

**Virinchi Limited**

CIN: L72200TG1990PLC011104

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**Transcript of Thirty Second (32<sup>nd</sup>) Annual General Meeting of the members of Virinchi Limited held on Wednesday, September 28, 2021 at 12.30 P.M. (IST) through Video Conferencing ('VC') facility or Other Audio Visual Means ('OAVM')**

**A. Directors and KMP's Present:**

- |                              |   |   |
|------------------------------|---|---|
| 1. Mr. M.V. Srinivasa Rao    | - | Whole Time Director, Chief Financial Officer & Chairman of the Meeting.                 |
| 2. Mr. V. Satyanarayana      | - | Vice Chairman & Executive Director  |
| 3. Mr. K Sri Kalyan          | - | Non-Executive Director  |
| 4. Mr. Sunder Kanaparthu     | - | Independent Director, Chairman of Audit Committee & Stakeholders Relationship Committee |
| 5. Ms. K. Kalpana            | - | Independent Director and Chairperson of Nomination & Remuneration Committee             |
| 6. Mr. J Suresh              | - | Independent Director  |
| 7. Mr. K Ravindranath Tagore | - | Company Secretary   |

**B. Statutory Auditors:**

Mr. M. Mohana Saradhi - Partner, PCN & Associates

**C. Secretarial Auditor:**

Mr. G. Vinay Babu

The Meeting commenced at 12.30 pm.

**Mr. K Ravindranath Tagore, Company Secretary,** started the Meeting with the welcome Note as below.

A Very Good Afternoon to all the shareholders. I am K. Ravindranath Tagore Company Secretary of the company.

I am pleased to welcome you all to the 32<sup>nd</sup> Annual General Meeting of the company held through Video Conference (VC) and Other Audio Visual Means (OAVM) in view of the challenges and risks posed by the covid-19 pandemic and keeping in mind safety and security of the shareholders and employees of the company.

We are holding the AGM through video conference for the second time and the venue of the Annual General Meeting shall be construed as the Registered Office of the company. The Register of Directors and KMP Shareholding and the Register of contracts or arrangements in which the Directors are interested, certificate obtained from the Statutory Auditors of the Company confirming the companies ESOP schemes have been implemented in accordance with the SEBI Regulations and the resolutions passed by the shareholders and such other documents as mentioned in the notice convening this meeting will be available for the inspection till conclusion of the meeting. Shareholders seeking to inspect such documents may write to Company Secretary @ [investors@virinchi.com](mailto:investors@virinchi.com).

I would like to inform you that in accordance with the Articles of Association of the company the Board of Directors have chosen Mr. M.V. Srinivasa Rao, Whole Time Director of the Company, as the Chairman of the meeting to conduct the proceedings of the meeting. By now most of you must have participated or joining in the meetings through video conference or other audio visual means however I would like to take you through certain points regarding the participation in the meeting.

The facility of joining in this meeting through video conferencing or other audio visual means is enabled to the members on first come first serve basis. All the members who have joined in this meeting are put in mute mode by the host to avoid any background noise and disturbance in the meeting and to ensure smooth and seamless conduct of the meeting.

Once the question and answer (Q&A) session starts the Moderator will announce the names of the shareholders who have registered as a speaker shareholder one by one, the speaker shareholder thereafter will be unmuted by the host to start speaking.

The shareholders are requested to unmute their device before start speaking.

We would also like to request the speaker shareholder kindly limit their speech to 2-3 minutes.

During the meeting if there is any technical issue he may contact the helpline mentioned in the notice of the AGM.

As the requisite quorum is being present, I now request the chairman of the Meeting Mr. Srinivasa Rao to open the meeting and address the shareholders.

**Mr. MV Srinivasa Rao, Chairman:**

Thank you Mr. Tagore

Good morning to all the shareholders and Directors joining through Video Conference. I would like to welcome all the shareholders to this 32<sup>nd</sup> Annual General Meeting of the company as the requisite quorum is present I now call the meeting to order.

I request all the directors who are on Video conference to introduce themselves.

**Mr. V. Satyanarayana:**

Good afternoon, shareholders, I am Vedula Satyanarayana, Vice Chairman & Executive Director of your Company. I am joining this from our office in Hyderabad. Welcome all of you.

**Mr. K. Sri Kalyan:**

Good afternoon shareholders, I am K. Sri Kalyan, Non Independent and Non-Executive Director of the Company. I am joining the AGM through video conference from my office.

**Moderator:**

Sunder Sir.

**Mr. Sunder Kanaparthi:**

Good afternoon shareholders I am Sunder Kanaparthi, Independent Director of the Company. I am attending the meeting through Video Conference from my residence at Hyderabad. I am an Independent Director of the Company and also Chairman of Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee.

Today we are meeting in rather unusual times and I hope all of you are safe & healthy and doing well. Thank you.

**Moderator:**

Suresh sir.

**Mr. J. Suresh:**

Good afternoon shareholders, I am J. Suresh. I am joining the AGM through video conference from my office and I am an Independent Director of the Company and also member of Nomination and Remuneration Committee.

Thank you. Welcome you all.

**Moderator:**

Kalpana maam.

**Ms. Kalpana:**

Good afternoon, dear shareholders. I am Kalpan, an Independent Director of the Company and also member of Audit committee and Nomination and Remuneration Committee. I am joining the AGM through video conference from my home in Hyderabad. Thank you.

**Mr. MV Srinivasa Rao, Chairman:**

Thank you everyone for your introduction.

Apart from the directors we also have representative of Statutory Auditors of the Company Mr. Mohana Saradhi, Partner, M/s. PCN & Associates, Chartered Accountants, Secretarial Auditors of the Company Mr. G. Vinay and also acting as Scrutinizer for this 32<sup>nd</sup> Annual General Meeting through Video Conference and I thank all the members for joining in the meeting I hope the members are safe and in good health.

Due to the outbreak of the covid-19 pandemic and in order to ensure the safety and security of the members and employees in the company this AGM is being held through video conference and other audio visual means in compliance with the directions of the Ministry of Corporate Affairs and the Securities and Exchange Board of India.

The company has taken requisite steps to enable the members to participate and vote on the items being considered in this AGM.

Since there is no physical attendance of the members, the requirement of appointing proxy is not applicable.

The members who have not voted earlier through remote e-voting can cast their vote in the course of the meeting through e-voting facility.

Since the notice has already been circulated to the members, with your permission, I take the notice convening the meeting as read.

Further, as the report of Statutory Auditors and the Secretarial Auditor were unqualified and without any adverse observations or comments in their respective reports, with your permission, I take the Auditors' Report and the Report of the Secretarial Auditor as read.

Now I come to review of the company's performance.

I would now like to share the Company's performance with the members.

The year gone by 2020-21 has been a year which we probably come across once in a generation in terms of opportunities and challenges.

The pandemic affected virtually every single company in the world with varying intensity. The larger companies were able to utilise their organizational momentum, access to formal funding lines, strength of their brands and overall knowledge pool to weather the decline on the one hand and ride the recovery faster than the others.

Virinchi, a small-cap company encountered various challenges related to our scale. A number of challenges were unprecedented. It is a credit to our organizational passion and engagement that we performed creditably quarter-on-quarter and remained profitable. We could see the year under review through, with no Balance Sheet impairment; we met all our bank obligations; our business model remained relevant and robust, which is the biggest message that we wish to send out to our shareholders and other stakeholders.

I am pleased to communicate that despite a year of revenue decline, your company remained liquid and profitable. This validates that even as our business may at first glance appear diversified, there is an underlying synergy – supporting 'must run' businesses - that provides the business with effective shock absorbers in the face of economic slowdowns.

The Company achieved consolidated revenue of Rs. 365.19 Cr compared to Rs. 383.16 Cr during the previous year with an EBITDA of Rs. 106.70 Cr in FY 2020-21 compared to Rs. 112.28 Cr the previous year.

Profit after tax for FY 2020-21 stood at Rs. 2.67 Cr compared to Rs. 46.46 Cr during FY 2019-20. However, the cash profit for the year is at a healthy Rs. 50.88 Cr.

The fact that we could report a sizable cash profit and a cash profit in every quarter of the year under review represents a validation of the robustness of our business model.

IT Product business de-grew 10.4% to Rs. 135.44 Cr compared to 151.22 Cr during the previous year. Due to Covid-19 pandemic, most of the US states declared lockdown and our clients, the alternative finance - micro retail lending institutions had to close their Stores, through which lending is done, which has impacted their business. This has impacted our revenues in the months of April and May 2020.

Our Fintech business addresses micro-lending, which is an integral part of the US economy where financial stress during the last financial year made this business relevant.

In view of this, I must assure our stakeholders again that our business model continues to be relevant, which explains why the company reported creditable results (given the circumstances) during the last financial year.

Our Fintech business in India has found a second wind following the digitalization wave that was unleashed during the last financial year. The year under review is being considered by most experts as a watershed for digitalization; a number of cutting-edge technologies are converging to create unforeseen possibilities.

We strengthened our business during the last financial year following the creation of Virinchi Capital. The latter subsidiary (wholly-owned) mobilized \$ 2 mn in the form of convertible debentures and will be invested in taking our mobile-driven credit card business ahead from the current financial year onwards.

IT Services revenue de-grew by 13.5% to Rs. 54.77 Cr compared to Rs. 63.27 Cr during the previous year as some projects were put on hold by clients and consequently some of the resources on H1B Visas had to be put on bench, which has affected the revenues.

Our Fintech and IT Services businesses together reported Rs. 190.20 Cr in revenues from this business during the last financial year compared with Rs. 214.49 Cr in 2019-20; the contribution of this business to the overall revenues was 52.1% in FY 2020-21 compared with 55.9 % in the previous year.

Healthcare services revenue fell marginally by 0.8% to Rs. 160.85 Cr compared to Rs. 162.09 Cr during the previous year. YoY healthcare EBITDA improved 41.2% to Rs. 49.73 Cr with an overall EBITDA margin of 30.9% The lockdowns in the months of April and May 2020 impacted the revenues of healthcare industry in general. With the state governments allowing private hospitals to test and treat Covid-19 patients from the middle of June 2020, the revenues started picking up and healthcare industry did well in the months of July and August and September 2020.

However, with the first wave of Covid-19 cases dropping towards the end of September 2020, patients have postponed their elective surgeries and there was a fall in the patient footfall from October 2020 to December 2020. Then patients started coming back to hospitals in the last quarter of FY 2020-21. Hence, due to the impact of Covid-19 the fall in revenues in some months was off-set by the increase in revenue in some months resulting in total revenue which is close to the previous year.

Our health care business generated a number of precious learnings on how to navigate through the pandemic; this has enriched the company's knowledge in terms of emergency preparedness, infrastructure optimisation and operational flexibility.

Now I would like to present a brief on future outlook.

**Business outlook:**

At Virinchi, we are attractively placed to capitalise on the widening prospects.

We believe that the worst is over as far as the pandemic is concerned; we foresee a rebound in the global economy, backed by a liquid monetary policy. This is likely to accelerate the growth of various sectors; we see a number of players (large to medium to small) reinvesting in their IT systems; we foresee an attractive trickle-down to our micro-financing space in the US as well.

We feel that the time has come to take our mobile-based credit card business ahead through increased investment that can facilitate a wider and quicker rollout. We believe that the smartphone connection with corresponding KYC verification plays the role of an effective first-line credit filter; the smartphone population in the country is effectively our market and we believe that with a sharp growth in online commerce, the time has come for online credit as well. This market is extensively under-penetrated in India when compared with the global benchmarks and the time has come – aspirationally and economically – for this segment of the market to grow disproportionately faster than the rest.

We believe that this broad basing – IT services and products in USA coupled with health care services and fintech in India – will not only de-risk our company; it will empower us to address some of the most exciting spaces in either the largest or among the fastest growing opportunities in the world.

With this I thank all the members for joining in the meeting and I know request the company secretary to explain the sequence and the process of voting on the resolutions of the meeting.

**Mr. K Ravindranath Tagore, Company Secretary:**

Thank you Chairman.

Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of Listing Regulations, the Company has provided facility of remote e-Voting to its Members from 24<sup>h</sup> September, 2021 to 27<sup>th</sup> September, 2021, in respect of the business to be transacted at this AGM, Further as per the recent circulars issued by MCA and SEBI, the said e-voting facility also enabled to the shareholders who are present in this AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting. The e-voting is administered by the CDSL.

The shareholders while at the same time attending the proceedings of the meeting can vote on the resolutions through electronic means. Further the resolutions mentioned in the notice have already been put for remote voting there will be no proposing and seconding of the resolution.

As the Notice of the Annual General Meeting since already circulated, with the permission of the shareholders, we take the notice and board reports as read and also with permission of the members we take the Auditors' Report take as read

The Auditors Report and the secretarial audit report does not contain any disqualifications.

The agenda items of the Notice of 31<sup>st</sup> AGM for the information of the members are as below

**Ordinary Business:**

1. To receive, consider and adopt:

(a) the Audited Financial Statements of the Company for the financial year ended March 31, 2021, together with the Reports of the Board of Directors and Auditors thereon; and

(b) the Audited Consolidated Financial statements of the Company for the financial year ended March 31,2021, together with the Report of the Auditors thereon.

2. To appoint a Director in place of Mr. M.V.Srinivasa Rao who retires by rotation, and being eligible, offers himself for re-appointment.

**Special Business:**

3. Regularisation of Mr. V. Satyanarayana as Director of the company

4. Appointment of Mr. V. Satyanarayana as Vice-Chairman and Executive Director of the Company.



5. Increase in Authorized Share Capital and consequent amendment to Memorandum of Association of the Company
6. Alteration of the Capital Clause of the Memorandum of Association of the Company

E-voting facility is now open. Members may please go to the e-voting page on the CDSL e-voting website i.e. [www.evotingindia.com](http://www.evotingindia.com) and cast the vote while at the same time watching the proceedings of the meeting. This e-voting facility will remain open for 15 minutes after this meeting is concluded, to enable the members to cast their votes.

We have received good wishes and compliments from many shareholders and shareholders who could not join the meeting we acknowledge the sentiments and thank them for their continued support.

I will now request the moderator to call one by one of those members who have registered to speak and we will take answers once the question session is over. The Moderator will call out the names of the speakers and as already informed the speaker may then unmute himself and speak.

Mr. Yesu Raju, Moderator called on all the shareholders who registered themselves as speakers one by one. They expressed their views and sought clarifications inter alia on the Company's business operations and its future growth and expansion plans.

**Mr. MV Srinivasa Rao, Chairman:**

Mr. G. Vinay Practicing Company Secretary has been appointed as scrutinizer of the meeting to oversee the process of e-voting in fair and transparent manner and submit their report on the same.

I also authorise the Company Secretary to accept and acknowledge and countersign the scrutinizer's report and declare the consolidated voting results on receipt of the scrutinizer's report.

The results would be announced within 48 hours from the conclusion of the meeting and the same will be informed to the Stock Exchanges and uploaded on the company's website.

I thank the shareholders for attending the meeting and for their continued support.  
I also thank the directors for attending the meeting.

With your consent I and other Board members would like to take your leave and I request our shareholders to stay safe and stay healthy. Thank you very much.

**Mr. K Ravindranath Tagore, Company Secretary:**

E-voting has been kept open for 15 min as mentioned by the Chairman. We now close the e-voting. Requisite quorum was present throughout the meeting.

Results of the meeting will be announced on or before end of the day on 30<sup>th</sup> September, 2021

I now conclude the meeting.

Thank you!

The meeting concluded at 01.12 p.m.