

Directors Report

Dear Shareholders,

Your Directors have great pleasure in presenting the report of the Business and Operations of your Company ('the Company' or 'Virinchi'), along with the audited financial statements, for the financial year ended March 31, 2019. The Consolidated Performance of your Company and its subsidiaries has been referred to wherever required.

Financial Highlights

(Rs In Lacs)

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

STATE OF AFFAIRS/COMPANY'S PERFORMANCE

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

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

Consolidated profits:

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

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

Standalone profits:

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

RESERVES AND SURPLUS

During the year the Company has transferred an amount of Rs.2147.77 Lakhs to Reserves and Surplus.

DIVIDEND

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

PERFORMANCE SUBSIDIARIES INFORMATION

Tyohar foods private Ltd

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

Hyderabad vide S.A.No.370/2012 wherein the company impleaded itself and subsequently the said DRT was pleased to pass the Order dt. 22.01.2016 in favour of the Bank and dismissed the case filed by the Applicants.

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

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

Virinchi Health Care Private Ltd (VHPL)

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

The hospital super-specialty hospital delivers over 40 specialties with emphasis on CONNECT specialties, an acronym for Cardiology, Orthopedics, Nephrology, Neurology, Emergency, Cancer and Transplant Medicine. Virinchi has a dedicated clinical team pursuing MoUs and medical partnerships with over 300 globally reputed institutions in the US, UK, China, Israel etc. - to deliver a unique 'Right to Science' program to make global medical innovations available to Indian patients to treat previously incurable conditions.

The flagship 350 bed hospital at City Centre is led by approximately 170 leading doctors in the country. Virinchi has set up some of the Industry Leading Medical Infrastructure including 3T fMRI, Ceiling Mounted Cath Lab, Dual Energy 128 Slice CT, 11 Fully Equipped Operation Theatre & widest range of in-house diagnostic capabilities.

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

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

Virinchi Learning Private Ltd

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

In healthcare Domain:

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

In biotechnology:

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

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

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

KSoft Systems Inc

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

The employees have joined in various projects of the company and total head count is 55 employees in KSoft as on 31st March, 2019.

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

Slump Sale

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

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

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

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

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

Directors

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

Appointments:

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

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

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

Cessations:

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

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

Change in Capital Structure and Listing at Stock Exchanges

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

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

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

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

Terms/Rights and restrictions attached to the Equity Shares:

The Company has only one class of Equity Shares having a face value of Rs.10/- . Each Shareholder is eligible for one vote per every share held.

CODE OF CONDUCT:

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

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

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

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

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

VIGIL MECHANISM / WHISTLE BLOWER POLICY:

The Company has a vigil mechanism to deal with instance of fraud and mismanagement, if any. In staying true to our values of Strength, Performance and Passion and in line with our vision, the Company is committed to the high standards of Corporate Governance and stakeholder

responsibility. The Policy ensures that strict confidentiality is maintained whilst dealing with concerns and also that no discrimination will be meted out to any person for a genuinely raised concern.

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

PREVENTION OF INSIDER TRADING

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

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

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

DECLARATION BY INDEPENDENT DIRECTORS

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

Key Managerial Personnel

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

Familiarization Programme for Independent Directors

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

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

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

<http://virinchi.com/pdf/familiarisation-programme-to-independent-directors.pdf>

Transfer of unclaimed dividend and corresponding equity shares

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

Particulars of Loans, Guarantees or Investments by the Company

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

Board Evaluation

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

Material Subsidiary

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

Sexual Harassment Policy

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

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

Meetings of Independent Directors

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

One such meeting of Independent Directors was held during the year on 11th March, 2019 without the presence

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

Governance Policies

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

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

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

Board Disclosures

i. Risk Management

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

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

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

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

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

ii. Internal Control System

Your company has in place adequate systems of internal control commensurate with its size and the

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

Directors' Responsibility Statement

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

- a) In the preparation of the annual accounts for the year ended 31st March, 2019, the applicable accounting standards had been followed and there are no material departures.
- b) The directors have selected appropriate accounting policies and applied them consistently and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of financial year and of the profit of the company for that period.
- c) The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) We have prepared the annual accounts for the financial year ended 31st March, 2019 on a going concern basis.
- e) The Directors have laid down internal financial controls, which are adequate and are operating effectively.
- f) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively throughout the Financial Year ended 31st March, 2019.

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

As required under Regulation 34 (3) read with schedule V (E) of the SEBI (LODR) Regulations, 2015, Auditor's

certificate on corporate governance is enclosed as Annexure-K to Board's Report.

AUDITOR'S REPORT/ SECRETARIAL AUDIT REPORT:

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

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

AUDITORS

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

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

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

SECRETARIAL AUDIT:

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

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

SIGNIFICANT AND MATERIAL ORDERS

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

STATUTORY INFORMATION AND OTHER DISCLOSURES

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

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

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

FIXED DEPOSITS

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

Meetings of the Board and Committees

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

Consolidated Financial Statements

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

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

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

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

Corporate Social Responsibility (CSR)

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

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

EXTRACT OF ANNUAL RETURN:

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

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

Reporting of Frauds by Auditors

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

Details about Employees Stock Option Scheme,

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

Related Party Transactions

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

Further all Related Party Transactions are placed before the Audit Committee for approval. Prior omnibus approval for

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

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

Maintenance of Cost Records

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

Report on Corporate Governance

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

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

Management Discussion and Analysis Report

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

GENERAL

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

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of shares (including sweat equity shares) to employees of your Company under any scheme save and except ESOS referred to in this Report.
3. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
4. During the year under review, there were no cases filed pursuant to the Sexual Harassment of Women

at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

5. During the period under review, there were no frauds reported by the auditors under provisions of the Companies Act, 2013.
6. There were no material changes commitments affecting the financial position of your Company between the end of financial year (March 31, 2019) and the date of the report (August 29th , 2019).

CAUTIONARY STATEMENT

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

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

Acknowledgments

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

For Virinchi Ltd

G. Santhi Priya

Chairperson &

Whole Time Director

DIN: 03114319

Date: 29.08.2019

Place: Hyderabad