Deloitte
Haskins & Sells LLP

SRL LIMITED

STANDALONE AUDITED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH, 2018

**Deloitte
Haskins & Sells LLP**

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INDEPENDENT AUDITOR'S REPORT
To The Members of SRL LIMITED
Report on the Standalone Ind AS Financial Statements

We have audited the accompanying Standalone Ind AS Financial Statements of **SRL LIMITED** ("the Company"), which comprise the Balance Sheet as at 31 March, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Also, refer to the matters described in the Basis for Qualified Opinion paragraphs below.

Auditor's Responsibility

Our responsibility is to express an opinion on these Standalone Ind AS Financial Statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under section 143(11) of the Act.

We conducted our audit of the Standalone Ind AS Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

Haskins & Sells LLP Deloitte Chartered Accountants

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(LLP Identification No. AAB-8737)

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the

Company's Directors, as well as evaluating the overall presentation of the Standalone Ind AS Financial Statements.

We have considered the material weaknesses identified and reported in our separate Report on the Internal Financial Controls Over Financial Reporting in determining the nature, timing and extent of audit tests applied in our audit of the Standalone Ind AS Financial Statements for the year ended 31 March, 2018.

Except as indicated in the Basis for Qualified Opinion paragraphs below, we believe that the audit evidence obtained by us (including written representations by the Management which was taken on record by the Board of Directors), is sufficient and appropriate to provide a basis for our qualified audit opinion on the Standalone Ind AS Financial Statements.

Basis for Qualified Opinion

1. As explained in Note 47 of the Standalone Ind AS Financial Statement, pursuant to certain events/transactions in the Holding Company and its subsidiaries, the erstwhile Audit and Risk Management Committee (the 'ARMC') of the Holding Company decided to carry out an independent investigation by an external legal firm on certain matters more fully described in the said Note. The terms of reference for the investigation, the significant findings of the external legal firm, which are subject to the limitations on the information available to the external legal firm and their qualifications and disclaimers as described in their Investigation Report, are summarised in the said Note.

   Also as explained in the said Note:

   a) As per the assessment of the Board of the Holding Company and the Company, based on the investigation carried out through the external legal firm, and the information available at this stage, all identified / required adjustments / disclosures arising from the findings in the Investigation Report, have been made in these Standalone Ind AS Financial Statements.

   b) With respect to the other matters identified in the Investigation Report, the Board intends to appoint an external agency of repute to undertake a scrutiny of the internal controls and compliance framework in order to strengthen processes and build a robust governance framework. They will also assess the additional requisite steps to be taken in relation to the significant matters identified in the Investigation Report that are related to the Company including, *inter alia*, initiating an internal enquiry.

   c) At this juncture the Board is unable to make a determination on whether a fraud has occurred on the Company in respect of the matters covered in the investigation by the external legal firm, considering the limitations on the information available to the external legal firm and their qualifications and disclaimers as described in their Investigation Report.

d) Various regulatory authorities are currently undertaking their own investigation (refer Note 48 of the Standalone Ind AS Financial Statements), and it is likely that they may make a determination on whether any fraud or any other non-compliance/ illegalities have occurred in relation to the matters addressed in the Investigation Report.

e) Any further adjustments/disclosures, if required, would be made in the books of account pursuant to the above actions to be taken by the Board / regulatory investigations as and when the outcome of the above is known.

In view of the above, we are unable to comment on the regulatory non-compliances, if any, and the adjustments / disclosures which may become necessary as a result of further findings of the ongoing or future regulatory / internal investigations and the consequential impact, if any, on these Standalone Ind AS Financial Statements.

2. As explained in Note 49 of the Standalone Ind AS Financial Statements, a Civil Suit has been filed by a third party (to whom the ICDs granted by Fortis Hospitals Limited, a fellow subsidiary of the Company, were assigned ('Assignee' or 'Claimant') against various entities including the Company (together "the Defendants"), before the District Court, Delhi and have, *inter alia*, claimed implied ownership of brands "Fortis", "SRL" and "La-Femme" in addition to certain financial claims and for passing a decree that consequent to a Term Sheet dated December 6, 2017 ('Term Sheet') between the Holding Company and a certain party, the Company is liable for claims owed by the Claimant to the certain party.

   The Company has filed written statement denying all allegations made against it and prayed for dismissal of the Civil Suit on various legal and factual grounds. The Company has specifically denied liability to pay any amounts to the Claimant, including its alleged claim that the Claimant has rights over the aforesaid brands.

   Whilst this matter was included as part of the investigation carried out by the external legal firm referred to in paragraph 1 above, the external legal firm did not report on the merits of the case since the matter was *sub judice*.

   In addition to the above, the Holding Company has also received four notices from the Claimant claiming (i) Rs. 1,800.00 lakhs as per notices dated 31 May, 2018 and 1 June, 2018 (ii) Rupees 21,582.00 lakhs as per notice dated 4 June, 2018; and (iii) and Rupees 1,962.00 lakhs as per notice dated 4 June, 2018. All these notices have been responded to by the Holding Company denying any liability whatsoever.

   Separately, the certain party has also alleged rights to invest in the Holding Company. It has also alleged failure on part of the Holding Company to abide by the aforementioned Term Sheet and has claimed ownership over the brands as well.

   Since the Civil Suit is *sub-judice*, the outcome of which is not determinable at this stage, we are unable to comment on the consequential impact, if any, of the above matters on these Standalone Ind AS Financial Statements.

3. As explained in Note 37(f) of the Standalone Ind AS Financial Statements, related party relationships as required under Ind AS 24 – Related Party Disclosures and the Companies Act,

2013 are as identified by the Management taking into account the findings and limitations in the Investigation Report (Refer Note 47(d) of the Standalone Ind AS Financial Statements) and the information available with the Management. In this regard, in the absence of specific declarations from the erstwhile directors on their compliance with disclosures of related parties, especially considering the substance of the relationship rather than the legal form, the related parties have been identified based on the declarations by the erstwhile directors and the information available through the known shareholding pattern in the entities. Therefore, there may be additional related parties whose relationship may not have been disclosed to the Company and, hence, not known to the Management.

In the absence of all required information, we are unable to comment on the completeness/accuracy of the related party disclosures/details in these Standalone Ind AS Financial Statements and the compliance with the applicable regulations and the consequential impact, if any, of the same on these Standalone Ind AS Financial Statements.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects / possible effects of the matters described in the Basis for Qualified Opinion paragraphs above, which are not quantifiable, the aforesaid Standalone Ind AS Financial Statements give the information required by the Act in the manner so required and, give a true and fair view in conformity with the Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2018, and its loss, total comprehensive loss, its cash flows and statement of changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, we report to the extent applicable that:

   a) We have sought and except for the matters described in the Basis for Qualified Opinion paragraphs above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Standalone Ind AS Financial Statements.

   b) Except for the effects / possible effects of the matters described in the Basis for Qualified Opinion paragraphs above, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Cash Flow Statement and Standalone Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the Standalone Ind AS Financial Statements.

   d) Except for the effect/ possible effect of the matters described in the Basis for Qualified Opinion paragraphs above, in our opinion, the aforesaid Standalone Ind AS Financial Statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

   e) The matters described in the Basis for Qualified Opinion paragraphs above, in our opinion, may have an adverse effect on the functioning of the Company.

f) On the basis of the written representations received from the directors of the Company as on 31 March, 2018 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2018 from being appointed as a director in terms of Section 164(2) of the Act.

g) The qualification relating to maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraphs above.

h) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an adverse opinion on the Internal Financial Controls Over Financial Reporting of the Company, for the reasons stated therein.

i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

i. Except for the possible effects of the matters described in the paragraph 2 of the Basis of Qualified Opinion above, the Standalone Ind AS Financial Statements disclose the impact of pending litigations on its financial position in its Standalone Ind AS Financial Statements. Refer note 40(i) to the Standalone Ind AS Financial Statements.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses. Refer note 40(v) to the Standalone Ind AS Financial Statements.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company. Refer note 40(vi) to the Standalone Ind AS Financial Statements.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order which is subject to the possible effect of the matters described in the Basis for Qualified Opinion paragraphs of our Audit Report and the material weakness described in Basis of Adverse Opinion in our separate Report on the Internal Financial Controls over Financial Reporting.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366 W/W-100018)

Deloitte Haskins & Sells LLP Chartered Accountants

RASHIM TANDON
Partner
(Membership No. 095540)

Gurugram
July 6, 2018
RT/AL/ 2018

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph 1(h) under 'Report on Other Legal and Regulatory Requirements' section of our Audit Report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **SRL LIMITED** ("the Company") as of 31 March, 2018 in conjunction with our audit of the Standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Also, refer to the matters described in the Basis for Qualified Opinion paragraphs of our Audit Report.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained (including written representations by the Management which was taken on record by the Board of Directors) is sufficient and appropriate to provide a basis for our adverse audit opinion on the Company's internal financial controls system over financial reporting.

Deloitte Haskins & Sells LLP
Chartered Accountants

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect

the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Basis for Adverse opinion

The matters described in the Basis for Qualified Opinion paragraphs of our Audit Report on the Standalone Ind AS Financial Statements for the year ended March 31, 2018, and the control weaknesses observed in the Company's financial closing and reporting process in regard to assessment of the impairment of investment where the Company did not have adequate internal controls for identifying impairment indicators, selection and application of various inputs to be used in testing, review and maintaining documentation for workings used in testing and concluding whether there is any impairment, have resulted in material weaknesses in the internal financial controls over financial reporting as the Company have not (a) adhered to their internal control policies (b) safeguarded their assets (c) prevented and detected possible frauds and errors (d) ensured the accuracy and completeness of the accounting records, and (e) prepared reliable financial information on a timely basis.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

Adverse Opinion

In our opinion, to the best of our information and according to the explanations given to us, because of the effect/ possible effect of the material weaknesses described in the Basis for Adverse Opinion paragraph above on the achievement of the objectives of the control criteria, the Company, has not maintained adequate internal financial controls over financial reporting and the internal controls were also not operating effectively as of 31 March, 2018 based on the internal financial control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the Standalone Ind AS Financial Statements of the Company for the year ended 31 March, 2018 and these material weaknesses have, inter alia, affected our opinion on the said Standalone Ind AS Financial Statements and we have issued a qualified opinion on the said Standalone Ind AS Financial Statements.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366 W/W-100018)

Deloitte Haskins & Sells LLP
Chartered Accountants

RASHIM TANDON
Partner
(Membership No. 095540)

Gurugram
July 6, 2018
RT/AL/ 2018

Deloitte
Haskins & Sells LLP

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our Audit Report of even date and except for the effects / possible effects of the matters described in the Basis for Qualified Opinion paragraphs of our Audit Report and the material weaknesses described in the Basis of Adverse Opinion in our separate Report on the Internal Financial Controls Over Financial Reporting)

(i) In respect of its fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a program of verification of fixed assets to cover all the items in phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the conveyance deed provided to us, we report that, the conveyance deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the Balance Sheet date.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) According to the information and explanations given to us, the Company has granted loans, secured or unsecured, to companies, firms, covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:

(a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.

(b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been as per stipulations.

(c) There is no overdue amount remaining outstanding as at the year-end.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposits under the provisions of Section 73 to Section 76 of the Companies Act, 2013 during the year. Hence, the provisions of clause (v) of the order are not applicable to the Company.

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(vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013 (health services, namely functioning as diagnostic centres, clinical centres or test laboratories). We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Valued Added Tax, Professional Tax, Goods and Service Tax and Cess applicable to it with the appropriate authorities and there were no undisputed amounts payable in respect of these dues for a period of more than six months from the date they became payable.

We are informed that the operations of the Company during the period does not give rise to any liability for Excise duty.

(b) We are informed that there are no dues in respect of Customs Duty as on 31 March 2018 which have not been deposited on account of disputes. Details of dues of income tax, service tax, Value added tax and sales tax which have not been deposited as on 31 March, 2018 on account of disputes are given below:

Name of Statute	Forum where dispute is pending	Period to which the Amount Relates	Amount (Rs. in lakhs)
Income Tax Act 1961	Delhi High Court*	AY 2006-07	158.20
Income Tax Act 1961	ITAT*	AY 2007-08	1,256.14
Income Tax Act 1961	Delhi High Court*	AY 2008-09	815.25
Income Tax Act 1961	ITAT*	AY 2008-09	614.28
Income Tax Act 1961	ITAT*	AY 2008-09	97.19
Income Tax Act 1961	ITAT*	AY 2009-10	1,318.73
Income Tax Act 1961	ITAT*	AY 2010-11	738.44
Income Tax Act 1961	ITAT*	AY 2012-13	55.14
Income Tax Act 1961	CIT (Appeals)*	AY 2013-14	26.08
Income Tax Act 1961	CIT (Appeals)*	AY 2014-15	26.17
Income Tax Act 1961	CIT (Appeals)*	AY 2015-16	22.13**
Finance Act 1994 read with service tax rules, 1994	Commissioner of Service Tax, Mumbai*	July 2003- April 2006	81.44

Name of Statute	Forum where dispute is pending	Period to which the Amount Relates	Amount (Rs. in lakhs)
Maharashtra Value Added Tax Act, 2002	Sales Tax Officer*	2011-12	4.46
Central Sales Tax Act, 1956	Sales Tax Officer*	2011-12	39.67

(i) * Represents disputes related to classification issues

(ii) **Net of Rs. 5.6 lakhs paid under protest.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company has not taken any loans or borrowings from financial institution and government or has not issued any debentures during the year.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.

(x) As explained in Note 47 of the Standalone Ind AS Financial Statements:

a) At this juncture the Board is unable to make a determination on whether a fraud has occurred on the Company in respect of the matters covered in the investigation by the external legal firm, considering the limitations on the information available to the external legal firm and their qualifications and disclaimers as described in their Investigation Report.

b) Various regulatory authorities are currently undertaking their own investigation (refer Note 48 of the Standalone Ind AS Financial Statements), and it is likely that they may make a determination on whether any fraud or any other non-compliance/ illegalities have occurred in relation to the matters addressed in the Investigation Report.

Subject to the above, and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) According to the information and explanations given to us and as explained in Note 51 of the Standalone Ind AS Financial Statement, the Company has paid / provided managerial remuneration in excess of the limits and approvals prescribed under Section 197 read with Schedule V to the Companies Act, 2013 to the following managerial personnel:

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Managerial Position	Excess amount of remuneration paid (Rs in lakhs)	Financial year ending	Treatment of the excess remuneration in the respective year financial statements	Steps taken by the Company for securing refund
Executive Chairman (Up to 27 May, 2018)	47.96	31 March 2018	Recoverable in books of account	The Company will adjust the excess amounts paid to him for the year ended 31 March, 2018 from the amounts payable to him for the period 1 April, 2018 to 27 May, 2018.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) Except for the effects/possible effects of the matters described in paragraph 3 of the Basis for Qualified Opinion of our Audit Report on which we are unable to comment, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the completeness/correctness of the disclosures/details of related party transactions in the financial statements as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or associate company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366 W/W-100018)

Deloitte Haskins & Sells LLP Chartered Accountants

RASHIM TANDON
Partner
(Membership No. 095540)

Gurugram
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SRL LIMITED
STANDALONE BALANCE SHEET AS AT 31 MARCH, 2018

		Notes	As at 31 March 2018 (Rupees in Lakhs)	As at 31 March 2017 (Rupees in Lakhs)
A	**ASSETS**			
1	**Non-current assets**			
	(a) Property, plant and equipment	4	20,678.97	21,701.90
	(b) Capital work-in-progress	4	45.05	51.65
	(c) Other intangible assets	5	1,191.60	1,575.26
	(d) Intangible assets under development	5	-	57.96
	(e) Financial assets			
	(i) Investments			
	- Investments in subsidiaries	6	39,869.18	41,130.85
	- Investments in joint ventures	6	150.00	150.00
	(ii) Loans	7	13,950.00	16,300.00
	(iii) Other financial assets	8	519.70	719.09
	(f) Deferred tax assets (net)	9	3,138.55	2,636.52
	(g) Non-current tax assets (net)	10	669.56	592.42
	(h) Other non-current assets	11	193.83	219.31
	Total non-current assets		**80,406.44**	**85,134.96**
2	**Current assets**			
	(a) Inventories	12	2,088.80	1,753.57
	(b) Financial assets			
	(i) Trade receivables	13	22,209.59	12,452.58
	(ii) Cash and cash equivalents	14	337.51	860.44
	(iii) Bank balances other than (ii) above	14A	25.61	21.20
	(iv) Loans	15	1,330.00	1,330.00
	(v) Other financial assets	16	1,965.43	1,102.41
	(c) Other current assets	17	590.80	576.51
	Total current assets		**28,547.74**	**18,096.71**
	Total assets (1+2)		**108,954.18**	**103,231.67**
B	**EQUITY AND LIABILITIES**			
1	**Equity**			
	(a) Equity share capital	18A	7,841.77	7,238.34
	(b) Compulsorily convertible preference share capital	18B	-	800.00
	(c) Other equity	19	88,858.73	84,864.05
	Total Equity		**96,700.50**	**92,902.39**
	LIABILITIES			
2	**Non-current liabilities**			
	(a) Provisions	20	796.42	685.88
	(b) Other non-current liabilities	21	123.01	127.84
	Total non-current liabilities		**919.43**	**813.72**
3	**Current liabilities**			
	(a) Financial liabilities			
	(i) Borrowings	22	1,477.07	230.98
	(ii) Trade payables	23	6,251.79	5,531.61
	(iii) Other financial liabilities	24	1,931.08	2,200.98
	(b) Other current liabilities	25	873.15	983.92
	(c) Provisions	26	659.87	568.07
	(d) Current tax liabilities (net)	27	141.29	-
	Total current liabilities		**11,334.25**	**9,515.56**
	Total liabilities (2+3)		**12,253.68**	**10,329.28**
	Total equity and liabilities (1+2+3)		**108,954.18**	**103,231.67**

See accompanying notes forming part of the financial statements 1-52
In terms of our report attached

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

RASHIM TANDON
Partner
Membership Number: 095540

Gurugram
Date : 6 JULY 2018

Deloitte Haskins & Sells LLP Chartered Accountants

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS
SRL LIMITED

SRINIVAS CHIDAMBARAM
Director
DIN: 00514665

BHAVDEEP SINGH
Director
DIN: 02621177

ARINDAM HALDAR
Chief Executive Officer

SAURABH CHADHA
Chief Financial Officer

SUMIT GOEL
Company Secretary

Gurugram
Date : 6 JULY 2018

SRL LIMITED

SRL LIMITED

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2018

		Notes	Year ended 31 March 2018 (Rupees in Lakhs)	Year ended 31 March 2017 (Rupees in Lakhs)
1.	Revenue from operations	28	67,703.03	63,688.86
2.	Other income	29	2,537.94	2,597.86
3.	**Total Income (1 + 2)**		**70,240.97**	**66,286.72**
4.	**Expenses**			
	(a) Cost of reagents, chemicals and consumables consumed	30	18,030.31	17,187.40
	(b) Cost of tests outsourced		5,656.20	4,377.40
	(c) Employee benefits expense	31	16,477.98	14,990.43
	(d) Finance costs	32	276.13	320.77
	(e) Depreciation and amortisation expense	33	2,273.76	2,801.54
	(f) Other expenses	34	17,886.95	15,983.50
	Total expenses		**60,601.33**	**55,661.04**
5.	**Profit before exceptional items and tax (3-4)**		**9,639.64**	**10,625.68**
6.	Exceptional items	34A	2,830.38	-
7.	**Profit before tax (5-6)**		**6,809.26**	**10,625.68**
8.	**Tax expense**			
	(a) Current tax (net)	35	3,735.15	3,956.45
	(b) Deferred tax credit	35	(472.24)	(305.59)
	Total tax expenses		**3,262.91**	**3,650.86**
9.	**Profit for the year (7-8)**		**3,546.35**	**6,974.82**
10.	**Other comprehensive income**			
	(i) Items that will not be reclassified to profit or loss			
	(a) Remeasurements of the defined benefit liabilities	41	(85.86)	(35.72)
	(b) Income tax relating to items that will not be reclassified to profit or loss	35	29.80	12.36
	Total other comprehensive income (a+b)		**(56.06)**	**(23.36)**
11.	**Total comprehensive income for the year (9+10)**		**3,490.29**	**6,951.46**
12	**Earnings per equity share**			
	(a) Basic (in Rupees)	36	4.51	8.91
	(b) Diluted (in Rupees)	36	4.42	8.82

See accompanying notes forming part of the financial statements 1-52

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SRL LIMITED

SRL LIMITED

STANDALONE STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH 2018

	Notes	Year ended 31 March 2018 (Rupees in Lakhs)	Year ended 31 March 2017 (Rupees in Lakhs)
1. Cash flows from operating activities			
Profit before tax and after exceptional items		6,809.26	10,625.68
Adjustment for:			
Depreciation and amortisation expense	33	2,273.76	2,801.54
Exceptional items	34A	2,830.38	-
Loss on disposal of property, plant and equipments	34	8.37	13.13
Dividend income from equity instruments in joint venture	29	(15.00)	-
Net foreign exchange (gain)/loss		12.13	18.26
Provision for doubtful debts and advances	34	880.13	435.84
Expense recognised in respect of equity settled share based payments	31	282.15	141.25
Remeasurements of the defined benefit liabilities	41	(85.86)	(35.74)
Prepaid rent amortisation on discounting of security deposits		33.91	44.79
Advances written off		0.05	-
Liabilities no longer required written back	29	(351.54)	(33.27)
Finance costs	32	124.36	187.68
Interest income	29	(2,039.66)	(2,481.33)
Operating profit before working capital changes		**10,762.44**	**11,717.83**
Movements in working capital:			
(Increase)/decrease in inventories		(335.23)	37.05
Increase in trade receivables		(10,487.86)	(4,558.01)
Increase in other assets		(624.71)	(858.28)
Increase in trade payable		1,071.72	30.28
Increase in provisions		202.34	33.65
Increase in other liabilities		35.03	488.44
Cash generated from operations		**623.73**	**6,890.96**
Direct taxes paid (net)		(3,671.00)	(3,950.57)
Net cash generated from/(used in) operating activities		**(3,047.27)**	**2,940.39**
2. Cash flows from investing activities			
Payment for purchase of additional investment in subsidiary	6	(979.66)	(795.00)
Net cash outflow on acquisition of subsidiary		-	(1,356.44)
Interest received		1,636.97	2,457.53
Payments to acquire financial assets		-	0.16
Amount advanced to related parties		-	(43.00)
Repayments of loans by related parties	7	2,350.00	2,213.00
Payments for purchase of property, plant and equipment and intangible assets		(1,878.23)	(2,083.29)
Proceeds from disposal of property, plant and equipment		247.87	76.01
Net cash generated from investing activities		**1,376.95**	**468.97**
3. Cash flows from financing activities			
Repayment of borrowings		-	(2,382.50)
Proceeds from issue of equity share capital (including securities premium)		25.65	141.70
Interest paid		(124.36)	(191.25)
Cash generated from/(used in) financing activities		**(98.71)**	**(2,432.05)**
4. Net increase/ (decrease) in cash and cash equivalents [1+2+3]		**(1,769.02)**	**977.31**
5. Cash and cash equivalents at the beginning of the year		629.46	(347.85)
6. Cash and cash equivalents at the end of the year [4+5]	14	(1,139.56)	629.46
See accompanying notes forming part of the financial statements	1-52		

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STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

	Notes	Amount (Rupees in Lakhs)
a) Equity share capital	18A	
Issued and Paid up Capital at 1 April 2016		5,985.70
Changes in equity share capital during the year		
- Issue of 88,600 equity shares under employee stock option plan (refer note 46)		8.86
- Issue of 12,437,811 equity shares on account of conversion of Compulsorily convertible preference shares (CCPS)		1,243.78
Balance as at 31 March 2017		7,238.34
Changes in equity share capital during the year		
- Issue of 64,125 equity shares under employee stock option plan (refer note 46)		6.41
- Issue of 5,970,145 equity shares on account of conversion of Compulsorily convertible preference shares (CCPS)		597.02
Balance as at 31 March 2018		7,841.77
b) Compulsorily convertible preference shares (CCPS)	18B	
Issued and Paid up Capital at 1 April 2016		2,466.67
Changes in CCPS capital during the year		
- Conversion of 8,333,333 CCPS to equity shares during the year		(1,666.67)
Balance as at 31 March 2017		800.00
Changes in CCPS capital during the year		
- Conversion of 4,000,000 CCPS to equity shares during the year		(800.00)
Balance as at 31 March 2018		-

c) Other equity

(Rupees in Lakhs)

	Notes	Reserves and Surplus: Securities premium reserve	Reserves and Surplus: Share options outstanding account	Reserves and Surplus: Retained earnings	Total
Balance as at 1 April 2016		68,619.94	148.36	8,447.30	77,215.60
Profit for the year	19(c)	-	-	6,974.82	6,974.82
Other comprehensive income for the year, net of income tax	19(c)	-	-	(23.36)	(23.36)
Total comprehensive income for the year		-	-	6,951.46	6,951.46
Premium received on allotment of Employee Stock Options	19(a)	132.84	-	-	132.84
Recognition of share-based payment	19(b)	-	141.26	-	141.26
Transfer from share options outstanding account due to exercise of vested options	19(a),(b)	24.84	(24.84)	-	-
Premium on account of conversion of CCPS into Equity shares	19(a)	422.89	-	-	422.89
Balance as at 31 March 2017		69,200.51	264.78	15,398.76	84,864.05
Profit for the year	19(c)	-	-	3,546.35	3,546.35
Other comprehensive income for the year, net of income tax	19(c)	-	-	(56.06)	(56.06)
Total comprehensive income for the year		-	-	3,490.29	3,490.29
Premium received on allotment of Employee Stock options	19(a)	19.24	-	-	19.24
Recognition of share-based payment	19(b)	-	282.16	-	282.16
Premium on account of conversion of CCPS into Equity shares	19(a)	202.99	-	-	202.99
Balance as at 31 March 2018		69,422.74	546.94	18,889.05	88,858.73
See accompanying notes forming part of the financial statements	1-52				

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SRL LIMITED

1 (a). Corporate information

SRL Limited ("the Company") is a public company domiciled in India and incorporated under provisions of the Companies Act, having it's registered office at Fortis Hospital, Sector-62, Phase - VIII, Mohali - 160062, Punjab, India. The Company is in the business of establishing, maintaining and managing clinical reference laboratories, to provide testing, diagnostics and prognostics monitoring/ screening tests services. The Company also provides laboratory support services for clinical research studies.

1 (b). Recent Accounting Pronouncements

(i) Ministry of Corporate affairs has notified Ind AS 115 - Revenue from Contract with Customers:

On 28 March 2018, Ministry of Corporate Affairs has notified the Ind AS 115, the core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The standard permits two possible methods of transition:

- Retrospective approach- Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.

- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018. The Company is evaluating the requirements of the amendment and its impact on the financial statements.

(ii) Appendix B to Ind AS 21, Foreign Currency Transactions and Advance Consideration:

On 28 March 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment is effective from 1 April 2018. The Company is evaluating the requirements of Ind AS 21 and its effect on the financial statements.

(iii) Amendments to Ind AS 12 - Recognition of Deferred Tax Assets for Unrealised Losses:

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after 1 April 2018. These amendments are not expected to have material effect on Company's financial statements.

2. Significant accounting policies

2.1 Statement of compliance

The standalone financial statements have been prepared in accordance with Ind ASs notified under the Companies (Indian Accounting Standards) Rules, 2015.

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SRL LIMITED

2.2 Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would consider those characteristics when pricing the asset or liability at the measurement date. Fair value for measurement and/ or disclosure purposes in these financial statements is determined on such a basis, except for share based payment that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to the fair value but not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2.3 Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Company is committed to a sale plan involving disposal of an investment, or a portion of an investment, in a subsidiary or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

2.4 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for trade allowances for deduction, rebates and other similar allowances. The Company assessed its revenue arrangements against specific criteria to determine it is acting as principal or agent. The Company has concluded that it is acting as a principal in all its revenue arrangements.

Revenue is recognized to the extent that it is probable that the economic benefits associated with the transaction will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

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SRL LIMITED

Income from services

Medical testing charges consists of fees received for various tests conducted in the field of pathology and radiology and are recognised on accrual basis when the reports are generated and released, net of discounts, if any.

Management fees

Revenue from management fees is recognised on an accrual basis, in accordance with the terms of the relevant agreements, as and when services are rendered.

Rent received

Rental income from operating lease is recognised on a straight line basis over the term of the relevant release.

Dividend and interest income

Dividend income from investment is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest income from the financial assets is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.5 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Where the Company is the lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

2.6 Foreign currencies

In preparing the financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period

i) Monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.
ii) Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.
iii) Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in the Statement of Profit and Loss in the period in which they arise.

2.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or

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SRL LIMITED

sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.
All other borrowing costs are recognised in the Statement of Profit and Loss in the period in which they are incurred.

2.8 Employee benefits

Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each Balance Sheet date.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the Balance Sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to the statement of profit and loss. Past service cost is recognised in the statement of profit and loss in the period of a plan amendment.
Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorised as follows:
(a) service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
(b) net interest expense or income; and
(c) remeasurement

The company presents the first two components of defined benefit costs in the statement of profit and loss in the line item 'Employee benefits expense' and "Finance Cost" respectively. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the company can no longer withdraw the offer of the termination benefit and when the company recognises any related restructuring costs.

Short-term and other long-term employee benefits:

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the company in respect of services provided by employees up to the reporting date.

Accumulated leave, which is expected to be utilised within the next 12 months, is treated as short-term employee benefit. The company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes and liability is determined using the present value of the estimated future cash outflows expected to be made by the company in respect of services provided by employees up to the reporting date. Such long-term compensated absences are provided for based on the

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SRL LIMITED

actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The company presents the leave as a current liability in the balance sheet; to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

Defined benefit plan

Retirement benefit in the form of provident fund and employee state inusrance is a defined contribution scheme. The Company has no other obligations, other than the contribution payable to the provident fund and employee state insurance. The Company recognizes contribution payable to the scheme as an expenditure, when an employee renders the related service.

2.9 Share-based payment arrangements

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 46.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve (i.e. Share Options Outstanding Account).

2.10 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The current tax is calculated using tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable company and the same taxation authority.

Current and deferred tax for the year

Current and deferred tax are recognised in the statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.11 Property, plant and equipment (PPE)

Land and building held for use in the supply of services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is not depreciated.

The cost of an asset includes the purchase cost including import duties and non-refundable taxes, borrowing costs if capitalization criteria are met and any directly attributable costs of bringing an asset to the location and condition of its intended use.

Subsequent expenditure related to an item of Property, plant and equipment is added to its carrying value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance.

All other expenditure related to existing assets including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss in the period during which such expenditure is incurred.

Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising of direct cost, related incidental expenses and attributable interest and such properties are classified to the appropriate categories of Property, plant and equipment when completed and ready to use.

The carrying amount of a Property, plant and equipment is de-recognised upon disposal of Property, plant and equipment or when no future economic benefits are expected to arise from the continued use of assets. Any gain or loss arising on the disposal or retirement of an item of Property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss.

Depreciation has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013. The useful life of the assets has been assessed after considering the nature, the estimated usage and the operating conditions.

The estimated useful life of Property, plant and equipment, are as follows:

Property, plant and equipment	Useful lives (in Years)
Laboratory equipment- Pathology	13 years
Laboratory equipment- Imaging	10 years
Building	60 years
Office equipment	5 years
Furniture and fixtures	10 years
Furniture and fixtures- signage	5 years

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SRL LIMITED

Property, plant and equipment	Useful lives (in Years)
Vehicles	6 to 8 years
Computers and accessories	3 years
Air conditioners	8 years

Components of costs

The cost of an asset includes the purchase cost including import duties and non-refundable taxes, borrowing costs if capitalization criteria are met and any directly attributable costs of bringing an asset to the location and condition of its intended use.

Subsequent expenditure related to an item of Property, plant and equipment is added to its carrying value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance.

All other expenditure related to existing assets including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the Statement of Profit and Loss in the period during which such expenditure is incurred.

Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising of direct cost, related incidental expenses and attributable interest and such properties are classified to the appropriate categories of Property, plant and equipment when completed and ready to use.

The carrying amount of a Property, plant and equipment is de-recognised upon disposal of Property, plant and equipment or when no future economic benefits are expected to arise from the continue use of assets. Any gain or loss arising on the disposal or retirement of an item of Property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

Leasehold improvements are depreciated over the period of the lease or 5 years which is the expected useful life, whichever is shorter.

The useful life of property, plant and equipment are reviewed at the end of each reporting period if the expected useful life of the asset changes significantly from previous estimates, the effect of such change in estimates are accounted for prospectively.

2.12 Intangible assets

Intangible assets acquired separately:

Intangible assets includes Softwares, licences and assay tests developed, Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Estimated useful lives of the intangible assets are as follows:

Intangible assets	Useful lives in years
Assay developed	5 years
Software and other intangible assets	3 years

Internally generated Intangible assets - research and development expenditure:

Expenditure on research activities is recognised as an expenses in the period in which it is incurred.

An internally-generated intangible assets arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;

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- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic income;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible assets; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that acquired separately.

Derecognition of Intangible assets:

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible assets, measured as the difference between the net disposal proceeds and the carrying amount of the assets, are recognised in profit or loss when the asset is derecognised.

2.13 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication based on internal/ external factors that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the assets (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.14 Inventories

The inventories of materials representing reagents, chemicals and consumables are valued at lower of cost and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost is determined on moving weighted average basis. Cost includes all charges in bringing the goods to their present location and condition, including octroi and other levies, transit insurance and receiving charges.

Net realizable value represents the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

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2.15 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.16 Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

2.17 Segment Information

The Company is engaged in the business of maintaining and managing clinical reference laboratories, to provide testing and diagnostics on human beings, in the field of both pathology and radiology. As the Company's business activity primarily falls within a single business and geographical segment i.e pathology and radiology services, there are no disclosures required to be provided in terms of Ind AS 108 on 'Segment Reporting'.

2.18 Earnings per share

Basic earnings per share is computed by dividing the profit/ (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. These weighted average equity shares include Compulsorily convertible preference shares (shown as equity component of combined financial instrument in Note 18B).

Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for potential equity shares as appropriate.

2.19 Insurance claims

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

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2.20 GST/ Service tax input credit

GST/ Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing / utilising the credits.

2.21 Cash and cash equivalents (for purposes of Cash Flow Statement)

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.

2.22 Investments in joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

2.23 Borrowing costs

Borrowing cost includes interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings.
Borrowing costs directly attributable to the acquisition, construction or production of qualifying asset, which are assets that necessarily take a substantial period of time to get ready for its intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.24 Operating Cycle

Based on the nature of activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

2.25 Financial instruments

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments.

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

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.
All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost (except for financial assets that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

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- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial Assets that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for financial assets that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for FVTOCI financial assets. For the purposes of recognising foreign exchange gains and losses, FVTOCI financial assets are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income and accumulated under the heading of 'Reserve for financial assets through other comprehensive income'. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss.

All other financial assets are subsequently measured at fair value through profit or loss (FVTPL).

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

Financial instruments that do not meet the amortised cost criteria or fair value through other comprehensive income (FVTOCI) are measured at fair value through profit or loss (FVTPL).

Financial assets at fair value through profit or loss (FVTPL)

A financial asset that meets the amortised cost criteria or financial instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.
Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, and other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e.

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all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that

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continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss since there are no designated hedging instruments in a hedging relationship.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income line item.

However, for non-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss, in which case these effects of changes in credit risk are recognised in profit or loss. The remaining amount of change in the fair value of liability is always recognised in profit or loss. Changes in fair value attributable

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to a financial liability's credit risk that are recognised in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to profit or loss.

Gains or losses on financial guarantee contracts and loan commitments issued by the Company that are designated by the Company as at fair value through profit or loss are recognised in profit or loss.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the entity are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

Commitments to provide a loan at a below-market interest rate

Commitments to provide a loan at a below-market interest rate are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.
The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing

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financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Derivative financial instruments

The Company enters into derivative financial instruments to manage its exposure to foreign exchange rate risks which includes foreign exchange forward contracts.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

Embedded derivatives

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of Ind AS 109 are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (refer note 3.2 below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the standalone financial statements.

(a) Accounting of reagent rental equipments:

The Company has entered into agreements with certain suppliers for purchase of reagents / kits. As part of the agreement, the Company has the right to use equipment supplied by the suppliers free of charge subject to purchase of minimum committed quantities of reagents/ kits.

The cost of reagents that includes the cost of rental of the equipment is recorded as cost of material consumed.

The directors of the Company has assessed the conditions as specified in the Ind AS -17, "Leases" for determining whether the said arrangement is under operating lease or Finance lease. Basis the evaluation, the arrangements have been classified by the Company as composite lease, which cannot be reliably segregated in operating lease and finance lease. Hence, the Company has recorded the purchase of reagent in consumption cost with no element of rental /interest therein.

3.2 Key sources of estimation uncertainty

(a) Allowances for doubtful debts

The Company makes allowances for doubtful debts based on an assessment of the recoverability of trade and other receivables. The identification of doubtful debts requires use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact

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the carrying value of the trade and other receivables and doubtful debts expenses in the period in which such estimate has been changed.

(b) Impairment of goodwill

Goodwill is tested for impairment on an annual basis and whenever there is an indication that the recoverable amount of a cash generating unit is less than its carrying amount based on a number of factors including operating results, business plans, future cash flows and economic conditions. The recoverable amount of cash generating units is determined based on higher of value-in-use and fair value less cost to sell. The goodwill impairment test is performed at the level of the cash generating unit or groups of cash-generating units which are benefitting from the synergies of the acquisition and which represents the lowest level at which goodwill is monitored for internal management purposes.

Market related information and estimates are used to determine the recoverable amount. Key assumptions on which management has based its determination of recoverable amount include projected free cash flows, estimated long term growth rates, weighted average cost of capital and estimated operating margins. Cash flow projections take into account past experience and represent management's best estimate about future developments.

The carrying amount of goodwill at 31 March 2018 was Rs. 41,822.64 Lakhs (31 March 2017: 41,822.64 Lakhs) after an impairment loss of Rs. Nil was recognised during the year ended 31 March 2018 (31 March 2017: Rs. Nil), refer note 6(a).

(c) Deferred income tax assets and liabilities

Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

The amount of total deferred tax assets could change if estimates of projected future taxable income or if tax regulations undergo a change.

(d) Useful lives of Property, plant and equipment ('PPE')

The Group reviews the estimated useful lives and residual value of PPE at the end of each reporting period. The factors such as changes in the expected level of usage, technological developments and product life-cycle, could significantly impact the economic useful lives and the residual values of these assets. Consequently, the future depreciation charge could be revised and thereby could have an impact on the profit of the future years.

(e) Impairment of investments

The Group reviews its carrying value of investments carried at amortised cost annually, or more frequently when there is an indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

(f) Defined benefit plans

The cost of the defined benefit plans and the present value of the defined benefit obligation ('DBO') are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

(g) Income Taxes

Deferred tax assets are recognized to the extent that it is regarded as probable that deductible temporary differences can be realized. The Group estimates deferred tax assets and liabilities based

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on current tax laws and rates and in certain cases, business plans, including management's expectations regarding the manner and timing of recovery of the related assets. Changes in these estimates may affect the amount of deferred tax liabilities or the valuation of deferred tax assets and thereby the tax charge in the Consolidated Statement of Profit or Loss.

Provision for tax liabilities require judgements on the interpretation of tax legislation, developments in case law and the potential outcomes of tax audits and appeals which may be subject to significant uncertainty.

Therefore, the actual results may vary from expectations resulting in adjustments to provisions, the valuation of deferred tax assets, cash tax settlements and therefore the tax charge in the Statement of Profit or Loss.

(h) Fair value measurement of derivative and other financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. This involves significant judgements in selection of a method in making assumptions that are mainly based on market conditions existing at the Balance Sheet date and in identifying the most appropriate estimate of fair value when a wide range of fair value measurements are possible.

4. (a) Property, plant and equipment

(Rupees in Lakhs)

	Building	Freehold Land (refer note c)	Leasehold improvements	Laboratory equipment	Air conditioners	Computers and accessories	Office equipment	Furniture and fittings	Vehicles	Total
Cost or deemed cost										
At 01 April 2016	3,658.09	12,082.45	1,327.74	4,664.84	598.06	542.76	303.60	413.76	52.75	23,644.06
Additions	502.39	-	940.97	447.97	33.16	164.65	75.47	38.47	8.65	2,211.73
Disposals	-	-	15.66	84.90	5.50	4.48	1.77	11.77	8.35	132.43
At 31 March 2017	4,160.48	12,082.45	2,253.05	5,027.91	625.72	702.93	377.30	440.46	53.05	25,723.36
Additions	31.21	-	140.02	288.22	28.39	236.71	32.08	112.13	20.64	889.40
Disposals	-	-	194.98	892.93	14.06	1.21	10.45	1.77	-	1,115.40
At 31 March 2018	**4,191.69**	**12,082.45**	**2,198.09**	**4,423.20**	**640.05**	**938.43**	**398.93**	**550.82**	**73.69**	**25,497.36**
Accumulated depreciation										
At 01 April 2016	73.55	-	415.09	559.50	171.13	172.08	72.82	87.94	12.13	1,564.24
Charge for the year	249.43	-	704.81	1,005.74	142.21	184.72	68.68	129.42	15.49	2,500.50
Eliminated on disposal	-	-	12.15	15.73	4.07	3.27	0.80	3.40	3.87	43.29
At 31 March 2017	322.98	-	1,107.75	1,549.51	309.27	353.53	140.70	213.96	23.75	4,021.45
Charge for the year	158.08		600.59	461.55	110.26	181.50	71.15	66.18	6.77	1,656.08
Eliminated on disposal	-		178.33	667.20	5.26	0.37	6.23	1.77	-	859.16
At 31 March 2018	**481.06**	**-**	**1,530.01**	**1,343.86**	**414.27**	**534.66**	**205.62**	**278.37**	**30.52**	**4,818.37**
Carrying amount										
At 31 March 2017	3,837.50	12,082.45	1,145.30	3,478.40	316.45	349.40	236.60	226.50	29.30	21,701.90
At 31 March 2018	**3,710.63**	**12,082.45**	**668.08**	**3,079.34**	**225.78**	**403.77**	**193.31**	**272.45**	**43.16**	**20,678.97**

Notes:

(a) Note No. 4 does not include laboratory equipment provided by suppliers, free of costs to the Company with a commitment to purchase reagents from such suppliers over the term of the agreements. These equipment remain the property of the suppliers throughout the agreements. The Company has made an asessment under leases and concluded that these equipments do not fall under finance lease.

(b) During the current year, the Company closed laboratory operations at Vasant Vihar, New Delhi. Accordingly, an accelerated depreciation of Rs. 25.01 Lakhs (31 March 2017 Rs. 475.00 Lakhs) was charged during the year on such equipments.

(c) The management has confirmed that the company has clear title to the freehold land.

4. (b) Net carrying amount of Property, plant and equipment and capital work-in-progress

	As at 31 March 2018 (Rupees in Lakhs)	As at 31 March 2017 (Rupees in Lakhs)
Net carrying amounts		
Building	3,710.63	3,837.50
Freehold land	12,082.45	12,082.45
Leasehold improvements	668.08	1,145.30
Laboratory equipment	3,079.34	3,478.40
Air conditioners	225.78	316.45
Computers and accessories	403.77	349.40
Office equipment	193.31	236.60
Furniture and fittings	272.45	226.50
Vehicles	43.16	29.30
Total (A)	**20,678.97**	**21,701.90**
Capital work-in-progress	131.96	51.65
Impairment of capital work-in-progress	(86.91)	-
Total (B)	**45.05**	**51.65**
Total (A+B)	**20,724.02**	**21,753.55**

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5. (a) Other intangible assets

(Rupees in Lakhs)

	Softwares	Intangible assets - Assay developed	Total intangible assets
Cost or deemed cost			
At 01 April 2016	246.88	892.43	1,139.31
Additions	1,380.19	65.25	1,445.44
Disposals	0.25	-	0.25
At 31 March 2017	1,626.82	957.68	2,584.50
Additions	234.02	-	234.02
Disposals	-	-	-
At 31 March 2018	**1,860.84**	**957.68**	**2,818.52**
Accumulated amortisation			
At 01 April 2016	96.70	611.75	708.45
Charge for the year	109.90	191.14	301.04
Eliminated on disposal	0.25	-	0.25
At 31 March 2017	206.35	802.89	1,009.24
Charge for the year	547.44	70.24	617.68
Eliminated on disposal	-	-	-
At 31 March 2018	**753.79**	**873.13**	**1,626.92**
Carrying amount			
At 31 March 2017	1,420.47	154.79	1,575.26
At 31 March 2018	**1,107.05**	**84.55**	**1,191.60**

5. (b) Net carrying value of other intangible assets and intangible assets under development

	As at 31 March 2018 (Rupees in Lakhs)	As at 31 March 2017 (Rupees in Lakhs)
Carrying amounts of:		
Softwares	1,107.05	1,420.47
Intangible assets - Assay developed	84.55	154.79
Total (A)	**1,191.60**	**1,575.26**
Intangible assets under development	-	57.96
Total (B)	-	**57.96**
Total (A+B)	**1,191.60**	**1,633.22**

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		As at 31 March 2018 (Rupees in Lakhs)	As at 31 March 2017 (Rupees in Lakhs)
6.	**Investments in equity instruments** (Measured at cost)		
a)	**In subsidiaries**		
	Unquoted		
	3,958,200 (31 March 2017: 3,958,200) equity shares of Rs 10 each fully-paid up in SRL Diagnostics Private Limited	38,974.41	38,974.41
	8,000,000 (31 March 2017: 8,000,000) equity shares of Rs. 10 each fully paid up in SRL Reach Limited	800.00	800.00
	506 (31 March 2017: 300) equity shares of AED 1000 each fully-paid up in SRL Diagnostics FZ-LLC (refer note 1 below)	2,336.10	1,356.44
	Less : Provision of impairment of investment in SRL Diagnostics FZ LLC (refer note 2 below)	(2,241.33)	-
	Total investments in subsidiaries	39,869.18	41,130.85

Note 1: On 30 June 2016, the Company entered into an agreement with Fortis Healthcare International Pte Limited, Singapore (FHIPL, fellow subsidiary Company) for acquisition of 100% shareholding in SRL Diagnostics FZ LLC, Dubai (UAE) for a purchase consideration of US Dollar 2 million (i.e. Rs. 1,356.44 Lakhs). The acquisition was undertaken on 5 July 2016. On 7 June 2017, the Company further invested Rs 979.66 Lakhs in SRL Diagnostics FZ LLC, Dubai (UAE).

Note 2: During the current year, the management performed an impairment test on the carrying value of it's investment in SRL Diagnostics FZ LLC, a wholly owned subsidiary company. The carrying value of investment as on 31 March 2018 was Rs. 2,336.10 Lakhs. Owing to continious losses in past and projected losses in future the company has recognised impairment loss of Rs. 2,241.33 Lakhs and accordingly written downn the carrying value of investment in it's wholly owned subsidiary to Rs. 94.77 Lakhs. The resultant carrying value represents the networth of SRL Diagnostics FZ LLC as at 31 March 2018. The impairment loss has been considered as an exceptional item in the statement of profit or loss.

b)	**In joint venture**		
	Unquoted		
	240,000 (31 March 2017, 240,000) equity shares of Nepalese Rupees 100 each fully paid-up in SRL Diagnostics (Nepal) Private Limited	150.00	150.00
	Total aggregate unquoted investments in joint ventures	**150.00**	**150.00**
	Aggregate carrying value of unquoted investments	**40,019.18**	**41,280.85**
7.	**Loans** (at amortised cost)		
	Loan to subsidiary (Unsecured, considered good) (refer note below)	13,950.00	16,300.00
	Total	**13,950.00**	**16,300.00**

(i) Loan outstanding as at 31 March 2018, Rs. 14,800 Lakhs (31 March 2017, Rs. 17,200 Lakhs) from SRL Diagnostics Private Limited, carries interest @ 12% p.a. Out of the total loan balance outstanding, as at 31 March 2018, Rs. 1,000 Lakhs (Rs 1,000 Lakhs as at 31 March 2017) is repayable on demand and hence shown as other current asset (Refer Note 15). The loan has been given to meet SRL Diagnostics Private Limited working capital requirement.

(ii) Loan outstanding as at 31 March 2018,Rs.150 Lakhs (31 March 2017, Rs.100 Lakhs) from SRL Reach Limited, carries interest @ 12% p.a. Out of the total loan balance outstanding as at 31 March 2018, Rs.150 Lakhs (Rs.100 Lakhs as at 31 March 2017) is repayable on demand after 31 March 2019. The loan has been given to meet SRL Reach Limited working capital requirement.

8.	**Other financial assets** (unsecured, considered good)		
	(at amortised cost)		
	Security deposits	500.17	624.17
	Balances with banks held as margin money (refer note below)	19.53	94.92
	Total	**519.70**	**719.09**

Note:- Balances with banks held as margin money of Rs 19.53 Lakhs (31 March 2017: Rs 94.92 Lakhs) are pledged against bank guarantee issued by bankers on behalf of the Company.

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9. **Deferred tax balances**	**As at 31 March 2018 (Rupees in Lakhs)**	**As at 31 March 2017 (Rupees in Lakhs)**
Deferred tax assets	3,168.10	2,690.09
Deferred tax liabilities	(29.55)	(53.57)
Deferred tax assets (net)	**3,138.55**	**2,636.52**

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Movement in deferred tax assets	**As at 31 March 2017**	**Recognised in profit or loss**	**Recognised in other comprehensive income**	**As at 31 March 2018**
Deferred tax asset				
Property, plant and equipment	1,610.16	(19.51)	-	1,590.65
Provision for doubtful debts and advances	366.07	295.07	-	661.14
Provision for lease equalisation	52.26	(4.14)	-	48.12
Share options outstanding account	91.63	99.49	-	191.12
Defined benefit obligation*				
- Gratuity	281.59	26.39	29.80	337.78
- Compensated absences	152.38	31.99	-	184.37
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purpose on payment basis	136.00	18.93	-	154.93
Total deferred tax assets	**2,690.09**	**448.21**	**29.80**	**3,168.09**
Deferred tax liability				
Intangible assets- assay developed	**(53.57)**	**24.02**	**-**	**(29.55)**
Deferred tax asset (net)	**2,636.52**	**472.24**	**29.80**	**3,138.55**

* Includes deferred tax assets on defined benefit obligation related to resigned employees.

10. Non-current tax assets (net)

Advance tax and tax deductible source (net of provision for tax, 31 March 2018 Rs. 12,480.19 Lakhs, 31 March 2017 Rs. 12,495.47 Lakhs)	669.56	592.42
Total	**669.56**	**592.42**

11. Other non-current assets (Unsecured)

Capital advances		
- Considerd good	109.89	100.07
- Considered doubtful	302.14	-
Less: Provision for doubtful advances (refer note 34A)	(302.14)	-
Prepaid expenses (considered good)	78.34	119.24
Deposit against cases with income tax authorities (considered good) (refer note 40(c))	5.60	-
Total	**193.83**	**219.31**

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	As at 31 March 2018 (Rupees in Lakhs)	As at 31 March 2017 (Rupees in Lakhs)
12. Inventories (lower of cost and net realisable value)		
Reagents, chemicals and consumables	2,088.80	1,753.57
Total	**2,088.80**	**1,753.57**

Note:

The Company's business does not involve any conversion process for materials. Reagents and chemicals are used to conduct various pathology and radiology procedures and are consumed in the process. Other consumable stores represent various items of stores and spares used in normal course of business.

The mode of valuation of inventory has been stated in Note 2.14

13. Trade receivables

Secured, considered good	619.03	399.98
Unsecured, considered good	6,777.93	6,023.16
Considered doubtful	1,392.58	886.67
Less: Allowances for doubtful debts (expected credit loss allowance)	(1,392.58)	(886.67)
	7,396.96	**6,423.14**
Due from related parties (refer note 37)	14,812.63	6,029.44
	22,209.59	**12,452.58**

Notes:-

(a) The average credit period on sale of services ranges from 30 to 60 days. No interest is charged on the trade receivables for the amount overdue above the credit period. There are no customers which represent more than 5% of the total balance of trade receivables other than as mentioned below:

Customer Name		
Fortis Hospitals Limited	7,894.80	1,999.78
SRL Diagnostics FZ-LLC	905.48	1,388.65
Fortis Healthcare Limited	1,857.90	683.59
Escort Heart Institute & Research Centre Limited	1,792.75	696.87
Hiranandani Healthcare Private Limited	1,536.27	-

(b) The maximum credit exposure is limited to Rs. 6,777.93 Lakhs (31 March 2017: Rs. 6,023.16 Lakhs). The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

(c) In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss towards expected risk of delays and default in collection. The company has used a practical expedient by computing the expected credit loss allowance based on a provision matrix. Management makes specific provision in cases where there are known specific risks of customer default in making the repayments. The provision matrix takes into account historical credit loss experience and adjusted for forward- looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The provision matrix at the end of the reporting period is as follows:

Ageing	**Expected credit loss (%)**
0-1 year	0.00% - 2.10%
1-2 years	2.10% - 17.64%
2-3 years	17.65% - 98.40%
Above 3 Years	100%

Age of receivables		
0-1 years	19,452.75	12,044.31
1-2 years	3,841.19	1,061.02
2-3 years	164.72	167.76
Above 3 Years	143.51	66.20
	23,602.17	**13,339.29**

Movement in the expected credit loss allowance

Balance at beginning of the year	886.67	521.58
Movement in credit loss allowance on trade receivables calculated at lifetime expected credit losses*	505.91	365.09
Balance at end of the year	**1,392.58**	**886.67**

* Including provisions of Rs. 56.31 Lakhs (31 March 2017 Rs. 36.47 Lakhs) netted of from sales and bad debts netted of with provision for doubtful debt of Rs. 302.19 Lakhs (31 March 2017 Rs. Nil).

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	As at 31 March 2018 (Rupees in Lakhs)	As at 31 March 2017 (Rupees in Lakhs)
14. Cash and cash equivalents		
Balances with banks		
- On current accounts	31.37	112.22
- On cash collection accounts	126.15	179.47
- On EEFC accounts	0.62	-
- Deposit with original maturity of less than three months	60.78	400.00
Cheques on hand	63.20	98.61
Cash on hand	55.39	70.14
Cash and cash equivalents as per balance sheet	**337.51**	**860.44**
Cash credit facilities from banks	(1,477.07)	(230.98)
Cash and cash equivalents as per statement of cash flows	**(1,139.56)**	**629.46**
14A. Bank balances other than cash and cash equivalents		
Balances with banks - deposits with original maturity for more than 3 months but less than 12 months	25.61	21.20
	25.61	**21.20**
15. Loans (at amortised cost)		
Unsecured, considered good		
Loan to a subsidiary (refer note 7)	1,000.00	1,000.00
Loan to fellow subsidiary*	330.00	330.00
Total	**1,330.00**	**1,330.00**

* Loan outstanding as at 31 March 2018, Rs. 330 Lakhs (31 March 2017 Rs. 330 Lakhs) from Fortis Hospitals Limited, carries interest @ 11.5% p.a. is repayable on demand. The loan has been given to meet working capital requirement.

	As at 31 March 2018 (Rupees in Lakhs)	As at 31 March 2017 (Rupees in Lakhs)
16. Other financial assets (unsecured)		
Security deposits		
- Considered good (refer note 37 for deposits recoverable from related parties, as at 31 March 2018 Rs. 154.10 lakhs, as at 31 March 2017 Rs. 150.14 lakhs)	403.66	228.27
- Considered doubtful	337.97	50.00
Less: Provision for doubtful deposits	(337.97)	(50.00)
Advances recoverable		
- Considered good (refer note 37 for amount recoverable from related parties, as at 31 March 2018 Rs. 222.93 Lakhs, as at 31 March 2017 Rs. 159.49 Lakhs)	223.64	164.76
- Considered doubtful (refer note 37 for amount recoverable from related parties, as at 31 March 2018 Rs. 21.05 Lakhs, as at 31 March 2017 Rs. Nil)	161.46	121.08
Less: Provision for doubtful advances	(161.46)	(121.08)
Unbilled revenue (considered good)	920.00	693.94
Interest accrued on fixed deposits (considered good)	6.07	15.44
Interest accrued on inter-corporate deposits (considered good)	412.06	-
Total	**1,965.43**	**1,102.41**
17. Other current assets (unsecured considered good)		
Prepaid expenses	357.98	326.94
Advances to supplier and employees	227.61	245.22
Balance with statutory authorities	5.21	4.35
Total	**590.80**	**576.51**

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18A. Equity share capital

	As at 31 March 2018		As at 31 March 2017	
	Number of shares	(Rupees in Lakhs)	Number of shares	(Rupees in Lakhs)
Authorised share capital				
Equity Shares of Rs. 10 each	89,000,000	8,900.00	89,000,000	8,900.00
Total	89,000,000	8,900.00	89,000,000	8,900.00
Issued and subscribed share capital				
Equity Shares of Rs.10 each fully paid up shares for consideration in cash	60,009,713	6,000.97	59,945,588	5,994.56
Equity Shares of Rs.10 each fully paid up shares for consideration other than cash	18,407,960	1,840.80	12,437,811	1,243.78
Total	78,417,673	7,841.77	72,383,399	7,238.34

a) **Reconciliation of the shares outstanding at the beginning and at the end of the year**

	Year ended		Year ended	
Equity shares	Number of shares	(Rupees in Lakhs)	Number of shares	(Rupees in Lakhs)
Outstanding at the beginning of the year	72,383,399	7,238.34	59,856,988	5,985.70
Issued during the year (refer note (e) below)	64,125	6.41	88,600	8.86
Shares converted during the year (refer note 18B (b) below)	5,970,149	597.02	12,437,811	1,243.78
Outstanding at the end of the year	78,417,673	7,841.77	72,383,399	7,238.34

b) **Terms/rights attached to equity shares**

The Company has only one class of equity shares having a par value of Rs. 10 each. In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The Company has made preferential allotment of shares to different shareholders and there are preferential rights available to these shareholders in accordance with agreement executed with the respective shareholders. Each holder of equity share is entitled to one vote per share.

c) **Shares held by holding Company and/or their subsidiaries/associates**

Pursuant to the share purchase agreement between Oscar Investments Limited, Malav Holdings Private Limited, Shivi Holdings Private Limited, RHC Holding Private Limited, Maple Leaf Buildcon Private Limited ("Seller") and Fortis Healthcare Limited ("Buyer") dated May 12, 2011 for transfer of 42,749,217 equity shares of the Company which aggregate to 74.59% of the total paid up capital of the Company as at that date. Accordingly, Fortis Healthcare Limited became holding company of the Company. Details of shares held by holding company are as follow:

	As at 31 March 2018		As at 31 March 2017	
Equity shares of Rs. 10 each	Number of Shares	(Rupees in Lakhs)	Number of Shares	(Rupees in Lakhs)
Fortis Healthcare Limited	45,236,779	4,523.68	45,236,779	4,523.68

d) **Details of shares held by each shareholder holding more than 5% shares**

Name of shareholder	As at 31 March 2018		As at 31 March 2017	
Equity shares	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Fortis Healthcare Limited	45,236,779	57.69%	45,236,779	62.50%
Resurgence PE Investments Limited (Formerly known as Avigo PE Investments Ltd)	6,310,315	8.05%	6,310,315	8.72%
NYLIM Jacob Ballas India Fund III LLC	12,437,811	15.86%	12,437,811	17.18%
International Finance Corporation	5,970,149	7.61%	-	-
Axis Bank Limited	4,300,000	5.48%	-	-

e) **Share options granted under the Company's employee share option plan**

The Company has provided share-based payment scheme to the eligible employees and directors of the Company/ its subsidiary. The shareholders of the Company vide their resolution dated August 17, 2009 granted approval to 'Super Religare Laboratories Limited Employee Stock Option Plan 2009' (the 'Scheme'). The grant date for the options is August 22, 2009. Under the said Scheme 1,517,470 options of the equity shares of the Company have been granted to the employees of the Company at an exercise price of Rs. 40 per share. The shareholders of the Company vide their resolution dated September 30, 2013 granted approval to 'SRL Limited Employee Stock Option Scheme 2013' (the 'Scheme'). The grant date for the options was 30 September 2013, 2 November 2015, 8 November 2016, 22 March 2017, 6 May 2017 and 2 August 2017. Under the said Scheme total 1,445,937 options of the equity shares of the Company have been granted to an employees of the Company at an exercise price of Rs. 201 to Rs. 674 per share. The Company has granted these options under Equity Settlement method and there are no conditions for vesting other than continued employment with the Company.

Share options granted under the company's employee share option plan carry no rights to dividends and no voting rights. During the year 64,125 stock options were exercised. Further details of the employee share option plan are provided in note 46.

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18B. Compulsorily convertible preference shares (CCPS)

	As at 31 March 2018		As at 31 March 2017	
	Number of Shares	(Rupees in Lakhs)	Number of Shares	(Rupees in Lakhs)
Equity component of compound financial interest				
Authorised share capital				
0.01% Compulsorily convertible preference shares (CCPS) of Rs. 20 each	-	-	4,000,000	800.00
Total	-	-	**4,000,000**	**800.00**
Issued, subscribed and fully paid up shares				
0.01% Compulsorily convertible preference shares (CCPS) of Rs. 20 each	-	-	4,000,000	800.00
Total	-	-	**4,000,000**	**800.00**

a) **Reconciliation of shares outstanding at the beginning and at the end of the year**

	Year ended 31 March 2018		Year ended 31 March 2017	
0.01% Compulsorily convertible preference shares (CCPS)	Number of Shares	(Rupees in Lakhs)	Number of Shares	(Rupees in Lakhs)
Shares outstanding at the beginning of the year	4,000,000	800.00	12,333,333	2,466.67
Shares converted during the year	4,000,000	800.00	8,333,333	1,666.67
Shares outstanding at the end of the year	-	-	**4,000,000**	**800.00**

b) **Terms/rights attached to compulsorily convertible preference shares (CCPS)**

Pursuant to the subscription agreement dated June 12, 2012 executed by and amongst the Company, Fortis Healthcare Limited (Promoter), International Finance Corporation (IFC), NYLIM Jacob Ballas India Fund III LLC (NJBIF) and Existing Investors (Avigo and Sabre Group) the Company has allotted 4,000,000 (Forty Lakhs) and 8,333,333 (Eighty Three Lac Thirty Three Thousand Three Hundred Thirty Three) Compulsorily Convertible Preference Shares of Rs. 20/- (Rupees Twenty Only) each at a premium of Rs.280/- (Rupees Two Hundred and Eighty Only) each to IFC & NJBIF respectively on such terms and conditions as mentioned in said agreement.

Each holder of CCPS can opt to convert its preference shares into equity shares within 42 months from the date of Issue, viz, June 28, 2012, upto December 27, 2015. Post December 27, 2015, both of CCPS holders and Company can opt to convert preference shares to equity shares. If the holder exercises its conversion option, the company will issue equity shares based on conversion formula linked with consolidated EBIDTA for the year ended March 2013.

If CCPS holders do not exercise conversion option, all preference shares are redeemable based on conversion formula linked with consolidated EBIDTA for the year ended March 2013 at the end of 20th year from the date of issue or at the time of IPO of the Company whichever is earlier. The holders of CCPS will have priority over equity shares in the payment of their dividend and repayment of capital.

During the year 2016-17, NYLIM Jacob Ballas India Fund III LLC (NJBIF) exercised their right to convert the CCPS into equity shares of the Company vide their request letter dated 21 September 2016. Board of directors in their meeting held on 08 November 2016, had approved allotment of 12,437,811 equity shares to NJBIF pursuant to such conversion at premium of Rs. 3.40 per share.

c) **Details of shares held by each shareholder holding more than 5% shares**

Name of shareholder	As at 31 March 2018		As at 31 March 2017	
0.01% Compulsory convertible preference shares	No. of Shares held	% of Holding	No. of Shares held	% of Holding
International Finance Corporation	-	-	4,000,000	100.00%

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19. Other equity

	As at 31 March 2018 (Rupees in Lakhs)	As at 31 March, 2017 (Rupees in Lakhs)
Securities premium reserve (Refer note a)	69,422.74	69,200.51
Share Options Outstanding Account (Refer note b)	546.93	264.77
Retained earnings (Refer note c)	18,889.06	15,398.77
Total	**88,858.73**	**84,864.05**

a) Securities premium reserve		
Balance at the beginning of the year	69,200.51	68,619.94
Premium received on allotment of Employee Stock Option	19.24	132.84
Premium on account of conversion of CCPS into Equity Shares (Refer note 18B (b)	202.99	422.89
Transfer from Share Options Outstanding Account	-	24.84
Balance at the end of the year	**69,422.74**	**69,200.51**

Security premium reserve is used to record premium on issue of shares. The reserve is utilised in accordance with the provision of Companies Act 2013.

b) Share Options Outstanding Account		
Balance at the beginning of the year	264.77	148.36
Arising on share-based payments	282.16	141.25
Transfer from share options outstanding account due to exercise of vested options	-	(24.84)
Balance at the end of the year	**546.93**	**264.77**

The above reserves relates to share options granted by the company to its employees under its employee share option plan. Further information about share-based payments to employees is set out in note 46.

c) Retained earnings		
Balance at the beginning of the year	15,398.77	8,447.31
Profit attributable to owners of the Company	3,546.35	6,974.82
Other comprehensive income arising from remeasurement of defined benefit obligation net of income tax	(56.06)	(23.36)
Balance at the end of the year	**18,889.06**	**15,398.77**

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	As at 31 March 2018 (Rupees in Lakhs)	As at 31 March, 2017 (Rupees in Lakhs)
20. Provisions		
Provision for gratuity (refer note 41)	796.42	685.88
Total	**796.42**	**685.88**
21. Other non-current liabilities		
Provision for lease equalisation	123.01	127.84
Total	**123.01**	**127.84**
22. Borrowings		
Loan repayable on demand (Secured)		
- Cash credit facility from banks	1,477.07	230.98
Total	**1,477.07**	**230.98**

Notes:

a. Cash credit facility from HDFC Bank is secured by way of first charge on the Company's entire current assets. They are further secured by way of a second charge on the Company's fixed assets, excluding specific vehicles and equipments financed by the bodies corporate and others, both present and future. The Cash Credit is repayable on demand and carried interest rate of 10.50% p.a. during the year. The cash credit limit is Rs.1,400 Lakhs out of which Rs. 981.48 Lakhs was utilised as per book balance as at 31 March 2018 (31 March 2017: Rs. 230.98 Lakhs). Actual utilisation of cash credit facility is Rs 497.25 Lakhs as at 31 March 2018 (31 March 2017 Rs. Nil)

b. Cash credit facility from Kotak Mahindra Bank Limited is secured by way of first charge on the Company's entire current assets. They are further secured by way of a second charge on the Company's fixed assets, excluding specific vehicles and equipments financed by the bodies corporate and others, both present and future. The Cash Credit is repayable on demand and carried interest rate of 10.35% - 10.65% p.a. during the year. The Cash credit limit is Rs. 1,000.00 Lakhs out of which Rs. 495.59 Lakhs was utilised as per book balance as at March 31, 2018 (31 March 2017: Rs. 90 Lakhs surplus). Actual utilisation of cash credit facility is Rs 515.20 Lakhs as at 31 March 2018 (31 March 2017 Rs. Nil).

23. Trade Payables		
Trade Payables (refer note 44)	6,251.79	5,531.61
	6,251.79	**5,531.61**
24. Other financial liabilities		
Deposit from customer (at amortised cost)	1,759.67	1,609.07
Payable on purchase of plant and equipment	38.31	458.81
Liability against indemnification (refer note below)	133.10	133.10
Total	**1,931.08**	**2,200.98**

Note:- At the time of acquisition of Piramal labs (SRL Diagnostics Private Limited), it was agreed that any charge relating to tax litigations before the date of acquisition shall be indemnified to SRL Limited. Accordingly, the amount paid by Piramal to SRL Limited, has been shown under liability against indemnification

25. Other current liabilities		
Provision for lease equalisation	14.69	23.17
Advances from customers (refer note 37 for advance from related parties as at 31 March 2018 Rs. 5.08 Lakhs, as at 31 March 2017 Rs. 0.19 Lakhs)	509.15	423.87
Statutory dues payable	349.31	536.88
Total	**873.15**	**983.92**
26. Provisions		
Provision for gratuity (refer note 41)	156.31	127.78
Provision for compensated absences	503.56	440.29
Total	**659.87**	**568.07**
27. Current tax liabilities (net)		
Income tax payable (Net of advance tax Rs. 3,609.12 Lakhs, 31 March 2017 Rs. Nil)	141.29	-
Total	**141.29**	**-**

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	Year ended 31 March 2018 (Rupees in Lakhs)	Year ended 31 March 2017 (Rupees in Lakhs)
28. Revenue from operations		
Sale of services	66,435.56	62,603.84
Other operating revenues		
- Management fees	1,267.47	1,085.02
Total	**67,703.03**	**63,688.86**
29. Other income		
Interest income earned on financial assets that are not designated at fair value through Profit or Loss		
- Bank deposits	25.79	26.84
- Loan to subsidiaries and other corporates	2,004.95	2,264.07
- Income tax refund	8.92	145.40
- Others	46.99	45.02
Liabilities no longer required written back	351.54	33.27
Dividend income from equity instruments in joint venture	15.00	-
Miscellaneous income	84.75	83.26
Total	**2,537.94**	**2,597.86**
30. Cost of reagents, chemicals and consumables consumed		
Inventories at the beginning of the year	1,753.57	1,790.62
Add: purchase during the year	18,365.54	17,150.35
	20,119.11	**18,940.97**
Less: Inventories at the end of the year	2,088.80	1,753.57
Total	**18,030.31**	**17,187.40**
31. Employee benefits expense		
Salaries and wages	14,889.41	13,664.05
Share based payments to employees (refer note 46)	282.15	141.25
Contribution to provident and other funds (refer note 41)	858.36	763.31
Gratuity expense (refer note 41)	140.67	146.89
Staff welfare expenses	307.39	274.93
Total	**16,477.98**	**14,990.43**
32. Finance costs		
Interest cost on:		
-Term loans	-	59.42
-Hire purchase loans	-	0.08
-Others	124.36	128.18
Interest cost on net defined benefit obligation (refer note 41)	49.94	49.69
Other costs	101.83	83.40
Total	**276.13**	**320.77**
33. Depreciation and amortisation expense		
Depreciation of property, plant and equipment	1,656.08	2,500.51
Amortisation of intangible assets	617.68	301.04
Total	**2,273.76**	**2,801.55**
34. Other expenses		
Power and fuel	1,079.46	1,110.11
Rent and hire charges (net) (refer note 38)	2,038.36	2,214.89
Rates and taxes	69.18	86.44
Insurance	96.50	52.21
Repairs and maintenance:		
Plant and machinery	812.32	601.06
Building	9.06	3.48
Others	131.20	134.38
Advertisement and sales promotion	2,666.75	2,563.77
Postage and courier	2,098.97	1,908.75
Travelling and conveyance	1,184.75	1,167.38
Printing and stationery	413.15	410.90
Communication	246.66	261.44
Legal and professional (refer note below for payment to auditors)	2,791.41	1,767.21
Professional fees to doctors	2,472.24	2,371.83
Loss on disposal of property, plant and equipments	8.37	13.13
Provision for doubtful debts and advances	880.18	435.84
Corporate Social Responsibility expenses (refer note 42)	92.18	133.69
Exchange differences (net)	12.49	35.91
Housekeeping expenses	218.48	202.13
Security services expenses	194.77	146.32
Miscellaneous expenses	370.47	362.63
Total	**17,886.95**	**15,983.50**
Note: Payment to the auditors comprises (net of service tax/ GST input credit):		
i) For audit	51.23	34.50
ii) For taxation matters	3.00	2.50
iii) For reimbursement of expenses	4.95	3.00
	59.18	**40.00**

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	Year ended 31 March 2018 (Rupees in Lakhs)	Year ended 31 March 2017 (Rupees in Lakhs)
34A. Exceptional items		
Impairment of investment in subsidiary (refer note 6(a))	2,241.33	-
Provision for doubtful capital advance (refer note 50)	302.14	-
Provision for doubtful security deposits (refer note 50)	200.00	-
Impairment of capital work-in-progress (refer note 50)	86.91	-
	2,830.38	-
35. (a) Income taxes recognised in Statement of Profit and Loss		
Current tax		
-In respect of the current year	3,750.43	4,006.85
-In respect of prior years	(15.28)	(50.40)
	3,735.15	**3,956.45**
Deferred tax		
-In respect of the current year	(502.04)	(317.95)
Total tax expenses	**3,233.11**	**3,638.50**
(b) The income tax expense for the year reconciled to the accounting profit as follows:		
Profit before tax	6,809.26	10,625.68
Income tax expenses calculated at @34.608%	2,356.55	3,677.34
Effect of expenses that are not deductable in determining taxable profit	923.06	11.56
	3,279.61	3,688.90
Effect of change in future tax rate on deferred tax	(31.22)	-
Adjustment recognised in the current year in relation to the current tax of prior years	(15.28)	(50.40)
Income tax expense recognised in profit or loss	**3,233.11**	**3,638.50**
(c) Unrecognised temporary differences		
Temporary differences relating to investments in subsidiaries and joint ventures for which deferred tax liabilities have not been recognised.		
Undistributed earnings		
SRL Diagnostics Private Limited	191.55	-
SRL Diagnostics (Nepal) Private Limited	41.35	22.67
	232.90	**22.67**
Unrecognised deferred tax liabilities relating to the above temporary differences	**81.38**	**7.84**

Certain subsidiaries and joint ventures of the Company have undistributed earnings of Rs. 274.25 Lakhs (31 March 2017, Rs 45.34 Lakhs), which, if paid out of dividends, would be subject to tax in the hands of recipient. An assessable temporary diferrence exists, but no deferred tax liability has been recognised as the Company is able to control the timings of distributions from these subsidiaries.

(d) On 29 March 2018, the Indian corporate tax rate from 34.608% to 34.944% were changed and substantively enacted and will be effective from 1 April 2018. As a result, the relevant deferred tax balances have been remeasured.

36. Earnings per share (EPS)

	Year ended 31 March 2018	Year ended 31 March 2017
Basic earnings per share in rupees (refer details below)	4.51	8.91
Diluted earnings per share in rupees (refer details below)	4.42	8.82

Basic earnings per share

The earnings and weighted average number of equity shares used in the calculation of basic earnings per share are as follows:

Earnings used in the calculation of basic earning per share:		
Profit for the year attributable to owners of the Company	3,490.29	6,951.46
Weighted average number of equity shares for the purpose of basic EPS	77,435,391	78,282,906

Diluted earnings per share

The earnings and weighted average number of equity shares used in the calculation of diluted earnings per share are as follows:

Earnings used in the calculation of basic earning per share:		
Profit for the year attributable to owners of the Company	3,490.29	6,951.46
Weighted average number of equity shares for the purpose of diluted EPS	78,926,857	79,095,949

The weighted average number of equity shares for the purpose of diluted earnings per share reconciles to the weighted average number of equity shares used in the calculation of basic earnings per share as follows:

Weighted average number of equity shares used in the calculation of basic earnings per share	77,435,391	78,282,906
Shares deemed to be issued for no consideration in respect of:		
- Employee stock options	1,491,466	813,043
Weighted average number of equity shares for the purpose of diluted EPS	78,926,857	79,095,949

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37. **Related party disclosures**

A. **Names of related parties:**

(i) **Enterprises having direct control over the Company**
Fortis Healthcare Limited, holding company

(ii) **Individuals (directly/ indirectly) having control over the reporting enterprise**
Mr. Malvinder Mohan Singh, Chairman (refer note 47)
Mr. Shivinder Mohan Singh, Director (refer note 47)

(iii) **Key Managerial Personnel**
Mr. Arindam Haldar , Chief Executive Officer (from 6 March 2017)
Mr. Saurabh Chadha, Chief Financial Officer
Mr. Sumit Goel, Company Secretary (appointed on 30 May 2017)
Dr. Sanjeev K. Chaudhry, Managing Director (Upto 15 May 2016)
Mr. Sanjeev Vashista, Chief Executive Officer (Upto 18 January 2017)
Mr. Ravi Batra, Company Secretary (upto 7 May 2017)

(iv) **Subsidiary company**
SRL Diagnostics Private Limited
SRL Reach Limited
SRL Diagnostics FZ- LLC

(v) **Joint venture company**
SRL Diagnostics (Nepal) Private Limited

(vi) **Enterprises over which persons mentioned at (ii), (iii), (iv) and (v) have significant influence and with whom transactions have taken place during the year:**
Escort Heart Institute & Research Centre Limited (fellow subsidiary)
Fortis C-DOC Healthcare Limited (fellow subsidiary)
Fortis Health Management Limited (fellow subsidiary)
Fortis Hospitals Limited (fellow subsidiary)
Fortis Malar Hospitals Limited (fellow subsidiary)
Hiranandani Healthcare Private Limited (fellow subsidiary)
Lalitha Healthcare Private Limited (fellow subsidiary)
Religare Health Insurance Company Limited (upto February'2018)*
HealthFore Technologies Limited*
Spectrum Voyages Private Limited (Formerly known as Ligare Travels Private Limited)*
RWL Healthworld Limited*
RHC Holding Private Limited (a private company in which a director is a director)
DDRC SRL Diagnostics Private Limited (Joint Venture of SRL Diagnostics Private Limited)
Fortis Health Management (East) Limited (fellow subsidiary)
Birdie & Birdie Realtors Private Limited (fellow subsidiary)
Fortis Charitable Foundation*
Bar Chem*
Hale & Tempest Company Limited (entities controlled or jointly controlled by director or their relatives)
The Medical and Surgical Centre Limited (from July 2017) (fellow subsidiary)
Finserve Shared Services Private Limited (from June 2017)*

* Enterprsises owned or significantly controlled / influence by KMP or director or their relatives.

(vii) **Subsidiary companies of parent company with whom no transactions have taken place during the year:**
Fortis Hospotel Limited (fellow subsidiary)
Fortis La Femme Limited (fellow subsidiary)
Fortis Healthcare International Limited (fellow subsidiary)
Fortis CSR Foundation (fellow subsidiary)
Fortis Global Healthcare (Mauritius) Limited (fellow subsidiary)
Fortis Cancer Care Limited (fellow subsidiary)
Malar Stars Medicare Limited (fellow subsidiary)
Fortis HealthStaff Limited (fellow subsidiary)
Fortis Asia Healthcare Pte Limited (fellow subsidiary)
Fortis Healthcare International Pte Limited (fellow subsidiary)
Stellant Capital Advisory Services Private Limited (fellow subsidiary)
RHT Health Trust Manager Pte. Ltd (fellow subsidiary)
Fortis Emergency Services Limited (fellow subsidiary)

(viii) **Related parties as per companies Act which are not covered above and with whom transactions have taken place during the year:**

Trivitron Health Care Private Limited
Jacob ballas Capital India Private Limited

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B. **Transactions with related parties during the year**

	Year ended 31 March 2018 (Rupees in Lakhs)	Year ended 31 March 2017 (Rupees in Lakhs)
(i) Rendering of Pathology services:		
Escort Heart Institute & Research Centre Limited	1,702.29	1,645.56
Fortis C DOC Healthcare Limited	112.95	111.53
Fortis Health Management Limited	152.02	147.12
Fortis Healthcare Limited	1,488.48	1,856.08
Fortis Hospitals Limited	8,786.85	8,317.60
Fortis Health Management (East) Limited	-	82.26
Fortis Malar Hospitals Limited	619.45	588.87
Hiranandani Healthcare Private Limited	850.37	907.01
Fortis Charitable Foundation	8.51	29.64
SRL Diagnostics FZ-LLC	464.62	750.08
SRL Diagnostics (Nepal) Private Limited	170.55	189.70
HealthFore Technologies Limited	-	1.19
Religare Health Insurance Company Limited	130.96	138.04
RWL Healthworld Limited	282.55	338.57
SRL Diagnostics Private Limited	526.52	506.25
SRL Reach Limited	125.40	87.71
DDRC SRL Diagnostics Private Limited	206.63	198.33
Bar Chem	1.85	0.76
Jacob ballas Capital India Private Limited	0.45	0.27
	15,630.45	**15,896.57**
(ii) Rendering of IT services:		
The Medical and Surgical Centre Limited	0.98	-
	0.98	-
(iii) Receiving of services:		
(a) Tests outsourcing services		
Fortis Healthcare Limited	1.34	7.16
Fortis Hospitals Limited	56.47	10.71
DDRC SRL Diagnostics Private Limited	27.68	20.86
SRL Diagnostics Private Limited	328.40	220.33
(b) Rental services		
Birdie & Birdie Realtors Private Limited	60.84	317.17
Bar Chem	393.89	407.90
(c)Travel agent services		
Spectrum Voyages Private Limited (Formerly known as Ligare Travels Private Limited)	-	87.24
(d) Brand License fees		
RHC Holding Private Limited	149.24	184.03
(e) Advisory fees		
Hale & Tempest Company Limited	23.26	21.81
Finserve Shared Services Pvt. Ltd.	191.75	-
(f) Repair and maintenance services		
HealthFore Technologies Limited	19.40	-
	1,252.26	**1,277.21**
(iv) Reimbursement of expenses to:		
Escort Heart Institute & Research Centre Limited	122.95	112.01
Fortis Healthcare Limited	1.86	31.01
Fortis Hospitals Limited	4.17	6.11
Hiranandani Healthcare Private Limited	90.26	84.01
Fortis Charitable Foundation	92.18	133.69
SRL Diagnostics Private Limited	3.03	34.72
Birdie & Birdie Realtors Private Limited	-	0.53
SRL Diagnostics FZ-LLC	-	0.10
SRL Diagnostics (Nepal) Private Limited	8.74	10.68
SRL Reach Limited	-	0.12
Fortis Malar Hospitals Limited	0.16	0.63
RHC Holding Private Limited*	152.59	34.74
DDRC SRL Diagnostics Private Limited	126.29	109.29
Hale & Tempest Company Limited	21.37	18.44
	623.60	**576.08**

*includes Rs 62.48 Lakhs paid to World Economic Forum as associate Partnership fee for RHC Holding Private Limited.

(v) Reimbursement of expenses from:		
Escort Heart Institute & Research Centre Limited	18.59	16.97
Fortis Malar Hospitals Limited	15.74	9.65
Fortis Health Management Limited	3.28	3.01
Fortis Hospitals Limited	160.92	167.20
Hiranandani Healthcare Private Limited	212.39	218.51
SRL Diagnostics FZ-LLC	13.31	21.40
Fortis Healthcare Limited	18.11	122.90
SRL Reach Limited	0.54	4.62
SRL Diagnostics (Nepal) Private Limited	13.18	17.51
SRL Diagnostics Private Limited	34.17	74.48
RWL Healthworld Limited	1.03	-
Birdie & Birdie Realtors Private Limited	0.28	-
HealthFore Technologies Limited	25.34	-
	516.88	**656.25**

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	Year ended 31 March 2018 (Rupees in Lakhs)	Year ended 31 March 2017 (Rupees in Lakhs)
(vi) Loans given		
SRL Diagnostics Private Limited	-	1,500.00
SRL Reach Limited	50.00	200.00
Fortis Hospitals Limited	-	330.00
	50.00	**2,030.00**
(vii) Loans received back		
SRL Diagnostics Private Limited	2,400.00	3,600.00
SRL Reach Limited	-	600.00
	2,400.00	**4,200.00**
(viii) Dividend Income from Joint Ventures:		
SRL Diagnostics (Nepal) Private Limited	15.00	-
	15.00	**-**
(ix) Interest received		
SRL Diagnostics Private Limited	1,952.98	2,209.64
SRL Reach Limited	14.02	25.74
Fortis Hospitals Ltd	37.95	28.70
	2,004.95	**2,264.08**
(x) Remuneration to key managerial personnel		
Salary , Bonus and contribution to PF (refer note (a) below)		
Dr. Sanjeev K. Chaudhry, Managing Director (Upto 15 May 2016) Salary, bonus and contribution to PF	-	12.40
Mr. Arindam Haldar, Chief Executive Officer (From 6 March 2017) Salary, bonus and contribution to PF	191.74	61.55
Mr. Sanjeev Vashista, Chief Executive Officer (Upto 18 January 2017) Salary, bonus and contribution to PF	-	283.77
Mr. Saurabh Chadha, Chief Financial Officer Salary, bonus and contribution to PF	82.80	88.27
Mr. Ravi Batra, Company Secretary (Upto 7 May 2017) Salary, bonus and contribution to PF	10.30	61.60
Mr. Sumit Goel, Company Secretary (from 30 May 2017) Salary, bonus and contribution to PF	25.65	-
	310.49	**507.59**

Note a: The remuneration to the key managerial personnel includes incentives and share based payments but does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the company as a whole. The incentive included above is amount actually paid during the year and doesn't include amount accrued at year end. The amount does not include accrual recorded for Employee Share Based Payments.

	Year ended 31 March 2018 (Rupees in Lakhs)	Year ended 31 March 2017 (Rupees in Lakhs)
(xi) Remuneration to Individuals (directly/ indirectly) having control over the reporting enterprise		
Mr. Malvinder Mohan Singh, Chairman		
Salary, bonus and contribution to PF	519.73	395.19
Reimbursements paid	82.92	-
	602.65	**395.19**
(xii) Purchase of Reagents and consumables		
Fortis Hospitals Limited	22.11	21.78
Fortis Health Management Limited	1.79	1.27
Hiranandani Healthcare Private Limited	0.16	0.29
RWL Healthworld Limited	0.84	2.70
Trivitron Health Care Private Limited	157.51	128.62
	182.41	**154.66**
(xiii) Purchase of property, plant and equipment, and other intangible assets		
HealthFore Technologies Limited	35.17	-
SRL Diagnostics Private Limited	-	63.20
SRL Reach Limited	0.67	-
	35.84	**63.20**
(xiv) Sale of property, plant and equipment, and other intangible assets		
Fortis Healthcare Limited	-	74.58
SRL Diagnostics Private Limited	1.69	-
SRL Reach Limited	1.20	-
	2.89	**74.58**
(xiv) Deposit received		
HealthFore Technologies Limited	3.49	-
	3.49	**-**
(xv) Provision for doubtful advances		
RHC Holding Private Limited	21.05	-
	21.05	**-**

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	As at 31 March 2018 (Rupees in Lakhs)	As at 31 March, 2017 (Rupees in Lakhs)
C. Balances outstanding at the year end :		
(i) Loans outstanding balance		
SRL Diagnostics Private Limited	14,800.00	17,200.00
SRL Reach Limited	150.00	100.00
Fortis Hospitals Ltd	330.00	330.00
	15,280.00	**17,630.00**
(ii) Deposits to related parties		
Birdie & Birdie Realtors Private Limited	80.00	80.00
Bar Chem	74.10	70.14
	154.10	**150.14**
(iii) Deposit from related parties		
HealthFore Technologies Limited	3.49	-
	3.49	**-**
(iv) Trade receivables		
Escort Heart Institute & Research Centre Limited	1,792.75	696.87
Fortis C DOC Healthcare Limited	122.09	115.73
Fortis Health Management Limited	41.55	33.35
Fortis Healthcare Limited	1,857.90	683.59
Fortis Hospitals Limited	7,894.80	1,999.78
Fortis Health Management (East) Limited	14.54	14.54
Fortis Malar Hospitals Limited	346.11	85.32
Hiranandani Healthcare Private Limited	1,536.27	630.71
SRL Diagnostics FZ-LLC	905.48	1,388.65
SRL Diagnostics (Nepal) Private Limited	97.77	114.52
SRL Reach Limited	50.86	15.06
Religare Health Insurance Company Limited (considering transaction upto Feb'2018)	23.55	51.13
RWL Healthworld Limited	81.04	87.22
Fortis Charitable Foundation	0.09	18.81
HealthFore Technologies Limited	-	0.84
SRL Diagnostics Private Limited	56.91	88.15
DDRC SRL Diagnostics Private Limited	(9.08)	5.16
	14,812.63	**6,029.44**
(v) Trade payables		
Birdie & Birdie Realtors Private Limited	29.71	1.58
Bar Chem	21.40	21.58
Spectrum Voyages Private Limited (Formerly known as Ligare Travels Private	-	9.37
SRL Diagnostics Private Limited	59.80	53.30
RWL Healthworld Limited	0.02	-
Trivitron Health Care Private Limited	8.54	7.13
	119.47	**92.96**
(vi) Advance from customers		
The Medical and Surgical Centre Limited	4.81	-
Jacob ballas Capital India Private Limited	0.28	0.19
	5.09	**0.19**
(vii) Advances recoverable		
SRL Diagnostics FZ-LLC	30.91	33.69
SRL Diagnostics Private Limited	2.16	2.56
SRL Reach Limited	1.20	9.50
SRL Diagnostics (Nepal) Pvt. Ltd.	20.03	2.43
Fortis Healthcare Limited	114.77	111.31
RHC Holding Private Limited	21.05	-
HealthFore Technologies Limited	5.91	-
Mr. Malvinder Mohan Singh	47.96	-
	243.99	**159.49**
(viii) Interest receivable		
SRL Diagnostics Private Limited	396.43	-
SRL Reach Limited	7.20	-
Fortis Hospitals Limited	8.42	8.42
	412.05	**8.42**
(ix) Provision for doubtful advances		
RHC Holding Private Limited	21.05	-
	21.05	**-**

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Notes:-

(a) The subsidiary company has taken working capital facility from Bank of Rs 1,500 Lakhs as on 31 March 2018 (31 March 2017: Rs. 1,500 Lakhs) which is guaranteed by SRL Limited.

(b) The Company as at year end has Rs. 14,122.42 Lakhs (31 March 2017: Rs. 4,504.95 Lakhs) receivables from Fortis Healthcare Limited and its associated subsidiaries (hereinafter referred to as "Fortis Group"). During the year, the Company has rendered services amounting to Rs.14,661.80 Lakhs to Fortis Group and collected Rs. 5,044.32 Lakhs.
The Company further has receivable towards inter corporate deposit amounting to Rs. 330 Lakhs from Fortis Hospital Limited (31 March 2017: Rs. 330 Lakhs).
Interest on this deposit is serviced till December 2017, (interest accrued is Rs. 8.42 Lakhs from Fortis Hospital Limited (31 March 2017: Rs. Nil)).
The company is hopeful of collecting the full amount due from Fortis Group upon completion of Fortis group bidding process.
Accordingly, no provision has been considered against the amount recoverable from Fortis Group.

(c) Subsequent to year end the company has entered into an agreement with one of it's customer whereby out of Rs. 212.11 Lakhs recoverable from a customer, Fortis group has guaranteed to pay Rs. 175 Lakhs on behalf of customer (which in turn will be settled against amount payable by Fortis group to customer). The management expects to recover the balance amount in normal course of business and accordingly no provision has been considered necessary.

(d) The Company as at year end has Rs. 905.48 Lakhs (31 March 2017: Rs. 1,388.65 Lakhs) receivable from its subsidiary SRL Diagnostics FZ LLC, Dubai (SRL Dubai). During the year, SRL has rendered services amounting to Rs.464.62 Lakhs and collected Rs. 947.80 Lakhs. The company is hopeful of collecting the full amount due from SRL Dubai in FY 2018-19. Accordingly, no provision has been considered against the amount recoverable.

(e) The Company has granted stock option to the employees of Fortis Healthcare Limited, RHC Holding Private Limited and SRL Diagnostics Private Limited. The cost of such stock option is not cross charged to respective companies. Accordingly the same is not disclosed/ included above as related party transaction. (also refer note 46)

(f) Related party relationships are as identified by the Management taking into account the findings and limitations in the Investigation Report (Refer Notes 47 (d) below) and the information available with the Management. In this regard, in the absence of specific declarations from the erstwhile directors on their compliance with disclosures of related parties, especially considering the substance of the relationship rather than the legal form, the related parties have been identified based on the declarations by the erstwhile directors and the information available through the known shareholding pattern in the entities. Therefore, there may be additional related parties whose relationship may not have been disclosed to the Group and, hence, not known to the Management.

D Terms and conditions of transactions with related parties

(i) The sale to and purchase from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at year end are unsecured, and interest free and settlement occurs in cash. There has been no guarantees provided or received from any related party receivables or payables. For the year ended 31 March 2018, the Company has recorded Rs. 21.05 Lakhs as provision towards receivables relating to amounts owned by related parties (31 March 2017, Rs. Nil). This assessment is undertaken each financial year through examining the financial assumptions and the market in which the related parties operates.

(ii) Deposits given are towards premises taken on rent. Such security deposits are unsecured and will be settled in case at the end of the lease term.

(iii) Loans granted are intended to meet the working capital requirement. The loans are unsecured and repayable in full on demand. Interest is charged at 11.50% - 12.00% p.a.

38. Leases

As lessee

Operating Leases

(i) Labs, Offices, Godowns and Guest houses

The Company has obtained lab premises, office premises, godowns and guest houses on operating lease arrangements. The lease terms varies from 11 months to 9 years, renewable at the option of the Company. There are escalation clauses in some of the lease agreements which is ranging from 5% to 15%. There are no restrictions imposed by the lease arrangements.

(ii) Lab Equipments

Certain lab equipments are obtained under operating leases. The lease period varies between 11 months to 9 years. There is no escalation clause in the lease agreements. There are no restrictions imposed by the lease agreements. There are no sub-leases.

	Year ended 31 March 2018 (Rupees in Lakhs)	Year ended 31 March 2017 (Rupees in Lakhs)
Lease expense for the year recognised in the Statement of Profit and Loss	2,049.99	2,214.89
Future minimum lease payments under non-cancellable lease agreements:		
-Not later than one year	912.61	865.51
-Later than one year and not later than five years	2,299.02	2,322.53
-Later than five years	465.03	783.86
	3,676.66	**3,971.90**

As Lessor

Operating Lease

Rental income from premises subleased by the Company recognised in the Statement of Profit and Loss	11.63	-
	11.63	**-**

Accounting of Reagent Rental Equipments

The Company has entered in various agreements with equipment manufacturer suppliers. As per agreements, SRL will get equipments free of cost and reagents have to be purchased from those specific vendors only. Company has assessed the conditions as specified in the Ind AS -17 for determining whether the said arrangement is under operating lease or finance lease. Basis the evaluation, the nature of lease cannot be determined hence SRL continue to treat the purchase of reagent in consumption cost with no element of rental / interest therein.

39. Commitments

	As at 31 March 2018 (Rupees in Lakhs)	As at 31 March 2017 (Rupees in Lakhs)
a. Other commitments		
- Commitments for the acquisition of property, plant and equipment	799.49	1,322.57

b. The Company has other commitments, for purchase/sales orders which are issued after considering requirements per operating cycle for purchase/ sale of services, employee's benefits. The Company does not have any long term commitments or material non-cancellable contractual commitments/ contracts.

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40. Contingent liabilities (not provided for) in respect of :

(i) Claims against the Company not acknowledge as debt

a. The Company has received a show cause cum demand notice dated 20 April 2007 for Rs. 81.44 Lakhs in respect of service tax relating to 'Clinical Trial Studies' rendered during the period from July 2003 to April 2006. The Company has responded to the Directorate General of Central Excise Intelligence, Mumbai on 8 May 2007. In the opinion of the management, the said demand is non-tenable and not likely to devolve on the Company. Accordingly, no provision in respect of the said demand is considered in the books of accounts.

b. Demands against various Medico-Legal cases by the customers which are disputed by the Company as at 31 March 2018 amounted to Rs. 220.14 Lakhs (31 March 2017 Rs. 211.16 Lakhs). Besides, the Company has also received various others claims from its customers for compensation in lieu of non satisfactory test results, the amount of which is not ascertainable. However, in the opinion of the management, most of these claims are non-tenable and are not likely to devolve on the Company. On the basis of past history of such cases, the management is of view that there will not be any substantial outflow of resources in respect of the above and hence no provision there against is considered necessary.

c. The Company is currently under litigation with the Income tax department against certain income tax demands for non-deduction of withholding taxes on the payments made by the Company of discounts to its collection centers and certain other miscellaneous matters totalling to Rs. 5,133.35 Lakhs (31 March 2017 Rs. 5,105.62 Lakhs) in relation to Assessment years (AY) 2006-07, 2007-08, 2008-09, 2009-10, 2010-11, 2012-13, 2013-14, 2014-15, and 2015-16. The year wise details of demand, protest amount deposited and forum where they are pending has been enumerated below:-

Assessment Year	Demand Amount (Rupees in Lakhs)	Forum Pending
2006-07	158.20	Delhi High Court
2007-08	1,256.14	ITAT
2008-09	815.25	Delhi High Court
2008-09	614.28	ITAT
2008-09	97.19	ITAT
2009-10	1,318.73	ITAT
2010-11	738.44	ITAT
2012-13	55.14	ITAT
2013-14	26.08	ITAT
2014-15	26.17	CIT (A)
2015-16	27.73	CIT (A)

The company has paid Rs. 5.60 Lakhs as protest money against demand for AY 2015-16 shown as other non-current assets (refer note 11)

d. The management based on its internal evaluation and advice obtained from its tax advisors is of the opinion that the demand is not tenable as the company is having favourable orders from CIT(A) and ITAT and does not expect any economic outflow. Accordingly, it has filed an appeal against these orders and has not considered need for any provision for the purpose of preparation of its accounts.

e. The Company had received an order under section 201(1) and 201(1A) of the Income Tax Act, 1961 from Deputy Commissioner Income Tax (TDS), Mumbai in relation to Assessment Years 2008-09 and 2009-10 aggregating to Rs. 291.19 Lakhs and Rs. 134.56 Lakhs respectively primarily on account of mismatch in the online database of tax department with returns/ challans filed by the Company. The Company has filed an appeal before Commissioner (Appeals) XIV, Mumbai against the said orders. The CIT(A) has already allowed the appeal in favour of Company. Further the Direction has been issued to the Company to revise the return in co-ordination with assessing officer. The Company is in process of rectifying those demand by revising its return for said period. Based on data available in TRACES as on 31 March 2018 demand of Rs. 0.49 Lakhs and Rs. 4.17 Lakhs respectively is outstanding. The Company is of the view that the demand is not tenable as the case has already been allowed in the favour of the Company by CIT (A) and no economic outflow is expected against the same.

f. The Assistant Commissioner of Income Tax, New Delhi passed an assessment order dated 24 March 2015 disallowing certain expenses claimed by it in the assessment year 2011-12 and thereby the taxable loss of the Company was assessed at Rs. 1,008.18 Lakhs whereas the losses claimed by the Company were Rs. 1,271.29 Lakhs. The Company has filed an appeal before Commissioner of Income Tax (Appeals), New Delhi against the above order vide acknowledgement dated 21 April 2015. The CIT (Appeals) has decided the issue in favour of the Company in entirety vide its order dated December 2, 2016. The Department has filed an appeal before ITAT. The company already has similar case from ITAT for AY 2006-07 and AY 2008-09 in the favour of the Company and hence the Management considers the demand is not tenable.

g. The Company had received order under section 201(1) and 201(1A) of the Income Tax Act, 1961 from Income Tax officer (TDS), Mumbai in relation to Assessment Years 2008-09 and 2009-10 aggregating to Rs. 457.04 Lakhs and Rs. 531.80 Lakhs for non-deduction of taxes under the provisions of section 194H and section 195. CIT(A) has passed favourable order dated 11 April 2014. The Revenue has filed an appeal against the CIT(A) order vide its acknowledgement dated July 3, 2014. The ITAT has passed the order in favour of the Company vide its order dated September 30, 2016. The Company is of the view that the demand is not tenable taking into account the favourable order of ITAT and no economic outflow is expected against the same.

h. The Sales Tax Officer (C-108), Nodal Division-012, Mumbai (hereinafter referred as the assessing officer passed an order on 06/08/2016. In the Said order the VAT authority has levied the demand of Rs. 44.13 Lakhs (which comprises of short payment of VAT/CST liability of Rs. 16.30 Lakhs, Interest thereon Rs. 11.52 Lakhs and penalty of Rs. 16.30 Lakhs).The Company filed an appeal before Deputy Commissioner of Sales Tax, Mumbai on 11/01/2017. The department has released the demand vide letter dated 12.07.2017. The Assessing officer has issued a re-assessment Notice dated 04 September 2017.The Company is of the view that the demand is not tenable.

(ii) The Company has given guarantees against funding facility availed by its wholly owned subsidiary (SRL Diagnostics Private Limited). As at 31 March 2018 Rs. 390.47 Lakhs was utilised (31 March 2017: Rs. 16.25 Lakhs), (sanction limit as at 31 March 2018: Rs. 1,500 Lakhs, 31 March 2017: Rs. 1,500 Lakhs).

(iii) The Company has given bank guarantee of Rs. 141.34 Lakhs. (31 March 2017: Rs. 304.80 Lakhs).

(iv) The Company has received a legal Notice from an ex-employee on 29th June, 2018 claiming a sum of Rs. 935 Lakhs with respect to Provident Fund, Variable Pay and ESOPs. Further the Parent company of SRL (Fortis Healthcare Limited) has also received a legal Notice from the same ex-employee on 29th June, 2018 claiming a sum of Rs. 1923 Lakhs with respect to certain Technology transfer amounts allegedly due to him.

Based on an advise of the in-house legal counsel on the merits of the claim, the Company and its Parent are of the opinion that claims made by Dr. Sanjeev K Chaudhry may not be sustainable.

(v) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

(vi) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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41. **Employee benefits plans**

(i) **Defined contribution plans**

Provident fund

In accordance with 'Employees' provident fund & miscellaneous provisions Act 1952', employees are entitled to receive benefits under the provident fund. Both the employee and the employer make monthly contributions to the plan at a predetermined rate of an employee's basic salary. All employees have an option to make additional voluntary contributions. These contributions are made to the fund administered and managed by the Government of India (GOI). The Company has no further obligations under the fund managed by the GOI beyond its monthly contributions which are charged to Statement of Profit and Loss in the period they are incurred. The Company recognised Rs. 696.12 Lakhs (Year ended 31 March 2017: Rs. 660.35 Lakhs) for Provident fund contributions in the Statement of Profit and Loss.

Employee State Insurance

In accordance with 'Employees' State Insurance Act, 1948', specified employees are entitled to receive benefits under the employees' state insurance (ESI). Both the employee and the employer make monthly contributions to the plan at a predetermined rate of such employee's eligible salary. These contributions are made to the fund administered and managed by the Government of India (GOI). The Company has no further obligations under the fund managed by the GOI beyond its monthly contributions which are charged to Statement of Profit and Loss in the period they are incurred. The Company recognised Rs. 155.18 Lakhs (Year ended 31 March 2017: Rs. 92.53 Lakhs) for ESI contributions in the Statement of Profit and Loss.

Superannuation fund

SRL Limited holds a policy with Life Insurance Corporation of India ("LIC"), to which it contributes a fixed amount relating to superannuation and the pension annuity (related to senior executive of the company) is met by LIC as required, taking into consideration the contributions made. The Company has no further obligations under the scheme beyond its monthly contributions which are charged to the Statement of Profit and Loss in the period they are incurred. The Company recognised Rs. 7.06 Lakhs (Year ended 31 March 2017: Rs. 10.43 Lakhs) for Superannuation fund contributions in the Statement of Profit and Loss.

(ii) **Defined benefit plans**

Gratuity

The Company has a defined benefit gratuity plan, wherein every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service subject to a maximum limit of Rupees 2,000,000 (31 March 2017, Rupees 1,000,000) in terms of the provisions of Gratuity Act, 1972. The gratuity plan is unfunded.

These plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.
Interest risk	A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt instruments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

In respect of the plan, the most recent actuarial valuation of the present value of the defined benefit obligation were carried out as at 31 March 2018 by the Fellow of the Institute of Actuaries of India, Ms. N. Seethakumari. The present value of the defined benefit obligation and the related current service cost and past service cost, were measured using the projected unit credit method.

The principal assumptions used for the purposes of the actuarial assumptions were as follows:

	As at 31 March 2018	As at 31 March 2017
Discount rate	7.51% p.a.	6.74% p.a.
Expected rate of salary increase	6.50%	6.50%
Longevity (Mortality) rate	Indian Assured Lives 2006-08 Ultimate	Indian Assured Lives 2006-08 Ultimate
Employee turnover		
Upto 30 years	33% p.a.	33% p.a.
30-40 years	18% p.a.	18% p.a.
Above 40 years	9% p.a.	9% p.a.

Statement of profit and loss

	Year ended 31 March 2018 (Rupees in Lakhs)	Year ended 31 March 2017 (Rupees in Lakhs)
Service cost		
Current service cost	113.71	146.90
Past service cost	26.96	-
Net interest expense	49.94	49.69
Components of defined benefit costs recognised in Statement of Profit and Loss	**190.61**	**196.59**
Remeasurement on the net defined benefit liability:		
- Actuarial losses arising from changes in financial assumptions	(33.74)	23.35
- Actuarial (gains)/ losses arising from experience adjustments	119.60	12.37
Components of defined benefit costs recognised in other comprehensive income	**85.86**	**35.72**
Total defined benefit cost recognized in Statement of Profit and Loss and Other Comprehensive Income	**276.47**	**232.31**

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The current service cost and the net interest expense for the year are included in the 'Employee benefits expense' and 'Finance costs' line item respectively in the Statement of profit and loss. The remeasurement of the net defined benefit liability is included in other comprehensive income.

The amount included in the Balance Sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:

	As at 31 March 2018 (Rupees in Lakhs)	As at 31 March 2017 (Rupees in Lakhs)
Balance sheet		
Details of Provision for gratuity		
Present value of unfunded defined benefit obligation	952.73	813.66
	952.73	**813.66**

	Year ended 31 March 2018 (Rupees in Lakhs)	Year ended 31 March 2017 (Rupees in Lakhs)
Movement in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	813.66	712.23
Current service cost	113.71	103.08
Past service cost	26.96	-
Total gratuity expenses (Refer note 33)	140.67	103.08
Interest cost	49.94	49.69
Employer direct benefit payments		
- Actuarial losses arising from changes in financial assumptions	(33.74)	23.35
- Actuarial (gains)/ losses arising from experience adjustments	119.60	12.38
Benefits paid	(145.28)	(81.48)
Transfer In	7.87	14.13
Transfer Out	-	(19.72)
Closing defined benefit obligation	952.73	813.66

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and attrition rate. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

	As at 31 March 2018 (Rupees in Lakhs)	As at 31 March 2017 (Rupees in Lakhs)
If the discount rate is 100 basis points higher	901.25	767.14
If the discount rate is 100 basis points lower	1,010.38	866.70
If the expected salary growth increases by 1%	1,005.14	860.17
If the expected salary growth decreases by 1%	905.10	771.78
If attrition rate increases by 1%	951.56	810.55
If attrition rate decreases by 1%	953.62	817.39

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the Balance Sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

The Company expects to make a contribution of Rs. 113.71 lakhs (31 March 2017: Rs. 230.85 lakhs) to the defined benefit plans during the next financial year.
The weighted average duration of the defined benefit obligation as at 31 March 2018 is 6 years (31 March 2017: 6 years).

The estimates of future salary increases, considered in actuarial valuation, takes into account the inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Experience adjustments	As at 31 March 2018 (Rupees in Lakhs)	As at 31 March 2017 (Rupees in Lakhs)
Defined benefit obligation	952.73	813.66
Experience adjustment on plan liabilities- (loss)	119.60	12.38

42. Corporate social responsibility

As per section 135 of the Companies Act, 2013 and the rules therein, the Company is required to spend at least 2% of the average net profit of past three years towards Corporate Social Responsibility (CSR). Details of the CSR expenses, as certified by Management, are as follows:

		Year ended 31 March 2018 (Rupees in Lakhs)	Year ended 31 March 2017 (Rupees in Lakhs)
Balance to be spent as per previous year	(A)	-	-
Amount required to be spent for the current year	(B)	195.29	133.69
Gross amount required to be spent	(A+B)	**195.29**	**133.69**
Amount spent during the year (note 34)		92.18	133.69
Balance unspent at the end of the year		**103.11**	-

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43. Financial instruments

43A Capital Management

The Company manages its capital to ensure that Company will be able to continue as going concern. The Company's management reviews the capital structure of the Company on periodic basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. The Capital structure of the Company consists of net debt (borrowings as detailed in notes and offset by cash and bank balances) and total equity of the Company. The Company manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants. The Company is not subject to any externally imposed capital requirements.

The Gearing ratio at end of reporting period was as follows:-

	As at 31 March 2018 (Rupees in Lakhs)	As at 31 March 2017 (Rupees in Lakhs)
Debt (i)	1,477.07	230.98
Cash and bank balances (note 14 & 14A)	363.12	881.64
Net Debt/ (Surplus) (A)	**1,113.95**	**(650.66)**
Total equity (B)	**96,700.50**	**92,902.39**
Net debt to equity ratio	1.15%	-

(i) Debt is defined as long-term and short-term borrowings as described in note 22.

Borrowing covenants

Under the term of borrowing facility, the Company is required to comply with the following financial covenants:

(a) Debt equity ratio <=0.75 to be maintained during the loan tenure.
(b) Fixed assets coverage ratio - Minimum to be maintained at 1.30x.

The company has complied with these covenants through out the reporting period.

The Debt equity ratio at end of reporting period was as follows:-

Debt (A)	1,477.07	230.98
Equity (B)	96,700.50	92,902.39
Debt to equity ratio	**0.02**	**0.00**

The Fixed assets coverage ratioat end of reporting period was as follows:-

Net fixed assets (A)	21,870.58	23,277.16
Debt (B)	1,477.07	230.98
Fixed assets coverage	**14.81**	**100.78**

43B Financial risk management objectives and Policies

The Company's financial assets includes trade receivables, other receivables and cash and cash equivalents that derive directly from it's operation. The Company's principal financial liabilities comprise trade payables, other payables and borrowings. The main purpose of these financial liabilities is to finance the company's opearation. The Company has exposure to the following risk arising from financial instruments.

(a) Credit risk
(b) Market risk
(c) Liquidity risk

The Company's board of directors manages the financial risk of the company through internal risk report which analyse exposure by magnitude of risk.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet it's contractual obligation and arises principally for the company receivable from customers. An impairment analysis is performed at each reporting date on an individual basis for major clients. The Company hold certain amount as collateral in form of security deposit against certain class of receivable (primarily includes receivable from collection centre). The Company's exposure to credit risk is influended mainly by the individual characteristics and credit worthiness of each customer. Further refer note 13 for a summary of company's most significant cutomers and details on provision for expected credit loss.

(b) Market risk

Market risk is the risk of loss of future earnings, risk of loss due to change in interest rates, fair values or future cash flows that may result from a change in the price of financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, and other market changes that affect market risk sensitive instruments.

Market risk includes:

(i) Foreign currency risk
(ii) Interest rate risk

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(i) Foreign currency risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposes to exchange rate fluctuations arise. The Company has limited exposure from foreign currency risk as approximately only 2% of its revenue is from international operation. The Company has not taken any derivative contracts to hedge the exposure. Further the exposure towards foreign currency fluctuation is party hedged naturally on account of receivable from customers and payable to vendors in foreign Currency.

The carrying amounts of the company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting year are as follows:

	Currency	As at 31 March 2018			As at 31 March 2017		
		Rupees in Lakhs	Conversion Rate	Amount in foreign currency	Rupees in Lakhs	Conversion Rate	Amount in foreign currency
Trade receivables	USD	560.50	64.92	8.63	482.60	64.74	7.45
EEFC Account	USD	0.61	64.92	0.01	-	-	-
Cash balances	AED*	0.03	17.67	0.00	0.59	17.62	0.03
	EURO*	0.01	79.97	0.00	0.71	69.51	0.01
	USD	0.48	64.92	0.01	2.09	64.74	0.03
	LKR	-	-	-	0.10	0.42	0.25
Trade payables	EURO	-	-	-	5.17	69.51	0.07
	GBP	-	-	-	0.78	80.63	0.01

* Amount not presented due to rounding off during the financial year 2017-18.

Foreign currency sensitivity

The following table details the Company's sensitivity to a 10% increase and decrease in the Rupees against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit or equity where the Rupees strengthens 10% against the relevant currency. For a 10% weakening of the Rupee against the relevant currency, there would be a comparable impact on the profit or equity and the balances below would be negative.

Currency	2017-18		2016-17	
	10% increase	10% decrease	10% increase	10% decrease
Trade Receivable				
USD	56.05	(56.05)	48.26	(48.26)
Cash balances				
AED*	0.00	(0.00)	0.06	(0.06)
EURO*	0.00	(0.00)	0.07	(0.07)
USD	0.05	(0.05)	0.21	(0.21)
LKR	-	-	0.01	(0.01)
Trade payables				
EURO	-	-	0.52	(0.52)
GBP	-	-	0.08	(0.08)
Impact on profit for the year	**56.13**	**(56.13)**	**48.04**	**(48.04)**
Impact on total equity as at the end of the reporting period	**56.13**	**(56.13)**	**48.04**	**(48.04)**

* Amount not presented due to rounding off during the financial year 2017-18.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

(ii) Interest rate risk

The Company is exposed to interest rate risk because Company borrow funds at both fixed and floating interest rates. The risk is managed by the company by maintaining an appropriate mix between fixed and floating rate borrowings. The fixed rate loans are generally annual loans wherein the interest rate is reset annually based on the market rate of interest.

Interest rate

The sensitivity analyses below have been determined based on the exposure to interest rates at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year.

A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/ lower and all other variables were held constant, following would have been the impact:

	Year ended 31 March 2018 (Rupees in Lakhs)	Year ended 31 March 2017 (Rupees in Lakhs)
If increase by 50 basis point		
Impact on profit or loss for the year	7.39	1.15
Impact on total equity as at the end of the reporting period	(7.39)	(1.15)
If decrease by 50 basis point		
Impact on profit or loss for the year	(7.39)	(1.15)
Impact on total equity as at the end of the reporting period	7.39	1.15

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(c) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligation associates with it's financial liabilities that are setteld by delivering cash. The Company's ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework of the company's short-term, medium-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Note given below sets out details of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk.

The Company's principal sources of liquidity are cash and cash equivalent and cash flow that is generated from operations. In addition the Company has secured funding facilities aggregating to Rs. 3,600 Lakhs which can be drawn to meet short term financial needs. The Company mangement monitors rolling forcast of Company's liquidity requirment to ensure it has sufficient cash to meet operational need while maintaining sufficient headroom on it's undrawn committed borrowing facility at all times so that the Company does not breach the borrowing limits or covenants.

Financial arrangement:

The Company has access to the following undrawn borrowing facilities at the end of the reporting period.

(Rupees in Lakhs)

Particulars	As at 31 March 2018		As at 31 March 2017	
	Sanction limit	Limit utilised	Sanction limit	Limit utilised
Cash credit facility	2,400.00	1,012.45	2,400.00	-
Letter of credit	750.00	-	750.00	-
Bank guarantee	450.00	141.34	450.00	304.80
	3,600.00	**1,153.79**	**3,600.00**	**304.80**

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the company can be required to pay.

The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period.

(Rupees in Lakhs)

Particulars	0-1 year	1-2 years	More than 5 years	Total Amount	Carrying Amount
31 March 2018					
Non Interest bearing instruments	6,423.20	-	-	6,423.20	6,423.20
Fixed interest bearing instruments	1,865.25	-	-	1,865.25	1,759.67
Variable interest bearing instruments	1,632.16	-	-	1,632.16	1,477.07
	9,920.61	-	-	9,920.61	9,659.94
31 March 2017					
Non Interest bearing	6,123.51	-	-	6,123.51	6,123.51
Fixed interest bearing instruments	1,700.17	-	-	1,700.17	1,609.07
Variable interest bearing instruments	255.24	-	-	255.24	230.99
	8,078.92	-	-	8,078.92	7,963.57

The Company expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

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44. Details of dues to Micro and Small Enterprises as per MSMED Act, 2006

	As at 31 March 2018 (Rupees in Lakhs)	As at 31 March 2017 (Rupees in Lakhs)
The principal amount remaining unpaid as at the end of year	1.06	1.16
Interest due on above principal and remaining unpaid as at the end of the year	0.08	0.19
The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	0.08	0.19
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	0.08	0.19

45. Expenditure incurred during development period

During the year, the Company has capitalised the following expenses of revenue nature to the cost of fixed assets/ capital work-in-progress. Consequently, expenses disclosed under the respective notes are net of amounts capitalised by the Company.

Salaries, wages and bonus	-	7.01
Other expenses:		
- Rent- Offices and labs	-	10.35
- Power and fuel	-	1.09
- Miscellaneous expenses	4.57	-
- Travelling and conveyance	-	4.91
	4.57	23.35

45A. The Board of Directors of the Holding Company, Fortis Healthcare Limited (FHL), at its meeting held on 19 August 2016 approved the proposal to demerge its diagnostic business, including that housed in its majority owned subsidiary SRL Limited ("the Company") into another majority owned subsidiary, Fortis Malar Hospitals Limited ("Fortis Malar") pursuant to a composite scheme of arrangement and amalgamation ('the Scheme'). Subsequent to year end on 13 June 2018, the Board of the Company, Fortis Healthcare Limited and Fortis Malar Hospitals Limited decided to withdraw from the scheme, which was approved by National company Law Tribunal ("NCLT") on 15 June 2018.

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46. Employee Stock Option Plans

The Company has provided share-based payment scheme to the eligible employees and directors of the Company, its subsidiary (SRL Diagnostics Private Limited), Fortis Healthcare Limited and RHC Holding Private Limited. The shareholders of the Company vide their resolution dated August 17, 2009 granted approval to 'Super Religare Laboratories Limited Employee Stock Option Plan 2009' (the 'Scheme'). The grant date for the options is August 22, 2009. Under the said Scheme 1,517,470 options of the equity shares of the Company have been granted to the employees of the Company at an exercise price of Rs. 40 per share. Also the shareholders of the Company vide their resolution dated September 20, 2013, 6 May 2017 and 2 August 2017 granted approval to 'SRL Limited Employee Stock Option Scheme 2013' (the 'Scheme'). Under the said Scheme total 1,245,937 options of the equity shares of the Company have been granted to employees of the Company at an exercise price of Rs.201 to Rs 674 per share. The Company has granted these options under Equity Settlement method and there are no conditions for vesting other than continued employment with the Company.

	Grant I	Grant II	Grant III	Grant IV	Grant V	Grant VI	Grant VII
Scheme	ESOP 2009	ESOP 2013	ESOP 2013	ESOP 2013	ESOP 2013	ESOP 2013	ESOP 2013
Date of grant	22 August 2009	30 September 2013	2 November 2015	8 November 2016	22 March 2017	6 May 2017	2 Aug 2017
Date of Board Approval	22 August 2009	23 August 2013	23 August 2013	23 August 2013	23 August 2013	6 May 2017	2 Aug 2017
Date of Shareholder's approval	17 August 2009	30 September 2013	30 September 2013	30 September 2013	30 September 2013	6 May 2017	2 Aug 2017
Number of options granted	1,517,470	200,000	995,937	75,000	125,000	25,000	25,000
Number of options cancelled	795,835	134,000	318,437	-	-	-	-
Number of options exercised	146,847	66,000	-	-	-	-	-
Number of options issued	146,847	66,000	-	-	-	-	-
Number of options not yet vested	-	-	677,500	75,000	125,000	25,000	25,000
Number of options not yet exercised	574,788	-	-	-	-	-	-
Method of Settlement (Cash/Equity)	Equity	Equity	Equity	Equity	Equity	Equity	Equity
Vesting Period	Over three years - 22 August 2009 to 21 August 2012	Over three years - 30 September 2016 to 30 September 2018	Over three years - 2 November 2018 to 1 November 2020	Over three years - 7 November 2019 to 7 November 2021	Over three years - 22 March 2020 to 22 March 2022	Over three years - 26 May 2020 to 26 May 2022	Over three years - 02 August 2020 to 02 August 2022
Exercise Period up to	Up to 21 August 2019	Up to 29 September 2022	Up to 1 November 2022	Up to 1 November 2022	Up to 1 November 2022	Up to 1 November 2022	Up to 1 November 2022
Exercise Period	21 August 2019	29 September 2022	1 November 2022	1 November 2022	1 November 2022	1 November 2022	1 November 2022
Grant value	40	201	428	674	674	674	674

During the year, out of the above stated ESOP-2013 (Grant- III),employees to whom 140,000 ESOPs were granted, the vesting period of those ESOPs have accelerated from the current term of five years to 1.5 years and the same vested on 10 May 2017.

The details of activity under the Plan have been summarized below:

	As at 31 March 2018		As at 31 March 2017	
	Number of Options	Weighted Average exercise price	Number of Options	Weighted Average exercise price
Outstanding at the beginning of the year	1,651,482	303.19	2,040,843	244.60
Granted during the year	50,000	674.00	200,000	674.00
Vested during the year	-	-	66,000	201.00
Exercised during the year	64,125	40.00	88,600	159.93
Forfeited/ Cancelled during the year	135,069	373.04	500,761	239.98
Outstanding at the end of the year	1,502,288	320.49	1,651,482	303.19
Exercisable option at the end of the year	574,788	40.00	658,045	40.00
Remaining life (years)	4.0		5.0	
Range of exercise price	40-674		40-674	

The weighted average fair value of stock options granted during the year is Rs. 674. Black-Scholes model has been used for computing the weighted average fair value considering the following inputs:

Black-Scholes Option Pricing Model

Particulars	Grant II	Grant III	Grant IV- V	Grant VI- VII
Vesting Schedule	100%	100%	100%	100%
Date of Grant	30 September 2013	02 November 2015	8 November 2016, 22 March 2017	6 May 2017, 2 August 2017
Stock Price (S)	201	428	674	674
Exercise Price (X)	201	428	674	674
Volatility (s)	17.41%	15.54%	15.54%	16.19%
Risk-free Rate	8.70%	7.63%	7.63%	6.95%
Expected Option Life (T)	5yrs	5yrs	5yrs	5yrs
Dividend Yield	1.00%	0.47%	0.47%	0.47%
Factor D1	1.18	1.20	1.20	1.08
Factor D2	0.80	0.86	0.86	0.71
Normdist of D1	0.88	0.89	0.89	0.86
Normdist of D2	0.79	0.80	0.80	0.76
Option Value	**66.3**	**135.3**	**213**	**202.61**
Exit/Attrition Rate	16.50%	16.50%	16.50%	16.50%
Modified Option Value	**55.4**	**112.98**	**177.86**	**169.18**

Note:-

(i) The change does not affect total equity, but there is a decrease in profit for the year ended 31 March 2018 of Rs. 282.15 lakhs (31 March 2017: Rs. 141.25 lakhs).

(ii) The Company has granted stock option to the employees of Fortis Healthcare Limited, RHC Holding Private Limited and SRL Diagnostics Private Limited. The cost of such stock option is not cross charged to respective companies. Accordingly the same is not disclosed/ included above as related party transaction. (also refer note 37C (e))

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47. Investigation initiated by the Audit and Risk Management Committee of Holding Company

(a) There were reports in the media and enquiries from inter alia the stock exchanges received by the Holding Company about certain inter-corporate loans ("ICDs") given by a wholly owned subsidiary of the Holding Company. The erstwhile Audit and Risk Management Committee of the Holding Company in its meeting on 13 February, 2018 decided to carry out an independent investigation through an external legal firm.

(b) The terms of reference of the investigation, inter alia, comprised (i) ICDs placed by the Holding Company's wholly owned subsidiary, Fortis Hospitals Limited, with three borrowing companies as on 1 July 2017; (ii) the assignment of these ICDs to a third party and the subsequent cancellation thereof as well as evaluation of legal notice (now a civil suit) received from such third party (refer note 49 below); (iii) review of intra-group transactions for the period commencing FY 2014-15 and ending on 31 December 2017 (refer Note 50 below); (iv) investments made in certain overseas funds by the overseas subsidiaries of the Company (i.e. Fortis Asia Healthcare Pte. Ltd, Singapore and Fortis Global Healthcare (Mauritius) Limited; (v) certain other transactions involving acquisition of Fortis Healthstaff Limited ("Fortis Healthstaff") from a promoter group companies, and subsequent repayment of loan by said subsidiary to the promoter group company.

(c) The investigation report ("Investigation Report") was submitted to the Board of Holding Company on 8 June, 2018.

(d) The re-constituted Board of the Holding Company discussed and considered the Investigation Report and noted certain findings of the external legal firm relating to the Company, which are subject to the limitations on the information available to the external legal firm and their qualifications and disclaimers as described in their investigation report. In this regard, the investigation pointed out that in internal correspondence, transactions with certain entities have been referred to as related party transactions which were not part of the Related Party Transactions as disclosed by the Company. However, no further conclusions have been made, in this regard. The investigation did not cover all related party transactions during the period under investigation and focused on identifying undisclosed parties having direct/indirect relationship with the Promoter group, if any.

(e) Other matters:

As per the assessment of the Board of the Holding Company and the Company, based on the investigation carried out through the external legal firm, and the information available at this stage, all identified/required adjustments/disclosures arising from the findings in the Investigation Report, have been made in these Standalone Ind AS Financial Statements. With respect to the other matters identified in the Investigation Report, the Board will appoint an external agency of repute to undertake a scrutiny of the internal controls and compliance framework in order to strengthen processes and build a robust governance framework. Towards this end, they will also evaluate internal organisational structure and reporting lines, the delegation of powers of the Board or any committee thereof, the roles of authorised representatives and terms of reference of executive committees and their functional role. We will also assess the additional requisite steps to be taken in relation to the significant matters identified in the Investigation Report, including inter alia, initiating an internal enquiry.

(f) The regulatory authorities are currently undertaking their own investigation (refer note 48 below), and it is likely that they may make their determination on whether any fraud or any other non-compliance/ illegalities have occurred in relation to the matters addressed in the Investigation Report on the basis of facts, including those facts that the independent investigator would not have had access to, given their limited role and limitations stated in the Investigation Report. Accordingly, in light of the foregoing, the Board of Directors at this juncture is unable to make a determination on whether a fraud has occurred. That said, the Board of Directors is committed to fully co-operating with the relevant regulatory authorities to enable them to make a determination on these matters and to undertake the remedial action, as required under, and to ensure compliance with, applicable laws and regulations.

Except for the findings of the Investigation Report, including matters on internal control described above, and inability of the Board of Directors to, at this juncture, make a determination on whether a fraud has occurred on the Company considering the limitations on the information available to the external legal firm and their qualifications and disclaimers as described in their Investigation Report, proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities. In the event other exposures were to come to light, the Company is committed to appropriately addressing the same, including making additional provisions where required.

(g) Any further adjustments/ disclosures, if required, would be made in the books of account pursuant to the above actions to be taken by the Board/ regulatory investigations as and when the outcome of the above is known.

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48. Investigation by Regulatory Authorities:

(a) The Holding Company received a communication dated 16 February, 2018 from the Securities and Exchange Board of India (SEBI), confirming that an investigation has been instituted by SEBI in the matter of the Holding Company. In the aforesaid letter, SEBI has summoned the Holding Company under section 11C (3) of the SEBI Act, 1992 to furnish by 26 February, 2018 certain information and documents relating to the short-term investments of Rupees 473 Crores reported in the media. Failure to produce the information required for investigation could result in penalties as provided under section 15A and criminal proceedings under section 11C(6) of the SEBI Act, 1992. SEBI has also appointed forensic auditors to conduct a forensic audit, who are also in the process of collating information from the Holding Company and certain other subsidiaries, including the Company. The Holding Company is the process of furnishing all the requisite information and documents requested by SEBI and its forensic auditors.

(b) The Registrar of Companies (ROC) under section 206(1) of the Companies Act, 2013, inter alia, had also sought information in relation to the Holding Company. All requisite information in this regard has been duly shared by the Holding Company with the ROC.

(c) The Holding Company has also received a letter from the Serious Fraud Investigation Office (SFIO), Ministry of Corporate Affairs under section 217(1)(a) of the Companies Act, 2013, inter alia, initiating an investigation and seeking information in relation to the Holding Company, its material subsidiaries, joint ventures and associates. The Holding Company in the process of submitting all requisite information in this regard with SFIO and has in this regard has requested SFIO for additional time to submit the information.

(d) Further, the Investigation Report has been submitted by the Holding Company with the Securities and Exchange Board of India, the Serious Frauds Investigation Office ("SFIO") on 12 June, 2018.

The Holding Company is fully co-operating with the regulators in relation to the ongoing investigations to enable them to make their determination on these matters. Any further adjustments/disclosures, if required, would be made in these Standalone Ind AS financial statements as and when the outcome of the above investigations is known.

49. A third party ("Assignee" or "Claimant") has filed a Civil Suit before the District Court, Delhi in February 2018 against various group entities including the Company (together "the defendants") and have, inter alia, claimed implied ownerships of brands "SRL" ("Fortis" and "La-Femme" of the holding company) in addition to certain financial claims and for passing a decree that consequent to a term sheet dated 6 December 2017 ('Term Sheet') with a certain party, the defendants are liable for claims owed by the claimant to the certain party. In connection with this, the District Court passed an ex-parte order directing that any transaction taken by defendants in favour of any other party affecting the interest of the Claimant shall be subject to orders passed in the said suit. (also refer note 47 above)

The Company has filed written statement denying all allegations made against it and prayed for dismissal of the Civil Suit on various legal and factual grounds. The Company has specifically denied liability to pay any amounts to the Claimant, including its alleged claim that the Claimant has rights over the aforesaid brands.

In addition to the above, the Holding Company has also received four notices from the Claimant claiming (i) Rupees 1,800 lakhs as per notices dated 30 May 2018 and 1 June 2018 (ii) Rupees 21,582 lakhs as per notice dated 4 June 2018; and (iii) Rupees 1,962 lakhs as per notice dated 4 June 2018. All these notices have been responded to by the Holding Company denying any liability whatsoever.

Separately, certain party has also alleged rights to invest in the Holding Company. It has also alleged failure on part of the Holding Company to abide by the aforementioned Term Sheet and has claimed ownership over the brands as well.

Based on the legal advice of the external legal counsel obtained by the Holding Company, the Company believes that the claims are not tenable and accordingly, no adjustment is required in the Standalone Ind AS Financial Statements with respect to these claims.

The matter was also included as part of investigation carried out by an external legal firm at holding company. The external legal firm did not report on the merits of the case since the matter was sub-judice.

50. In July 2017 a Memorandum of Understanding (MoU) was entered between the Company and a body corporate (refer note 47 above) for lease of a office space which were amended on different dates. The Company had paid Rs. 460 Lakhs towards security deposit and fit-outs/ interior decoration to the body corporate which had to be refunded on either expiry of the term or earlier termination of the MoU. Occupancy certificate (OC) from relevant governmental authority was a precondition of the said MoU. In addition, the Company has incurred Rs. 129.05 Lakhs on the said project towards capital expenditure/ advance paid to third party vendors. The validity of MoU was until March 2018 and the occupancy certificate of the building has not been received.

The MoU was not extended further and the Company asked the Body Corporate to refund the amounts, due as per the MoU. The party had provided the Company with two post-dated cheques for Rs. 460 Lakhs which were banked on 13 June, 2018 by the Company, but were returned from the bank with the comment "refer to drawer". As the amounts were not received, the Company has served legal notice on 3 July 2018 under Section 138 of the Negotiable Instrument Act against the body corporate.

In view of the facts stated above and the uncertainty in the ultimate recovery of the aforesaid balances, the Company has recorded provisions aggregating to Rs. 589.05 lakhs in these Standalone Ind AS Financial Statements.

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51. During the current year, the Company has paid Rs 602.65 lakhs managerial remuneration to Executive Chairman, Mr. Malvinder Mohan Singh, which is in excess of the limits set out under Section 197 of the Companies Act 2013. The amount paid in excess of the limits aggregating to Rs. 47.96 lakhs has been shown as advances recoverable as part of other financial assets. As the Executive Chairman was associated with the Company in his capacity of a Whole Time Director till 27 May, 2018, the Company will adjust the excess amounts paid to him for the year ended 31 March, 2018 from the amounts payable to him for the period 1 April, 2018 to 27 May, 2018.

52. Events occurring after reporting date

Subsequent to year end, Mr. Malvinder Mohan Singh and Mr. Shivinder Mohan Singh (individuals having direct/indirect control over the reporting enterprise till the date of their respective resignations) resigned as Chairman and Director from Board of the company on 27 May and 28 May, 2018 respectively. Mr. Harpal Singh and Gen. Tejinder Singh Shergill (independent directors) also tender their resignation from board on 29 May, 2018. Further, Dr. Brain Tempest (Audit Committee Chairman) also resigned w.e.f. 1 June, 2018.

The Board of Fortis Healthcare Limited at its meeting held on 28 May, 2018 (adjourned to 29 May, 2018) decided to nominate appointment of Mr. Ravi Rajagopal and Ms. Suvalaxmi Chakraborty as Independent Directors on the Board of SRL Limited.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS
SRL LIMITED

SRINIVAS CHIDAMBARAM Director DIN: 00514665	**BHAVDEEP SINGH** Director DIN: 02621177
ARINDAM HALDAR Chief Executive Officer	**SAURABH CHADHA** Chief Financial Officer

SUMIT GOEL
Company Secretary

Gurugram
Date : 6 JULY 2018

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