

VIRINCHI LIMITED (Formerly known as Virinchi Technologies Limited)

Balance Sheet as at 31st March 2017

| Particulars | Note No | As at 31/03/2017 | As at 31/03/2016 |
|------------------------------------|---------|-----------------------|-----------------------|
| | | Rs. | Rs. |
| I. EQUITY AND LIABILITIES | | | |
| (1) Shareholder's Funds | | | |
| (a) Share Capital | 1 | 26,67,48,102 | 17,98,60,500 |
| (b) Reserves and Surplus | 2 | 1,32,47,90,579 | 74,73,34,854 |
| (2) Non-Current Liabilities | | | |
| (a) Long-Term Borrowings | 3 | 41,31,54,916 | 7,54,10,912 |
| (b) Deferred Tax Liabilities | 4 | 5,11,88,948 | 3,47,33,549 |
| (c) Long Term Provision | 5 | 82,28,269 | 54,39,648 |
| (3) Current Liabilities | | | |
| (a) Short Term Borrowings | 6 | 24,95,77,712 | 19,06,36,839 |
| (b) Trade Payables | 7 | 37,85,70,242 | 18,30,09,109 |
| (c) Short Term Provisions | 8 | 8,32,29,521 | 4,47,58,596 |
| Total | | 2,77,54,00,209 | 1,46,11,04,007 |
| II. Assets | | | |
| (1) Non-current assets | | | |
| (a) Fixed assets | | | |
| Tangible assets | 9 | 1,12,26,79,222 | 53,00,74,347 |
| Intangible assets | 9 | 64,16,53,664 | 15,53,19,051 |
| Capital Work in progress | 9 | 1,48,67,921 | - |
| (b) Non Current Investments | 10 | 35,42,33,412 | 34,91,55,007 |
| (c) Long Term Deposits/ Advances | 11 | 2,53,64,118 | 40,39,787 |
| (d) Other Non-Current assets | 12 | 20,35,951 | - |
| (2) Current assets | | | |
| (a) Inventories | 13 | 28,06,244 | - |
| (b) Short Term Loans and Advances | 14 | 27,80,26,296 | 13,94,48,143 |
| (c) Trade Receivables | 15 | 25,40,65,283 | 15,98,11,125 |
| (d) Cash and Cash Equivalents | 16 | 4,71,81,928 | 9,90,17,164 |
| (e) Other Current Assets | 17 | 3,25,74,250 | 2,43,19,302 |
| Total | | 2,77,54,88,289 | 1,46,11,84,007 |

NOTES TO FINANCIAL STATEMENTS & SIGNIFICANT ACCOUNTING POLICIES

Notes referred to above form an integral part of the accounts

As per Our Report of Even Date

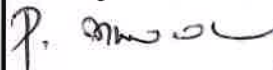
For and on behalf of the Board

For P. Murali & Co.

For Virinchi Limited

Chartered Accountants

Firm Registration No. 007257S



P. Murali Mohana Rao

Partner

Membership No. 023412





M. Santhi Priya

CFO & Whole Time Director

DIN: 03114319



K Sri Kalyan

Whole Time Director

DIN: 03137506

K. Ravindranath Tagore

Company Secretary

M.No. A18894

Place : Hyderabad

Date: 22.05.2017

VIRINCHI LIMITED (Formerly known as Virinchi Technologies Limited)

Statement of Profit and Loss for the year ended 31st March 2017

| Particulars | Note No | Year Ended | Year Ended |
|---|---------|-----------------------|-----------------------|
| | | 31/03/2017 | 31/03/2016 |
| | | Rs. | Rs. |
| 1. Revenue from operations | 18 | 1,38,85,62,345 | 1,04,35,34,961 |
| 2. Other Income | 19 | 1,04,96,120 | 1,30,58,719 |
| 3. Total Revenue (1+2) | | 1,39,90,58,464 | 1,05,65,93,679 |
| 4. Expenses: | | | |
| a) Pharmacy Purchases | 20 | 2,40,76,501 | - |
| b) Changes in Inventory | 21 | 41,14,310 | - |
| c) Employee Benefit Expenses | 22 | 41,06,04,233 | 26,60,13,970 |
| d) Other Operating Expenses | 23 | 4,67,19,432 | 2,41,78,629 |
| e) Administrative Expenses | 24 | 46,44,95,910 | 48,48,14,279 |
| f) Financial costs | 25 | 5,66,11,149 | 2,17,75,751 |
| g) Depreciation and amortization expenses | 9 | 17,77,71,028 | 10,21,67,038 |
| h) Other expenses | 26 | 7,44,13,941 | 9,70,87,308 |
| Total Expenses | | 1,25,88,06,504 | 99,60,36,975 |
| 5. Profit Before Tax (3-4) | | 14,02,51,961 | 6,05,56,705 |
| 6. Tax expense: | | | |
| (a) Current tax | | 2,10,78,044 | 1,34,99,550 |
| (c) Deferred tax Liability/(Asset) | | 50,14,189 | 52,95,516 |
| Total Tax Expense | | 2,60,92,233 | 1,87,95,067 |
| 7. Profit for the period (5-6) | | 11,41,59,728 | 4,17,61,638 |
| 8. Earning per equity share: | | | |
| (1) Basic | | 4.28 | 2.32 |
| (2) Diluted | | 4.28 | 2.32 |

NOTES TO FINANCIAL STATEMENTS & SIGNIFICANT ACCOUNTING POLICIES

Notes referred to above form an integral part of the accounts

As per Our Report of Even Date

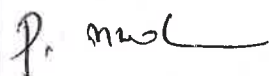
For and on behalf of the Board

For P. Murali & Co.

For Virinchi Limited

Chartered Accountants

Firm Registration No. 007257S



P. Murali Mohana Rao

Partner

Membership No. 023412





M. Santhi Priya

CFO & Whole Time Director

DIN: 03114319



K Sri Kalyan

Whole Time Director

DIN: 03137506

K. Ravindranath Tagore

Company Secretary

M.No. A18894

Place : Hyderabad

Date: 22.05.2017

VIRINCHI LIMITED (Formerly known as Virinchi Technologies Limited)

Cash Flow Statement for the Year Ended 31-03-2017

| Particulars | Current Year (Rs. In Lacs) | Previous Year (Rs. In Lacs) |
|--|-------------------------------|--------------------------------|
| A. Cash Flow from Operating Activities: | | |
| Net Profit/ (Loss) before taxation and extraordinary items | 1,402.52 | 605.57 |
| <u>Adjustments for:</u> | | |
| Depreciation | 1,777.71 | 1,021.67 |
| W/o. Expenses | - | - |
| Interest expenses | 566.11 | 217.76 |
| Operating Profit before Working Capital Changes | 3,746.34 | 1,844.99 |
| <u>Working Capital Changes</u> | | |
| Trade and other receivables Including Inventory | (2,672.54) | 298.31 |
| Trade and Other payables | 3,119.91 | 2,311.15 |
| Cash Generated from Operations | 4,193.71 | 4,454.45 |
| Interest paid | 566.11 | 217.76 |
| Taxation for the year | 260.92 | 137.91 |
| Net Cash from Operating Activities | 3,366.68 | 4,098.78 |
| B. Cash Flow from Investing Activities: | | |
| Purchase of Fixed Assets | (12,713.52) | (1,647.66) |
| Investment | (50.78) | (3,294.00) |
| Net Cash used in Investing Activities | (12,764.31) | (4,941.66) |
| C. Cash Flow From Financial Activities: | | |
| Proceeds from Equity Shares | 5,501.84 | 2.50 |
| Net Proceeds from Long Term Borrowings | 3,377.44 | 605.74 |
| Net Cash used in Financing Activities | 8,879.28 | 608.24 |
| Net increase in cash and cash equivalents | (518.35) | (234.64) |
| Cash and Cash equivalents as at 01.04.2016 | 990.17 | 1,224.81 |
| Cash and Cash equivalents as at 31.03.2017 | 471.81 | 990.17 |

As per Our Report of Even Date

For P. Murali & Co.

Chartered Accountants

Firm Registration No. 0072575

P. Murali Mohana Rao



P. Murali Mohana Rao

Partner

Membership No. 023412

For and on behalf of the Board

For Virinchi Limited

M. Santhi Priya

CFO & Whole Time Director

DIN: 03114319

K. Sri Kalyan

Whole Time Director

DIN: 03137506

K. Ravindranath Tagore

Company Secretary

M.No. A18894

Place : Hyderabad

Date : 22.05.2017

Notes to Balance Sheet

| Note No:1 Equity Share Capital | | |
|---|--------------------|--------------------|
| Particulars | As at 31/03/2017 | As at 31/03/2016 |
| SHARE CAPITAL | | |
| AUTHORISED : | | |
| 40,000,000 Equity Share of Rs.10/- each (Current Year) | 40,00,00,000 | 250,000,000 |
| 25,000,000 Equity Share of Rs.10/- each (Previous Year) | | |
| ISSUED, SUBSCRIBED & PAID UP SHARE CAPITAL : | | |
| (a) Subscribed & Fully Paid Up: | | |
| 26684550 Equity Shares of Rs.10/- each | 266,845,500 | 179,957,898 |
| (b) Calls in Arrears | (97,398) | (97,398) |
| Total Equity Share capital | 266,748,102 | 179,860,500 |

| Reconciliation of Number of shares outstanding at the beginning and at the end of the Reporting Period | | |
|--|-------------------|-------------------|
| | No of Shares | No of Shares |
| Equity Shares of Rs.10 eac, Fully Paid Up | | |
| At the Beginning | 17,986,050 | 17,986,050 |
| Issued and Allotted During the Year | | |
| i) Allotment of shares pursuant to scheme of amalgamation between M/s. Virinchi Limited (Transferee Company) and M/s. Bristlecone Hospitals Private Limited (Transferor Company) | 8,565,000 | - |
| ii) Allotment of shares pursuant to VESOS, 2004 | 133,500 | - |
| At the End | 26,684,550 | 17,986,050 |

| Details of Shareholder holding more than 5% shares of the Company | | |
|---|------------------------------------|---------------|
| Name of the Share Holder | Current Year % of Share holding | Previous Year |
| 1. Viswanath Kompella | 25.51 | 14.28 |
| No. of Shares - 68,07,975 (C.Y) | | |
| No. of Shares - 25,68,300 (P.Y) | | |

| Note No:2 Reserves and Surplus | | |
|--|----------------------|--------------------|
| Particulars | As at 31/03/2017 | As at 31/03/2016 |
| a) Securities Premium Reserve | | |
| As at the commencement of the year | 253,718,978 | 253,718,978 |
| Add: Additions during the Year | 454,287,600 | - |
| Securities Premium at end of the Year | 708,006,578 | 253,718,978 |
| b) Share options outstanding account | | |
| As at the commencement of the year | 9,111,286 | 9,111,286 |
| Add: Additions during the Year | 9,008,398 | - |
| Securities Premium at end of the Year | 18,119,684 | 9,111,286 |
| c) Surplus : | | |
| i) Opening Balance - Profit and Loss Account | 484,504,590 | 442,742,953 |
| Add: Transfer from Profit & Loss Account | 114,159,728 | 41,761,638 |
| Total Surplus | 598,664,318 | 484,504,591 |
| Total Reserves and Surplus | 1,306,670,896 | 738,223,568 |

| Note No:3 Long Term Borrowings | | |
|--|--------------------|-------------------|
| Particulars | As at 31/03/2017 | As at 31/03/2016 |
| Secured Loans | | |
| Vehicle Loans | 6,459,229 | 6,750,403 |
| Term Loans (Hypothecation of Equipment, Commercial Property , Corporate Guarantee and Personal guarantee of the Promoter of the Company. Details given in Note N0.27) | 283,843,168 | 11,728,418 |
| Unsecured Loans | | |
| From Related Parties | 122,852,519 | 56,932,091 |
| Total Long Term Borrowings | 413,154,916 | 75,410,912 |

| Note No:4 Deferred Tax Liability | | |
|--|-------------------|-------------------|
| Particulars | As at 31/03/2017 | As at 31/03/2016 |
| Opening Deferred tax Liability | 46,174,759 | 29,438,033 |
| Add: Deferred Tax Liability for the year (Due to SLM & WDV Difference) | 16,689,439 | 5,873,369 |
| Gross Deferred Tax Liability | 62,864,197 | 35,311,402 |
| Less : Provision for Gratuity | (515,895) | (577,853) |
| Less : Leave Encashment | (11,159,354) | - |
| Total Deferred Tax Liability (Net) | 51,188,948 | 34,733,549 |

| Note No:5 Long Term Provision | | |
|-----------------------------------|------------------|------------------|
| Particulars | As at 31/03/2017 | As at 31/03/2016 |
| Provision for Gratuity | 8,228,269 | 5,439,648 |
| Total Long Term Provisions | 8,228,269 | 5,439,648 |

| Note No:6 Short Term Borrowings | | |
|--|--------------------|--------------------|
| Particulars | As at 31/03/2017 | As at 31/03/2016 |
| Secured Loans | | |
| a) From Banks (Collateral Security On Book Debts and Other Properties mentioned in Note No.28) | 185,607,749 | 168,342,622 |
| b) Term Loan payable during the year | 63,969,963 | 22,294,216 |
| Total Short Term Borrowings | 249,577,712 | 190,636,839 |

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| Note No:7 Trade Payables | | |
|-----------------------------|---------------------|---------------------|
| Particulars | As at 31/03/2017 | As at 31/03/2016 |
| Trade Payables | 37,85,70,242 | 18,30,09,109 |
| Total Trade Payables | 37,85,70,242 | 18,30,09,109 |

| Note No:8 Short Term Provisions | | |
|--|--------------------|--------------------|
| Particulars | As at 31/03/2017 | As at 31/03/2016 |
| a) Provisions for Employee Benefits | | |
| Provident Fund | 17,06,309 | 11,10,381 |
| FSI | 76,207 | 1,10,339 |
| Salaries | 6,38,29,470 | 3,33,82,895 |
| b) Others | | |
| Audit Fee | 1,57,500 | 1,56,750 |
| Provision for Expenses | 25,07,523 | 18,33,041 |
| Statutory Liabilities | 30,02,807 | 18,28,927 |
| Provision for Income Tax | 1,19,49,705 | 63,06,263 |
| Total Short Term Provisions | 8,32,29,521 | 4,47,58,596 |

| Note No:10 Non Current Investments | | |
|--|---------------------|---------------------|
| Particulars | As at 31/03/2017 | As at 31/03/2016 |
| 1) Investment in Subsidiaries | | |
| a) Equity Shares | | |
| 100% Holding in Ksoft Systems Inc | 45,91,087 | 45,91,087 |
| 100% Holding in Qfund Technologies Pvt. Ltd. | 1,00,000 | 1,00,000 |
| 100% Holding in Virinchi Learning Private Ltd | 1,08,00,000 | 1,08,00,000 |
| 100% Holding in Virinchi Media & Entertainment Pvt Ltd | 1,00,000 | 1,00,000 |
| 100% Holding in Tyohar Foods Pvt Ltd | 1,00,000 | 1,00,000 |
| 100% Holding in Virinchi Infra & reality Pvt Ltd | 1,00,000 | 1,00,000 |
| 100% Holding in Virinchi Health Care Pvt Ltd | 32,91,00,000 | 32,90,00,000 |
| 51% Holding in Asclepius Consulting & Technologies Pvt Ltd | 30,00,000 | 30,00,000 |
| 100% Holding in Tensor Fields Consultancy Services Pvt Ltd | 1,00,000 | 1,00,000 |
| 100% Holding in Virinchi Combinatorics & Systems Biology Pvt Ltd | 1,00,000 | - |
| | 34,80,91,087 | 34,78,91,087 |
| 2) Trade Investments | | |
| a) Investment in Equity Instrument | | |
| Quoted (400 Shares of Canara Bank) | 14,000 | 14,000 |
| b) Investment in Mutual funds | | |
| Canara Robeco Mutual Funds | 13,50,000 | 12,50,000 |
| c) Investment in Shri Ram Chits | 47,78,325 | - |
| | 61,42,325 | 12,64,000 |
| Total Non Current Investments | 35,42,33,412 | 34,91,55,087 |




| Note No:11 Long Term Deposits /Advances | | |
|---|--------------------|------------------|
| Particulars | As at 31/03/2017 | As at 31/03/2016 |
| Security Deposits (Details of Security Deposits given in Note No.30) | 2,53,64,118 | 40,39,787 |
| Total Long Term Loans & Advances | 2,53,64,118 | 40,39,787 |

| Note No:12 Other Non Current Assets | | |
|-------------------------------------|------------------|------------------|
| Particulars | As at 31/03/2017 | As at 31/03/2016 |
| Unamortized Expenses | 20,35,951 | - |
| Total Non - Current Assets | 20,35,951 | - |

| Note No:13 Inventory | | |
|--------------------------------|------------------|------------------|
| Particulars | As at 31/03/2017 | As at 31/03/2016 |
| Stock - in - Trade Pharmacy | 28,06,244 | - |
| Total Inventories | 28,06,244 | - |

| Note No:14 Short Term Loans and Advances | | |
|---|---------------------|---------------------|
| Particulars | As at 31/03/2017 | As at 31/03/2016 |
| a) Deposits Unsecured, Considered Good | 5,67,072 | - |
| b) Loans and Advances to related parties and Others Unsecured, Considered Good | 27,74,59,224 | 13,94,48,143 |
| Total Short Term Loans & Advances | 27,80,26,296 | 13,94,48,143 |

| Note No:15 Trade Receivables | | |
|--|---------------------|---------------------|
| Particulars | As at 31/03/2017 | As at 31/03/2016 |
| Outstanding for a period not exceeding six months from the date they are due for payment Unsecured, Considered Good | 25,40,65,283 | 15,98,11,125 |
| Total Trade Receivables | 25,40,65,283 | 15,98,11,125 |

| Note No:16 Cash and Cash Equivalents | | |
|--|--------------------|--------------------|
| Particulars | As at 31/03/2017 | As at 31/03/2016 |
| a) Balance with Banks On Current Accounts | 41,08,996 | 32,18,746 |
| b) Cash on hand | 2,56,537 | 2,01,311 |
| Sub Total | 43,65,533 | 34,20,057 |
| Other Bank Balances On Deposit Accounts 12 Months from date of deposit | 4,28,16,394 | 9,55,97,106 |
| Sub Total | 4,28,16,394 | 9,55,97,106 |
| Total Cash and Cash Equivalents | 4,71,81,927 | 9,90,17,164 |

| Note No:17 Other Current Assets | | |
|---------------------------------|--------------------|--------------------|
| Particulars | As at 31/03/2017 | As at 31/03/2016 |
| a) Salary and Travel Advances | 1,43,61,913 | 1,33,09,190 |
| b) Deferred Financial Charges | 26,67,061 | 25,21,628 |
| c) TDS Receivable | 81,52,483 | 72,69,596 |
| d) Other Current Assets | 73,92,793 | 12,18,888 |
| | 3,25,74,250 | 2,43,19,302 |

| Note No:18 Revenue From Operations | | |
|---------------------------------------|-----------------------|-----------------------|
| Particulars | As at 31/03/2017 | As at 31/03/2016 |
| (a) Revenue from Services | 1,34,42,66,818 | 98,63,81,387 |
| (b) Pharmacy Sale | 2,98,58,799 | - |
| (c) Revenue from E-governance Project | 1,44,36,727 | 5,71,53,574 |
| Total Revenue from Operations | 1,38,85,62,345 | 1,04,35,34,961 |

| Note No:19 Other Income | | |
|--------------------------------|--------------------|--------------------|
| Particulars | As at 31/03/2017 | As at 31/03/2016 |
| (a) Interest Income | 74,96,120 | 1,00,54,519 |
| (b) Other Non-Operating Income | 30,00,000 | 30,04,200 |
| Total Other Income | 1,04,96,120 | 1,30,58,719 |

| Note No:20 Pharmacy Purchases | | |
|---------------------------------|--------------------|------------------|
| Particulars | As at 31/03/2017 | As at 31/03/2016 |
| (a) Pharmacy Purchases | 1,98,48,876 | - |
| (b) Discounts and Disallowances | 42,27,625 | - |
| Total Trade Purchases | 2,40,76,501 | - |

| Note No:21 Change in Inventory | | |
|--|------------------|------------------|
| Particulars | As at 31/03/2017 | As at 31/03/2016 |
| Stock in trade | | |
| Stock in trade at the beginning of the year | 69,20,554 | - |
| Less : Stock in trade at the end of the year | 28,06,244 | - |
| (Increase)/ Decrease in Inventories | 41,14,310 | - |

| Note No:22 Employee Benefit Expenses | | |
|--|---------------------|---------------------|
| Particulars | As at 31/03/2017 | As at 31/03/2016 |
| (a) Salaries & Wages | 37,69,87,142 | 24,80,80,916 |
| (b) ESOPS | 88,11,000 | - |
| (c) Contribution to Employees Provident & Other Fund | 1,54,16,856 | 95,71,069 |
| (d) Staff Welfare Expenses | 93,89,235 | 83,61,985 |
| Total Employee Benefit Expenses | 41,06,04,233 | 26,60,13,970 |

| Note No:23 Other Operating Expenses | | |
|---------------------------------------|--------------------|--------------------|
| Particulars | As at 31/03/2017 | As at 31/03/2016 |
| (a) Power & Fuel | 1,86,33,604 | 87,29,786 |
| (b) Rent | 1,57,48,646 | 64,53,694 |
| (c) Repairs and Maintenance | 7,61,580 | 1,36,865 |
| (d) Insurance | 19,59,677 | 36,28,472 |
| (e) Other Operating Expenses | 94,65,926 | 50,51,480 |
| (f) Payment to Auditors: | | |
| (i) As Auditor | 1,50,000 | 1,78,332 |
| Total Other Operating Expenses | 4,67,19,432 | 2,41,78,629 |

| Note No:24 Administrative Expenses | | |
|---|---------------------|---------------------|
| Particulars | As at 31/03/2017 | As at 31/03/2016 |
| (a) Telephone, Postage and Others | 40,67,912 | 38,28,201 |
| (b) Marketing and Business Expenses | 11,37,17,723 | 9,96,56,831 |
| (c) Conveyance | 18,13,474 | 9,53,671 |
| (d) Office Maintenance | 8,53,35,498 | 5,16,89,702 |
| (e) Printing & Stationery Expenses | 29,89,933 | 17,06,496 |
| (f) Rates & Taxes | 7,96,997 | - |
| (g) Managerial Remuneration | 28,29,958 | 27,45,835 |
| (h) Consultancy Charges and Other Subcontracting Expenses | 25,29,44,414 | 32,42,33,543 |
| Total Administrative Expenses | 46,44,95,910 | 48,48,14,279 |

| Note No:25 Financial Costs | | |
|---|--------------------|--------------------|
| Particulars | As at 31/03/2017 | As at 31/03/2016 |
| (a) Interest Expenses : | | |
| - Interest on Term Loan and Working Capital | 3,90,06,881 | 1,30,66,921 |
| - Interest on Vehicle Loans | 5,68,225 | 9,65,888 |
| (b) Applicable net gain/loss on foreign currency translations | 1,70,36,043 | 77,42,942 |
| Total Finance Cost | 5,66,11,149 | 2,17,75,751 |

| Note No:26 Other Expenses | | |
|-----------------------------------|--------------------|--------------------|
| Particulars | As at 31/03/2017 | As at 31/03/2016 |
| (a) Travelling and Visa Expenses | 5,87,19,004 | 6,41,29,921 |
| (b) Vehicle Maintenance | 85,13,416 | 77,12,050 |
| (c) Internet Charges | 14,10,980 | 18,27,466 |
| (d) Other Administrative Expenses | 57,70,541 | 2,34,17,871 |
| Total Other expenses | 7,44,13,941 | 9,70,87,308 |

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Note Number : 9
FIXED ASSETS AND DEPRECIATION

| Sl. No. | Particulars | Gross Block | | | Depreciation/Amortization | | | Net Block as on 31.03.2017 | Net Block as on 31.03.2016 |
|---------|------------------------------|-----------------------|---------------------------|---------------------------|---------------------------|-----------------------|---------------------------|----------------------------|----------------------------|
| | | As on 01.04.2016 | Additions during the year | Deletions during the year | As on 31.03.2017 | Dep. As on 01.04.2016 | Depreciation for the year | | |
| I. | TANGIBLE ASSETS | | | | | | | | |
| 1 | LAND | 11,84,72,299 | 44,46,427 | - | 12,29,18,796 | - | - | 12,29,18,796 | 5,47,25,874 |
| 2 | BUILDING | 29,47,34,592 | - | - | 29,47,34,592 | 3,93,56,265 | 4,86,38,775 | 24,60,95,817 | 25,53,78,327 |
| 3 | PLANT & MACHINERY | 1,92,34,556 | 35,57,553 | - | 2,28,32,209 | 69,83,803 | 82,83,675 | 1,45,48,534 | 1,22,50,753 |
| 4 | ELECTRICAL EQUIPMENT | 4,34,41,073 | 4,66,306 | - | 4,38,47,379 | 1,90,16,447 | 2,43,81,462 | 1,94,65,917 | 2,01,52,309 |
| 6 | OFFICE EQUIPMENT | 3,64,65,058 | 78,48,529 | - | 4,43,33,587 | 2,84,19,763 | 3,14,33,298 | 1,29,00,289 | 72,93,407 |
| 7 | COMPUTERS | 19,18,01,172 | 4,04,61,450 | - | 23,22,62,632 | 8,10,67,673 | 13,24,65,077 | 9,97,97,554 | 9,66,96,122 |
| 8 | FURNITURE | 16,69,33,844 | 1,26,45,739 | - | 17,95,77,635 | 7,77,38,100 | 5,13,57,404 | 8,60,40,668 | 7,12,77,896 |
| 9 | VEHICLES | 3,64,43,429 | 1,45,135 | - | 3,65,88,564 | 2,18,30,251 | 2,70,30,398 | 1,20,37,415 | 1,22,99,661 |
| 10 | MEDICAL EQUIPMENT | 7,62,65,004 | 48,94,66,327 | - | 56,56,71,831 | 1,73,27,724 | 3,94,69,374 | 50,88,74,233 | - |
| | Sub Total (a) | 98,37,91,026 | 55,89,76,136 | - | 1,54,27,67,225 | 29,17,40,026 | 12,83,47,975 | 1,12,26,79,222 | 53,00,74,347 |
| II. | INTANGIBLE ASSETS | | | | | | | | |
| | SOFTWARE | 10,34,00,104 | 52,00,711 | - | 10,86,00,815 | 5,77,45,586 | 6,91,31,774 | 3,94,69,040 | 4,56,54,517 |
| | PRODUCT DEVELOPMENT | 34,24,49,439 | 5,24,00,000 | - | 39,48,49,439 | 23,27,84,905 | 25,46,64,538 | 14,01,84,901 | 10,96,64,534 |
| | GOODWILL ON AMLOGAMATION | - | 47,79,50,788 | - | 47,79,50,788 | - | 1,59,51,025 | 46,19,99,723 | 10,96,64,534 |
| | Sub Total (b) | 44,58,49,543 | 53,55,51,459 | - | 98,13,81,001 | 29,05,30,491 | 33,97,27,337 | 64,16,53,664 | 26,49,83,586 |
| III. | CAPITAL WORK IN PROGRESS | | | | | | | | |
| | Sub Total (c) | - | 1,48,67,921 | - | 1,48,67,921 | - | - | 1,48,67,921 | - |
| | GRAND TOTAL (a+b+c) | 1,42,96,40,569 | 1,10,93,75,566 | - | 1,53,90,16,145 | 58,22,70,518 | 17,77,51,328 | 1,77,92,00,806 | 79,50,57,933 |
| | Grand Total of Previous Year | 1,06,15,30,219 | 20,31,69,325 | 3,83,43,691 | 1,22,62,95,855 | 48,37,35,416 | 102,67,038 | 540,902,454 | 685,933,999 |

A. SIGNIFICANT ACCOUNTING POLICIES:

1. General:

- These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis, exception for certain tangible assets which are being carried at revalued amounts. Pursuant to Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rule, 2014, till the standards of accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act 1956, shall continue to apply. Consequently these financial statements have been prepared to comply in all material aspects with the accounting standards notified under section 211(3C) of Companies Act, 1956 [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 2013.

All the assets and liabilities have been classified as current and noncurrent as per the companies' normal operating cycle and other criteria set out in schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalent, the company has ascertained its operating cycle to be 12 months for the purpose of current - noncurrent classification of assets and liabilities.

• Use of Estimates

The preparation of Financial Statements in conformity with Generally Accepted Accounting Principles (GAAP) in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent liabilities on the date of financial statements and reported amounts of income and expenses during the period.

2. Cash and Cash Equivalents

Cash comprises Cash on hand and Demand Deposits with Banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated.



3. Tangible and Intangible Assets

i) Tangible Fixed Assets

Tangible fixed assets are carried at the cost of acquisition or construction, less accumulated depreciation and impairment, if any. The cost of fixed assets includes taxes (other than those subsequently recoverable from tax authorities), duties, freight and other directly attributable costs related to the acquisition or construction of the respective assets. Direct costs are capitalized until fixed assets are ready for use.

ii) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment loss, if any. Profit or Loss on disposal of intangible assets is recognized in the Statement of Profit and Loss.

Product development Expenditure is written off over a period of 10 years. Products which are considered as redundant due to Technological advancement would be written off immediately.

iii) Capital work-in-progress

Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

4. Depreciation and Amortization:

- I. Effective 1st April, 2014, Company depreciates the Fixed Assets over the useful life in the manner prescribed in Schedule II of The Companies Act, 2013.
- II. Depreciation for additions to Fixed Assets of the Company is provided as per Schedule II of the Companies Act, 2013 on pro-rata basis.
- III. Individual assets acquired for less than Rs.5,000/- are entirely depreciated in the year of acquisition. Leasehold improvements are written off over the lower of, the remaining primary period of lease or the life of the asset.

5. Revenue Recognition:

- (i) Income from Software development is accounted for on the basis of Software developed and billed to clients on acceptance and/or on the basis of man days/man hours as per the terms of contract.
- (ii) Revenue from professional services consists primarily of revenue earned from services performed on a time and material basis. The related revenue is recognized as and when the services are performed.
- (iii) Revenue from Software development services includes revenue from time and material and fixed price contracts recognized as related services are performed.
- (iv) Revenue on Fixed price contracts is recognized in accordance with percentage of completion and method of account.
- (V) Income from Healthcare Services is recognised on completed service contract method. The hospital collections of the Company are net of discounts, payments to doctors. Revenue also includes the value of services rendered pending final billing in respect of in-patients undergoing treatment.

(VI) Pharmacy Sales are recognised when the risk and reward of ownership is passed to the customer and are stated net of returns, discounts and exclusive of VAT wherever applicable.

6. Foreign Exchange Transactions:

Transactions denominated in foreign currencies are recorded at the rate prevailing on the date of transactions.

- a) Monetary items denominated in foreign currencies at the year end are restated at year end rates.
- b) Non-monetary foreign currency items are carried at cost.
- c) In respect of foreign operations, which are non-integral operations, all assets and liabilities, other monetary and non-monetary, are translated at closing rate, while all income and expenses are translated at average rate for the year. The resulting exchange differences are included in the Profit and Loss Account.

7. Investments

Investments are classified into current and long-term investments. Investments that are readily realizable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long-term investments.

Long term investments are stated at cost and provision for diminution is made if the decline in value is other than temporary in nature. Current investments are stated at lower of cost and fair value determined on the basis of each category of investments.

Cost of overseas investment comprises the Indian Rupee value of the consideration paid for the investment translated at the exchange rate prevalent at the date of investment.

8. Gratuity:

The Company has made a provision for gratuity to its employees. Gratuity is a defined benefit retirement plan covering eligible employees. In accordance with the Payment of Gratuity Act, 1972, the gratuity plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employees' salary and the tenure of employment.

9. Related Party Disclosures :

The Company furnishes the details of Related Party Disclosures as given in Para 23 and 26 as required by AS-18.



10. Earnings per Share

The Basic and Diluted Earnings Per Share (EPS) is computed by dividing the net profit after tax for the year by weighted average number of equity shares outstanding during the year.

11. Taxes on Income

To provide Current tax as the amount of tax payable in respect of taxable income for the period, measured using the applicable tax rates and tax laws.

To provide deferred tax on timing differences between taxable income and accounting income subject to consideration of prudence, measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Not to recognize Deferred tax assets on unabsorbed depreciation and carry forward of losses unless there is virtual certainty that there will be sufficient future taxable income available to realize such assets.

12. Provisions, Contingent Liabilities and Contingent Assets

The company creates the provisions where there is a present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made for the amount of the obligation. A disclosure for contingent liability will be made when there is a possible obligation or present obligation that may, but probably, will not required the outflow of resources. Where, there is a possible obligation or present obligation in respect of which the likelihood of outflow of resources is remote, no provisions or disclosures will be made.



NOTE 27:

During the year company has acquired M/s. Bristlecone Hospitals Private Limited

The Hon'ble High Court of Judicature at Hyderabad for the State of Telangana and the State of Andhra Pradesh approved the scheme of amalgamation between M/s. Virinchi Limited (Transferee Company) and M/s. Bristlecone Hospitals Private Limited (Transferor Company) with effect from 1st April 2016 vides Order dated December 13, 2016.

The Order states that M/s. Virinchi Limited (Formerly known as Virinchi Technologies Limited)(Transferee Company) shall issue shares to Shareholders of M/s. Bristlecone Hospitals Private Limited(Transferor Company) as per approved Scheme of Amalgamation

In compliance with the aforesaid Order the company has allotted 85,65,000 shares of Rs. 10 each to shareholders of M/s. Bristlecone Hospitals Private Limited (Transferor Company), the details are as follows:

| S.No | Name of the Shareholder | No of Shares allotted |
|------|-----------------------------------|-----------------------|
| 1 | Kompella Viswanath | 42,39,675 |
| 2 | Kompella Madhaviatha | 11,13,450 |
| 3 | Lopa Mudra Kompella | 10,70,625 |
| 4 | Rama Krishna Paramahansa Kompella | 10,70,625 |
| 5 | Modini Kompella | 10,70,625 |
| | Total | 85,65,000 |

Comparative figures do not include the figures of erstwhile Bristlecone Hospitals Pvt Ltd which is amalgamated with the Company with effect from April 1, 2016. Consequently, the comparative figures are not comparable with the figures for the year ended March 31, 2017.

NOTE 28:

Hypothecation of Equipment, Commercial Property and Personal guarantee of the Promoter of the Company (Details for Note No.3)

Hypothecations of Equipment:

Fixed and Exclusive charge over the Medical Equipment financed by

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

Details of Commercial Property: 875sq yards open land at Road.No.1 Banjara hills.

Corporate Guarantee:M/s.Virinchi Healthcare Pvt Ltd

Personal Guarantee: Mr. Viswanath Kompella

NOTE 29:**Details of Property Offered as Primary Security and Collateral Security:****Primary Security:**

EMT on property located at Pothaipally Village in Shamir pet Mandal, n.R.61st:

(a) Land: Acres 3 and 36 guntas

(b) Building

- 1st Charge on P&M, Electrical & Office equipment, computers, furniture

Collateral Security:

➤ EMT on property located at Flat No.608, Lingapur Plaza, Himayathnagar owned by Mr.Viswanath Kompella

➤ Pledge of two KDR's worth Rs. 50 Lakhs

➤ EMT of factory land measuring 1 acre 36.5 guntas at survey no.441, Hakimpet

NOTE 30:**Details of Security deposits are as Below:**

| Nature of Deposit | Amount |
|----------------------------------|-------------------|
| Electricity Deposit | 2,360,812 |
| Telephone Deposit | 190,572 |
| Rent Deposit | 22,712,734 |
| E Governance Deposit | 100,000 |
| Total of Secured Deposits | 25,364,118 |

NOTE 31:

| | Current year (Rs) | Previous Year (Rs) |
|------------------------|-------------------|--------------------|
| Directors Remuneration | 28,29,958/- | 27,45,835/- |

NOTE 32:

| | Current year (Rs) | Previous Year (Rs) |
|-----------------------|-------------------|--------------------|
| Auditors Remuneration | 1,50,000/- | 1,78,332/- |

NOTE: 33

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

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

expenses which are not attributable or allocable to segments have been disclosed as unallocable expenses.

| Standalone Segment Information for the year ended 31st March, 2017 | | Year ended | |
|--|--|-----------------|---------------|
| S.No | Description | 31.03.2017 | 31.03.2016 |
| | | Rs. In Lacs | Rs. In Lacs |
| I | Segment Revenue | 9,246.09 | 8,554.25 |
| | Software Product Revenues | 1,645.85 | 1,309.56 |
| | Software Services Revenues | 2,793.45 | 0.00 |
| | Health Care Services | 170.25 | 571.54 |
| | IT Enabled Services | 30.00 | 0.00 |
| | Infrastructure and Real Estate Services | 13,885.64 | 10,435.35 |
| | Net sales/income from Operations | | |
| II | Segment Result | 1,109.94 | 498.67 |
| | Software Product Revenues | 148.13 | 144.05 |
| | Software Services Revenues | 551.77 | 0.00 |
| | Health Care Services | 23.83 | 80.02 |
| | IT Enabled Services | 30.00 | 0.00 |
| | Infrastructure and Real Estate Services | 1,863.67 | 722.71 |
| | Total | 566.11 | 217.76 |
| | Interest Expenditure | | 100.59 |
| | Other un-allocable Income net off un-allocable Expenditure | 104.96 | |
| | Total Profit Before Tax | 1,402.52 | 605.57 |

NOTE 34: Investments

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

Details of Investment in Wholly Owned Subsidiaries:

| 1. Wholly Owned Subsidiaries | | Amount (Rs) |
|------------------------------|--|--------------|
| S No. | Name of the Subsidiary | |
| | | 100,000 |
| 1 | Qfund Technologies Pvt. Ltd. | 45,91,087 |
| 2 | KSoft Systems Inc | 1,00,000 |
| 3 | Virinchi Media & Entertainment Pvt. Ltd | 1,08,00,000 |
| 4 | Virinchi Learning Pvt. Ltd. | 1,00,000 |
| 5 | Tyohar Foods Pvt Ltd | 1,00,000 |
| 6 | Virinchi Infra & Realty Pvt Ltd | 32,91,00,000 |
| 7 | Virinchi Health Care Pvt Ltd | 1,00,000 |
| 8 | Tensor Fields Consultancy Services Pvt Ltd | 1,00,000 |
| 9 | Virinchi Combinatorics & Systems Biology Pvt Ltd | 1,00,000 |

[Handwritten signatures]

2. Other Subsidiaries - controlling interest

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

NOTE 35: Earning per Share

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

| Particulars | 2016-17 | 2015-16 |
|---|--------------|-------------|
| Profit available for the equity share holders | 11,41,59,728 | 41,761,638 |
| No. of equity shares outstanding for EPS-Basic | 2,66,84,550 | 1,79,86,050 |
| No. of equity shares outstanding of EPS-Diluted | 2,66,84,550 | 1,79,86,050 |
| Basic | 4.28 | 2.32 |
| Diluted | 4.28 | 2.32 |

NOTE 36:

Foreign Currency Outflow during the year of Rs14.36Crores spent during the year.

NOTE 37:

Operational revenue received in foreign currency during the year is Rs.74.46Crores.

NOTE 38:

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

NOTE 39:

(Rupees)

| Particulars. | As at 31.3.2017 | As at 31.3.2016 |
|--|--------------------|--------------------|
| Deferred Tax Liability/(Asset) | | |
| a) Opening Balance of Deferred Tax liability | 4,61,74,759 | 29,438,033 |
| Add: Deferred Tax Liability for current year | 5014189 | 52,95,516 |
| Total | 5,11,88,948 | 34,733,549 |

NOTE 40:

Confirmations were not obtained from debtors/creditors as to the balances receivable from/payable to them as at year end.

NOTE 41:**Related Party Transactions.**

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

Related Party Disclosures

The followings are the list of related parties:

a) Subsidiary Companies:

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

b) Key Management Personnel:

| S.NO. | NAME | Designation |
|-------|---------------------------|---------------------------|
| 1 | SANTHI PRIYA | CFO & Whole Time Director |
| 2 | SRI KALYAN KOMPPELLA | Whole Time Director |
| 3 | RAVINDRANATH TAGORE KOLLI | Company Secretary |

c) Other Related Party:

1. Vivo Bio Tech Ltd

The followings are the Related Party Transactions:

| Name of the related Party | Nature of transaction | Current year (Rs) | Previous year (Rs) |
|---------------------------|-----------------------|-------------------|--------------------|
| G SanthiPriya | Remuneration | 18,00,000 | 18,00,000 |
| Sri Kalyan Kompella | Remuneration | 10,29,958 | 9,45,835 |
| K Soft Systems Inc | Consultancy charges | 12,55,99,482 | 266,909,980 |
| Vivo Bio Tech Ltd | Lease Rental Income | 30,00,000 | 30,00,000 |

The company has taken Rs. 12,28,52,519/- as unsecured loan from related parties.

SLD *[Signature]*

NOTE 42**Disclosure on specified bank notes:**

During the year, the company has specified bank notes (SBNs) or the other denomination notes as defined in the MCA notification, G.S.R 308(E), dated 30th March 2017. The details of SBNs held and transacted during the period from 8th November 2016 to 30th December 2016, the denomination wise SBNs and other notes as per the notification are as follows:

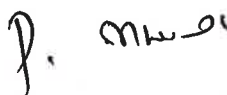
(RS)

| Particulars | SBNs | Other denomination notes | Total |
|---|------|--------------------------|----------|
| Closing cash in hand as on 8 th November 2016 | 0 | 1,73,791 | 1,73,791 |
| ADD: Permitted receipts | 0 | 1,95,000 | 1,95,000 |
| LESS: Permitted payments | 0 | 91,496 | 91,496 |
| LESS: Amount deposited in banks | 0 | 2,00,000 | 2,00,000 |
| Closing cash in hand as on 30 th December 2016 | 0 | 77,295 | 77,295 |


NOTE: 43

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

As per Our Report of Even Date
For P. Murali & Co.
Chartered Accountants
Firm Registration No. 007257S



P.Murali Mohana Rao
Partner
Membership No. 023412



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

For and on behalf of the Board
For Virinchi Limited



K Sri Kalyan
Whole Time Director
DIN: 03137506

Place : Hyderabad
Date: 22.05.2017

K. Ravindranath Tagore
Company Secretary
M.No. A18894