No. 237316

Place: Hyderabad
Date: 26th June 2020

For and on behalf of the Board for Virinchi Limited

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

K. Sri Kalyan
Whole Time Director
DIN: 03137506

K. Ravindranath Tagore
Company Secretary
M.No. A18894

Independent Auditor's Report

To,

The members of
M/s Virinchi Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of VIRINCHI LIMITED ("the Company"),its subsidiaries (the Company, its subsidiaries together referred to as "the Group"),which comprise the Consolidated Balance Sheet as at March 31, 2020, 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, 2020, 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 9 subsidiaries, whose financial statements / financial information reflect total assets before elimination of Rs. 12,275.62 Lakhs as at 31 March 2020, group total revenues of Rs. 10,109.99 Lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements/financial information of 8 Subsidiary companies have been audited by other Auditors whose reports have furnished to us by the Management and in respect of Ksoft Systems Inc., the financial statements and other financial information have not been Audited which are prepared and submitted to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates, and our report in terms of subsection (3) of section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associates is based solely on the audit reports of the other auditors.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 143(3) of the Act, based on our audit we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

   b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.

   c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

   d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules,2014.

   e) On the basis of the written representations received from the directors as on March 31, 2020 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, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the Auditor's reports of the Company and its subsidiary companies. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting of those companies, for reasons stated therein.

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

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

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

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

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

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

For P C N & Associates,
Chartered Accountants
Firm's Registration No: 016016S

M Naveen
Partner
Membership No: 237316
UDIN: 20237316AAAADS2342

Place: Hyderabad
Date: 26-06-2020

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, 2020, 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 Section143(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, 2020, 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 Naveen
Partner
Membership No: 237316
UDIN: 20237316AAAADS2342

Place: Hyderabad
Date: 26-06-2020

virinchi

Consolidated Balance Sheet as at March 31, 2020

(in Rupees)

Particulars	Notes	March 31, 2020	March 31, 2019
1) NON CURRENT ASSETS			
Property, Plant and Equipment	1	305,49,43,816	293,19,31,222
Capital Work-In-Progress	1	4,44,77,898	15,18,759
Goodwill	1	41,42,15,677	41,42,15,677
Intangible Assets	1	48,03,63,404	40,92,67,721
Financial Assets			
Non-Current Investments	2	29,93,641	29,93,641
Long Term Loans and Advances	3	9,49,41,192	9,56,76,644
Other Non-Current Assets	4	1,11,21,401	1,23,38,738
2) CURRENT ASSETS			
Inventories	5	9,63,65,011	8,48,92,448
Financial Assets			
Trade and Other Receivables	6	74,61,30,917	76,65,57,208
Cash and Cash Equivalents	7	8,67,22,550	9,03,63,584
Short Term Loans and Advances	8	50,32,65,251	47,17,36,873
Other Current Assets	9	13,40,13,936	6,66,09,549
Total Assets		**566,95,54,694**	**534,80,91,064**
EQUITY AND LIABILITIES			
Equity			
Share Capital	10	32,72,07,340	31,17,07,340
Other Equity	11	341,45,63,011	280,50,27,419
Money Received Against Share Warrants		1,70,80,000	6,10,00,000
Minority Interest		(50,59,790)	(50,01,158)
(1) Non-Current Liabilities			
Financial Liabilities			
Long-Term Borrowings	12	104,27,91,439	106,31,37,840
Long Term Provision	13	3,32,48,750	2,48,97,522
Defferred Tax Liabilities	14	(3,74,89,852)	5,07,07,621
(2) Current Liabilities			
Financial Liabilities			
Short Term Borrowings	15	52,20,82,917	55,90,13,851
Trade Payables	16	11,20,25,707	19,81,14,755
Short Term Provisions	17	24,31,05,172	27,94,85,874
Total Equity and Liabilitites		**566,95,54,694**	**534,80,91,064**

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

M. Naveen
Partner
Membership No. 237316

Place: Hyderabad
Date: 26th June 2020

For and on behalf of the Board for Virinchi Limited

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

K. Sri Kalyan
Whole Time Director
DIN: 03137506

K. Ravindranath Tagore
Company Secretary
M.No. A18894

Consolidated Profit and Loss Statement for the year ended March 31, 2020

(in Rupees)

Particulars	Notes	March 31, 2020	March 31, 2019
Revenue from Operations	18	381,46,19,316	407,09,31,021
Other Income	19	1,69,38,151	4,02,28,392
Total Revenue		**383,15,57,467**	**411,11,59,413**
Expenses:			
Purchase	20	24,92,29,293	21,86,91,687
Change in Inventory	21	(1,14,72,563)	1,80,37,366
Employee Benefit Expenses	22	122,98,82,864	128,83,29,024
Depreciation	1	44,44,70,004	35,97,34,602
Amortization Expense		5,23,589	2,85,110
Financial cost	23	22,19,62,008	22,07,28,900
Administrative and Other Operating Expenses	24	124,10,87,295	134,39,95,413
Total Expenses		**337,56,82,490**	**344,98,02,102**
Profit before exceptional and extraordinary items and tax		45,58,74,977	66,13,57,311
Exceptional Items		-	-
Profit before extraordinary items and tax		45,58,74,977	66,13,57,311
Extraordinary Items		-	-
Profit Before Tax		45,58,74,977	66,13,57,311
Tax expense:			
(a) Current tax		7,90,31,647	14,00,69,396
(b) Deferred tax Liability/(Asset)		(8,77,55,911)	(6,79,04,748)
Profit(Loss) from the period from continuing operations		46,45,99,241	58,91,92,663
Minority Interest		**(59,336)**	-
Profit/(Loss) for the period		**46,46,58,577**	**58,91,92,663**
Other Comprehensive Income (Net of Tax)		-	-
Total Comprehensive Income (Net of Tax)		**46,46,58,577**	**58,91,92,663**
Earning Per Equity Share:			
(1) Basic		14.20	19.30
(2) Diluted		13.90	17.87

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

M. Naveen
Partner
Membership No. 237316

Place: Hyderabad
Date: 26th June 2020

For and on behalf of the Board for Virinchi Limited

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

K. Sri Kalyan
Whole Time Director
DIN: 03137506

K. Ravindranath Tagore
Company Secretary
M.No. A18894

Consolidated Cash Flow Statement for the year ended March 31, 2020

(in Rupees)

Particulars		Notes	March 31, 2020	March 31, 2019
A.	**Cash Flow from Operating Activities:**			
	Net Profit/ (Loss) before taxation and extraordinary items		45,59,34,313	66,13,57,311
	Adjustments for:			
	Depreciation		44,44,70,004	35,97,34,602
	Amortised Expenses		5,23,589	2,85,110
	Interest expenses		22,19,62,008	22,07,28,900
	Operating Profit before Working Capital Changes		**112,28,89,914**	**124,21,05,923**
	Working Capital Changes			
	Trade and Other Receivables Including Inventory		18,22,34,153	4,79,81,170
	Trade and Other payables		(23,93,65,601)	(18,65,53,544)
	Cash Generated from Operations		**106,57,58,466**	**110,35,33,549**
	Interest paid		22,19,62,008	22,07,28,900
	Taxation for the year		(87,24,264)	7,21,64,648
	Net Cash from Operating Activities		**85,25,20,722**	**81,06,40,001**
B.	**Cash Flow from Investing Activities:**			
	Purchase of Fixed Assets		(68,20,72,429)	(83,87,52,839)
	Investment		-	93,46,375
	Net Cash used in Investing Activities		**(68,20,72,429)**	**(82,94,06,464)**
C.	**Cash Flow From Financial Activities:**			
	Proceeds from Equity Shares		13,33,30,000	23,80,51,902
	Loans & Advances, Forex Difference and Others		(28,70,72,926)	(20,74,11,141)
	Net Proceeds from Long Term Borrowings		(2,03,46,402)	(2,02,09,958)
	Net Cash used in Financing Activities		**(17,40,89,328)**	**1,04,30,803**
	Net increase in cash and cash equivalents		(36,41,035)	(83,35,660)
	Cash and Cash equivalents as at Beginning of the Year		9,03,63,584	9,86,99,244
	Cash and Cash equivalents as at End of the Year		**8,67,22,549**	**9,03,63,584**

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

M. Naveen
Partner
Membership No. 237316

Place: Hyderabad
Date: 26th June 2020

For and on behalf of the Board for Virinchi Limited

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

K. Sri Kalyan
Whole Time Director
DIN: 03137506

K. Ravindranath Tagore
Company Secretary
M.No. A18894

Statement of changes in equity for the year ended March 31, 2020

a. Equity Share Capital		
Equity Shares of Rs.10 Each, Issued , Subscribed and Fully Paid	NO.	Rs.
As At April 1 , 2018	**2,82,18,050**	**28,21,80,500**
Add: Issued During the Year	29,52,684	2,95,26,840
As At March 31 , 2019	**3,11,70,734**	**31,17,07,340**
Add: Issued During the Year	-	-
Warrants Converted in to Equity Shares	15,50,000	1,55,00,000
As At March 31 , 2020	**3,27,20,734**	**32,72,07,340**

Particulars	Securities Premium	Share Options Outstanding	Share Warrants Forefeiture	Capaital Reserve and Others	Foreign Exchange Transaction Reserve	Retained Earnings	Total
As At April 1 ,2018	**83,40,06,578**	**5,09,08,184**	**-**	**-**	**(2,21,83,611)**	**1,31,51,16,601**	**2,17,78,47,752**
Additions for the Year	21,25,25,062	-	-	(26,71,94,996)	9,26,56,938	58,91,92,663	62,71,79,667
As At March 31 ,2019	**104,65,31,640**	**5,09,08,184**	**-**	**(26,71,94,996)**	**7,04,73,327**	**1,90,43,09,264**	**280,50,27,419**
Additions for the Year	13,95,00,000	-	2,22,50,000	-	(1,68,72,985)	46,46,58,577	60,95,35,592
As At March 31 ,2020	**118,60,31,640**	**5,09,08,184**	**2,22,50,000**	**(26,71,94,996)**	**5,36,00,342**	**236,89,67,841**	**341,45,63,011**

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

M. Naveen
Partner
Membership No. 237316
UDIN: 20237316AAAADS2342

Place: Hyderabad
Date: 26th June 2020

For and on behalf of the Board for Virinchi Limited

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

K. Sri Kalyan
Whole Time Director
DIN: 03137506

K. Ravindranath Tagore
Company Secretary
M.No. A18894

Notes and other explanatory information to financial statements

FOR THE YEAR ENDED MARCH 31, 2020

1. CORPORATE INFORMATION

Virinchi Limited, India ("Virinchi") is an IT Products & Services company offering customized solutions to companies across the globe since 1990. Virinchi is a publicly held company listed on the BSE LTD, one of India's largest stock exchanges, since the year 2000. Virinchi has developed & retained IP in several software products operating in supply chain management, alternate financial services, however, has had limited success in offering most of the solutions barring the software product for financial services where Virinchi has reached leadership position considering the market share of this niche industry. The Organisation is led by First Generation IIT/IIM Entrepreneurs and operates out of its Corporate Office at Banjara Hills, Hyderabad & US Headquarters at Edison, New Jersey.

Virinchi together with subsidiaries and controlled companies is hereinafter referred to as "The Group".

Virinchi Healthcare Pvt Ltd and Ksoft Systems Inc are the material subsidiaries of Virinchi Limited and providing world class Health care services/Facilities and software development and services respectively.

The Group has presence in Learning, Media& Entertainment, Financial Services, Food Industry, Data science & 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/20	31/Mar/19
KSoft Systems Inc.	Software Development and Consulting	USA	100	100
Q fund Technologies Pvt. Ltd.	Software Development and Consulting	India	100	100
Virinchi Learning Private Ltd.	Educational Services (e-governance project)	India	100	100
Virinchi Media & Entertainment Pvt. Ltd.	Media and Entertainment	India	100	100
Tyohar Foods Pvt. Ltd.	Catering Services	India	100	100
Virinchi Infra & Reality Pvt. Ltd.	Infrastructure	India	100	100
Virinchi Health Care Pvt. Ltd.	Healthcare Services	India	100	100
Tensor Fields Consultancy Services Pvt. Ltd.	Financial consulting Services	India	100	100
Virinchi Combinatorics & Systems Biology Pvt. Ltd.	Date science and Analysis	India	100	100
Asclepius Consulting & Technologies Pvt Ltd.	Software Development and Consulting	India	51	51

(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.

Notes and other explanatory information to financial statements

FOR THE YEAR ENDED MARCH 31, 2020

(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 like items of assets, liabilities, income and expenses. All intra-Company assets, liabilities, income, expenses and unrealised profits/losses on intra Company transactions are eliminated on consolidation. The accounting policies of subsidiaries have been harmonised to ensure the consistency with the policies adopted by the Parent Company.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

The consolidated financial statements have been presented to the extent possible, in the same manner as Parent Company's standalone financial statements.

(d) Basis of Preparation

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

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

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

(e) USE OF ESTIMATES AND JUDGEMENTS:

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

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

ii) **Current income taxes:** The company recognizes tax liabilities based upon self-assessment as per the tax laws. When the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such final determination is made.

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

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

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

(f) Revenue Recognition

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

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

The Group's revenues are derived from sale of goods and services.

- Sale of Services

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

- Sale of goods

  Revenue from sale of goods is recognized where control is transferred to the Company's customers at the time of shipment to or receipt of goods by the customers. There was no change in the point of recognition of revenue upon adoption of Ind AS 115.

- Revenue from Healthcare Services:

  Revenue from patients is recognized when the company satisfies performance obligation by transferring promised goods and services to patients. Revenue is measured based on the transaction price which is the fair value of the consideration received /receivable net of discount/concession and GST. The Income by way of doctor's Consultancy fees and the consequent liability towards Doctor's Consultation charges are considered as accrued as and when the amounts are finalized and certainty of recovery from patients is established.

  Revenue from dietary/pharmacy sales and other associates services is recognized at the point when the goods are sold or services are rendered.

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

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

Notes and other explanatory information to financial statements

FOR THE YEAR ENDED MARCH 31, 2020

(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 2020 and 31st Mar 2019 restricted cash and bank balances of Rs.7,40,58,921 and Rs.6,62,17,549 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.

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

Notes and other explanatory information to financial statements

FOR THE YEAR ENDED MARCH 31, 2020

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

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

The estimated useful lives are as mentioned below:

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

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.

Notes and other explanatory information to financial statements

FOR THE YEAR ENDED MARCH 31, 2020

(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.

NOTE NO: 1 FIXED ASSETS SCHEDULE

(in Rupees)

Particulars	Gross Block			Depreciation/Amortization			Net Block	
	As on 01.04.2019	Additions during the year	As on 31.03.2020	Dep. As on 01.04.2019	Depreciation for the year	Total Depreciation	As on 31.03.2020	As on 31.03.2019
TANGIBLE ASSETS								
Land	12,29,18,796	-	12,29,18,796	-	-	-	12,29,18,796	12,29,18,796
Buildings	125,74,49,160	9,85,33,196	135,59,82,356	15,28,26,334	4,12,59,468	19,40,85,802	116,18,96,554	110,46,22,826
Plant & Machinery	6,78,31,842	1,17,71,545	7,96,03,387	1,91,99,220	64,39,430	2,56,38,650	5,39,64,737	4,86,32,622
Electrical Equipment	17,07,12,144	1,05,40,000	18,12,52,144	5,63,23,818	1,40,81,288	7,04,05,106	11,08,47,038	11,43,88,326
Office Equipment	5,46,91,519	1,70,80,348	7,17,71,867	4,21,27,030	44,74,706	4,66,01,736	2,51,70,131	1,25,64,489
Computers	74,94,46,406	7,40,80,691	82,35,27,097	33,37,86,502	14,46,19,196	47,84,05,698	34,51,21,399	41,56,59,904
Furniture	41,84,98,012	3,50,48,561	45,35,46,573	16,70,74,311	3,88,32,271	20,59,06,582	24,76,39,991	25,14,23,701
Vehicles	7,08,73,563	2,35,30,420	9,44,03,983	4,08,02,779	69,07,556	4,77,10,335	4,66,93,648	3,00,70,784
Medical Equipment	106,87,04,269	20,22,46,052	127,09,50,321	23,70,64,495	9,31,94,304	33,02,58,799	94,06,91,522	83,16,39,774
Sub Total (a)	**398,11,25,711**	**47,28,30,813**	**445,39,56,524**	**104,92,04,489**	**34,98,08,219**	**139,90,12,708**	**305,49,43,816**	**293,19,21,222**
INTANGIBLE ASSETS								
Software	35,08,92,457	3,56,70,768	38,65,63,225	14,58,86,614	6,02,07,171	20,60,93,785	18,04,69,440	20,50,05,843
Product Development	53,67,37,568	13,00,87,700	66,68,25,268	33,24,76,690	3,44,54,614	36,69,31,304	29,98,93,964	20,42,60,878
Goodwill	47,79,30,748	-	47,79,30,748	6,37,15,071	-	6,37,15,071	41,42,15,677	41,42,15,677
Sub Total (b)	**136,55,60,773**	**16,57,58,468**	**153,13,19,241**	**54,20,78,375**	**9,46,61,785**	**63,67,40,160**	**89,45,79,081**	**82,34,82,398**
Capital Work In Progress	15,18,759	4,29,59,139	4,44,77,898	-	-	-	4,44,77,898	15,18,759
Sub Total (c)	**15,18,759**	**4,29,59,139**	**4,44,77,898**	**-**	**-**	**-**	**4,44,77,898**	**15,18,759**
GRAND TOTAL (a+b+c)	**534,82,05,243**	**68,15,48,420**	**602,97,53,663**	**159,12,82,864**	**44,44,70,004**	**203,57,52,868**	**399,40,00,795**	**375,69,22,379**

Notes forming part of the Financial Statements

FOR THE YEAR ENDED MARCH 31, 2020

NOTE NO: 2 NON CURRENT INVESTMENTS

(in Rupees)

Particulars	March 31, 2020	March 31, 2019
1) Trade Investments		
1) Investment in Mutual funds		
Canara Robeco Mutual Funds	29,93,641	29,93,641
Total Non Current Investments	**29,93,641**	**29,93,641**

NOTE NO: 3 LONG TERM LOANS AND ADVANCES

(in Rupees)

Particulars	March 31, 2020	March 31, 2019
Deposits	9,49,41,192	9,56,76,644
Total Long Term Loans & Advances	**9,49,41,192**	**9,56,76,644**

NOTE NO: 4 OTHER NON CURRENT ASSETS

(in Rupees)

Particulars	March 31, 2020	March 31, 2019
Unamortised Expenses	1,11,21,401	1,23,38,738
Total Non - Current Assets	**1,11,21,401**	**1,23,38,738**

NOTE NO: 5 INVENTORY

(in Rupees)

Particulars	March 31, 2020	March 31, 2019
Stock In Trade		
Pharmacy	9,63,65,011	8,48,92,448
Total Non - Current Assets	**9,63,65,011**	**8,48,92,448**

NOTE NO: 6 TRADE RECEIVABLES

(in Rupees)

Particulars	March 31, 2020	March 31, 2019
Unsecured, Considered Good	74,61,30,917	76,65,57,208
Total Trade Receivables	**74,61,30,917**	**76,65,57,208**

NOTE NO: 7 CASH AND CASH EQUIVALENTS

(in Rupees)

Particulars	March 31, 2020	March 31, 2019
a) Balance with Banks		
On Current Accounts	1,07,78,729	2,07,17,981
b) Cash on hand	18,84,900	34,28,054
Sub Total	**1,26,63,629**	**2,41,46,035**
Other Bank Balances		
On Deposit Accounts 12 Months from date of deposit	7,40,58,921	6,62,17,549
Sub Total	**7,40,58,921**	**6,62,17,549**
Total Cash and Cash Equivalents	**8,67,22,550**	**9,03,63,584**

Notes forming part of the Financial Statements

FOR THE YEAR ENDED MARCH 31, 2020

NOTE NO: 8 SHORT TERM LOANS AND ADVANCES

(in Rupees)

Particulars	March 31, 2020	March 31, 2019
a) Deposits		
Unsecured Considered Good	3,30,000	3,98,000
b) Loans and Advances to Others		
Unsecured Considered Good	50,29,35,251	47,13,38,873
Total Short Term Loans & Advances	**50,32,65,251**	**47,17,36,873**

NOTE NO: 9 OTHER CURRENT ASSETS

(in Rupees)

Particulars	March 31, 2020	March 31, 2019
Salary and Travel Advances	5,28,11,796	1,81,55,493
Deferred Financial Charges and Others	24,42,602	29,88,254
Advance Tax & TDS Receivable	5,54,70,217	2,76,78,583
GST	2,32,89,321	1,77,87,219
Total Other Current Assets	**13,40,13,936**	**6,66,09,549**

NOTE NO: 10 SHARE CAPITAL

(in Rupees)

Equity Shares of Rs.10 Each, Issued , Subscribed and Fully Paid	No.	Rs.
As at April 1, 2018	**2,82,18,050**	**28,21,80,500**
Add: Issued During the Year	-	-
ESOPS Allotted During the Year	27,92,684	2,79,26,840
Preferential Issue During the Year	1,60,000	16,00,000
As at March 31, 2019	**3,11,70,734**	**31,17,07,340**
Add: Issued During the Year	-	-
Warrants Converted in to Equity Shares	15,50,000	1,55,00,000
As at March 31, 2020	**3,27,20,734**	**32,72,07,340**

Particulars	March 31, 2020	March 31, 2019
Authorised:		
400,00,000 Equity Shares of Rs.10/- Each	40,00,00,000	40,00,00,000
Issued, Subscribed and Fully Paid Up		
3,27,20,734 Equity Shares of Rs.10/-Each	32,72,07,340	31,17,07,340
Total Equity Share capital	**32,72,07,340**	**31,17,07,340**

Reconcilliation of Shares Outstanding at Beginning and end of the Reporting Year	March 31, 2020		March 31, 2019	
	No. of Shares	Amount in Rs.	No. of Shares	Amount in Rs.
Equity Shares				
As at Beginning of the Year	3,11,70,734	31,17,07,340	2,82,18,050	28,21,80,500
ESOP's Allotted During the Year	-	-	27,92,684	2,79,26,840
Preferential Issue During the Year	-	-	1,60,000	16,00,000
Warrants Converted to Equity Shares	15,50,000	1,55,00,000	-	-
As at End of the Year	3,27,20,734	32,72,07,340	3,11,70,734	31,17,07,340

Notes forming part of the Financial Statements

FOR THE YEAR ENDED MARCH 31, 2020

Details of Share Holders Holding More than 5% Shares in the Company	March 31, 2020		March 31, 2019	
	No. of Shares	% of Share Holding	No. of Shares	% of Share Holding
Mr.Viswanath Kompella	68,07,975	20.81	68,07,975	21.84

NOTE NO: 11 OTHER EQUITY

	Securities Premium	Share Options Outstanding	Share Warrants Forfeiture	Capital Reserves and Others	Foreign Exchange Transaction Reserve	Retained Earnings	Total
As at April 1 ,2018	83,40,06,578	5,09,08,184	-	-	(2,21,83,611)	131,51,16,601	217,78,47,752
Additions for the Year	21,25,25,062	-	-	26,71,94,996	9,26,56,938	58,91,92,663	62,71,79,667
As at March 31 ,2019	104,65,31,640	5,09,08,184	-	26,71,94,996	7,04,73,327	190,43,09,264	280,50,27,419
Additions for the Year	13,95,00,000	-	2,22,50,000	-	(1,68,72,985)	46,46,58,577	60,95,35,592
As at March 31 ,2020	**118,60,31,640**	**5,09,08,184**	**2,22,50,000**	**28,05,004**	**5,36,00,342**	**236,89,67,841**	**341,45,63,011**

NOTE NO: 12 LONG TERM BORROWINGS

(in Rupees)

Particulars	March 31, 2020	March 31, 2019
Secured Loans		
Vehicle Loans	2,59,06,764	1,64,43,020
Term Loans	101,02,19,839	98,89,55,079
Unsecured Loans		
Others	66,64,836	5,77,39,741
Total Long Term Borrowings	**104,27,91,439**	**106,31,37,840**

NOTE NO: 13 LONG TERM PROVISION

(in Rupees)

Particulars	March 31, 2020	March 31, 2019
Provision for Gratuity	3,32,48,750	2,48,97,522
Total Long Term Provisions	**3,32,48,750**	**2,48,97,522**

NOTE NO: 14 DEFERRED TAX LIABILITY

(in Rupees)

Particulars	March 31, 2020	March 31, 2019
Opening Deferred tax Liability	5,07,07,621	11,86,12,370
Add: Deferred Tax Liability for the year	(8,81,97,473)	(6,79,04,749)
Total Deferred Tax Liability	**(3,74,89,852)**	**5,07,07,621**

NOTE NO: 15 SHORT TERM BORROWINGS

(in Rupees)

Particulars	March 31, 2020	March 31, 2019
Secured Loans		
(a) From Banks	34,18,52,356	31,31,50,006
(b) Long Term Loan payable during the year	17,91,44,619	22,53,78,399
Unsecured Loans		
(a) Others	10,85,942	2,04,85,446
Total Short Term Borrowings	**52,20,82,917**	**55,90,13,851**

Notes forming part of the Financial Statements

FOR THE YEAR ENDED MARCH 31, 2020

NOTE NO: 16 TRADE PAYABLES

(in Rupees)

Particulars	March 31, 2020	March 31, 2019
Unsecured Trade Payables	11,20,25,707	19,81,14,755
Total Trade Payables	**11,20,25,707**	**19,81,14,755**

NOTE NO: 17 SHORT TERM PROVISIONS

(in Rupees)

Particulars	March 31, 2020	March 31, 2019
(a) Provisions for Employee Benefits	9,07,06,011	7,70,69,643
(b) Provision for Expenses	15,18,31,461	20,21,62,331
(c) Audit Fee Payable	5,67,700	2,53,900
Total Short Term Provisions	**24,31,05,172**	**27,94,85,874**

NOTE NO: 18 REVENUE FROM OPERATIONS

(in Rupees)

Particulars	March 31, 2020	March 31, 2019
(a) Revenue from IT Services (Export)	2,14,49,00,159	2,62,44,35,997
(b) Revenue from Healthcare Services	135,63,95,207	117,03,59,111
(c) Revenue from Pharmacy	25,40,12,802	24,38,94,369
(d) Other Operating Revenues	5,93,11,148	3,22,41,544
Total Revenue from Operations	**381,46,19,316**	**407,09,31,021**

NOTE NO: 19 OTHER INCOME

(in Rupees)

Particulars	March 31, 2020	March 31, 2019
(a) Interest Income	19,44,508	1,16,31,605
(b) Other Non-Operating Income	50,90,334	1,62,21,812
(c) Forex Gain	99,03,309	1,22,90,953
(d) Interest on IT Refund	-	84,022
Total Other Income	**1,69,38,151**	**4,02,28,392**

NOTE NO: 20 PURCHASE

(in Rupees)

Particulars	March 31, 2020	March 31, 2019
(a) Pharmacy Purchases	24,92,29,293	21,86,91,687
Total Purchase	**24,92,29,293**	**21,86,91,687**

NOTE NO: 21 CHANGE IN INVENTORY

(in Rupees)

Particulars	March 31, 2020	March 31, 2019
Stock in trade at the beginning of the year	8,48,92,448	10,29,29,814
Less : Stock in trade at the end of the year	9,63,65,011	8,48,92,448
(Increase) / Decrease in Inventories	**(1,14,72,563)**	**1,80,37,366**

Notes forming part of the Financial Statements

FOR THE YEAR ENDED MARCH 31, 2020

NOTE NO: 22 EMPLOYEE BENEFIT EXPENSES

(in Rupees)

Particulars	March 31, 2020	March 31, 2019
(a) Salaries & Wages	115,89,36,676	122,14,19,616
(b) Contribution to Provident & Other Funds	4,19,38,986	3,81,94,498
(c) Staff Welfare Expenses	2,90,07,202	2,87,14,910
Total Employee Benefit Expenses	**122,98,82,864**	**128,83,29,024**

NOTE NO: 23 FINANCE COSTS

(in Rupees)

Particulars	March 31, 2020	March 31, 2019
(a) Interest Expenses :		
- Interest on Term Loan and Working Capital	22,02,33,607	21,92,71,445
- Interest on Vehicle Loans	17,28,401	14,57,455
Total Finance Cost	**22,19,62,008**	**22,07,28,900**

NOTE NO: 24 ADMINISTRATIVE EXPENSES

(in Rupees)

Particulars	March 31, 2020	March 31, 2019
(a) Power & Fuel	7,06,93,309	8,90,02,764
(b) Rent	18,03,18,459	17,26,93,456
(c) Repairs & Maintenance	1,98,10,965	5,10,23,171
(d) Insurance	3,05,06,649	4,18,02,000
(e) Telephone, Postage and Others	2,48,44,277	2,23,39,944
(f) Business Promotion Expenses	1,95,52,707	3,89,09,122
(g) Office Maintenance	14,24,90,677	11,94,04,427
(h) Travelling and Visa Expenses	4,59,16,453	7,74,47,886
(i) Consultancy Charges and Subcontracting Expenses	59,41,89,904	66,96,56,144
(j) Other Administrative Expenses	2,55,08,118	2,31,83,842
(k) Rates & Taxes	6,90,83,324	2,73,02,631
(l) Disallowances and Network Hospital Discount	1,67,82,859	96,85,637
(m) Auditors Fee	13,89,594	15,44,389
Total	**124,10,87,295**	**134,39,95,413**

NOTE 25:

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

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

Primary Security:

Hypothecation of Movable Assets to:

M/s. Canara Bank, IF Branch, Hyderabad.

M/s. Central Bank of India, Industrial Finance Branch, Koti, Hyderabad,

M/s. Oriental Bank of India(Punjab National Bank), Ameerpet, Hyderabad

M/s. Lakshmi Vilas Bank Ltd, West Marredpally, Secunderabad.

Notes forming part of the Financial Statements

FOR THE YEAR ENDED MARCH 31, 2020

are having 1st charge on all movable assets of the company on Consortium Term Loans availed with them For Virinchi Health Care Private Limited.

- 1st Charge on P&M, Electrical & Office equipment, computers, furniture on FCTL availed from Canara Bank, IF Branch, Hyderabad

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 on property located at Flat No.608, Lingapur Plaza, Himayathnagar owned by Mr. Viswanath Kompella
- Pledge of two KDR's worth Rs. 75 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 Lakshmakkapally, Mulugu Mandal ,Medak District in the name of M/S.Vivo Biotech Ltd.
- 7 Acres 5 Guntas of freehold industrial land located at syNo.159, Janwada Village, Shankerpally Mandal, Ranga Reddy District in the name of Mr. ViswanathKompella.
- Plot No. 76& 77, Balamrai Co-operative Housing Society, Mahendra Hills, East Marredpally, Secunderabad -26 in the name of Mr. Viswanath Kompella.
- 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. 74, 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. Iragavarapu Constructions Private Limited
- 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.
- Commercial Flat admeasuring 2700 Sq.ft, Flat No. 308-A, Ashoka Metropolitan (Virinchi Hospitals), Road No.12, Banjara Hills, Hyderaba, in the name of M/s. Virinchi Limited.
- 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.

Notes forming part of the Financial Statements

FOR THE YEAR ENDED MARCH 31, 2020

- De Lage Landen Financial Services India Private Limited
- Reliance Capital Limited
- Siemens Financial Services Private Limited

NOTE 26:

Details of Security deposits referred in note no 3:

Nature of Deposit	Amount in Rs.
Rental Deposit	888,72,800
Electricity Deposit	43,09,354
Telephone Deposit	2,33,377
Customs Deposit	9,97,279
Performance Guarantee Deposit	5,28,382
Total	**9,49,41,192**

NOTE 27:

Particulars	Current year (Rs)	Previous Year (Rs)
Auditors Fee	13,89,594/-	15,44,389/-

NOTE 28:

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

Revenue and expenses directly attributable to segments are reported under each segment. Expenses which are not directly identifiable to specific segment have been allocated on the basis of associated revenue of the segment and manpower efforts. All other expenses which are not attributable or allocable to segments have been disclosed as un-allocable expenses.

(in Rupees)

S. No.	Description	Year Ended	
		March 31, 2020	March 31, 2019
I	**Segment Revenue**		
	Software Product Revenues	15,121.72	1,7843.3
	Software Services Revenues	6,327.27	8,417.36
	Healthcare Services	16,208.74	14,142.54
	IT Enabled Services	488.45	276.12
	Infrastructure and Real Estate Services	22.5	30
	Net Sales/Income from Operations	**38,168.68**	**40,709.32**
II	**Segment Result**		
	Software Product Revenues	3,490.81	4,527.92
	Software Services Revenues	1,153.67	2,178.26
	Healthcare Services	1,924.96	1,673.93
	IT Enabled Services	39.54	8.47
	Infrastructure and Real Estate Services	22.5	30
	Total	**6,631.48**	**8,418.58**
	Interest Expenditure	2,219.62	2,207.29
	Other Unallocable Income Net of Unallocable Expenditure	146.88	402.28
	Total Profit Before Tax	**4,558.74**	**6,613.57**

Notes forming part of the Financial Statements

FOR THE YEAR ENDED MARCH 31, 2020

NOTE 29: SLUMP SALE OF HEALTHCARE BUSINESS

During the current financial year, Medical equipment's relating to Health Care business transferred to Virinchi Healthcare Private Limited (VHPL), a Wholly Owned Subsidiary of the Company, through slump sale for a lump sum consideration of Rs. 528.62 Lakhs, which resulted in a Loss of capital nature amounting to Rs.634.36 Lakhs.

The effective date of the transactions is April 1, 2019.

NOTE 30: EARNING PER SHARE

The earnings considered in ascertaining the companies earning per share comprise net profit after tax. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the year.

(in Rupees)

Particulars	2019-20	2018-19
Profit available for the equity share holders	46,45,39,905	58,91,92,663
Weighted average number of shares for Basic EPS	3,27,20,734	3,05,27,752
Weighted average number of shares for Diluted EPS	3,35,20,734	3,29,67,752
Basic	14.20	19.30
Diluted	13.90	17.87

NOTE 31: RELATED PARTY TRANSACTIONS.

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of Company at large.

Related Party Disclosures

The followings are the list of related parties:

a) **Subsidiary Companies:**

1. Qfund Technologies Pvt. Ltd.
2. KSoft Systems Inc
3. Virinchi Media & Entertainment Pvt. Ltd
4. Virinchi Learning Pvt. Ltd.
5. Tyohar Foods Pvt Ltd
6. Virinchi Infra & Realty Pvt Ltd
7. Virinchi Health Care Pvt Ltd
8. Tensor Fields Consultancy Services Pvt Ltd
9. Virinchi Combinatorics & Systems Biology Pvt Ltd
10. Asclepius Consulting & Technologies Pvt Ltd – (controlling interest)

b) **Key Management Personnel:**

S. No.	Name	Designation
1	G. Santhi Priya	CFO &Whole Time Director
2	K. Sri Kalyan	Whole Time Director
3	K. Ravindranath Tagore	Company Secretary

Notes forming part of the Financial Statements

FOR THE YEAR ENDED MARCH 31, 2020

c) Other Related Party:

1. Vivo Bio Tech Ltd

The followings are the Related Party Transactions:

Name of the related Party	Nature of transaction	Current year (Rs)	Previous year (Rs)
G Santhi Priya	Remuneration	31,40,000	*29,52,504
K. Sri Kalyan	Remuneration	22,40,000	*19,02,504
M.V. Srinivasa Rao	Remuneration	45,61,200	*16,37,354
K. Ravindranath Tagore	Remuneration	26,01,200	*26,01,204
Viswanath Kompella	Remuneration	300,00,000	279,00,000
Vivo Bio Tech Ltd	Lease Rental Income	22,50,000	30,00,000
Virinchi Healthcare Pvt Ltd	Slump sale	5,28,61,499	45,57,25,420

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

*Amount of Remuneration Paid to M.V. Srinivasa Rao is from Date of Appointment of Additional Director

NOTE: 32

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

S.No.	Description	Year ended 31st March, 2020
1	Number of Options Outstanding at the beginning of the year (Unvested)	12,95,030
2	Number of options granted during the year	Nil
3	Number of options forfeited/lapsed during the year	Nil
4	Number of options vested during the year	531530
5	Number of options exercised during the year	Nil
6	Number of shares arising as a result of exercise of options	Nil
7	Number of Options exercisable at the end of the year	1443816
8	Number of Options Outstanding at the end of the year (Unvested)	763500
9	Amount realized by exercise of options (Rs.)	Nil

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

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

M. Naveen
Partner
Membership No. 237316

Place: Hyderabad
Date: 26th June 2020

For and on behalf of the Board for Virinchi Limited

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

K. Sri Kalyan
Whole Time Director
DIN: 03137506

K. Ravindranath Tagore
Company Secretary
M.No. A18894

Notes forming part of the Financial Statements

FOR THE YEAR ENDED MARCH 31, 2020

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

Name of the Entity		Net Assets (TA-TL)		Share in Profit/(Loss)	
		As % of Consolidated Net Assets	Amount	As % of Consolidated Profit/(Loss)	Amount
Parent	Virinchi Limited	70.71%	265,00,43,176	36.27%	16,85,09,575
Subsidiaries- Wholly Owned	Indian				
	Qfund Technologies Pvt Ltd	0.68%	2,53,73,482	-0.34%	-15,88,992
	Virinchi Learning Pvt Ltd	-0.21%	-79,88,620	0.00%	3,064
	Virinchi Media & Entertainment Pvt Ltd	0.00%	36,156	-0.01%	-31,765
	Tyohar Foods Pvt Ltd	-0.24%	-90,69,320	0.40%	18,38,926
	Virinchi Infra & Reality Pvt Ltd	0.01%	4,16,419	0.08%	3,70,407
	Virinchi Health Care Pvt Ltd	20.37%	76,35,82,743	31.22%	14,50,63,969
	Tensor Fields Consultancy Services Pvt Ltd	-0.04%	-16,55,324	-0.39%	-18,31,689
	Virinchi Combinatorics & Systems Biology Pvt Ltd	0.02%	5,69,391	0.02%	71,855
Subsidiaries- Wholly Owned	Foreign				
	Ksoft Systems Inc	25.47%	95,45,57,942	32.78%	15,23,15,849
Subsidiaries- Controlling Interest	Asclepius Consulting & Technologies Pvt Ltd	-0.28%	-1,04,48,214	-0.03%	-1,22,111

Corporate Information

Founder & Chairman Emeritus

Viswanath Kompella

Board of Directors

G. Santhi Priya
Chairperson & Whole Time Director

K. Sri Kalyan
Whole Time Director

M. V. Srinivasa Rao
Whole Time Director

K. Kalpana
Independent and Non-Executive Director

J.Suresh
Independent and Non-Executive Director

M. Ramam
Independent and Non-Executive Director
(Resigned W.e.f 27th June, 2020)

Sunder Kanpaparthy
Additional Director

K. Ravindranath Tagore
- Company Secretary, Chief Investor Relations Officer & Compliance Officer

Senior Leadership

Satyajeet Prasad
CEO

G. Santhi Priya
Group CFO

M. V. Srinivasa Rao
Group President

Vishal Ranjan
CEO, Ksoft Systems Inc.

Sivaji Pendyala
COO

Neeraj Kumar
Head of Sales & Services, North America

Srinivas Myana
CMO, Healthcare

K. Sri Kalyan
Whole Time Director

Registered office

8-2-672 / 5 & 6, 4th Floor
Ilyas Mohammed Khan Estate
Road #1, Banjara Hills
Hyderabad ,Telangana ,500034
Phone# 040-48199999
E-mail: investors@virinchi.com
Website: www.virinchi.com

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

340,Raritan Center Pkwy
Edison, NJ-08837
Phone# 7326962555, Fax# 732-783-0432

Registrar &Share Transfer Agents

M/s. Aarthi Consultants Private Ltd
1-2-285, Domalguda,
Hyderabad-500029
Phone # 91-40-27634445, 27638111
Fax: 91-40-27632184
Email: info@aarthiconsultants.com

If undelivered, please return to:

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Hyderabad - 500034, Telangana
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