

# VIRINCHI LIMITED

## POSTAL BALLOT AND E-VOTING NOTICE

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**Regd Off:** Plot No.10, SRK Colony, West Marredpally, Secunderabad, Telangana-500026  
CIN: L72200TG1990PLC011104  
Email Id: [investors@virinchi.com](mailto:investors@virinchi.com), Web: [www.virinchi.com](http://www.virinchi.com)  
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## **VIRINCHI LIMITED**

(Formerly Known as Virinchi Technologies Ltd)

Regd Off: Plot No.10, SRK Colony, West Marredpally, Secunderabad, Telangana-500026

CIN: L72200TG1990PLC011104

Email Id: investors@virinchi.com, Web: www. virinchi.com

Tel.: +91 (40) 27803608/12

### **POSTAL BALLOT AND E-VOTING NOTICE**

(Pursuant to Section 110 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014)

**Notice pursuant to 110 and Sections 108 of the Companies Act, 2013 read with Rule 20 and Rule 22 of Companies (Management and Administration) Rules, 2014, as amended and SEBI Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015**

**Sub: Passing of Resolution by Postal Ballot and E-voting**

**Dear Shareholder(s),**

Notice is hereby given pursuant to Section 110 and Section 108 of the Companies Act, 2013, read with rule 20 and rule 22 of Companies (Management and Administration) Rules, 2014 to consider, and if thought fit, to pass the Resolution set out below to approve the proposed Scheme of Amalgamation between Bristlecone Hospitals Private Limited and Virinchi Limited and their respective shareholders and creditors, through Postal Ballot and E-voting.

Please note that by an order made on 21<sup>st</sup> day of July, 2016, the Hon'ble High Court of Judicature at Hyderabad for the State of Telangana and the State of Andhra Pradesh has directed that a meeting of the Equity Shareholders of Virinchi Limited to be convened and held at Padmashali Kalyana Mandapam, 2-12-66, Nehru Nagar, West Maredpally, Secunderabad - 500026, Telangana, on Saturday, 3<sup>rd</sup> day of September, 2016, at 11.00 A.M., for the purpose of considering, and if thought fit, approving with or without modification(s), the proposed Scheme of Amalgamation of Bristlecone Hospitals Private Limited (Transferor Company) into Virinchi Limited (Transferee company) and their respective Shareholders and Creditors.

Also note that in terms of clause 9 of Annexure I to the Securities and Exchange Board of India ('SEBI') Circular No.CIR/CFD/CMD/16/2015 dated, November 30, 2015 ('SEBI Circular') listed companies are required to take the approval of shareholders to any Scheme of Arrangement through Postal Ballot and E-voting.

This Postal Ballot and E-voting notice is given accordingly in terms of the aforesaid SEBI Circular, besides convening the Court Convened Meeting, for obtaining the approval of the Shareholders to the proposed scheme of Amalgamation by passing the resolutions enumerated herein by way of Postal Ballot and E-voting pursuant to Section 110 and other applicable provisions of the Companies Act, 2013.

The Postal Ballot Form along with the instructions for voting are also enclosed herewith. You are requested to read the instructions carefully printed on the Postal Ballot Form and return the Postal Ballot Form duly completed in the enclosed self-addressed, postage pre-paid envelope so as to reach the Scrutinizer appointed for carrying out the Postal Ballot and E-voting process on or before the close of working hours i.e. 17:30 Hours on 30.08.2016. Postal Ballot Forms received after this date will be considered as invalid.

#### **E-voting Option**

We are pleased to offer E-voting facility, as an alternate for Postal Ballot, to our members, which would enable you to cast your votes electronically, instead of Physical Postal Ballot form. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating E-voting to enable the shareholders to cast their votes electronically instead of dispatching Postal Ballot Form. Please read and follow the instructions carefully on E-voting printed in this Notice.

The Scrutinizer will submit his report to the Chairman of the Company upon completion of scrutiny, in a fair and transparent manner, of voting through E-voting platform and through Postal Ballots not later than 01.09.2016. The Chairman shall announce the results of E-voting and Postal Ballot on 01.09.2016.

The result of the Postal Ballot & E-voting will also be displayed at the notice board at Registered Office of the company and posted on the Company's website [www.virinchi.com](http://www.virinchi.com) besides communicating the same to the BSE Limited.

Items of business requiring approval of shareholders through Postal Ballot and E-voting as **Special Resolution:**

#### **ITEM NO. 1**

#### **SCHEME OF AMALGAMATION**

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

**“RESOLVED THAT** pursuant to the provisions of Section 391 to 394 of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956, and of the Companies Act, 2013, including any statutory modifications, amendments, re-enactments thereof for the time being in force, applicable Regulations of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 [**SEBI (LODR) Regulations**], the provisions of SEBI Circular No. CIR/CFD/CMD/16/2015, dated 30<sup>th</sup> November, 2015, relevant rules of the Companies (Court) Rules, 1959, or as the case may be, the NCLT Rules, the provisions of the Memorandum and Articles of Association of the Company and subject to the requisite approvals, sanctions, consents, observations, no objections, confirmations, permissions from the Creditors of the Company, the Hon'ble High Court of Judicature at Hyderabad for the state of Telangana and the state of Andhra Pradesh or such other competent authority as may be applicable, and the confirmation, permission, sanction and approval of the other statutory/regulatory authorities, if any, in this regard and subject to such other conditions or guidelines, if any, as may be prescribed or stipulated by any such authorities, from time to time, while granting such approvals, sanctions, consents, observations, no objections, confirmations, permissions and which may be agreed by the Board of Directors of the Company, the draft “Scheme of Amalgamation between Virinchi Limited (Formerly Known as Virinchi Technologies Limited) and Bristlecone Hospitals Private Limited and their respective Shareholders and Creditors” (“**Scheme**”), providing for amalgamation of Bristlecone Hospitals Private Limited (Transferor Company) with Virinchi Limited (Transferee Company) on a going concern basis with effect from 01.04.2016 (First Day of April, Two Thousand and Sixteen) being the appointed date, be and is hereby approved”.

**“RESOLVED FURTHER THAT** the Board be and is hereby authorized, empowered and directed to do all such acts, deeds, matters and things, as may be considered requisite, desirable, appropriate or necessary to give effect to aforesaid resolution and effectively implement the arrangements embodied in the Scheme and to accept such modifications, amendments, limitations and/or conditions, if any, which may be required and/or imposed by the Hon'ble High Court of Judicature at Hyderabad for the State of Telangana and the state of Andhra Pradesh while sanctioning the amalgamation embodied in the Scheme or by any authorities under law, or as may be required for the purpose of resolving any doubts or difficulties that may arise in giving effect to the Scheme, as may be deemed fit and proper”.

This notice of Postal Ballot and E-Voting seeks approval to the said Scheme. The Scheme of Amalgamation, Explanatory Statement under section 393 of the Companies Act, 1956 and section 102 of the Companies Act, 2013 (to the extent applicable), observation letter from BSE Limited, Complaints Report and Fairness Opinion are attached herewith.

**It is clarified that votes cast by Postal Ballot is not be permitted through a proxy.**

#### **Registered Office:**

10, SRK Colony, West Maredpally,  
Secunderabad-500026,  
Telangana, India.

Place : Secunderabad  
Date : 26/07/2016

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

Sd/-

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

**Notes:**

1. Voting period for Postal Ballot will commence from 01<sup>st</sup> August, 2016 and end on August 30, 2016.
2. The Explanatory Statement pursuant to section 393 of the Companies Act, 1956 and section 102 of the Companies Act, 2013 (to the extent applicable), read with Section 110 of the Companies Act, 2013 and Companies (Management and Administration) Rules, 2014, as amended, stating all material facts, disclosure of interest, if any and reasons there for the proposal is annexed hereto and forms part of this Notice.
3. The Notice is being sent through the Registered Post to those members who have not registered their E-mail IDs with the Company and the Depository Participants and electronically by e-mail to those members who have registered their e-mail IDs with their Depository Participants and with the Company, whose names appear in the Register of Members / Record of Depositories as on Friday, 22<sup>nd</sup> July, 2016.
4. The Board of Directors has appointed Mr. N V S S Suryanarayana Rao, Practicing Company Secretary, as the “Scrutinizer” to conduct the Postal Ballot & E-voting process in a fair and transparent manner.
5. The Postal Ballot Form together with the self-addressed postage pre-paid envelope is enclosed for the use of the members. Please read carefully the instructions printed on the enclosed Postal Ballot Form before exercising your vote and return the Form duly completed, signifying your assent or dissent, in the attached self-addressed, postage prepaid envelope, so as to reach the Scrutinizer within a period of 30 days from the date of dispatch of notice i.e. before the close of working hours (05.30 p.m.) on Tuesday the 30<sup>th</sup> August, 2016.
6. The Company is pleased to offer e-voting facility as an alternate, for all its members to enable them to cast their vote electronically instead of dispatching Postal Ballot. In case a member desires to exercise his vote by using e-voting facility then he has to carefully follow the instructions as given for e voting printed on the backside of the Postal Ballot Form.
7. Members irrespective of who have registered their e-mails for receipt of documents in electronic mode under the green initiative and who wish to vote through Postal Ballot Form can seek Duplicate Form from Registered Office of the Company and send the same by post to the Registered Office of the Company addressed to the Scrutinizer.
8. Members are informed that in case of joint holders the Notice will be sent only to such joint holder whose name stands first in the Register of Members of the Company.
9. Members holding shares in the same name under different Ledger Folios are requested to apply for consolidation of such Folios and send the relevant share certificates to the Share Transfer Agent.
10. The soft copy of the Postal Ballot & E-voting Notice and the Ballot Paper is also available at the website of the Company i.e. <http://www.virinchi.com/merger.php>.
11. In accordance with Para I (A) (8) of the Annexure I to the Circular No. CIR/CFD/CMD/16/2015, dated 30<sup>th</sup> November, 2015, issued by SEBI, the Observation Letter of the Stock Exchange, Pre and Post Scheme (expected) Capital structure & Shareholding Pattern, the fairness Opinion issued by the Merchant Banker and Complaints Report are disclosed in the Explanatory Statement attached to this notice. All these documents are also available at the website of the Company, <http://www.virinchi.com/merger.php>.
12. Members may contact Mr.K Ravindranath Tagore, Company Secretary of the company, for any grievances connected with voting by postal ballot including voting by electronic means at the Registered Office of the Company at 10, SRK Colony, West Maredpally, Secunderabad-500026, Telangana, India.
13. All relevant documents referred to in the accompanying Explanatory Statement are open for inspection at the Registered Office of the Company on all working days (Monday to Friday) between 10:00 A.M. to 5:30 P.M. up to August 30, 2016, (i.e. the last date for receiving of Postal Ballots).
14. Pursuant to Section 108 and 110 of the Companies Act, 2013, read with Rule 20 and 22 of the Companies (Management and Administration) Rules, 2014, as amended from time to time and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company will be offering e-voting facility to the members to cast their votes (for or against) electronically on business set forth in this Notice.
15. The Company has appointed Central Depository Services Limited to provide the E-voting facility to the shareholders of the Company to vote electronically. Please read carefully the E-Voting Instructions for casting your vote electronically.

16. Mr. N V S S Suryanarayana Rao, Practicing Company Secretary, has been appointed by the Board as Scrutinizer for the purpose of ascertaining the requisite majority for the business set out in the notice in a fair and transparent manner.
17. The voting rights of members shall be in proportion to their shareholding in the paid up equity share capital of the Company as on 22<sup>nd</sup> day of July, 2016, being the cut-off date.
18. The members of the Company, holding shares either in physical form or in dematerialized form, as on 22<sup>nd</sup> day of July, 2016, being the cut-off date, may cast their vote (for or against) electronically.
19. The members who have cast their vote by e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.
20. Kindly note that each member can opt for only one mode for voting i.e. either by Postal Ballot or by E-voting. If you opt for E-voting, then please do not vote by Postal Ballot and vice versa. In case Member do cast their vote, via both modes i.e. Postal Ballot as well as E-voting, then voting done through E-voting shall prevail and Postal Ballot of that member shall be treated as invalid.

**21. E-Voting Instructions for shareholders for voting electronically:**

- (i) The e-voting period begins on 01<sup>st</sup> August, 2016, 10.00 AM and end on 30<sup>th</sup> August, 2016, 17.00 Hours. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 22<sup>nd</sup> day of July, 2016, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- (iii) Click on Shareholders tab.
- (iv) Now Enter your User ID
  - a) For CDSL: 16 digits beneficiary ID.
  - b) For NSDL: 8 Character DP ID followed by 8 Digits Client ID.
  - c) Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

**For Members holding shares in Demat Form and Physical Form**

PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. E.g. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
Dividend Bank Details <b>OR</b> Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> <li>• If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).</li> </ul>

- (viii) After entering these details appropriately, click on “SUBMIT” tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant Company name <Virinchi Limited>on which you choose to vote.
- (xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Note for Non – Individual Shareholders and Custodians**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporate.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

**EXPLANATORY STATEMENT UNDER SECTION 393 OF THE COMPANIES ACT, 1956, READ WITH SECTION 102 OF THE COMPANIES ACT, 2013 (TO THE EXTENT APPLICABLE)**

1. A Scheme of Amalgamation between Virinchi Limited (Transferee Company) and Bristlecone Hospitals Private Limited (Transferor Company) and their respective Shareholders and Creditors, has been proposed and approved by the Board of Directors of the Transferee Company at its meeting held on 27.01.2016 and in relation to which an application (Vide Company Application No. 989 of 2016) has been made to the Hon'ble High Court of Judicature at Hyderabad for its sanction to the Scheme of Amalgamation under section 391 to 394, on 15.07.2016.
2. The Company Application No. 989 of 2016, was admitted by the Hon'ble High Court of Judicature at Hyderabad on the 21<sup>st</sup> day of July, 2016 and pursuant to the Order dated 21<sup>st</sup> day of July, 2016, passed by the Hon'ble Sri Justice Challa Kodanda Ram, Company Judge, at the High Court of Judicature at Hyderabad for the State of Telangana and the State of Andhra Pradesh in the Company Application No. 989 of 2016, filed by the Transferee Company, a meeting of the Equity Shareholders of the Virinchi Limited is being convened and held at Padmashali Kalyana Mandapam, 2-12-66, Nehru Nagar, West Maredpally, Secunderabad - 500026, Telangana, India, on Saturday, the 3<sup>rd</sup> day of September, 2016, at 11.00 A.M., for the purpose of considering, and, if thought fit, approving with or without modification(s), the Scheme of Amalgamation between Virinchi Limited (Transferee Company) and Bristlecone Hospitals Private Limited (Transferor Company) and their respective Shareholders and Creditors.
3. Besides convening the Court Convened Meeting as ordered by the Hon'ble High Court of Judicature at Hyderabad, in terms of clause 9 of Annexure I to the Securities and Exchange Board of India ('SEBI') Circular No.CIR/CFD/CMD/16/2015 dated, November 30, 2015 ('SEBI Circular') the Company is required to take the approval of shareholders to the Scheme of Amalgamation through Postal Ballot and E-voting. Accordingly this Postal Ballot and E-voting notice is given in terms of the aforesaid SEBI Circular for obtaining the approval of the Shareholders to the proposed scheme of Amalgamation by passing the resolutions enumerated herein by way of Postal Ballot and E-voting.
4. The Scheme of Amalgamation, if approved by the Equity Shareholders, shall be operative from the Appointed Date subject to the approval and directions of the Hon'ble High Court of Judicature at Hyderabad for the State of Telangana and the State of Andhra Pradesh.
5. The Scheme of Amalgamation shall be acted upon only if the votes cast by the public shareholders in favor of the proposal are more than the number of votes cast by the public shareholders against it.
6. **M/s. "Virinchi Limited"** (formerly known as Virinchi Technologies Limited) was originally incorporated as a Private Limited Company under the name and style "Virinchi Consultants Private Limited" on 13.03.1990 (Thirteenth day of March, One Thousand Nine Hundred and Ninety), in the erstwhile State of Andhra Pradesh (now state of Telangana), vide Certificate of Incorporation Number 01-11104 of 1989-90 issued by the Registrar of Companies. Subsequently, the Company converted itself into a Public Limited Company by following the due procedure as laid down under the provisions of the Companies Act, 1956 and the word "Private" was deleted from the name of the Company and consequent upon conversion, the Company obtained a Fresh Certificate of Incorporation from the Registrar of Companies on 01.02.2000 (First Day of February, Two Thousand). Subsequently the name of the Company was changed from 'Virinchi Consultants Limited' to 'Virinchi Technologies Limited' and consequent upon change of name, the Company obtained a Fresh Certificate of Incorporation from the Registrar of Companies, on 08.10.2003 (Eighth day of October, Two Thousand and Three) after complying with the relevant provisions under the Companies Act, 1956. Further, in the month of January, 2016, the name of the Company was once again changed from "Virinchi Technologies Limited" to 'Virinchi Limited' by deleting the word "Technologies" and consequent upon change of name, the Company obtained a Fresh Certificate of Incorporation from the Registrar of Companies, on 12.01.2016 (Twelfth day of January, Two Thousand and Sixteen) after complying with the relevant provisions under the Companies Act, 2013. The Corporate Identification Number of the Company is L72200TG1990PLC011104.
7. Virinchi is a Listed Company having its shares listed and traded on BSE Limited (formerly known as 'Bombay Stock Exchange Ltd'). The Scrip code of the Company is 532372.
8. The registered office of the Applicant / Transferee Company is presently situated at 10, SRK Colony, West Maredpally, Secunderabad - 500026, Telangana.



9. The main objects of the Applicant / Transferee Company are as follows:

- a) To carry on the business of consultancy which includes aspects relating technical, financial marketing, personnel, computer software, computer hardware, material management production planning project management on turnkey bases, revival & rehabilitation study of sick units, security, environmental safety audits, portfolio management, investment analysis, sub brokerage, public issue management direct & indirect taxes, productivity appraisal, manpower planning & recruitment, executive development programmes, mergers & acquisitions, management information system and other aspects of general management.
- b) To carry on the business of computer consultancy including systems analysis and design installation of hardware development & marketing of all types of software maintenance data processing, training, acting as agents, distributors, consignees, dealers, representatives for foreign or local computer software, and hardware manufacturers.
- c) To carry on the business of research and development, design, production, creation, manufacturing, marketing, trading, providing, transferring exporting, importing, buying and selling all types of computer software technology including, applications software, development software, computer programs, algorithms, statements, source codes, packages etc., in areas like e-commerce, web page design and development, web enabled applications. Internet services, intranet, enterprise wide resource planning (ERP), data base management systems, operating systems, distributed computing, open systems, multi-media, computer aided designing (CAD), computer aided manufacturing (CAM, computer graphics, computer animation, document management systems, management information systems, bio informatics, mobile communication, mobile commerce and all such areas relevant to scientific, financial, industrial, telecommunications, satellite communications, domestic, administrative, agricultural, medical and all other software technology applications.
- d) To establish and run business of electronic data processing, remote processing including call centers, medical transcription, content development, insurance claims processing, data conversion. Back office operations, depositing summary geographical information, systems, and to provide software technology consultancy, training placement, design and development of management information systems and to carry out techno economic feasibility studies of projects.
- e) To establish, maintain, conduct, provide, procure or make available services of every including commercial, statistical, financial, legal, healthcare, accountancy, management, educational, engineering, data processing, communication, entertainment, media, infrastructure, hospitality and other technological social or other services.
- f) To carry on the business as importer, exporter, buyer, lesser, and sellers of and dealers in all types of electronic components and equipment necessary for attaining the above objects.

10. The Share Capital of the Transferee Company as on 31.03.2016, is as follows:

<b>SHARE CAPITAL</b>	<b>Amount in Rs.</b>
<b>AUTHORISED CAPITAL</b>	2,50,00,000
Equity Shares of Rs. 10 /- each	25,00,00,000
<b>TOTAL</b>	<b>25,00,00,000</b>
<b>ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b>	
1,79,73,528 Equity Shares of Rs. 10 /- each and 12,522 Equity Shares of Rs. 10/- each (Rs.2.22 paid up)	17,97,35,280 27,822
<b>TOTAL</b>	<b>17,97,63,102</b>

11. **Bristlecone Hospitals Private Limited** is a Private Limited Company incorporated on 01.04.2009 (First day of April, Two Thousand and Nine) in the erstwhile state of Andhra Pradesh (now the state of Telangana), under the provisions of Companies Act, 1956, vide Corporate Identity No. U85110AP2009PTC063250 of 2009-10, issued by the Registrar of Companies, Andhra Pradesh. The present Corporate Identity Number (CIN) of the Company is U85110TG2009PTC063250. (Hereinafter referred to as “**Transferor Company**”)

12. The Registered Office of the Transferor Company is situated at Plot No. 3-4-136, Barkatpura, Hyderabad -500027, Telangana.

**13. The main objects of the Transferor Company are as follows:**

- a) To run, own, manage, administer diagnostic centers, scan centers, nursing homes, hospitals, clinics, dispensaries, maternity homes, child welfare and family planning centers, clinical pathological testing laboratories, X-ray and ECG clinics in India and services and allied services for the establishment operation and improvement of nursing homes, hospitals, clinics, medical institutions and medical centers and also offering of web based medical services and to encourage the discovery of new medical and or surgical management of diseases and to investigate and make known the nature and merits of investigations and findings and research in the said field relating to the results of any discovery, investigations, findings or researches and to acquire any process upon such terms as may seem expedient and to improve the same and to undertake the manufacture of any product developed, discovered or improved and also to carryout manufacturing, trading of medical devices.
- b) To carryout medical research by establishing and maintaining well equipped biological laboratories by engaging in the research and development of all fields of medical sciences and in the therapies of medical treatment so as to afford medical relief in a better way and to provide research facilities for carrying on research basic and applied in all systems and discipline of medical and surgical knowledge, keeping in view the socio medical and socio economic needs of the afflicted community and to set up colleges and chain of colleges in India and abroad, setting up of medical training institutions , nursing colleges, offering diploma courses, to medical and Para medical students and setting up of laboratories and purchase, acquire any equipment and instruments required for carrying out medical research and to educate and train medical students, nurses midwives and hospital administrators.
- c) To provide, to encourage, initiate or promote facilities for the discovery, improvement or development of new methods of diagnosis understanding and treatment of diseases in a better way and to establish, provide and maintain diagnostic laboratories and equipments and to conduct all necessary tests and researches on all human beings and to carry on the profession of imaging for and on behalf of individuals, institutions, government and semi government bodies and to provide relief to the public in all branches of medical sciences by all available means to acquire, establish and maintain one or more hospitals for the reception and treatment of persons suffering from illness or mental defects or for the reception and treatment of persons during convalescence or of persons requiring medical attention or rehabilitation for philanthropic purposes to the poor and to carry out medical tourism activities.

**14. The Share Capital of the Transferor Company as on 31.03.2016, is as follows:**

<b>SHARE CAPITAL</b>	<b>Amount in Rs.</b>
<b>AUTHORISED CAPITAL</b>	
15,00,000 Equity Shares of Rs. 10/- each	1,50,00,000
<b>TOTAL</b>	<b>1,50,00,000</b>
<b>ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b>	
15,00,000 Equity Shares of Rs. 10/- each	1,50,00,000
<b>TOTAL</b>	<b>1,50,00,000</b>

**15. Rationale, Objective & Purpose of the Scheme**

- a) Virinchi Limited (Virinchi) has transcended from being an information technology solution provider to a Business Solution provider in Retail lending, Healthcare & Life Sciences verticals in India while it continues to be Software Products & Services focussed Company, for the developed markets.
- b) In order to actualize a part of this vision, Virinchi is in the process of setting up a Green Field super specialty hospital in a prime location in Hyderabad.
- c) For the success of the Green Field project in the competitive environment of Hyderabad market, the Virinchi Board found it imperative to have deep relations with a battery of super specialist /Doctors, and a satisfied Patient pool and hence decided to approve the merger with Bristlecone Hospitals Private Limited (BCH), Hyderabad.

The amalgamation would give several head starts:

- Well trained 250 plus employees in Healthcare delivery Industry.
  - Patient pool of over 65,000 satisfied out-patients with validated and sanitized electronic medical records.
  - A track record of having completed 5000 plus successful in-patient surgeries.
  - Immediate Elevation to a 'Chain of hospitals' status vis-à-vis a 'Single location Hospital'.
  - Relationships with several hundreds of Senior Surgeons and Physicians across 30 plus medical specialities.
  - Strong Relations with Large and Medium Pharma enterprises with multiple pharmacies in operation.
  - Well-oiled medical systems and health care delivery processes.
  - Relations with over 100 health Insurance providers, state government insurance, CGHS, Arogyasree.
  - NABH accreditation in near future as BCH Hayathnagar has completed satisfactory pre-assessment for NABH certification.
  - Economies of scale on branding advertisement and marketing.
  - 1000 plus Physician referral pool.
  - Long standing relations with health care industry vendors and service providers.
- d) With the proposed merger of BCH with Virinchi, Virinchi will become a conglomerate with interests in healthcare and information technology, enhancing the value of Virinchi shareholders.

## 16. Scope of the Scheme

The Scheme of Amalgamation provides for:

- a) Amalgamation of Bristlecone into Virinchi.
- b) Consequent issue of equity shares by Virinchi to the shareholders of Bristlecone pursuant to the provisions of sections 391 to 394 and other relevant provisions of the Companies Act, 1956 and/or Companies Act, 2013.
- c) Various other matters consequential to or otherwise integrally connected with the above in the manner provided for in the Scheme.
- d) This Scheme of Amalgamation has been drawn up to comply with the conditions as specified under section 2(1B) of Income Tax Act, 1961, such that:
  - (a) All the properties of Bristlecone, immediately before the amalgamation, become the properties of Virinchi by virtue of amalgamation.
  - (b) All the liabilities of Bristlecone, immediately before the amalgamation, become the liabilities of Virinchi by virtue of amalgamation.]
  - (c) Shareholders holding not less than nine-tenths in value of the shares in Bristlecone, become the shareholders of Virinchi by virtue of amalgamation.

## 17. Salient features of the Scheme

- a) The Scheme of Amalgamation is presented under Sections 391 to 394 and other applicable provisions of the Companies Act, 1956 and it provides for the Amalgamation of Bristlecone Hospitals Private Limited, hereinafter referred to as "Bristlecone" or "Transferor Company" into Virinchi Limited hereinafter refer to as "Virinchi" or "Transferee Company" and the consequent issue of equity shares by Virinchi to the Shareholders of Bristlecone as consideration for Amalgamation of Bristlecone into Virinchi. The Scheme also provides for various other matters consequential to or otherwise integrally connected with the above in the manner provided for in the Scheme.
- b) "**Appointed date**" means **01.04.2016 (First day of April, Two Thousand and Sixteen)** or such other date as may be approved by the Hon'ble High Court of Judicature at Hyderabad for the State of Telangana and for the State of Andhra Pradesh or such other appropriate authority.
- c) "**Effective Date**" means the date on which the certified copies of the order passed by the Court sanctioning the Scheme are filed with the Registrar of Companies of Hyderabad, Telangana and Andhra Pradesh and if the certified copies are filed on different dates the last of such dates. Any references in the Scheme to "**upon the Scheme becoming effective**" or "**effectiveness of the Scheme**" or "**Scheme coming into effect**" shall mean the "**Effective Date**".
- d) The Amalgamating Undertaking of the Transferor Company comprising of business, all assets and liabilities of whatsoever nature and where-so-ever situated, shall, under the provisions of Sections 391 to 394 of the Act and all other applicable provisions, if any, of the Act, without any further act or deed (save as provided in sub

clauses (b) (c) and (d) below) be transferred to and vested in and/or be deemed to be transferred to and vested in the Transferee Company as a going concern so as to become the Undertaking of the Transferee Company and to vest in the Transferee Company all the rights, title, interest or obligations of the Transferor Company therein.

- e) All the Immovable properties of the Transferor Company shall under the provisions of Sections 391 to 394 of the Act, without any further act or deed, be transferred to or be deemed to be transferred to the Transferee Company so as to become as from the Appointed Date the Properties of the Transferee Company.
- f) All the movable assets including but not limited to computers, medical, diagnostic instruments and equipments, office equipments, machineries, T.V. sets, cameras, software, IPRs, products, websites, portals, inventories, merchandising rights, cash in hand, loans and advances, of the Transferor Company capable of passing by manual delivery or by endorsement and delivery, shall be so delivered or endorsed and delivered, as the case may be, to the Transferee Company.
- g) In relation to all licenses, permissions, approvals, consents, entitlements, sanctions, permits, benefits, privileges pertaining to the drug, medical, diagnostic and pharma industry (whether proprietary or otherwise), rights, privileges and licenses including rights arising from contracts, deeds, licenses instruments and agreements, if any, belonging to the Transferor Company, which require separate documents of transfer including documents for attornment or endorsement, as the case may be, the Transferee Company will execute the necessary documents of transfer including documents for attornment or endorsement, as the case may be, as and when required.
- h) All secured and/or unsecured debts, all liabilities, duties and obligations of every kind, nature, description, whether or not provided for in the books of account and whether disclosed or undisclosed in the balance sheet of the Transferor Company shall also, under the provisions of Sections 391 to 394 of the Act, without any further act or deed, be transferred to or be deemed to be transferred to the Transferee Company so as to become as from the Appointed Date the debts, liabilities, duties and obligations of the Transferee Company and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or restructuring by virtue of which such secured and/or unsecured debts, liabilities, duties and obligations have arisen, in order to give effect to the provisions of this sub clause.
- i) All the properties or assets of the Transferor Company whether movable or immovable, being transferred pursuant to this Scheme, which are registered and standing in the name of Transferor Company shall, upon the scheme being sanctioned by the Hon'ble High Court at Hyderabad and becoming effective, be registered in the name of the Transferee Company and the name of the Transferor Company shall be substituted with the name of the Transferee Company in all such certificates of registration, endorsements, records and in revenue/mutation records in case of immovable properties by such appropriate authorities.
- j) On the Scheme becoming effective, all staff, workmen and employees of Bristlecone Hospitals Private Limited in service on the Effective Date shall be deemed to have become staff, workmen and employees of Virinchi Limited with effect from the Appointed Date without any break, discontinuance or interruption in their service and on the basis of continuity of service and the terms and conditions of their employment with the Virinchi Limited shall not be less favorable than those applicable to them with reference to Bristlecone Hospitals Private Limited, on the Effective Date.
- k) Upon the Scheme finally coming into effect and in consideration of transfer and vesting of the Amalgamating Undertaking of the Transferor Company to the Transferee Company in terms of provisions of the Scheme, the Transferee Company shall, without any further application or deed, issue and allot Equity Share(s) to the members of the Transferor Company whose names appear in the Register of members as on Record Date, in the following manner:  
**“571 (Five Hundred and Seventy One) equity shares in the Transferee Company of the face value of Rs. 10/- (Rupees Ten only) each credited as fully paid-up for every 100 (One Hundred) equity shares of Rs.10/- (Rupees Ten only) each fully paid-up held by such member in the Transferor Company.”**
- l) In case any shareholder's holding in the Transferor Company is such that the shareholder becomes entitled to a fraction of an equity share of the Transferee Company, the Transferee Company shall not issue fractional shares to such shareholder but shall round off the Fractional Share, if any, that may arise due to the implementation of clause 10.1 of the Scheme, to the nearest Integer.
- m) This Scheme is conditional upon and subject to:
  - (i) The Scheme being approved by a shareholders resolution of Virinchi passed by way of postal ballot and e-voting, provided that the Scheme shall be acted upon only if the votes cast by the public shareholders in favor of the proposal are more than the number of votes cast by the public shareholders against it.

- (ii) It being agreed to by the respective requisite majorities of members of Virinchi and Bristlecone as required under the Act and the requisite orders of the Court being obtained.
- (iii) It being agreed to by the respective requisite majorities of creditors and the various classes of creditors (wherever applicable) of the Virinchi and Bristlecone as required under the Act and the requisite orders of the Court being obtained.
- (iv) In-principle approval / Observation Letter from the Stock Exchange.
- (v) The requisite sanctions and approvals, as may be required by law in respect of this Scheme being obtained; and
- (vi) The certified copies of the orders of the Court sanctioning this Scheme being filed with the Registrar of Companies.

## 18. Complaints Report – Virinchi Limited

### PART-A

SI. No.	Particulars	Number
1.	Number of complaints received directly	Nil
2.	Number of complaints forwarded by Stock Exchange	Nil
3.	Total number of complaints/comments received (1+2)	Nil
4.	Number of complaints resolved	Nil
5.	Number of complaints pending	Nil

### PART-B

SI. No.	Name of the Complainant	Date of Complaint	Status (Resolved/Pending)
1.	Not Applicable	Not Applicable	Not Applicable
2.	Not Applicable	Not Applicable	Not Applicable
3.	Not Applicable	Not Applicable	Not Applicable

## 19. Fairness Opinion from Merchant Banker:

The Applicant Company has obtained a Fairness Opinion dated 22<sup>nd</sup> day of January, 2016, from Mark Corporate Advisors Private Limited, Merchant Banker. The Fairness Opinion given by the Merchant Banker is annexed to this explanatory statement.

## 20. No-Objection / Observation Letters from the Stock Exchanges:

The BSE Limited has issued its Observation Letter to the Scheme of Amalgamation between Virinchi Limited (Transferee Company) and Bristlecone Hospitals Private Limited (Transferor Company) and their respective Shareholders and Creditors dated, 26.05.2016. The Observation Letter given by the Stock Exchanges is annexed to this explanatory statement.

## 21. Capital Structure Pre and Post Amalgamation

Pre and Post Amalgamation expected capital structure of Virinchi Limited is as follows:

Particulars	Pre Amalgamation		Pre Amalgamation	
	No. of Shares	Amount	No. of Shares	Amount
<b>Authorized Share Capital</b>	2,50,00,000	25,00,00,000	2,65,00,000	26,50,00,000
<b>Issued, Subscribed and Paid-Up Share Capital</b>				
Equity Shares of Rs. 10 each, fully paid-up	1,79,73,528	17,97,35,280	2,65,38,528	26,53,85,280
Equity Shares of Rs. 10 each (Re. 2.2 paid up)	12,522	27,822	12,522	27,822
<b>Total Issued, Subscribed and Paid-Up Share Capital</b>	<b>1,79,86,050</b>	<b>17,97,63,102</b>	<b>2,65,51,050</b>	<b>26,54,13,102</b>

## 22. Pre and Post Amalgamation Shareholding Pattern

Category of Shareholder	Pre merger		Pre merger	
	No. of Shares	%	No. of Shares	%
<b>Promoter</b>	49,07,270	27.28	1,34,72,270	50.76
<b>Public</b>	1,25,57,873	69.89	1,25,57,873	47.32
<b>Non-Promoter Non-Public (shares held by Employee Trusts)</b>	5,08,385	2.83	5,08,385	1.92
<b>Total</b>	<b>1,79,73,528</b>	<b>100.00</b>	<b>2,65,38,528</b>	<b>100.00</b>

23. No inquiry or investigation is pending against the Company under any provisions of Companies Act.
24. A copy of the Scheme, Observation Letter from Stock Exchange, fairness opinion, complaints report and other relevant documents are also available on the website of the Company i.e. <http://www.virinchi.com/merger.php> and also available for inspection at the registered office on all working days during office hours.
25. The Directors of the Transferee Company, the Directors of the Transferor Company have no material interest in the proposed Scheme of Amalgamation except as shareholders in general.
26. The financial position of the Transferee Company will not be adversely affected by the Scheme.
27. Inspection by the Equity Shareholders of the Transferee Company, of the following documents is allowed at the Registered Office of the Company between 11:00 am and 4:00 pm on all working days (except on Sundays and Public holidays):
- Copy of the Company Application No. 989 of 2016, moved before Hon'ble High Court of Judicature at Hyderabad for the State of Telangana and the State of Andhra Pradesh.
  - Certified copy of the order dated 21<sup>st</sup> day of July, 2016, passed by the Hon'ble High Court of Judicature at Hyderabad for the State of Telangana and the State of Andhra Pradesh in the Company Application No. 989 of 2016.
  - Resolution passed by the Board of Directors of Virinchi Limited (Transferee Company) and Bristlecone Hospitals Private Limited (Transferor Company) approving the Scheme of Amalgamation.
  - Copy of the Observation Letter dated 26<sup>th</sup> day of May, 2016 issued by BSE Limited.
  - Copy of the Complaints Report dated 9<sup>th</sup> May, 2016 filed with BSE Limited.
  - Fairness Opinion dated 22<sup>nd</sup> January, 2016 issued by Mark Corporate Advisors Private Limited.
  - Memorandum and Articles of Association of Transferee Company and Transferor Company
  - Audited Balance Sheet and Profit and Loss account of the Transferee Company and Transferor Company for the financial year ended 31.03.2016.
  - Register of Directors' shareholdings of the Transferee Company and Transferor Company.
  - Scheme of Amalgamation.

This statement may be treated as an Explanatory Statement under Section 393 of the Companies Act, 1956. A copy of the Scheme, Explanatory Statement and Ballot Forms may be obtained from the Registered Office of the Transferee Company.

### Registered Office:

10, SRK Colony, West Maredpally,  
Secunderabad-500026,  
Telangana, India

Place : Secunderabad

Date : 26/07/2016

Order of the Board  
For **Virinchi Limited**  
(Formerly Known as Virinchi Technologies Ltd)

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

**SCHEME OF AMALGAMATION  
UNDER SECTIONS 391 TO 394 OF THE COMPANIES ACT, 1956  
BETWEEN  
VIRINCHI LIMITED  
(FORMERLY KNOWN AS VIRINCHI TECHNOLOGIES LIMITED)  
AND  
BRISTLECONE HOSPITALS PRIVATE LIMITED  
AND  
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**

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**(A) PREAMBLE OF THE SCHEME**

This Scheme of Amalgamation is presented under Sections 391 to 394 and other applicable provisions of the Companies Act, 1956 and it provides for the Amalgamation of Bristlecone Hospitals Private Limited, hereinafter referred to as “Bristlecone” or “Transferor Company” into Virinchi Limited hereinafter refer to as “Virinchi” or “Transferee Company” and the consequent issue of equity shares by Virinchi to the Shareholders of Bristlecone as consideration for Amalgamation of Bristlecone into Virinchi. The Scheme also provides for various other matters consequential to or otherwise integrally connected with the above in the manner provided for in the Scheme.

**(B) DESCRIPTION OF THE COMPANIES**

**M/s.”Virinchi Limited” (formerly known as Virinchi Technologies Limited)** was originally incorporated as a Private Limited Company under the name and style “Virinchi Consultants Private Limited” on 13.03.1990 (Thirteenth day of March, One Thousand Nine Hundred and Ninety), in the erstwhile State of Andhra Pradesh (now state of Telangana), vide Certificate of Incorporation Number 01-11104 of 1989-90 issued by the Registrar of Companies. Subsequently, the Company converted itself into a Public Limited Company by following the due procedure as laid down under the provisions of the Companies Act, 1956 and the word “Private” was deleted from the name of the Company and consequent upon conversion, the Company obtained a Fresh Certificate of Incorporation from the Registrar of Companies on 01.02.2000 (First Day of February, Two Thousand). Subsequently the name of the Company was changed from ‘Virinchi Consultants Limited’ to ‘Virinchi Technologies Limited’ and consequent upon change of name, the Company obtained a Fresh Certificate of Incorporation from the Registrar of Companies, on 08.10.2003 (Eighth day of October, Two Thousand and Three) after complying with the relevant provisions under the Companies Act, 1956. Further, in the month of January, 2016, the name of the Company was onceagain changed from “Virinchi Technologies Limited’ to ‘Virinchi Limited’ by deleting the word “Technologies” and consequent upon change of name, the Company obtained a Fresh Certificate of Incorporation from the Registrar of Companies, on 12.01.2016 (Twelfth day of January, Two Thousand and Sixteen) after complying with the relevant provisions under the Companies Act, 2013. The Corporate Identification Number of the Company is L72200TG1990PLC011104. (Hereinafter referred to as the **Virinchi/Transferee Company as the context may require**”).

Virinchi is an IT Products & Services Company. Virinchi deploys IT as a tool to provide business solutions to clients across the domains of retail lending, health care, digital media and related large e-aggregation and e-distribution.

Virinchi is a Listed Company having its shares listed and traded on BSE Limited (formerly known as ‘Bombay Stock Exchange Ltd’). The Scrip code of the Company is 532372.

The Registered Office of Virinchi is situated at 10, SRK Colony, West Maredpally, Secunderabad-500026, Telangana.

The present main objects of Virinchi are as follows:

- a) To carry on the business of consultancy which includes aspects relating technical, financial marketing, personnel, computer software, computer hardware, material management production planning project management on turnkey bases, revival & rehabilitation study of sick units, security, environmental safety audits, portfolio management, investment analysis, sub brokerage, public issue management direct & indirect taxes, productivity appraisal,

manpower planning & recruitment, executive development programmes, mergers & acquisitions, management information system and other aspects of general management.

- b) To carry on the business of computer consultancy including systems analysis and design installation of hardware development & marketing of all types of software maintenance data processing, training, acting as agents, distributors, consignees, dealers, representatives for foreign or local computer software, and hardware manufacturers.
- c) To carry on the business of research and development, design, production, creation, manufacturing, marketing, trading, providing, transferring exporting, importing, buying and selling all types of computer software technology including, applications software, development software, computer programs, algorithms, statements, source codes, packages etc., in areas like e-commerce, web page design and development, web enabled applications. Internet services, intranet, enterprise wide resource planning (ERP), data base management systems, operating systems, distributed computing, open systems, multi-media, computer aided designing (CAD), computer aided manufacturing (CAM, computer graphics, computer animation, document management systems, management information systems, bio informatics, mobile communication, mobile commerce and all such areas relevant to scientific, financial, industrial, telecommunications, satellite communications, domestic, administrative, agricultural, medical and all other software technology applications.
- d) To establish and run business of electronic data processing, remote processing including call centres, medical transcription, content development, insurance claims processing, data conversion. Back office operations, depositing summary geographical information, systems, and to provide software technology consultancy, training placement, design and development of management information systems and to carry out techno economic feasibility studies of projects.
- e) To establish, maintain, conduct, provide, procure or make available services of every including commercial, statistical, financial, legal, healthcare, accountancy, management, educational, engineering, data processing, communication, entertainment, media, infrastructure, hospitality and other technological social or other services.
- f) To carry on the business as importer, exporter, buyer, lesser, and sellers of and dealers in all types of electronic components and equipment necessary for attaining the above objects.

The authorized, issued, subscribed and paid-up share capital of Virinchi as on 31<sup>st</sup> March, 2015, is as follows:

<b>Share Capital</b>	<b>Amount in Rs.</b>	<b>Amount in Rs.</b>
<b>Authorized Capital</b>		2,50,00,000
Equity Shares of Rs. 10/- each		25,00,00,000
<b>Total</b>		<b>25,00,00,000</b>
<b>Issued, Subscribed and Paid-Up Capital</b>		
1,79,58,228 fully paid up Equity Shares of Rs. 10/- each	17,95,82,280	
Add: 27,822 Equity Shares of Rs. 10/- each (Re. 1 paid up)	27,822	17,96,10,102
<b>Total</b>		<b>17,96,10,102</b>

Subsequent to 31.03.2015 and till the date of approving of the resolution for the Scheme of Amalgamation by the Board of Directors of Virinchi, there has been no change in the capital structure of Virinchi.

**M/s. Bristlecone Hospitals Private Limited** is a Private Limited Company incorporated on 01.04.2009 (First day of April, Two Thousand and Nine) in the erstwhile state of Andhra Pradesh (now the state of Telangana), under the provisions of Companies Act, 1956, vide Corporate Identity No. U85110AP2009PTC063250 of 2009-10, issued by the Registrar of Companies, Andhra Pradesh. The present Corporate Identity Number (CIN) of the Company is U85110TG2009PTC063250. (Hereinafter referred to as the “**Bristlecone/Transferor Company**”).

Bristlecone is a multi-specialty 180 bed hospital chain, with presence in two locations in Hyderabad (India) offering affordable and quality care to a large patient base. The hospital has high quality infrastructure across its Laminar Flow HEPA Filter Operation Theatres, full-fledged ICUs/ Dialysis/Casualty, In-patient wards, Lab, pharmacy & Radiology departments. The prominent panel of consultants of Bristlecone comprise several leading surgeons, physicians and super specialists of Hyderabad.



The Registered Office of Bristlecone is situated at Plot No. 3-4-136, Barkatpura, Hyderabad -500027, Telangana.

The present main objects of Bristlecone are as follows:

- a) To run, own, manage, administer diagnostic centers, scan centers, nursing homes, hospitals, clinics, dispensaries, maternity homes, child welfare and family planning centers, clinical pathological testing laboratories, X-ray and ECG clinics in India and services and allied services for the establishment operation and improvement of nursing homes, hospitals, clinics, medical institutions and medical centers and also offering of web based medical services and to encourage the discovery of new medical and or surgical management of diseases and to investigate and make known the nature and merits of investigations and findings and research in the said field relating to the results of any discovery, investigations, findings or researches and to acquire any process upon such terms as may seem expedient and to improve the same and to undertake the manufacture of any product developed, discovered or improved and also to carryout manufacturing, trading of medical devices.
- b) To carryout medical research by establishing and maintaining well equipped biological laboratories by engaging in the research and development of all fields of medical sciences and in the therapies of medical treatment so as to afford medical relief in a better way and to provide research facilities for carrying on research basic and applied in all systems and discipline of medical and surgical knowledge, keeping in view the socio medical and socio economic needs of the afflicted community and to set up colleges and chain of colleges in India and abroad, setting up of medical training institutions , nursing colleges, offering diploma courses, to medical and para medical students and setting up of laboratories and purchase, acquire any equipment and instruments required for carrying out medical research and to educate and train medical students, nurses midwives and hospital administrators.
- c) To provide, to encourage, initiate or promote facilities for the discovery, improvement or development of new methods of diagnosis understanding and treatment of diseases in a better way and to establish, provide and maintain diagnostic laboratories and equipments and to conduct all necessary tests and researches on all human beings and to carry on the profession of imaging for and on behalf of individuals, institutions, government and semi government bodies and to provide relief to the public in all branches of medical sciences by all available means to acquire, establish and maintain one or more hospitals for the reception and treatment of persons suffering from illness or mental defects or for the reception and treatment of persons during convalescence or of persons requiring medical attention or rehabilitation for philanthropic purposes to the poor and to carry out medical tourism activities.

The authorized, issued, subscribed and paid-up share capital of Bristlecone as on 31<sup>st</sup>March, 2015, is as follows:

<b>Share Capital</b>	<b>Amount in Rs.</b>
<b>Authorized Capital</b>	15,00,000
Equity Shares of Rs. 10/- each	1,50,00,000
<b>Total</b>	1,50,00,000
<b>Issued, Subscribed and Paid-Up Capital</b>	15,00,000
Equity Shares of Rs. 10/- each	1,50,00,000
<b>Total</b>	1,50,00,000

Subsequent to 31.03.2015 and till the date of approving of the resolution for the Scheme of Amalgamation by the Board of Directors of Bristlecone, there has been no change in the capital structure of Bristlecone.

### **(C) RATIONALE, OBJECTIVE & PURPOSE OF THE SCHEME**

1. Virinchi Limited (Virinchi) has transcended from being an information technology solution provider to a Business Solution provider in Retail lending, Healthcare & Life Sciences verticals in India while it continues to be Software Products & Services focussed Company, for the developed markets.
2. In order to actualize a part of this vision, Virinchi is in the process of setting up a Green Field super specialty hospital in a prime location in Hyderabad.

3. For the success of the Green Field project in the competitive environment of Hyderabad market, the Virinchi Board found it imperative to have deep relations with a battery of super specialist /Doctors, and a satisfied Patient pool and hence decided to approve the merger with Bristlecone Hospitals Private Limited (BCH), Hyderabad.

The amalgamation would give several head starts:

- Well trained 250 plus employees in Healthcare delivery Industry.
  - Patient pool of over 65,000 satisfied out-patients with validated and sanitized electronic medical records.
  - A track record of having completed 5000 plus successful in-patient surgeries.
  - Immediate Elevation to a 'Chain of hospitals' status vis-à-vis a 'Single location Hospital'.
  - Relationships with several hundreds of Senior Surgeons and Physicians across 30 plus medical specialities.
  - Strong Relations with Large and Medium Pharma enterprises with multiple pharmacies in operation.
  - Well-oiled medical systems and health care delivery processes.
  - Relations with over 100 health Insurance providers, state government insurance, CGHS, Arogyasree.
  - NABH accreditation in near future as BCH Hayathnagar has completed satisfactory pre-assessment for NABH certification.
  - Economies of scale on branding advertisement and marketing.
  - 1000 plus Physician referral pool.
  - Long standing relations with health care industry vendors and service providers.
4. With the proposed merger of BCH with Virinchi, Virinchi will become a conglomerate with interests in healthcare and information technology, enhancing the value of Virinchi shareholders.

#### **(D) SCOPE OF THE SCHEME**

The Scheme of Amalgamation provides for:

1. Amalgamation of Bristlecone into Virinchi.
2. Consequent issue of equity shares by Virinchi to the shareholders of Bristlecone pursuant to the provisions of sections 391 to 394 and other relevant provisions of the Companies Act, 1956 and/or Companies Act, 2013.
3. Various other matters consequential to or otherwise integrally connected with the above in the manner provided for in the Scheme.
4. This Scheme of Amalgamation has been drawn up to comply with the conditions as specified under section 2(1B) of Income Tax Act, 1961, such that:
  - (d) All the properties of Bristlecone, immediately before the amalgamation, become the properties of Virinchi by virtue of amalgamation.
  - (e) All the liabilities of Bristlecone, immediately before the amalgamation, become the liabilities of Virinchi by virtue of amalgamation.
  - (f) Shareholders holding not less than nine-tenths in value of the shares in Bristlecone, become the shareholders of Virinchi by virtue of amalgamation.

#### **(E) PARTS OF THE SCHEME:**

This Scheme of Amalgamation is explained by dividing it into the following parts:

**PART A :** Deals with Definitions, Effective and Operative Dates.

**PART B :** Deals with Amalgamation of "Bristlecone" (Transferor Company) into "Virinchi" (Transferee Company).

**PART C :** Deals with General Terms and Conditions.

## PART A

### DEFINITIONS, EFFECTIVE AND OPERATIVE DATES

#### 1. DEFINITIONS

- 1.1 “Act” or “the Act”** means the Companies Act, 1956 or as the case may be, the Companies Act, 2013 (to the extent applicable) and every modification or re-enactment thereof and references to sections of the Act shall be deemed to mean and include reference to sections enacted in modification or replacement thereof.
- 1.2 “Applicable Law(s)”** means any statute, notification, bye-laws, rules, regulations, guidelines, or common law, policy, code, directives, ordinance, schemes, notices, orders or instructions enacted or issued or sanctioned by any Appropriate Authority including any modification or re-enactment thereof for the time being in force.
- 1.3 “Amalgamation”** means the blending of Bristlecone into Virinchi and the substantial shareholders of Bristlecone becoming, the shareholders of Virinchi.
- 1.4 “Amalgamating Undertaking”** shall mean:
- a) All the assets and properties of Bristlecone as on the Appointed Date.
  - b) All the secured and unsecured debts, liabilities, whether short term or long term contingent liabilities or duties and obligations of Bristlecone as on the Appointed Date.
  - c) Without prejudice to the generality of sub clause (a) above, the Undertaking of Bristlecone shall include all the assets and properties, whether movable or immovable, real or personal, in possession or reversion, corporeal or incorporeal, tangible or intangible, present or contingent and including but not limited to land and building, all fixed and movable plant and machinery, vehicles, fixed assets, plant and machinery, hospital equipments, current assets, investments, reserves, provisions, funds, licenses, registrations, certificates, permissions, consents, approvals, concessions (including but not limited to sales tax concessions, excise duty, services tax or customs, value added tax and other incentives of any nature whatsoever), remissions, remedies, subsidies, guarantees, bonds, copyrights, patents, trade names, trademarks, track record, good-will and other rights and licenses in respect thereof, applications for copyrights, patents, trade names, trademarks, leases, leave and license agreements, tenancy rights, premises, ownership flats, hire purchase and lease arrangements, lease hold rights, lending arrangements, benefits of security arrangements, computers, insurance policies, office equipment, telephones, telexes, facsimile connections, communication facilities, equipment and installations and utilities, electricity, water and other service connections, contracts and arrangements, powers, authorities, permits, allotments, privileges, liberties, advantages, easements and all the right, title, interest, goodwill, benefit and advantage, deposits, reserves, preliminary expenses, benefit of deferred revenue expenditure, provisions, advances, receivables, deposits, funds, cash, bank balances, accounts and all other rights, benefits of all agreements, subsidies, grants, incentives, tax credits, whether granted by state government or central government or any such other authority, (including but not limited to credits in respect of income-tax, tax on book profits, value added tax, sales tax, service tax, etc.), and other claims and powers, all books of accounts, documents and records of whatsoever nature and where so ever situated belonging to or in the possession of or granted in favour of or enjoyed by Bristlecone, as on the Appointed Date.
  - d) All statutory licenses, approvals, permissions, no-objection certificates, permits, consents, patents, trademarks, tenancies, offices, depots, quotas, rights, entitlements, privileges, benefits of all contracts / agreements / leases (including, but not limited to, contracts / agreements with vendors, customers, government etc.), all other rights (including, but not limited to, right to use and avail electricity connections, water connections, environmental clearances, telephone connections, facsimile connections, telexes, e-mail, internet, leased line connections and installations, lease rights, easements, powers and facilities), of Bristlecone as on the Appointed Date.
  - e) All staff, workmen, and employees engaged in Bristlecone.
  - f) All records, files, papers, information, computer programs, manuals, data, catalogues, quotations, advertising materials, lists of present and former patients/customers and suppliers, customer credit information, customer pricing information and other records, whether in physical form or electronic form of Bristlecone.

- 1.5 **“Appointed date”** means **01.04.2016 (First day of April , Two Thousand and Sixteen)** or such other date as may be approved by the Hon’ble High Court of Judicature at Hyderabad for the State of Telangana and for the State of Andhra Pradesh or such other appropriate authority.
- 1.6 **“Board of Directors” or “Board”** in relation to Virinchi and Bristlecone, as the case may be, shall, unless it be repugnant to the context or otherwise, includes a Committee of Directors or any person authorized by the Board of Directors or such Committee of Directors.
- 1.7 **“Court” or “High Court”** means the Hon’ble High Court of Judicature at Hyderabad for the State of Telangana and for the State of Andhra Pradesh or the National Company Law Tribunal (NCLT) or such other tribunal or authority having jurisdictions to sanction the Scheme.
- 1.8 **“Effective Date”** means the date on which the certified copies of the order passed by the Court sanctioning the Scheme are filed with the Registrar of Companies of Hyderabad, Telangana and Andhra Pradesh and if the certified copies are filed on different dates the last of such dates. Any references in the Scheme to **“upon the Scheme becoming effective”** or **“effectiveness of the Scheme”** or **“Scheme coming into effect”** shall mean the **“Effective Date”**.
- 1.9 **“Record Date”** means the day immediately preceding the effective date for the purpose of determining the shareholders to whom the new shares of the Transferee Company shall be issued and allotted pursuant to the provisions of this Scheme.
- 1.10 **“Registrar of Companies”** means the Registrar of Companies at Hyderabad for the State of Telangana and Andhra Pradesh.
- 1.11 **“Scheme of Amalgamation”** or **“Scheme”** or **“the Scheme”** or **“this Scheme”** means this Scheme of Amalgamation in its present form or with any modifications, imposed or approved or directed by the Board of Directors of Virinchi and / or Bristlecone, or by the members or creditors of the Companies involved and /or DSE/SEBI/High Court /NCLT or any other appropriate authority.
- 1.12 **“SEBI”** means the Securities and Exchange Board of India.
- 1.13 **“Shareholders”** means the persons registered (whether registered owner of the shares or beneficial owner of the shares) as holders of equity shares of concerned Company as the context may require. The word **“Shareholder”** and **“member”** are used to denote the same meaning and are used interchangeably.
- 1.14 **“Stock Exchange”** means the BSE Limited on which the equity shares of Virinchi are listed and traded. The Designated Stock Exchange (DSE), for the purpose of coordinating with SEBI in relation to obtaining the in-principle approval to the Scheme, shall be BSE Limited.
- 1.15 **“Transferee Company”** means **Virinchi Limited (Virinchi)** incorporated under the provisions of the Companies Act, 1956, bearing CIN: L72200TG1990PLC011104 and having Registered Office situated at 10, SRK Colony, West Maredpally, Secunderabad-500026, Telangana.
- 1.16 **“Transferor Company”** means **Bristlecone Hospitals Private Limited (Bristlecone)**, incorporated under the provisions of the Companies Act, 1956, bearing CIN: U85110TG2009PTC063250 and having its registered office situated at Plot No. 3-4-136, Barkatpura, Hyderabad -500027.

All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the Income-tax Act, 1961 or any other applicable laws, rules, regulations, bye laws, as the case may be, including any statutory modification or re-enactment thereof from time to time.

## 2. EFFECTIVE DATE AND OPERATIVE DATE

The Scheme set out herein in its present form is subject to any modification(s) approved or imposed or directed by the Board of Directors of Virinchi and/ or Bristlecone, or by the members or creditors of the Companies involved and/or DSE/SEBI/High Court/NCLT or any other appropriate authority, unless otherwise specified in the Scheme, shall be operative from the Appointed Date but shall be effective from the Effective Date.

## PART B

### AMALGAMATION OF “BRISTLECONE” (TRANSFEROR COMPANY) INTO “VIRINCHI” (TRANSFeree COMPANY)

#### SECTION1: TRANSFER & VESTING OF AMALGAMATING UNDERTAKING

#### **3. Transfer of assets, properties, estates, claims, refunds, debts, duties, liabilities, obligations etc.,**

**3.1** Subject to the provisions of this Scheme as specified herein and with effect from the Appointed Date, the entire Amalgamating Undertaking of the Transferor Company shall be transferred to and vested in or be deemed to be transferred to and vested in the Transferee Company in the following manner:

- a) The Amalgamating Undertaking of the Transferor Company comprising of business, all assets and liabilities of whatsoever nature and where-so-ever situated, shall, under the provisions of Sections 391 to 394 of the Act and all other applicable provisions, if any, of the Act, without any further act or deed (save as provided in sub clauses (b) (c) and (d) below) be transferred to and vested in and/or be deemed to be transferred to and vested in the Transferee Company as a going concern so as to become the Undertaking of the Transferee Company and to vest in the Transferee Company all the rights, title, interest or obligations of the Transferor Company therein.
- b) All the Immovable properties of the Transferor Company shall under the provisions of Sections 391 to 394 of the Act, without any further act or deed, be transferred to or be deemed to be transferred to the Transferee Company so as to become as from the Appointed Date the Properties of the Transferee Company.
- c) All the movable assets including but not limited to computers, medical, diagnostic instruments and equipments, office equipments, machineries, T.V. sets, cameras, software, IPRs, products, websites, portals, inventories, merchandising rights, cash in hand, loans and advances, of the Transferor Company capable of passing by manual delivery or by endorsement and delivery, shall be so delivered or endorsed and delivered, as the case may be, to the Transferee Company.
- d) In respect of movables other than those specified in sub clause (c) above, including, outstanding loans and advances, Investments (whether Current or non – current), trade receivables, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with government, semi-government, local and other authorities and bodies, customers and other persons, the same shall, without any further act, instrument or deed, be transferred to and stand vested in and /or be deemed to be transferred to and stand vested in the Transferee Company under the provisions of Sections 391 to 394 of the Act.
- e) In relation to all licenses, permissions, approvals, consents, entitlements, sanctions, permits, benefits, privileges pertaining to the drug, medical, diagnostic and pharma industry (whether proprietary or otherwise), rights, privileges and licenses including rights arising from contracts, deeds, licenses instruments and agreements, if any, belonging to the Transferor Company, which require separate documents of transfer including documents for attornment or endorsement, as the case may be, the Transferee Company will execute the necessary documents of transfer including documents for attornment or endorsement, as the case maybe, as and when required.
- f) All secured and/or unsecured debts, all liabilities, duties and obligations of every kind, nature, description, whether or not provided for in the books of account and whether disclosed or undisclosed in the balance sheet of the Transferor Company shall also, under the provisions of Sections 391 to 394 of the Act, without any further act or deed, be transferred to or be deemed to be transferred to the Transferee Company so as to become as from the Appointed Date the debts, liabilities, duties and obligations of the Transferee Company and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or restructuring by virtue of which such secured and/or unsecured debts, liabilities, duties and obligations have arisen, in order to give effect to the provisions of this sub clause.

It is clarified that unless otherwise determined by the Board of Directors of the Transferee Company, in so far as the borrowings/debts and assets comprising the Transferor Company are concerned:

- (a) the security or charge relating to loans or borrowings of the Transferor Company shall, without any further act or deed continue to relate to the said assets after the Effective Date; and
  - (b) the assets of the Transferee Company shall not relate to or be available as security in relation to the said borrowings of the Transferor Company;
  - g) In so far as the various incentives, subsidies, special status and other benefits or privileges enjoyed (including credit on account of tax on book profits, sales tax, excise duty, custom duty, service tax, value added tax and other incentives), granted by any government body, local authority or by any other person and availed by the Transferor Company, the same shall vest with and be available to the Transferee Company on the same terms and conditions.
- 3.2** The Transferee Company shall under the provisions of the Scheme be deemed to be authorized to execute any such writings on behalf of the Transferor Company, to implement and carry out all formalities and compliances, if required, referred to above.
- 3.3** All the properties or assets of the Transferor Company whether movable or immovable, being transferred pursuant to this Scheme, which are registered and standing in the name of Transferor Company shall, upon the scheme being sanctioned by the Hon'ble High Court at Hyderabad and becoming effective, be registered in the name of the Transferee Company and the name of the Transferor Company shall be substituted with the name of the Transferee Company in all such certificates of registration, endorsements, records and in revenue/mutation records in case of immovable properties by such appropriate authorities.
- 3.4** Any tax liabilities under the Income-tax Act, 1961, service tax laws, customs law or other applicable laws/regulations dealing with taxes/ duties / levies of the Transferor Company to the extent not provided for or covered by tax provision in the accounts made as on the date immediately preceding the Appointed Date, if any, shall be transferred to Transferee Company.
- 3.5** Any refund under the Income-tax Act, 1961, Wealth-tax Act, 1957, service tax laws or other applicable laws / regulations dealing with taxes/ duties / levies tax due to Transferor Company consequent to the assessment made on Transferor Company and for which no credit is taken in the accounts as on the date immediately preceding the Appointed Date shall also belong to and be received by the Transferee Company.
- 3.6** On or after the Effective Date, all rights, entitlements and powers to revise returns and filings of the Transferor Company under the Income-tax Act, 1961, service tax laws and other laws, and to claim refunds and / or credits for taxes paid, etc. and for matters incidental thereto, shall be available to, and vest with the Transferee Company.
- 3.7** All tax assessment proceedings / appeals of whatsoever nature by or against the Transferor Company pending and/or arising at the Appointed Date and relating to the Transferor Company shall be continued and / or enforced until the Effective Date against the Transferor Company and from the Effective Date, the same shall be continued and enforced by or against the Transferee Company in the same manner and to the same extent as would or might have been continued and enforced by or against the Transferor Company.
- Further, the aforementioned proceedings shall not abate or be discontinued nor be in any way prejudicially affected by reason of the amalgamation of the Transferor Company into the Transferee Company or anything contained in the Scheme.
- 3.8** All the tax payments (including, without limitation payments under the Income-Tax Act, 1961 Service Tax law, and other laws) whether by way of deduction at source, advance tax or otherwise howsoever, by the Transferor Company in respect of the profits or activities or operation of the business after the Appointed Date, the same shall be deemed to be the corresponding item paid by the Transferee Company and shall, in all proceedings, be dealt with accordingly. Further, any tax deducted at source by Transferor Company on transactions with the Transferee Company, if any (from Appointed Date till Effective Date) shall be deemed to be advance taxes paid by the Transferee Company and shall, in all proceedings be dealt with accordingly.
- 3.9** Obligation for deduction of tax at source on any payment made by or to be made by the Transferor Company under the Income-tax Act, 1961, service tax laws, or other applicable laws / regulations dealing with taxes/ duties / levies shall be made or deemed to have been made and duly complied with by the Transferee Company.

**3.10** This Scheme has been drawn up to comply with the conditions relating to “Amalgamation” as specified under Section 2(1B) of the Income-tax Act, 1961. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said Section at a later date including resulting from a retrospective amendment of law or for any other reason whatsoever, till the time the Scheme becomes effective, the provisions of the said section of the Income-Tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(1B) of the Income-tax Act, 1961.

#### **4. Legal Proceedings**

**4.1** Upon the Scheme becoming effective, all legal and other proceedings, including before any statutory or quasi-judicial authority or tribunal of whatsoever nature, if any, by or against the Transferor Company pending and/or arising at the Appointed Date, shall be continued and enforced by or against the Transferee Company only, to the exclusion of the Transferor Company in the manner and to the same extent as it would have been continued and enforced by or against the Transferor Company. On and from the Effective Date, the Transferee Company shall and may, if required, initiate any legal proceedings in relation to the Transferor Company in the same manner and to the same extent as it would or might have been initiated by the Transferor Company.

**4.2** After the Appointed Date, if any proceedings are taken against the Transferor Company the same shall be defended by and at the cost of the Transferee Company.

#### **5. Contracts, deeds and other instruments**

Subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements, leave and license agreements, licenses, engagements, certificates, benefits, privileges, entitlements, grants, sanctions, permissions, consents, approvals, concessions, any schemes under which the Transferor Company is registered with the government or any other authorities and incentives (including but not limited to benefits under the Income-Tax Act, 1961, service tax, and other laws), remissions, remedies, subsidies, guarantees, licences and other instruments, if any, of whatsoever nature to which the Transferor Company is a party and which have not lapsed and are subsisting or having effect on the Effective Date shall be in full force, and be effective against or in favour of the Transferee Company, as the case may be, and may be enforced by or against the Transferee Company as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party thereto. The Transferee Company may enter into and/or issue and/or execute deeds, writings or confirmations or enter into any tripartite restructurings, confirmations or novations, to which the Transferor Company will, if necessary, also be a party in order to give formal effect to the provisions of this Scheme, if so required or if so considered necessary. The Transferee Company shall be deemed to be authorized to execute any such deeds, writings or confirmations on behalf of the Transferor Company and to implement or carry out all formalities required on the part of the Transferor Company to give effect to the provisions of this Scheme.

#### **6. Saving of concluded transactions**

The transfer of Amalgamating Undertaking under clause 3 above and the continuation of proceedings by or against the Transferee Company under clause 4 above and the effectiveness of the contracts and deeds under clause 5 shall not affect any transactions and proceedings or contracts or deeds already concluded by the Transferor Company on or before the Appointed Date and after the Appointed Date till the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things done and executed by the Transferor Company in respect thereto as done and executed on behalf of itself.

#### **7. Staff, workmen and employees**

**7.1** On the Scheme coming into effect, all staff, workmen and employees of the Transferor Company in service on the Effective Date shall be deemed to have become staff, workmen and employees of the Transferee Company with effect from the Effective Date without any break in their service and the terms and conditions of their employment with the Transferee Company shall not be less favourable than those applicable to them with reference to the Transferor Company on the Effective Date.

- 7.2 It is expressly provided that, in so far as the Gratuity Fund, Provident Fund, Super Annuation Fund, if applicable, Employee's State Insurance Corporation Contribution, Labour Welfare Fund or any other Fund created or existing for the benefit of the staff, workmen and employees of the Transferor Company is concerned, upon the Scheme coming into effect, the Transferee Company shall stand substituted for the Transferor Company for all purposes whatsoever in relation to the administration or operation of such Fund or Funds or in relation to the obligation to make contributions to the said Fund or Funds in accordance with the provisions thereof as per the terms provided in the respective Trust Deeds, if any, to the end and intent that all rights, duties, powers and obligations of the Transferor Company in relation to such fund or funds shall become those of the Transferee Company and all the rights, duties and benefits of the employees of the Transferor Company under such Funds and Trusts shall be protected, subject to the provisions of law for the time being in force. It is clarified that the services of the staff, workmen and employees of the Transferor Company will be treated as having been continuous for the purpose of the said Fund or Funds.
- 7.3 In so far as the Provident Fund, Gratuity Fund, Superannuation Fund, if applicable, or other Special Scheme(s) / Fund(s) created or existing for the benefit of the employees of the Transferor Company are concerned upon the coming into effect of this Scheme, balances lying in the accounts of the employees of the Transferor Company in the said funds as on the Effective Date shall stand transferred from the respective trusts / funds of the Transferor Company to the corresponding trusts / funds set up by the Transferee Company.
- 8. Clubbing of authorized share capital of Transferor Company with the authorized share capital of Transferee Company**
- 8.1 Upon this Scheme becoming effective, the authorized share capital of the Transferee Company shall automatically stand increased without any further act, instrument or deed on the part of the Transferee Company including payment of stamp duty and fees payable to Registrar of Companies, by the authorized share capital of the Transferor Company amounting to Rs. 1,50,00,000/- (Rupees One Crore and Fifty Lakhs only) divided into 15,00,000 (Fifteen Lakhs) equity shares of Rs. 10/- (Rupees Ten only) each and the Memorandum of Association of the Transferee Company (relating to the authorized share capital) shall, without any further act, instrument or deed, be and stand altered, modified and amended, and the consent of the shareholders to the Scheme shall be deemed to be sufficient for the purposes of effecting this amendment, and no further resolution(s) under sections 13, 61, 64 of the Companies Act, 2013 and 394 and other applicable provisions of the Companies Act, 1956, as the case may be, would be required to be separately passed, and for this purpose, the stamp duty and fees paid on the authorized share capital of the Transferor Company shall be utilized and applied to the increased authorized share capital of the Transferee Company and there would be no requirement for any further payment of stamp duty and/or fee by the Transferee Company for increase in the authorized share capital to that extent.
- 8.2 It is clarified that the approval of the members of the Transferee Company to the Scheme shall be deemed to be their consent / approval also to the Memorandum of Association of the Transferee Company as may be required under the Act and Clause V of the Memorandum of Association of the Transferee Company shall stand altered accordingly.
- 8.3 Further, if required, the Transferee Company shall take necessary steps to further increase and alter its Authorized Share Capital suitably to enable it to issue and allot the Equity Shares required to be issued and allotted by it to the shareholders of the Transferor Company in terms of this Scheme.

## **SECTION 2: CONDUCT OF BUSINESS**

9. With effect from the Appointed Date up to and including the Effective Date:
- 9.1 The Transferor Company shall carry on and be deemed to have carried on its business and activities and shall stand possessed of Amalgamating Undertaking, in trust for the Transferee Company and shall account for the same to the Transferee Company.
- 9.2 Any income or profit accruing or arising to the Transferor Company and all costs, charges, expenses and losses or taxes incurred by the Transferor Company shall for all purposes be treated as the income, profits, costs, charges, expenses and losses or taxes, as the case may be, of the Transferee Company and shall be available to the Transferee Company for being disposed off in any manner as it thinks fit.



- 9.3 All liabilities debts, duties, obligations which arise or accrue on or after the Appointed Date shall be deemed to be the debts, liabilities, duties and obligations of the Transferee Company.
- 9.4 The Transferor Company shall carry on its business with reasonable diligence and in the same manner as it had been doing hitherto and the Transferor Company shall not alter or substantially expand its business except with the written concurrence of the Transferee Company.
- 9.5 With effect from the Effective Date, the Transferee Company shall suitably integrate the business being carried on by the Transferor Company into its business.
- 9.6 The Transferee Company shall be entitled, pending the sanction of the Scheme, to apply to the central government and all other agencies, departments and authorities concerned as are necessary under any law for such consents, approvals and sanctions which the Transferee Company may require to own and carry on the business of the Transferor Company.

### **SECTION 3: ISSUANCE OF SHARES BY THE TRANSFEE COMPANY**

10. **The Provisions of this section shall operate notwithstanding anything to the contrary in any other instrument, deed or writing.**
- 10.1 Upon the Scheme finally coming into effect and in consideration of transfer and vesting of the Amalgamating Undertaking of the Transferor Company to the Transferee Company in terms of provisions of the Scheme, the Transferee Company shall, without any further application or deed, issue and allot Equity Share(s) to the members of the Transferor Company whose names appear in the Register of members as on Record Date, in the following ratio:
- “571 (Five Hundred and Seventy One) equity shares in the Transferee Company of the face value of Rs. 10/- (Rupees Ten only) each credited as fully paid-up for every 100 (One Hundred) equity shares of Rs.10/- (Rupees Ten only) each fully paid-up held by such member in the Transferor Company.”**
- 10.2 The Audit Committee of the Transferee Company has taken into account the recommendations on the Share Exchange Ratio by M. Anandam & Co., acting as independent chartered accountants, and the fairness opinion provided by Mark Corporate Advisors Private Limited, acting as the independent merchant banker. On the basis of their evaluation and its own independent judgment, the Audit Committee has recommended the Scheme, including the Share Exchange Ratio to the Board of Directors of the Transferee Company.
- 10.3 The Board of Directors of the Transferee Company have taken into account the independent recommendations of the Audit Committee.
- 10.4 The Board of Directors of the Transferee Company and the Transferor Company have taken into account the recommendations of the Share Exchange Ratio by M. Anandam & Co.
- 10.5 The Board of Directors of the Transferee Company have also taken into account the fairness opinion provided by Mark Corporate Advisors Private Limited in relation to the Share Exchange Ratio.
- 10.6 The Board of Directors of the Transferee Company and the Transferor Company based on the aforesaid advice/ opinions and on the basis of their independent judgment and evaluation have come to the conclusion that the Share Exchange Ratio is fair and reasonable and have approved the same at their respective meeting held on 27<sup>th</sup> Day of January, 2016.
- 10.7 The shares issued to the members of the Transferor Company by the Transferee Company pursuant to sub-clause 10.1 above shall be issued in dematerialized form only by the Transferee Company.
- 10.8 The Equity Shares to be issued in terms of this clause shall be subject to the provisions of the Memorandum and Articles of Association of the Transferee Company. The new Equity Shares shall rank pari-passu in all respects, including dividend, with the existing Equity Shares of the Transferee Company.

- 10.9** The members of the Transferee Company, on approval of the Scheme, shall be deemed to have given their approval under section 62 and other applicable provisions of the Companies Act, 2013, for issue of fresh equity shares to the members of the Transferor Company and the Transferee Company will not be required to pass any further resolution for issue and allotment of shares to the Shareholders of the Transferor Company.
- 10.10** All the equity shares issued pursuant to this Scheme to the members of the Transferor Company shall be listed and/or admitted to trading on the BSE Limited, in accordance with applicable laws.
- 10.11** In case any shareholder's holding in the Transferor Company is such that the shareholder becomes entitled to a fraction of an equity share of the Transferee Company, the Transferee Company shall not issue fractional shares to such shareholder but shall round off the Fractional Share, if any, that may arise due to the implementation of clause 10.1 of the Scheme, to the nearest Integer.
- 10.12** Upon this Scheme coming into effect, the shareholders of the Transferor Company shall surrender their share certificates pertaining to the Transferor Company for cancellation thereof to the Transferee Company. Further, notwithstanding anything to the contrary, upon the new shares in the Transferee Company being issued and allotted by it to the eligible shareholders of the Transferor Company whose names appear on the Register of Members of the Transferor Company as on the Record Date, the share certificates in relation to the shares held by them in the Transferor Company shall be deemed to have been cancelled and shall be of no effect on and from such Record Date.

#### **SECTION 4: ACCOUNTING TREATMENT**

##### **11. Accounting Treatment in the Books of the Transferee Company:**

- 11.1** Upon the Scheme becoming effective, the Transferee Company shall record the assets and liabilities of the Transferor Company transferred to the Transferee Company pursuant to this Scheme and account for the amalgamation of the Transferor Company pursuant to this Scheme in accordance with Accounting Standard -14 as notified by the Companies (Accounting Standards) Rules, 2006, as amended from time to time.
- 11.2** The Transferee Company shall record the issuance of shares to the members of the Transferor Company at fair value as determined in the valuation report given by the independent valuer and accordingly credit to its share capital account the aggregate face value of the equity shares issued pursuant to this Scheme. The excess, if any, of the fair value of the equity shares over the face value of the equity shares so issued shall be credited to the Securities Premium Account of the Transferee Company.
- 11.3** Inter-corporate deposits/loans and advances, if any, outstanding between the Transferee Company and the Transferor Company inter-se shall stand cancelled and there shall be no further obligation / outstanding in that behalf. Any difference arising on such cancellation should be adjusted in the reserves of the Transferee Company.
- 11.4** In case of any differences in accounting policy between the Transferor Company and Transferee Company, the accounting policies followed by Transferee Company will prevail and the difference till the Appointed Date will be quantified and adjusted against Profit and Loss Account, to ensure that the financial statements of Transferee Company reflect the financial position on the basis of consistent accounting policy.
- 11.5** Notwithstanding the above, the Transferee Company in consultation with its Auditors, is authorized to account for any of this balances in any manner, whatsoever if considered appropriate.

##### **12. Dissolution of the Transferor Company**

On the Scheme coming into effect, the Transferor Company (i.e. Bristlecone Hospitals Private Limited) shall, without any further act or deed, stand dissolved without going through the process of winding up.

## PART C

### GENERAL TERMS AND CONDITIONS

#### **13. Impact of the Scheme on creditors**

This Scheme of Amalgamation, if approved by the appropriate authorities and the Court, shall not have any adverse impact on the Creditors whether secured or unsecured, of Virinchi and / or Bristlecone.

#### **14. Dividends**

**14.1** Nothing contained in this Scheme shall be construed as restricting or restraining any of the Companies from being entitled to declare and pay dividends, whether interim or final, to their respective equity shareholders, whether during the pendency of the Scheme or otherwise.

**14.2** The holders of the Equity Shares of respective Companies shall, save as expressly provided otherwise in this Scheme, continue to enjoy their existing rights under the Articles of Association of the respective Companies concerned including the right to receive dividends.

**14.3** It is clarified that the aforesaid provisions in respect of declaration of dividends are enabling provisions only and shall not be deemed to confer any right on any member of any Company to demand or claim any dividends which, subject to the provisions of the said Act, shall be entirely at the discretion of the Boards of Directors of the respective Companies and subject to the approval of the shareholders of the respective Companies.

#### **15. Filing of applications/petitions with the Court**

Virinchi and Bristlecone shall, with all reasonable diligence, make and file all necessary applications, affidavits, petitions etc., before the Hon'ble High Court/NCLT/any other competent authority having jurisdiction over the Scheme, as the case may be, for the obtaining the sanction to this Scheme of Amalgamation under Sections 391 and 394 of the Act and each of them shall apply for all necessary approvals as may be required under law.

#### **16. Modification of Scheme**

**16.1** Virinchi and Bristlecone by their respective Board of Directors or any Committee thereof or any Director authorized in that behalf (hereinafter referred to as the "Delegate") may assent to, or make, from time to time, any modifications or amendments or additions to this Scheme which the Court or any appropriate authority (ies) under law may deem fit to approve or impose and which Virinchi and Bristlecone may in their discretion accept or such modifications or amendments or additions as Virinchi and Bristlecone or as the case may be, their respective Delegate may deem fit, or required for the purpose of resolving any doubts or difficulties that may arise for carrying out this Scheme, and Virinchi and Bristlecone by their respective Boards of Directors or Delegate are hereby authorized to do, perform and execute all acts, deeds, matters and things necessary for bringing this Scheme into effect, or review the position relating to the satisfaction of the conditions of this Scheme and if necessary, waive any of such conditions (to the extent permissible under law) for bringing this Scheme into effect. In the event that any conditions may be imposed by the Court or any authorities, which Virinchi and Bristlecone find unacceptable for any reason, then Virinchi and Bristlecone shall be at liberty to withdraw the Scheme. The aforesaid powers of Virinchi and Bristlecone may be exercised by their respective Delegates.

**16.2** For the purpose of giving effect to this Scheme or to any modifications or amendments thereof or additions thereto, the Delegates (acting jointly) of Virinchi and Bristlecone may give such directions as they may consider necessary to settle any question or difficulty arising under this Scheme or in regard to and of the meaning or interpretation of this Scheme or implementation thereof or in any matter whatsoever connected therewith (including any question or difficulty arising in connection with any deceased or insolvent shareholders, depositors of the respective Companies), or to review the position relating to the satisfaction of various conditions of this Scheme and if necessary, to waive any of those conditions (to the extent permissible under law).

#### **17. Scheme Conditional Upon**

**17.1** This Scheme is conditional upon and subject to:

- (i) The Scheme being approved by a shareholders resolution of Virinchi passed by way of postal ballot and e-voting, provided that the Scheme shall be acted upon only if the votes cast by the public shareholders in favor of the proposal are more than the number of votes cast by the public shareholders against it.
- (ii) It being agreed to by the respective requisite majorities of members of Virinchi and Bristlecone as required under the Act and the requisite orders of the Court being obtained.
- (iii) It being agreed to by the respective requisite majorities of creditors and the various classes of creditors (wherever applicable) of the Virinchi and Bristlecone as required under the Act and the requisite orders of the Court being obtained.
- (iv) In-principle approval / Observation Letter from the Stock Exchange.
- (v) The requisite sanctions and approvals, as may be required by law in respect of this Scheme being obtained; and
- (vi) The certified copies of the orders of the Court sanctioning this Scheme being filed with the Registrar of Companies.

**17.2** In the event of notification of provisions pertaining to the compromise and arrangements under the Companies Act, 2013, and upon the notification of the provisions of Section 434 of the Companies Act, 2013, in the Official Gazette, by the Central Government, during the pendency of the Scheme at any stage, the Scheme shall be governed and administered in accordance with the notification issued by the Central Government in that regard and the relevant applicable provisions of the Companies Act, 2013. It is clarified that upon such notification proceedings pending in respect of the Scheme before the High Court shall be transferred and continued without there being any requirement or necessity of approving the Scheme or filing of applications/petitions afresh by the respective Boards.

**17.3** In the event of this Scheme failing to take effect before 31<sup>st</sup> day of March, 2018, or such later date as may be agreed by the respective Boards of Directors of Virinchi and Bristlecone, this Scheme shall stand revoked, cancelled and be of no effect and become null and void and in that event no rights and liabilities whatsoever shall accrue to or be incurred inter-se by the Companies or their shareholders or creditors or employees or any other person. In such case, both the Companies shall bear its own costs, charges and expenses or shall bear costs, charges and expenses as may be mutually agreed.

**18. Effect of non-receipt of approvals**

In the event of any of the said sanctions and approvals referred to in clause 17 above not being obtained (unless otherwise decided by the Board of Directors) and / or the Scheme not being sanctioned by the Court or such other competent authority as aforesaid, this Scheme shall stand revoked, cancelled and be of no effect, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and / or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law.

**19. Severability**

If any part of this Scheme is found to be unworkable for any reason whatsoever, the same shall subject to the decision of Virinchi and Bristlecone, not affect the validity or implementation of the other parts and / or provisions of this Scheme

**20. Costs, charges, etc.**

All costs, charges, levies and expenses (including stamp duty) in relation to or in connection with or incidental to this Scheme or the implementation thereof shall be borne and paid by Virinchi.

To  
The Manager  
**BSE Limited,**  
P J Towers, Dalal Street,  
Fort, MUMBAI – 400001

Dear Sir/ Madam,

Sub: Filing of Complaints Report- Scheme of amalgamation between Virinchi Limited (Transferee Company) and Bristlecone Hospitals Private Limited (Transferor Company) And their respective shareholders and Creditors.

Ref: BSE script Code-532372;VIRNCHI LIMITED- Case No.32411.

With reference to subject cited above and further to application made by us for obtaining the observation letter from the BSE Limited, to the proposed scheme of amalgamation between Virinchi Limited (Transferee Company) and Bristlecone Hospitals Private Limited (Transferor Company) And their respective shareholders and Creditors, we hereby submit the complaints report for the period starting from 14<sup>th</sup> April, 2016 to 04<sup>th</sup> May, 2016, marked as 'Annexure-III'.

The Complaints report is uploaded on the website of the company. We request you to take the complaints report on record and oblige.

We further request you to provide us with the "Observation Letter / No Objection Certificate" to the Scheme, as per your earliest convenience so as to enable us to proceed further in the matter.

We shall be pleased to provide any further clarification / information in the said regard.

Thanking you,

Yours Faithfully,

For Virinchi Limited



**K Ravindranath Tagore**  
Company Secretary

Date : 09/05/2016  
Place : Secunderabad

**COMPLAINTS REPORT**

Details of Complaints, if any, received from 14<sup>th</sup> April, 2016 to 04<sup>th</sup> May, 2016, for the proposed Scheme of Amalgamation between Virinchi Limited and Bristlecone Hospitals Private Limited and their respective Shareholders and Creditors.

Sl. No.	Particulars	Number
1.	Number of complaints received directly	0
2.	Number of complaints forwarded by Stock Exchange	0
3.	Total Number of complaints/comments received (1+2)	0
4.	Number of complaints resolved	0
5.	Number of complaints pending	0

**PART B**

Sl. No.	Name of complainant	Date of complaint	Status (Resolved/Pending)
1.	Not Applicable	Not Applicable	Not Applicable
2.	Not Applicable	Not Applicable	Not Applicable
3.	Not Applicable	Not Applicable	Not Applicable

For Virinchi Limited



**K Ravindranath Tagore**  
Company Secretary

Date : 09/05/2016

Place : Secunderabad



January 22, 2016

MCAPL: MUM: 2015-16: 0210

To,  
**The Board of Directors,**  
**Virinchi Limited**  
*(formerly known as Virinchi Technologies Limited)*  
Plot No. 10, SRK Colony,  
West Marredpally,  
Secunderabad-500 026  
Telangana.

- Sub** : Issuance of Fairness Opinion Certificate on the Valuation exercise carried out by M/s M. Anandam & Co., Chartered Accountants
- Ref** : Recommendation of Equity Share Exchange Ratio for the Proposed Merger of Bristlecone Hospitals Private Limited ('BCH') with Virinchi Limited *(formerly known as Virinchi Technologies Limited)* ('Virinchi')

Dear Sir(s),

We refer to the appointment letter dated January 19, 2016 for issuance of Fairness Opinion Certificate on the valuation carried out by M/s. M. Anandam & Co., Chartered Accountants, for the proposed Merger of Bristlecone Hospitals Private Limited ('BCH') with Virinchi Limited *(formerly known as Virinchi Technologies Limited)* ('Virinchi'). Based on the details and information provided to us, we have reviewed the same on various parameters.

Please find enclosed herewith the said Fairness Opinion Certificate on the report issued by M/s. M. Anandam & Co., Chartered Accountants.

Please feel free to contact us for any clarification.

Thanking you,

For **Mark Corporate Advisors Private Limited**

A handwritten signature in black ink, appearing to read "Rajendra Kanoongo", is written over a horizontal line.

**Rajendra Kanoongo**  
**Jt. Managing Director**

Encl: As Above.

**MARK** CORPORATE ADVISORS PVT. LTD.

CIN No : U67190MH2008PTC181996

404/1, The Summit Business Bay, Sant Janabai Road, (Service Lane), Off. W. E. Highway, Vile Parle (E), Mumbai - 400 057  
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**STRICTLY PRIVATE & CONFIDENTIAL**

**January 22, 2016**

To,  
**The Board of Directors,**  
**Virinchi Limited**  
*(formerly known as Virinchi Technologies Limited)*  
10, SRK Colony, West Marredpally,  
Secunderabad-500 026,  
Telangana

Dear Sir(s),

This has reference to the request made by the management of Virinchi Limited (*formerly known as "Virinchi Technologies Limited"*) (hereinafter referred to as "**Virinchi**"). The Board of Directors of Virinchi has passed the resolution on January 09, 2016 and has requested us to issue Fairness Opinion Certificate in connection with the valuation exercise being carried out by M/s. M. Anandam & Co., Chartered Accountants (hereinafter referred to as "**the Valuer**") for recommending Equity Share Exchange Ratio for the Proposed Merger of Bristlecone Hospitals Private Limited (hereinafter referred to as "**BCH**") with Virinchi with effect from the Appointed Date i.e. October 01, 2015.

**I. PURPOSE OF VALUATION**

- 1.1 The Board of Directors of both the Companies have considered proposal for the Merger of BCH with Virinchi.
- 1.2 In this regard, M/s. M. Anandam & Co., Chartered Accountants were appointed to carry out the valuation with a view to recommend an exchange ratio of shares in the event of Merger of BCH with Virinchi and determination of Equity shares to be issued by Virinchi to the Shareholders of BCH.
- 1.3 The information contained herein and our certificate is confidential. It is intended only for the sole use of captioned purpose including for the purpose of obtaining requisite approvals as per the Listing Agreement Clauses.

**II. SOURCE OF INFORMATION**

For the purpose of the valuation, we have relied upon the following source of information provided by the management of the Companies:

- (i) The Projected Income Statements and Balance Sheets for the Financial Years 2016-2017 to 2024-2025 of Virinchi and BCH;



Page 1 of 5

**MARK CORPORATE ADVISORS PVT. LTD.**

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- (ii) Audited Consolidated Financial Statements as on March 31, 2015 for Virinchi and BCH;
- (iii) Audited financials as at September 30, 2015 for Virinchi and BCH;
- (iv) Quarterly Financial Information as published by Virinchi at BSE Limited ('BSE') for September 30, 2015;
- (v) CMA data provided to the Bank by the Management of Virinchi;
- (vi) The Term Loan details and repayment schedules of Virinchi;
- (vii) The recurring costs required to run the hospitals and the Clinics of BCH;
- (viii) The forecast on number of patients that will be treated, number of doctors, administrative and general staff, the treatment rooms, space allocation etc., of BCH;
- (ix) The Lease Rental Agreements of BCH;
- (x) A certificate evidencing BCH's registration with State Government Health Scheme and Government Health Programme-Arogya Shree;

### III. EXCLUSIONS AND LIMITATIONS

- 3.1 Conclusions reached by us are dependent on the information provided to us being complete & accurate in all material respects. Our scope of work does not enable us to accept responsibility for the accuracy and completeness of the information provided to us. The scope of our assignment did not involve us performing audit tests for the purpose of expressing an opinion on the fairness or accuracy of any financial or analytical information used during the course of our work. We have not performed any audit, review or examinations of any of the historical or prospective information used and, therefore, do not express any opinion with regard to the same. In addition, we do not take any responsibility for any changes in the information used for any reason, which may occur subsequent to the date of our certificate.
- 3.2 This certificate is prepared with a limited purpose/scope as identified/stated earlier and will be confidential being for use only to whom it is issued. It must not be copied, disclosed or circulated in any correspondence or discussions with any person, except to whom it is issued and to those who are involved in this transaction and for various approvals for this transaction.



Page 2 of 5

**MARK** CORPORATE ADVISORS PVT. LTD.

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#### IV. VALUATION METHODOLOGY ADOPTED BY THE VALUER

In arriving at the exchange ratio of the equity shares for the merger of the BCH with Virinchi we have determined the values independently but on a relative basis. We have considered the methods relevant and applicable, which included:

- 1) **Market Approach:**
  - a) Comparable Companies Multiplies Method;
  - b) Current Market Price Method
- 2) **Income Approach:**
  - a) Discounted Cash Flow
- 3) **Cost Approach:**
  - a) Net Assets Value method/ Book Value

1) **Market Approach:**

a) **Comparable Companies Multiplies Method:**

The market value method has been used since market comparatives are available for a similar set up during the period of valuation considered. Market Approach refers to notion of arriving at the value of the company by comparing it to the market value of similar publicly listed companies. The comparison is based on certain financial ratios or multiples such as Price to Earnings, EV/EBITDA etc., of the equity in question of peers.

To arrive at the Equity value of Virinchi and BCH, the average of PE multiples of the peer companies in the industry at 14.75 and 16.49 respectively have been considered.

As the value of the equity is dependent on the earning capacity of the companies, the same have been appropriately incorporated in the valuation.

The Enterprise value of BCH has been considered based on EV/Bed multiple as it is considered to be one of the most appropriate sector specific multiple for healthcare industry.

b) **Current Market Price Method:**

The market price of equity as quoted on the stock exchange is normally considered as the value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded. In the present case the shares of Virinchi are listed in BSE Limited and the volume weighted average share price of Virinchi over an appropriate period has been considered under this method.



Page 3 of 5

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The market value of Virinchi is arrived at by considering the higher of 6 months Average Market price or 15 days average market price.

This method is not considered appropriate to value BCH as it is an unlisted company.

## 2) Income Approach:

### a) Discounted Cash Flow Method:

The discounted cash flow method has also been used to value the equity of the companies.

The discounted cash flow method is a modern valuation method which relates the value of an asset to the present value of the expected future cash flows on that asset. Under this the value of the business has been determined by the formula:

$$\text{Value of Business} = \sum \text{CF in period } t / (1 + \text{WACC})^t$$

Where,  $t=1$  to  $n$ ,

CF = Expected cash flow in period  $n$ ,

WACC = Weighted average cost of capital.

The WACC of the companies has been calculated horizontally upto the Year end March 2025. The terminal value has been estimated in the last year of forecast period and the present value of the same is added to present value of all the cash flows. In our valuation model we have considered a stable growth rate of 1%, to arrive at the terminal value.

$$\text{Terminal Value/Perpetuity} = \frac{\text{Final Projected Year Cash Flow}(1 + \text{Growth Rate})}{\text{WACC} - \text{growth rate}}$$

Since DCF model is predominantly used to value the business, higher weightage has been provided to the same while arriving at the valuation of Virinchi and BCH.

## 3) Cost Approach:

### a) Book Value /Net Assets Method

Under this approach, the value of the underlying assets of the business at book value has been considered. Net Asset Value represents net equity of the business after assets and liabilities have been adjusted to their fair values.

In arriving at the fair value of the equity shares of the companies, relative weights have been assigned to all the above methods.



Page 4 of 5

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## V. CONCLUSION

- 5.1. We have reviewed the methodology as mentioned above adopted by the Valuer for arriving at the fair valuation of the equity shares of Companies and also reviewed the working and underlining assumptions adopted to arrive at the values under each of the above approaches, for the purposes of recommending a ratio of entitlement / exchange.
- 5.2. On the basis of the foregoing points, we are of the opinion that the valuation made by M/s. M. Anandam & Co., Chartered Accountants is fair & reasonable for the proposed Share Exchange Ratio of 571 Equity shares of Virinchi Limited (*formerly known as Virinchi Technologies Limited*) for every 100 shares of Bristlecone Hospitals Private Limited ('BCH').

Thanking you,

For Mark Corporate Advisors Private Limited

  
**Rajendra Kanoongo**  
**Jt. Managing Director**

Place: Mumbai

Page 5 of 5

**MARK** CORPORATE ADVISORS PVT. LTD.

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January 30, 2016

To,  
**The Board of Directors,**  
**Virinchi Limited**  
*(formerly known as Virinchi Technologies Limited)*  
Plot No. 10, SRK Colony,  
West Marredpally,  
Secunderabad-500 026  
Telangana.

**Ref** : Recommendation of Equity Share Exchange Ratio for the Proposed Merger of Bristlecone Hospitals Private Limited ('BCH') with Virinchi Limited *(formerly known as Virinchi Technologies Limited)* ('Virinchi')

Dear Sir(s),

This letter is in continuation to our Fairness Opinion Certificate issued on January 22, 2016 and in response to your letter dated January 28, 2016.

We have taken a note of the change in the Appointed Date from October 01, 2015 to April 01, 2016.

Thanking you,

For Mark Corporate Advisors Private Limited

A handwritten signature in black ink, appearing to read "Rajendra Kanoongo".

**Rajendra Kanoongo**  
Jt. Managing Director

**MARK** CORPORATE ADVISORS PVT. LTD.

CIN No : U67190MH2008PTC181996

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DCS/AMAL/MN/403/2016-17  
May 26, 2016

The Company Secretary  
**Virinchi Limited**  
Plot No. 10, SRK Colony,  
West Marredpally ,  
Secunderabad ,Telangana ,500026.



**Sub: Observation letter regarding the Draft Scheme of Arrangement between Bristlecone Hospitals Private Limited and Virinchi Limited.**

We are in receipt of Draft Scheme of Arrangement between Bristlecone Hospitals Private Limited and Virinchi Limited.

As required under SEBI Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015; SEBI vide its letter dated May 17, 2016 has inter alia given the following comment(s) on the draft scheme of arrangement:

- *Company to ensure that information submitted, vide letter dated May 20, 2016 to BSE, pertaining fractional entitlement is suitably incorporated in the draft scheme.”*
- *“Company shall duly comply with various provisions of the Circulars.”*

Accordingly, based on aforesaid comment offered by SEBI, the company is hereby advised:

- To provide additional information, if any, (as stated above) along with various documents to the Exchange for further dissemination on Exchange website.
- To ensure that additional information, if any, (as stated aforesaid) along with various documents are disseminated on their (company) website.
- To duly comply with various provisions of the circulars.

In light of the above, we hereby advise that we have no adverse observations with limited reference to those matters having a bearing on listing/de-listing/continuous listing requirements within the provisions of Listing Agreement, so as to enable the company to file the scheme with Hon'ble High Court.

Further, pursuant to the above SEBI circulars, upon sanction of the Scheme by the Hon'ble High Court, the listed company shall submit to the stock exchange the following:

- a. Copy of the High Court approved Scheme;
- b. Result of voting by shareholders for approving the Scheme;
- c. Statement explaining changes, if any, and reasons for such changes carried out in the Approved Scheme vis-à-vis the Draft Scheme;
- d. Copy of the observation letter issued by all the Stock Exchanges where Company is listed.
- e. Status of compliance with the Observation Letter/s of the stock exchanges;
- f. The application seeking exemption from Rule 19(2)(b) of SCRR, 1957, wherever applicable; and
- g. Complaints Report as per Annexure II of this Circular.
- h. Any other document/disclosure as informed by the Exchange.

The Exchange reserves its right to withdraw its 'No adverse observation' at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities.

Please note that the aforesaid observations does not preclude the Company from complying with any other requirements.

Yours faithfully,

  
**Nitin Pujari**  
**Manager**

