

SRL DIAGNOSTICS PRIVATE LIMITED

AUDITED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH, 2018

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

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

Management's Responsibility for the Ind AS Financial Statements

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

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

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

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

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

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

*Independent Auditor's Report on the
Ind AS Financial Statements
of SRL Diagnostics Private Limited*



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

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

Except as indicated in the Basis for Qualified Opinion paragraphs below, we believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our qualified audit opinion on the Ind AS Financial Statements.

Basis for Qualified Opinion

1. As explained in Note 44 of the Ind AS Financial Statement, pursuant to certain events/transactions in the Ultimate Holding Company and its subsidiaries, the erstwhile Audit and Risk Management Committee (the 'ARMC') of the Ultimate Holding Company decided to carry out an independent investigation by an external legal firm on certain matters more fully described in the said Note. The terms of reference for the investigation, the significant findings of the external legal firm, which are subject to the limitations on the information available to the external legal firm and their qualifications and disclaimers as described in their Investigation Report were communicated by the Board of the Holding Company to the Board of the Company and are summarised in the said Note.

Also, as explained in the said note:

- a) As per the assessment of the Board of the Ultimate Holding Company and the Company, based on the investigation carried out through the external legal firm, and the information available at this stage, all identified/required adjustments/disclosures arising from the findings in the Investigation Report, have been made in these Ind AS Financial Statements.
- b) With respect to the other matters identified in the Investigation Report, the Board intends to appoint an external agency of repute to undertake a scrutiny of the internal controls and compliance framework in order to strengthen processes and build a robust governance framework. They will also assess the additional requisite steps to be taken in relation to the significant matters identified in the Investigation Report that are related to the Company including, *inter alia*, initiating an internal enquiry.
- c) At this juncture the Board is unable to make a determination on whether a fraud has occurred on the Company in respect of the matters covered in the investigation by the external legal firm, considering the limitations on the information available to the external legal firm and their qualifications and disclaimers as described in their Investigation Report.
- d) Various regulatory authorities are currently undertaking their own investigation (refer Note 45 of the Ind AS Financial Statements), and it is likely that they may make a determination

on whether any fraud or any other non-compliance/ illegalities have occurred in relation to the matters addressed in the Investigation Report.

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

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

2. As explained in Note 46 of the Ind AS Financial Statements, a Civil Suit has been filed by a third party (to whom the ICDs granted by Fortis Hospitals Limited, a fellow subsidiary of the Holding Company, were assigned ('Assignee' or 'Claimant') against various entities including the Holding Company (together "the Defendants"), before the District Court, Delhi and have, *inter alia*, claimed implied ownership of brands "Fortis", "SRL" and "La-Femme" in addition to certain financial claims and for passing a decree that consequent to a Term Sheet dated December 6, 2017 ('Term Sheet') between the Ultimate Holding Company and a certain party, the Company is liable for claims owed by the Claimant to the certain party.

The Holding 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 Holding Company has specifically denied liability to pay any amounts to the Claimant, including its alleged claim that the Claimant has rights over the aforesaid brands.

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

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

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

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

3. As explained in Note 36E(iii) of the Ind AS Financial Statements, related party relationships as required under Ind AS 24 – Related Party Disclosures and the Companies Act, 2013 are as identified by the Management of the Holding Company taking into account the findings and limitations in the Investigation Report (Refer Note 44(d) of the Ind AS Financial Statements) and the information available with the Management. In this regard, in the absence of specific declarations from the erstwhile directors of the Holding Company on their compliance with disclosures of related parties, especially considering the substance of the

relationship rather than the legal form, the related parties have been identified based on the declarations by the erstwhile directors and the information available through the known shareholding pattern in the entities. Therefore, there may be additional related parties whose relationship may not have been disclosed to the Company and, hence, not known to the Management.

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

Qualified Opinion

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, we report to the extent applicable that :
 - a) We have sought and except for the matters described in the Basis for Qualified Opinion paragraphs above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Ind AS Financial Statements.
 - b) Except for the effects/possible effects of the matters described in the Basis for Qualified Opinion paragraphs above, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of the books.
 - c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the Ind AS Financial Statements.
 - d) Except for the effects/possible effect of the matters described in the Basis for Qualified Opinion paragraphs above, in our opinion, the aforesaid Ind AS Financial Statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
 - e) The matters described in the Basis for Qualified Opinion paragraphs above in our opinion, may have an adverse impact on the functioning of the Company.
 - f) On the basis of the written representations received from the directors of the Company as on 31 March, 2018 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2018 from being appointed as a director in terms of Section 164(2) of the Act.




- g) The qualification relating to maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraphs above.
- h) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an adverse opinion on the Internal Financial Controls over Financial Reporting of the company, for the reasons stated therein.
- i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. Except for the possible effects of the matters described in the paragraph 2 of the Basis of Qualified Opinion above, the Ind AS Financial Statements disclose the impact of pending litigations on its financial position in its Ind AS Financial Statements. Refer note 39(b), (c) and (d) to the Ind AS Financial Statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses. Refer note 39 (f) to the Ind AS financial statements.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company. Refer note 39(g) to the Ind AS Financial Statements.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, which is subject to the possible effect of the matters described in the Basis for Qualified Opinion paragraphs of our Audit Report and the material weakness described in Basis for Adverse Opinion in our separate Report on the Internal Financial Controls over Financial Reporting.

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

Gurugram
July 6, 2018
RT/AL/ 2018




RASHIM TANDON
Partner
(Membership No. 095540)

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

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

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

Management's Responsibility for Internal Financial Controls

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

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse audit opinion on the Company's internal financial controls system over financial reporting.



Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Basis for Adverse Opinion

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

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

Adverse Opinion

In our opinion, to the best of our information and according to the explanations given to us, because of the effect/ possible effect of the material weaknesses described in the Basis for Adverse Opinion paragraph above on the achievement of the objectives of the control criteria, the Company has not maintained adequate internal financial controls over financial reporting and the internal controls were also not operating effectively as of 31 March, 2018 based on the internal financial control over financial reporting criteria established by the Company considering the essential components of



internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

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

Gurugram
July 6, 2018
RT/AL/ 2018




RASHIM TANDON
Partner

(Membership No. 095540)

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the title deeds provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the Balance Sheet date.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) Except for the effects / possible effects of the matters described in paragraph 3 of the Basis for Qualified Opinion section of our Audit Report on which we are unable to comment, the Company has granted loans, secured or unsecured, to companies, firms, covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:
 - (a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.
 - (b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been as per stipulations.
 - (c) There is no overdue amount remaining outstanding as at the year-end.
- (iv) Except for the effects / possible effects of the matters described in paragraph 3 of the Basis for Qualified Opinion section of our Audit Report on which we are unable to comment, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits under the provisions of Section 73 to Section 76 of the Companies Act, 2013 during the year. Hence, the provisions of clause (v) of the Order are not applicable to the Company.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013 (health services, namely functioning as diagnostic centres, clinical centres or test laboratories). We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of



Section 148 of the Companies Act, 2013, and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

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

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

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

Name of Statute	Nature of Dues	Forum where dispute is pending	Period to which the Amount Relates	Amount (Rs. in lakhs)
Income Tax Act	Income Tax*	Commissioner of Income Tax (Appeals) Mumbai	AY 2014-15	1,165.07**
Income Tax Act	Income Tax*	Commissioner of Income Tax (Appeals) Mumbai	AY 2015-16	3,257.22***

Note:

*Represents dispute related to classification issue

** Net of Rs. 906 lakhs paid under protest

*** Net of Rs. 815 lakhs paid under protest.

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company has not taken any loans or borrowings from financial institution and government or has not issued any debentures during the year.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.
- (x) As explained in Note 44 of the Ind AS Financial Statements:
- a) At this juncture the Board is unable to make a determination on whether a fraud has occurred on the Company in respect of the matters covered in the investigation by the external legal firm, considering the limitations on the information available to the external legal firm and their qualifications and disclaimers as described in their Investigation Report.

- b) Various regulatory authorities are currently undertaking their own investigation (refer Note 45 of the Ind AS Financial Statements), and it is likely that they may make a determination on whether any fraud or any other non-compliance/ illegalities have occurred in relation to the matters addressed in the Investigation Report.

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

- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- (xiii) Except for the effects/possible effects of the matters described in paragraph 3 of the Basis for Qualified Opinion of our Audit Report on which we are unable to comment, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the completeness/correctness of the disclosures/details of related party transactions in the financial statements as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or associate company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

Gurugram
July 6, 2018
RT/AL/ 2018




RASHIM TANDON
Partner

(Membership No. 095540)

SRL DIAGNOSTICS PRIVATE LIMITED
BALANCE SHEET AS AT 31 MARCH 2018

	Notes	As at 31 March 2018 (Rupees in Lakhs)	As at 31 March 2017 (Rupees in Lakhs)
A ASSETS			
1 Non-current assets			
(a) Property, plant and equipment	3	4,821.28	4,408.38
(b) Capital work-in-progress	3	17.49	4.55
(c) Goodwill	4	1,167.52	1,167.52
(d) Other intangible assets	4	3,466.09	4,257.62
(e) Intangible assets under development	4	-	43.74
(f) Financial Assets			
(i) Investments in joint ventures	5	950.88	1,175.88
(ii) Loans	6	18.57	17.59
(iii) Other financial assets	7	533.41	541.71
(g) Deferred tax assets (net)	8	659.40	1,034.56
(h) Non-current tax assets (net)	8A	1,292.33	1,331.60
(i) Other non-current assets	9	1,809.30	335.52
Total non - current assets		14,736.27	14,318.67
2 Current assets			
(a) Inventories			
(b) Financial assets	10	738.61	687.02
(i) Trade receivables	11	1,327.70	1,192.76
(ii) Cash and cash equivalents	12	1,145.05	1,010.81
(iii) Loans	13	1,900.00	1,900.00
(iv) Other financial assets	14	181.51	312.06
(c) Other current assets	15	102.33	98.89
Total current assets		5,395.20	5,201.54
Total assets (1+2)		20,131.47	19,520.21
B EQUITY AND LIABILITIES			
1 EQUITY			
(a) Equity share capital	16	395.82	395.82
(b) Other equity	17	175.29	(2,069.21)
Total equity		571.11	(1,673.39)
LIABILITIES			
2 Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	18	13,800.00	16,200.00
(ii) Other financial liabilities	19	1,224.47	1,399.12
(b) Provisions	20	275.72	203.81
(c) Other non-current liabilities	21	131.66	132.82
Total non-current liabilities		15,431.85	17,935.75
3 Current liabilities			
(a) Financial liabilities			
(i) Borrowings	22	510.44	-
(ii) Trade payables	23	1,327.74	1,392.00
(iii) Other financial liabilities	24	1,851.27	1,443.51
(b) Other current liabilities	25	187.02	182.49
(c) Provisions	26	252.04	239.85
Total current liabilities		4,128.51	3,257.85
Total liabilities (2+3)		19,560.36	21,193.60
Total equity and liabilities (1+2+3)		20,131.47	19,520.21

See accompanying notes forming part of the financial statements

1-44

In terms of our report attached

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants


RASHIM TANDON
Partner
Membership Number: 095540

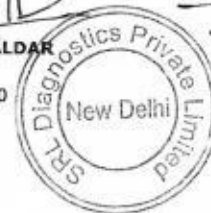


Gurugram
Date: 6 JULY 2018

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS
SRL DIAGNOSTICS PRIVATE LIMITED


ARINDAM HALDAR
Director
DIN: 07714950


SAURABH CHADHA
Director
DIN: 05119073



Gurugram
Date: 6 JULY 2018

SRL DIAGNOSTICS PRIVATE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2018

	Notes	Year ended 31 March 2018 (Rupees in Lakhs)	Year ended 31 March 2017 (Rupees in Lakhs)
1. Revenue from operations	27	27,775.22	27,682.67
2. Other income	28	796.59	710.02
3. Total Income (1+2)		28,571.81	28,392.69
4. Expenses			
(a) Cost of reagents, chemicals and consumables consumed	29	5,595.84	5,653.52
(b) Cost of tests outsourced		854.93	849.89
(c) Employee benefits expense	30	4,192.28	4,230.85
(d) Finance costs	31	2,247.85	2,483.43
(e) Depreciation and amortisation expense	32	1,970.53	2,089.78
(f) Other expenses	33	10,439.23	10,155.73
Total expenses		25,300.66	25,463.20
5. Profit before tax (3-4)		3,271.15	2,929.49
6. Tax expense			
(a) Current tax (net)	34	1,066.28	707.84
(b) MAT credit	34	-	(397.92)
(c) Deferred tax credit	8	(24.77)	(391.77)
Total tax expenses		1,041.51	(81.85)
7. Profit for the year (5-6)		2,229.64	3,011.34
8. Other comprehensive income			
(a) Items that will not be reclassified to profit or loss			
(i) Remeasurements of the defined benefit plans	40	22.73	(27.62)
(b) Income tax relating to items that will not be reclassified to profit or loss	8	(7.87)	9.56
Total other comprehensive income (a+b)		14.86	(18.06)
9. Total comprehensive income for the year (7+8)		2,244.50	2,993.28
10. Earnings per equity share			
(a) Basic (in Rupees)	35	56.33	76.08
(b) Diluted (in Rupees)	35	56.33	76.08

See accompanying notes forming part of the financial statements

1-44

In terms of our report attached

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants


RASHIM TANDON
Partner
Membership Number: 095540

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS
SRL DIAGNOSTICS PRIVATE LIMITED


ARINDAM HALDAR
Director
DIN: 07714950


SAURABH CHADHA
Director
DIN: 05119073



Gurugram
Date: 6 JULY 2018

Gurugram
Date: 6 JULY 2018



SRL DIAGNOSTICS PRIVATE LIMITED
STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH 2018

	Notes	Year ended 31 March, 2018 (Rupees in Lakhs)	Year ended 31 March, 2017 (Rupees in Lakhs)
1. Cash flows from operating activities			
Profit before tax			
Adjustments to reconcile profit before tax to net cash flows :		3,271.15	2,929.49
Depreciation and amortisation expense			
Interest income earned on bank deposits	32	1,970.53	2,089.78
Interest income earned on inter-corporate deposits	28	(34.82)	(52.89)
Interest income earned on income tax refund	28	(233.50)	(148.12)
Interest income earned on financial assets	28	(46.73)	(78.57)
Dividend income from equity instruments	28	(4.05)	(3.65)
Profit on disposal of property, plant and equipment and intangible assets (net)	28	(100.00)	(150.00)
Liabilities/ provisions no longer required written back	28	(98.86)	(29.34)
Remeasurement of defined benefit liabilities/(assets)	28	(145.26)	(117.38)
Provision for doubtful debts and advances	40	22.73	(27.62)
Bad debts and advances written off	33	178.88	164.52
Finance costs		-	6.42
Reversal of rent equalisation reserve	31	2,131.03	2,410.64
Operating profit before working capital changes		6,911.10	6,976.59
Movements in working capital:			
(Increase)/ decrease in loans		(0.98)	(10.81)
(Increase)/ decrease in other financial assets		0.95	(150.86)
(Increase)/ decrease in inventories		(51.59)	(0.49)
(Increase)/ decrease in trade receivables		(313.85)	(126.35)
(Increase)/ decrease in other current assets		(1,279.01)	71.85
Increase/ (decrease) in provisions		84.10	63.74
Increase/ (decrease) in trade payables		81.00	50.81
Increase/ (decrease) in other financial liabilities		(171.45)	2.02
Increase/ (decrease) in other current liabilities		3.37	(34.07)
Cash generated from operations		5,263.65	6,842.43
Income taxes paid		(588.21)	(971.04)
Net cash flow from operating activities		4,675.44	5,871.39
2. Cash flows from investing activities			
Dividend income from equity instruments			
Inter-corporate deposits given	28	100.00	150.00
Proceeds from redemption of investment in joint venture		-	(1,900.00)
Interest received on inter-corporate deposits	5	225.00	-
Balances held with bank as margin money		233.50	96.30
Interest received on fixed deposits	7	7.35	(1.12)
Payments for purchase of property, plant and equipment and intangible assets		34.82	53.02
Proceeds from disposal of property, plant and equipment		(1,691.36)	(578.97)
Net cash flow used in investing activities		173.65	473.76
		(917.04)	(1,707.01)
3. Cash flows from financing activities			
Proceeds from borrowings			
Repayment of borrowings	22	-	1,500.00
Interest paid	18	(2,400.00)	(3,672.43)
Net cash flow used in financing activities		(1,734.60)	(2,240.34)
		(4,134.60)	(4,412.77)
4. Net decrease in cash and cash equivalents [1+2+3]		(376.20)	(248.39)
5. Cash & cash equivalents at the beginning of the year		1,010.81	1,259.20
6. Cash & cash equivalents at the end of the year [4+5]	12	634.61	1,010.81
See accompanying notes forming part of the financial statements	1-44		

In terms of our report attached


FOR DELOITTE HASKINS & SELLS LLP
Chartered Accountants



RASHIM TANDON
Partner
Membership No. 095540




Gurugram
Date : 6 JULY 2018

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS
SRL DIAGNOSTICS PRIVATE LIMITED


ARINDAM HALDAR
Director
DIN: 07714950


SAURABH CHADHA
Director
DIN: 05119073



Gurugram
Date : 6 JULY 2018

SRL DIAGNOSTICS PRIVATE LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH, 2018

A. Equity share capital	Notes	Amount (Rupees in Lakhs)
Issued and Paid up Capital at 1 April 2016		
Changes in equity share capital during the year	16	395.82
Balance at 31 March 2017		<u>395.82</u>
Changes in equity share capital during the year		-
Balance at 31 March 2018		<u><u>395.82</u></u>
B. Other equity		Amount (Rupees in Lakhs)
Retained earnings		
Balance as at 1 April 2016		(5,062.49)
Profit for the year	17	3011.34
Other comprehensive income (net of income tax)	17	(18.06)
Total comprehensive income for the year		<u>2,993.28</u>
Balance as at 31 March 2017		<u>(2,069.21)</u>
Profit for the year	17	2,229.64
Other comprehensive income (net of income tax)	17	14.86
Total comprehensive income for the year		<u>175.29</u>
Balance as at 31 March 2018		<u><u>175.29</u></u>
See accompanying notes forming part of the financial statements	1-44	

In terms of our report attached



FOR DELOITTE HASKINS & SELLS LLP
Chartered Accountants


RASHIM TANDON
Partner
Membership No. 095540

Gurugram
Date : 6 JULY 2018



FOR AND ON BEHALF OF THE BOARD OF DIRECTORS
SRL DIAGNOSTICS PRIVATE LIMITED

 
ARINDAM HALDAR **SAURABH CHADHA**
Director Director
DIN: 07714950 DIN: 05119073

Gurugram
Date : 6 JULY 2018



1 (a) General information

SRL Diagnostics Private Limited ('the Company') is a private limited Company and incorporated in India having registered office at 74, Paschim Marg, Opposite C bolck market, Vasant Vihar, New Delhi - 110057. The Company is engaged in the business of maintaining and managing clinical reference laboratories, to provide testing and diagnostics on human beings, in the field of both pathology and radiology.

1 (b) Recent Accounting Pronouncements

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

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

- Retrospective approach- Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)
-

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

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

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

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

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

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

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

2 Significant Accounting policies

2.1 Statement of compliance

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



2.2 Basis of preparation and presentation

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

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

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

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

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

Level 3 inputs are unobservable inputs for the asset or liability.

2.3 Non-current assets held for sale

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

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

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

2.4 Revenue recognition

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

The Company assessed its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all its revenue arrangements.



Income from services

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

Management fees

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

Dividend and interest income

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

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

2.5 Leases

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

Where the Company is the lessee

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

Leases where the lessor effectively transfers substantially all the risks and benefits of ownership of the asset are classified as finance leases and are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the Statement of Profit and Loss. Lease management fees, legal charges and other initial direct costs of lease are capitalized.

2.6 Foreign currencies

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

At the end of each reporting period-

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

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



2.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the Statement of Profit and Loss in the period in which they are incurred.

2.8 Employee benefits

Retirement benefit costs and termination benefits

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

The Company operates a defined benefit plan viz., gratuity. For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding net interest), is reflected immediately in the Balance Sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorised as follows:

- (a) service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- (b) net interest expense or income; and
- (c) remeasurement

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

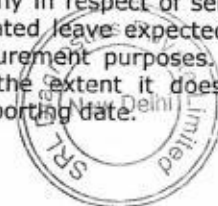
The retirement benefit obligation recognised in the Balance Sheet represents the actual deficit or surplus in the company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions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

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

Short-term and other long-term employee benefits:

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

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the company in respect of services provided by employees up to the reporting date. The Company treats accumulated leave expected to be carried forward beyond 12 months, as long-term employee benefit for measurement purposes. The Company presents the leave as a current liability in the Balance Sheet, to the extent it does not have an unconditional right to defer its settlement for twelve months after the reporting date.



Liabilities recognised in respect of short term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service. Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

Defined benefit plan

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

2.9 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. The current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specified period, i.e. the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

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

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

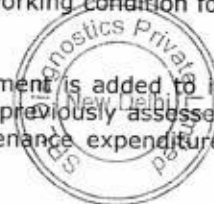
Current and deferred tax for the year

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

2.10 Property, plant and equipment (PPE)

Property, plant and equipments are stated at cost, net of accumulated depreciation and the cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses including day-to-day repair and maintenance expenditure and cost of



replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Freehold land is not depreciated.

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

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

Property, plant and equipment	Useful lives (in Years)
Laboratory equipment- Pathology	13 years
Laboratory equipment- Imaging	10 years
Building	60 years
Office equipment	5 years
Furniture and fixtures	10 years
Furniture and fixtures- signage	5 years
Vehicles	6 to 8 years
Computers and accessories	3 years
Air conditioners	8 years

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

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

2.11 Intangible assets

Intangible assets acquired separately:

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

Goodwill:

The cost of goodwill acquired in the nature of purchase is carried at cost. The goodwill is not amortised and tested for impairment annually or more frequently when there is indication that it may be impaired.

Software:

Acquired computer software and licenses are capitalized on the basis of costs incurred to acquire and bring the specific software to its intended use. These costs are amortised over a period of three years being the useful life as estimated by the management.

Trademark:

The cost of trademark acquired in the nature of purchase is their fair value as at the date of acquisition. Following initial recognition, trademarks are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Trademarks are amortised on a straight line basis over the estimated useful economic life. The Company uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use or the primary period of the business acquisition agreement, whichever is less. Such trademarks are tested for impairment annually, either individually or at the cash-generating unit level.



Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is derecognized.

Estimated useful lives of the intangible assets are as follows:

Intangible assets	Useful lives in years
Software and other intangible assets	3 years

Derecognition of Intangible assets:

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

2.12 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication based on internal/ external factors that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

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

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

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

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

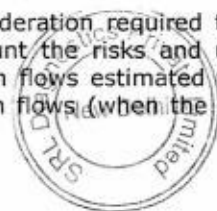
2.13 Inventories

The inventories of materials representing reagents, chemicals and consumables are valued at lower of cost and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost is determined on moving weighted average basis. Cost includes all charges in bringing the goods to their present location and condition, including octroi and other levies, transit insurance and receiving charges. Net realizable value represents the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

2.14 Provisions

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

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



2.15 Contingent liabilities

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

2.16 Segment Information

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

2.17 Earnings per share

Basic earnings per share is computed by dividing the profit/ (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year.

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

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

2.18 Insurance claims

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

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

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

2.20 Cash flow statement

Cash flows are reported using the indirect method, whereby profit or loss is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expense associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.21 Investments in joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of



control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

2.22 Borrowing costs

Borrowing cost includes interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying asset, which are assets that necessarily take a substantial period of time to get ready for its intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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

2.23 Operating Cycle

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

2.24 Financial instruments

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

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

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

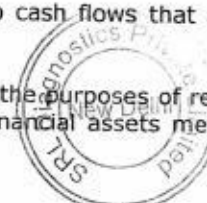
Financial assets that meet the following conditions are subsequently measured at amortised cost (except for financial assets that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

Interest income is recognised in profit or loss for FVTOCI financial assets. For the purposes of recognising foreign exchange gains and losses, FVTOCI financial assets are treated as financial assets measured at



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

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

Effective interest method

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

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

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

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

A financial asset that meets the amortised cost criteria or financial instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

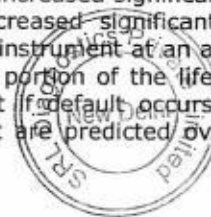
Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Impairment of financial assets

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

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

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



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

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

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

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

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

Derecognition of financial assets

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

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

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

Foreign exchange gains and losses

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



Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company are measured in accordance with the specific accounting policies set out below:

Financial liabilities at FVTPL

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

A financial liability is classified as held for trading if:

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

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

However, for non-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss, in which case these effects of changes in credit risk are recognised in profit or loss. The remaining amount of change in the fair value of liability is always recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to profit or loss.

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

Financial liabilities subsequently measured at amortised cost

The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

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

Financial guarantee contracts

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

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

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and



- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

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

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

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

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

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

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3 Critical accounting judgements and key sources of estimation uncertainty

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

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

3.1 Critical judgements in applying accounting policies

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

(a) Accounting of reagent rental equipments:

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

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



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

3.2 Key sources of estimation uncertainty

(a) Allowances for doubtful debts

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

(b) Impairment of goodwill

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

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

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

(c) Deferred income tax assets and liabilities

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

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

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

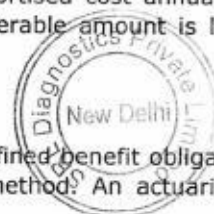
The Group reviews the estimated useful lives and residual value of PPE at the end of each reporting period. The factors such as changes in the expected level of usage, technological developments and product life-cycle, could significantly impact the economic useful lives and the residual values of these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

(e) Impairment of investments

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

(f) Defined benefit plans

The cost of the defined benefit plans and the present value of the defined benefit obligation ('DBO') are based on actuarial valuation using the projected unit credit method. An actuarial valuation



involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

(g) Income Taxes

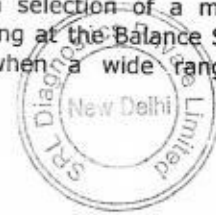
Deferred tax assets are recognized to the extent that it is regarded as probable that deductible temporary differences can be realized. The Group estimates deferred tax assets and liabilities based on current tax laws and rates and in certain cases, business plans, including management's expectations regarding the manner and timing of recovery of the related assets. Changes in these estimates may affect the amount of deferred tax liabilities or the valuation of deferred tax assets and thereby the tax charge in the Consolidated Statement of Profit or Loss.

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

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

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

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



SRL DIAGNOSTICS PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

3 (a) Property, plant and equipment

	Leasehold improvements	Books	Freehold land (refer note b below)	Plant and equipment	Buildings	Computers	Furniture and fixtures	Motor vehicles	Office equipments	Total
Cost or deemed cost										
As at 1 April 2016										
Additions	203.69	1.43	5.48	7,063.41	360.32	116.55	94.73	140.10	204.18	8,189.89
Disposals	28.35	-	-	251.37	-	31.70	16.14	17.83	33.70	379.09
As at 31 March 2017	182.50	0.96	5.48	6,313.40	360.32	43.87	2.33	33.66	22.55	1,114.80
Additions	310.37	-	-	1,030.76	-	43.96	9.16	52.12	141.17	1,587.54
Disposals	-	-	-	320.80	-	1.40	8.80	12.27	14.21	357.48
As at 31 March 2018	492.87	0.47	5.48	7,023.36	360.32	186.43	108.90	164.12	342.29	8,684.24
Depreciation/ Amortisation										
As at 1 April 2016										
Depreciation expense	39.08	0.24	-	2,274.67	6.50	43.41	16.10	33.21	51.89	2,465.10
Eliminated on disposal of assets	83.94	0.13	-	1,041.42	6.48	33.21	18.56	25.81	42.82	1,252.37
As at 31 March 2017	73.48	0.22	-	601.39	-	2.42	0.03	12.60	5.47	671.67
Depreciation expense	84.23	0.08	-	883.69	6.48	33.13	23.08	21.55	47.61	1,099.85
Eliminated on disposal of assets	-	-	-	253.63	-	0.69	8.37	11.28	8.72	282.69
As at 31 March 2018	157.71	0.23	-	3,344.76	19.46	105.54	49.34	56.69	128.13	3,862.96
Carrying amount										
As at 31 March 2017	109.02	0.32	5.48	3,598.70	347.34	69.67	73.91	77.85	126.09	4,408.38
As at 31 March 2018	335.16	0.24	5.48	3,678.60	340.86	79.79	59.56	107.43	214.16	4,821.28

Note:-

(a) Note No. 3 does not include laboratory equipment provided by suppliers, free of costs to the Company with a commitment to purchase reagents from such suppliers over the term of the agreements. These equipment remain the property of the suppliers throughout the agreements. The Company has made an assessment under leases and concluded that these equipments do not fall under finance lease.

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

3 (b) Net carrying value of property, plant and equipment, capital work in progress

	As at 31 March 2018 (Rupees in Lakhs)	As at 31 March 2017 (Rupees in Lakhs)
Leasehold improvements	335.16	109.02
Books	0.24	0.32
Freehold land	5.48	5.48
Plant and equipment	3,678.60	3,998.70
Buildings	340.86	347.34
Computers	79.79	69.67
Furniture and fixtures	59.56	73.91
Motor vehicles	107.43	77.85
Office equipments	214.16	126.09
Total (A)	4,821.28	4,408.38
Capital work in progress (B)	17.49	4.55
Total (A + B)	4,838.77	4,412.93



SRL DIAGNOSTICS PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

4 (a) Goodwill and other intangible assets

	(Rupees in Lakhs)			
	Goodwill	Softwares	Trademarks	Total
Cost or deemed cost				
As at 1 April 2016	1,776.93	68.95	5,820.44	5,889.39
Additions	-	120.81	37.76	158.57
Disposals	-	1.72	-	1.72
As at 31 March 2017	1,776.93	188.04	5,858.20	6,046.24
Additions	-	79.14	-	79.14
Disposals	-	-	-	-
As at 31 March 2018	1,776.93	267.18	5,858.20	6,125.38
Accumulated amortisation and impairment				
As at 1 April 2016	609.41	42.91	908.73	951.64
Amortisation expense	-	17.50	819.91	837.41
Eliminated on disposal of assets	-	0.43	-	0.43
As at 31 March 2017	609.41	59.98	1,728.64	1,788.62
Amortisation expense	-	64.66	806.01	870.67
Eliminated on disposal of assets	-	-	-	-
As at 31 March 2018	609.41	124.64	2,534.65	2,659.29
Carrying amount				
As at 31 March 2017	1,167.52	128.06	4,129.56	4,257.62
As at 31 March 2018	1,167.52	142.54	3,323.55	3,466.09

4 (b) Net carrying value of Goodwill, intangible assets and intangible assets under development

	As at 31 March 2018 (Rupees in Lakhs)	As at 31 March 2017 (Rupees in Lakhs)
Carrying amounts of :		
Goodwill	1,167.52	1,167.52
Softwares	142.54	128.06
Trademarks	3,323.55	4,129.56
	4,633.61	5,425.14
Intangible Assets under development	-	43.74
	4,633.61	5,468.88

Notes:-

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

Goodwill acquired separately are tested for impairment annually at the year-end or more frequently if there are indications that goodwill might be impaired. The Company considers the whole diagnostics business of SRL Diagnostic as a single CGU and hence, the impairment of goodwill acquired separately 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.



SRL DIAGNOSTICS PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	As at 31 March 2018 (Rupees in Lakhs)	As at 31 March 2017 (Rupees in Lakhs)
5. Investments in joint ventures (measured at cost)		
Unquoted		
Investments in DDRC SRL Diagnostics Private Limited		
Equity Instruments		
250,000 (31 March 2017: 250,000) equity shares of Rs. 10 each, fully paid up	950.88	950.88
Preference shares		
Nil (31 March 2017: 2,250,000 zero coupon preference shares of Rs. 10 each, fully paid up *)	-	225.00
Total aggregate unquoted investments	950.88	1,175.88
Aggregate carrying value of unquoted investments	950.88	1,175.88

*The zero coupon preference shares are redeemable in one or more tranches at any time before expiry of 20 years from the date of allotment (i.e. 20 years from 2nd July, 2010) at the option of the subsidiary Company SRL Diagnostics Private Limited. Zero coupon preference shares of Rs. 125 Lakhs were redeemed on 29 August 2017 and balance Rs. 100 Lakhs were redeemed on 12 October 2017.

6. Loans (at amortised cost)		
Loan to employees (Unsecured, considered good)	18.57	17.59
Total	18.57	17.59
7. Other financial assets (at amortised cost) (Unsecured, considered good)		
Security deposits	527.67	528.62
Balances with banks held as margin money (refer note below)	5.74	13.09
Total	533.41	541.71

Note:- Balances with banks held as margin money of Rs 5.74 Lakhs (31 March 2017: Rs 13.09 Lakhs) are pledged against bank guarantee issued by bankers on behalf of the Company.

8. Deferred tax assets		
Deferred tax asset	463.35	401.32
Deferred tax liability	(45.12)	-
Minimum alternate tax credit	241.17	633.24
Total	659.40	1,034.56

Movement in deferred tax assets

Deferred tax asset

	As at 31 March 2017	Recognised in profit or loss	Recognised in other comprehensive income	As at 31 March 2018
Tax impact of expenses charged in the financial statements but allowable as deductions in future years under income tax	53.50	47.08	-	100.58
Provision for doubtful debts and advances	173.33	2.57	-	175.90
Provision for lease equalisations	52.16	(5.52)	-	46.65
Provision for gratuity	70.53	33.70	(7.87)	96.36
Provision for compensated absences	45.27	(1.41)	-	43.86
Total deferred tax asset	394.79	76.42	(7.87)	463.35

Deferred tax liability

On difference between book balance and tax balance of property, plant and equipment and intangible assets	6.53	(51.65)	-	(45.12)
Total deferred tax liability	6.53	(51.65)	-	(45.12)

Deferred tax asset (Net)

	401.32	24.77	(7.87)	418.23
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8A. Non-current tax assets (net)

Advance tax and tax deducted at source (net of provision for tax as at 31 March 2018 Rs. 2,357.46 Lakhs, 31 March 2017 Rs. 1,291.20 Lakhs)	1,292.33	1,331.60
	1,292.33	1,331.60

9. Other non-current assets (unsecured, considered good)

Capital advance	84.71	21.10
Prepaid expenses	2.11	3.42
Deposit against cases with income tax authorities (refer note 39(c) and 39(d))	1,722.48	311.00
Total	1,809.30	335.52



SRL DIAGNOSTICS PRIVATE LIMITED
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	As at 31 March 2018 (Rupees in Lakhs)	As at 31 March 2017 (Rupees in Lakhs)
10. Inventories (lower of cost and net realisable value)		
Reagents, chemicals and consumables (refer note below)	738.61	687.02
Total	738.61	687.02

Note:

The Company's business does not involve any conversion process for materials. Reagents and chemicals are used to conduct various pathology and radiology tests and are consumed in the process. Other consumables represent various items of stores and spares used in normal course of business. The mode of valuation of inventory has been stated in Note 2.13.

	As at 31 March 2018 (Rupees in Lakhs)	As at 31 March 2017 (Rupees in Lakhs)
11. Trade receivables		
Secured, considered good	107.98	104.78
Unsecured, considered good	1,148.43	1,023.69
Doubtful	406.72	448.79
Less: Allowance for doubtful debts (expected credit loss allowance)	(406.72)	(448.79)
Total	1,256.41	1,128.47
Due from related parties (refer note 36)	71.29	64.29
	1,327.70	1,192.76

- (a) The average credit period on sale of services ranges from 30 to 60 days. No interest is charged on the trade receivables for the amount overdue above the credit period. There are no customers which represent more than 5% of the total balance of trade receivables.
- (b) The maximum credit exposure is limited to Rs. 1,148.43 lakhs (31 March 2017: Rs. 1,023.69 lakhs). The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.
- (c) In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for recognition and measurement of impairment loss towards expected risk of delays and default in collection. The company has used a practical expedient by computing the expected credit loss allowance based on a provision matrix. Management makes specific provision in cases where there are known specific risks of customer default in making the repayments. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The provision matrix at the end of the reporting period is as follows:

Ageing

0-1 year
1-2 years
2-3 years
Above 3 Years

Expected credit loss (%)

0%-99%
99%-100%
99%-100%
99%-100%

Age of receivables

0-1 year
1-2 years
2-3 years
Above 3 Years

1,537.99	1,294.47
73.80	106.28
58.09	114.57
64.54	126.38
1,734.42	1,641.70

Movement in the expected credit loss allowance

Balance at the beginning of the year	448.79	393.20
Movement in credit loss allowance on trade receivables calculated at lifetime expected credit losses*	(42.07)	55.59
Balance at end of the year	406.72	448.79

* Including bad debts netted off from provision for doubtful debt of Rs. 176.33 Lakhs (31 March 2017 Rs. 92.90 Lakhs).

12. Cash and cash equivalents

Balances with banks		
- on current accounts	1,075.89	964.05
Cheques on hand	32.58	2.55
Cash on hand	36.58	44.21
Cash and cash equivalents as per Balance sheet	1,145.05	1,010.81
Cash credit facilities from banks (refer note 22)	(510.44)	-
Cash and cash equivalents as per statement of cash flows	634.61	1,010.81



SRL DIAGNOSTICS PRIVATE LIMITED
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	As at 31 March 2018 (Rupees in Lakhs)	As at 31 March 2017 (Rupees in Lakhs)
13. Loans (at amortised cost)		
Inter-corporate deposits		
- Unsecured considered good (refer note below)	1,900.00	1,900.00
- Doubtful	29.50	29.50
Less: Allowance for bad and doubtful deposits	(29.50)	(29.50)
Total	1,900.00	1,900.00
Note:		
a) Inter corporate deposit as at 31 March 2018, includes Rs. 400 Lakhs (31 March 2017 Rs. 400 Lakhs) given to Fortis Healthcare Limited, carries interest @ 11.5% is repayable on demand. The loan has been given to meet the working capital requirement.		
b) Inter corporate deposit as at 31 March 2018, includes Rs. 1,500 Lakhs (31 March 2017 Rs. 1,500 Lakhs) which was given to Best Health Management Private Limited as advance for services, but is now refundable. The advance carries interest @ 12.5% is repayable on demand. (also refer note 44 d)		
14. Other financial assets (unsecured)		
Security deposits (doubtful)	5.38	5.38
Less: Allowance for bad and doubtful deposits	(5.38)	(5.38)
Advances		
-Considered good (refer note 36 for deposits recoverable from related parties as at 31 March 2018 Rs. 18.74 Lakhs , as at 31 March 2017 Rs. 18.74 Lakhs)	31.50	171.31
-Considered doubtful (refer note 36 for deposits recoverable from related parties as at 31 March 2018 Rs. 24.97 lakhs , as at 31 March 2017 Rs. Nil)	61.79	17.18
Less: Provision for doubtful advances	(61.79)	(17.18)
Unbilled revenue (considered good)	98.19	88.93
Interest accrued on inter-corporate deposits (considered good)	51.82	51.82
Total	181.51	312.06
15. Other current assets (unsecured, considered good)		
Prepaid expenses	77.97	98.89
Advances to supplier	24.36	-
Total	102.33	98.89



SRL DIAGNOSTICS PRIVATE LIMITED
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16. Equity share capital

	As at 31 March 2018		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	5,000,000	500.00	5,000,000	500.00
Total	5,000,000	500.00	5,000,000	500.00
Issued, subscribed and fully paid up shares capital				
Equity shares of Rs. 10 each fully paid up with voting rights	3,958,200	395.82	3,958,200	395.82
Total	3,958,200	395.82	3,958,200	395.82

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

	Year ended 31 March 2018		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	3,958,200	395.82	3,958,200	395.82
Issued during the year	-	-	-	-
Outstanding at the end of the year	3,958,200	395.82	3,958,200	395.82

(b) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders 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.

(c) Details of Shares held by holding company:

Name of share holder	As at 31 March 2018		As at 31 March 2018	
	Number of shares	% of holding	Number of shares	% of holding
SRL Limited, the holding company (including it's nominees)				
Equity shares of Rs. 10 each	3,958,200	100%	3,958,200	100%

17. Other equity

Retained Earnings (refer Note below)

Note :

Retained Earnings

Balance at the beginning of the year
Profit attributable to owners of the Company
Other comprehensive income arising from remeasurement of defined benefit obligation net of income tax
Balance at the end of the year

	As at 31 March 2018 (Rupees in Lakhs)	As at 31 March 2017 (Rupees in Lakhs)
	175.29	(2,069.21)
	175.29	(2,069.21)
	(2,069.21)	(5,062.49)
	2,229.64	3,011.34
	14.86	(18.06)
	175.29	(2,069.21)



SRL DIAGNOSTICS PRIVATE LIMITED
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	As at 31 March 2018 (Rupees in Lakhs)	As at 31 March 2017 (Rupees in Lakhs)
18. Borrowings		
Term Loan (non-current)		
- from related party (Unsecured) (refer note below)	13,800.00	16,200.00
Total	13,800.00	16,200.00
Notes:		
Total Loan as at 31 March 2018, Rs. 14,800 Lakhs (31 March 2017, Rs. 17,200 Lakhs) from its holding company carries interest @ 12% p.a.. Out of the total term loan balance outstanding as at 31 March 2018, Rs. 1,000 Lakhs (Rs 1,000 Lakhs as at 31 March 2017) repayable on demand to the holding Company and hence shown as other current liabilities. (Refer note 24)		
19. Other financial liabilities		
Payable towards purchase of other intangible assets	1,224.47	1,399.12
Total	1,224.47	1,399.12
20. Provisions		
Provision for gratuity (refer note 40)	275.72	203.81
Total	275.72	203.81
21. Other non-current liabilities		
Provision for lease equalisation	131.66	132.82
Total	131.66	132.82
Current liabilities		
22. Borrowings (at amortised cost)		
Loan repayable on demand (Secured)		
- Cash credit facility from bank (refer note below)	510.44	-
Total	510.44	-
Note:		
Cash credit facility from Kotak Mahindra Bank Limited is secured by way of first charge on the subsidiary company's entire current assets. They are further secured by way of a second charge on the subsidiary company's fixed assets, excluding specific vehicles and equipments financed by the bodies corporate and others, both present and future. Cash credit facility to the extent of Rs 1500 Lakhs is guaranteed by SRL Limited. The Cash Credit is repayable on demand and carried interest rate of 10.35%-10.65% p.a. during the year. The Cash credit limit is Rs. 1,500 Lakhs out of which Rs. 510.44 Lakhs is utilised as per book balance as at 31 March 2018 (31 March 2017 Rs. 57.09 Lakhs). Actual utilisation of cash credit facility is Rs. 385.72 Lakhs as at 31 March 2018 (31 March 2017 Rs. Nil).		
23. Trade payables		
Trade payables (refer note 43)	1,327.74	1,392.00
Total	1,327.74	1,392.00
24. Other financial liabilities (at amortised cost)		
Deposits from customers	107.98	104.78
Current maturities of long-term borrowings (refer note no 18)	1,000.00	1,000.00
Interest accrued and due on borrowings (refer note 36)	396.43	-
Payable towards purchase of property, plant and equipment and other intangible assets	346.86	338.73
Total	1,851.27	1,443.51
25. Other current liabilities		
Provision for lease equalisation	1.85	17.89
Statutory dues payables	185.17	164.60
Total	187.02	182.49
26. Provisions		
Provision for compensated absences	125.51	130.82
Provision for ESIC (refer note 39(b))	126.53	109.03
Total	252.04	239.85



SRL DIAGNOSTICS PRIVATE LIMITED
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	Year ended 31 March 2018 (Rupees in Lakhs)	Year ended 31 March 2017 (Rupees in Lakhs)
27. Revenue from operations		
Sale of services		
Total	<u>27,775.22</u>	<u>27,682.67</u>
28. Other income		
Interest income earned on financial assets that are not designated as at fair value through profit or loss		
- Bank deposits	34.82	52.89
- Inter-corporate deposit	233.50	148.12
- Income tax refund	46.73	78.57
- Others	4.05	3.65
Dividend income from equity instrument (Joint ventures - jointly controlled entities)	100.00	150.00
Profit on disposal of property, plant and equipments and other intangible assets (net)	98.86	29.34
Liabilities/ provisions no longer required written back	145.26	117.38
Others	133.37	130.07
Total	<u>796.59</u>	<u>710.02</u>
29. Cost of reagents, chemicals and consumables consumed		
Inventories at the beginning of the year	687.02	686.53
Add: Purchases during the year (net)	5,647.43	5,654.01
Less: Inventories at the end of the year	6,334.45	6,340.54
Total	<u>738.61</u>	<u>687.02</u>
	<u>5,595.84</u>	<u>5,653.52</u>
30. Employee benefits expense		
Salaries and wages		
Contribution to provident and other funds (refer note 40)	3,583.68	3,688.11
Gratuity expense (refer note 40)	276.16	247.04
Staff welfare expenses	101.54	64.00
Total	<u>230.90</u>	<u>231.70</u>
	<u>4,192.28</u>	<u>4,230.85</u>
31. Finance costs		
Interest cost on:		
- Loans from related party		
- Others	1,952.98	2,209.64
Interest cost on net defined benefit obligation (refer note 40)	178.05	182.26
Other finance costs	30.75	28.46
Total	<u>86.07</u>	<u>63.07</u>
	<u>2,247.85</u>	<u>2,483.43</u>
32. Depreciation and amortisation expense		
Depreciation of property, plant and equipment	1,099.85	1,252.36
Amortisation of intangible assets	870.68	837.42
Total	<u>1,970.53</u>	<u>2,089.78</u>
33. Other expenses		
Power and fuel		
Rent and hire expenses (refer note 37)	627.53	616.16
Rates and taxes	1,156.97	1,017.53
Insurance	25.61	34.51
Repairs and maintenance:	12.13	11.74
- Plant and equipment		
- Building	622.36	595.91
- Others	76.34	69.11
Donation	145.05	125.21
Advertisement and sales promotion	0.46	0.94
Postage and courier	235.25	278.28
Travelling and conveyance	81.87	69.16
Printing and stationery	350.77	417.69
Communication	415.87	442.57
Legal and professional expenses (refer note below for payment of auditors)	101.54	89.71
Professional fees to doctors	757.90	905.43
Provision for doubtful debts and advances	5,377.22	5,050.47
Corporate social responsibility expenses (refer note 41)	178.88	170.94
Miscellaneous expenses	3.98	-
Total	<u>269.50</u>	<u>260.37</u>
	<u>10,439.23</u>	<u>10,155.73</u>
Note: Payment to the auditors comprises (net of service tax / GST input credit):		
i) For audit	46.26	40.00
ii) For taxation matters	4.00	4.00
iii) For reimbursement of expenses	1.50	1.50
	<u>51.76</u>	<u>45.50</u>



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	Year ended 31 March 2018 (Rupees in Lakhs)	Year ended 31 March 2017 (Rupees in Lakhs)
34. (a) Income taxes recognised in statement of profit and loss		
Current tax		
-In respect of the current year	1,113.16	707.84
-In respect of prior years	(46.88)	-
-Minimum alternative tax (MAT)	-	(397.92)
	<u>1,066.28</u>	<u>309.92</u>
Deferred tax		
-In respect of the current year	(16.90)	(401.33)
Total tax expenses	<u>1,049.38</u>	<u>(91.41)</u>
(b) The income tax expense for the year reconciled to the accounting profit as follows:		
Profit before tax	<u>3,271.15</u>	<u>2,929.49</u>
Income tax expenses calculated as per tax rates of Income tax act (34.608%)	1,097.87	1,013.84
Effect of expenses that are not deductible in determining taxable profit	37.22	97.58
Effect of income that is exempt from taxation	(34.61)	(61.95)
Effect of unused tax losses not recognised as deferred tax assets	-	(790.08)
Effect of previously unrecognised and unused tax losses and deductible temporary differences now recognised as deferred tax assets	-	(350.80)
Effect due to change in future tax rate considered now in deferred tax	1,100.48	(91.41)
Adjustment recognised in the current year in relation to the current tax of prior years	(4.22)	-
Income tax expense recognised in statement of profit and loss	(46.88)	-
	<u>1,049.38</u>	<u>(91.41)</u>
(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		
DDRC SRL Diagnostics Private Limited	956.89	625.31
	<u>956.89</u>	<u>625.31</u>
Unrecognised deferred tax liabilities relating to the above temporary differences	<u>334.37</u>	<u>216.41</u>
Joint ventures of the Company have undistributed earnings of Rs. 956.89 Lakhs (31 March 2017, Rs 625.31 Lakhs), 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 Company is able to control the timings of distributions from joint ventures.		
(d) On 29 March 2018, the Indian corporate tax rate were changed from 34.608% to 34.944% and substantively enacted and will be effective from 1 April 2018. As a result, the relevant deferred tax balances have been remeasured.		
35. Earnings per share (EPS)		
Profit for the year attributable to owners of the Company	2,229.64	3,011.34
Weighted average number of equity shares used in calculation of basic and diluted EPS (Nos.)	3,958,200	3,958,200
Nominal value per share (Rupees)	10.00	10.00
Earnings per share (Basic and Diluted) (Rupees)	<u>56.33</u>	<u>76.08</u>



SRL DIAGNOSTICS PRIVATE LIMITED
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36. Related Party Disclosures

A. Names of related parties

(i) Related parties where control exists

- Fortis Healthcare Limited
- SRL Limited

Nature of relationship
Ultimate holding company
Holding company

(ii) Related parties under Ind AS 24 with whom transactions have taken place during the year:

- DDRC SRL Diagnostics Private Limited
- Spectrum Voyages Private Limited (formerly known as Ligare Travels Pvt. Ltd.)
- Fortis Charitable Foundation
- RHC Holding Private Limited
- HealthFore Technologies Limited

Joint venture entity
Fellow subsidiary company

Fellow subsidiary company
Fellow subsidiary company
Fellow subsidiary company

B. Transactions with related parties during the year

	Year ended 31 March 2018 (Rupees in Lakhs)	Year ended 31 March 2017 (Rupees in Lakhs)
(i) Rendering of services:		
(a) SRL Limited	328.40	220.33
(b) DDRC SRL Diagnostics Private Limited	148.55	145.29
	476.95	365.62
(ii) Receiving of services		
(a) SRL Limited		
(b) DDRC SRL Diagnostics Private Limited	526.52	506.25
(c) Spectrum Voyages Private Limited (formerly known as Ligare Travels Limited)	-	0.04
	-	6.60
(d) RHC Holding Private Limited	73.89	94.97
(e) HealthFore Technologies Limited	10.93	-
	611.34	607.86
(iii) Reimbursement of expenses paid		
(a) SRL Limited		
(b) Fortis Charitable Foundation	34.17	74.48
	3.98	-
	38.15	74.48
(iv) Reimbursement of expenses received		
(a) SRL Limited	3.03	34.72
(v) Purchase of intangible assets		
(a) HealthFore Technologies Limited	25.60	-
(vi) Loans taken		
(a) SRL Limited		1,500.00
(vii) Loans repaid		
(a) SRL Limited	2,400.00	3,600.00
(viii) Loans given		
(a) Fortis Healthcare Limited	-	400.00
(ix) Interest expense		
(a) SRL Limited	1,952.98	2,209.64
(x) Interest income		
(a) Fortis Healthcare Limited	46.00	24.83
(xi) Purchase of property, plant and equipment		
(a) SRL Limited	1.69	-
(xii) Provision for doubtful advances		
(a) RHC Holding Private Limited	24.97	-



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C. Balances outstanding at the year end :	As at 31 March 2018 (Rupees in Lakhs)	As at 31 March 2017 (Rupees in Lakhs)
(i) Loan outstanding balance		
(a) SRL Limited	14,800.00	17,200.00
(ii) Loans given to Related parties		
(a) Fortis Healthcare Limited	400.00	400.00
(iii) Interest accrued on inter-corporate deposits		
(a) Fortis Healthcare Limited	10.21	10.21
	10.21	10.21
(iv) Interest accrued and due on borrowing		
(a) SRL Limited	396.43	-
	396.43	-
(v) Trade receivables		
(a) SRL Limited	59.80	53.30
(b) DDRC SRL Diagnostics Private Limited	11.49	10.99
	71.29	64.29
(vi) Trade payables		
(a) SRL Limited	59.07	90.71
(b) Spectrum Voyages Private Limited (formerly known as Ligare Travels Limited)	0.29	0.37
	59.36	91.08
(vii) Advances recoverable		
(a) Fortis Healthcare Limited	18.74	18.74
(b) RHC Holding Private Limited	24.97	-
	43.71	18.74
(viii) Provision for doubtful advances		
(a) RHC Holding Private Limited	24.97	-
	24.97	-

D. Other transactions

Cash credit facility from a bank utilized Rs. 395.72 Lakhs (31 March 2017: Rs. Nil) is guaranteed by a corporate guarantee of SRL Limited, the holding company.

E. Terms and conditions of transactions with related parties

- (i) The sale to and purchase from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at year end are unsecured, and interest free and settlement occurs in cash. There has been no guarantees provided or received from any related party receivables or payables. For the year ended 31 March 2018, the Company has recorded Rs. 24.97 Lakhs as provision towards receivables relating to amounts owned by related parties (31 March 2017, Rs. Nil). This assessment is undertaken each financial year through examining the financial assumptions and the market in which the related parties operates.
- (ii) Loans granted are intended to meet the working capital requirement. The loans are unsecured and repayable in full on demand. Interest is charged at 11.50% p.a.
- (iii) Related party relationships are as identified by the Management of the Holding Company taking into account the findings and limitations in the Investigation Report (Refer Notes 44 (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 of the Holding Company and the information available through the known shareholding pattern in the entities. Therefore, there may be additional related parties whose relationship may not have been disclosed to the Company and, hence, not known to the Management.



SRL DIAGNOSTICS PRIVATE LIMITED
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37. Leases

As lessee

Operating Leases

(i) Labs, Offices, Godowns and Guest houses

The Company has obtained lab premises, office premises, godowns and guest houses on operating lease arrangements. The lease terms varies from 11 months to 10 years, renewable at the option of the Company. There are escalation clauses which is ranging from 5% to 15%. There are no restrictions imposed by entering into the lease arrangements.

(ii) Lab equipments

Certain lab equipments are obtained under operating leases. The lease period varies between 11 months to 10 years. There is no escalation clause in the lease agreements. There are no restrictions imposed by the lease agreements. There are no sub-leases.

	As at 31 March 2018 (Rupees in Lakhs)	As at 31 March 2017 (Rupees in Lakhs)
Lease expense for the year	1,156.97	1,017.53
Future minimum lease payments under non-cancellable lease agreements:		
-Not later than one year	251.49	223.23
-Later than one year and not later than five years	863.06	563.40
-Later than five years	449.06	269.86
	1,563.61	1,056.49

Accounting on Reagent Rental Equipments

The company has undertaken various agreements with equipment manufacturer suppliers. As per agreements, the Company will get equipment's free of cost and reagents have to be purchased from those specific vendors only. The Company has assessed the conditions as specified in the IndAS -17 for determining whether the said arrangement is under operating lease or Finance lease. Basis the evaluation of case the nature of Lease cannot be determined hence SRL continue to treat the purchase of Reagent in Consumption cost with no element of rental/ interest therein.

38. Commitments

	As at 31 March 2018 (Rupees in Lakhs)	As at 31 March 2017 (Rupees in Lakhs)
Commitments for the acquisition of property, plant and equipment	216.45	82.24

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

39. Contingent liabilities

- a. The Company has given bank guarantee of Rs. 4.75 Lakhs. (31 March 2017: Rs. 16.25 Lakhs).
- b. The company has disputed the coverage of Employees State Insurance Corporation (ESIC) for its Kolkata unit from inception till November 2002 as "Pathlabs" were not covered for Employee State Insurance Corporation (ESIC). Pending outcome of the hearing, an amount of Rs. 126.53 Lakhs (31 March 2017: Rs. 109.03 Lakhs) has been provided in the books from the period commencing December 01, 2000 being the date from which the ESIC sent a notice claiming liability of ESIC on subsidiary company Kolkata unit.
- c. The company is currently under litigation with the Income tax department against an income tax demands of Rs. 2071.32 Lakhs on account of disallowances on account of expenditure for Assessment year 2014-15. An appeal before CIT(A) has been filed in this regard. The management based on its internal evaluation and advice obtained from its tax advisors is of the opinion that the demand is not tenable and does not expect any economic outflow. The company has paid Rs. 906 Lakhs under protest as at 31 March 2018.
- d. The company is currently under litigation with the Income tax department against an income tax demands of Rs. 4072.22 Lakhs on account of disallowances on account of expenditure for Assessment year 2015-16. An appeal before CIT(A) has been filed in this regard in the month of January 2018. The management based on its internal evaluation and advice obtained from its tax advisors is of the opinion that the demand is not tenable and does not expect any economic outflow. The company has paid Rs.815 Lakhs under protest as at 31 March 2018.
- e. Besides the contingent liabilities mentioned above, the Company has also received various others claims for consumer cases, labour cases and civil cases etc., the amount of which is not ascertainable.
In respect of above, future cash outflows in respect of contingent liabilities are determinable only on receipt of judgments pending at various forums/ authorities.
- f. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- g. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.



40. Employee benefits plans

(a) Defined contribution plans

The Company makes Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs.191.92 Lakhs (31 March 2017: Rs.210.01 Lakhs) for Provident fund contributions, Rs.73.26 Lakhs (31 March 2017: Rupees in Lakhs 37.03) for employee state insurance scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the Schemes.

(b) Defined benefit plans

The Company sponsors funded defined benefit plans for qualifying employees, viz. gratuity. The scheme is funded with an insurance company in the form of qualifying insurance policy. Every employee who has completed at least five years of service gets a gratuity on departure at 15 days of last drawn salary for each completed year of service subject to a maximum of Rs.20 Lakhs (31 March 2017: Rs.10 Lakhs) in terms of Provisions of Gratuity Act, 1972.

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

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

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

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

	<u>Valuation as at</u>	
	<u>31 March 2018</u>	<u>31 March 2017</u>
Discount rate	7.51%	6.66%
Employee attrition rate		
Upto 30 years	33% p.a.	33% p.a.
30-45 years	15% p.a.	15% p.a.
45 years and above	6% p.a.	6% p.a.
Mortality rate	Indian Assured Lives 2006-08 Ultimate	Indian Assured Lives 2006-08 Ultimate
Expected rate of salary increase	6.50%	6.50%

Statement of profit and loss

	<u>Year ended</u>	<u>Year ended</u>
	<u>31 March 2018</u>	<u>31 March 2017</u>
	<u>(Rupees in Lakhs)</u>	<u>(Rupees in Lakhs)</u>
Service cost		
Current service cost	62.64	64.00
Past service cost	38.91	-
Interest cost on net defined benefit obligation	12.49	9.72
Components of defined benefit costs recognised in Statement Profit or Loss	114.04	73.72
Remeasurement on the net defined benefit liability:		
Actuarial gain or loss arising from changes in financial assumptions	(23.57)	21.84
Effect of experience adjustments	(4.15)	27.71
Return on plan assets (excluding amounts included in net interest expense)	4.99	(21.93)
Components of defined benefit costs recognised in other comprehensive income	(22.73)	27.62
	91.31	101.34

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.



SRL DIAGNOSTICS PRIVATE LIMITED
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	As at 31 March 2018 (Rupees in Lakhs)	As at 31 March 2017 (Rupees in Lakhs)
Balance sheet		
Details of Provision for gratuity		
Present value of funded defined benefit obligation		
Fair value of plan assets	554.92	473.07
Net liability arising from defined benefit obligation	<u>(279.20)</u>	<u>(269.26)</u>
	275.72	203.81
Movement in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation		
Current service cost	473.07	419.98
Past service cost	62.64	64.00
Total gratuity expenses (refer note 30)	<u>38.91</u>	<u>-</u>
Interest cost	101.55	64.00
Remeasurement (gains)/ losses	30.75	28.46
-Actuarial gain or loss arising from changes in financial assumptions		
-Actuarial gains and losses arising from experience adjustments	(23.57)	21.84
Benefit payments	(4.15)	27.71
-Benefit payments from plan assets		
-Benefit payments from employer	(3.34)	(6.82)
Closing defined benefit obligation	<u>(19.39)</u>	<u>(82.10)</u>
	554.92	473.07
Movement in the fair value of the plan assets are as follows:		
Opening fair value of plan assets		
Interest income	269.27	225.33
Return on plan assets (excluding interest income)	18.26	18.75
Contributions from the employer	(4.99)	21.93
-Contributions from the employer		
-Direct benefit payments from employer		10.08
Benefit payments	19.39	82.10
-Benefit payments from plan assets		
-Benefit payments from employer	(3.34)	(6.82)
Closing fair value of plan assets	<u>(19.39)</u>	<u>(82.10)</u>
	279.20	269.27

The plan assets of the Company as on the Balance sheet date are fully invested in Insurer Managed Funds. The details of investments maintained by LIC are not made available to the Company 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.

	As at 31 March 2018 (Rupees in Lakhs)	As at 31 March 2017 (Rupees in Lakhs)
If the discount rate is 100 basis points higher	523.20	442.04
If the discount rate is 100 basis points lower	590.94	508.52
If the expected salary growth increases by 1%	587.50	504.44
If the expected salary growth decreases by 1%	525.52	444.90
If attrition rate increases by 1%	556.31	472.96
If attrition rate decreases by 1%	553.29	473.09

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

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

The Company expects to make a contribution of Rs. 168.71 Lakhs (31 March 2017: 117.65 Lakhs) to the defined benefit plans during the next financial year.

The defined benefit plans shall mature after year end 31 March 2018 as follows:

	(Rupees in Lakhs)
Expected total benefits	Defined benefit obligation
As at 31 March 2019	127.04
As at 31 March 2020	54.55
As at 31 March 2021	43.02
As at 31 March 2022	58.15
As at 31 March 2023	36.24
Thereafter	162.17

The weighted average duration of the defined benefit obligation as at 31 March 2018 is 6 years (31 March 2017: 5 years).

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion and other relevant factors.

Experience adjustments

Experience adjustments

	As at 31 March 2018 (Rupees in Lakhs)	As at 31 March 2017 (Rupees in Lakhs)
Experience adjustments	(4.15)	27.71

41. Corporate social responsibility

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

	Year ended 31 March 2018 (Rupees in Lakhs)	Year ended 31 March 2017 (Rupees in Lakhs)
Balance to be spent as per previous year	-	-
Amount required to be spent for the current year	-	-
Gross amount required to be spent	11.84	-
Amount spent during the year (refer note 33)	11.84	-
Balance unspent at the end of the year	3.98	-
	7.86	-



42. Financial Instruments

42A. Capital management

The Company manages its capital to ensure that Company will be able to continue as going concerns from its parent Company, SRL Limited. The source of capital in the Company is through its parent. Also the long-term borrowing is from its parent Company which carries rate of interest @ 12% p.a. which is considered to be on arm's length basis. The capital structure of the Company consists of net debt (borrowings as detailed in notes 18, 22 and offset by cash and cash equivalents) and total equity of the Company. The Company manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants.

The Company is not subject to any externally imposed capital requirements.

The Company reviews the capital structure of the Company on periodic basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital.

The gearing ratio at end of the reporting period was as follows:

	As at 31 March 2018 (Rupees in Lakhs)	As at 31 March 2017 (Rupees in Lakhs)
Debt (i)	14,310.44	16,200.00
Cash and cash equivalents (refer note 12)	(1,145.05)	(1,010.81)
Net debt (A)	13,165.39	15,189.19
Total equity (B)	571.11	(1,673.39)
Net debt to equity ratio (A/B)	2305.23%	-

(i) Debt is defined as long-term and short-term borrowings (refer note 18 & 22)

Borrowing covenants

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

Outstanding in the cash credit account shall be brought to zero at least once in a year. The Company is complied with the condition.

42B. Financial risk management objectives and policies

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

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

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

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligation and arises principally for the company receivable from customers. An impairment analysis is performed at each reporting date on an individual basis for major clients. The Company hold certain amount as collateral in form of security deposit against certain class of receivable (primarily includes receivable from collection centre). The Company's exposure to credit risk is influenced mainly by the individual characteristics and credit worthiness of each customer. Further refer note 11 for a summary of company's most significant cutomers and details on provision for expected credit loss.

(b) Market risk

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

Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables or payables. The company operates a small segment of his business in international market and consequently is exposed to foreign exchange risk through its sales and services and purchases from overseas suppliers in various foreign currencies.

(i) Interest rate risk

The Company is exposed to interest rate risk because the Company borrow funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings. As on 31 March 2018, the Company has any borrowings from SRL Limited (holding company) and cash credit facility from kotak mahindra bank, the interest rate fluctuation is very insignificant to the size and operations of the Company, therefore, a change in interest rate risk does not have a material impact on the Company's financial statements in relation to fair value of financial instruments.



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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.

	As at 31 March 2018 (Rupees in Lakhs)	As at 31 March 2017 (Rupees in Lakhs)
If increase by 50 basis point		
Impact on profit or loss for the year	2.55	-
Impact on total equity as at the end of the reporting period	(2.55)	-
If decrease by 50 basis point		
Impact on profit or loss for the year	(2.55)	-
Impact on total equity as at the end of the reporting period	2.55	-

(c) Liquidity Risk

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

The Company's principal sources of liquidity are cash and cash equivalent and cash flow that is generated from operations. In addition the Company has secured funding facilities aggregating to Rs. 1,500 Lakhs which can be drawn to meet short term financial needs. The Company management monitors rolling forecast of Company'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 Company does not breach the borrowing limits or covenants.

Financial arrangement:

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

	(Rupees in Lakhs)			
	As at 31 March 2018		As at 31 March 2017	
	Sanction limit	Limit utilised	Sanction limit	Limit utilised
Cash credit facility, Letter of credit, and Bank guarantee	1,500.00	390.47	1,500.00	16.25
	1,500.00	390.47	1,500.00	16.25

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

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

	(Rupees in Lakhs)				
	0-1 year	1-2 years	More than 5 years	Total Amount	Carrying Amount
31 March, 2018					
Non Interest bearing instruments	107.98	2,899.07	-	3,007.05	3,007.05
Fixed interest bearing instruments	-	16,576.00	-	16,576.00	14,800.00
31 March, 2017					
Non Interest bearing instruments	104.78	3,129.85	-	3,234.63	1,842.63
Fixed interest rate instruments	-	19,264.00	-	19,264.00	17,200.00

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



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	As at 31 March 2018 (Rupees in Lakhs)	As at 31 March 2017 (Rupees in Lakhs)
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4. Details of dues to Micro and Small Enterprises as per MSMED Act, 2006

The principal amount remaining unpaid as at the end of year	1.41	1.15
Interest due on above principal and remaining unpaid as at the end of the year	-	-
The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	0.24	0.19
The amount of interest accrued and remaining unpaid at the end of each accounting year	0.24	0.19
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	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

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

- (a) There were reports in the media and enquiries from inter alia the stock exchanges received by the Ultimate Holding Company (Fortis Healthcare Limited, 'FHL') about certain inter-corporate loans ("ICDs") given by a wholly owned subsidiary (Fortis Hospitals Limited, 'FHL') of the Ultimate Holding Company. The erstwhile Audit and Risk Management Committee of the FHL in its meeting on 13 February, 2018 decided to carry out an independent investigation through an external legal firm.
- (b) The terms of reference of the investigation, inter alia, comprised (i) ICDs placed by 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 46 below); (iii) review of intra-group transactions for the period commencing FY 2014-15 and ending on 31 December 2017; (iv) investments made in certain overseas funds by the overseas subsidiaries of the Company (i.e. Fortis Asia Healthcare Pte. Ltd, Singapore and Fortis Global Healthcare (Mauritius) Limited; (v) certain other transactions involving acquisition of Fortis Healthstaff Limited ("Fortis Healthstaff") from a promoter group companies, and subsequent repayment of loan by said subsidiary to the promoter group company.
- (c) The investigation report ("Investigation Report") was submitted to the Board of Ultimate Holding Company on 8 June, 2018.
- (d) The re-constituted Board of the Ultimate Holding Company discussed and considered the Investigation Report and noted certain findings of the external legal firm relating to the Company, which are subject to the limitations on the information available to the external legal firm and their qualifications and disclaimers as described in their investigation report. In this regard, the investigation pointed out that in internal correspondence, transactions with certain entities have been referred to as related party transactions which were not part of the Related Party Transactions as disclosed by the Company. However, no further conclusions have been made, in this regard. The investigation did not cover all related party transactions during the period under investigation and focused on identifying undisclosed parties having direct/indirect relationship with the Promoter group, if any.

Other matters:

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



SRL DIAGNOSTICS PRIVATE LIMITED
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- (f) The regulatory authorities are currently undertaking their own investigation (refer note 45 below), and it is likely that they may make their determination on whether any fraud or any other non-compliance/ illegalities have occurred in relation to the matters addressed in the Investigation Report on the basis of facts, including those facts that the independent investigator would not have had access to, given their limited role and limitations stated in the Investigation Report. Accordingly, in light of the foregoing, the Board of Directors at this juncture is unable to make a determination on whether a fraud has occurred. That said, the Board of Directors is committed to fully co-operating with the relevant regulatory authorities to enable them to make a determination on these matters and to undertake the remedial action, as required under, and to ensure compliance with, applicable laws and regulations.

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

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

4 . Investigation by Regulatory Authorities:

- (a) The Ultimate Holding Company received a communication dated 16 February, 2018 from the Securities and Exchange Board of India (SEBI), confirming that an investigation has been instituted by SEBI in the matter of the Ultimate Holding Company. In the aforesaid letter, SEBI has summoned the Ultimate Holding Company under section 11C (3) of the SEBI Act, 1992 to furnish by 26 February, 2018 certain information and documents relating to the short-term investments of Rupees 473 Crores reported in the media. Failure to produce the information required for investigation could result in penalties as provided under section 15A and criminal proceedings under section 11C(6) of the SEBI Act, 1992. SEBI has also appointed forensic auditors to conduct a forensic audit, who are also in the process of collating information from the Ultimate Holding Company and certain other subsidiaries, including the Company. The Ultimate Holding Company is in the process of furnishing all the requisite information and documents requested by SEBI and its forensic auditors.
- (b) The Registrar of Companies (ROC) under section 206(1) of the Companies Act, 2013, inter alia, had also sought information in relation to the Ultimate Holding Company. All requisite information in this regard has been duly shared by the Ultimate Holding Company with the ROC.
- (c) The Ultimate Holding Company has also received a letter from the Serious Fraud Investigation Office (SFIO), Ministry of Corporate Affairs under section 217(1)(a) of the Companies Act, 2013, inter alia, initiating an investigation and seeking information in relation to the Ultimate Holding Company, its material subsidiaries, joint ventures and associates. The Ultimate Holding Company is in the process of submitting all requisite information in this regard with SFIO and has in this regard requested SFIO for additional time to submit the information.

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

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



SRL DIAGNOSTICS PRIVATE LIMITED
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46. A third party ("Assignee" or "Claimant") has filed a Civil Suit before the District Court, Delhi in February 2018 against various group entities including the Holding Company (together "the defendants") and have, inter alia, claimed implied ownerships of brands "SRL" ("Fortis" and "La-Femme" of the holding company) in addition to certain financial claims and for passing a decree that consequent to a term sheet dated 6 December 2017 ('Term Sheet') with a certain party, the defendants are liable for claims owed by the claimant to the certain party. In connection with this, the District Court passed an ex-parte order directing that any transaction taken by defendants in favour of any other party affecting the interest of the Claimant shall be subject to orders passed in the said suit. (also refer note 44 above)

The Holding 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 Holding Company has specifically denied liability to pay any amounts to the Claimant, including its alleged claim that the Claimant has rights over the aforesaid brands.

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

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

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

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

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS
SRL DIAGNOSTICS PRIVATE LIMITED



ARINDAM HALDAR
Director
DIN: 07714950



SAURABH CHADRA
Director
DIN: 05119073



Gurugram
Date : 6 JULY 2018

