

Notes and other explanatory information to financial statements

for the year ended March 31, 2019

1. Corporate Information

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

2. Significant Accounting Policies

(a) Statement of Compliance

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

(b) Basis of Preparation

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

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

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

(c) Use of Estimates and Judgements:

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

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

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

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

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

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

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

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

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

- **Sale of Services:**

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

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

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

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

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

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

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Cash and Cash Equivalents Cash and cash equivalents comprise cash at bank and in hand and short-term investments with an original maturity of three months or less. Deposits with banks subsequently measured at amortized cost and short term investments are measured at fair value through Profit & Loss account.

Financial Assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

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

Financial assets at fair value through profit or loss

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

Financial Liabilities

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

Equity instruments

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

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

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

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

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

The estimated useful lives are as mentioned below:

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

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

(k) Intangible assets:

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets purchased are measured at cost as of the date of acquisition, as applicable, less accumulated amortisation and accumulated impairment, if any.

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

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

(l) Impairment

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

(ii) Non-financial assets

Tangible and intangible assets

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

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

(m) Employee benefits

(i) Defined contribution plans

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

(ii) Short-term employee benefits

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

(n) Earnings per share

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

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

Note No: 1 Fixed Assets Schedule

(Amount in Rs.)

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

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

Note No: 2 Non Current Investments

(Amount in Rs.)

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

Note No: 3 Long Term Loans and Advances

(Amount in Rs.)

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

Note No: 4 Other Non Current Assets

(Amount in Rs.)

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

Note No: 5 Inventory

(Amount in Rs.)

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

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

(Amount in Rs.)

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

Note No: 7 Cash and Cash Equivalents

(Amount in Rs.)

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

Note No: 8 Short Term Loans and Advances

(Amount in Rs.)

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

Note No: 9 Other Current Assets

(Amount in Rs.)

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

Note No: 10 Equity Share Capital

(Amount in Rs.)

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

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

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

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

Note No: 11 Other Equity

(Amount in Rs.)

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

Note No: 12 Long Term Borrowings

(Amount in Rs.)

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

Note No: 13 Long Term Provision

(Amount in Rs.)

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

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

(Amount in Rs.)

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

Note No: 15 Short Term Borrowings

(Amount in Rs.)

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

Note No: 16 Trade Payables

(Amount in Rs.)

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

Note No: 17 Short Term Provisions

(Amount in Rs.)

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

Note No: 18 Revenue From Operations

(Amount in Rs.)

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

Note No: 19 Other Income

(Amount in Rs.)

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

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

Note No: 20 Pharmacy Purchases

(Amount in Rs.)

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

Note No: 21 Change in Inventory

(Amount in Rs.)

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

Note No: 22 Employee Benefit Expenses

(Amount in Rs.)

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

Note No: 23 Financial Costs

(Amount in Rs.)

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

Note No: 24 Administrative Expenses

(Amount in Rs.)

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

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

NOTE 25:

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

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

Primary Security:

Hypothecation of Movable Assets:

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

Hypothecations of Medical Equipment:

Fixed and Exclusive charge over the Medical Equipment financed by

- Siemens Financial Services Pvt Ltd
- De Lage Landen Financial Services India Private Limited

Details of Commercial Property:

- EMT on 875sq yards open land at Road.No.1 Banjara Hills, Hyderabad -500034
- EMT on property located at Pothaipally Village in Shamirpet Mandal, R.R.Dist:
 - Land: Acres 3 and 36 guntas
 - Building in SY.NO.121
 - 1st Charge on P&M, Electrical & Office equipment, computers, furniture

Collateral Security:

- EMT on property located at Flat No.608, Lingapur Plaza, Himayathnagar owned by Mr.Viswanath Kompella
- Pledge of two KDR's worth Rs. 50 Lakhs
- EMT of factory land measuring 1 acre 36.5 guntas at survey no.441, Hakimpet Village, in Shamirpet Mandal, R R Dist

Corporate Guarantee: M/s.Virinchi Healthcare Pvt Ltd

Personal Guarantee: Mr. Viswanath Kompella.

NOTE 26:

Details of Security deposits referred in note no 3:

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

NOTE 27:

(Amount in ₹)

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

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

NOTE 28:

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

Revenue and expenses directly attributable to segments are reported under each segment. Expenses which are not directly identifiable to specific segment have been allocated on the basis of associated revenue of the segment and manpower efforts. All other expenses which are not attributable or allocable to segments have been disclosed as un-allocable expenses.

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

(Rs. In Lacs)

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

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

NOTE 29: Investments

Investments are stated at cost i.e. cost of acquisition, inclusive of expenses incidental to acquisition wherever applicable. Provision for diminution in the value of investments is not created as it is not a permanent decline.

Details of Investment in Subsidiaries:

1. Wholly Owned Subsidiaries

S No.	Name of the Subsidiary	Amount (Rs.)
1	Ksoft Systems Inc	45,91,087
2	Q fund Technologies Pvt. Ltd.	1,00,000
3	Virinchi Learning Private Ltd	1,86,00,000
4	Virinchi Media & Entertainment Pvt. Ltd	1,00,000
5	Tyohar Foods Pvt. Ltd	1,00,000
6	Virinchi Infra & Reality Pvt. Ltd	1,00,000
7	Virinchi Health Care Pvt. Ltd	59,59,57,580
8	Tensor Fields Consultancy Services Pvt. Ltd	1,00,000
9	Virinchi Combinatorics & Systems Biology Pvt. Ltd	1,00,000

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

2. Other Subsidiaries – controlling interest

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

NOTE 30: Slump Sale of Healthcare Business

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

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

NOTE 31: Earning per Share

The earnings considered in ascertaining the companies earning per share comprise net profit after tax. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the year.

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

NOTE 32:

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

NOTE 33:

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

NOTE 34:

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

NOTE 35:

Related Party Transactions.

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of Company at large.

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

Related Party Disclosures

The followings are the list of related parties:

a) Subsidiary Companies:

1. Qfund Technologies Pvt. Ltd.
2. KSoft Systems Inc
3. Virinchi Media & Entertainment Pvt. Ltd
4. Virinchi Learning Pvt. Ltd.
5. Tyohar Foods Pvt Ltd
6. Virinchi Infra & Realty Pvt Ltd
7. Virinchi Health Care Pvt Ltd
8. Tensor Fields Consultancy Services Pvt Ltd
9. Virinchi Combinatorics & Systems Biology Pvt Ltd
10. Asclepius Consulting & Technologies Pvt Ltd – (controlling interest)

b) Key Management Personnel:

S. No.	Name	Designation
1	G. SANTHI PRIYA	CFO & Whole Time Director
2	K. SRI KALYAN	Whole Time Director
3	K. RAVINDRANATH TAGORE	Company Secretary

c) Other Related Party:

1. Vivo Bio Tech Ltd

The followings are the Related Party Transactions:

Name of the related Party	Nature of transaction	Current year (Rs.)	Previous year (Rs.)
G Santhi Priya	Remuneration	*29,52,504	31,50,000
K. Sri Kalyan	Remuneration	*19,02,504	22,50,000
Maddala Veera Srinivasa Rao	Remuneration	*16,37,354	NA
Ravindranath Tagore Kolli	Remuneration	*26,01,204	20,61,204
K Soft Systems Inc	Consultancy charges	12,32,42,429	17,71,73,689
Vivo Bio Tech Ltd	Lease Rental Income	30,00,000	30,00,000
Virinchi Healthcare Pvt Ltd	Rental Income on Medical Equipment	1,20,00,000	0
Virinchi Healthcare Pvt Ltd	Slump sale	45,57,25,420	NA

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

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

Details of Loans and Advances given to Related Parties:

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

Details of Loans and Advances taken from Related Parties:

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

NOTE: 36

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

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

NOTE: 37

Previous figures have been regrouped wherever necessary and the figures have been rounded off to the nearest rupee.

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

As per our Report of Even Date**For P C N & Associates**

Chartered Accountants

Firm Registration No. 016016S

Chandra Babu. M

Partner

Membership No. 227849

Place: Hyderabad

Date: 29th May, 2019

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

CFO & Whole Time Director

DIN: 03114319

K. Sri Kalyan

Whole Time Director

DIN: 03137506

K. Ravindranath Tagore

Company Secretary

M.No. A18894