

SRL Limited

Consolidated Financial Statements

Statutory Audit for the period ended 31 March 2019

B S R & Co. LLP

Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Members of SRL LIMITED

Report on the Audit of Consolidated Financial Statements

Qualified Opinion

We have audited the consolidated financial statements of SRL Limited (hereinafter referred to as the "Company" or "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group") and its joint ventures, which comprise the consolidated balance sheet as at 31 March 2019, the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of change in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of auditors on separate financial statements of such subsidiary and joint ventures as were audited by other auditors, except for the effects/ possible effects, if any, of the matters described in the "Basis for Qualified Opinion" paragraphs of our report, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the 'Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its joint ventures as at 31 March 2019, of its consolidated profit and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows for the year then ended on that date.

Basis for Qualified Opinion

The matters stated below were also subject matter of qualification in predecessor auditor's audit opinion on the consolidated financial statements as at 31 March 2018:

As explained in Note 54 of the consolidated financial statements, pursuant to certain events/transactions, the erstwhile Audit and Risk Management Committee (the "ARMC") of Fortis Healthcare Limited ("the Parent Company") had initiated an independent investigation by an external legal firm and special audits by professional firms on matters relating to systematic lapses/override of internal controls as described in Note 54 of the consolidated financial statements. The report has since been submitted and is subject to the limitations on the information available to the external legal firm and their qualifications and disclaimers as described in their Investigation report.

Additionally, different regulatory authorities are currently undertaking their own investigations, details of which are described in Note 54 and 55 of the consolidated financial statements and are stated below:

- SEBI has initiated an investigation in respect of the various issues. On 17 October, 2018, 21 December 2018 and 19 March 2019, SEBI passed Orders ("Orders") and further investigations by regulatory authorities is continuing. In its Orders, SEBI observed that certain inter-corporate deposits ("ICDs") made by Fortis Hospitals Limited ("FHsL"), a wholly owned subsidiary of

Parent Company, with certain identified entities were so structured that they seem to be prima facie fictitious and fraudulent in nature resulting, in inter alia, diversion of funds from the Fortis Group for the ultimate benefit of erstwhile promoters (and certain entities controlled by them) resulting in a misrepresentation in the financial statements of the Fortis Group in earlier period. Further, SEBI issued certain directions inter alia directing the Parent Company and FHSL to take all necessary steps to recover Rupees 40,300 Lacs along with the due interest from erstwhile promoters and various other entities, as mentioned in the Orders. It has also directed erstwhile promoter and the said entities to repay the sums due. The aforesaid ICDs were fully provided for in the books as at 31 March 2018. SEBI, in its Orders also directed erstwhile promoters and the said entities that pending completion of investigation and till further order, they shall not dispose of or alienate any of their assets or divert any funds, except for the purposes for meeting expenses of day to day business operations, without the prior permission of SEBI. Erstwhile promoters have also been directed not to associate themselves with the affairs of the Parent Company in any manner whatsoever, till further directions. The initial directions issued by SEBI have been confirmed by SEBI in their order dated 19 March 2019.

- Serious Fraud Investigation Office (SFIO), Ministry of Corporate Affairs, under Section 217(1)(a) of the Companies Act, 2013, inter alia, has initiated an investigation and has been seeking information in relation to the Parent Company, its material subsidiaries, joint ventures and associates to which as informed to us the Parent Company and the Company have responded.

Since, the investigation and enquiries carried out by regulators as aforesaid are currently ongoing, need for additional procedures/ enquiries, if any, and an overall assessment of the impact of the investigations on the financial statements is yet to be concluded.

Based on investigations carried out by an external legal firm, Orders by SEBI and other information available currently, as per the Management all identified/required adjustments/ disclosures arising from the findings in the Investigation Report and the Orders by SEBI, were made in the consolidated financial statements for the year ended 31 March 2018.

Matters included in the investigation report (but not limited to) and highlighted by the predecessor auditor in their audit report for the year ended 31 March 2018, are as below:

- Provision of Rupees 775.20 Lacs towards amounts paid as security deposit, advances towards lease of office space and expenditure incurred towards capital work in progress due to uncertainty of recovery of these balances. (refer Note 57 of the consolidated financial statements).

No additional adjustments/ disclosures were required to be made in the consolidated financial statements for the year 31 March 2019 in respect of the above.

As explained in Note 40 and 54(d) of the consolidated financial statements, related party relationships prior to loss of control of erstwhile promoters/directors in the year ended 31 March 2018 were identified by the Management taking into account the information available with the Management and including the findings and limitations in the Investigation Reports. In this regard, specific declarations from the erstwhile directors/promoters, especially considering the substance of the relationship rather than the legal form, were not available. Therefore, the possibility cannot be ruled out that there may be additional related parties of erstwhile promoters/directors whose relationships may not have been disclosed to the Group and, hence, not known to the Management.

Further, as explained in Note 56 of the consolidated financial statements, a Civil Suit was filed by a third party against various entities including the Company relating to "Fortis, SRL and La-Femme" brands. The Parent Company has received four demand notices aggregating to Rupees 25,344 Lacs in respect to this Civil Suit. Allegations made by third party has been duly responded to by the Parent Company denying (i) execution of any binding agreement with the third party; and (ii) liability of any kind



whatsoever. Based on legal advice of external legal counsel, the Management believes that the claims are without legal basis and not tenable. The matter is currently sub-judice.

Due to the ongoing nature of the various regulatory inquiries/investigations, we are unable to comment on the adjustments/ disclosures which may become necessary as a result of further findings of the ongoing regulatory investigations on the consolidated financial statements including completeness/accuracy of the related party transactions which relate to or which originated before 31 March 2018, the regulatory non-compliances, if any, and the consequential impact, if any, on the consolidated financial statements.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Act. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other Information

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and based on the work done/ audit report of other auditors, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group including its joint ventures in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group and its joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company, and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.



In preparing the consolidated financial statements, the respective management and Board of Directors of the companies included in the Group and its joint ventures are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and its joint ventures are responsible for overseeing the financial reporting process of each company.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group as well as its joint ventures to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group and its joint ventures to express an opinion on the consolidated financial statements, of which we are the independent auditors. We are responsible for the direction, supervision and performance of the audit of financial information of such entities. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors



remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in the section titled 'Other Matters' in this audit report.

We believe that except as stated in the "Basis for Qualified Opinion" paragraphs, the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matters

- (a) We did not audit the financial statements of 1 subsidiary, whose financial statements reflect total assets of Rupees 1,827.64 Lacs as at 31 March 2019, total income of Rupees 2,899.61 Lacs and net cash flows amounting to Rupees 18.50 Lacs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit (and other comprehensive income) of Rupees 481.87 Lacs for the year ended 31 March 2019, in respect of 2 joint ventures, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and joint ventures, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary and joint ventures is based solely on the audit reports of the other auditors.

Out of these, 1 subsidiary and 1 joint venture are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial statements of such subsidiary and joint venture located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiary and joint venture located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

- (b) The financial information of 1 subsidiary which reflects total assets of Rupees 19.35 Lacs as at 31 March 2019, total income of Rupees Nil and net cash flows of Rupees Nil for the year ended on that date, as considered in the consolidated financial statements, have not been audited either by us or by other auditors. These unaudited financial information have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiary, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements/financial information are not material to the Group.



- (c) The consolidated financial statements of the Group for the year ended 31 March 2018 were audited by the predecessor auditor who expressed a qualified opinion on those statements on 6 July 2018.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

- 1 As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiary and joint ventures as were audited by other auditors, referred to in the 'Other Matters' paragraph, 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 consolidated 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 relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - d) Except for effects/ possible effects of the matters described in the "Basis for Qualified Opinion" paragraphs above, in our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified 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 Holding Company as on 31 March 2019 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and joint venture incorporated in India, none of the directors of the Holding Company, its subsidiary companies and joint venture incorporated in India is disqualified as on 31 March 2019 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 with reference to financial statements of the Holding Company, its subsidiary companies and joint venture incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- 2 With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other

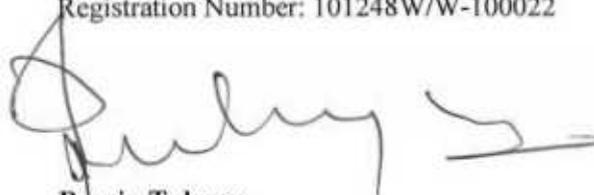


auditors on separate financial statements of the subsidiaries and joint ventures, as noted in the 'Other Matters' paragraph:

- a) Except for the effects/ possible effects of matters described in "Basis for Qualified Opinion" paragraphs above, the consolidated financial statements disclose the impact of pending litigations as at 31 March 2019 on the consolidated financial position of the Group and its joint ventures. Refer Note 43 to the consolidated financial statements.
 - b) The Group and its joint ventures did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiary companies and joint venture incorporated in India during the year ended 31 March 2019.
 - d) The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the financial statements since they do not pertain to the financial year ended 31 March 2019.
- 3 With respect to the matter to be included in the Auditor's report under section 197(16):

In our opinion and according to the information and explanations given to us and based on the reports of the statutory auditors of such subsidiary companies and joint ventures incorporated in India which were not audited by us, the remuneration paid during the current year by the Holding Company, its subsidiary companies and joint ventures to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company, its subsidiary companies and joint ventures is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For B S R & Co. LLP
Chartered Accountants
Registration Number: 101248W/W-100022



Pravin Tulsyan
Partner
Membership No: 108044

Place: Gurugram
Date: 23 May 2019

Annexure A to the Independent Auditor's report on the consolidated financial statements of SRL Limited for the year ended 31 March 2019

Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 1 (h) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Qualified Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2019, we have audited the internal financial controls with reference to consolidated financial statements of SRL Limited (hereinafter referred to as the "Company" or "Holding Company") and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary companies (Holding Company and its subsidiaries together referred to as "the Group") and its joint venture companies, as of that date.

In our opinion, except for the effects/ possible effects of the material weakness described below on the achievement of the objectives of the control criteria, to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, the Company, its subsidiary companies and a joint venture company, which are companies incorporated in India have, in all material respects, maintained adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2019 based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such 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 (the "Guidance Note").

We have considered the material weakness identified and reported below in determining the nature, timing, and extent of audit tests applied in our audit of the Consolidated Financial Statements of the Company for the year ended 31 March 2019 and this material weakness has, inter alia, affected our opinion on the said Consolidated Financial Statements and we have issued a qualified opinion on the said Consolidated Financial Statements.

Basis for Qualified Opinion

As explained in the "Basis for Qualified Opinion" paragraph of our Audit Report on the consolidated financial statements for the year ended 31 March 2019, pursuant to certain events/transactions in earlier years, the erstwhile Audit and Risk Management Committee (the "ARMC") of the Parent Company had initiated an independent investigation by an external legal firm and special audits by professional firms on matters relating to systemic lapses and override of controls. The report has since been submitted and is subject to limitations on the information available to the external legal firm and their qualifications and disclaimers as described in their Investigation report. Further, the investigation by different regulatory authorities in these matters is still ongoing and an overall assessment of the impact of the investigations is yet to be concluded. Pending final outcome of the regulatory investigations and enquiries, completeness of identification of deficiencies cannot be ascertained.

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.

Management's Responsibility for Internal Financial Controls

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note. 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 the respective 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 (hereinafter referred to as "the Act").

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. 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 with reference to consolidated financial statements were 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 with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls 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 consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained (including the written representations by the Management which was taken on record by the Board of Directors) and the audit evidence obtained by the other auditors of the subsidiary companies and a joint venture company, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the internal financial controls system over financial reporting of the Company, its subsidiary companies and its joint venture company, which are companies incorporated in India.

Meaning of Internal Financial controls with Reference to Consolidated Financial Statements

A company's internal financial controls with reference to consolidated financial statements 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 controls with reference to consolidated financial statements 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 with Reference to consolidated Financial Statements

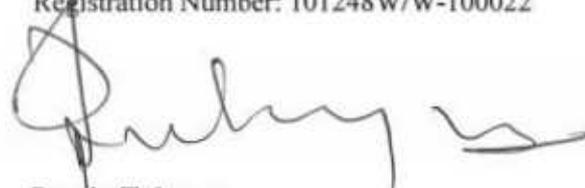
Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of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

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to one joint venture company, which is company incorporated in India, is based on the corresponding report of the auditor of such company incorporated in India, who have issued unmodified opinion on the internal financial controls with reference to financial statements of this company.

Our opinion is not modified in respect of the above matter.

For B S R & Co. LLP
Chartered Accountants
Registration Number: 101248W/W-100022



Pravin Tulsyan
Partner
Membership No. 108044

Place: Gurugram
Date: 23 May 2019

SRL LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2019

	Notes	As at 31 March 2019 (Rupees in Lakhs)	As at 31 March 2018 (Rupees in Lakhs)
ASSETS			
Non-current assets			
(a) Property, plant and equipment	5	25,518.00	25,871.35
(b) Capital work-in-progress	5	188.30	62.54
(c) Goodwill	6	41,822.64	41,822.64
(d) Other intangible assets	6	3,335.38	4,664.20
(e) Investments in joint ventures	7	3,375.30	2,893.42
(f) Financial assets			
(i) Loans	8	1,172.92	1,046.42
(ii) Other financial assets	9	117.77	26.46
(g) Deferred tax assets (net)	10	3,996.37	3,903.99
(h) Non-current tax assets (net)	11	2,278.63	1,962.04
(i) Other non-current assets	12	3,382.11	2,003.15
Total non-current assets		85,187.42	84,256.21
Current assets			
(a) Inventories	13	2,515.42	3,100.20
(b) Financial assets			
(i) Trade receivables	14	33,741.37	24,605.46
(ii) Cash and cash equivalents	15	4,226.61	1,676.84
(iii) Bank balances other than (ii) above	16	69.02	25.61
(iv) Loans	17	228.68	2,661.44
(v) Other financial assets	18	215.24	1,307.09
(c) Other current assets	19	930.81	914.55
Total current assets		41,927.15	34,291.19
Total assets		127,114.57	118,547.40
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	20	7,842.56	7,841.77
(b) Other equity		101,828.74	92,629.11
Total equity		109,671.30	100,470.88
LIABILITIES			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	21	11.16	10.41
(ii) Other financial liabilities	22	1,031.40	1,224.47
(b) Provisions	23	1,783.02	1,696.99
(c) Other non-current liabilities	24	7.26	254.66
Total non-current liabilities		2,832.84	3,186.53
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	25	198.77	1,987.50
(ii) Trade payables	26		
- Total outstanding dues of micro enterprises and small enterprises		78.96	2.57
- Total outstanding dues of creditors other than micro enterprises and small enterprises		8,876.27	8,005.57
(iii) Other financial liabilities	27	3,246.30	3,222.70
(b) Other current liabilities	28	1,440.48	1,065.55
(c) Provisions	29	657.40	457.95
(d) Current Tax Liabilities (net)	30	112.25	148.15
Total current liabilities		14,610.43	14,889.99
Total liabilities		17,443.27	18,076.52
Total equity and liabilities		127,114.57	118,547.40
See accompanying notes forming part of the consolidated financial statements	1-59		

In terms of our report attached

For **B S R & Co. LLP**
Chartered Accountants

Pravin Tulsyan
Partner
Membership Number: 108044

Gurugram
Date : 23 May 2019



For and on behalf of the Board of Directors

SRL LIMITED

Dr. Ashutosh Raghuvanshi
Director
DIN:02775637

Arindam Halder
Chief Executive Officer

Sumit Goel
Company Secretary

Gurugram
Date : 23 May 2019

Ravi Rajagopal
Director
DIN:00067073

Saurabh Chadha
Chief Financial Officer



SRL LIMITED

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2019

	Notes	Year ended 31 March 2019 (Rupees in Lakhs)	Year ended 31 March 2018 (Rupees in Lakhs)
Revenue from operations	31	101,015.84	98,729.60
Other income	32	591.70	748.03
Total Income		101,607.54	99,477.63
Expenses			
(a) Cost of materials consumed	33	23,527.04	24,663.99
(b) Cost of tests outsourced		1,256.30	5,766.23
(c) Employee benefits expense	34	23,266.13	22,404.27
(d) Finance costs	35	578.37	576.60
(e) Depreciation and amortisation expense	36	3,890.53	4,344.02
(f) Other expenses	37	34,974.12	30,016.54
Total expenses		87,492.49	87,771.65
Share of profit of joint ventures	50	488.45	624.35
Profit before exceptional items and tax		14,603.50	12,330.33
Exceptional items	37A	186.15	589.05
Profit before tax		14,417.35	11,741.28
Tax expense			
(a) Current tax (net)	38	5,687.12	4,826.34
(b) MAT credit	38	1.06	(24.87)
(c) Deferred tax credit	38	(351.60)	(577.79)
Total tax expenses		5,336.58	4,223.68
Profit for the year		9,080.77	7,517.60
Other comprehensive income			
A (i) Items that will not be reclassified to profit or loss			
(a) Remeasurements of the defined benefit plans of the Company and its subsidiaries	44	49.20	(63.49)
(b) Remeasurements of the defined benefit plans of joint ventures		(9.28)	6.15
(ii) Income tax relating to items that will not be reclassified to profit or loss			
(a) Income tax on remeasurements of the defined benefit plans of the Company and its subsidiaries	38	(16.98)	22.32
(b) Income tax on remeasurements of the defined benefit plans of joint ventures	38	2.70	(2.13)
		25.64	(37.15)
B (i) Items that will be reclassified to profit or loss			
(a) Exchange differences in translating the financial statements of foreign operations		52.49	(20.68)
Total other comprehensive income (A(i+ii)+B(i))		78.13	(57.83)
Total comprehensive income for the year		9,158.90	7,459.77
Profit for the year attributable to:			
- Owners of the Company		9,080.77	7,517.60
Other comprehensive income for the year attributable to:			
- Owners of the Company		78.13	(57.83)
Total comprehensive income for the year attributable to:			
- Owners of the Company		9,158.90	7,459.77
Earnings per equity share			
(i) Basic (in Rupees)	39	11.58	9.71
(ii) Diluted (in Rupees)	39	11.47	9.52

See accompanying notes forming part of the consolidated financial statements 1-59

In terms of our report attached

For **BSR & Co. LLP**
Chartered Accountants

Pravin Tulsyan
Partner
Membership Number: 108044

Gurugram
Date : 23 May 2019



For and on behalf of the Board of Directors
SRL LIMITED

Dr. Ashutosh Raghuvanshi
Director
DIN:02775637

Arindam Halder
Chief Executive Officer

Sumit Goel
Company Secretary
Gurugram
Date : 23 May 2019

Ravi Rajagopal
Director
DIN:00067073

Saurabh Chadha
Chief Financial Officer



SRL LIMITED
CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH 2019

	Notes	Year ended	Year ended
		31 March 2019	31 March 2018
		(Rupees in Lakhs)	(Rupees in Lakhs)
A. Cash flows from operating activities			
Profit before tax and after exceptional items			
Adjustments for:		14,417.35	11,741.28
Depreciation and amortisation expense			
Profit on disposal of property, plant and equipments (net)	36	3,890.53	4,344.02
Share of profit of joint ventures	32	(36.02)	(90.66)
Unrealised foreign exchange gain	50	(488.45)	(624.35)
Provision for doubtful deposits and advances		(7.35)	(0.35)
Expected credit loss allowance	37	105.65	173.02
Bad debts written off	37	1,069.12	1,522.89
Exceptional items	37	25.92	34.60
Equity settled share based payment	37A	186.15	589.05
Recovery/balances no longer required written back	34	38.37	282.16
Finance costs	31	(648.09)	(512.83)
Interest income	35	578.37	576.60
Operating profit before changes in following assets and liabilities	32	(299.83)	(438.83)
		18,831.72	17,596.60
Decrease/(Increase) in inventories			
(Increase) in trade receivables		584.78	(296.97)
Decrease/(Increase) in loans and other financial assets		(10,223.51)	(11,630.23)
(Increase) in other current assets		1,057.50	(167.08)
Increase in trade payables		(1,625.37)	(1,673.52)
(Decrease)/(Increase) in other financial liabilities		1,595.20	1,645.42
Increase in provisions		20.07	153.81
Increase/(Decrease) in other liabilities		252.31	225.00
Cash generated from operations		116.36	(478.46)
Direct taxes paid (net)		10,609.06	5,374.57
Net cash generated from operating activities		(5,749.43)	(4,326.06)
		4,859.63	1,048.51
B. Cash flows from investing activities			
Proceeds from redemption of investments in Joint Venture			225.00
Interest received			333.20
Fixed deposits (with maturity more than three months) (net)		219.00	82.74
Loan repaid by related party and body corporate		(134.60)	-
Dividend from joint venture (including dividend distribution tax)		2,230.00	-
Payments for purchase of property, plant and equipment and intangible assets			120.36
Proceeds from disposal of property, plant and equipment		(2,771.54)	(3,933.69)
Net cash (used) in investing activities		122.08	422.25
		(335.06)	(2,750.14)
C. Cash flows from financing activities			
Proceeds from issue of equity share capital (including securities premium)			25.65
Finance cost paid		3.15	(317.12)
Net cash used in financing activities		(241.71)	(291.47)
		(238.56)	(291.47)
D. Effect of exchange rate changes			
		52.49	(20.68)
Net increase/ (decrease) in cash and cash equivalents (A+B+C+D)		4,338.50	(2,013.78)
Cash and cash equivalents at the beginning of the year		(310.66)	1,703.12
Cash and cash equivalents at the end of the year	15	4,027.84	(310.66)

Changes in liabilities arising from financing activities

Particulars	Equity shares (including premium)	Term loans	Interest and other costs
As at 31 March 2017			
Proceeds from issue of equity shares (including securities premium)	76,438.85	10.39	-
Issue of equity shares on conversion of Compulsorily convertible preference shares (CCPS)	25.65	-	-
Premium on conversion of CCPS into Equity shares	597.02	-	-
Foreign exchange difference	202.99	-	-
Finance cost	-	0.02	-
Finance cost paid	-	-	317.12
As at 31 March 2018	77,264.51	10.41	(317.12)
Proceeds from issue of equity shares (including securities premium)			
Foreign exchange difference	3.15	-	-
Finance cost	-	0.75	-
Finance cost paid	-	-	241.71
As at 31 March 2019	77,267.66	11.16	(241.71)

During the year, the Group has paid Rs. 370.37 lakhs (31 March 2018 Rs. 96.16 lakhs) towards corporate social responsibility expenditure (refer note 45).

See accompanying notes forming part of the consolidated financial statements
In terms of our report attached

1-59

For BSR & Co. LLP
Chartered Accountants

Pravin Tulsyan
Partner
Membership Number: 108044

Gurgaon
Date: 23 May 2019



For and on behalf of the Board of Directors
SRL LIMITED

Dr. Ashutosh Raghuvanshi
Director
DIN: 02775637

Arindam Maldar
Chief Executive Officer

Smit Goel
Company Secretary

Gurgaon
Date: 23 May 2019

Ravi Rajagopal
Director
DIN: 00067073

Saurabh Chadha
Chief Financial Officer



SRL LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

Particular	Notes	Equity		Other equity		Reserves		Total equity	
		Equity share capital	Securities premium *	Share options outstanding account **	Retained earnings ***	Capital reserve ****	Foreign currency translation reserve *****		General reserve *****
Balance at April 1, 2017	20	7,230.34	69,200.50	264.77	1,940.03	14,181.13	(921.12)	84,685.31	91,923.65
Profit for the year		-	-	-	7,517.60	-	-	7,517.60	7,517.60
Other comprehensive income for the year, (net of income tax)		-	-	-	(37.15)	-	(20.68)	(57.83)	(57.83)
Less: Dividend distribution tax on dividend from joint venture		-	-	-	(20.36)	-	-	(20.36)	(20.36)
Total comprehensive income for the year		-	-	-	7,460.09	-	(20.68)	7,439.41	7,439.41
Issue of shares under employee stock option plan	47	6.43	19.24	-	-	-	-	19.24	25.65
Issue of equity shares on conversion of Compulsorily convertible preference shares (CCPS)	20(i)	597.02	-	-	-	-	-	-	597.02
Premium on conversion of CCPS into Equity shares		-	202.99	-	-	-	-	202.99	202.99
Recognition of share-based payments expense	47	-	-	282.16	-	-	-	282.16	282.16
Balance at March 31, 2018		7,843.77	69,432.73	546.93	9,420.13	14,181.13	(941.80)	92,629.11	100,470.88
Profit for the year		-	-	-	9,080.77	-	-	9,080.77	9,080.77
Other comprehensive income for the year, (net of income tax)	47	-	-	-	(25.64)	-	52.09	26.45	26.45
Total comprehensive income for the year		-	-	-	9,106.41	-	52.49	9,158.90	9,158.90
Issue of equity shares under employee stock option plan	47	0.79	2.36	-	-	-	-	2.36	3.15
Recognition of share-based payments expense	47	-	-	38.37	-	-	-	38.37	38.37
Employee stock option forfeited/apsed/cancelled	47	-	-	(161.24)	-	-	-	(161.24)	(161.24)
Balance at March 31, 2019		7,842.56	69,435.09	424.06	18,526.53	14,181.13	(889.31)	161.24	109,671.30

* The unutilized accumulated excess of issue price over fair value on issue of shares. This reserve is utilised in accordance with the provisions of the Companies Act 2013.

** The fair value of the equity settled share based payment transactions with employees is recognised in the Consolidated Statement of Profit and Loss with corresponding credit to share options outstanding account.

*** Retained earnings are the accumulated profits earned by the Group till date.

**** Capital reserve represents the equity and reserves of SRL Diagnostics FZ-LLC acquired during the year 2016-17 through common control business combination.

***** This foreign currency translation reserve represents the cumulative transaction differences on foreign operations (i.e. SRL Diagnostics FZ-LLC, Dubai).

***** In respect to 140,000 fully vested options forfeited during the current year, amount aggregating Rs. 161.24 lakhs has been transferred to general reserve (refer note- 47).

See accompanying notes forming part of the consolidated financial statements 1-59

In terms of our report attached

B S R & Co. LLP
Chartered Accountants

Pravesh Tuosyan
Partner
Membership Number: 108044

Place : Gurugram
Date : 23 May 2019

For and on behalf of the Board Of Directors
SRL LIMITED

Ashutosh
Dr. Ashutosh Raghuvanshi
Director
DIN:02775637

S. D. P.
Avinand Haldar
Chief Executive Officer

Sumit Goel
Sumit Goel
Company Secretary

Place : Gurugram
Date : 23 May 2019

Ravi Rajagopal
Ravi Rajagopal
Director
DIN:00067073

Saurabh Choudhary
Saurabh Choudhary
Chief Financial Officer



Note 1. Corporate Information

SRL Limited (“the Company” or “SRL”) is a public Company domiciled in India and incorporated under provisions of the Companies Act, having its registered office at Fortis Hospital, Sector-62, Phase - VIII, Mohali - 160062, Punjab, India.

The Company, its subsidiaries and its joint ventures (hereinafter collectively referred to as the “Group” as defined under ‘Composition of the Group’ in note 3 below) are in the business of establishing, maintaining and managing clinical reference laboratories, to provide testing, diagnostics and prognostics monitoring/ screening tests services. The Group also provides laboratory support services for clinical research studies.

Note 2. Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. The accounting policies adopted are consistent with those of the previous financial year except for changes in revenue recognition due to amendment in applicable accounting guidance (also refer note 2(o)).

(a) Basis of preparation

(i) Statement of compliance

These Standalone Ind AS Financial Statements (“financial statements”) have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (“the Act”) and other relevant provisions of the Act.

The financial statements have been authorized for issue by the Company’s Board of Directors on 23 May 2019.

(ii) Functional and presentation currency

These financial statements are presented in Indian Rupees (Rs.), which is also the Group’s functional currency. However, the functional currency of foreign subsidiary and joint venture is as follows:

Subsidiary:

- SRL Diagnostics FZ – LLC- Arab Emirate Dirham (AED)

Joint Venture:

- SRL Diagnostics (Nepal) Private Limited - Nepalese Rupees

All amounts are in Indian Rupees lacs except share data and per share data, unless otherwise stated.

(iii) Historical cost convention

The financial statements have been prepared under historical cost convention on accrual basis, unless otherwise stated. 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.



(b) Principles of consolidation

The consolidated financial statements comprises the financial statement of the Company, its subsidiaries and its joint ventures (together referred to as "the Group"). Subsidiaries are entities controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- (ii) Exposure, or rights, to variable returns from its involvement with the investee, and
- (iii) The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (i) The contractual arrangement with the other vote holders of the investee.
- (ii) Rights arising from other contractual arrangements
- (iii) The Group's voting rights and potential voting rights
- (iv) The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of an entity begins when the Group obtains control over that entity and ceases when the Group loses control over the entity. Assets, liabilities, income and expenses of an entity acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the entity.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company. When the end of the reporting period of the parent is different from that of a member of the Group, the member prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

The details of the consolidated entities are provided in Note 3 to the consolidated financial statements.

(c) Consolidation procedure

- a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.



SRL LIMITED
NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

- b) Investment in joint ventures have been accounted under the equity method as per Ind AS 28 - "Investment in Associates and Joint Ventures"
- c) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
- d) Eliminate in full, intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 "Income Taxes" applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. Non-controlling interest in the results and the equity of subsidiaries are shown separately in the Consolidated Statement of Profit and Loss, Consolidated Statement of Changes in Equity and Consolidated Balance Sheet.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

The details of the consolidated entities are provided in Note 3 to the financial statements.

(d) Current versus non-current classification

The Group presents assets and liabilities in the Balance Sheet based on current/ non-current classification.

An asset is treated as current when:

- It is expected to be realised or intended to be sold or consumed in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realised within twelve months after the reporting period; or
- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies all other assets as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle for the purpose of current-non-current classification of assets and liabilities.

(e) Critical estimates and judgements

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes.

- Leasing arrangement (classification and accounting) – Note 2 (t)
- Financial instruments - Note 2 (j)
- Fair value measurement – Note 2 (f)
- Estimated impairment of financial assets and non-financial assets – Note 2 (i,j)
- Recognition and measurement of contingency: Key assumption about the likelihood and magnitude of an outflow of resources – Note 2 (m)
- Recognition and estimation of tax expense including deferred tax– Note 2 (s)
- Assessment of useful life and residual value of property, plant and equipment and intangible asset – Note 2 (h)
- Estimation of assets and obligations relating to employee benefits (including actuarial assumptions) – Note 2 (p)
- Share-based payments – Note 2 (q)

(f) Measurement of fair values

A number of the accounting policies and disclosures require measurement of fair values, for both financial and non-financial assets and liabilities. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group has an established control framework with respect to the measurement of fair values. This includes a finance team that has overall responsibility for overseeing all significant fair value



measurements, including Level 3 fair values.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

(g) Business combinations

Business combinations (other than business combinations between common control entities) are accounted for using the purchase (acquisition) method. The cost of an acquisition is measured as the fair value of the consideration transferred, equity instruments issued and liabilities incurred or assumed at the date of exchange. The consideration transferred does not include amounts related to the settlement of pre-existing relationships; such amounts are generally recognised in the Statements of Profit or Loss and Other Comprehensive Income. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the date of acquisition. Transaction costs incurred in connection with a business combination are expensed as incurred. The excess of the consideration transferred over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised in other comprehensive income and accumulated in equity as capital reserve provided there is clear evidence of the underlying reasons for classifying the business combination as a bargain purchase.

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are revised. The assets and liabilities acquired are recognized at their carrying amounts. The identity of the reserves is preserved and they appear in the financial statements of the Group in the same form in which they appeared in the financial statement of the acquired entity. The differences, if any, between the consideration and the amount of share capital of the acquired entity is transferred to capital reserve.

(h) Property, plant and equipment (PPE) and intangible assets

(i) Property, plant and equipment

Freehold land is carried at cost. All other items of property, plant and equipment are stated at cost, which includes capitalized finance costs, less accumulated depreciation and any accumulated impairment loss. The cost of an item of Property, Plant and Equipment comprises its purchase price, including import duties and other non-refundable taxes or levies, freight, any directly attributable cost of bringing the asset to its working condition for its intended use and estimated cost of dismantling and restoring onsite; any trade discounts and rebates are deducted in arriving at the purchase price..

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the



SRL LIMITED
NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

reporting period in which they are incurred.

Advances paid towards acquisition of property, plant and equipment outstanding at each Balance Sheet date, are shown under other non-current assets and cost of assets not ready for intended use before the year end, are shown as capital work-in-progress.

(ii) Intangible assets

- For business combination, refer to accounting policy thereon above.

- Internally generated goodwill is not recognised as an asset. With regard to other internally generated intangible assets:
 - Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the Statement of Profit and Loss as incurred.
 - Development expenditure including regulatory cost and legal expenses leading to product registration/ market authorisation relating to the new and/or improved product and/or process development capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and directly attributable finance costs (in the same manner as in the case of tangible fixed assets). Other development expenditure is recognised in the Statement of Profit and Loss as incurred.

Intangible assets that are acquired (including goodwill recognized for business combinations) are measured initially at cost. After initial recognition, an intangible asset is carried at its cost less accumulated amortization (for finite lives intangible assets) and any accumulated impairment loss. Subsequent expenditure is capitalised only when it increases the future economic benefits from the specific asset to which it relates.

(iii) Depreciation and amortization methods, estimated useful lives and residual value

Depreciation is provided on straight line basis on the original cost/ acquisition cost of assets or other amounts substituted for cost of fixed assets as per the useful life specified in Part 'C' of Schedule II of the Act, read with notification dated 29 August 2014 of the Ministry of Corporate Affairs, except for certain classes of fixed assets which are depreciated based on the internal technical assessment of the management. The details of useful life are as under:

Asset	Management estimate of Useful life	Useful life as per Schedule II
Laboratory equipment- Pathology	13 years	10 years
Laboratory equipment- Imaging	10 years	10 years
Building	60 years	60 years
Office equipment	5 years	5 years
Furniture and fittings	10 years	10 years
Furniture and fittings- signage	5 years	10 years
Vehicles	6 to 8 years	6 to 8 years



SRL LIMITED
NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Computers and accessories	3 years	3 years
Air conditioners	8 years	5 years

Freehold land is not depreciated.

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

Estimated useful lives of the intangible assets are as follows:

Category of assets	Management estimate of Useful Life
Software and trade marks	3 years
Assay developed	5 years

Depreciation and amortization on property, plant and equipment and intangible assets added/disposed off during the year has been provided on pro-rata basis with reference to the date/month of addition/disposal.

Depreciation and amortization methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

(iv) Derecognition

A property, plant and equipment and intangible assets is derecognised on disposal or when no future economic benefits are expected from its use and disposal. Losses arising from retirement and gains or losses arising from disposal of a tangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss.

(i) Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. The Group's non-financial assets other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows (i.e. corporate assets) are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment loss recognized in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amount of the other assets of the CGU (or group of CGUs) on a pro rata basis.



An impairment loss in respect of goodwill is not subsequently reversed. In respect of other assets for which impairment loss has been recognized in prior periods, the Group reviews at reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(j) Financial instrument

A Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVPL)
- Equity instruments measured at fair value through other comprehensive income (FVOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortised cost of the financial liability. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade and other receivables.



Debt instrument at FVOCI

A 'debt instrument' is classified as at the FVOCI if the objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and the asset's contractual cash flows represent SPPI.

Debt instruments included within the FVOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified to the Statement of Profit and Loss. Interest earned whilst holding FVOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVPL

FVPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVOCI, is classified as at FVPL. In addition, at initial recognition, the Group may irrevocably elect to designate a debt instrument, which otherwise meets amortised cost or FVOCI criteria, as at FVPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

Equity investments

All other equity investments which are in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVPL. For all other equity instruments in scope of Ind AS 109, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the Statement of Profit and Loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss to retained earnings.

Equity instruments included within the FVPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

Impairment of financial assets

The Group recognizes loss allowance using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all financial assets with contractual cash flows other than trade receivable, ECLs are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at



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lifetime ECL. The amount of ECL (or reversal) that is required to adjust the loss allowance at the reporting date is recognised as an impairment gain or loss in the Statement of Profit and Loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVPL. A financial liability is classified as at FVPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Statement of Profit and Loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Statement of Profit and Loss. Any gain or loss on derecognition is also recognised in Statement of Profit and Loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Derivative financial instruments

The Group uses various types of derivative financial instruments to hedge its currency and interest risk etc. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.



Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the Balance Sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(k) Inventories

Inventories are valued at lower of cost or net realisable value except scrap, which is valued at net estimated realisable value.

The Group uses weighted average method to determine cost for all categories of inventories except for goods in transit which is valued at specifically identified purchase cost. Cost includes all costs of purchase, and other costs incurred in bringing the inventories to their present location and condition inclusive of non-refundable (adjustable) taxes wherever applicable.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale. The comparison of cost and net realisable value is made on an item-by-item basis.

(l) Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less.

For the purpose of cash flow statement, cash and cash equivalent includes cash in hand, in banks, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less, net of outstanding bank overdrafts that are repayable on demand and are considered part of the cash management system.

(m) 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 Group 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 Group does not recognize a contingent liability but discloses its existence in the financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent liabilities and commitments are reviewed by the management at each balance sheet date.

(n) Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.



The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

A contract is considered to be onerous when the expected economic benefits to be derived by the Group from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before such a provision is made, the Group recognises any impairment loss on the assets associated with that contract.

(o) Revenue recognition

Effective April 1, 2018, the Group has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 "Revenue" and Ind AS 11 "Construction Contracts". The Group has adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognised at the date of initial application (i.e. April 1, 2018). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the statement of profit and loss is not restated – i.e. the comparative information continues to be reported under Ind AS 18 and Ind AS 11. Refer note 2.7 – Significant accounting policies – Revenue recognition in the Annual report of the Group for the year ended March 31, 2018, for revenue recognition policy as per Ind AS 18 and Ind AS 11. The impact of adoption of the standard on the financial statements of the Group is as follows:

- Revenue from collection centres of Rs. 22,071.54 lakhs has been recorded on a gross basis with the corresponding amount paid to collection centres (service charges) of Rs. 16,618.94 lakhs recorded under the head 'Other expenses'. These were recorded on a net basis in the previous year.
- Revenue from franchisees of Rs. 1,571.50 Lakhs were recorded at a net consideration to the Group (net of franchisee share of Rs 4,742.50 Lakhs). In the previous year, revenue was recorded on a gross basis with franchisee share disclosed under head 'Cost of test outsourced'.

Revenue primarily comprises medical testing charges. Medical testing charges consists of fees received for various tests conducted in the field of pathology and radiology.

Contracts with customers could include promises to transfer multiple services to a customer. The Group assesses the services promised in a contract and identifies distinct performance obligation in the contract. Revenue for each distinct performance obligation is measured to at an amount that reflects the consideration which the Group expects to receive in exchange for those services and is net of tax collected from customers and remitted to government authorities and applicable discounts and allowances including claims. Further, the Group also determines whether the performance obligation is satisfied at a point in time or over a period of time. These judgments and estimations are based on various factors including contractual terms and historical experience.

Revenue from Medical tests is recognized as and are recognized on accrual basis when the reports are generated and released to customers, net of discounts, if any.

Revenue includes only those sales for which the Group has acted as a principal in the transaction, takes title to the products, and has the risks and rewards of ownership, including the risk of loss for collection, delivery and returns. Any revenue transaction for which the Group has acted as an agent or broker without assuming the risks and rewards of ownership have been reported on a net basis.



Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as other financial assets when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms. Contract liabilities include deferred revenue and customer loyalty program. Deferred revenue is recognised as other current liability when there is billings in excess of revenue. Loyalty program liability represents the liability of the Group towards the points earned by the members.

Other operating revenue comprises management fees which is recognised on an accrual basis, in accordance with the terms of the relevant agreements, as and when services are rendered.

(p) Employee benefits

Short-term employee benefits

All employee benefits falling due within twelve months of the end of the period in which the employees render the related services are classified as short-term employee benefits, which include benefits like salaries, wages, short term compensated absences, performance incentives, etc. and are recognised as expenses in the period in which the employee renders the related service and measured accordingly.

Post-employment benefits

Post-employment benefit plans are classified into defined benefits plans and defined contribution plans as under:

a) **Gratuity:**

The Group has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount based on the respective employee's salary and the tenure of employment. The liability in respect of gratuity is recognised in the books of account based on actuarial valuation by an independent actuary. The gratuity liability for certain employees of the Group is funded with Life Insurance Corporation of India.

b) **Superannuation:**

Certain employees of the Group are also participants in the superannuation plan ('the Plan'), a defined contribution plan. Contribution made by the Group to the plan during the year is charged to Statement of Profit and Loss.

c) **Provident fund:**

(i) The Group's contribution to provident fund is treated as defined contribution plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

(ii) The Group's contribution to the provident fund is charged to Statement of Profit and Loss in the periods during which the related services are rendered by employees.



Other long-term employee benefits:

As per the Group's policy, eligible leaves can be accumulated by the employees and carried forward to future periods to either be utilised during the service or encashed. Encashment can be made on retirement including early retirement, on withdrawal of scheme, at resignation and upon death of the employee. Accumulated compensated absences are treated as other long-term employee benefits.

Termination benefits are recognised as an expense when, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Actuarial valuation

The liability in respect of all defined benefit plans and other long term benefits is accrued in the books of account on the basis of actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the Balance Sheet date, having maturity periods approximating to the terms of related obligations.

Remeasurement gains and losses on other long term benefits are recognised in the Statement of Profit and Loss in the year in which they arise. Remeasurement gains and losses in respect of all defined benefit plans arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in other equity in the Statement of Changes in Equity and in the Balance Sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost. Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs. Any differential between the plan assets (for a funded defined benefit plan) and the defined benefit obligation as per actuarial valuation is recognised as a liability if it is a deficit or as an asset if it is a surplus (to the extent of the lower of present value of any economic benefits available in the form of refunds from the plan or reduction in future contribution to the plan).

Past service cost is recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits are already vested immediately following the introduction of, or changes to, a defined benefit plan, the past service cost is recognised immediately in the Statement of Profit and Loss. Past service cost may be either positive (where benefits are introduced or improved) or negative (where existing benefits are reduced).

(q) Share-based payments

The grant date fair value of options granted (net of estimated forfeiture) to employees of the Group is recognized as an employee expense with a corresponding increase in equity over the period that the employees become unconditionally entitled to the options. The expense is recorded for each separately vesting portion of the award as if the award was, in substance, multiple awards. The increase in equity recognized in connection with share based payment transaction is presented as a separate component in equity under "share option outstanding account". The amount recognized as an expense is adjusted to reflect the actual number of stock options that vest. For the option awards, grant date fair value is determined under the



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option-pricing model (Black-Scholes-Merton). Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures materially differ from those estimates.

Corresponding balance of a share based payment reserve is transferred to general reserve upon expiry of grants or upon exercise of stock options by an employee.

(r) Finance costs

Finance costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Finance cost also includes exchange differences to the extent regarded as an adjustment to the finance costs. Finance costs that are directly attributable to the construction or production or development of a qualifying asset are capitalized as part of the cost of that asset. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. All other finance costs are expensed in the period in which they occur.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the finance costs eligible for capitalization. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Profit and Loss over the period of the borrowings using the effective interest method. Ancillary costs incurred in connection with the arrangement of borrowings are amortised over the period of such borrowings.

(s) Income tax

Income tax expense comprises current and deferred tax. It is recognised in Statement of Profit and Loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current taxes

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received after considering uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred taxes

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;



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- temporary differences related to freehold land and investments in subsidiaries, to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets (DTA) include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to be applied to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

(t) Leases

At inception of an arrangement, it is determined whether the arrangement is or contains a lease. If it is a lease arrangement, it is classified as either a finance lease or an operating lease, based on the substance of the lease arrangement.

The Group accounts for assets taken under lease arrangement in the following manner:

Finance leases

Assets leased by the Group in its capacity as lessee where substantially all the risks and rewards of ownership vest in the Group are classified as finance leases. A finance lease is recognized as an asset and a liability at the commencement of the lease, at the lower of the fair value of the asset and the present value of the minimum lease payments. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Assets subject to operating leases are included in Property, Plant and Equipment.



The Group accounts for assets given under lease arrangement in the following manner:

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Assets subject to operating leases are included in Property, Plant and Equipment. Rental income on operating lease is recognized 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 Group's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

Costs, including depreciation, are recognized as an expense in the Statement of Profit and Loss. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased assets and recognised on a straight line basis over the lease term.

(i) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at balance sheet date exchange rates are generally recognised in Statement of Profit and Loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example translation differences on non-monetary assets such as equity investments classified as FVOCI are recognised in other comprehensive income (OCI).

(u) Cash flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Group are segregated. The Group considers all highly liquid investments that are readily convertible to known amounts of cash to be cash equivalents.

(v) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM"). The Chief Financing Officer of the Group is responsible for allocating resources and assessing performance of the operating segments and accordingly identified as the chief operating decision maker.

(w) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Group



- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.

(ii) *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares

Note 3. Applicable standards issued but not yet effective

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind AS which the Group has not applied as they are effective from April 1, 2019:

Ind AS 116 – Leases (Ind AS 116)

Ind AS 116 will replace the existing leases standard, Ind AS 17 *Leases* (Ind AS 17) and sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lessee accounting model for lessees. A lessee recognises present value of the lease payment (discounted using incremental borrowing rate) as right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments and lease rent expense will be replaced with the amortization of right-of use-asset and interest accrued on lease liability. The standard also contains enhanced disclosure requirements for lessees and will have consequential impact on cash flows categories as well. The new standard substantially carries forward the lessor accounting requirements in Ind AS 17.

The Group will adopt Ind AS 116 effective annual reporting period beginning April 1, 2019 using the modified retrospective approach and will measure the right-of -use assets at an amount equal to the lease liability as at the date of initial application.

For nature of lease arrangement as lessee refer note 41 of the financial statements. The Group has completed an initial assessment of the potential impact on its consolidated financial statements but has not yet completed its detailed assessment. The quantitative impact of adoption of Ind AS 116 on these financial statements in the period of initial application is not reasonably estimable as at present.

Ind AS 12 – Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Group does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of



shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Group does not expect any significant impact of the amendment on its financial statements.

Ind AS 109 – Prepayment Features with Negative Compensation

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The Group does not expect this amendment to have any impact on its financial statements.

Ind AS 19 – Plan Amendment, Curtailment or Settlement

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Group does not expect this amendment to have any significant impact on its financial statements.

Ind AS 23 – Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Group does not expect any impact from this amendment.

Ind AS 28 – Long-term Interests in Associates and Joint Ventures

The amendments clarify that an entity applies Ind AS 109 Financial Instruments, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The Group does not expect any impact from this amendment.

Ind AS 103 – Business Combinations and Ind AS 111 – Joint Arrangements

The amendments to Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity



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does not re-measure previously held interests in that business. The Group does not currently have joint control of a business that is a joint operation.

Note 4. Composition of the Group

The list of subsidiary and joint ventures considered in the preparation of the consolidated financial statements of the Group are as under:

Name of subsidiary/ Joint venture	Country of Incorporation	Proportion of ownership interest as at 31 March 2019	Proportion of ownership interest as at 31 March 2018	Country of Incorporation and other details
SRL Diagnostics (Nepal) Private Limited (formerly Super Religare Reference Laboratories (Nepal) Private Limited) "SRL Nepal"	Nepal	50% (Joint venture)	50% (Joint venture)	SRL Nepal was incorporated on August 7, 2009 under the Companies Act 2013. The registered office and principal place of business are located at Ward No 3, Maharanjgunj, Kathmandu, Nepal and its commercial operation started from August 31, 2010 to carry on the business of operating pathology labs and diagnostics centres in Nepal. SRL Nepal became joint venture of SRL on August 7, 2009.
SRL Diagnostics Private Limited (formerly Piramal Diagnostic Services Private Limited) "SRLD"	India	100%	100%	SRLD is an Indian Company and carries on the business of operating pathology labs and diagnostics centres. SRLD became subsidiary of SRL on August 20, 2010.
DDRC SRL Diagnostics Private Limited (formerly DDRC Piramal Diagnostics Services Pvt. Ltd.) "DDRC"	India	50% (Joint venture of SRLD)	50% (Joint venture of SRLD)	DDRC is an Indian Company and carries on the business of operating pathology labs and diagnostics centres in India. DDRC became joint venture of SRLD from July 15, 2006 and with the acquisition of SRLD, DDRC became joint venture effective August 20, 2010.
SRL Reach Limited "SRL Reach"	India	100%	100%	SRL Reach is an Indian Company and carries on the business of operating pathology labs and diagnostics centres. SRL Reach was incorporated on May 01, 2015 and became 100% subsidiary of SRL.

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Name of subsidiary/ Joint venture	Country of Incorporation	Proportion of ownership interest as at 31 March 2019	Proportion of ownership interest as at 31 March 2018	Country of Incorporation and other details
SRL Diagnostics FZ - LLC "SRL-Dubai"	United Arab Emirates	100%	100%	SRL Dubai is a Foreign Company and carries on the business of operating pathology labs and diagnostics centres. The Company became a subsidiary of SRL w.e.f. 5 July 2016 upon acquisition of 100% shareholding from Fortis Healthcare International Pte. Limited, Singapore (FHIPL, a fellow subsidiary Company).
SRL Diagnostics Middle East LLC "SRL Middle East" *	United Arab Emirates	49%	49%	SRL Middle East is a Foreign Company and carries on the business of operating pathology labs and diagnostics centres. The Company became a subsidiary of SRL w.e.f. 5 July 2016 upon acquisition of 100% shareholding from Fortis Healthcare International Pte. Limited, Singapore (FHIPL, a fellow subsidiary Company).

* SRL Limited owns 49% equity shares of SRL Diagnostics Middle East LLC through SRL Diagnostics FZ-LLC. However, based on the contractual arrangement between the Group and other shareholder, the Group has the power to manage the firm technically, financially and administratively to any or all of its Board of Directors and the Management of SRL Diagnostics Middle East LLC is under the exclusive control of the Group. Therefore, the Directors of the Group concluded that the Group has control over SRL Diagnostics Middle East LLC and it is consolidated in these financial statements.



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5 Property, plant and equipment	(Rupees in Lakhs)										
	Building	Freehold Land	Leasehold Improvements	Plant and machinery (including Laboratory equipments)	Air conditioners	Computers and accessories	Office equipment	Furniture and fittings	Vehicles	Total	Capital work-in-progress
Gross carrying amount											
At 1 April 2017	4,520.80	12,087.94	2,675.39	11,032.40	633.08	935.50	608.14	622.11	185.78	31,851.14	77.01
Additions	31.21	-	450.40	1,328.31	29.01	287.07	176.70	128.53	72.76	2,503.99	1,399.03
Disposals/Adjustment	-	-	194.74	1,214.37	14.06	2.60	24.66	10.57	13.50	1,474.50	1,326.59
Exchange translation adjustments	-	-	3.81	3.19	-	(0.55)	-	0.05	0.03	6.53	-
At 31 March 2018	4,552.01	12,087.94	2,884.86	11,749.53	648.03	1,219.42	760.18	740.12	245.07	34,887.16	149.45
Additions	24.42	-	354.29	1,470.63	7.46	144.34	88.92	31.75	54.74	2,176.54	1,245.63
Disposals/Adjustment	-	-	96.29	152.63	9.82	14.43	7.41	10.06	5.64	296.47	933.72
Exchange translation adjustments	-	-	110.28	69.07	-	7.33	0.10	1.34	0.85	188.97	-
At 31 March 2019	4,576.43	12,087.94	3,253.14	13,136.40	645.67	1,356.66	841.79	763.15	295.02	36,956.20	461.36
Accumulated Depreciation											
At 1 April 2017	335.96	-	1,249.89	4,380.61	310.74	465.83	235.19	257.32	72.90	7,308.44	-
Charge for the year	164.56	-	710.15	1,367.92	111.19	238.21	122.26	99.07	30.49	2,843.85	-
Impairment loss	-	-	-	-	-	-	-	-	-	-	86.91
Elimination on disposals	-	-	178.09	920.91	5.26	1.06	14.95	10.14	12.50	1,142.91	-
Exchange translation adjustments	-	-	3.72	2.38	-	0.27	-	0.03	0.03	6.43	-
At 31 March 2018	500.52	-	1,785.67	4,830.00	416.67	703.25	342.50	346.28	90.92	9,013.81	86.91
Charge for the year	166.46	-	486.52	1,269.77	49.89	229.41	121.20	92.95	37.77	2,455.97	186.15
Impairment loss	-	-	-	-	-	-	-	-	-	-	-
Elimination on disposals	-	-	87.92	93.17	6.76	7.08	4.79	4.61	4.30	210.63	-
Exchange translation adjustments	-	-	103.26	67.02	-	5.77	0.10	0.32	0.58	177.05	-
At 31 March 2019	668.98	-	2,287.53	6,073.62	457.80	931.35	459.01	434.94	124.97	11,436.20	273.06
Net carrying amount											
At 31 March 2018	4,051.49	12,087.94	1,099.19	6,919.53	231.36	516.17	417.68	393.84	154.15	25,871.35	62.54
At 31 March 2019	3,907.45	12,087.94	965.61	7,062.78	187.87	425.31	382.78	328.21	170.05	25,518.00	188.30

Notes: The group has capitalised Rs.111 (31 March 2018: Rs.4.57 Lakhs) towards expenditure incurred during development period in leasehold improvement.



6 Goodwill and other Intangible assets

(Rupees in Lakhs)

	Goodwill	Other intangible assets			Total
		Software	Trademark	Intangible assets - Assay developed	
Gross carrying amount					
At 1 April 2017	41,822.64	1,850.26	5,858.20	957.69	8,666.15
Additions	-	315.36	-	-	315.36
Disposals	-	-	-	-	-
At 31 March 2018	41,822.64	2,165.62	5,858.20	957.69	8,981.51
Additions	-	105.96	-	-	105.96
Disposals	-	0.52	-	-	0.52
At 31 March 2019	41,822.64	2,271.06	5,858.20	957.69	9,086.95
Accumulated amortisation					
At 1 April 2017	-	285.61	1,728.64	802.89	2,817.14
Charge for the year	-	623.93	806.00	70.24	1,500.17
Elimination on disposals	-	-	-	-	-
At 31 March 2018	-	909.54	2,534.64	873.13	4,317.31
Charge for the year	-	639.80	739.57	55.19	1,434.56
Elimination on disposals	-	0.30	-	-	0.30
At 31 March 2019	-	1,549.04	3,274.21	928.32	5,751.57
Net carrying amount					
At 31 March 2018	41,822.64	1,256.08	3,323.56	84.56	4,664.20
At 31 March 2019	41,822.64	722.02	2,583.99	29.37	3,335.38

Goodwill

Goodwill includes the excess consideration paid by SRL Diagnostics Private Limited on the net assets of diagnostics businesses acquired by it during previous years.

The Group's goodwill are tested for impairment annually at the year-end or more frequently if there are indications that goodwill might be impaired. The Group considers the whole diagnostics business of SRL Diagnostic as a single CGU and hence, the impairment of goodwill is tested on total diagnostic business of SRL Diagnostics Private Limited.

The recoverable amounts of the CGUs are determined from value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the year. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The Group made an assessment of recoverable amount of the CGUs based on value-in-use calculations which uses cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period were extrapolated using estimate rates stated below.

Key Assumptions used for value in use calculations are as follows:

Particulars	As at 31 March 2019	As at 31 March 2018
Revenue growth rate for five years	5% - 10%	6% - 11%
Growth rate used for extrapolation of cash flow projections beyond five-year period	4%	4%
Discount rate	13.00%	13.00%

Management believes that any reasonable possible change in any of these assumptions would not cause the carrying amount to exceed its recoverable amount.

Sales growth rates - Average annual sales growth rate over the five year forecast period is based on past performance, current industry trend, management expectation of market development (including long term inflation forecast).

Discount rates - Management estimates discount rates using pre-tax rates that reflect current market assessments of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC).

Growth rates - The growth rates are based on industry growth forecasts. Management determines the budgeted growth rates based on past performance and its expectations of market development. The weighted average growth rates used were consistent with industry reports.



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	As at 31 March 2019 (Rupees in Lakhs)	As at 31 March 2018 (Rupees in Lakhs)
7. Investments		
Equity instruments in joint ventures - at cost		
Unquoted		
A. SRL Diagnostics (Nepal) Private Limited		
240,000 (31 March 2018: 240,000) equity shares of Nepalese Rupees 100 each fully paid-up (refer note 51)	207.97	191.34
B. DDRC SRL Diagnostics Private Limited		
250,000 (31 March 2018: 250,000) equity shares of Rs. 10 each, fully paid up (refer note 52)	3,167.33	2,702.08
Total aggregate unquoted investments (carrying value) (A+B)	3,375.30	2,893.42
Aggregate amount of impairment in the value of investments	-	-
8. Loans		
<i>(Unsecured considered good unless otherwise stated)</i>		
Security deposits		
- Considered good	1,145.22	1,027.85
- Considered doubtful	11.39	-
Less: Provision for doubtful deposits	(11.39)	-
Loans to employees	27.70	18.57
Total	1,172.92	1,046.42
9. Other financial assets		
<i>(Unsecured considered good unless otherwise stated)</i>		
Balances with banks held as margin money	117.46	26.27
Interest accrued on fixed deposits	0.31	0.19
Total	117.77	26.46



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	As at 31 March 2019 (Rupees in Lakhs)	As at 31 March 2018 (Rupees in Lakhs)
10. Deferred tax balances		
Deferred tax assets	4,043.51	3,993.74
Deferred tax liabilities	(47.14)	(89.75)
Minimum alternate tax credit	-	-
Deferred tax assets (net)	3,996.37	3,903.99

The following is the analysis of deferred tax assets/ (liabilities) presented in the financial statements:

2018-19

	As at 31 March 2018	Recognised in profit or loss	Transfer to Advance tax**	Recognised in other comprehensive income	As at 31 March 2019
Deferred tax asset					
Property, plant & equipment and other intangible assets - software	1,597.18	(77.32)	-	-	1,519.86
Provision for doubtful deposits and advances	208.33	33.73	-	-	242.06
Expected credit loss allowance	633.40	599.68	-	-	1,233.08
Provision for lease equalisation	94.77	(94.77)	-	-	-
Share options outstanding account	191.12	(191.12)	-	-	-
Defined benefit obligation	-	-	-	-	-
Provision for gratuity	436.01	48.07	-	(16.98)	467.10
Provision for compensated absences	231.29	32.92	-	-	264.21
Expenditure allowed on actual payment basis	256.74	(43.02)	-	-	213.72
Unabsorbed Depreciation & brought forward Losses*	78.87	(5.01)	-	-	73.86
Minimum alternate tax credit	266.03	(1.06)	(241.17)	-	23.80
Others	-	5.83	-	-	5.83
Total deferred tax asset	3,993.74	307.93	(241.17)	(16.98)	4,043.51
Deferred tax liability					
Intangible assets- Assay developed	(29.55)	19.29	-	-	(10.26)
Property, plant & equipment and other intangible assets - software and trademark	(60.20)	23.32	-	-	(36.88)
Total deferred tax liability	(89.75)	42.61	-	-	(47.14)
Deferred tax asset (net)	3,903.99	350.54	(241.17)	(16.98)	3,996.37

2017-18

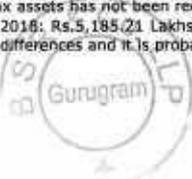
	As at 31 March 2017	Recognised in profit or loss	Transfer to Advance tax**	Recognised in other comprehensive income	As at 31 March 2018
Deferred tax asset					
Property, plant & equipment and other intangible assets - software	1,616.68	(19.50)	-	-	1,597.18
Provision for doubtful deposits and advances	77.23	131.10	-	-	208.33
Expected credit loss allowance	462.17	171.23	-	-	633.40
Provision for lease equalisation	104.42	(9.65)	-	-	94.77
Share options outstanding account	91.63	99.49	-	-	191.12
Provision for gratuity	352.13	61.56	-	22.32	436.01
Provision for compensated absences	197.65	33.64	-	-	231.29
Expenditure allowed on actual payment basis	189.50	67.24	-	-	256.74
Unabsorbed Depreciation & brought forward Losses*	-	78.87	-	-	78.87
Minimum alternate tax credit	633.23	24.87	(392.07)	-	266.03
Total deferred tax asset	3,724.63	638.85	(392.07)	22.32	3,993.74
Deferred tax liability					
Intangible assets- Assay developed	(53.57)	24.02	-	-	(29.55)
Property, plant & equipment and other intangible assets - software and trademark	-	(60.20)	-	-	(60.20)
Total deferred tax liability	(53.57)	(36.18)	-	-	(89.75)
Deferred tax asset (net)	3,671.06	602.67	(392.07)	22.32	3,903.99

* The group has recognised deferred tax asset on carried forward tax losses and unabsorbed depreciation pertaining to financial year 2015-16 and 2016-17 of SRL Reach Limited (subsidiary company). Losses in these years relate to cost of establishing and integrating the operations and are not expected to recur in future. The management has performed a detailed evaluation and believes that sufficient future taxable profits will be available in future to recover the carrying value of deferred tax assets as at 31 March 2019. Details of deferred tax on losses and unabsorbed depreciation are as follows :

Expiry	As at 31 March 2019 (Rupees in Lakhs)		As at 31 March 2018 (Rupees in Lakhs)	
	Unused losses	Tax	Unused losses	Tax
Business loss				
2023-24	61.55	17.12	79.31	22.06
2024-25	94.59	26.36	94.59	26.43
Minimum alternate tax credit				
2031-32	-	-	-	241.17
2032-33	-	22.46	-	24.88
2033-34	-	1.36	-	-
Never expired				
Unabsorbed depreciation	109.20	30.38	109.20	30.38

**SRL Diagnostics Private Limited ("SRLD") has paid taxes under MAT amounting to Rs. 633.24 lakhs during AY 2013-14, 2014-15 and AY 2017-18. The same has been fully utilised by SRLD in books against its tax liability for AY 2018-19 and AY 2019-20. SRLD is currently under litigation with Income tax department for certain disallowances pertaining to AY 2013-14 and AY 2014-15. Pending closure of these litigations, SRLD has currently not utilised the MAT credit in its Income tax return for AY 2018-19. The management based on its internal evaluation has assessed low exposure in respect to these litigations.

Deferred tax assets has not been recognized on temporary differences in relation to indexation benefit of investment in subsidiaries and joint ventures amounting to Rs. 6,333.15 Lakhs (31 March 2018: Rs.5,185.21 Lakhs) and freehold land amounting to Rs. 2.29 Lakhs (31 March 2018: 2.17 Lakhs), as the Group is able to control the timing of the reversal of these temporary differences and it is probable that these differences will not reverse in foreseeable future.



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	As at 31 March 2019 (Rupees in Lakhs)	As at 31 March 2018 (Rupees in Lakhs)
11. Non-current tax assets (net)		
Advance tax and tax deductible source*	2,278.63	1,962.04
Total	2,278.63	1,962.04
*Net of provision for tax	20,141.17	14,843.74
12. Other non-current assets (Unsecured considered good unless otherwise stated)		
Capital advances		
- Considered good	44.90	194.60
- Considered doubtful	302.14	302.14
Provision for doubtful capital advance	(302.14)	(302.14)
Prepaid expenses	122.27	80.47
Deposit against cases with income tax authorities	3,214.94	1,728.08
Total	3,382.11	2,003.15
13. Inventories (Lower of cost and net realisable value)		
Reagents, chemicals and consumables	2,515.42	3,100.20
Total	2,515.42	3,100.20
14. Trade receivables		
Secured, considered good	1,023.92	727.32
Unsecured, considered good	9,941.62	10,058.19
Unsecured, considered doubtful	3,047.58	2,357.56
Less: Expected credit loss allowance	(3,047.58)	(2,357.56)
Total	10,965.54	10,785.51
Due from related parties (refer note 40)		
Unsecured, considered good	22,775.83	13,819.95
Unsecured, considered doubtful	243.16	226.83
Less: Expected credit loss allowance	(243.16)	(226.83)
Total	22,775.83	13,819.95
Total	33,741.37	24,605.46

Notes:

- (a) Credit Risk arising from trade receivables is managed in accordance with the Group's established policy with regard to credit limits, control and approval procedures. The concentration of credit risk is limited due to the fact that the customer base is large. The Group further limits its credit risk by establishing a maximum credit period of 7 to 90 days for all its customers (other than related parties). There are no customers which represent more than 5% of the total balance of trade receivables except as mentioned below:

Customer Name

Fortis Hospitals Limited	14,150.61	7,894.80
Escort Heart Institute & Research Centre Limited	3,095.58	1,792.75
Hiranandani Healthcare Private Limited	2,321.15	1,536.27
Fortis Healthcare Limited	2,495.32	1,857.90

- (b) In accordance with Ind AS 109, the Group applied Expected Credit Loss (ECL) model for measurement and recognition of impairment loss towards expected risk of delays and default in collection. The Group 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 (%)	Expected credit loss (%)
0-1 year	2.71%	2.85%
1-2 years	13.26%	24.65%
2-3 years	77.92%	99.48%
Above 3 Years	98.26%	100.00%
Age of receivables		
0-1 years	27,452.50	22,283.46
1-2 years	7,793.93	3,921.72
2-3 years	1,184.91	528.18
Above 3 Years	600.77	456.50
	37,032.11	27,189.85
Movement in expected credit loss allowance		
Balance at the beginning of the year	2,584.39	1,482.83
Add: Recognised during the year*	1,071.17	1,613.80
Less: Bad debts written off	(364.82)	(512.24)
Balance at end of the year	3,290.74	2,584.39

* Previous year amount includes Rs. 56.31 lakhs netted off from revenue.



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	As at 31 March 2019 (Rupees in Lakhs)	As at 31 March 2018 (Rupees in Lakhs)
15. Cash and cash equivalents		
Balances with banks		
- On current accounts	2,819.32	1,414.78
- Deposit with original maturity of less than three months	1,250.00	60.78
Cheques on hand	34.66	95.78
Cash on hand	122.63	105.50
Cash and cash equivalents as per balance sheet	4,226.61	1,676.84
Cash credit facilities from banks (refer note 25)	(198.77)	(1,987.50)
Cash and cash equivalents as per consolidated statement of cash flows	4,027.84	(310.66)
16. 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	69.02	25.61
Total	69.02	25.61
17. Loans		
<i>(Unsecured considered good unless otherwise stated)</i>		
Security deposits		
- Considered good #	228.68	431.44
- Considered doubtful	357.26	343.34
Less:- Allowance for bad and doubtful deposits	(357.26)	(343.34)
	228.68	431.44
Loan to related parties *	-	730.00
Loan to other corporates**	-	1,500.00
Total	228.68	2,661.44
# includes security deposit to related party (refer note 40)	80.00	154.10
*Loan outstanding from :		
Fortis Hospitals Limited	-	330.00
Fortis Healthcare Limited	-	400.00
The loan was given to meet working capital requirement.		
Interest rate (p.a.)	-	11.50%
Repayment terms	-	On demand
**Loan outstanding from Best Health Management Limited	-	1,500.00
Advance was given for obtaining services to establish labs for subsidiary company (SRL Diagnostics Private Limited)		
Interest rate (p.a.)	-	12.50%
18. Other financial assets		
<i>(Unsecured considered good unless otherwise stated)</i>		
Advances recoverable:		
- Considered good *	100.67	222.59
- Considered doubtful **	254.17	223.26
Less:- Provision for doubtful advances	(254.17)	(223.26)
	100.67	222.59
Contract assets	110.15	1,018.19
Interest accrued on fixed deposits	4.42	6.07
Interest accrued on Income Tax Refund	-	-
Interest accrued on:		
- Inter-corporate deposits to related parties (refer note 40)	-	18.63
- Inter-corporate deposits to other corporates	-	41.61
Total	215.24	1,307.09
* includes advances to related party (refer note 40)	66.63	207.41
** includes advances to related party (refer note 40)	-	46.02
19. Other current assets		
<i>(Unsecured considered good unless otherwise stated)</i>		
Prepaid expenses :		
- Considered good	534.39	606.90
- Considered doubtful	9.30	-
Less:- Provision for doubtful asset	(9.30)	-
Advances to supplier and employees :		
- Considered good	386.35	299.35
- Considered doubtful	40.37	-
Less:- Provision for doubtful advances	(40.37)	-
Balance with statutory authorities	10.07	8.30
Total	930.81	914.55



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20. Equity share capital

	As at At 31 March 2019		As at 31 March 2018	
	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	60,017,582	6,001.76	60,009,713	6,000.97
Equity Shares of Rs.10 each fully paid up shares for consideration other than cash	18,407,960	1,840.80	18,407,960	1,840.80
Total	78,425,542	7,842.56	78,417,673	7,841.77

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

	Year ended 31 March 2019		Year ended 31 March 2018	
	Number of shares	(Rupees in Lakhs)	Number of shares	(Rupees in Lakhs)
Equity shares				
Outstanding at the beginning of the year	78,417,673	7,841.77	72,383,399	7,238.34
Issued during the year (refer note (e) below)	7,869	0.79	64,125	6.41
Shares converted during the year (refer note 20 (f) below)	-	-	5,970,149	597.02
Outstanding at the end of the year	78,425,542	7,842.56	78,417,673	7,841.77

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 distribution will be in proportion to the number of equity shares held by the shareholders. Each holder of equity share is entitled to one vote per share.

c) Shares held by holding Company

	As at 31 March 2019		As at 31 March 2018	
	Number of shares	(Rupees in Lakhs)	Number of shares	(Rupees in Lakhs)
Equity shares of Rs. 10 each				
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

	As at 31 March 2019		As at 31 March 2018	
	No. of shares held	% of Holding	No. of shares held	% of Holding
Equity shares of Rs. 10 each				
Fortis Healthcare Limited	45,236,779	57.69%	45,236,779	57.69%
Resurgence PE Investments Limited (Formerly known as Avigo PE Investments Ltd)	6,310,315	8.05%	6,310,315	8.05%
NYLIM Jacob Ballas India Fund III LLC	12,437,811	15.86%	12,437,811	15.86%
International Finance Corporation	5,970,149	7.61%	5,970,149	7.61%
Axis Bank Limited	4,300,000	5.48%	4,300,000	5.48%

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

a) 7,869 (31 March 2018: 64,125) equity shares of Rs 10 each allotted on exercise of the vested stock options in accordance with the terms of 'Super Religare Laboratories Limited Employee Stock Option Plan 2009' (the 'Scheme'). (Refer note 47).

b) Under the 'Super Religare Laboratories Limited Employee Stock Option Plan 2009' (the 'Scheme') as at 31 March 2019 - 514,809 (31 March 2018: 574,788) outstanding options are convertible into 514,809 (31 March 2018: 574,788) equity shares. (Refer note 47).

c) Under the 'SRL Limited Employee Stock Option Scheme 2013' (the 'Scheme') as at 31 March 2019 - 557,500 (31 March 2018: 927,500) outstanding options are convertible into 557,500 (31 March 2018: 927,500) equity shares. (Refer note 47).

f) Aggregate number of equity shares issued for consideration other than cash during the period of five year immediately preceding the reporting date

	As at 31 March 2019		As at 31 March 2018	
	Number of Shares		Number of Shares	
Equity Shares of Rs.10 each fully paid up shares for consideration other than cash	18,407,960		18,407,960	

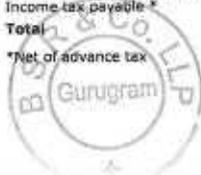
During the year 2016-17, NYLIM Jacob Ballas India Fund III LLC (NJBIF) exercised their right to convert the Compulsorily convertible preference shares (CCPS) into equity shares of the Company vide their request letter dated 21 September 2016. Board of directors in their meeting held on 08 November 2016,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

During the year 2017-18, International Finance Corporation (IFC) have exercised their right to convert Compulsorily convertible preference shares (CCPS) into equity shares of the Company vide their request letter dated 29 May 2017. Board of directors in their meeting held on 30 May 2017, had approved allotment of 5,970,149 equity shares to IFC pursuant to such conversion at premium of Rs. 3.40 per share.



SRL LIMITED
NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	As at 31 March 2019 (Rupees in Lakhs)	As at 31 March 2018 (Rupees in Lakhs)
21. Borrowings		
Term loans (non current)		
From related parties	11.16	10.41
Total	11.16	10.41
Notes: Group has obtained interest free loan without any fixed payment term from "Medical Management Company Limited" (subsidiary of Parent Company).		
22. Other financial liabilities		
Payable towards purchase of intangible assets	1,031.40	1,224.47
Total	1,031.40	1,224.47
23. Provisions		
Provision for employee benefits		
Provision for gratuity (refer note 44)	1,289.09	1,231.97
Provision for compensated absences	493.93	465.02
Total	1,783.02	1,696.99
24. Other non-current liabilities		
Provision for lease equalisation	-	254.66
Others	7.26	-
Total	7.26	254.66
25. Borrowings		
Loan repayable on demand (Secured)		
- Cash credit facility from banks *	198.77	1,987.50
Total	198.77	1,987.50
* Cash credit facility from Banks is secured by way of first charge on the entire current assets of SRL Limited (SRL). They are further secured by way of a second charge on the SRL's fixed assets both present and future.		
Interest rate	10.35% - 10.65% p.a.	10.35% - 10.65% p.a.
Cash credit limit	Rs. 3,900 Lakhs	Rs. 3,900 Lakhs
26. Trade payables		
- total outstanding dues of micro enterprises and small enterprises (refer note 48)	78.96	2.57
- total outstanding dues of creditors other than micro enterprises and small enterprises	8,876.27	8,005.57
Total	8,955.23	8,008.14
27. Other financial liabilities		
Deposits from customers	1,840.36	1,869.16
Employee benefits payable	882.79	833.92
Payable towards purchase of property, plant and equipment and intangible assets	390.05	386.52
Liability against indemnification*	133.10	133.10
Total	3,246.30	3,222.70
*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 parent company. Accordingly, the amount paid by Piramal to SRL Limited (parent company), has been shown under liability against indemnification.		
28. Other current liabilities		
Provision for lease equalisation	-	16.55
Advances from customers *	696.14	509.16
Statutory dues payables	665.12	539.84
Others **	79.22	-
Total	1,440.48	1,065.55
* Includes advances from related party (refer note 40)	0.23	5.09
**includes customer loyalty provision. The movement during the year is as below :		
Opening balance	-	-
Addition during the year	30.00	-
Utilised during the year	-	-
Closing balance	30.00	-
29. Provisions		
Provision for employee benefits		
Provision for gratuity (refer note 44)	236.63	156.35
Provision for compensated absences	277.12	175.06
Provision for contingencies		
Provision for litigation *	143.65	126.54
Total	657.40	457.95
*The movement during the year is below :		
Opening balance	126.53	109.03
Addition during the year	17.12	17.50
Paid during the year	-	-
Closing balance	143.65	126.53
* SRL Diagnostics Private Limited ("SRDL") has disputed the coverage of Employees State Insurance Corporation (ESIC) for its Kolkata unit as "Pachlabs" were not covered for Employee State Insurance Corporation (ESIC). Pending outcome of the hearing, provision is recognised for the ESIC liability with respect of SRDL's Kolkata unit.		
30. Current tax liabilities (net)		
Income tax payable *	112.25	148.15
Total	112.25	148.15
*Net of advance tax	4,053.56	3,626.91



SRL LIMITED
NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	Year ended 31 March 2019 (Rupees in Lakhs)	Year ended 31 March 2018 (Rupees in Lakhs)
31. Revenue from operations		
Sale of services (refer note 47B)	99,218.62	96,949.30
Other operating revenues		
- Management fees	1,149.13	1,267.47
- Recovery/balances no longer required written back	648.09	512.83
Total	101,015.84	98,729.60
32. Other income		
Interest income		
- Bank deposits	96.51	60.69
- Loan to subsidiaries and other corporates	60.72	271.45
- Income tax refund	70.36	55.65
- Others	72.24	51.03
Exchange differences (net)	46.45	-
Profit on disposal of property, plant and equipment (net)	36.02	90.66
Miscellaneous income	209.40	218.55
Total	591.70	748.03
33. Cost of materials consumed		
Reagents, chemicals and consumables		
Inventories at the beginning of the year	3,100.20	2,803.23
Add: Purchase during the year (net)	22,942.26	24,960.96
	26,042.46	27,764.19
Less: Inventories at the end of the year	(2,515.42)	(3,100.20)
Total	23,527.04	24,663.99
34. Employee benefits expense		
Salaries and wages	21,303.41	20,174.54
Share based payments to employees (refer note 47)	38.37	282.16
Contribution to provident and other funds (refer note 44)	1,234.97	1,151.33
Gratuity expense (refer note 44)	312.67	245.34
Staff welfare expenses	376.71	550.90
Total	23,266.13	22,404.27
35. Finance costs		
Interest cost on:		
- borrowings	157.90	206.40
- security deposit	95.65	96.01
- net defined benefit obligation (refer note 44)	82.38	80.91
- others	137.28	178.05
Other costs	105.16	15.23
Total	578.37	576.60
36. Depreciation and amortisation expense		
Depreciation of property, plant and equipment	2,455.97	2,843.85
Amortisation of intangible assets	1,434.56	1,500.17
Total	3,890.53	4,344.02
37. Other expenses		
Power and fuel	1,732.72	1,745.16
Rent and hire charges (refer note 41)	3,353.19	3,371.93
Rates and taxes	146.55	151.74
Insurance	185.72	183.13
Repairs and maintenance:		
- Plant and machinery	1,401.11	1,479.04
- Building	65.68	89.90
- Others	331.99	283.28
Advertisement and sales promotion	4,299.76	3,016.86
Postage and courier	2,535.37	2,326.90
Travelling and conveyance	1,188.45	1,580.42
Printing and stationery	881.69	856.41
Communication	396.26	404.09
Fees to collection centers (refer note - 2(o))	5,471.28	-
Legal and professional (refer note below for payment to auditors)	2,648.19	3,668.28
Professional fees to doctors	7,631.66	7,927.21
Net foreign exchange loss	-	30.51
Corporate social responsibility expenses (refer note 45)	370.37	96.16
Bad debts written off	25.92	34.60
Provision for doubtful deposits and advances	129.52	173.02
Expected credit loss allowance (refer note 14)	1,045.25	1,522.89
Housekeeping expenses	250.81	225.80
Security services expenses	162.49	197.10
Miscellaneous expenses	720.14	652.11
Total	34,974.12	30,016.54
Note: Payment to auditors comprises (net of tax):		
i) Statutory audit	168.79	105.67
ii) Tax audit	10.00	8.50
iii) Reimbursement of expenses	3.43	6.45
	182.22	120.62

*Payments made to auditor for the current and previous year includes amounts paid to previous auditors of the Group.



SRL LIMITED
NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	Year ended 31 March 2019 (Rupees in Lakhs)	Year ended 31 March 2018 (Rupees in Lakhs)
37A. Exceptional items (refer note 57)		
Provision for doubtful capital advance	-	302.14
Provision for doubtful security deposits	-	200.00
Impairment of capital work-in-progress	186.15	86.91
	186.15	589.05
38. (a) Income taxes:		
Recognised in profit or loss :		
Current tax		
-In respect of the current year	5,700.83	4,888.50
-In respect of prior years	(13.71)	(62.16)
	5,687.12	4,826.34
Minimum alternate tax (MAT)		
-In respect of the current year	(1.36)	(24.87)
-In respect of prior years	2.41	-
	1.06	(24.87)
Deferred tax credit		
-In respect of the current year	(610.61)	(577.79)
-In respect of prior years	259.01	-
	(351.60)	(577.79)
Total	5,336.58	4,223.68
Recognised in other comprehensive income :		
Tax related to items that will not be reclassified to profit or loss	14.28	(20.19)
Total	14.28	(20.19)
(b) The income tax expense for the year reconciled to the accounting profit as follows:		
Profit before tax	14,417.35	11,741.28
Tax using Group's domestic tax rate @ 27.82% - 34.944% (31 March 2018 : 27.552% - 34.608%)	5,029.12	4,017.90
Tax effect of :		
Non deductible expenses (net)	349.75	172.23
Intercompany eliminations	(442.12)	45.84
Share of profits of joint ventures	(170.68)	(216.08)
Different in tax rates of subsidiary operating in foreign jurisdiction	324.15	426.57
Recognition of previously unrecognised tax losses and deductible temporary differences	-	(124.59)
	5,090.22	4,321.87
Change in future tax rate	-	(36.03)
Adjustment recognised in the current year in relation to the tax of prior years	246.36	(62.16)
Income tax expense recognised in consolidated statement of profit and loss	5,336.58	4,223.68
(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	2,893.44	191.55
SRL Diagnostics (Nepal) Private Limited	57.97	41.35
DDRC SRL Diagnostics Private Limited	2,687.59	956.89
	5,639.00	1,189.79
Unrecognised deferred tax liabilities relating to the above temporary differences	1,970.49	415.76

Certain subsidiaries and joint ventures (Amount disclosed above represents Group's share) have undistributed earnings, which, if paid out of dividends, would be subject to tax. An assessable temporary difference exists, but no deferred tax liability has been recognised as the parent company is able to control the timings of distributions from these subsidiaries and joint ventures.



SRL LIMITED
NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	Year ended 31 March 2019 (Rupees in Lakhs)	Year ended 31 March 2018 (Rupees in Lakhs)
39. Earnings per share (EPS)		
Basic earnings per share in rupees (refer details below)	11.58	9.71
Diluted earnings per share in rupees (refer details below)	<u>11.47</u>	<u>9.52</u>
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	9,080.77	7,517.60
Weighted average number of equity shares for the purpose of basic EPS	78,424,313	77,435,391
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 diluted earning per share: Profit for the year attributable to owners of the Company	9,080.77	7,517.60
The weighted average number of equity shares for the purpose of diluted earnings per share	79,171,137	78,926,857
Reconciliation of weighted average number of equity shares used for the purpose of diluted EPS with weighted average number of equity shares used in the calculation of basic EPS		
Weighted average number of equity shares used in the calculation of basic earnings per share	78,424,313	77,435,391
Shares deemed to be issued for no consideration in respect of: - Employee stock options (Numbers)	746,824	1,491,466
Weighted average number of equity shares for the purpose of diluted EPS	<u>79,171,137</u>	<u>78,926,857</u>



40. Related party disclosures

A. Related parties where control exists :

(i) Ultimate holding Company

IHH Healthcare Berhad (from 13 November 2018)

(ii) Enterprises having direct control over the Group

Fortis Healthcare Limited, holding company

(iii) Individuals (directly/ indirectly) having control over the Group

Mr. Malvinder Mohan Singh, Executive chairman (upto 27 May 2018) (refer note 59)
Mr. Shivinder Mohan Singh, Director (upto 28 May 2018) (refer note 59)

(iv) Joint venture company

SRL Diagnostics (Nepal) Private Limited
DDRC SRL Diagnostics Private Limited

B. Other related parties with whom transactions have taken place during the current and previous year:

Escorts Heart Institute & Research Centre Limited (subsidiary of holding company)
Fortis C-DCC Healthcare Limited (subsidiary of holding company)
Fortis Health Management Limited (subsidiary of associate company of holding company upto 14 January 2019)
Fortis Health Management Limited (subsidiary of holding company from 15 January 2019)
Fortis Hospitals Limited (subsidiary of holding company)
Fortis Malar Hospitals Limited (subsidiary of holding company)
Hiranandani Healthcare Private Limited (subsidiary of holding company)
HealthFore Technologies Limited (upto 28 May 2018)*
RWL Healthworld Limited (upto 28 May 2018)*
Medical Management Company Limited, BVI (subsidiary of holding company)
Mena Healthcare Investment Company Limited, BVI (subsidiary of holding company)
Fortis Charitable Foundation (upto 28 May 2018)*
Fortis CSR Foundation (subsidiary of holding company)
Bar Chem (upto 28 May 2018)*
Hale & Tempest Company Limited (upto 01 June 2018)*
The Medical and Surgical Centre Limited **
International Hospital Limited (subsidiary of associate company of holding company upto 14 January 2019)
International Hospital Limited (subsidiary of holding company from 15 January 2019)
Birdie & Birdie Realtors Private Limited (fellow subsidiary)
Lanka Hospitals Diagnostics (Pvt) Ltd **
Apollo Gleneagles Hospital Limited (Joint Venture of subsidiary of ultimate holding company) (from 13 November 2018)
Apollo Hospitals Enterprises Limited (Joint venturers of ultimate holding company) (from 13 November 2018)
Finserve Shared Services Private Limited (upto 28 May 2018)*
RHC Holding Private Limited (upto 28 May 2018)*
Religare Health Insurance Company Limited (upto 28 May 2018)*
Continental Hospitals Private Limited (subsidiary of ultimate holding company) (from 13 November 2018)
Ravindranath GE Medical Associates Private Limited (subsidiary of ultimate holding company) (from 13 November 2018)
Trivitron Health Care Private Limited (Entities having a common director)
Jacob ballas Capital India Private Limited (Entities having a common director)

* Enterprises owned or significantly controlled / influenced by KMP or director or their relatives.

** Enterprises owned or significantly controlled / influenced by subsidiary of holding company.

C. Key Managerial Personnel

Mr. Arindam Halder , Chief Executive Officer (from 6 March 2017)
Mr. Saurabh Chadha, Chief Financial Officer
Mr. Sumit Goel, Company Secretary (from 30 May 2017)
Mr. Ravi Batra, Company Secretary (upto 7 May 2017)



SRL LIMITED
NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

D. Transactions with related parties

Nature of transaction / Name of the Related party

	Year ended 31 March 2019 (Rupees in Lakhs)	Year ended 31 March 2018 (Rupees in Lakhs)
(a) (i) Rendering of services:		
Escorts Heart Institute & Research Centre Limited	1,574.55	1,702.29
Fortis C-DOC Healthcare Limited	107.08	112.95
Fortis Health Management Limited	159.91	152.02
Fortis Healthcare Limited	1,533.25	1,488.48
Fortis Hospitals Limited	8,768.22	8,786.85
Fortis Malar Hospitals Limited	604.34	619.45
Hiranandani Healthcare Private Limited	774.96	850.37
Fortis Charitable Foundation	0.02	8.51
SRL Diagnostics (Nepal) Private Limited	204.28	170.55
Religare Health Insurance Company Limited	-	130.96
RWL Healthworld Limited	40.75	282.55
DDRC SRL Diagnostics Private Limited	221.72	229.18
Bar Chem	0.33	1.85
Jacob ballas Capital India Private Limited	0.05	0.45
International Hospital Limited	102.26	-
Apollo Gleneagles Hospital Limited	24.44	-
Apollo Hospitals Enterprises Limited	0.59	-
Lanka Hospitals Diagnostics (Pvt) Ltd	143.28	-
The Medical and Surgical Centre Ltd	4.88	0.98
	14,264.91	14,537.43
(ii) Other income:		
DDRC SRL Diagnostics Private Limited	126.00	126.00
(b) Other Services		
(i) Cost of test outsourced		
Fortis Hospitals Limited	43.96	56.47
Fortis Healthcare Limited	0.65	1.34
DDRC SRL Diagnostics Private Limited	1.90	27.68
(ii) Rent		
Birdie & Birdie Realtors Private Limited	-	60.84
Bar Chem	44.71	393.89
(iii) Brand License fees		
RHC Holding Private Limited	-	223.13
(iv) Legal and professional fees		
Hale & Tempest Company Limited	3.84	23.26
Finserve Shared Services Private Limited	-	191.75
(v) Repair and maintenance		
HealthFore Technologies Limited	-	30.33
Trivitron Health Care Private Limited	1.02	-
(vi) CSR expenses		
Fortis Charitable Foundation	110.97	96.16
Fortis CSR Foundation	259.40	-
	466.45	1,104.85
(d) Reimbursement of expenses to:		
Escorts Heart Institute & Research Centre Limited	116.10	122.95
Fortis Healthcare Limited	12.32	1.86
Fortis Hospitals Limited	3.04	4.17
Hiranandani Healthcare Private Limited	105.43	90.26
SRL Diagnostics (Nepal) Private Limited	18.19	8.74
DDRC SRL Diagnostics Private Limited	118.32	126.29
RHC Holding Private Limited	-	152.59
Hale & Tempest Company Limited	3.01	21.37
Fortis Malar Hospitals Limited	-	0.16
	376.41	528.39
(e) Reimbursement of expenses from:		
Escorts Heart Institute & Research Centre Limited	10.90	18.59
Fortis Healthcare Limited	19.33	18.11
Fortis Health Management Limited	3.56	3.28
Fortis Hospitals Limited	166.38	160.92
Hiranandani Healthcare Private Limited	211.35	212.39
Fortis Malar Hospitals Limited	16.98	15.74
SRL Diagnostics (Nepal) Private Limited	22.20	13.18
RWL Healthworld Limited	-	1.03
Birdie & Birdie Realtors Private Limited	-	0.28
HealthFore Technologies Limited	-	25.34
	450.70	468.86



SRL LIMITED
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	Year ended 31 March 2019 (Rupees in Lakhs)	Year ended 31 March 2018 (Rupees in Lakhs)
(f) Remuneration to key managerial personnel		
Salary and wages		
Mr. Arindam Haldar, Chief Executive Officer	245.32	191.74
Mr. Saurabh Chadha, Chief Financial Officer	93.88	82.80
Mr. Ravi Batra, Company Secretary	-	10.30
Mr. Sumit Goel, Company Secretary	33.72	25.65
	372.92	310.49
Note: The remuneration to the key managerial personnel includes incentives and share based payments exercised but does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Group 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.		
(g) Remuneration to Individuals (directly/ indirectly) having control over the reporting enterprise		
Salary and wages		
Mr. Malvinder Mohan Singh, Chairman	131.35	602.65
	131.35	602.65
(h) Purchase of reagents and consumables		
Fortis Hospitals Limited	21.04	22.11
Fortis Health Management Limited	1.91	1.79
Hiranandani Healthcare Private Limited	0.30	0.16
RWL Healthworld Limited	-	0.84
Trivitron Health Care Private Limited	146.81	157.51
	170.06	182.41
(i) Purchase of Intangible assets		
HealthFore Technologies Limited	-	60.76
Trivitron Health Care Private Limited	17.58	-
	17.58	60.76
(j) Loans received back		
Fortis Healthcare Limited	400.00	-
Fortis Hospitals Limited	330.00	-
	730.00	-
(k) Interest received		
Fortis Healthcare Limited	33.27	46.00
Fortis Hospitals Limited	27.45	37.95
	60.72	83.95
(l) Expected credit loss allowance and provision for doubtful advances		
Mena Healthcare Investment Company Limited, BVI	-	226.83
RWL Healthworld Limited	56.90	-
RHC Holding Private Limited	-	46.02
	56.90	272.85
(m) Deposits received		
HealthFore Technologies Limited	-	3.49
	-	3.49



SRL LIMITED
NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	Year ended 31 March 2019 (Rupees in Lakhs)	Year ended 31 March 2018 (Rupees in Lakhs)
E. Balances outstanding at the year end:		
(a) Security deposits given		
Birdie & Birdie Realtors Private Limited	80.00	80.00
Bar Chem	-	74.10
	<u>80.00</u>	<u>154.10</u>
(b) Security deposits received		
HealthFore Technologies Limited	-	3.49
	<u>-</u>	<u>3.49</u>
(c) Trade Receivables		
Escorts Heart Institute & Research Centre Limited	3,095.58	1,792.75
Fortis C-DOC Healthcare Limited	208.47	122.09
Fortis Health Management Limited	25.02	41.55
Fortis Healthcare Limited	2,495.32	1,857.90
Fortis Hospitals Limited	14,150.61	7,894.80
Fortis Malar Hospitals Limited	333.49	346.11
Hiranandani Healthcare Private Limited	2,321.15	1,536.27
Fortis Health Management (East) Limited	14.54	14.54
SRL Diagnostics (Nepal) Private Limited	84.81	97.77
Religare Health Insurance Company Limited	-	23.55
RWL Healthworld Limited	-	81.04
DDRC SRL Diagnostics Private Limited	17.57	11.49
Fortis Charitable Foundation	-	0.09
Mena Healthcare Investment Company Limited, BVI	243.16	226.83
International Hospital Limited	11.65	-
Apollo Geneagles Hospital Limited	12.55	-
Continental Hospitals Private Limited	0.02	-
Ravindranath GE Medical Associates Private Limited	0.12	-
Apollo Hospitals Enterprises Limited	1.55	-
Lanka Hospitals Diagnostics (Pvt) Ltd	3.38	-
	<u>23,018.99</u>	<u>14,046.78</u>
(d) Trade payable and other financial liabilities		
RWL Healthworld Limited	-	0.02
Birdie & Birdie Realtors Private Limited	29.71	29.71
Spectrum Voyages Private Limited (Formerly known as Ligare Travels Private Limited)	0.29	0.29
DDRC SRL Diagnostics Private Limited	-	9.08
Bar Chem	-	21.40
Trivitron Health Care Private Limited	16.54	8.54
Malvinder Mohan Singh	83.39	-
	<u>129.93</u>	<u>69.04</u>
(e) Interest accrued/receivable		
Fortis Healthcare Limited	-	10.21
Fortis Hospitals Limited	-	8.42
	<u>-</u>	<u>18.63</u>
(f) Borrowings		
Medical Management Company Limited	11.16	10.41
	<u>11.16</u>	<u>10.41</u>
(g) Loan receivable		
Fortis Healthcare Limited	-	400.00
Fortis Hospitals Limited	-	330.00
	<u>-</u>	<u>730.00</u>
(h) Advances recoverable		
SRL Diagnostics (Nepal) Pvt. Ltd.	21.77	20.03
Fortis Healthcare Limited	40.89	133.51
RHC Holding Private Limited	-	46.02
HealthFore Technologies Limited	-	5.91
Mr. Malvinder Mohan Singh	-	47.96
Lanka Hospitals Diagnostics (Pvt) Ltd	3.97	-
	<u>66.63</u>	<u>253.43</u>
(i) Advance from customers		
The Medical and Surgical Centre Limited	-	4.81
Jacob ballas Capital India Private Limited	0.23	0.28
	<u>0.23</u>	<u>5.09</u>
(j) Expected credit loss allowance and provision for doubtful advances		
Mena Healthcare Investment Company Limited, BVI	243.16	226.83
RHC Holding Private Limited	-	46.02
	<u>243.16</u>	<u>272.85</u>



Note:-

- (i) The Group has entered into an agreement with one of its 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.
- (ii) Related party relationships are as identified by the Management taking into account the findings and limitations in the Investigation Report (Refer Notes 54 (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.
- (iii) Closing balances as at 31 March 2019 have not been disclosed in this note for the parties which cease to be related party during the year.

F. Terms and conditions of transactions with related parties

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. For the year ended 31 March 2019, the group has recorded Rs. 243.16 Lakhs (31 March 2018 Rs. 272.85 Lakhs) as provision towards receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial assumptions and the market in which the related parties operates.



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41. Leases

As lessee

Operating Leases

The group has obtained lab premises, office premises, godowns and guest houses on operating lease arrangements. The lease terms varies from 11 months to 15 years, renewable at the option of the group. There are escalation clauses in some of the lease agreements that are generally linked to inflation. There are no restrictions imposed by the lease arrangements.

	As at 31 March 2019 (Rupees in Lakhs)	As at 31 March 2018 (Rupees in Lakhs)
Lease expense for the year recognised in the Statement of Profit and Loss account (A)	3,353.19	3,383.56
Future minimum lease payments under non-cancellable lease agreements:		
-Not later than one year	1,500.32	1,164.10
-Later than one year and not later than five years	3,704.30	3,162.08
-Later than five years	351.43	914.09
	5,556.05	5,240.27

As Lessor

Operating Lease

Rental income from premises subleased by the Group

Lease income for the year in the Statement of Profit and Loss (B)	25.50	11.63
Net rent expense (A-B)	3,327.69	3,271.93

42. Commitments

	As at 31 March 2019 (Rupees in Lakhs)	As at 31 March 2018 (Rupees in Lakhs)
Commitments for the acquisition of property, plant and equipment	468.17	1,037.32

The Group 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 Group does not have any long term commitments or material non-cancellable contractual commitments/ contracts.

43. Contingent liabilities :

- (i) **Claims against the Group, disputed by the Group, not acknowledged as debt (In addition, refer claims assessed as contingent liability described in Note 56) :**

Particulars	As at	
	31 March 2019	31 March 2018
Income tax*	18,713.63	11,276.89
Medical related	2,270.22	254.64
VAT	44.13	44.13
Service Tax & GST	81.44	81.44
Total	21,109.42	11,657.10

*The Group has paid Rs.3,214.94 Lakhs (31 March 2018: Rs.1,728.08 Lakhs) under protest.

- (ii) The SRL Limited ("SRL") has received a claim of Rs. 935 Lakhs from an ex-employee alleging certain dues payable by SRL to him in respect to his variable pay, provident fund and ESOPs. The ex-employee has also filed a similar claim of Rs. 1,923 Lakhs on the Parent company (Fortis Healthcare Limited). Subsequent to the year end, the claimant has filed a petition with National Company Law Tribunal (NCLT) and revised his claim amount to Rs. 3,638 Lakhs. The matter is yet to be listed.
- (iii) On 28 February 2019, a judgment of the Supreme Court of India interpreting certain statutory defined contribution obligations of employees and employers (the "India Defined Contribution Obligation") altered historical understandings of such obligations, extending them to cover additional portions of the employee's income to measure obligations under employees Provident Fund Act, 1952. There is significant uncertainty as to how the liability should be calculated as it is impacted by multiple variables, including the period of assessment, the application with respect to certain current and former employees and whether interest and penalties may be assessed. As such, the Group has been legally advised not to consider that there is any probable obligations for periods prior to date of aforesaid judgment. The Group is further evaluating its next course of action in this matter.

Additionally, the Group is involved in other disputes, lawsuits, claims, governmental and/or regulatory inspections, inquiries, investigations and proceedings, including commercial matters that arise from time to time in the ordinary course of business.

The management based on its internal evaluation and advice obtained from its legal/ tax advisors is of the opinion that the demand is not tenable and does not expect any cash outflow. The cash flows in respect of above matters are determinable only on receipt of judgements/decisions pending at various stages/forums.



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44. Employee benefits plans

(i) Defined contribution plans

The Group makes contribution towards employees' provident fund, employees' state insurance plan scheme and superannuation fund on behalf of the employees. Under the schemes, the Group is required to contribute a specified percentage of payroll cost, as specified in the rules of the scheme. The Group has recognised Rs.1,234.97 Lakhs (31 March 2018 : Rs.1,151.33 Lakhs) during the year as expense towards contribution to these plans.

	Year ended 31 March 2019 (Rupees in Lakhs)	Year ended 31 March 2018 (Rupees in Lakhs)
Provident fund	1,003.73	910.20
Employees' state insurance scheme	226.14	233.37
Superannuation fund	4.49	7.06
Labour welfare fund	0.61	0.70
Total	1,234.97	1,151.33

(ii) Defined benefit plans

Gratuity

The Group 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 Rs. 20.00 Lakhs (31 March 2018 : Rs. 20.00 Lakhs) in terms of the provisions of Gratuity Act, 1972. The gratuity plan is funded for SRL Diagnostics Private Limited and unfunded for SRL Limited and other subsidiaries. Accordingly, the disclosure below related to plan assets are only related to those of SRL Diagnostics Private Limited.

These plans typically exposed the Group 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.

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

The following tables summarise the components of net benefit expense recognised in the profit and loss account and the amounts recognised in the balance sheet for the gratuity plan.

	Year ended 31 March 2019 (Rupees in Lakhs)	Year ended 31 March 2018 (Rupees in Lakhs)
Discount rate	6.96% - 7.79%	7.51% - 7.70%
Expected rate of salary increase	6.00% p.a.	6.50% p.a.
Mortality rate	Indian Assured Lives 2012-14 Ultimate	Indian Assured Lives 2006-08 Ultimate
Employee turnover (attrition rate)		
Upto 30 years	14% - 39% p.a.	15% - 33% p.a.
31-45 years	14% - 26% p.a.	9% - 18% p.a.
45 years and above	0% - 15% p.a.	0% - 9% p.a.

	Year ended 31 March 2019 (Rupees in Lakhs)	Year ended 31 March 2018 (Rupees in Lakhs)
Net employee benefits expense		
Current service cost	312.67	179.47
Past service cost	-	65.87
Total gratuity expenses included in employee benefit expenses (note 34)	312.67	245.34
Interest cost included in finance cost	82.38	62.65
Recognised in statement of profit and loss	395.05	307.99

Remeasurements on the net defined benefit liability :

- Actuarial (gains)/ losses arising from changes in demographic assumptions	(8.92)	-
- Actuarial (gains)/ losses arising from changes in financial assumptions	(12.43)	(57.59)
- Actuarial (gains)/ losses arising from experience adjustments	(16.71)	116.09
- Return on plan assets (excluding amounts included in net interest expense)	(11.14)	4.99

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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 Group's obligation in respect of its defined benefit plans is as follows:

	As at 31 March 2019 (Rupees in Lakhs)	As at 31 March 2018 (Rupees in Lakhs)
Defined benefit obligation		
- As per actuarial valuation for Parent company and Indian subsidiaries	1,638.22	1,514.43
Less: Fair value of plan assets	(300.97)	(279.20)
	<u>1,337.25</u>	<u>1,235.23</u>
Employee related provisions of SRL Diagnostics FZ-LLC#	188.47	153.09
Net defined benefit liability	<u>1,525.72</u>	<u>1,388.32</u>

Obligation has been estimated by the Management basis the contractual liabilities as per laws applicable in Dubai.

Classification of net defined benefit liability as per actuarial valuation

Net defined benefit liability (Non- current)	1,289.09	1,231.97
Net defined benefit liability (current)	236.63	156.35
	<u>1,525.72</u>	<u>1,388.32</u>

Movement in the present value of the defined benefit obligation are as follows:

	Year ended 31 March 2019 (Rupees in Lakhs)	Year ended 31 March 2018 (Rupees in Lakhs)
Opening Net defined benefit liability	1,514.44	1,289.82
Current service cost	312.67	179.47
Past service cost	-	65.87
Current service cost for resigned employees	-	0.00
Interest expenses	104.17	80.91
Remeasurement losses:		
- Actuarial losses arising from changes in demographic assumptions	(8.92)	-
- Actuarial losses arising from changes in financial assumptions	(12.43)	(57.58)
- Actuarial (gains)/ losses arising from experience adjustments	(16.71)	116.08
Benefit payments		
- Benefit payments from plan	-	(3.34)
- Benefit payments from employer	(183.88)	(164.67)
Transfer In	(21.84)	7.87
Transfer Out	(49.28)	-
Closing Liability of foreign subsidiary	188.47	153.09
Closing defined benefit obligation	<u>1,826.69</u>	<u>1,667.52</u>

Changes in the present value of the plan assets are as follows:

Opening fair value of plan assets	279.20	269.26
Interest income	21.78	18.27
Remeasurement gain/ (losses):		
- Return on plan assets (excluding interest income)	24.05	(4.99)
Contributions from the employer		
- Contributions from the employer	-	-
- Direct benefit payments from employer	47.11	-
Benefit payments from plan assets	(24.06)	(3.34)
Benefit payments from employer	(47.11)	-
Closing fair value of plan assets	<u>300.97</u>	<u>279.20</u>

Each year, the management of SRL Diagnostics Private Limited reviews the level of funding in the gratuity plan. Such a review includes asset-liability matching strategy.

The plan assets of SRL Diagnostics Private Limited as on the Balance sheet date are fully invested in Insurer Managed Funds. The details of investments maintained by LIC are not made available and therefore has not been disclosed.

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.



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	As at 31 March 2019 (Rupees in Lakhs)	As at 31 March 2018 (Rupees in Lakhs)
If the discount rate is 100 basis points higher	1,567.85	1,430.44
If the discount rate is 100 basis points lower	1,715.78	1,609.09
If the expected salary growth increases by 1%	1,706.99	1,600.37
If the expected salary growth decreases by 1%	1,574.59	1,436.63
If attrition rate increases by 1%	1,638.03	1,514.59
If attrition rate decreases by 1%	1,638.16	1,514.04

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 Group expects to make a contribution of Rs. 412.99 Lakhs (31 March 2018: Rs.285.55 Lakhs) to the defined benefit plans during the next financial year.

The weighted average duration of the defined benefit obligation as at 31 March 2019 is ranging from 3 - 18 years (31 March 2018: 6 - 23 years).

The defined benefit plans shall mature after year end 31 March 2019 as follows:

Expected total benefits payments	As at 31 March 2019 (Rupees in Lakhs)	As at 31 March 2018 (Rupees in Lakhs)
Year 1	359.43	283.39
Year 2	224.95	173.81
Year 3	220.02	146.30
Year 4	181.16	157.33
Year 5	162.55	134.53
Next 5 years	506.60	508.25

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 2019 (Rupees in Lakhs)	As at 31 March 2018 (Rupees in Lakhs)
Net defined benefit obligation	188.47	1,235.23
Experience adjustment on plan liabilities- (gain)/loss	(16.71)	116.08

45. Corporate social responsibility

As per section 135 of the Companies Act, 2013 and the rules therein, the Group 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 2019 (Rupees in Lakhs)	Year ended 31 March 2018 (Rupees in Lakhs)
Balance to be spent as per previous year	(A) 110.97	-
Amount required to be spent for the current year	(B) 259.40	207.13
Gross amount required to be spent	(A+B) 370.37	207.13
Amount spent during the year (note 37)	370.37	96.16
Balance unspent at the end of the year	-	110.97



46. Financial Instruments

46A. Capital Management

The group manages its capital to ensure that group will be able to continue as going concern. The group's management reviews the capital structure of the group 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 group consists of net debt (borrowings as detailed in notes and offset by cash and bank balances) and total equity of the group. The group manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants. The group is not subject to any externally imposed capital requirements.

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

	(Rupees in Lakhs)	
	As at 31 March 2019	As at 31 March 2018
Debt (I)	209.93	1,997.91
Cash and cash equivalent (note 15)	(4,226.61)	(1,676.04)
Bank balances other than cash & cash equivalent (note 15A)	(69.07)	(25.61)
Net Debt (A)	(4,085.70)	295.66
Total equity (B)	109,671.36	100,470.88
Net debt to equity ratio (A/B)	-3.73%	0.29%

(I) Debt is defined as long-term and short-term borrowings as described in note 21 and 25.

Fair value measurement	Notes	Carrying value		Fair value	
		As at	As at	As at	As at
		31 March 2019	31 March 2018	31 March 2019	31 March 2018
Financial assets					
Measured at amortised cost					
Loans - non current	(b)	1,172.92	1,046.42	1,172.92	1,046.42
Other financial assets - non current	(b)	117.77	26.46	117.77	26.46
Trade Receivables	(a)	33,741.37	24,605.46	33,741.37	24,605.46
Cash and cash equivalents	(a)	4,226.61	1,676.04	4,226.61	1,676.04
Bank balances other than above	(a)	69.02	25.61	69.02	25.61
Loans - current	(a)	228.68	2,661.44	228.68	2,661.44
Other financial assets - current	(a)	215.24	1,307.09	215.24	1,307.09
Total		39,771.61	31,349.32	39,771.61	31,349.32
Financial liabilities					
Measured at amortised cost					
Borrowings - Non-current	(b)	11.16	10.41	11.16	10.41
Other financial liabilities - Non-current	(b)	1,031.40	1,224.47	1,031.40	1,224.47
Borrowings - current	(a)	198.77	1,987.50	198.77	1,987.50
Trade payables	(a)	8,955.23	8,008.14	8,955.23	8,008.14
Other financial liabilities - current	(a)	3,246.30	3,222.70	3,246.30	3,222.70
Total		13,442.86	14,453.22	13,442.86	14,453.22

The following methods / assumptions were used to estimate the fair values:

- (a) Fair valuation of financial assets and liabilities with short term maturities is considered as approximate to respective carrying amount due to the short term maturities of these instruments.
- (b) Fair valuation of non-current financial assets, non-current borrowings and other non-current financial liabilities has been disclosed to be same as carrying value as there is no significant difference between carrying value and fair value.

There are no transfers between Level 1, Level 2 and Level 3 during the year ended 31 March 2019 and 31 March 2018.

46B. Financial risk management objectives and Policies

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

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

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

(a) Credit risk

Credit risk is the risk of financial loss to the group if a customer or counter party to a financial instrument fails to meet its contractual obligation and arises principally for the group receivable from customers. An impairment analysis is performed at each reporting date on an individual basis for major customers. The Group hold certain amount as collateral in form of security deposit against certain class of receivable (primarily includes receivable from collection centre). The group's exposure to credit risk is influenced mainly by the individual characteristics and credit worthiness of each customer. Further refer note 14 for a summary of group's most significant customers and details on provision for expected credit loss.

The Group carries other financial assets such as balances with banks, security deposits, interest accrued on deposits, advances, etc. Based on historical experience, the Group does not expect any significant risk of default. The Group's maximum exposure to credit risk for each of the above categories of financial assets is their carrying values as at the reporting dates.

(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
- (iii) Other price risk



(i) Foreign currency risk

The group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The group has limited exposure from foreign currency risk due to limited international operations. The group has not taken any derivative contracts to hedge the exposure. Exchange rate exposures are managed within approved policy parameters.

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

	Currency	As at 31 March 2019			As at 31 March 2018		
		(Rupees in Lakhs)	Conversion Rate	Amount in foreign currency	(Rupees in Lakhs)	Conversion Rate	Amount in foreign currency
Trade receivables	USD	275.58	69.32	3.98	560.50	64.92	8.63
Bank balances	USD	4.84	69.32	0.07	0.61	64.92	0.01
Cash balances	AED*	1.07	18.87	0.06	0.03	17.67	0.00
	EURO*	0.01	77.75	0.00	0.01	79.97	0.00
	USD	1.18	69.32	0.02	0.68	64.92	0.01

* Amount in foreign currency not presented due to rounding off differences.

Foreign currency sensitivity

The following table details the Group'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 Rupee 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	(Rupees in Lakhs)			
	2018-19		2017-18	
	10% increase	10% decrease	10% increase	10% decrease
Trade Receivable				
USD	27.56	(27.56)	56.05	(56.05)
Cash balances				
AED*	0.11	(0.11)	0.00	(0.00)
EURO*	0.00	-	0.00	(0.00)
USD	0.12	(0.12)	0.05	(0.05)
Impact on profit/(loss) for the year and equity	27.79	(27.79)	56.13	(56.13)

* Amount not presented due to rounding off difference.

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 Group is exposed to interest rate risk because it borrows funds at floating interest rates.

Interest rate sensitivity analysis

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 March 31, 2019	Year ended March 31, 2018
	(Rupees in Lakhs)	(Rupees in Lakhs)
If increase by 50 basis point		
Impact on profit or loss for the year/ total equity at the year end	0.99	9.94
If decrease by 50 basis point		
Impact on profit or loss for the year/ total equity at the year end	(0.99)	(9.94)

(iii) Other price risk

The Group's investments are in joint venture companies and are held for strategic purposes rather than for trading purposes.

(c) Liquidity risk

Liquidity risk is the risk that the group will encounter difficulty in meeting the obligation associated with its financial liabilities that are settled by delivering cash. The group's ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework of the group's short-term, medium-term and long-term funding and liquidity management requirements. The group 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 Group has at its disposal to further reduce liquidity risk.

The group's principal sources of liquidity are cash and cash equivalent and cash flow that is generated from operations. In addition, the group has secured funding facilities aggregating to Rs. 4,425 Lakhs which can be drawn to meet short term financial needs. The group management monitors rolling forecast of group's liquidity requirement to ensure it has sufficient cash to meet operational need while maintaining sufficient headroom on its undrawn committed borrowing facility at all times so that the group does not breach the borrowing limits or covenants.



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Financial arrangement:

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

	(Rupees in Lakhs)			
	As at 31 March 2019		As at 31 March 2018	
	Sanction limit	Limit utilised	Sanction limit	Limit utilised
SRL Limited				
Cash credit facility	2,400.00	198.77	2,400.00	1,012.45
Letter of credit	75.00	-	75.00	-
Bank guarantee	450.00	178.35	450.00	141.34
	2,925.00	377.12	2,925.00	1,153.79
SRL Diagnostics Private Limited				
Cash credit facility, Letter of credit, Bank guarantee	1,500.00	-	1,500.00	390.47
	1,500.00	-	1,500.00	390.47
Total	4,425.00	377.12	4,425.00	1,544.26

The following tables detail the group'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 Group 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. The contractual maturity is based on the earliest date on which the Group may be required to pay.

Particulars	(Rupees in Lakhs)			
	0-1 year	Beyond 1 year	Total Amount	Carrying Amount
31 March 2019				
Non Interest bearing Instruments				
Borrowings	-	11.16	11.16	11.16
Payable towards purchase of intangible assets - non-current	1,031.39	-	1,031.39	1,031.39
Trade payables	8,955.26	-	8,955.26	8,955.26
Deposit from customers	126.20	-	126.20	126.20
Employee benefits payable	882.79	-	882.79	882.79
Payable towards purchase of property, plant and equipment and intangible assets - current	390.05	-	390.05	390.05
Liability against indemnification	133.10	-	133.10	133.10
Fixed Interest bearing Instruments				
Deposit from customers	1,817.01	-	1,817.01	1,714.16
Variable Interest bearing Instruments				
Cash credit facility from banks	219.64	-	219.64	198.77
	13,555.44	11.16	13,566.60	13,442.88
31 March 2018				
Non Interest bearing Instruments				
Borrowings	-	10.41	10.41	10.41
Payable towards purchase of intangible assets - non-current	1,224.47	-	1,224.47	1,224.47
Trade payables	8,008.14	-	8,008.14	8,008.14
Deposit from customers	109.48	-	109.48	109.48
Employee benefits payable	833.92	-	833.92	833.92
Payable towards purchase of property, plant and equipment and intangible assets - current	386.52	-	386.52	386.52
Liability against indemnification	133.10	-	133.10	133.10
Fixed Interest bearing Instruments				
Deposit from customers	1,865.26	-	1,865.26	1,759.67
Variable Interest bearing Instruments				
Cash credit facility from banks	2,196.19	-	2,196.19	1,987.50
	-	10.41	14,767.50	14,453.22

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



47. Employee Stock Option Plans

The SRL Limited (SRL) has provided share-based payment scheme to the eligible employees and directors of SRL, its subsidiary (SRL Diagnostics Private Limited), Fortis Healthcare Limited (Parent Company) and RHC Holding Private Limited. The shareholders of SRL granted approval to 'Super Reigare Laboratories Limited Employee Stock Option Plan 2009' and 'SRL Limited Employee Stock Option Scheme 2013'. SRL has granted these options under Equity Settlement method and there are no conditions for vesting other than continued employment with the respective company. Details of these schemes are as follows:

Scheme	ESOP 2009		ESOP 2013						
	Date of Board Approval Date of Shareholder's approval Method of Settlement (Cash/Equity)	22 August 2009 17 August 2009 Equity	Grant I*	Grant II	Grant III	Grant IV	Grant V	Grant VI	Grant VII
Date of grant		22 August 2009	30 September 2013	2 November 2015	8 November 2016	22 March 2017	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		847,945	134,000	663,437	-	-	-	-	
Number of options exercised		154,716	66,000	-	-	-	-	-	
Number of options issued		154,716	66,000	-	-	-	-	-	
Number of options not yet vested		-	-	332,500	75,000	125,000	-	-	25,000
Number of options not yet exercised		514,809	-	-	-	-	-	-	-
Vesting Period		22 August 2009 to 21 August 2012	30 September 2016 to 30 September 2018	2 November 2018 to 1 November 2020	7 November 2019 to 7 November 2021	22 March 2020 to 22 March 2022	26 May 2020 to 26 May 2022	02 August 2020 to 02 August 2022	
Exercise Period up to		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 previous 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 2019		As at 31 March 2018	
	Number of Options	Weighted Average exercise price	Number of Options	Weighted Average exercise price
Outstanding at the beginning of the year	1,502,288	320.49	1,651,482	303.19
Granted during the year	-	-	50,000	674.00
Vested during the year	-	-	-	-
Exercised during the year	7,869	40.00	64,125	40.00
Forfeited/ Cancelled during the year	422,110	394.67	135,069	373.04
Outstanding at the end of the year	1,072,309	293.34	1,502,288	320.49
Exercisable option at the end of the year	514,809	40.00	574,788	40.00
Weighted average remaining life (years)	2.06		4.00	
Range of exercise price	40-674		40-674	

There are no options granted in current year. Black-Scholes Option Pricing Model has been used for computing the weighted average fair value considering the following inputs:

Particulars	Grant II	Grant III	Grant IV- V	Grant VI- VII
Vesting Schedule	100%	100%	100%	100%
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%
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 expenses arising from share-based payment transaction recognised in profit or loss as part of employee benefit expense for the year ended 31 March 2019 and 31 March 2018, were Rs. 38.37 Lakhs and Rs.282.16 Lakhs respectively.
- ii) *On the date of transition to Ind AS (i.e. 1 April 2015), the Group had opted for optional exemption available under Ind AS 101 'First time adoption' and not recorded any stock option outstanding account for the options fully vested (ESOP Scheme 2009) as at transition date. Under this scheme, 7,869 options (31 March 2018: 64,125 options) were exercised and shares were allotted during the year.
- iii) In respect to 140,000 fully vested options forfeited during the current year, amount aggregating Rs 161.24 lakhs (31 March 2018: Rs Nil) has been transferred to general reserve.



47A. Operating segments

(a) Basis for segmentation

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that related to transaction with any of the Group's other components, and for which discrete financial information is available.

The group 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 group'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'.

(b) Geographical information

The geographical information analyses the group's revenue and non-current assets by the group's country of domicile (i.e. India) and other countries. In presenting the geographical information, segment revenue has been based on the geographical location of customers and segment assets which have been based on the geographical location of the assets.

	Year ended 31 March 2019 (Rupees in Lakhs)	Year ended 31 March 2018 (Rupees in Lakhs)
(i) Revenues		
India (a)	94,727.10	92,581.70
Other countries		
Dubai	2,899.61	2,985.03
Maldives	956.64	679.28
Sri Lanka	264.47	415.04
Nigeria	115.94	87.99
Others	254.86	200.26
Total other countries (b)	4,491.52	4,367.60
Total (a+b)	99,218.62	96,949.30

Revenue excludes other operating income and other income

(ii) Non - current assets

India	30,379.43	31,783.43
Outside India	120.11	162.62
Total	30,499.54	31,946.05

Non-current assets excludes deferred tax assets, income tax assets, tax paid in protest, Goodwill and investments.

(c) Major customer

The Group does not derive revenue from one customer which would amount to 10 per cent or more of the Group's revenue.



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47 B Disclosure as per Ind AS 115 - Revenue from contracts with customers

i)	Particulars	As at	As at
		31 March 2019	31 March 2018
		(Rupees in Lakhs)	(Rupees in Lakhs)
	Contract assets- unbilled revenue	110.15	1,018.19
	Contract liabilities	774.20	509.15
	Advances from customers	696.04	509.15
	Contract liability	48.16	-
	Liability towards customer loyalty program	30.00	-

The revenue recognized during the current year is the balancing number for transactions with customers after adjusting opening and closing balances of contract assets and liabilities

ii (a) **Disaggregation of revenue by Geographical region**

Revenue disaggregation by geographical region is included in segment information (Refer note 47A)

ii (b) **Disaggregation of revenue by sales channel**

Particulars	Year ended
	31 March 2019
	(Rupees in Lakhs)
Owned labs	75,575.57
Collection centre	22,071.54
Franchisees	1,571.50
Total	99,218.62

47C Accounting on Reagent Rental Equipments

The Group 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. These equipments can be replaced at any point of time as per the discretion of the respective vendors.



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

	Year ended 31 March 2019 (Rupees in Lakhs)	Year ended 31 March 2018 (Rupees in Lakhs)
The principal amount remaining unpaid as at the end of year	78.96	2.57
Interest due on above principal and remaining unpaid as at the end of the year	4.50	0.08
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.	8.44	0.32
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	12.94	0.32
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	-	-

- 49 The Board of Directors of the Parent 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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50. Interest in joint ventures

Share of profit of joint ventures

	Year ended 31 March 2019 (Rupees in Lakhs)	Year ended 31 March 2018 (Rupees in Lakhs)
Share of profit of SRL Diagnostics (Nepal) Private Limited [refer note 51]	16.62	33.68
Share of profit of DDRC SRL Diagnostics Private Limited [refer note 52]	471.83	590.67
	488.45	624.35

51. Investment in joint ventures (SRL Diagnostics (Nepal) Private Limited)

SRL Limited ("SRL") entered into a Joint Venture agreement with Life Care Services Private Limited Nepal, to carry on the business of operating pathology labs and diagnostics centers in Nepal and for this purpose, has incorporated SRL Diagnostics (Nepal) Private Limited ("SRL Nepal") with 50% interest in assets, liabilities, expenses and income. SRL invested Rs. 150 Lakhs in SRL Nepal.

Summarised financial information in respect of the joint venture is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements adjusted by the Group for equity accounting purposes.

	As at 31 March 2019 (Rupees in Lakhs)	As at 31 March 2018 (Rupees in Lakhs)
Current assets	487.78	545.21
Non-current assets	118.70	90.96
Current liabilities	190.54	253.47
Non-current liabilities	-	-
Net assets	415.94	382.70

The above amounts of assets and liabilities include the following:

Cash and cash equivalents	303.25	358.62
Current financial liabilities (excluding trade payables and provisions)	27.29	41.68
Non-current financial liabilities (excluding trade payables and provisions)	-	-

	Year ended 31 March 2019 (Rupees in Lakhs)	Year ended 31 March 2018 (Rupees in Lakhs)
Revenue	662.23	549.15
Profit for the year	33.23	67.36
Total comprehensive income for the year	33.23	67.36
Proportion of group ownership interest in joint venture	50%	50%
Group's share in profit of joint venture	16.62	33.68
Less :- Dividends accrued from the joint venture during the year	-	(15.00)
Group's net share of result of joint venture	16.62	18.68

The above profit for the year includes the following:

Depreciation and amortisation	33.06	26.54
Other income	15.11	19.96
Interest expense	0.72	0.28
Income tax expense (including deferred tax assets)	12.62	22.68

Reconciliation of the above summarised financial information to the carrying amount of interest in the joint venture recognised in consolidated financial statements:

	As at 31 March 2019 (Rupees in Lakhs)	As at 31 March 2018 (Rupees in Lakhs)
Net assets of joint venture	415.94	382.70
Proportion of company's ownership interest in joint venture	50%	50%
Carrying amount of company's interest in the joint venture	207.97	191.35



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52. Investment in joint ventures (DDRC SRL Diagnostics Private Limited)

SRL Diagnostics Private Limited ('SRLD') holds 50% interest in DDRC SRL Diagnostics Private Limited, a jointly controlled entity which is involved in the business of maintaining and managing clinical reference laboratories, to provide testing and diagnostics services in the field of pathology in the State of Kerala.

Summarised financial information in respect of the joint venture is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with Ind AS adjusted by the Group for equity accounting purposes.

	As at 31 March 2019 (Rupees in Lakhs)	As at 31 March 2018 (Rupees in Lakhs)
Current assets	1,567.15	1,722.07
Non-current assets	5,677.03	4,220.95
Goodwill arising on acquisition of joint venture	898.38	898.38
Current liabilities	1,431.72	1,158.28
Non-current liabilities	376.18	278.97
Net assets	6,334.66	5,404.15

The above amounts of assets and liabilities include the following:

Cash and cash equivalents	365.96	529.02
Current financial liabilities (excluding trade payables and provisions)	187.26	57.17
Non-current financial liabilities (excluding trade payables and provisions)	26.35	-

	Year ended 31 March 2019 (Rupees in Lakhs)	Year ended 31 March 2018 (Rupees in Lakhs)
Revenue	14,253.15	12,795.45
Profit for the year (after considering effect of group accounting policy)	943.66	1,181.34
Proportion of company's ownership interest in joint venture	50%	50%
Group's Share in profit of joint venture	471.83	590.67
Less:- Dividends received from the joint venture during the year	-	(100.00)
Less:- Dividend distribution tax on dividends received from the joint venture during the year	-	(20.36)
Group's net share of profit of joint venture (A)	471.83	470.31
Group's share in other comprehensive income of joint venture		
(a) Remeasurements of the defined benefit plans of joint ventures	(9.28)	6.15
(b) Income tax on remeasurements of the defined benefit plans of joint ventures	2.70	(2.13)
Group's share in other comprehensive income of joint venture (B)	(6.58)	4.02
Group's total share of result of joint venture (A+B)	465.25	474.33

The above profit for the year includes the following:

Depreciation and amortisation	733.88	529.40
Other income	8.54	31.35
Interest expense	40.18	18.87
Income tax expense (including deferred tax)	441.53	726.47

Reconciliation of the above summarised financial information to the carrying amount of interest in the joint venture recognised in consolidated financial statements:

	As at 31 March 2019 (Rupees in Lakhs)	As at 31 March 2018 (Rupees in Lakhs)
Net assets of joint venture	6,334.66	5,404.15
Proportion of company's ownership interest in joint venture	50%	50%
Carrying amount of company's interest in the joint venture	3,167.33	2,702.08

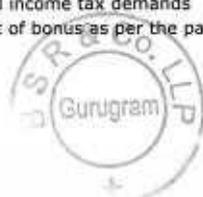
Capital commitment:

Group's share of commitments for the acquisition of property, plant and equipment	34.01	13.06
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Contingent liabilities:

Claims against the Joint venture, not acknowledged as debt (Group's share of liabilities):

a. Disputed income tax demands	467.64	467.64
b. Payment of bonus as per the payment of bonus (amendment) Act, 2015	15.54	15.54
c. Others	7.54	7.54



53. Disclosure of additional information as required by Schedule III:

(a) As at and for the year ended 31 March 2019

Name of the entity in the Group	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Rupees in Lakhs	As % of consolidated profit or loss	Rupees in Lakhs	As % of consolidated other comprehensive income	Rupees in Lakhs	As % of total comprehensive income	Rupees in Lakhs
Parent								
SRL Limited	81.57%	89,454.65	49.41%	4,486.45	18.70%	14.61	49.14%	4,501.06
Subsidiaries (Group's share)								
Indian								
SRL Diagnostics Private Limited	14.25%	15,633.40	48.49%	4,403.43	19.76%	15.44	48.25%	4,418.87
SRL Reach Limited	0.71%	779.59	0.09%	7.94	2.78%	2.17	0.11%	10.11
Foreign								
SRL Diagnostics FZ-LLC	0.39%	428.36	-3.36%	(305.50)	67.18%	52.49	-2.76%	(253.01)
SRL Diagnostics Middle East LLC	-	-	-	-	-	-	-	-
Joint Ventures (Investments as per the equity method)								
Indian								
DBRC SRL Diagnostics Private Limited	2.89%	3,167.33	5.20%	471.83	-8.42%	(6.58)	5.08%	465.25
Foreign								
SRL Diagnostics Nepal Private Limited	0.19%	207.97	0.18%	16.62	0.00%	-	0.18%	16.62
Total	100.00%	109,671.30	100.00%	9,080.77	100.00%	78.13	100.00%	9,158.90

(1) The amounts given here in respect of joint ventures are the share of the Group in the net assets, Profit and Loss of the respective joint ventures



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53. Disclosure of additional information as required by Schedule III:

(b) As at and for the year ended 31 March 2018

Name of the entity in the Group	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Rupees in Lakhs	As % of consolidated profit or loss	Rupees in Lakhs	As % of consolidated other comprehensive income	Rupees in Lakhs	As % of total comprehensive income	Rupees in Lakhs
Parent								
SRL Limited	80.62%	80,995.19	40.14%	3,017.23	96.44%	(55.77)	39.70%	2,961.46
Subsidiaries (Group's share)								
Indian								
SRL Diagnostics Private Limited	14.75%	14,816.10	56.94%	4,280.74	-25.70%	14.86	57.58%	4,295.60
SRL Reach Limited	0.78%	794.08	5.06%	380.69	0.45%	(0.26)	5.10%	380.43
Foreign								
SRL Diagnostics FZ-LLC	0.98%	982.09	-10.45%	(785.41)	35.76%	(20.68)	-10.81%	(806.09)
SRL Diagnostics Middle East LLC	-	-	-	-	-	-	-	-
Joint Ventures (Investments as per the equity method) (Refer (iii) below)								
Indian								
DDRC SRL Diagnostics Private Limited	2.69%	2,702.08	7.86%	590.67	-6.95%	4.02	7.97%	594.69
Foreign								
SRL Diagnostics Nepal Private Limited	0.19%	191.34	0.45%	33.68	0.00%	-	0.45%	33.68
Total	100.00%	100,470.88	100.00%	7,517.60	100.00%	(57.83)	100.00%	7,459.77

(i) The amounts given here in respect of joint ventures are the share of the Group in the net assets, Profit and Loss of the respective joint ventures



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54. Investigation initiated by the Audit and Risk Management Committee of Fortis Healthcare Limited (Parent Company)

- (a) During the previous year, there were reports in the media and enquiries from, inter alia, the stock exchanges received by the Parent Company about certain inter-corporate loans ("ICDs") given by a wholly owned subsidiary of the Parent Company. The erstwhile Audit and Risk Management Committee of the Parent Company in its meeting on 13 February, 2018 decided to carry out an independent investigation through an external legal firm on this matter.
- (b) The terms of reference of the investigation, inter alia, comprised (i) ICDs amounting to a total of Rs. 49,414 Lakhs (principal), placed by the Parent 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-56); (iii) review of intra-group transactions for the period commencing FY 2014-15 and ending on 31 December 2017 (refer note-57); (iv) investments made in certain overseas funds by the overseas subsidiaries of the Parent 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 an erstwhile promoter group company, and subsequent repayment of loan by said subsidiary to the erstwhile promoter group company.
- (c) The investigation report ("Investigation Report") was submitted to the re-constituted Board of Parent Company on 8 June, 2018.
- (d) The re-constituted Board of the Parent Company discussed and considered the Investigation Report and noted certain significant findings of the external legal firm in relation 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 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 erstwhile promoter group, if any.
- (e) Other matters:
- i. Related party relationships as required under Ind AS 24 - Related Party Disclosures and the Companies Act, 2013 were as identified by the Management taking into account the findings and limitations in the Investigation Report (Refer Note 54d above) 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 were identified based on the declarations by the erstwhile directors and the information available through the known shareholding pattern in the entities up to March 31, 2018. Therefore, the possibility cannot be ruled out that there may have been additional related parties whose relationship may not have been disclosed to the Group and, hence, not known to the Management.
 - ii. With respect to the other matters identified in the Investigation Report, the Board initiated specific improvement projects to strengthen the process and control environment. The projects include revision of authority levels, both operational and financial and oversight of the Board, review of Financial Reporting processes, assessment of secretarial documentation w.r.t compliance to regulatory requirements and systems design & control enhancement. The assessment work is being done and corrective action plans are being implemented. Board continues to evaluate other areas to strengthen processes and build a robust governance framework. Towards this end, it is also evaluating internal organizational structure and reporting lines, the roles of authorized representatives and terms of reference of executive committees and their functional role. The Parent Company's Board of Director have also initiated an enquiry of the management of the certain entities in the Group that were impacted in respect of the matters investigated by the external legal firm.
 - iii. It is in the above backdrop, that it is pertinent to mention that during the previous year the Parent Company received a communication dated February 16, 2018 from the Securities and Exchange Board of India (SEBI), confirming that an investigation has been instituted by SEBI in the matter of the Parent Company. In the aforesaid letter, SEBI required the Parent Company under section 11C (3) of the SEBI Act, 1992 to furnish by February 26, 2018 certain information and documents relating to the short-term investments of Rs. 47,300 Lakhs reported in the media. SEBI had appointed forensic auditors to conduct a forensic audit, of collating information from the Parent Company and certain of its subsidiaries. The Parent Company / its subsidiaries have furnished all requisite information and documents requested by SEBI.

In furtherance of the above, on October 17, 2018 SEBI passed an ex-parte Interim Order ("Order") whereby it observed that certain transactions were structured by some identified entities over a certain duration, and undertaken through the Parent Company, which were prima facie fictitious and fraudulent in nature and which resulted in inter alia diversion of funds from the Parent Company for the ultimate benefit of erstwhile promoters (and certain entities controlled by them) and misrepresentation in financial statements of the Parent Company. Further, it issued certain interim directions that inter alia directed the Parent Company shall take all necessary steps to recover Rs. 40,300 Lakhs along with due interest from erstwhile promoters and various other entities, as mentioned in the Order. More importantly, the said entities had also been directed to jointly and severally repay Rs. 40,300 Lakhs (approx.) along with due interest to Parent Company within three months of the order. Incidentally, the order also included Fortis Hospitals Limited ("FHSL") as one of the entities directed to repay the due sums. Pursuant to this, FHSL's beneficial owner account had been suspended for debits by the National Securities Depository Limited and Central Depository Services (India) Limited. Further, SEBI has directed the said entities that pending completion of investigation and till further order, they shall not dispose of or alienate any of their assets or divert any funds, except for the purposes for meeting expenses of day-to-day business operations, without the prior permission of SEBI. Erstwhile-promoters have also been directed not to associate themselves with the affairs of the Parent Company in any manner whatsoever, till further directions. Parties named in the Order had been granted opportunity for filing their respective replies/objections within 21 days.

The Parent Company and its wholly owned subsidiary i.e. Fortis Hospitals Limited (FHSL) had then filed applications for modification of the order, for deletion of name of FHSL from the list of entities against whom the directions were issued. Pursuant to this SEBI, vide order dated December 21, 2018, modified its previous order dated October 17, 2018 deleting FHSL from the list of entities against whom the Order was directed. Pursuant to this, the suspension order by National Securities Depository Limited for debits in beneficial owner account of FHSL was accordingly removed. Vide Order dated 19 March 2019 SEBI has confirmed the directions issued vide ad interim ex-parte order dated October 17, 2018 read with order dated December 21, 2018, till further orders. SEBI also directed the Parent Company and FHSL to take all necessary steps to recover Rs. 40,300 Lakhs along with due interest from erstwhile-promoters and various other entities, as mentioned in the Order.



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The Parent Company and its wholly owned subsidiary ("FHsL") have filed all necessary applications in this regard including an application with the Recovery Officer, SEBI, under Section 28A of the Securities and Exchange Board of India Act 1992, for the recovery of the amounts owed by the erstwhile-promoters and various other entities to the Parent Company and FHsL.

The matter before SEBI is sub-judice and the investigation is on going, in as much as it has observed that a detailed investigation would be undertaken to ascertain the role of each entity in the alleged diversion and routing of funds. 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 remedial action, as may be required, and to ensure compliance with applicable laws and regulations. In the aforesaid context, 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 Group and for preventing and detecting fraud and other irregularities.

- (iv) As per the assessment of the Board, based on the investigation carried out through the external legal firm, SEBI order and the information available at this stage, all identified/required adjustments/disclosures arising from the findings in the Investigation Report, are made in the Consolidated Financial statements for the year ended March 31, 2019. Any further adjustments/disclosures, if required, would be made in books of accounts as and when the outcome of the above investigations is known.

55. Investigation by Various Other Regulatory Authorities

- (a) During the previous year ended 31 March 2018, the Registrar of Companies (ROC) under section 206(1) of the Companies Act, 2013, inter alia, had also sought information in relation to the Parent Company. All requisite information in this regard has been duly shared by the Parent Company with the ROC.
- (b) The Serious Fraud Investigation Office (SFIO), Ministry of Corporate Affairs under section 217(1)(a) of the Companies Act, 2013, inter alia, initiated an investigation and sought information in relation to the Parent Company, its material subsidiaries (including the Company), joint ventures and associates. The Parent Company has submitted all requisite information in this regard with SFIO as requested from time to time.
- (c) The Investigation Report of the external legal firm has been submitted by the Parent Company with the Securities and Exchange Board of India, the Serious Frauds Investigation Office ("SFIO") on 12 June, 2018.

The Parent Company, its material subsidiaries (including the Company), joint ventures and associates are fully co-operating with the regulators in relation to the ongoing investigations. Any further adjustments/disclosures, if required, would be made in the books of accounts as and when the outcome of the above investigations is known.

56. Claims assessed as contingent liability and not provided for, unless otherwise stated :

A third party ("Assignee" or "Claimant") has filed a Civil Suit before the District Court, Delhi in February 2018 against various group entities (together "the defendants") and have, inter alia, claimed implied ownerships of brands "SRL" ("Fortis" and "La-Femme" of the Parent 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 certain party ("Party"), the defendants are liable for claims owed by the claimant to the Party. In connection with this, the District Court passed an ex-parte order directing that any transaction undertaken 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 54).

The Parent 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 Parent Company has in its written statement also stated that it has not signed the alleged Term Sheet with the Party.

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

Separately, the Party has also alleged rights to invest in the Parent Company. It has also alleged failure on part of the Parent Company to abide by the aforementioned Term Sheet and has claimed ownership over the brands as well. Subsequently, an application has been filed in the civil suit, by a different entity claiming itself to be representative of the Party and is seeking substitution of its name in place of Assignee as plaintiff.

Allegations made by the Party has been duly responded to by the Parent Company denying (i) execution of any binding agreement with the Party and (ii) liability of any kind whatsoever. Parent Company has also filed caveats before Hon'ble High Court of Delhi in this regard.

During the quarter ended June 30, 2018, the Party also filed an application for being impleaded as party to the Civil Suit by the Claimant. The matter is pending adjudication before District Court, Delhi.

Based on advice of external legal counsel, the Management believes that the claims are without legal basis and are not tenable and accordingly no adjustment is required in these Consolidated Financial Statements with respect to these claims.



SRL LIMITED
NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

57. In July 2017 a Memorandum of Understanding (MoU) was entered between SRL Limited ("SRL" or 'Company') and a body corporate 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 was refundable on either expiry of the term of the MoU or its earlier termination. In addition, the Company has incurred Rs. 315.20 Lakhs on the said proposed office space as capital expenditure/ advance paid, to other third party vendors. The validity of MoU was extended until 31 March, 2018.

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. Complaint under Negotiable Instruments Act, 1881 has been filed against Dignity, its Directors and authorized signatories" (Dignity officers) before Metropolitan Magistrate Court, Mumbai in August 2018. The Hon'ble Court issued summons against Dignity Officers for appearance on 11th December 2018. None of the Dignity officers appeared in the Court on scheduled date. Court issued bailable warrants against some of the Dignity Officers. For other Dignity officers, fresh address to be given by Company for service of summons. On last date of hearing i.e. 2nd March, 2019 the advocate for one of the directors of Dignity appeared and filed memo of appearance with exemption application. The court issued Non bailable warrants against the director on 18th June, 2019.

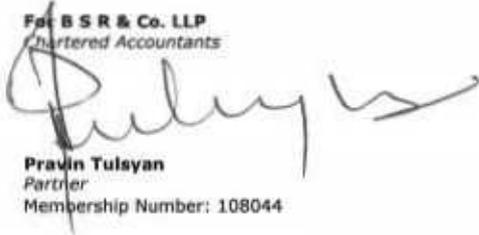
In view of the facts stated above and the uncertainty in the ultimate recovery of the aforesaid balances, the Company has recorded provisions aggregating to Rs. 775.20 lakhs (for the year ended 31 March 2019: Rs. 186.15 lakhs, for the year ended 31 March 2018: Rs. 589.05 lakhs) in these Consolidated Ind AS Financial Statements.

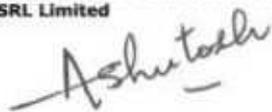
58. During the current year, SRL Limited ("SRL" or 'Company') has provided Rs. 131.35 Lakhs (31 March 2018: Rs.602.65 Lakhs) managerial remuneration to erstwhile Executive Chairman, Mr. Malvinder Mohan Singh, in respect of his full and final settlement in the books of accounts. The amount paid in excess of the limits aggregating to Rs. 47.96 Lakhs in FY 2017-18 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 has adjusted 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.

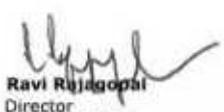
59. In the current year, Mr. Malvinder Mohan Singh and Mr. Shivinder Mohan Singh (individuals having direct/indirect control over the reporting enterprise till the date of their respective resignations) resigned as Executive chairman and Director from Board of SRL Limited on 27 May and 28 May, 2018 respectively. 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.

For BSR & Co. LLP
Chartered Accountants

For and on behalf of the Board Of Directors
SRL Limited


Pravin Tulsyan
Partner
Membership Number: 108044

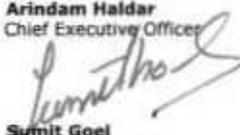

Dr. Ashutosh Raghuvanshi
Director
DIN:02775637


Ravi Rajagopal
Director
DIN:00067073

Gurugram
Date : 23 May 2019


Arindam Haldar
Chief Executive Officer


Saurabh Chadha
Chief Financial Officer


Sumit Goel
Company Secretary

Gurugram
Date : 23 May 2019

