

# Report on Corporate Governance

## Company's Philosophy:

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

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

## Board of Directors:

### Composition and Category of Directors:

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

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

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

## The necessary quorum was present for all meetings.

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

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

\*Resigned During the year

\*\*Appointed during the year

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

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

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

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

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

#### **Training of board members**

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

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

#### **Separate meetings of the Independent Directors**

During the year under review, the Independent Directors met on 11th March, 2019, inter alia, to discuss:

- Evaluation of the performance of Non-Independent Directors and the Board of Directors as a whole;

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

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

#### **Details of skills / expertise / competence available with the Board**

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

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

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

#### **Resignation of Independent directors during the year**

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

#### **3. AUDIT COMMITTEE:**

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

During the year under review Five (5) meetings were held for approval of Unaudited Financial Results and Audited results. The constitution of the Committee and the attendance of each member of the Committee are given below:

Name of the Director	Designation	Nature of Directorship	Committee Meetings attended
M.Ramam	Chairman	Independent Non-Executive Director	5
K Sri Kalyan	Member	Executive Director	5
K.Krishna*	Member	Independent Non-Executive Director	2
K.Kalpana**	Member	Independent Non-Executive Director	3

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

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

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

The primary responsibilities of the Audit Committee are to

- Financial reporting process
- Draft financial statements and auditor's report (before submission to the Board) Accounting policies and practices
- Internal controls and internal audit systems
- Risk management policies and practices
- Internal audit reports and adequacy of internal audit function.
- Oversee the Vigil Mechanism
- Oversee the implementation of Prohibition of insider trading Regulations

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

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

4. Nomination and Remuneration Committee:

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

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

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

The Nomination and Remuneration Committee is constituted as follows.

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

\*Resigned \*\* Appointed

### Remuneration policy:

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

This Policy is accordingly derived from the said Charter.

#### 1. Criteria of Selection of Non-Executive Directors

- i. The Non-Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of Technology, marketing, finance, taxation, law, governance and general management.
- ii. In case of appointment of Independent Directors, the N&R Committee shall satisfy itself with regard to the criteria of Independence of the Directors vis-à-vis the Company so as to enable the Board to discharge its function and duties Effectively.
- iii. The N&R Committee shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Companies Act, 2013.
- iv. The N&R Committee shall consider the following attributes / criteria, whilst recommending to the Board the candidature for appointment as Director:
  - a) Qualification, expertise and experience of the Directors in their respective fields;
  - b) Personal, Professional or business standing;
  - c) Diversity of the Board.
- v. In case of re-appointment of Non-Executive Directors, the Board shall take into consideration the performance evaluation of the Director and his engagement level

#### 2. Remuneration

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

- i. A Non-Executive Director shall be entitled to receive sitting fees for each meeting of the Board or Committee of the Board attended by him, of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014;
- ii. The Independent Directors of the Company shall not be entitled to participate in the Stock Option Scheme of the Company, if any, introduced by the Company.

#### Board member Evaluation

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

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

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

## REMUNERATION OF DIRECTORS

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

#### a. Executive Directors

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

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

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

#### b. Non-Executive Directors

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

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

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

\*Resigned.

#### 5. Stakeholders Relationship Committee:

- The Board constituted an stakeholders Relationship committee which looks into shareholders and investors grievances under the Chairmanship of M. Ramam who is an Independent and Non- Executive director. The Committee inter alia approves issue of duplicate certificates and oversees and reviews all matters connected with the transfer of securities. The committee looks into shareholders complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc. The committee oversees the performance of the Registrar and Transfer Agents and recommends measures for overall improvement in the quality of investor services.
- Review of the various measures and initiatives taken by the company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company

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

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

#### Composition of the Committee:

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

\*Resigned \*\*Appointed

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

Received: 20 Complied -: 20 Pending: 0

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

The outstanding complaints as on 31st March, 2019 were: NIL

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

Mr.K.Ravindranath Tagore

Company Secretary, Chief Investor Relations & Compliance Officer

8-2-672 / 5 & 6, 4th Floor

Ilyas Mohammed Khan Estate,

Road No. 1, Banjara Hills

Phone# 040-48199999 Email:investors@virinchi.com, www.virinchi.com

#### Corporate Social Responsibility Committee (CSR)

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

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

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

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

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

The CSR Committee comprises of three Directors viz.,

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

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

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

Financial Year	Date & Time	Venue	No. of Special Resolutions Passed
2017-18	28/09/2018 11.30 A.M.	8-2-672/5&6, 3rd Floor, Road No. 1 Banjara Hills, Hyderabad-34	6
2016-17	28/09/2017 12.30 P.M.	8-2-672/5&6, 3rd Floor, Road No. 1 Banjara Hills, Hyderabad-34	3
2015-16	30/09/2016 10.30 A.M	Padmashali Kalyana Mandapam, 2-12-66, Nehru Nagar, West Marredpally, Secunderabad, Telangana-500026	1

#### b) Extraordinary General Meeting:

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

#### Postal Ballot.

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

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

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

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

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

## 8. Means of Communication

- i. publication of Results  
The quarterly, half-yearly & nine months un-audited financial results and annual audited results of the Company were generally published in Financial Express, national level English newspaper(s) and Nava Telangana, regional language newspaper circulating in the state of Telangana
- ii. Website and news release  
The quarterly, half-yearly & nine months un-audited financial results and annual audited results are available on the website of the Company i.e. "www.virinchi.com". Official news releases, detailed presentations made to media, analysts, institutional investors, etc are available on the website of the Company i.e. www.virinchi.com. Official media releases are sent to BSE Limited. Your Company also make timely disclosure of necessary information to BSE Limited in terms of the Listing Regulation and other rules and regulation issued by the Securities and Exchange Board of India.

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

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

### Annual Report:

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

### Disclosures to Stock Exchanges:

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

### E-voting

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

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

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

### SEBI Complaints Redress System (SCORES):

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

### Dedicated e-mail ID

Investors@virinchi.com

## 9. General Shareholder Information :

Annual General meeting

Date: 28th September, 2019

Time: 11.30 P.M

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

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

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

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

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



**Book Closure dates:**

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

**Listing on Stock Exchanges**

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

The listing fee for the financial year 2019-20 has been paid to the above stock exchange.

**Stock Code & ISIN**

Trading scrip code on BSE : 532372

International Securities Identification Number (ISIN):

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

**Market Price Data :**

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

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

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

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

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

All queries and requests relating to share transfers/transmissions may be addressed to our Registrar and Transfer Agent. As regards transfer of shares held in physical form the transfer documents can be lodged with M/s. Aarathi 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. Aarathi Consultants Private Ltd (Unit : Virinchi Ltd)

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

**Distribution of Shareholding as on 31st March, 2019**

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

**Dematerialisation of Shares and liquidity**

The Company's shares are available for dematerialization on both the Depositories viz., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As on 31st March 2019 2,98,91,848 equity shares forming part of 95.90% of the share capital are in demat form and 12,78,886 equity shares forming 4.10% of the share capital are in physical form. Dematerialization of shares is done through M/s. Aarthi Consultants Private Limited and on an average the dematerialization process is completed within 7 days from the date of receipt of a valid dematerialization request along with the relevant documents

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

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

**Dematerialisation of Shares and Liquidity as on 31st March 2019**

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

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

The Company has not issued any GDRs/ADRs. However 26,00,000 Warrants are issued during the year 2017-18 as per the preferential issue guidelines. They can be converted into equity shares with in a period of 18 months from the date of allotment. During the year 1,60,000 warrants are converted into equity shares.

**Commodity Price Risk or foreign exchange risk and hedging activities.**

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

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

**Plant Locations**

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

Development Facilities	Facilities
Hyderabad	1. Sy.No 121, Behind Hakimpet Airforce Academy, Pothaipally, Hakimpet, Hyderabad-014 2. 8-2-672/5&6, 4th Floor and 5th Floor, illyas Mohammed Khan Estate, Road No.1, Banjara Hills, Hyderabad-500034
USA	1. 340, Raritan Center PKWY,, Edison, NJ-08837 2. 145 N. CHURCH STREET, SUTIE 124, SPARTANBURG, SC 29306
<b>Address for Correspondence:</b>	
For queries relating to shares M/s. Aarthi Consultants Private Limited (Unit-Virinchi Ltd) 1-2-285, Domalguda, Hyderabad. Phone # 040-27634445 / 27638111 Email : info@aarthicconsultants.com	For queries relating to Financial Statements and other contents of Annual Report M/s. Virinchi Ltd., 8-2-672/5 & 6, 4th Floor, Illyas Mohammed Khan Estate Banjara Hills, Road # 1, Above Kotak Mahindra Bank, Hyderabad - 500034. Phone # 040-48199999 Email : investors@virinchi.com

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

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

**Other Disclosures:****Related party transactions**

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

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

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

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

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

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

**Details of establishment of Vigil Mechanism (Whistle Blower policy)**

The Company has adopted a Whistle Blower Policy and has established the necessary vigil mechanism as defined under Regulation 22 of SEBI Listing Regulations for directors and employees to report concerns about unethical behavior. No person has been denied access to the Chairman of the audit committee.

The Vigil Mechanism Policy is available on the website of the Company i.e. <http://www.virinchi.com/pdf/whistleBlowersPolicy.pdf>

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

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

**Policy on Material Subsidiaries**

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

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

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

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

Recommendations of Committees of the Board

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

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

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

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

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

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

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

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

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

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

**EQUITY SHARES IN DEMAT SUSPENSE ACCOUNT/UNCLAIMED SUSPENSE ACCOUNT**

As per Regulation 39(4) read with Schedule VI of SEBI (LODR) Regulations, 2015, the Company reports that No Equity Shares are lying in the suspense account as on 31st March 2019

**CEO and CFO Certification:**

The Chief Executive Officer and the Chief Financial Officer of the Company gave certification on financial reporting and internal controls for the financial year 2018-19 to the Board of Directors at their meeting held on May 29, 2019, as required under regulation 17(8) of SEBI Listing Regulations. See Annexure-J

**COMPLIANCE WITH SECRETARIAL STANDARDS**

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