

# B S R & Co. LLP

Chartered Accountants

Building No. 10, 12th Floor, Tower-C,  
DLF Cyber City, Phase - II,  
Gurugram - 122 002, India

Telephone: +91 124 719 1000  
Fax: +91 124 235 8613

## Independent Auditor's Report

To the Members of SRL Limited

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the consolidated financial statements of SRL Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), and its joint venture, which comprise the consolidated balance sheet as at 31 March 2022, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiary and joint venture as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its joint venture as at 31 March 2022, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group and its joint venture in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of reports of the other auditors referred to in paragraph (a) of the "Other Matters" section below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

#### Emphasis of matter

We draw attention to Note 56 and 57 of the consolidated financial statements which deals with various matters including the ongoing investigation by Serious Fraud Investigation Office ("SFIO") on Fortis Healthcare Limited ("FHL" or the "Parent Company") and its subsidiaries ("the Fortis Group") regarding alleged improper transactions and non-compliances with laws and regulations including Companies Act, 2013. These transactions and non-compliances relate to or originated prior to take over of control of Parent Company by its reconstituted board of directors in the year ended 31 March 2018. As mentioned in the note, the Group has been submitting information required by SFIO and is also cooperating in the regulatory investigations.

As explained in the said note, the Fortis Group had recorded significant adjustments/ provisions in its books of account during the year ended 31 March 2018. The Parent Company has launched legal proceedings and

has also filed a complaint with the Economic Offences Wing ('EOW') against erstwhile promoters and their related entities based on the findings of the investigation conducted by the Fortis Group. Based on management's detailed analysis and consultation with external legal counsel, any further financial impact, to the extent it can be reliably estimated as at present, is not expected to be material.

Our opinion is not modified in respect of this matter.

### **Other Information**

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

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

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

### **Management's and Board of Directors' Responsibilities for the Consolidated Financial Statements**

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

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

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



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

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

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

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

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



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

### **Other Matters**

We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets (before consolidation adjustments) of Rs. 3,348.15 lakhs as at 31 March 2022, total revenues (before consolidation adjustments) of Rs. 3,780.30 lakhs and net cash outflows (before consolidation adjustments) amounting to Rs. 575.98 lakhs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit (and other comprehensive income) of Rs. 30.66 lakhs for the year ended 31 March 2022, in respect of one joint venture, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and joint venture and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary and joint venture is based solely on the reports of the other auditors.

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

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

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- 2 (A) As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiary and joint venture as were audited by other auditors, as noted in the "Other Matters" paragraph, we report, to the extent applicable, that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated



statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

- d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2022 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiary and joint venture, as noted in the "Other Matters" paragraph:
- a) The consolidated financial statements disclose the impact of pending litigations as at 31 March 2022 on the consolidated financial position of the Group and its joint venture. Refer Note 42, 56, 57 and 58 to the consolidated financial statements.
- b) The Group and its joint venture did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2022.
- c) There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company or its subsidiary companies incorporated in India during the year ended 31 March 2022.
- d) (i) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or its subsidiary companies incorporated in India to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Holding Company or its subsidiary companies incorporated in India or
  - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (ii) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Holding Company or its subsidiary companies incorporated in India from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or its subsidiary companies incorporated in India shall:
- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Parties or
  - provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries.



**B S R & Co. LLP**

- (iii) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (d) (i) and (d) (ii) contain any material mis-statement.
- e ) The dividend declared or paid during the year by a subsidiary company and a joint venture company incorporated in India is in compliance with Section 123 of the Act. The Holding Company and its other subsidiary companies incorporated in India have neither declared nor paid any dividend during the year.
- C) With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act: In our opinion and according to the information and explanations given to us, remuneration paid during the current year by the Holding Company and its subsidiary companies to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company and its subsidiary companies, is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

*For B S R & Co. LLP*  
*Chartered Accountants*  
ICAI Firm's Registration No: 101248W/W-100022



**Rajesh Arora**  
*Partner*  
Membership No: 076124  
UDIN: 22076124AJINYM4951

Place: Gurugram  
Date: 20 May 2022

**B S R & Co. LLP**

**Annexure A to the Independent Auditors' report on the consolidated financial statements of SRL Limited for the year ended 31 March 2022**

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

xxi) In our opinion and according to the information and explanations given to us, following companies incorporated in India and included in the consolidated financial statements, have unfavorable remarks, qualifications or adverse remarks given by the respective auditors in their reports under the Companies (Auditor's Report) Order, 2020 (CARO):

<b>Sr. No.</b>	<b>Name of the entities</b>	<b>CIN</b>	<b>Holding Company/Subsidiary</b>	<b>Clause number of the CARO report which is unfavorable or qualified or adverse</b>
1	SRL Limited	U74899PB1995PLC045956	Holding Company	3 (vii)(a)
2	SRL Diagnostics Private Limited	U85195DL1999PTC217659	Subsidiary	3 (vii)(a)
3	SRL Reach Limited	U85100DL2015PLC279712	Subsidiary	3 (vii)(a), (xvii)

*For B S R & Co. LLP*  
*Chartered Accountants*  
ICAI Firm's Registration No: 101248W/W-100022

**Rajesh Arora**  
*Partner*  
Membership No: 076124  
UDIN: 22076124AJINYM4951

Place: Gurugram  
Date: 20 May 2022

**Annexure B to the Independent Auditors' report on the consolidated financial statements of SRL Limited for the year ended 31 March 2022**

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

**(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

**Opinion**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2022, we have audited the internal financial controls with reference to consolidated financial statements of SRL Limited (hereinafter referred to as "the Holding Company") and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary companies, as of that date.

In our opinion, the Holding Company and such companies incorporated in India which are its subsidiary companies, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2022, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

**Management's Responsibility for Internal Financial Controls**

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

**Auditors' Responsibility**

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.





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

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

**Meaning of Internal Financial controls with Reference to Consolidated Financial Statements**

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

**Inherent Limitations of Internal Financial controls with Reference to consolidated Financial Statements**

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

*For B S R & Co. LLP*  
*Chartered Accountants*  
ICAI Firm's Registration No: 101248W/W-100022

**Rajesh Arora**  
*Partner*  
Membership No: 076124  
UDIN: 22076124AJINYM4951

Place: Gurugram  
Date: 20 May 2022

**SRL LIMITED**  
**CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2022**

	Notes	As at	
		31 March 2022 (Rupees in Lakhs)	31 March 2021 (Rupees in Lakhs)
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, plant and equipment	5	29,430.57	26,112.37
(b) Capital work-in-progress	5	211.98	111.45
(c) Right-of-use assets	40	8,653.86	5,431.77
(d) Goodwill	6	83,298.53	41,917.79
(e) Other intangible assets	6	30,677.71	1,824.50
(f) Investments	7	319.04	5,587.47
(g) Financial assets			
(i) Loans	8	20.87	13.11
(ii) Other financial assets	9	2,449.23	986.99
(h) Deferred tax assets (net)	10	4,091.81	2,458.26
(i) Non-current tax assets (net)	11	4,910.30	3,810.23
(j) Other non-current assets	12	4,740.51	3,930.05
<b>Total non-current assets</b>		<b>168,804.41</b>	<b>92,183.99</b>
<b>Current assets</b>			
(a) Inventories	13	5,673.01	3,758.77
(b) Financial assets			
(i) Trade receivables	14	14,954.59	14,421.23
(ii) Cash and cash equivalents	15	10,344.62	22,633.08
(iii) Bank balances other than (ii) above	16	25,687.06	13,268.05
(iv) Loans	17	18.68	10,717.00
(v) Other financial assets	18	1,326.80	864.43
(c) Other current assets	19	1,141.08	784.70
<b>Total current assets</b>		<b>59,145.84</b>	<b>66,447.26</b>
<b>Total assets</b>		<b>227,950.25</b>	<b>158,631.25</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
(a) Equity share capital	20	7,842.56	7,842.56
(b) Other equity		178,772.90	123,295.66
<b>Total equity</b>		<b>186,615.46</b>	<b>131,138.22</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	21	161.26	97.02
(ii) Lease liabilities	40	6,670.67	3,970.57
(iii) Other financial liabilities	22	321.49	586.77
(b) Provisions	23	3,110.50	2,492.01
(c) Deferred tax liabilities	10	6,883.01	-
(d) Other non-current liabilities	24	-	7.26
<b>Total non-current liabilities</b>		<b>17,146.93</b>	<b>7,153.63</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	25	63.92	28.30
(ii) Lease liabilities	40	2,436.09	1,726.73
(iii) Trade payables	26		
- Total outstanding dues of micro enterprises and small enterprises		835.25	281.42
- Total outstanding dues of creditors other than micro enterprises and small enterprises		12,096.09	11,359.52
(iv) Other financial liabilities	27	5,513.03	3,843.76
(b) Other current liabilities	28	2,467.37	2,403.86
(c) Provisions	29	776.11	695.81
<b>Total current liabilities</b>		<b>24,187.86</b>	<b>20,339.40</b>
<b>Total liabilities</b>		<b>41,334.79</b>	<b>27,493.03</b>
<b>Total equity and liabilities</b>		<b>227,950.25</b>	<b>158,631.25</b>

See accompanying notes forming integral part of the consolidated financial statements

1-58

In terms of our report attached

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

Chartered Accountants

ICAI Firm's Registration No.:101248W/W-100022



**Rajesh Arora**

Partner

Membership Number:076124

Place: Gurugram

Date : 20 May 2022

For and on behalf of the Board of Directors of

**SRL Limited**



**Dr. Ashutosh Raghuvanshi**  
Director  
DIN:02775637



**Srinivas Chidambaram**  
Director  
DIN:00514665



**Anand K**  
Chief Executive Officer



**Mangesh Shirodkar**  
Chief Financial Officer



**Mutee Manohar Jain**  
Company Secretary



Place: Gurugram

Date : 20 May 2022

**SRL LIMITED**  
**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2022**

	Notes	Year ended 31 March 2022 (Rupees in Lakhs)	Year ended 31 March 2021 (Rupees in Lakhs)
<b>Income</b>			
Revenue from operations	30	160,491.12	103,507.35
Other income	31	1,343.61	2,562.07
<b>Total income</b>		<b>161,834.73</b>	<b>106,069.42</b>
<b>Expenses</b>			
(a) Cost of materials consumed	32	39,913.59	28,761.99
(b) Cost of tests outsourced		1,455.30	1,212.41
(c) Employee benefits expense	33	30,725.67	24,349.51
(d) Finance costs	34	1,576.42	1,179.26
(e) Depreciation and amortisation expense	35	8,027.65	5,206.53
(f) Other expenses	36	47,205.24	31,682.07
<b>Total expenses</b>		<b>128,903.87</b>	<b>92,391.77</b>
<b>Profit from continuing operations before share of profit of equity accounted investees and income tax</b>		<b>32,930.86</b>	<b>13,677.65</b>
Share of profit of equity accounted investees (net of income tax)	51	90.29	4,356.96
<b>Profit from continuing operations before exceptional items and tax</b>		<b>33,021.15</b>	<b>18,034.61</b>
Exceptional items	50A	30,614.26	-
<b>Profit from continuing operations before tax</b>		<b>63,635.41</b>	<b>18,034.61</b>
<b>Tax expense</b>			
(a) Current tax	37	9,671.16	4,078.36
(b) Deferred tax (credit)/expense	37	(1,506.60)	831.72
<b>Total tax expense</b>		<b>8,164.56</b>	<b>4,910.08</b>
<b>Profit for the year</b>		<b>55,470.85</b>	<b>13,124.53</b>
<b>Other comprehensive income</b>			
<b>A (i) Items that will not be reclassified subsequently to profit or loss</b>			
(a) Remeasurements of the defined benefit plans of the Company and its subsidiaries	43	91.20	(4.06)
(b) Remeasurements of the defined benefit plans of joint ventures		-	8.07
<b>(ii) Income tax relating to items that will not be reclassified subsequently to profit or loss</b>			
(a) Income tax on remeasurements of the defined benefit plans of the Company and its subsidiaries	37	(23.21)	1.31
(b) Income tax on remeasurements of the defined benefit plans of joint ventures	37	-	(2.03)
		<b>67.99</b>	<b>3.29</b>
<b>B (i) Items that will be reclassified to profit or loss</b>			
(a) Exchange differences in translating the financial statements of foreign operations		(61.60)	51.63
<b>Total other comprehensive profit (net of income tax) (A(I+ii)+B(I))</b>		<b>6.39</b>	<b>54.92</b>
<b>Total comprehensive income for the year</b>		<b>55,477.24</b>	<b>13,179.45</b>
Profit for the year attributable to:			
- Owners of the Company		55,470.85	13,124.53
Other comprehensive income for the year attributable to:			
- Owners of the Company		6.39	54.92
Total comprehensive income for the year attributable to:			
- Owners of the Company		<b>55,477.24</b>	<b>13,179.45</b>
<b>Earnings per equity share</b>			
(i) Basic (in Rupees)	38	70.73	16.74
(ii) Diluted (in Rupees)	38	70.21	16.62

See accompanying notes forming integral part of the consolidated financial statements

In terms of our report attached

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

Chartered Accountants

ICAI Firm's Registration No.:101248W/W-100022

**Rajesh Arora**

Partner

Membership Number:076124

Place: Gurugram

Date : 20 May 2022

For and on behalf of the Board of Directors of  
**SRL Limited**

**Dr. Ashutosh Raghuvanshi**

Director

DIN:02775637

**Srinivas Chidambaram**

Director

DIN:00514665

**Anand K**

Chief Executive Officer

**Mangesh Shirodkar**

Chief Financial Officer

**Murlee Manohar Jain**

Company Secretary

Place: Gurugram

Date : 20 May 2022



**SRL LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2022**

	Notes	Year ended	Year ended
		31 March 2022	31 March 2021
		(Rupees in Lakhs)	(Rupees in Lakhs)
<b>A Cash flows from operating activities</b>			
Profit before tax		63,635.41	18,034.61
<b>Adjustments for:</b>			
Depreciation and amortisation expense	35	8,027.65	5,206.53
Loss/ (Profit) on disposal of property, plant and equipments (net)	31 and 36	34.45	(11.30)
Share of profit of Joint ventures	51	(90.29)	(4,356.96)
Loss allowance for doubtful deposits and advances	36	16.03	56.39
Loss allowance for trade receivables	36	765.52	1,426.73
Advances written off	36	-	10.77
Exceptional items	50A	(30,614.26)	-
Equity settled share based payment	33	-	(94.29)
Liabilities/provisions no longer required written back	30	(884.31)	(494.84)
Finance costs	34	1,576.42	1,179.26
Interest income	31	(1,205.47)	(2,356.81)
<b>Operating profit before changes in assets and liabilities</b>		<b>41,261.15</b>	<b>18,600.09</b>
(Increase) in inventories		(1,122.62)	(702.32)
(Increase) in trade receivables		(500.31)	(1,208.80)
(Increase)/ Decrease in loans and other financial assets		(304.29)	2,429.80
(Increase) in other assets		(224.88)	(69.03)
Increase in trade payables		586.12	2,630.03
Increase in other financial liabilities		1,013.68	282.59
Increase in provisions		78.66	110.45
(Decrease)/ Increase in other liabilities		(680.65)	25.98
<b>Cash generated from operations</b>		<b>40,106.86</b>	<b>22,098.79</b>
Direct taxes paid (net)		(10,593.26)	(4,513.08)
<b>Net cash generated from operating activities</b>		<b>29,513.60</b>	<b>17,585.71</b>
<b>B Cash flows from investing activities</b>			
Interest received		1,275.48	2,269.18
Equity investment in subsidiary (refer note 50A)		(33,750.00)	-
Fixed deposits (with maturity of more than three months) (net)		(13,010.80)	2,100.10
Acquisition of business		-	(70.00)
Repayment of loan given to fellow subsidiaries		10,717.00	-
Dividend from joint venture		1,104.55	2,800.00
Payments for purchase of property, plant and equipment and intangible assets		(6,290.26)	(3,724.07)
Proceeds from disposal of property, plant and equipment		113.47	254.72
<b>Net cash generated from / (used in) Investing activities</b>		<b>(39,849.65)</b>	<b>3,717.93</b>
<b>C Cash flows from financing activities*</b>			
Proceeds from borrowings		140.33	124.63
Repayments of borrowings		(41.02)	(10.97)
Lease payment		(2,257.46)	(1,851.45)
Finance cost paid		(1,193.25)	(901.61)
<b>Net cash used in financing activities</b>		<b>(3,351.40)</b>	<b>(2,639.40)</b>
<b>D Effect of exchange rate changes</b>		-	<b>51.63</b>
<b>Net (decrease)/ Increase in cash and cash equivalents [A+B+C+D]</b>		<b>(13,687.45)</b>	<b>18,715.87</b>
<b>Net foreign exchange difference</b>		<b>27.51</b>	-
<b>Cash and cash equivalents at the beginning of the year</b>		<b>22,633.08</b>	<b>3,917.21</b>
<b>Add: Cash and cash equivalents in respect of subsidiaries acquired during the year (refer note 50A)</b>		<b>1,371.48</b>	-
<b>Cash and cash equivalents at the end of the year</b>	15	<b>10,344.62</b>	<b>22,633.08</b>

**\*Changes in financial liabilities arising from financing activities**

Particulars	Lease liability	Borrowings	Interest and other costs
<b>As at 01 April 2020</b>	6,485.03	11.94	-
Addition of lease liability	1,522.53	124.63	-
Derecognition of lease liability	(449.29)	-	-
Interest cost	630.26	-	272.07
Payment of lease liabilities (Including interest of Rs. 630.26 Lakhs)	(2,481.71)	-	-
Foreign exchange difference	(9.52)	(0.28)	-
Finance cost	-	(10.97)	-
Finance cost paid	-	-	(271.35)
<b>As at 31 March 2021</b>	<b>5,697.30</b>	<b>125.32</b>	<b>0.72</b>
<b>As at 01 April 2021</b>	5,697.30	125.32	0.72
Addition during the year	5,039.10	140.33	-
Addition on Acquisition of Subsidiary	651.01	-	-
Derecognition of lease liability	(33.77)	-	-
Interest cost	800.22	-	393.43
Payment of lease liabilities (Including Interest of Rs. 800.22 Lakhs)	(3,057.68)	-	-
Foreign exchange difference	10.58	0.55	-
Repayments of borrowings during the year	-	(41.02)	-
Finance cost paid	-	-	(393.03)
<b>As at 31 March 2022</b>	<b>9,106.76</b>	<b>225.18</b>	<b>1.12</b>



**Note :**

During the year, the Group paid Rs. 408.59 lakhs (31 March 2021: Rs. 295.46 lakhs) towards corporate social responsibility expenditure (refer note 44).

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

1-58

For **B S R & Co. LLP**  
Chartered Accountants  
ICAI Firm's Registration No.:101248W/W-100022



**Rajesh Arora**  
Partner  
Membership Number:076124

Place: Gurugram  
Date : 20 May 2022

For and on behalf of the Board of Directors of  
**SRL Limited**



**Dr. Ashutosh Raghuvanshi**  
Director  
DIN:02775637




**Anand K**  
Chief Executive Officer




**Mulee Manohar Jain**  
Company Secretary

Place: Gurugram  
Date : 20 May 2022



**Srinivas Chidambaram**  
Director  
DIN:00514665



**Mangesh Shirodkar**  
Chief Financial Officer



**SRL LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022**

Particular	Notes	Equity		Securities premium *	Share options outstanding account **	Retained earnings ***	Capital reserve ****	Other equity		(Rupees in lakhs)	
		Equity share capital	Reserve					Foreign currency translation reserve *****	General reserve *****	Total other equity	Total
<b>Balance at April 1, 2020</b>		7,842.56	-	69,425.09	549.16	26,851.73	14,181.13	-	185.47	110,210.50	118,053.06
Profit for the year		-	-	-	-	13,124.53	-	-	-	13,124.53	13,124.53
Other comprehensive loss for the year, (net of income tax) :		-	-	-	-	-	-	-	-	-	-
Remeasurements of the defined benefit plans of the Company, its subsidiaries and joint ventures		-	-	-	3.29	-	-	-	-	3.29	3.29
<b>Total comprehensive income for the year</b>		-	-	-	-	13,127.82	-	-	-	13,127.82	13,127.82
Exchange differences in translating the financial statements of foreign operations		-	-	-	-	-	-	51.63	-	51.63	51.63
<b>Balance at March 31, 2021</b>	46	7,842.56	-	69,425.09	337.73	39,979.55	14,181.13	-	117.14	123,295.66	131,138.22
Profit for the year		-	-	-	-	55,470.85	-	-	-	55,470.85	55,470.85
Other comprehensive income for the year, (net of income tax) :		-	-	-	-	-	-	-	-	-	-
Remeasurements of the defined benefit plans of the Company, its subsidiaries and joint ventures		-	-	-	-	67.99	-	-	-	67.99	67.99
<b>Total comprehensive income for the year</b>		-	-	-	-	67.99	-	-	-	67.99	67.99
Exchange differences in translating the financial statements of foreign operations		-	-	-	-	-	-	(61.60)	-	(61.60)	(61.60)
<b>Balance at March 31, 2022</b>	46	7,842.56	-	69,425.09	306.74	95,518.39	14,181.13	-	333.60	178,777.90	186,615.46
Employee stock option forfeited		-	-	-	(30.99)	-	-	-	-	(30.99)	(30.99)

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

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

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

\*\*\*\* Capital reserve represents the equity and reserves of SRL Diagnostics FZ-LLC acquired during the year 16-17 through common control business combination.

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

\*\*\*\*\* In respect of 25,000 (31 March 2021: 2,31,000) options forfeited during the current year, amount aggregating Rs. 30.99 lakhs (31 March 2021: Rs. 117.14 lakhs) has been transferred to general reserve (refer note 46).

**See accompanying notes forming integral part of the consolidated financial statements** 1-58

In terms of our report attached

**For BSR & Co. LLP**  
Chartered Accountants  
ICAI Firm's Registration No.:101248W/W-100022

*Rajesh Arora*

**Rajesh Arora**  
Partner  
Membership Number:076124

For and on behalf of the Board of Directors of  
**SRL Limited**

*Ashutosh*

**Dr. Ashutosh Raghuvanshi**  
Director  
DIN:102775637

*Anand K. Jain*

**Anand K. Jain**  
Chief Executive Officer

*Munjee Manghar Jain*

**Munjee Manghar Jain**  
Company Secretary

Place : Gurugram  
Date : 20 May 2022

*Srinivas Chidambaram*

**Srinivas Chidambaram**  
Director  
DIN:00514665

*Mangesh Shirodkar*

**Mangesh Shirodkar**  
Chief Financial Officer



**SRL LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 MARCH 2022**

---

**Note 1. Corporate Information**

SRL Limited (“the Company” or “Holding Company” or “SRL”), is a public limited Company incorporated in 1995. The registered office of the Company is situated at Fortis Hospital, Sector-62, Phase - VIII, Mohali - 160062, Punjab, India and the corporate office of the Company is situated at 306, Tower-A, 3rd Floor, Unitech Cyber Park, Sector-39 Gurugram- 122002, Haryana.

As a part of its business activities, the Company holds interest in its subsidiaries (the Company and its subsidiaries hereinafter referred to as the ‘Group’) and the Group’s interest in joint ventures through which it manages and operates a network of clinical reference laboratories, to provide testing, diagnostics and prognostics monitoring/ screening tests services. The Group also provides laboratory support services for clinical research studies and diagnostics centers.

**Note 2. Significant accounting policies**

This note provides a list of the significant accounting policies adopted in the preparation of these Consolidated Financial Statements (“consolidated financial statements”). The accounting policies adopted are consistent with those of the previous financial year.

**(a) Basis of preparation**

*(i) Statement of compliance*

These consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended notified under Section 133 of Companies Act, 2013, (“the Act”) and other relevant provisions of the Act. All the amounts included in the consolidated financial statements are reported in lacs of Indian Rupees and are rounded to two decimals, except per share data.

*(ii) Functional and presentation currency*

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

**Subsidiary:**

- SRL Diagnostics FZ – LLC- United Arab Emirates Dirham (AED)

**Joint Venture:**

- SRL Diagnostics (Nepal) Private Limited - Nepalese Rupees

*(iii) Historical cost convention*

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



**SRL LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 MARCH 2022**

---

**(b) Principles of consolidation**

The consolidated financial statements comprise the financial statements of the Group, and group's interest in its joint ventures. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

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

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

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

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

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

**(c) Consolidation procedure**

- a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries.
- b) Investment in joint ventures have been accounted under the equity method as per Ind AS 28 - "Investment in Associates and Joint Ventures"





**SRL LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 MARCH 2022**

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

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

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

**(d) Current versus non-current classification**

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

An asset is treated as current when:

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

The Group classifies all other assets as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

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

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



**SRL LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 MARCH 2022**

---

**(e) Measurement of fair values**

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

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

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

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

The Group has an established control framework with respect to the measurement of fair values. This includes a finance team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

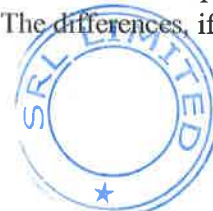
When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety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

**(f) Business combinations**

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

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

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



**SRL LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 MARCH 2022**

any, between the consideration and the amount of share capital of the acquired entity is transferred to capital reserve.

**(g) Property, plant and equipment (PPE) and intangible assets**

**(i) Property, plant and equipment**

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

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

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

**(ii) Goodwill and Intangible assets**

- For measurement of goodwill that arises from business combination, refer to accounting policy thereon above. Subsequent measurement is at cost less any accumulated impairment losses.
- Internally generated goodwill is not recognised as an asset. With regard to other internally generated intangible assets:
  - Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the Statement of Profit and Loss as incurred.
  - Development expenditure including regulatory cost and legal expenses leading to product registration/ market authorisation relating to the new and/or improved product and/or process development is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and directly attributable finance costs (in the same manner as in the case of tangible fixed assets). Other development expenditure is recognised in the Statement of Profit and Loss as incurred.
- Intangible assets that are acquired (including goodwill recognized for business combinations) are measured initially at cost. After initial recognition, an intangible asset is carried at its cost less accumulated amortization (for finite lives intangible assets) and any accumulated impairment loss. Subsequent expenditure is capitalised only when it increases the future economic benefits from the specific asset to which it relates.



**SRL LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 MARCH 2022**

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

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

The details of useful life are as under:

Category of assets	Management estimate of useful life	Useful life as per Schedule II
Plant and Machinery		
- Laboratory equipment- Pathology	13 years	13 years
- Laboratory equipment- Imaging	10 years	13 years
Building – RCC Frame structure	60 years	60 years
Office equipment	5 years	5 years
Furniture and fittings	10 years	10 years
Furniture and fittings- signage	5 years	10 years
Vehicles	8 years	8 years
Computers and accessories	3 years	3 years
Air conditioners	8 years	5 years

Freehold land is not depreciated.

Depreciation on leasehold improvements is provided over the lease term or 5 years (which is the expected useful life), whichever is shorter.

Goodwill is not amortized and is tested for impairment annually or more frequently if events or changes in circumstances indicate that they might be impaired.

Estimated useful lives of the intangible assets are as follows:

Category of assets	Management estimate of Useful Life
Software	3 years
Assay developed	5 years
Trademarks	Indefinite
Trademark and Non-Compete	3-10 years
Customer relationships	15 years

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

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



**SRL LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 MARCH 2022**

---

**(iv) Derecognition**

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

**(h) Impairment of non-financial assets**

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

For impairment testing, assets that do not generate independent cash inflows (i.e. corporate assets) are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

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

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

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

**(i) Financial instrument**

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

*Financial assets*

*Initial recognition and measurement*

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.



**SRL LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 MARCH 2022**

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

*Subsequent measurement*

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

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

*Debt instruments at amortised cost*

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

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

*Debt instrument at FVOCI*

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

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

*Debt instrument at FVTPL*

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

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



**SRL LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 MARCH 2022**

---

*Equity investments*

Equity investments in jointly controlled entities are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in such entities, the difference between net disposal proceeds and the carrying amounts are recognized in the Statement of Profit and Loss.

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

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

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

*Impairment of financial assets*

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

*Derecognition of financial assets*

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

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

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



**SRL LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 MARCH 2022**

transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

*Financial liabilities*

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

*Derecognition of financial liabilities*

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

*Offsetting*

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

**(j) Inventories**

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

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

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

**(k) Cash and cash equivalents**

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

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





**SRL LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 MARCH 2022**

management system.

**(l) Contingent liabilities and contingent assets**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent liabilities and commitments are reviewed by the management at each balance sheet date.

Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

**(m) Provisions**

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

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

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

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

**(n) Revenue recognition**

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

Contracts with customers could include promises to transfer multiple services to a customer. The Group assesses the services promised in a contract and identifies distinct performance obligation in the contract.



**SRL LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 MARCH 2022**

Revenue for each distinct performance obligation is measured at an amount that reflects the consideration which the Group expects to receive in exchange for those services and is net of tax collected from customers and remitted to government authorities and applicable discounts and allowances including claims.

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

Revenue is measured based on the consideration specified in a contract with a customer. Revenue is recognised at a point in time when the Company satisfies performance obligations by transferring the promised services to its customers. Generally, each test represents a separate performance obligation for which revenue is recognised when the test report is generated i.e. when the performance obligation is satisfied. For allocating the transaction price, the Company has measured the revenue in respect of each performance obligation of a contract at its relative standalone selling price. The price that is regularly charged for a test when registered separately is the best evidence of its standalone selling price. Any revenue transaction for which the Group has acted as an agent without assuming the risks and rewards of ownership have been reported on a net basis.

Excess of revenue recognised over billings on contracts is recorded in books as unbilled revenue. Unbilled revenue is classified as trade receivables when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms. Contract liabilities include deferred revenue. Deferred revenue is recognised as other current liability when there is billings in excess of revenue.

Loyalty program liability represents the liability of the Group towards the points earned by the members, which entitle customers to discount on future purchase of services. The Group estimates the fair value of points awarded under the loyalty program by applying statistical techniques. Inputs to the model include making assumptions about expected redemption rate basis the Group's historic trends of redemption and expiry period of the points and such estimates are subject to significant uncertainty.

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

**(o) Employee benefits**

*Short-term employee benefits*

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

*Post-employment benefits*

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

a) **Gratuity:**

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



**SRL LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 MARCH 2022**

actuary. The gratuity liability for certain employees of the Group is funded with Life Insurance Corporation of India.

- b) **Superannuation:**  
Certain employees of the Group are also participants in the superannuation plan ('the Plan'), a defined contribution plan. Contribution made by the Group to the plan during the year is charged to Statement of Profit and Loss.
- c) **Provident fund:**  
(i) The Group's contribution to provident fund is treated as defined contribution plan under which an entity pays fixed contributions to government administered fund and will have no legal or constructive obligation to pay further amounts.  
(ii) The Group's contribution to the provident fund is charged to Statement of Profit and Loss in the periods during which the related services are rendered by employees.

*Other long-term employee benefits:*

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

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

*Actuarial valuation*

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

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

Past service cost is recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits are already vested



**SRL LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 MARCH 2022**

immediately following the introduction of, or changes to, a defined benefit plan, the past service cost is recognised immediately in the Statement of Profit and Loss. Past service cost may be either positive (where benefits are introduced or improved) or negative (where existing benefits are reduced).

**(p) Share-based payments**

The grant date fair value of options granted (net of estimated forfeiture) to employees of the Group is recognized as an employee expense with a corresponding increase in equity over the period that the employees become unconditionally entitled to the options. The expense is recorded for each separately vesting portion of the award as if the award was, in substance, multiple awards. The increase in equity recognized in connection with share-based payment transaction is presented as a separate component in equity under “share option outstanding account”. The amount recognized as an expense is adjusted to reflect the actual number of stock options that vest. For the option awards, grant date fair value is determined under the option-pricing model (Black-Scholes-Merton). Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures materially differ from those estimates.

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

**(q) Finance costs**

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the finance costs eligible for capitalization. Ancillary costs incurred in connection with the arrangement of borrowings are amortised over the period of such borrowings.

**(r) Income tax**

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

*Current taxes*

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received after considering uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

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



**SRL LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 MARCH 2022**

---

*Deferred taxes*

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

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to investments in subsidiaries, or joint ventures, to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

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

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

**(s) Leases**

**(i) As a lessee**

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

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

The right of use asset is subsequently depreciated using the straight line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the fixed payments, including in-substance fixed payments.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in



**SRL LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 MARCH 2022**

Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low value assets. The Group recognises the lease payments associated with these leases as an expense on a straight- line basis over the lease term.

**(ii) As a lessor**

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

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Assets subject to operating leases are included in Property, Plant and Equipment. Rental income on operating lease is recognized in the Statement of Profit and Loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the Statement of Profit and Loss. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased assets and recognised on a straight line basis over the lease term.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

**(t) Foreign currency translation**

*(i) Transactions and balances*

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

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

*(ii) Group companies*

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Equity share capital and opening other equity are carried at historical cost.
- All assets and liabilities, both monetary and non-monetary, (excluding share capital, opening reserves and surplus) are translated using closing rates at Balance Sheet date.



**SRL LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 MARCH 2022**

- Profit and Loss items are translated at the respective average rates or the exchange rate that approximates the actual exchange rate on date of specific transaction.
- All resulting exchange differences are recognised in Other Comprehensive Income.

When a foreign operation is sold, the associated cumulative exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

The items of consolidated cash flow statement are translated at the respective average rates or the exchange rate that approximates the actual exchange rate on date of specific transaction. The impact of changes in exchange rate on cash and cash equivalent held in foreign currency is included in effect of exchange rate changes.

**(u) Statement of cash flows**

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

**(v) Segment reporting**

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, and for which discrete financial information is available. Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") who is responsible for allocating resources and assessing performance of the operating segments. Revenues, expenses, assets and liabilities, which are common to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been treated as "unallocated revenues/ expenses/ assets/ liabilities", as the case may be.

**(w) Earnings per share**

**(i) Basic earnings per share**

Basic earnings per share is calculated by dividing:

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

**(ii) Diluted earnings per share**

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

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



**SRL LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 MARCH 2022**

**Note 3A. Critical estimates and judgments**

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

**Judgments**

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Leasing arrangement (classification) – Note 2(s) and Note 40
- Revenue recognition- whether the Company acts as an agent rather than as a principal in a transaction- Note 2(n)
- Recognition and measurement of contingency: Key assumption about the likelihood and magnitude of an outflow of resources – Note 42

**Assumptions and estimation uncertainties**

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2022 is included in the following notes:

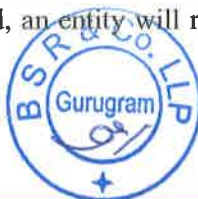
- Financial instruments - Note 2(i)
- Fair value measurement – Note 2(e) and Note 45 B
- Estimated impairment of financial assets and non-financial assets – Note 2(h), 2(i)
- Assessment of useful life and residual value of property, plant and equipment and intangible asset – Note 2(g)
- Revenue recognition- loyalty points- Note 2(n)
- Leasing arrangement (accounting) – Note 2(s) and Note 40
- Estimation of assets and obligations relating to employee benefits (including actuarial assumptions) – Note 43.
- Recognition of deferred tax assets: availability of future taxable profits against which tax losses carried forward can be used-Note 2(r) and Note 10
- Measurement of fair value of material assets in acquisition of subsidiary- Note 2(f) and Note 50A

**Note 3B. Recent Pronouncements but not yet effective**

Recent pronouncements Ministry of Corporate Affairs (“MCA”) notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 23 March 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1st, 2022, as below:

**Ind AS 103 - Reference to Conceptual Framework:** The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any impact in its financial statements.

**Ind AS 16 - Proceeds before intended use:** The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related





**SRL LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 MARCH 2022**

cost in profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

**Ind AS 37 - Onerous Contracts - Costs of Fulfilling a Contract:** The amendments specify that that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements.

**Ind AS 109 - Annual Improvements to Ind AS (2021):** The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

**Ind AS 106 - Annual Improvements to Ind AS (2021):** The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Company does not expect the amendment to have any significant impact in its financial statements.

**Note 4. Composition of the Group**

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

<b>Name of subsidiary/ Joint venture</b>	<b>Country of Incorpo ration</b>	<b>Proportion of ownership interest as at 31 March 2022</b>	<b>Proportion of ownership interest as at 31 March 2021</b>	<b>Country of Incorporation and other details</b>
SRL Diagnostics (Nepal) Private Limited (formerly Super Religare Reference Laboratories (Nepal) Private Limited) "SRL Nepal"	Nepal	50% (Joint venture)	50% (Joint venture)	SRL Nepal was incorporated on August 7, 2009 under the Companies Act 2063(2006). The registered office and principal place of business are located at Ward No 3, Maharanjgunj, Kathmandu, Nepal and its commercial operation started from August 31, 2010 to carry on the business of operating pathology labs and diagnostics centers in Nepal. SRL Nepal became joint venture of SRL on August 7, 2009.
SRL Diagnostics Private Limited (formerly Piramal Diagnostic Services Private Limited) "SRLD"	India	100%	100%	SRLD is an Indian Company and carries on the business of operating pathology labs and diagnostics centers. SRLD became subsidiary of SRL on August 20, 2010.



**SRL LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 MARCH 2022**

<b>Name of subsidiary/ Joint venture</b>	<b>Country of Incorpo ration</b>	<b>Proportion of ownership interest as at 31 March 2022</b>	<b>Proportion of ownership interest as at 31 March 2021</b>	<b>Country of Incorporation and other details</b>
DDRC SRL Diagnostics Private Limited (formerly DDRC Piramal Diagnostics Services Pvt. Ltd.) "DDRC"	India	100%	50% (Joint venture of SRLD)	DDRC is an Indian Company and carries on the business of operating pathology labs and diagnostics centres in India. DDRC became joint venture of SRLD from July 15, 2006 and with the acquisition of SRLD, DDRC became joint venture in SRL group effective August 20, 2010. During the current year, the Company has acquired 50% equity stake of DDRC. Post this acquisition, DDRC has become a wholly owned subsidiary of SRL Limited.
SRL Reach Limited "SRL Reach"	India	100%	100%	SRL Reach is an Indian Company and carries on the business of operating pathology labs and diagnostics centres. SRL Reach was incorporated on May 01, 2015 and became 100% subsidiary of SRL.
SRL Diagnostics FZ - LLC "SRL- Dubai"	United Arab Emirates	100%	100%	SRL Dubai is a Foreign Company and carries on the business of operating pathology labs and diagnostics centres. The Company became a subsidiary of SRL w.e.f. 5 July 2016 upon acquisition of 100% shareholding from Fortis Healthcare International Pte. Limited, Singapore (FHIPL, a fellow subsidiary Company).

**Note 4A.** The consolidated financial statements have been authorized for issue by the Company's Board of Directors on 20 May 2022.



**SRL LIMITED**  
**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

5. Property, plant and equipment	(Rupees in Lakhs)										
	Buildings	Freehold land	Leasehold improvements	Plant and machinery (including Laboratory equipments)	Air conditioners	Computers and accessories	Office equipment	Furniture and fittings	Vehicles	Total	Capital work-in-progress
<b>Gross carrying amount</b>											
At 1 April 2020	4,584.49	12,087.94	3,521.27	13,103.45	688.71	1,647.77	821.84	758.80	286.71	37,500.98	290.07
Additions	24.18	-	557.88	2,689.56	104.34	510.29	76.51	17.14	149.75	4,129.65	3,639.19
Disposals	-	-	(73.13)	(563.74)	(11.42)	(23.36)	(82.62)	(56.49)	(3.00)	(813.76)	(3,544.75)
Exchange translation adjustments	-	-	(40.80)	(24.62)	-	(2.72)	(0.04)	(0.50)	(0.31)	(68.99)	-
<b>At 31 March 2021</b>	<b>4,608.67</b>	<b>12,087.94</b>	<b>3,965.22</b>	<b>15,204.65</b>	<b>781.63</b>	<b>2,131.98</b>	<b>815.69</b>	<b>718.95</b>	<b>433.15</b>	<b>40,747.88</b>	<b>384.51</b>
At 1 April 2021	4,608.67	12,087.94	3,965.22	15,204.65	781.63	2,131.98	815.69	718.95	433.15	40,747.88	384.51
Additions	-	-	433.99	1,562.89	70.13	534.62	94.97	37.52	176.10	2,910.22	2,232.74
Acquisition of subsidiary (refer note 50A)	-	-	1,571.53	2,192.69	145.02	121.00	60.87	308.37	25.91	4,425.39	-
Disposals	-	-	(29.28)	(249.44)	(4.48)	(38.85)	(8.22)	(2.97)	(61.15)	(394.39)	(2,132.21)
Exchange translation adjustments	-	-	82.11	48.64	-	5.70	0.07	1.00	0.62	138.14	-
<b>At 31 March 2022</b>	<b>4,608.67</b>	<b>12,087.94</b>	<b>6,023.57</b>	<b>18,759.43</b>	<b>992.30</b>	<b>2,754.45</b>	<b>963.38</b>	<b>1,062.87</b>	<b>574.63</b>	<b>47,827.24</b>	<b>485.04</b>
<b>Accumulated Depreciation and Impairment</b>											
At 1 April 2020	843.23	-	2,749.64	6,506.15	492.38	1,131.00	514.89	515.54	152.92	12,905.75	273.06
Depreciation	179.61	-	466.47	1,223.54	47.11	320.29	103.13	67.86	50.09	2,458.10	-
Elimination on disposals	-	-	(69.83)	(443.02)	(10.15)	(18.47)	(64.80)	(51.02)	(2.72)	(660.01)	-
Exchange translation adjustments	-	-	(40.30)	(24.57)	-	(2.71)	(0.04)	(0.41)	(0.30)	(68.33)	-
<b>At 31 March 2021</b>	<b>1,022.84</b>	<b>-</b>	<b>3,105.98</b>	<b>7,262.10</b>	<b>529.34</b>	<b>1,430.11</b>	<b>553.18</b>	<b>531.97</b>	<b>199.99</b>	<b>14,635.51</b>	<b>273.06</b>
At 1 April 2021	1,022.84	-	3,105.98	7,262.10	529.34	1,430.11	553.18	531.97	199.99	14,635.51	273.06
Depreciation	130.94	-	1,381.57	1,563.99	76.97	421.57	100.75	109.85	85.54	3,871.18	-
Elimination on disposals	-	-	(27.63)	(127.07)	(3.52)	(30.46)	(5.21)	(2.29)	(50.27)	(246.45)	-
Exchange translation adjustments	-	-	80.62	48.66	-	5.55	0.07	0.91	0.62	136.43	-
<b>At 31 March 2022</b>	<b>1,153.78</b>	<b>-</b>	<b>4,540.54</b>	<b>8,747.68</b>	<b>602.79</b>	<b>1,826.77</b>	<b>648.79</b>	<b>640.44</b>	<b>235.88</b>	<b>18,396.67</b>	<b>273.06</b>
<b>Net carrying amount</b>											
At 31 March 2021	3,585.83	12,087.94	859.24	7,942.55	252.29	701.87	262.51	186.98	233.16	26,112.37	111.45
At 31 March 2022	3,454.89	12,087.94	1,483.03	10,011.75	389.51	927.68	314.59	422.43	338.75	29,430.57	211.98

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

**Capital work in progress ageing**

Particulars	Amount in CWIP for a period of			Total
	Less than 1 year	1-2 years	2-3 years	
<b>Projects in progress</b>				
March 2022	187.08	21.71	3.19	211.98
March 2021	107.89	3.56	-	111.45



## 6. Goodwill and Other intangible assets

(Rupees in Lakhs)

	Goodwill	Other intangible assets					Total
		Software	Trademark and Non compete	Customer relationships	Trademark (indefinite useful life)	Intangible assets - Assay developed	
<b>Gross carrying amount</b>							
At 1 April 2020	41,822.64	2,562.14	5,858.20	-	-	957.69	9,378.03
Acquisition of business (refer note 50A)	95.15	-	40.50	-	-	-	40.50
Additions	-	235.57	-	-	-	-	235.57
Disposals	-	(0.41)	-	-	-	-	(0.41)
<b>At 31 March 2021</b>	<b>41,917.79</b>	<b>2,797.30</b>	<b>5,898.70</b>	<b>-</b>	<b>-</b>	<b>957.69</b>	<b>9,653.69</b>
At 1 April 2021	41,917.79	2,797.30	5,898.70	-	-	957.69	9,653.69
Acquisition of subsidiary (refer note 50A)	41,380.74	73.20	746.21	5,733.06	21,500.00	-	28,052.47
Additions	-	205.32	2,124.00	-	-	-	2,329.32
Disposals	-	-	-	-	-	-	-
<b>At 31 March 2022</b>	<b>83,298.53</b>	<b>3,075.82</b>	<b>8,768.91</b>	<b>5,733.06</b>	<b>21,500.00</b>	<b>957.69</b>	<b>40,035.48</b>
<b>Accumulated amortisation</b>							
At 1 April 2020	-	2,203.76	3,993.59	-	-	953.03	7,150.38
Amortisation	-	231.19	443.37	-	-	4.66	679.22
Elimination on disposals	-	(0.41)	-	-	-	-	(0.41)
<b>At 31 March 2021</b>	<b>-</b>	<b>2,434.54</b>	<b>4,436.96</b>	<b>-</b>	<b>-</b>	<b>957.69</b>	<b>7,829.19</b>
At 1 April 2021	-	2,434.54	4,436.96	-	-	957.69	7,829.19
Amortisation	-	258.90	887.48	382.20	-	-	1,528.58
Elimination on disposals	-	-	-	-	-	-	-
<b>At 31 March 2022</b>	<b>-</b>	<b>2,693.44</b>	<b>5,324.44</b>	<b>382.20</b>	<b>-</b>	<b>957.69</b>	<b>9,357.77</b>
<b>Net carrying amount</b>							
At 31 March 2021	41,917.79	362.76	1,461.74	-	-	-	1,824.50
<b>At 31 March 2022</b>	<b>83,298.53</b>	<b>382.38</b>	<b>3,444.47</b>	<b>5,350.86</b>	<b>21,500.00</b>	<b>-</b>	<b>30,677.71</b>

**Goodwill**

Goodwill includes the excess consideration paid by SRL Diagnostics Private Limited and SRL Limited on the net assets of diagnostics businesses acquired by it respectively. Additions to Goodwill represents the excess consideration paid for acquisition of DDRCL SRL Diagnostics Private Limited (Refer Note 50A).

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

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 that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

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

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

Particulars	As at	As at
	31 March 2022	31 March 2021
Revenue growth rate for five years (31 March 2021: 5 years)	10%-19% p.a.	10%-19% p.a.
Growth rate used for extrapolation of cash flow projections beyond five-year period (31 March 2021: 5 years)	4%	4%
Discount rate	13.00%	13.00%

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

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

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

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



**SRL LIMITED**  
**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

	<b>As at 31 March 2022 (Rupees in Lakhs)</b>	<b>As at 31 March 2021 (Rupees in Lakhs)</b>
<b>7. Investments</b>		
<b>Interest in joint ventures (Unquoted)</b>		
<b>A. SRL Diagnostics (Nepal) Private Limited</b>		
240,000 (31 March 2021: 240,000) equity shares of Nepalese Rupees 100 each fully paid-up (refer note 52)	319.04	288.38
<b>B. DDRC SRL Diagnostics Private Limited</b>		
NII (31 March 2021: 250,000) equity shares of Rs. 10 each, fully paid up (refer note 53)	-	5,299.09
<b>Total investments (carrying value) (A+B)</b>	<b>319.04</b>	<b>5,587.47</b>
<b>8. Loans</b>		
<i>(Unsecured considered good unless otherwise stated)</i>		
Loans to employees	20.87	13.11
<b>Total</b>	<b>20.87</b>	<b>13.11</b>
<b>9. Other financial assets</b>		
<i>(Unsecured considered good unless otherwise stated)</i>		
Security deposits (refer note 55A)		
- Considered good	2,417.37	960.33
- Credit impaired	18.55	18.55
Less: loss allowance	(18.55)	(18.55)
Balances with banks		
- held as margin money	31.54	26.66
Interest accrued on fixed deposits	0.32	-
<b>Total</b>	<b>2,449.23</b>	<b>986.99</b>



	As at 31 March 2022 (Rupees in Lakhs)	As at 31 March 2021 (Rupees in Lakhs)
<b>10. Deferred tax balances</b>		
Deferred tax assets	4,091.81	2,458.26
Deferred tax liabilities	(6,883.01)	-

The following is the component wise break up of deferred tax assets/ (liabilities) presented in the financial statements:

**2021-2022**

	As at 01 April 2021	Recognised in profit or loss	Business combination (refer note 50A)	Recognised in other comprehensive income	As at 31 March 2022
<b>Deferred tax asset</b>					
Property, plant & equipment and other intangible assets	933.54	86.26	146.39	-	1,166.19
Loss allowance for doubtful deposits and advances	204.98	4.03	-	-	209.01
Loss allowance for trade receivables	1,319.57	137.15	0.44	-	1,457.16
Lease liability	1,363.24	689.80	163.85	-	2,216.89
Provision for gratuity	485.46	43.87	141.75	(23.21)	647.87
Provision for compensated absences	217.82	30.92	-	-	248.74
Expenditure allowed on actual payment basis	185.40	(21.62)	-	-	163.78
<b>Total deferred tax asset</b>	<b>4,710.01</b>	<b>970.41</b>	<b>452.43</b>	<b>(23.21)</b>	<b>6,109.64</b>
<b>Deferred tax liability</b>					
Right-of-use assets	(1,240.89)	(626.36)	(143.45)	-	(2,010.70)
Property, plant & equipment and other intangible assets	(28.03)	20.91	-	-	(7.13)
Undistributed profits of subsidiaries*	(982.83)	982.83	-	-	-
<b>Total deferred tax liability</b>	<b>(2,251.75)</b>	<b>377.38</b>	<b>(143.45)</b>	<b>-</b>	<b>(2,017.83)</b>
<b>Deferred tax asset (net)</b>	<b>2,458.26</b>	<b>1,347.79</b>	<b>308.98</b>	<b>(23.21)</b>	<b>4,091.81</b>
<b>Deferred tax liability</b>					
Brand	-	-	(5,411.11)	-	(5,411.11)
Customer relationships	-	96.20	(1,442.90)	-	(1,346.70)
Trademark	-	62.61	(187.81)	-	(125.20)
<b>Total deferred tax liability</b>	<b>-</b>	<b>158.81</b>	<b>(7,041.82)</b>	<b>-</b>	<b>(6,883.01)</b>
<b>Total</b>	<b>2,458.26</b>	<b>1,506.60</b>	<b>(6,732.84)</b>	<b>(23.21)</b>	<b>(2,791.20)</b>

**2020-21**

	As at 01 April 2020	Recognised in profit or loss	Business combination	Recognised in other comprehensive income	As at 31 March 2021
<b>Deferred tax asset</b>					
Property, plant & equipment and other intangible assets	1,089.03	(155.48)	-	-	933.54
Loss allowance for doubtful deposits and advances	190.78	14.20	-	-	204.98
Loss allowance for trade receivables	1,066.17	253.40	-	-	1,319.57
Lease liability	1,499.27	(136.03)	-	-	1,363.24
Provision for gratuity	436.06	48.09	-	1.31	485.46
Provision for compensated absences	219.27	(1.45)	-	-	217.82
Expenditure allowed on actual payment basis	227.88	(42.49)	-	-	185.40
<b>Total deferred tax asset</b>	<b>4,728.46</b>	<b>(19.76)</b>	<b>-</b>	<b>1.31</b>	<b>4,710.01</b>
<b>Deferred tax liability</b>					
Intangible assets- Assay developed	(1.17)	1.17	-	-	-
Right-of-use assets	(1,434.29)	193.40	-	-	(1,240.89)
Property, plant & equipment and other intangible assets	-	(28.03)	-	-	(28.03)
Undistributed profits of subsidiaries*	-	(982.83)	-	-	(982.83)
Others	(4.33)	4.33	-	-	-
<b>Total deferred tax liability</b>	<b>(1,439.79)</b>	<b>(811.96)</b>	<b>-</b>	<b>-</b>	<b>(2,251.75)</b>
<b>Deferred tax asset (net)</b>	<b>3,288.67</b>	<b>(831.72)</b>	<b>-</b>	<b>1.31</b>	<b>2,458.26</b>

\*Subsequent to 31 March 2021, SRL Diagnostics Private Limited, a subsidiary of the Company, declared interim dividend of Rs. 3,904.76 Lakhs. On the undistributed profits amount, deferred tax liabilities of Rs.982.83 Lakhs has been created on account of outside basis differences.

\*\* The Group has not recognised deferred tax asset pertaining to SRL Reach Limited (subsidiary company) considering the lack of probability of future taxable profits. Details of losses and unabsorbed depreciation on which deferred tax asset is not recognised are as follows :

	As at 31 March 2022 (Rupees in Lakhs)		As at 31 March 2021 (Rupees in Lakhs)	
	Unused losses	Tax	Unused losses	Tax
<b>Business loss</b>				
2023-24	-	-	42.94	10.81
2024-25	62.39	15.70	94.59	23.81
2028-29	94.26	23.72	86.76	21.84
<b>Never expire</b>				
Unabsorbed depreciation	132.80	33.42	133.27	33.54

Deferred tax assets has not been recognized on temporary differences in relation to indexation benefit of investment in subsidiaries and joint ventures amounting to Rs. 8,551.57 Lakhs (31 March 2021: Rs.7,591.29 Lakhs), as the Group is able to control the timing of the reversal of these temporary differences and it is probable that these differences will not reverse in foreseeable future.



SRL LIMITED  
NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	As at 31 March 2022 (Rupees in Lakhs)	As at 31 March 2021 (Rupees in Lakhs)
<b>11. Non-current tax assets (net)</b>		
Advance tax and tax deducted at source*	4,910.30	3,810.23
<b>Total</b>	<b>4,910.30</b>	<b>3,810.23</b>
*Net of provision for tax	47,438.05	32,414.58
<b>12. Other non-current assets</b> (Unsecured considered good unless otherwise stated)		
Capital advances		
- Considered good	667.77	80.06
- Considered doubtful	303.41	303.41
Less: Loss allowance	(303.41)	(303.41)
Prepaid expenses	6.67	35.05
Deposit against cases with income tax authorities	4,066.07	3,814.94
<b>Total</b>	<b>4,740.51</b>	<b>3,930.05</b>
<b>13. Inventories</b> (lower of cost and net realisable value)		
Reagents, chemicals and consumables	5,673.01	3,758.77
<b>Total</b>	<b>5,673.01</b>	<b>3,758.77</b>
<b>14. Trade receivables</b>		
Secured, considered good	903.64	1,002.13
Unsecured, considered good	16,114.44	14,711.98
Unsecured, credit impaired	881.30	905.35
Less: Allowance for expected credit loss	(6,129.07)	(5,615.09)
	<b>11,770.31</b>	<b>11,004.37</b>
Due from related parties (refer note 39)		
Unsecured, considered good	3,184.28	3,416.86
Unsecured, credit impaired	266.07	254.13
Less: Allowance for expected credit loss	(266.07)	(254.13)
	<b>3,184.28</b>	<b>3,416.86</b>
<b>Total</b>	<b>14,954.59</b>	<b>14,421.23</b>
Gross Trade Receivables	21,349.73	20,290.45
Less: Allowance for expected credit loss	(6,395.14)	(5,869.22)
<b>Net Trade Receivables</b>	<b>14,954.59</b>	<b>14,421.23</b>
<b>Debtors Ageing</b>		
<b>Undisputed trade receivables- considered good</b>		
Not Due	8,218.32	7,500.76
Less than 6 Months	4,377.93	4,602.26
6 Months-1 year	1,751.15	1,652.78
1-2 Yrs	1,774.20	1,905.89
2-3 Yrs	1,330.04	1,568.68
More than 3 Years	2,625.61	1,766.72
	<b>20,077.25</b>	<b>18,997.09</b>
<b>Undisputed trade receivables- credit impaired</b>		
More than 3 Years	266.07	254.13
	<b>266.07</b>	<b>254.13</b>
<b>Disputed trade receivables- credit impaired</b>		
Less than 6 Months	1.42	33.87
6 Months-1 year	0.21	6.71
1-2 Yrs	60.68	98.74
2-3 Yrs	93.08	285.38
More than 3 Years	725.91	480.65
	<b>881.30</b>	<b>905.35</b>
<b>Trade receivable - unbilled</b>	<b>125.11</b>	<b>133.88</b>
<b>Total</b>	<b>21,349.73</b>	<b>20,290.45</b>

**Notes:**

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

**Customer Name**

Fortis Hospitals Limited	1,479.88	1,237.92
Escort Heart Institute & Research Centre Limited	307.47	505.58
Hiranandani Healthcare Private Limited	281.90	798.17
Fortis Healthcare Limited	500.28	319.53

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



	As at 31 March 2022	As at 31 March 2021
<b>Age of receivables</b>		
0-1 years	14,349.03	13,796.38
1-2 years	1,834.88	2,004.63
2-3 years	1,423.12	1,854.06
Above 3 Years	3,617.59	2,501.50
	<b>21,224.62</b>	<b>20,156.57</b>
<b>Movement in expected credit loss allowance</b>		
Balance at the beginning of the year	5,869.22	4,662.36
Add: Recognised during the year	765.52	1,426.73
Add: Acquisition through business combination	1.73	-
Add: Exchange gain/(loss) on translation	60.77	(30.06)
Less: Bad debts during the year	(302.10)	(189.81)
<b>Balance at end of the year</b>	<b>6,395.14</b>	<b>5,869.22</b>
<b>Ageing</b>		<b>Expected credit loss (%)</b>
0-1 year		0% - 32%
1-2 years		34% - 70%
2-3 years		30% - 100%
Above 3 Years		65% - 100%
	<b>As at 31 March 2022</b>	<b>As at 31 March 2021</b>
	<b>(Rupees in Lakhs)</b>	<b>(Rupees in Lakhs)</b>
<b>15. Cash and cash equivalents</b>		
Balances with banks		
- On current accounts	5,194.82	14,318.53
- Deposit with original maturity of three months or less	5,023.70	8,128.32
Cheques on hand	4.00	20.70
Cash on hand	122.10	165.53
<b>Total</b>	<b>10,344.62</b>	<b>22,633.08</b>
<b>16. Bank balances other than cash and cash equivalents</b>		
Balances with banks		
- held as margin money	129.46	189.06
- deposits with original maturity for more than 3 months but less than 12 months	25,557.60	13,078.99
<b>Total</b>	<b>25,687.06</b>	<b>13,268.05</b>
<b>17. Loans</b>		
<i>(Unsecured considered good unless otherwise stated)</i>		
Loan to Employees	18.68	-
Loans to related parties**	-	10,717.00
<b>Total</b>	<b>18.68</b>	<b>10,717.00</b>
The particulars of loans given as required to be disclosed by Section 186 (4) of Companies Act 2013 are as below:		
**Loans outstanding from :		
Fortis Hospitals Limited	-	7,492.00
Escorts Heart Institute and Research Limited	-	1,884.00
Hiranandani Healthcare Private Limited	-	1,341.00
The loans were given to meet working capital requirement (refer note 39)		
Interest rate (p.a.)	-	10.50%
Repayment terms	-	10th June 2021
	<b>As at 31 March 2022</b>	<b>As at 31 March 2021</b>
	<b>(Rupees in Lakhs)</b>	<b>(Rupees in Lakhs)</b>
<b>18. Other financial assets</b>		
<i>(Unsecured considered good unless otherwise stated)</i>		
Security deposits (refer note 55A)		
- Considered good	474.60	416.55
- Credit Impaired	372.43	372.43
Less:- Loss allowance	(372.43)	(372.43)
Advances recoverable:		
- Considered good *	37.85	55.98
- Credit Impaired	361.74	348.59
Less:- Loss allowance	(361.74)	(348.59)
Interest accrued on fixed deposits	213.32	125.88
Balances with Banks		
- held as margin money	4.03	-
- deposits with maturity of less than 12 months from the reporting date	597.00	-
Interest accrued on loan to fellow subsidiaries (refer note 39)	-	266.02
<b>Total</b>	<b>1,326.80</b>	<b>864.43</b>
* includes advances to related party (refer note 39)	3.97	12.10
<b>19. Other current assets</b>		
<i>(Unsecured considered good unless otherwise stated)</i>		
Prepaid expenses :		
- Considered good	797.98	535.69
- Considered doubtful	9.30	9.30
Less:- Loss allowance	(9.30)	(9.30)
Advances to supplier and employees :		
- Considered good	336.31	243.75
- Considered doubtful	31.77	27.44
Less:- Loss allowance	(31.77)	(27.44)
Balance with statutory authorities	6.79	5.26
<b>Total</b>	<b>1,141.08</b>	<b>784.70</b>





20. Equity share capital

	As at 31 March 2022		As at 31 March 2021	
	Number of shares	(Rupees in Lakhs)	Number of shares	(Rupees in Lakhs)
<b>Authorised share capital</b>				
Equity Shares of Rs. 10 each	89,000,000	8,900.00	89,000,000	8,900.00
<b>Total</b>	<b>89,000,000</b>	<b>8,900.00</b>	<b>89,000,000</b>	<b>8,900.00</b>
<b>Issued and subscribed share capital</b>				
Equity Shares of Rs 10 each fully paid up shares for consideration in cash	60,017,582	6,001.76	60,017,582	6,001.76
Equity Shares of Rs 10 each fully paid up shares for consideration other than cash	18,407,960	1,840.80	18,407,960	1,840.80
<b>Total</b>	<b>78,425,542</b>	<b>7,842.56</b>	<b>78,425,542</b>	<b>7,842.56</b>

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

	Year ended 31 March 2022		Year ended 31 March 2021	
	Number of shares	(Rupees in Lakhs)	Number of shares	(Rupees in Lakhs)
<b>Equity shares</b>				
Outstanding at the beginning of the year	78,425,542	7,842.56	78,425,542	7,842.56
Outstanding at the end of the year	<b>78,425,542</b>	<b>7,842.56</b>	<b>78,425,542</b>	<b>7,842.56</b>

b) Terms/rights attached to equity shares

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

c) Shares held by holding Company/ultimate holding company and/or its subsidiaries

Promoter's Name	As at 31 March 2022			As at 31 March 2021		
	Number of shares	(Rupees in Lakhs)	% of Total shares	Number of shares	(Amount in Rs.)	% of Total shares
Equity shares of Rs. 10 each						
Fortis Healthcare Limited (holding company)	45,236,779	4,523.68	57.68%	45,236,779	4,523.68	57.68%

Fortis Healthcare Limited is the promoter of the Group. There has been no change in promoter shareholding during the year.

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

	As at 31 March 2022		As at 31 March 2021	
	No. of shares held	% of Holding	No. of shares held	% of Holding
<b>Equity shares of Rs. 10 each</b>				
Fortis Healthcare Limited	45,236,779	57.69%	45,236,779	57.69%
Resurgence PE Investments Limited (Formerly known as Avigo PE Investments Ltd)	6,310,315	8.05%	6,310,315	8.05%
NYLIM Jacob Ballas India Fund III LLC	12,437,811	15.86%	12,437,811	15.86%
International Finance Corporation	5,970,149	7.61%	5,970,149	7.61%
Axis Bank Limited	4,300,000	5.48%	4,300,000	5.48%

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

a) Under the 'Super Relligare Laboratories Limited Employee Stock Option Plan 2009' (the 'Scheme') as at 31 March 2022 - 513,209 (31 March 2021: 487,018) outstanding options are convertible into 513,209 (31 March 2021: 487,018) equity shares. (refer note 46).

b) Under the 'SRL Limited Employee Stock Option Scheme 2013' (the 'Scheme') as at 31 March 2021 - 271,500 (31 March 2021: 296,500) outstanding options are convertible into 271,500 (31 March 2021: 296,500) equity shares. (refer note 46).

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

	As at 31 March 2022 Number of Shares	As at 31 March 2021 Number of Shares
Equity Shares of Rs.10 each fully paid up shares for consideration other than cash	18,407,960	18,407,960

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

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



**SRL LIMITED**  
**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

	As at 31 March 2022 (Rupees in Lakhs)	As at 31 March 2021 (Rupees in Lakhs)
<b>21. Non - current borrowings</b>		
Term loan from related parties (Unsecured)*	12.21	11.66
Vehicle loans (Secured)**	212.97	113.66
Less: Current maturities classified as current borrowings	(63.92)	(28.30)
<b>Total</b>	<b>161.26</b>	<b>97.02</b>
*Group has obtained interest free loan without any fixed payment term from "Medical Management Company Limited" (subsidiary of Parent company).		
**The Group has taken vehicle loans on the following terms:		
Rate of interest ranging from	7.00% - 8.65% p.a.	7.70% - 8.65% p.a.
Loan repayable on	48 monthly instalments	48 monthly instalments
The vehicle loan is secured by hypothecation of respective assets (vehicles).		
<b>22. Other financial liabilities</b>		
<b>Non-Current</b>		
Payable towards purchase of intangible assets	321.49	586.77
<b>Total</b>	<b>321.49</b>	<b>586.77</b>
<b>23. Provisions</b>		
<b>Non-current</b>		
<b>Provision for employee benefits</b>		
Provision for gratuity (refer note 43)	2,338.90	1,831.29
Provision for compensated absences	771.60	660.72
<b>Total</b>	<b>3,110.50</b>	<b>2,492.01</b>
<b>24. Other non-current liabilities</b>		
Others	-	7.26
<b>Total</b>	<b>-</b>	<b>7.26</b>
<b>25. Borrowings</b>		
Current maturities of non-current borrowings (Refer note 21)	63.92	28.30
<b>Total</b>	<b>63.92</b>	<b>28.30</b>
<b>26. Trade Payables</b>		
(i) total outstanding dues of micro enterprises and small enterprises (refer note 49)	835.25	281.42
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	12,096.09	11,359.52
	<b>12,931.34</b>	<b>11,640.94</b>
<b>Trade payable ageing</b>		
<b>Micro enterprises and small enterprises (MSME)</b>		
Not due	283.41	108.67
Less than 1 year	532.29	165.16
1-2 year	19.27	1.84
2-3 year	0.06	1.33
More than 3 years	0.22	4.42
<b>Others</b>		
Not due	1,487.04	2,037.39
Less than 1 year	7,756.17	5,271.74
1-2 year	1,203.78	1,812.34
2-3 year	930.60	1,281.84
More than 3 years	718.50	956.21
<b>Total</b>	<b>12,931.34</b>	<b>11,640.94</b>



**SRL LIMITED**  
**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

	As at 31 March 2022 (Rupees in Lakhs)	As at 31 March 2021 (Rupees in Lakhs)
<b>27. Other financial liabilities</b>		
<b>Current</b>		
Deposits from customers	1,860.58	1,804.90
Employee benefits payable	1,784.51	1,486.46
Payable towards purchase of property, plant and equipment and intangible assets	537.58	464.51
Liability against indemnification (refer note below)*	74.70	74.70
Deferred purchase consideration	1,249.03	-
Payable to related parties (refer note 39)	5.51	12.47
Interest accrued but not due on borrowings	1.12	0.72
<b>Total</b>	<b>5,513.03</b>	<b>3,843.76</b>

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

<b>28. Other current liabilities</b>		
Advances from customers *	1,036.15	815.44
Statutory dues payables	1,119.44	1,339.73
Liability towards customer loyalty program**	247.18	151.93
Deferred revenue (refer note 48)	64.60	96.76
<b>Total</b>	<b>2,467.37</b>	<b>2,403.86</b>
* includes advances from related party (refer note 39)	0.23	0.23
**The movement during the year is as below :		
Opening balance	151.93	125.27
Addition during the year	370.04	386.50
Utilised during the year	(274.79)	(359.84)
Closing balance	<b>247.18</b>	<b>151.93</b>

<b>29. Provisions</b>		
<b>Provision for employee benefits</b>		
Provision for gratuity (refer note 43)	366.95	288.15
Provision for compensated absences	244.22	247.97
<b>Provision for contingencies</b>		
Provision for litigation *	164.94	159.69
<b>Total</b>	<b>776.11</b>	<b>695.81</b>
<b>*The movement during the year is below :</b>		
Opening balance	159.69	154.04
Addition during the year	5.25	5.65
Paid during the year	-	-
<b>Closing balance</b>	<b>164.94</b>	<b>159.69</b>

\* SRL Diagnostics Private Limited ('SRLD') has disputed the coverage of Employees State Insurance Corporation (ESIC) for period prior to FY 2005-06 for its Kolkata unit as "Pathlabs" were not covered under Employee State Insurance Corporation (ESIC). Pending settlement of matter, provision is recognised every year for the ESIC liability. The same will be paid once the matter is settled.



**SRL LIMITED**  
**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

	Year ended 31 March 2022	Year ended 31 March 2021
	(Rupees in Lakhs)	(Rupees in Lakhs)
<b>30. Revenue from operations</b>		
Sale of services (refer note 48)	158,757.01	102,117.87
Other operating revenues		
- Management fees	849.80	792.28
- Business support service	-	102.36
- Liabilities/provisions no longer required written back	884.31	494.84
<b>Total</b>	<b>160,491.12</b>	<b>103,507.35</b>
<b>31. Other income</b>		
Interest income earned on:		
- Bank deposits	960.15	986.55
- Loans to subsidiaries	137.00	1,240.88
- Income tax refund	0.80	0.26
- Financial assets carried at amortised cost	105.44	124.42
- Others	2.08	4.70
Exchange differences (net)	110.63	-
Profit on disposal of property, plant and equipment (net)	-	11.30
Miscellaneous income	27.51	193.96
<b>Total</b>	<b>1,343.61</b>	<b>2,562.07</b>
<b>32. Cost of materials consumed</b>		
Reagents, chemicals and consumables		
Inventories at the beginning of the year	3,758.77	3,056.45
Add: Purchase during the year (net)	41,827.83	29,464.31
	<b>45,586.60</b>	<b>32,520.76</b>
Less: Inventories at the end of the year	(5,673.01)	(3,758.77)
<b>Total</b>	<b>39,913.59</b>	<b>28,761.99</b>
<b>33. Employee benefits expense</b>		
Salaries and wages	28,183.65	22,474.34
Share based payments to employees (refer note 46)	-	(94.29)
Contribution to provident and other funds (refer note 43)	1,664.66	1,295.25
Gratuity expense (refer note 43)	390.08	345.96
Staff welfare expenses	487.28	328.25
<b>Total</b>	<b>30,725.67</b>	<b>24,349.51</b>
<b>34. Finance costs</b>		
Interest on:		
- borrowings	12.78	4.33
- security deposit	32.04	40.38
- net defined benefit obligation (refer note 43)	148.10	96.91
- lease liability (refer note 40)	800.22	630.26
- deferred purchase consideration	130.60	-
- others	104.05	139.64
Bank Charges	348.63	267.74
<b>Total</b>	<b>1,576.42</b>	<b>1,179.26</b>
<b>35. Depreciation and amortisation expense</b>		
Depreciation of property, plant and equipment	3,871.18	2,458.10
Depreciation of right-of-use assets (refer note 40)	2,627.89	2,069.21
Amortisation of intangible assets	1,528.58	679.22
<b>Total</b>	<b>8,027.65</b>	<b>5,206.53</b>
<b>36. Other expenses</b>		
Power and fuel	1,960.41	1,503.41
Rent and hire charges	2,793.45	1,452.15
Rates and taxes	210.88	266.07
Insurance	412.86	229.12
Repairs and maintenance:		
- Plant and machinery	1,985.01	1,425.48
- Buildings	115.99	114.48
- Others	394.62	336.80
Advertisement and sales promotion	5,450.27	2,908.87
Postage and courier	3,925.10	3,068.84
Travelling and conveyance	1,032.26	622.84
Printing and stationery	1,162.11	672.97
Communication	454.92	349.26
Fees to collection centers	12,329.81	6,902.26
Legal and professional (refer note below for payment to auditors)	2,463.51	1,930.98
Professional fees to doctors	9,772.07	6,892.54
Net foreign exchange loss	-	82.82
Corporate social responsibility expenses (refer note 44)	408.59	295.46
Loss on disposal of property, plant and equipment (net)	34.45	-
Advances written off	-	10.77
Loss allowance for deposits and advances	16.03	56.39
Expected credit loss allowance (refer note 14)	765.52	1,426.73
Housekeeping expenses	285.06	234.31
Security services expenses	339.54	215.08
Miscellaneous expenses	892.78	684.44
<b>Total</b>	<b>47,205.24</b>	<b>31,682.07</b>



**SRL LIMITED**  
**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

	Year ended 31 March 2022 (Rupees in Lakhs)	Year ended 31 March 2021 (Rupees in Lakhs)
<b>Note: Payment to auditors comprises (net of tax):</b>		
i) For audit	142.45	120.95
ii) For tax audit	10.93	8.93
iii) For reimbursement of expenses	2.71	6.82
iv) For other matters	2.00	2.00
	<b>158.09</b>	<b>138.70</b>
<b>37. (a) Income taxes recognised in statement of profit and loss :</b>		
<b>Current tax</b>		
Current tax	9,671.16	4,078.36
Deferred tax expense	(1,506.60)	831.72
<b>Total</b>	<b>8,164.56</b>	<b>4,910.08</b>
<b>(b) Recognised in other comprehensive income section :</b>		
Tax expense related to items that will not be reclassified subsequently to profit or loss	23.21	0.72
<b>Total</b>	<b>23.21</b>	<b>0.72</b>
<b>(c) The income tax expense for the year reconciled to the accounting profit as follows:</b>		
<b>Profit before tax</b>	<b>63,635.41</b>	<b>18,034.61</b>
Tax using Company's domestic tax rate @ 25.17% (31 March 2021 : 25.17%)	16,017.03	4,539.31
Tax effect of :		
Non deductible expenses (net)	188.85	116.35
Share of profits in equity accounted investees	(22.72)	(1,096.65)
Differences in tax rates in foreign jurisdiction	(312.99)	248.10
Current year losses for which no deferred tax asset was recognised	-	51.84
Change in tax laws	-	68.30
Undistributed profits of subsidiaries	-	982.83
Gain on remeasurement of equity interest	(7,705.61)	-
Income tax expense recognised in consolidated statement of profit and loss	<b>8,164.56</b>	<b>4,910.08</b>
<b>(d) Unrecognised temporary differences</b>		
Temporary differences relating to investments in subsidiaries and joint ventures for which deferred tax liabilities have not been recognised.		
Undistributed earnings		
SRL Diagnostics Private Limited	14,567.85	5,907.26
SRL Diagnostics (Nepal) Private Limited	169.04	138.38
DDRC SRL Diagnostics Private Limited	7,350.11	4,672.99
	<b>22,087.00</b>	<b>10,718.63</b>
Unrecognised deferred tax liabilities relating to the above temporary differences	<b>5,559.30</b>	<b>2,697.88</b>
Subsidiaries and joint venture (amount disclosed above represents Group's share) have undistributed earnings, which, if paid out of dividends, would be subject to tax. An assessable temporary difference exists and no deferred tax liability has been recognised as the Holding Company is able to control the timings of distributions from these subsidiaries and joint ventures.		



**SRL LIMITED**  
**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

	<b>Year ended 31 March 2022 (Rupees in Lakhs)</b>	<b>Year ended 31 March 2021 (Rupees in Lakhs)</b>
<b>38. Earnings per share (EPS)</b>		
Basic earnings per share in rupees (refer details below)	70.73	16.74
Diluted earnings per share in rupees (refer details below)	70.21	16.62
<b>Basic earnings per share</b>		
The earnings and weighted average number of equity shares used in the calculation of basic earnings per share are as follows:		
Earnings used in the calculation of basic earning per share:		
Profit for the year attributable to owners of the Company	55,470.85	13,124.53
Weighted average number of equity shares for the purpose of basic EPS	78,425,542	78,425,542
<b>Diluted earnings per share</b>		
The earnings and weighted average number of equity shares used in the calculation of diluted earnings per share are as follows:		
Earnings used in the calculation of diluted earning per share:		
Profit for the year attributable to owners of the Company	55,470.85	13,124.53
The weighted average number of equity shares for the purpose of diluted earnings per share	79,004,021	78,979,410
<b>Reconciliation of weighted average number of equity shares used for the purpose of diluted EPS with weighted average number of equity shares used in the calculation of basic EPS :</b>		
Weighted average number of equity shares used in the calculation of basic earnings per share	78,425,542	78,425,542
Shares deemed to be issued for no consideration in respect of:		
- Employee stock options (numbers)	578,479	553,868
Weighted average number of equity shares for the purpose of diluted EPS	<u>79,004,021</u>	<u>78,979,410</u>



**39. Related party disclosures**

**A. Related parties where control exists :**

**(i) Ultimate holding Company**

IHH Healthcare Berhad

**(ii) Enterprises having direct control over the Group**

Fortis Healthcare Limited, holding company

**(iii) Joint venture company**

SRL Diagnostics (Nepal) Private Limited

DDRC SRL Diagnostics Private Limited (upto 04 April 2021)

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

**1. Fellow subsidiaries**

Fortis C-DOC Healthcare Limited

Escorts Heart Institute & Research Centre Limited

Fortis Health Management Limited

Fortis Hospitals Limited

Fortis Malar Hospitals Limited

Hiranandani Healthcare Private Limited

Medical Management Company Limited, BVI

Mena Healthcare Investment Company Limited, BVI

International Hospital Limited

Continental Hospitals Private Limited (upto 13 December 2021)

Ravindranath GE Medical Associates Private Limited

Centre for Digestive and Kidney Diseases (India) Private Limited

Bharat Insecticides Limited (from 17 September 2020)

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

Lanka Hospitals Diagnostics (Pvt) Ltd

Apollo Gleneagles Hospital Limited

Apollo Hospitals Enterprises Limited

**3. Entities having a common director**

Trivitron Health Care Private Limited (upto 19 May 2020)

Jacob ballas Capital India Private Limited

**C. Key Management Personnel**

Mr. Ravi Rajagopal, Director

Ms. Suvalaxmi Chakraborty, Director

Mr. Anand K, Chief Executive Officer (from 05 August 2020)

Mr. Arindam Haldar, Chief Executive Officer (upto 04 August 2020)

Mr. Mangesh Shrikant Shirodkar, Chief Financial Officer

Mr. Sumit Goel, Company Secretary (upto 18 April 2022)

Mr. Murlee Manohar Jain, Company Secretary (from 20 May 2022)



**SRL LIMITED**  
**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

**D. Transactions with related parties**

**Nature of transaction / Name of the Related party**

	Year ended 31 March 2022 (Rupees in Lakhs)	Year ended 31 March 2021 (Rupees in Lakhs)
<b>(a) Rendering of services:</b>		
Escorts Heart Institute & Research Centre Limited	1,667.45	1,336.58
Fortis C-DOC Healthcare Limited	79.41	59.83
Fortis Health Management Limited	180.89	135.56
Fortis Healthcare Limited	1,420.68	1,479.12
Fortis Hospitals Limited	10,519.33	8,843.01
Fortis Malar Hospitals Limited	372.11	276.52
Hiranandani Healthcare Private Limited	806.99	627.90
SRL Diagnostics (Nepal) Private Limited	214.22	176.43
DDRC SRL Diagnostics Private Limited	-	101.41
International Hospital Limited	121.57	120.01
Apollo Gleneagles Hospital Limited	78.89	56.25
Apollo Hospitals Enterprises Limited	29.43	43.23
Lanka Hospitals Diagnostics (Pvt) Ltd	42.14	65.07
Centre for Digestive and Kidney Diseases (India) Private Limited	100.52	18.73
Ravindranath GE Medical Associates Private Limited	1.77	-
Bharat Insecticides Limited	0.18	1.54
Continental Hospitals Private Limited	1.40	-
	<b>15,636.98</b>	<b>13,341.19</b>
<b>Other income:</b>		
DDRC SRL Diagnostics Private Limited	1.40	126.00
<b>(b) Other Services</b>		
<b>Cost of test outsourced</b>		
Fortis Hospitals Limited	62.15	41.22
Fortis Healthcare Limited	1.34	0.23
Fortis Health Management Limited	15.47	4.27
Escorts Heart Institute & Research Centre Limited	0.16	0.28
	<b>79.12</b>	<b>46.00</b>
<b>(c) Reimbursement of expenses to:</b>		
Escorts Heart Institute & Research Centre Limited	53.99	121.92
Fortis Healthcare Limited	23.67	19.16
Fortis Hospitals Limited	55.88	64.57
Hiranandani Healthcare Private Limited	70.72	65.25
SRL Diagnostics (Nepal) Private Limited	15.03	9.60
DDRC SRL Diagnostics Private Limited	-	15.34
	<b>219.29</b>	<b>295.84</b>
<b>(d) Reimbursement of expenses from:</b>		
Escorts Heart Institute & Research Centre Limited	13.55	11.80
Fortis Healthcare Limited	25.15	11.23
Fortis Hospitals Limited	193.89	184.42
Hiranandani Healthcare Private Limited	311.28	244.02
Fortis Malar Hospitals Limited	15.34	14.02
SRL Diagnostics (Nepal) Private Limited	1.17	2.34
	<b>560.38</b>	<b>467.83</b>





**SRL LIMITED**  
**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

	Year ended 31 March 2022 (Rupees in Lakhs)	Year ended 31 March 2021 (Rupees in Lakhs)
<b>(e) Remuneration to key managerial personnel</b>		
<b>Salary and wages</b>		
Mr. Anand K, Chief Executive Officer	329.34	138.32
Mr. Arindam Haldar, Chief Executive Officer	-	244.95
Mr. Mangesh Shrikant Shirodkar, Chief Financial Officer	95.29	78.27
Mr. Sumit Goel, Company Secretary	23.67	19.16
	<b>448.30</b>	<b>480.70</b>
<p>Note: The remuneration to the key managerial personnel includes gratuity paid, compensated absences paid, incentives and share based payments but does not include the provisions made for gratuity and compensated absences, as they are determined on an actuarial basis for the company as a whole. The amount does not include accrual recorded for Employee Share Based Payments.</p>		
<b>(f) Purchase of reagents and consumables</b>		
Fortis Hospitals Limited	14.61	14.41
Fortis Health Management Limited	0.52	1.34
Hiranandani Healthcare Private Limited	0.80	0.29
Trivitron Health Care Private Limited	-	17.25
	<b>15.93</b>	<b>33.29</b>
<b>(g) Loans repaid</b>		
Fortis Hospitals Limited	7,492.00	1,526.00
Escorts Heart Institute and Research Limited	1,884.00	388.00
Hiranandani Healthcare Private Limited	1,341.00	369.00
	<b>10,717.00</b>	<b>2,283.00</b>
<b>(h) Interest income</b>		
Fortis Hospitals Limited	76.66	861.68
Escorts Heart Institute and Research Limited	36.55	217.19
Hiranandani Healthcare Private Limited	23.80	162.01
	<b>137.01</b>	<b>1,240.88</b>
<b>(i) Sitting fees</b>		
Mr. Ravi Rajagopal	15.31	21.21
Ms. Suvalaxmi Chakraborty	16.49	23.56
	<b>31.80</b>	<b>44.77</b>
<b>(j) Dividend income</b>		
DDRC SRL Diagnostics Private Limited	1,104.55	2,800.00
	<b>1,104.55</b>	<b>2,800.00</b>



**SRL LIMITED**  
**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

	Year ended 31 March 2022 (Rupees in Lakhs)	Year ended 31 March 2021 (Rupees in Lakhs)
<b>E. Balances outstanding at the year end:</b>		
<b>(a) Trade Receivables</b>		
Escorts Heart Institute & Research Centre Limited	307.47	505.58
Fortis C-DOC Healthcare Limited	329.38	277.29
Fortis Health Management Limited	12.91	13.98
Fortis Healthcare Limited	500.28	319.53
Fortis Hospitals Limited	1,479.88	1,237.92
Fortis Malar Hospitals Limited	68.07	31.77
Hiranandani Healthcare Private Limited	281.90	798.17
SRL Diagnostics (Nepal) Private Limited	136.58	152.58
DDRC SRL Diagnostics Private Limited	-	7.62
Mena Healthcare Investment Company Limited, BVI	266.07	254.13
International Hospital Limited	7.61	20.33
Apollo Gleneagles Hospital Limited	28.11	20.84
Ravindranath GE Medical Associates Private Limited	0.83	0.12
Apollo Hospitals Enterprises Limited	9.79	11.23
Lanka Hospitals Diagnostics (Pvt) Ltd	20.72	12.48
Bharat Insecticides Limited	0.31	0.13
Centre for Digestive and Kidney Diseases (India) Private Limited	0.44	7.29
	<b>3,450.35</b>	<b>3,670.99</b>
<b>(b) Trade payable and other financial liabilities</b>		
Fortis Healthcare Limited	3.01	26.72
SRL Diagnostics (Nepal) Private Limited	5.51	-
	<b>8.52</b>	<b>26.72</b>
<b>(c) Interest accrued/receivable</b>		
Fortis Hospitals Limited	-	185.18
Escorts Heart Institute and Research Limited	-	46.83
Hiranandani Healthcare Private Limited	-	34.01
	<b>-</b>	<b>266.02</b>
<b>(d) Borrowings</b>		
Medical Management Company Limited	12.21	11.66
	<b>12.21</b>	<b>11.66</b>
<b>(e) Loan receivable</b>		
Fortis Hospitals Limited	-	7,492.00
Escorts Heart Institute and Research Limited	-	1,884.00
Hiranandani Healthcare Private Limited	-	1,341.00
	<b>-</b>	<b>10,717.00</b>
<b>(f) Advances recoverable</b>		
SRL Diagnostics (Nepal) Pvt. Ltd.	-	8.13
Lanka Hospitals Diagnostics (Pvt) Ltd	3.97	3.97
	<b>3.97</b>	<b>12.10</b>
<b>(g) Advance from customers</b>		
Jacob ballas Capital India Private Limited	0.23	0.23
	<b>0.23</b>	<b>0.23</b>
<b>(h) Expected credit loss allowance</b>		
Mena Healthcare Investment Company Limited, BVI	266.07	254.13
	<b>266.07</b>	<b>254.13</b>

**Note:-**

- (i) The Group has entered into an agreement with one of its customers whereby Rs. 160.21 lakhs (31 March 2021 Rs. 160.21 lakhs) is recoverable. Fortis group has guaranteed to pay on behalf of customer, which in turn will be settled against amount payable by Fortis group to customer. The management expects to recover the balance amount in normal course of business and accordingly no provision has been considered necessary.
- (ii) Closing balances have not been disclosed for DDRC SRL Diagnostics Private Limited as it has become a subsidiary of SRL Limited w.e.f. 05 April 2021. (Refer note 50A)

**F. Terms and conditions of transactions with related parties**

The sale to and purchase from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at year end are unsecured, and interest free and settlement occurs in cash. For the year ended 31 March 2022, the group has recorded Rs. 266.07 Lakhs (31 March 2021: Rs. 254.13 Lakhs) as provision towards receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial assumptions and the market in which the related parties operates.



**SRL LIMITED**  
**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

**40. Leases**

**As lessee**

**Operating Leases**

The Group has obtained lab premises, office premises, godowns, machinery and guest houses on operating lease arrangements. The lease terms varies from 11 months to 11 years, renewable at the option of the Group. There are no restrictions imposed by the lease arrangements.

**(i) Right-of-use assets**

**(a) Land & Building**

<b>Particulars</b>	<b>As at 31 March 2022 (Rupees in Lakhs)</b>	<b>As at 31 March 2021 (Rupees in Lakhs)</b>
<b>Balance at the beginning of the year</b>	5,431.77	6,243.61
Acquisition of subsidiary (refer note 50A)	597.26	-
Additions to right of use assets	4,853.51	1,716.02
Depreciation charge for the year	(2,603.14)	(2,069.21)
Derecognition of right of use assets	(33.77)	(448.63)
Exchange translation adjustments	11.34	(10.01)
<b>Balance at the end of the year</b>	<b>8,256.97</b>	<b>5,431.77</b>

**(b) Plant & Machinery**

<b>Balance at the beginning of the year</b>	-	-
Additions to right of use assets	421.64	-
Depreciation charge for the year	(24.75)	-
Derecognition of right of use assets	-	-
Exchange translation adjustments	-	-
<b>Balance at the end of the year</b>	<b>396.89</b>	<b>-</b>

<b>Total</b>	<b>8,653.86</b>	<b>5,431.77</b>
--------------	-----------------	-----------------

**(ii) Lease liabilities**

<b>Maturity analysis - contractual undiscounted cash flows</b>	<b>As at 31 March 2022 (Rupees in Lakhs)</b>	<b>As at 31 March 2021 (Rupees in Lakhs)</b>
Less than one year	3,123.39	2,108.61
One to five years	6,900.10	4,105.98
More than five years	1,016.52	339.75
<b>Total undiscounted lease liabilities</b>	<b>11,040.01</b>	<b>6,554.34</b>

**Lease liabilities**

Current	2,436.09	1,726.73
Non-current	6,670.67	3,970.57

**(iii) Amounts recognised in profit or loss**

<b>(Expenses)/Income arising from leases:</b>	<b>As at 31 March 2022 (Rupees in Lakhs)</b>	<b>As at 31 March 2021 (Rupees in Lakhs)</b>
Interest on lease liabilities	(800.22)	(630.26)
Expenses relating to short-term leases	(1,487.65)	(878.73)
Expenses relating to variable lease payments not included in the measurement of lease liabilities	(1,305.80)	(573.42)
Income from sub-leasing right-of-use assets presented in other income	-	26.30

**(iv) Amounts recognised in statement of cash flows**

<b>Total cash outflow for lease liabilities (includes interest of Rs. 800.22 Lakhs (31 March 2021: Rs. 630.26 Lakhs))</b>	<b>As at 31 March 2022 (Rupees in Lakhs)</b>	<b>As at 31 March 2021 (Rupees in Lakhs)</b>
	3,057.68	2,481.71

**As Lessor**

**Operating lease**

Rental income from premises subleased recognised in the Statement of Profit and Loss

<b>Operating lease</b>	<b>As at 31 March 2022 (Rupees in Lakhs)</b>	<b>As at 31 March 2021 (Rupees in Lakhs)</b>
	-	26.30
	<b>-</b>	<b>26.30</b>



**SRL LIMITED**  
**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

**41. Commitments**

	As at 31 March 2022 (Rupees in Lakhs)	As at 31 March 2021 (Rupees in Lakhs)
Commitments for the acquisition of property, plant and equipment	1,717.37	471.45

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

**42. Contingent liabilities :**

- (i) **Claims against the Company, disputed by the Company, not acknowledged as debt (In addition, refer claims assessed as contingent liability described in Note 56, 57 and 58) :**

Particulars	As at	
	31 March 2022	31 March 2021
Income tax	26,208.36	25,354.26
Medical related	5,513.72	5,249.45
Service tax	965.91	81.44
Customs	1.38	-
<b>Total</b>	<b>32,689.37</b>	<b>30,685.15</b>

- (ii) The Group has received a claim of Rs. 935.00 Lakhs from an ex-employee alleging certain dues payable by the Group to him in respect to his variable pay, provident fund and ESOPs. The ex-employee has also filed a similar claim of Rs. 1,923.04 Lakhs on the Parent Company (Fortis Healthcare Limited). Subsequently, the claimant has filed a petition with National Company Law Tribunal (NCLT) and revised his claim amount to Rs. 3,637.80 Lakhs. The Group has filed the response to the petition on merits submitting that the Petition is not maintainable either under facts or law. The matter is currently pending with NCLT.
- (iii) On 28 February 2019, a judgment of the Supreme Court of India interpreting certain statutory defined contribution obligations of employees and employers (the "India Defined Contribution Obligation") altered historical understandings of such obligations, extending them to cover additional portions of the employee's income to measure obligations under employees Provident Fund Act, 1952. There are numerous interpretative issues relating to this judgement as to how the liability should be calculated, including the period of assessment, the application with respect to certain current and former employees and whether interest and penalties may be assessed. As such, the Group has been legally advised not to consider that there is any probable obligations for periods prior to date of aforesaid judgment.

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

The Group believes that none of the above matters either individually or in aggregate, are expected to have material adverse effect on its financial statements. The cash flows in respect of above matters are determinable only on receipt of judgements/decisions pending at various stages/forums.



**43. Employee benefits plans**

**(i) Defined contribution plans**

The Group makes contribution towards employees' provident fund, employees' state insurance plan scheme and labour welfare fund on behalf of the employees. Under the schemes, the Group is required to contribute a specified percentage of payroll cost, as specified in the rules of the scheme. The Group has recognised the following amounts during the year as expense towards contribution to these plans.

	Year ended 31 March 2022 (Rupees in Lakhs)	Year ended 31 March 2021 (Rupees in Lakhs)
Provident fund	1,465.12	1,155.49
Employees' state insurance scheme	196.18	139.19
Labour welfare fund	3.36	0.57
<b>Total</b>	<b>1,664.66</b>	<b>1,295.25</b>

**(ii) Defined benefit plans**

**Gratuity**

The Group has a defined benefit gratuity plan, wherein every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service subject to a maximum limit of Rs. 20.00 Lakhs in terms of the provisions of Gratuity Act, 1972. The gratuity plan is funded for its subsidiary SRL Diagnostics Private Limited and unfunded for SRL Limited and other subsidiaries. Accordingly, the disclosure below related to plan assets and liabilities are only related to those of SRL Diagnostics Private Limited.

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

<b>Investment risk</b>	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.
<b>Interest risk</b>	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.
<b>Longevity risk</b>	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.
<b>Salary risk</b>	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

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

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

	Year ended 31 March 2022 (Rupees in Lakhs)	Year ended 31 March 2021 (Rupees in Lakhs)
Discount rate	6.10% - 7.10% p.a.	5.65% p.a.
Expected rate of salary increase	5.00% - 6.50% p.a.	6.50% p.a.
Mortality rate	Indian Assured Lives 2012-14 Ultimate	Indian Assured Lives 2012-14 Ultimate

Employee turnover (attrition rate)

	Year ended 31 March 2022	Year ended 31 March 2021
Upto 30 years	22.00% - 30.07% p.a.	22.00% - 27.00% p.a.
31-45 years	7.70% - 20.00% p.a.	18.00% - 20.00% p.a.
45 years and above	1.18% - 16.00% p.a.	13.00% - 16.00% p.a.

	Year ended 31 March 2022 (Rupees in Lakhs)	Year ended 31 March 2021 (Rupees in Lakhs)
<b>Net employee benefits expense</b>		
Current service cost	390.08	345.96
Total gratuity expenses included in employee benefit expenses (note 33)	<b>390.08</b>	<b>345.96</b>
Interest cost on benefit obligation included in finance cost	148.10	96.91
<b>Recognised in statement of profit and loss</b>	<b>538.18</b>	<b>442.87</b>

**Remeasurements on the net defined benefit liability :**

- Actuarial losses arising from changes in demographic assumptions	42.30	-
- Actuarial (gain) arising from changes in financial assumptions	(80.59)	(11.47)
- Actuarial (gain)/ losses arising from experience adjustments	(47.47)	22.94
- Return on plan assets (excluding amounts included in net interest expense)	(5.44)	(7.41)

<b>Recognised in other comprehensive income</b>	<b>(91.20)</b>	<b>4.06</b>
<b>Total</b>	<b>446.98</b>	<b>446.93</b>

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

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



**SRL LIMITED**  
**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

	As at 31 March 2022 (Rupees in Lakhs)	As at 31 March 2021 (Rupees in Lakhs)
Defined benefit obligation		
- As per actuarial valuation for Holding company and Indian subsidiaries	2,950.60	2,283.33
Less: Fair value of plan assets	(354.63)	(337.61)
	<b>2,595.97</b>	<b>1,945.72</b>
Employee related provisions of SRL Diagnostics FZ-LLC#	109.88	173.72
<b>Net defined benefit liability</b>	<b>2,705.85</b>	<b>2,119.44</b>
# Obligation has been estimated by the Management basis the contractual liabilities as per laws applicable in United Arab Emirates		
<b>Classification of net defined benefit liability as per actuarial valuation</b>		
Net defined benefit liability (Non- current)	2,338.90	1,831.29
Net defined benefit liability (current)	366.95	288.15
	<b>2,705.85</b>	<b>2,119.44</b>
	Year ended 31 March 2022 (Rupees in Lakhs)	Year ended 31 March 2021 (Rupees in Lakhs)
Movement in the present value of the defined benefit obligation is as follows:		
Opening defined benefit obligation (excluding liability of foreign subsidiary)	2,283.33	2,070.22
Acquisition of subsidiary (refer note 50A)	563.23	-
Current service cost	372.85	299.32
Interest expenses	167.17	114.82
Remeasurement losses:		
- Actuarial losses arising from changes in demographic assumptions	42.31	-
- Actuarial losses/(gains) arising from changes in financial assumptions	(80.59)	(11.47)
- Actuarial (gains)/ losses arising from experience adjustments	(47.47)	22.94
Benefit payments		
- Benefit payments from plan	(35.50)	(14.13)
- Benefit payments from employer	(314.73)	(199.95)
Transfer In	-	1.58
<b>Closing defined benefit obligation (excluding liability of foreign subsidiary)</b>	<b>2,950.60</b>	<b>2,283.33</b>
Add: Closing liability of foreign subsidiary	109.88	173.72
<b>Closing defined benefit obligation</b>	<b>3,060.48</b>	<b>2,457.05</b>
<b>Changes in the present value of the plan asset are as follows:</b>		
Opening fair value of plan assets	337.61	322.82
Interest income	19.06	17.90
Remeasurement gain/ (losses):		
- Return on plan assets (excluding interest income)	5.44	7.41
Contributions from the employer		
- Contributions from the employer	28.02	3.61
- Direct benefit payments from employer	23.13	36.07
Benefit payments from plan assets	(35.50)	(14.13)
Benefit payments from employer	(23.13)	(36.07)
<b>Closing fair value of plan assets</b>	<b>354.63</b>	<b>337.61</b>

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

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



**SRL LIMITED**  
**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

	As at 31 March 2022 (Rupees in Lakhs)	As at 31 March 2021 (Rupees in Lakhs)
If the discount rate is 100 basis points higher	2,773.27	2,174.43
If the discount rate is 100 basis points lower	3,151.20	2,402.97
If the expected salary growth increases by 1%	3,146.67	2,398.89
If the expected salary growth decreases by 1%	2,773.53	2,175.69
If attrition rate increases by 1%	2,954.76	2,273.68
If attrition rate decreases by 1%	2,957.44	2,293.43

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.

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

The Group expects to make a contribution of Rs. 721.35 Lakhs (31 March 2021: Rs. 600.95 Lakhs) to the defined benefit plans during the next financial year.

The weighted average duration of the defined benefit obligation as at 31 March 2022 is 5 years (31 March 2021: 5 years).

The defined benefit plans shall mature after year end is as follows:

Expected total benefits payments	As at 31 March 2022 (Rupees in Lakhs)	As at 31 March 2021 (Rupees in Lakhs)
Year 1	412.60	451.10
Year 2	359.31	355.19
Year 3	294.88	334.75
Year 4	275.11	280.95
Year 5	249.49	244.29
Next 5 years	917.80	837.03

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

Experience adjustments	Year ended 31 March 2022 (Rupees in Lakhs)	Year ended 31 March 2021 (Rupees in Lakhs)
Experience adjustment on plan liabilities - (gain)/loss	(47.47)	22.94

#### 44. Corporate social responsibility

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

	Year ended 31 March 2022 (Rupees in Lakhs)	Year ended 31 March 2021 (Rupees in Lakhs)
(i) Amount required to be spent by the Company during the year,	408.59	295.46
(ii) Amount of expenditure incurred,	408.59	295.46
(iii) Shortfall at the end of the year,	-	-
(iv) Total of previous years shortfall,	-	-
(v) Reason for shortfall,	-	-
(vi) Nature of CSR activities,	1. Contributed to PM CARES Fund for combating, and containment and relief efforts against the coronavirus outbreak 2. Contributed to ICMR Fund to support research and development projects in the field of science, technology, engineering and medicine.	Contributed to ICMR Fund to support research and development projects in the field of science, technology, engineering and medicine.
(vii) details of related party transactions, e.g., contribution to a trust controlled by the Company in relation to CSR expenditure as per relevant accounting standard,	-	-
(viii) Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year shall be shown separately.	-	-



**45. Financial Instruments**

**45A. Capital Management**

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

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

	As at 31 March 2022	As at 31 March 2021
Debt (i)	225.18	125.32
Cash and cash equivalent (note 15)	(10,344.62)	(22,633.08)
Bank balances other than cash & cash equivalent (note 16)	(25,687.06)	(13,268.05)
<b>Net Debt (A)</b>	<b>(35,806.50)</b>	<b>(35,775.81)</b>
<b>Total equity (B)</b>	<b>186,615.46</b>	<b>131,138.22</b>
<b>Net debt to equity ratio (A/B)</b>	Nil	Nil

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

**45B. Fair value measurement**

	Notes	(Rupees in Lakhs)	
		Carrying value as at	
		As at 31 March 2022	As at 31 March 2021
<b>Financial assets</b>			
<b>Measured at amortised cost</b>			
Loans - non current	(b)	20.87	13.11
Other financial assets - non current	(b)	2,449.23	986.99
Trade Receivables	(a)	14,954.59	14,421.23
Cash and bank balances	(a)	10,344.62	22,633.08
Bank balances other than above	(a)	25,687.06	13,268.05
Loans - current*	(a)	18.68	10,717.00
Other financial assets - current	(a)	1,326.80	864.43
<b>Total</b>		<b>54,801.85</b>	<b>62,903.89</b>
<b>Financial liabilities</b>			
<b>Measured at amortised cost</b>			
Borrowings : Non-current**	(b)	161.26	97.02
Lease Liabilities - non current	(c)	6,670.67	3,970.57
Other financial liabilities : Non-current	(b)	321.49	586.77
Lease Liabilities - current	(c)	2,436.09	1,726.73
Borrowings : current**	(a)	63.92	28.30
Trade payables	(a)	12,931.34	11,640.94
Other financial liabilities - current	(a)	5,513.03	3,843.76
<b>Total</b>		<b>28,097.80</b>	<b>21,894.09</b>

\* Loans primarily include Interest bearing loans to fellow subsidiaries given at market rate of interest.

\*\* Borrowings primarily include interest bearing loans taken at market rate of interest from Banks and Financial Institutions.

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

(a) Fair valuation of financial assets and liabilities with short term maturities is considered as approximate to respective carrying amount due to the short term maturities of these instruments.

(b) Fair valuation of non-current financial assets and liabilities has been disclosed to be same as carrying value as there is no significant difference between carrying value and fair value.

(c) Fair value measurement of lease liabilities is not required to be disclosed.

There are no financial instruments which are valued under category Level 1, Level 2 and Level 3

**45C. Financial risk management objectives and Policies**

The Group's financial assets include trade receivables, cash and cash equivalents and other financial assets that are derived from its operations. The Group's principal financial liabilities comprise trade payables, other payables, lease liabilities and borrowings. The main purpose of these financial liabilities is to finance the Group's operation. The Group has exposure to the following risk arising from financial instruments.

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

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

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





**(b) Market risk**

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

Market risk includes:

- (i) Foreign currency risk
- (ii) Interest rate risk
- (iii) Other price risk

**(i) Foreign currency risk**

The Group has limited exposure from foreign currency risk due to limited international operations. The Group has not taken any derivative contracts to hedge the exposure. Exchange rate exposures are managed within approved policy parameters.

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

	Currency	As at 31 March 2022			As at 31 March 2021		
		(Rupees in Lakhs)	Conversion rate	Amount in foreign currency (in Lakhs)	(Rupees in Lakhs)	Conversion rate	Amount in foreign currency (in Lakhs)
Trade receivables	USD	681.13	75.51	9.02	605.47	73.24	8.27
Cash balances	AED	0.11	20.55	0.01	1.09	19.94	0.05
	EURO*	0.01	84.09	0.00	0.01	85.96	0.00
	SGD*	0.20	55.78	0.00	0.19	54.33	0.00
	USD	1.47	75.51	0.02	1.43	73.24	0.02
Advance from customers	USD	26.67	75.51	0.35	70.71	73.24	0.97
	EURO	-	-	-	0.50	85.96	0.01

\* Amount in foreign currency not presented in the financial year 2021-22 and 2020-21 due to rounding off.

**Foreign currency sensitivity**

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

Currency	(Rupees in Lakhs)			
	2021-22		2020-21	
	10% increase	10% decrease	10% increase	10% decrease
<b>Trade Receivable</b>				
USD	68.11	(68.11)	60.55	(60.55)
<b>Cash balances</b>				
AED	0.01	(0.01)	0.11	(0.11)
EURO*	0.00	(0.00)	0.00	(0.00)
SGD	0.02	(0.02)	0.02	(0.02)
USD	0.15	(0.15)	0.14	(0.14)
<b>Advance from customers</b>				
USD	2.67	(2.67)	7.07	(7.07)
EURO	0.00	-	0.05	(0.05)
<b>Impact on profit/(loss) for the year</b>	<b>65.62</b>	<b>(65.62)</b>	<b>53.70</b>	<b>(53.70)</b>
Less: Tax impact	-16.52	16.52	-13.52	13.52
<b>Impact on total equity</b>	<b>49.10</b>	<b>-49.10</b>	<b>40.18</b>	<b>-40.18</b>

\* Amount not presented in the financial year 2021-22 and 2020-21 due to rounding off.

The sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

**(ii) Interest rate risk**

The Group is not exposed to interest rate risk because the Group has borrowed funds at fixed interest rates.

**(iii) Other price risk**

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



**(c) Liquidity risk**

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

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

Financial arrangement:

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

	As at 31 March 2022		As at 31 March 2021	
	Sanctioned limit	Limit utilised	Sanctioned limit	Limit utilised
<b>SRL Limited</b>				
Cash credit facility	5,194.00	-	200.00	-
Letter of credit	75.00	-	75.00	-
Bank guarantee	330.00	73.45	450.00	133.32
	<b>5,599.00</b>	<b>73.45</b>	<b>725.00</b>	<b>133.32</b>

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

Particulars	0-1 year			Beyond 1 year			Total Amount		(Rupees in Lakhs)
			Carrying Amount			Carrying Amount			Carrying Amount
<b>31 March 2022</b>									
<b>Non Interest bearing instruments</b>									
Borrowings	-	12.21	12.21	-	12.21	12.21	-	12.21	12.21
Lease liabilities - non current	-	7,916.62	7,916.62	-	7,916.62	7,916.62	-	7,916.62	6,670.67
Payable on purchase of plant and equipment - non-current	-	321.49	321.49	-	321.49	321.49	-	321.49	321.49
Lease liabilities - current	3,123.39	-	3,123.39	-	3,123.39	3,123.39	-	3,123.39	2,436.09
Trade payables	12,931.34	-	12,931.34	-	12,931.34	12,931.34	-	12,931.34	12,931.34
Deposit from customers	1,860.58	-	1,860.58	-	1,860.58	1,860.58	-	1,860.58	1,860.58
Employee benefits payable	1,784.51	-	1,784.51	-	1,784.51	1,784.51	-	1,784.51	1,784.51
Payable on purchase of plant and equipment - current	537.58	-	537.58	-	537.58	537.58	-	537.58	537.58
Deferred purchase consideration	1,250.00	-	1,250.00	-	1,250.00	1,250.00	-	1,250.00	1,249.03
Liability against Indemnification	74.70	-	74.70	-	74.70	74.70	-	74.70	74.70
Payable to related parties	5.51	-	5.51	-	5.51	5.51	-	5.51	5.51
<b>Fixed interest bearing instruments</b>									
Borrowings	75.20	158.69	233.89	-	233.89	233.89	-	233.89	214.09
	<b>21,713.44</b>	<b>8,409.01</b>	<b>30,122.45</b>		<b>30,122.45</b>	<b>30,122.45</b>		<b>30,122.45</b>	<b>28,161.72</b>
<b>31 March 2021</b>									
<b>Non Interest bearing instruments</b>									
Borrowings	-	11.66	11.66	-	11.66	11.66	-	11.66	11.66
Lease liabilities - non current	-	4,445.73	4,445.73	-	4,445.73	4,445.73	-	4,445.73	3,970.57
Payable on purchase of plant and equipment - non-current	-	586.77	586.77	-	586.77	586.77	-	586.77	586.77
Lease liabilities - current	2,108.61	-	2,108.61	-	2,108.61	2,108.61	-	2,108.61	1,726.73
Trade payables	11,640.94	-	11,640.94	-	11,640.94	11,640.94	-	11,640.94	11,640.94
Deposit from customers	117.44	-	117.44	-	117.44	117.44	-	117.44	117.44
Employee benefits payable	1,486.46	-	1,486.46	-	1,486.46	1,486.46	-	1,486.46	1,486.46
Payable on purchase of plant and equipment - current	464.51	-	464.51	-	464.51	464.51	-	464.51	464.51
Liability against Indemnification	74.70	-	74.70	-	74.70	74.70	-	74.70	74.70
Payable to related parties	12.47	-	12.47	-	12.47	12.47	-	12.47	12.47
<b>Fixed interest bearing instruments</b>									
Deposit from customers	1,731.83	-	1,731.83	-	1,731.83	1,731.83	-	1,731.83	1,687.46
Borrowings	36.55	96.94	133.49	-	133.49	133.49	-	133.49	114.38
	<b>17,673.52</b>	<b>5,141.10</b>	<b>22,814.62</b>		<b>22,814.62</b>	<b>22,814.62</b>		<b>22,814.62</b>	<b>21,894.09</b>

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



**46. Employee Stock Option Plans**

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

Scheme	ESOP 2009			ESOP 2013			
	Equity			Equity			
Date of Board Approval	22 August 2009	30 September 2013		23 August 2013			
Date of Shareholder's approval	17 August 2009	30 September 2016 to 30 September 2018		20 September 2013			
Method of Settlement (Cash/Equity)	Equity			Equity			
Date of grant	<b>Grant I*</b> 22 August 2009	<b>Grant II</b> 30 September 2013	<b>Grant III</b> 2 November 2015	<b>Grant IV</b> 8 November 2016	<b>Grant V</b> 22 March 2017	<b>Grant VI</b> 6 May 2017	<b>Grant VII</b> 2 Aug 2017
Number of options granted	1,517,470	200,000	995,937	75,000	125,000	25,000	25,000
Number of options cancelled	849,545	134,000	724,437	75,000	125,000	25,000	25,000
Number of options exercised	154,716	66,000	-	-	-	-	-
Number of options not yet vested	-	-	-	-	-	-	-
Number of options not yet exercised	513,209	-	271,500	-	-	-	-
Vesting Period	22 August 2009 to 21 August 2012	30 September 2016 to 30 September 2018	2 November 2018 to 1 November 2020	7 November 2019 to 7 November 2021	22 March 2020 to 22 March 2022	26 May 2020 to 26 May 2022	02 August 2020 to 02 August 2022
Exercise Period up to **	21 August 2019	29 September 2022	1 November 2022	1 November 2022	1 November 2022	1 November 2022	1 November 2022
Grant value	40	201	428	674	674	674	674

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

	As at 31 March 2022		As at 31 March 2021	
	Number of Options	Weighted Average exercise price	Number of Options	Weighted Average exercise price
Outstanding at the beginning of the year	783,518	194.68	1,031,378	292.11
Granted during the year	-	-	-	-
Vested during the year	-	-	-	-
Exercised during the year	-	-	-	-
Forfeited/ Cancelled during the year	25,000	600.11	247,860	600.11
Reinstated during the year	26,191	40.00	-	-
Outstanding at the end of the year	784,709	174.24	783,518	194.68
Exercisable option at the end of the year	784,709	174.24	766,851	40.00
Weighted average remaining life (years)**	-	-	-	-
Range of exercise price	40-428	-	40-674	-

\*\* The Company has extended the exercise period of all outstanding options (Grant I, Grant III and Grant VII) till a future event occurs (i.e. exit of existing private equity investors or any other listing event). Further, as per the revised terms, employees due to retire or getting superannuated prospectively will also be entitled to exercise the options before the future event. As there is no fixed time limit for future event, weighted average remaining life of such options has not been disclosed.

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

Particulars	Grant II	Grant III	Grant IV- V	Grant VI- VII
Vesting Schedule	100%	100%	100%	100%
Stock Price (S)	201	428	674	674
Exercise Price (X)	201	428	674	674
Volatility (s)	17.41%	15.54%	15.54%	16.19%
Risk-free Rate	8.70%	7.63%	7.63%	6.95%
Expected Option Life (T)	5yrs	5yrs	5yrs	5yrs
Dividend Yield	1.00%	0.47%	0.47%	0.47%
<b>Option Value</b>	<b>66.32</b>	<b>135.30</b>	<b>213.00</b>	<b>202.61</b>
Exit/Attrition Rate	16.50%	16.50%	16.50%	16.50%
<b>Modified Option Value</b>	<b>55.38</b>	<b>112.98</b>	<b>177.86</b>	<b>169.18</b>

**Note:-**

i) The (income)/expenses arising from share-based payment transaction recognised in profit or loss as part of employee benefit expense for the year ended 31 March 2022 and 31 March 2021 were Rs. Nil and Rs.(94.29 Lakhs) respectively.

ii) \*On the date of transition to Ind AS (i.e. 1 April 2015), the Company had opted for optional exemption available under Ind AS 101 'First time adoption' and not recorded any stock option outstanding account for the options fully vested (ESOP Scheme 2009) as at transition date.

ii) In respect to 25,000 (31 March 2021: 231,000) options forfeited during the current year, amount aggregating Rs. 30.99 lakhs (31 March 2021: Rs.117.14 lakhs) has been transferred to general reserve.



**47. Operating segments**

**(a) Basis for segmentation**

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

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

**(b) Geographical information**

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

	<b>Year ended 31 March 2022 (Rupees in Lakhs)</b>	<b>Year ended 31 March 2021 (Rupees in Lakhs)</b>
<b>(i) Revenues</b>		
India (a)	153,841.25	100,019.51
<u>Other countries</u>		
Dubai	3,780.30	1,546.83
Kenya	305.32	169.17
Maldives	587.72	128.88
Nigeria	30.77	99.28
Sri Lanka	75.97	70.94
Ethiopia	81.22	48.02
Others	54.46	35.24
Total other countries (b)	4,915.76	2,098.36
<b>Total (a+b)</b> (Revenue excludes other operating income and other income)	<b>158,757.01</b>	<b>102,117.87</b>
<b>(ii) Non - current assets</b>		
	<b>As at 31 March 2022 (Rupees in Lakhs)</b>	<b>As at 31 March 2021 (Rupees in Lakhs)</b>
India	71,717.99	34,232.54
Outside India	400.59	362.79
<b>Total</b>	<b>72,118.58</b>	<b>34,595.33</b>

Non-current assts exclude deferred tax assets, income tax assets, tax paid in protest, goodwill and investments. Capital advances have been shown in India as the assets against which advances have been given shall be installed in India though they have been given to parties outside India.

**(c) Major customer**

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



**SRL LIMITED**  
**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

**48 Disclosure as per Ind AS 115 - Revenue from contracts with customers**

i) Particulars	As at	As at
	31 March 2022	31 March 2021
	(Rupees in Lakhs)	(Rupees in Lakhs)
<b>Unbilled revenue</b>	125.11	133.88
<b>Contract liabilities</b>	<b>1,347.93</b>	<b>1,064.13</b>
Advances from customers	1,036.15	815.44
Deferred revenue	64.60	96.76
Liability towards customer loyalty program	247.18	151.93

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

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

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

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

Particulars	Year ended	Year ended
	31 March 2022	31 March 2021
	(Rupees in Lakhs)	(Rupees in Lakhs)
Owned labs	121,327.58	76,303.84
Collection centre	35,540.61	24,411.24
Franchisees	1,888.82	1,402.79
<b>Total</b>	<b>158,757.01</b>	<b>102,117.87</b>



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

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro Enterprises and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at the year end has been made in the financial statements based on information received and available with the Group.

	<b>Year ended 31 March 2022 (Rupees in Lakhs)</b>	<b>Year ended 31 March 2021 (Rupees in Lakhs)</b>
The principal amount remaining unpaid as at the end of year	803.57	268.42
Interest due on above principal and remaining unpaid as at the end of the year	5.10	3.67
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.	26.58	9.33
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	31.68	13.00
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	-	-

- 50.** The Group has made detailed assessment of its liquidity position and of the recoverability and carrying values of its assets comprising Property, plant and equipment, Intangible assets, Goodwill, Trade receivables, Inventory and Investments as at the reporting period and has concluded that there are no material adjustments required in the financial statements. The management has considered the possible effects that may result from COVID-19 pandemic in preparation of its financial statements. In developing the assumptions and estimates relating to the uncertainties as at the Balance Sheet date in relation to the recoverable amounts of these assets, the Group's Management has considered the global economic conditions prevailing as at the date of approval of these financial statements. The actual outcome of these assumptions and estimates may vary in future due to the impact of the pandemic.



**SRL LIMITED**  
**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

**50A. Business combination**

- (i) During the current year, effective from April 05, 2021, the Company acquired 50% stake in DDRC SRL Diagnostics Private Limited (in which the Company's 100% subsidiary, SRL Diagnostics Private Limited, had already held 50% stake), from the joint venture partner. With the completion of this transaction, the aforesaid entity became wholly owned subsidiary of the Company. The transaction was for a consideration of Rs. 35,000 Lakhs (Rs. 32,500 Lakhs upfront and balance in two half yearly tranches of Rs. 1,250 Lakhs each on 04 October 2021 and 04 April 2022) towards acquisition of 50% stake in DDRC SRL Diagnostics Private Limited. The deferred consideration payable on 04 April 2022 has been paid subsequent to year end. The transaction is accounted as business combination and based on purchase price allocation performed, a goodwill of Rs. 41,380.74 Lakhs has been recorded.

The following table summarizes the recognised amount of assets acquired and liabilities assumed at the date of acquisition in relation to acquisition of balance 50% stake in DDRC SRL Diagnostics Private Limited :

Particulars	(Rupees in Lakhs)
	Fair Value
Property, plant and equipment	4,425.37
Right-of-use assets	597.26
Intangible Assets	73.20
Other non-current financial assets	1,368.68
Deferred tax assets (net)	308.98
Other non-current assets	251.12
Inventory	791.61
Trade and other receivables	798.58
Cash and cash equivalents	1,371.48
Current tax assets	177.17
Other assets	75.84
Lease liability	(651.01)
Provision for employee benefits	(563.23)
Trade payables	(704.27)
Other financial liabilities	(164.68)
Other liabilities	(737.43)
Customer relationships	5,733.06
Non compete	746.21
Trademarks	21,500.00
Deferred tax liability	(7,041.82)
<b>Net assets acquired</b>	<b>28,356.12</b>

With effect from 5 April 2021 (date of acquisition), DDRC has contributed Rs. 31,301.72 Lakhs and Rs. 7,373.54 Lakhs to the Group's revenue and profit before taxation respectively for the year ended 31 March 2022.

The management estimates that if the acquisition had occurred on 01 April 2021, consolidated revenue and consolidated profit before tax and other comprehensive income for the year ended 31 March 2022 would have been Rs. 160,835.77 Lakhs, Rs. 63,734.60 Lakhs and Rs. 6.39 Lakhs respectively.

**Measurement of fair values**

The valuation techniques for measurement of fair value is as follows :

**Property, plant and equipment**

Cost approach has been adopted to estimate the fair value of leasehold improvement, plant and machinery, air conditioners, medical equipments whereas for rest of the asset classes, the Group has considered their respective Net Book Values.

**Customer relationships**

The intangible asset related to customer relationships has been valued using Multi Period Excess Earnings Method ("MEEM"). Customer relationships are assumed to have a remaining useful life till FY 2036.

**Non compete**

The intangible asset related to non-compete has been valued using with or without method, which is form of the income approach. Non compete is having useful life of 3 years.

**Trademarks**

Being "DDRC" registered trademark, it has been valued using differential pricing method of the income approach. Trademarks is having indefinite useful life.



**SRL LIMITED**  
**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

**Goodwill**

Goodwill arising from acquisition has been determined as follows:

Particulars	(Rupees in Lakhs)
	Amount
Consideration	32,500.00
Deferred consideration (Rs. 25 Crores payable in two instalments)	2,368.43
<b>Total purchase consideration for 50% stake</b>	<b>34,868.43</b>
Fair value of 100% equity stake in DDRC SRL Diagnostics Private Limited - (A)	69,736.86
Fair value of net identifiable assets - (B)	28,356.12
<b>Goodwill (A)-(B)</b>	<b>41,380.74</b>

The goodwill is attributable mainly to the synergies expected to be achieved by integrating the entities into the Group's existing diagnostics business. The goodwill recognised is not expected to be deductible for income tax purposes.

**Step Acquisition**

As per Ind AS 103, in a business combination achieved in stages, the acquirer shall remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognise the resulting gain or loss, if any, in profit or loss. As SRL Limited through its 100% subsidiary, SRL Diagnostics Private Limited, was holding 50% equity interest in DDRC SRL Diagnostics Private Limited prior to the acquisition, the same has been remeasured at fair value at the acquisition date. The remeasured value is calculated as below :

Particulars	(Rupees in Lakhs)
	Amount
Fair value of 50% equity stake in DDRC SRL Diagnostics Private Limited	34,868.43
Less: Carrying value of investment in DDRC SRL Diagnostics Private Limited	4,254.17
<b>Gain on remeasurement of previously held equity interest</b>	<b>30,614.26</b>

- (ii) During the previous year, the Company entered into a business purchase agreement to acquire a lab owned by Dr. S P Singh located at Patiala for a purchase consideration of Rs. 145.50 Lakhs.

The following table summarizes the recognised amount of assets acquired:

Particulars	(Rupees in Lakhs)
	Fair Value
Trademark	40.50
Laboratory Equipments	7.52
Office Equipments	1.20
Air Conditioners	0.28
Furnitures & Fittings	0.56
Computers and accessories	0.29
<b>Net assets acquired</b>	<b>50.35</b>

**Goodwill**

Goodwill arising from acquisition has been determined as follows:

Particulars	(Rupees in Lakhs)
	Amount
Purchase consideration*	145.50
Fair value of net identifiable assets	50.35
<b>Goodwill</b>	<b>95.15</b>

\* Purchase consideration includes Rs. 105.00 lakhs for assets purchase and Rs. 40.50 lakhs for Non-compete fees classified as Trademark. Purchase consideration includes deferred consideration of Rs. 75.50 lakhs payable over a period of 27 months from the date of acquisition (i.e. 1 April 2020)

The Goodwill is attributable mainly to the synergies expected to be achieved by integrating the entities into the Company's existing diagnostic business. Considering the expected synergies in operation, it is impracticable to disclose revenue / profit or loss for the acquired lab separately. None of the goodwill recognised is deductible for income tax purposes.





**SRL LIMITED**  
**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

**51. Interest in a joint venture**

**Share of profit of joint ventures**

	Year ended 31 March 2022	Year ended 31 March 2021
	(Rupees in Lakhs)	(Rupees in Lakhs)
Share of profit of SRL Diagnostics (Nepal) Private Limited [refer note 52]	30.66	17.65
Share of profit of DDRC SRL Diagnostics Private Limited [refer note 53]	59.63	4,339.31
	<b>90.29</b>	<b>4,356.96</b>

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

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

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

	As at 31 March 2022	As at 31 March 2021
	(Rupees in Lakhs)	(Rupees in Lakhs)
Current assets	602.52	687.97
Non-current assets	275.56	120.60
Current liabilities	217.84	205.31
Non-current liabilities	22.16	26.49
<b>Net assets</b>	<b>638.08</b>	<b>576.77</b>

**The above amounts of assets and liabilities include the following:**

Cash and cash equivalents	145.04	381.65
Current financial liabilities (excluding trade payables and provisions)	4.22	3.64
Non-current financial liabilities (excluding trade payables and provisions)	3.94	4.49

	Year ended 31 March 2022	Year ended 31 March 2021
	(Rupees in Lakhs)	(Rupees in Lakhs)
Revenue	805.56	562.11
Profit for the year	61.31	35.30
Total comprehensive income for the year	<b>61.31</b>	<b>35.30</b>
Proportion of group ownership interest in joint venture	50%	50%
<b>Group's net share of result of joint venture</b>	<b>30.66</b>	<b>17.65</b>

**The above profit for the year includes the following:**

Depreciation and amortisation	43.41	22.75
Other income	10.05	17.88
Interest expense	-	0.96
Income tax expense (including deferred tax assets)	23.57	8.73

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

	As at 31 March 2022	As at 31 March 2021
	(Rupees in Lakhs)	(Rupees in Lakhs)
Net assets of joint venture	638.08	576.77
Proportion of company's ownership interest in joint venture	50%	50%
Carrying amount of company's interest in the joint venture	<b>319.04</b>	<b>288.38</b>



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

During the current year, the Group has acquired 50% equity stake equivalent to 2,50,000 equity shares in 'DDRC SRL Diagnostics Private Limited' (DDRC SRL), for a cash consideration of Rs. 35,000 lakhs. The said transaction was consummated on 05 April 2021. Post this acquisition, DDRC SRL has become a wholly owned subsidiary of SRL Limited.

Summarised financial information in respect of the joint venture is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements as on 04 April 2021 prepared in accordance with Ind ASs adjusted by the Group for equity accounting purposes.

	<b>As at 04 April 2021</b>	<b>As at 31 March 2021</b>
	<b>(Rupees in Lakhs)</b>	<b>(Rupees in Lakhs)</b>
Current assets	3,223.24	4,736.14
Non-current assets	7,207.34	7,218.02
Goodwill arising on acquisition of joint venture	898.38	898.38
Current liabilities	1,768.75	1,255.53
Non-current liabilities	1,051.87	998.82
<b>Net assets</b>	<b>8,508.35</b>	<b>10,598.18</b>

**The above amounts of assets and liabilities include the following:**

Cash and cash equivalents	1,371.48	2,857.55
Current financial liabilities (excluding trade payables and provisions)	199.30	199.30
Non-current financial liabilities (excluding trade payables and provisions)	488.64	490.61

	<b>1 April to 4 April 2021</b>	<b>Year ended 31 March 2021</b>
	<b>(Rupees in Lakhs)</b>	<b>(Rupees in Lakhs)</b>
Revenue	344.65	30,174.22
Profit	119.26	8,678.61
Proportion of group ownership interest in joint venture	50%	50%
<b>Share in profit of joint venture</b>	<b>59.63</b>	<b>4,339.31</b>
Less:- Dividends received from the joint venture during the year	(1,104.55)	(2,800.00)
<b>Group's net share of profit/ (loss) of joint venture (A)</b>	<b>(1,044.91)</b>	<b>1,539.31</b>

**Share in other comprehensive income of joint venture**

(a) Remeasurements of the defined benefit plans of joint ventures	-	8.07
(b) Income tax on remeasurements of the defined benefit plans of joint ventures	-	(2.03)
<b>Group's share in other comprehensive income of joint venture (B)</b>	<b>-</b>	<b>6.04</b>

**Group's total share of result of joint venture (A+B)**

	<b>(1,044.91)</b>	<b>1,545.34</b>
--	-------------------	-----------------

**The above profit for the year includes the following:**

Depreciation and amortisation	12.01	1,182.00
Other income	0.09	85.47
Finance costs	0.74	150.92
Income tax expense (including deferred tax)	39.59	2,864.46

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

	<b>As at 04 April 2021</b>	<b>As at 31 March 2021</b>
	<b>(Rupees in Lakhs)</b>	<b>(Rupees in Lakhs)</b>
Net assets of joint venture	8,508.35	10,598.18
Proportion of company's ownership interest in joint venture	50%	50%
<b>Carrying amount of company's interest in the joint venture</b>	<b>4,254.17</b>	<b>5,299.09</b>

**Contingent liabilities:**

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

	<b>As at 31 March 2021</b>
	<b>(Rupees in lakhs)</b>
a. Disputed income tax demands	427.05
b. Disputed VAT demands	1.51
c. Payment of bonus as per the payment of bonus (amendment) Act, 2015	15.54
d. Others	10.16



**SRL LIMITED**  
NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

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

(a) As at and for the year ended 31 March 2022

Name of the entity in the Group	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Rupees in Lakhs	As % of consolidated profit or loss	Rupees in Lakhs	As % of consolidated other comprehensive income	Rupees in Lakhs	As % of total comprehensive income	Rupees in Lakhs
<b>Parent</b>								
SRL Limited	71.27%	133,001.26	28.41%	15,756.65	902.82%	57.69	28.51%	15,814.34
<b>Subsidiaries (Group's share)</b>								
<b>Indian</b>								
SRL Diagnostics Private Limited	5.95%	11,106.17	8.51%	4,721.08	543.82%	34.75	8.57%	4,755.83
SRL Reach Limited	-0.04%	(67.54)	0.00%	1.55	-15.96%	(1.02)	0.00%	0.53
DDRC SRL Diagnostics Private Limited (from 5 April 2021)	7.85%	14,656.25	13.29%	7,373.54	-366.67%	(23.43)	13.25%	7,350.11
<b>Foreign</b>								
SRL Diagnostics FZ-LLC	-0.40%	(742.26)	2.24%	1,243.51	-964.01%	(61.60)	2.13%	1,181.91
<b>Joint Venture (Investment as per the equity method)</b>								
<b>Indian</b>								
DDRC SRL Diagnostics Private Limited (upto 4 April 2021)	-	-	0.11%	59.63	-	-	0.11%	59.63
<b>Foreign</b>								
SRL Diagnostics Nepal Private Limited	0.17%	319.04	0.06%	30.66	-	-	0.06%	30.66
Consolidation adjustments	15.19%	28,342.54	47.38%	26,284.23	-	-	47.38%	26,284.23
<b>Total</b>	<b>100.00%</b>	<b>186,615.46</b>	<b>100.00%</b>	<b>55,470.85</b>	<b>100.00%</b>	<b>6.39</b>	<b>100.00%</b>	<b>55,477.24</b>

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



**SRL LIMITED**  
**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

**54. Disclosure of additional information as required by Schedule III:**

(b) As at and for the year ended 31 March 2021

Name of the entity in the Group	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Rupees in Lakhs	As % of consolidated profit or loss	Rupees in Lakhs	As % of consolidated other comprehensive income	Rupees in Lakhs	As % of total comprehensive income	Rupees in Lakhs
<b>Parent</b>								
SRL Limited	89.36%	117,186.92	70.43%	9,244.21	-133.21%	(73.17)	69.59%	9,171.03
<b>Subsidiaries (Group's share)</b>								
<b>Indian</b>								
SRL Diagnostics Private Limited	7.82%	10,255.11	33.25%	4,363.62	126.17%	69.30	33.64%	4,432.92
SRL Reach Limited	-0.05%	(68.07)	-1.58%	(207.10)	2.04%	1.12	-1.56%	(205.98)
<b>Foreign</b>								
SRL Diagnostics FZ-LLC	-1.47%	(1,924.17)	-11.66%	(1,530.33)	94.00%	51.63	-11.22%	(1,478.70)
<b>Joint Ventures (Investments as per the equity method) (Refer (iii) below)</b>								
<b>Indian</b>								
DDRC SRL Diagnostics Private Limited	4.04%	5,299.09	33.06%	4,339.31	11.00%	6.04	32.97%	4,345.35
<b>Foreign</b>								
SRL Diagnostics Nepal Private Limited	0.22%	288.38	0.13%	17.65	-	-	0.13%	17.65
Consolidation adjustments	0.08%	100.95	-23.64%	(3,102.84)	-	-	-23.54%	(3,102.84)
<b>Total</b>	<b>100.00%</b>	<b>131,138.22</b>	<b>100.00%</b>	<b>13,124.53</b>	<b>100.00%</b>	<b>54.92</b>	<b>100.00%</b>	<b>13,179.44</b>

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



**SRL LIMITED**  
**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

**55. Additional notes**

(i) The Group does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

(ii) The Group do not have any transactions with companies struck off under section 248 of the Companies Act, 2013.

(iii) The Group do not have any charges or satisfaction which is yet to be registered with Registrar of Companies (ROC) beyond the statutory period.

(iv) The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(v) No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Group to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Group (Ultimate Beneficiaries). The Group has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Group ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(vi) The Group has not entered any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

(vii) The Group has not granted any loans or advances in the nature of loans to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013) either severally or jointly with any other person that are repayable on demand or without specifying any terms or period of repayment except loan given by SRL Limited ("the holding company") to SRL Diagnostics Private Limited ("wholly owned subsidiary") amounting to Rs. 7,700 lakhs which is repayable on demand.

(viii) The Group has used the borrowings from banks and financial institutions for the specific purpose for which it was taken.

(ix) The Group has fund based working capital facility limits sanctioned by banks or financial institutions on the basis of security of current assets and has filed necessary statements with such banks or financial institutions which are in agreement with the books of account.

**55A.** Following figures of previous year have been reclassified to conform to the current year's classification/ disclosure pursuant to recent amendments in schedule III:

			(Rs. in Lakhs)
Balance sheet	Classification as per previous year financials	Classification as per Current year financials	Amount
Security deposits (Non current)	Loans (Non current)	Other financial assets (Non current)	960.33
Security deposits (Current)	Loans (Current)	Other financial assets (Current)	416.55
Borrowings (Current)	Other financial liabilities	Current borrowings	28.30

**55B.** The Board of Directors, at its meeting on 20 May 2022, recommended a dividend at the rate of Rs. 4.75 per equity share on 784.26 lakh shares having face value of Rs. 10 each (fully paid up) for the financial year ended March 31, 2022. This payment is subject to the approval of shareholders in the Annual General Meeting (AGM) of the Company and if approved, would result in a net cash outflow of approximately Rs. 3,725.21 lakhs.



**56. Investigation initiated by the erstwhile Audit and Risk Management Committee of Fortis Healthcare Limited ("Parent Company" or "FHL")**

- (a) As disclosed in the financial statements for the years ended March 31, 2018, March 31, 2019, March 31, 2020 and March 31, 2021, during the year ended March 31 2018, there were reports in the media and enquiries from, inter alia, the stock exchanges received by the Parent Company about certain inter-corporate loans given by a wholly owned subsidiary of the Parent Company. The erstwhile Audit and Risk Management Committee of the Parent Company decided to carry out an independent investigation through an external legal firm on this matter. The terms of reference of the investigation, inter alia, comprised: (i) ICDs amounting to a total of Rupees 49,414 lacs (principal), placed by the Parent Company's wholly-owned subsidiary, FHSL, with three borrowing companies as on July 1, 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 ; (iii) review of intra-group transactions for the period commencing FY 2014-15 and ending on December 31, 2017; (iv) investments made in certain overseas funds by the overseas subsidiaries of the Parent Company (i.e. Fortis Asia Healthcare Pte. Ltd, Singapore and Fortis Global Healthcare (Mauritius) Limited) ; (v) certain other transactions involving acquisition of Fortis Healthstaff Limited ("Fortis Healthstaff") from an erstwhile promoter group company, and subsequent repayment of loan by said subsidiary to the erstwhile promoter group company. The investigation report of which was submitted to the re-constituted Board of Parent Company in June 2018.

The investigation noted certain significant findings in relation to past transactions concerning FHL and its subsidiaries with companies whose current and/ or past promoters/ directors were known to/ connected with the erstwhile promoters of the Parent Company. All such identified transactions were provided for by the Parent Company and its subsidiaries in the financial statements for the year ended March 31 2018.

The investigation was subject to the limitations on the information available to the external legal firm and their qualifications and disclaimers as described in their investigation report. It did not cover all related party transactions during the period under investigation. It was observed in internal correspondence within the Parent Company that transactions with certain other entities have been referred to as related party transactions. However, no further conclusions could be drawn in this regard.

- (b) Related party relationships as required under Ind AS 24 – Related Party Disclosures and the Companies Act, 2013 were as identified by the Management taking into account the findings and limitations in the Investigation Report and the information available with the Management. In this regard, in the absence of specific declarations from the erstwhile directors on their compliance with disclosures of related parties, especially considering the substance of the relationship rather than the legal form, the related parties were identified based on the declarations by the erstwhile directors and the information available through the known shareholding pattern in the entities up to March 31, 2018. Therefore, the possibility could not have been ruled out that there may have been additional related parties whose relationship may not have been disclosed and, hence, not known to the Management. While such references could not be fully analyzed during the initial investigation, the nature of these references raised certain concerns.

In order to overcome the above, the Parent Company's Board of Directors initiated additional procedures/ enquiries of certain entities in the Fortis Group that were impacted in respect of the matters investigated by the external legal firm. Pending the additional procedures/enquiries ("Additional Procedures/ Enquiries") and since the investigation was subject to the limitations on the information available to the external legal firm and their qualifications and disclaimers as described in their investigation report, as disclosed in the audited financial statements for the years ended March 31, 2018, March 31, 2019, March 31, 2020 and March 31, 2021; certain audit qualifications were made in respect of Parent Company and its Subsidiaries (including the company's) financial statements for those financial years, as the statutory auditors were unable to comment on the nature of those matters, the provisions established thereof, or any further potential impact on the financial statements.

In order to resolve the same, the Board of the Parent Company mandated the management to undertake review of certain areas in relation to historical transactions for the period April 1, 2014 to September 30, 2018 involving additional matters by engaging independent experts with specialized forensic skills to assist with the Additional Procedures/Enquiries and provide inputs and expert advice in connection therewith. The independent experts submitted their report which was discussed and considered by the Board of the Parent Company in its meeting held on September 16, 2020.

The Board of Company and its subsidiaries noted that the Additional Procedures/Enquiries had not revealed any further instances of improper transactions which had not been expensed or provided in earlier years.

In connection with the potentially improper transactions, the Parent Company has undertaken a detailed review to assess it's legal rights and has initiated necessary action.



**SRL LIMITED**  
**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

**(c) Key findings during the investigation by the external legal firm and during the Additional Procedures/Enquiries by independent experts**

In July 2017 a Memorandum of Understanding (MoU) was entered between SRL Limited (SRL or 'Company') and a body corporate (Dignity) for lease of a office space, which were amended on different dates. The Company had paid Rs. 460 Lakhs towards security deposit and fit-outs/ interior decoration to the body corporate, which was refundable on either expiry of the term of the MoU or its earlier termination. In addition, the Company has incurred Rs. 315.20 Lakhs on the said proposed office space as capital expenditure/ advance paid, to other third party vendors. The validity of MoU was extended until 31 March, 2018.

The MoU was not extended further and the Company asked the Body Corporate to refund the amounts, due as per the MoU. The party had provided the Company with two post-dated cheques for Rs. 460 Lakhs which were banked on 13 June, 2018 by the Company, but were returned from the bank with the comment "refer to drawer". As the amounts were not received, the Company has served legal notice on 3 July 2018 under Section 138 of the Negotiable Instrument Act against the body corporate. Complaint under Negotiable Instruments Act, 1881 has been filed against Dignity, its Directors and authorized signatories" (Dignity officers) before Metropolitan Magistrate Court, Mumbai ("Hon'ble Court") in August 2018. The matter is currently pending with Hon'ble Court for further proceeding. The company has also initiated arbitration proceeding against the body corporate for recovery of Rs.460 Lakhs paid towards security deposit and Rs.304 Lakhs incurred pertaining to the office space. Vide order dated February 20, 2019 Hon'ble Delhi High Court appointed an arbitrator before whom company has filed its claim. Further, the company have filed their respective claims before Interim Resolution Professional (IRP) appointed by NCLT in a matter filed by one of creditors of body corporate. IRP is currently adjudicating the claims of various creditors of the body corporate including that of the company.

In view of the facts stated above and the uncertainty in the ultimate recovery of the aforesaid balances, the Company had recorded provisions aggregating to Rs. 775.20 lakhs in these Consolidated Financial Statements.

SFIO has sought information in respect of this transaction from Parent Company and the same has been duly provided by the Parent Company. Further, a complaint has been filed by the Parent Company and Fortis Hospitals Limited (FHsL) with the EOW in November 2020 against it's ex-promoters and their related entities for certain matters including the aforesaid matter. EOW is investigating the matter.

Based on investigation carried by the external legal firm and the additional procedures/enquiries by independent experts, all identified/required adjustments/disclosures have been made in the financial statements of the Company. The Parent Company has also submitted findings of the Investigation Report of the external legal firm and the additional procedures/ enquiries by independent experts to the relevant regulatory authorities. Further, on certain aspects, the Parent Company and FHsL have also filed a complaint with the EOW against the erstwhile promoters/ erstwhile promoter group companies and EOW is investigating the matter. Recovery /claim proceedings have also been initiated in the matters where action was recommended by the legal counsels.

Therefore, with this conclusion, the initial investigation initiated by the erstwhile ARMC, which was subject to the limitations on the information available to the external legal firm and their qualifications and disclaimers has been addressed through the additional procedures/enquiries by independent experts. In addition, the reconstituted Board of the Parent Company had initiated specific improvement projects to strengthen the process and control environment. The projects included revision of authority levels, both operational and financial and oversight of the Board, review of Financial Reporting processes, assessment of secretarial documentation w.r.t compliance with regulatory requirements and systems design & control enhancement for which the assessment work was done and corrective action plans were implemented.

Accordingly, the Board of the Parent Company has taken necessary actions in consultation with the legal counsels in this regard. The investigations in so far as these issues involving the erstwhile promoters/ erstwhile promoter group companies is concerned are still pending with the regulatory authorities. The management of the Company also believes that if any action is initiated by regulatory authorities against the Company, the same should not have a significant material impact on the Company as all items which may have financial impact have already been provided for in earlier years. The Company would fully co-operate with the regulatory authorities in this regard.



**SRL LIMITED**  
**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

**57. Matters in relation to Regulatory Authorities**

- (a) During financial year 2017-18, the Parent Company received a communication from the Securities and Exchange Board of India (SEBI), stating that an investigation has been instituted by it in the matter of the Parent Company. In the said investigation, SEBI requisitioned from the Parent Company certain information and documents relating to short term investments of approximately INR 473 Crores given by a wholly owned subsidiary Fortis Hospitals Limited ("FHsL") of the Parent Company, which had been reported in media. Subsequently, a Show-Cause Notice (SCN -1) was issued by SEBI to various entities including the Parent Company, FHsL on November 20, 2020 with certain allegations. In response, a joint representation/reply was filed by the Parent Company and FHsL on December 28, 2020 praying for quashing of the SCN on various grounds.

In the joint representation/reply, the Parent Company and FHsL have submitted that they were in fact the victims of the wrongdoings of the Erstwhile Promoters of the Parent Company (Malvinder Mohan Singh and Shivinder Mohan Singh) and that victims ought not to be punished for the acts and offences of the wrongdoers. Further, the Parent Company and FHsL have submitted that the Erstwhile Promoters controlled the affairs of the Parent Company and FHsL at the time when the acts forming the subject matter of the SCN happened. The Erstwhile Promoters are no longer associated with the Parent Company and a new promoter (i.e. NTK Venture Pte. Ltd.) has assumed control of the Parent Company with the approval of the Competition Commission of India and SEBI (which has approved the open offer process triggered by the change in control). Further, various legal actions have been initiated against the Erstwhile Promoters and several steps have been taken in order to recover the diverted amounts. As such, any adverse orders against the Parent Company and FHsL would harm their existing shareholders, employees and creditors. Oral submissions in response to the SCN were made before the SEBI, Whole Time Member on January 20, 2021, and a written synopsis of the same was filed.

On April 09, 2021, SEBI issued another Show cause notice to various parties including Escorts Heart Institute and Research Centre Limited, a subsidiary of the Parent Company. In the said show cause notice, with respect to EHIRCL, it has been alleged that Rupees 567 crore was lent by the Parent Company to EHIRCL in 2011, which was subsequently transferred by EHIRCL to Lowe Infra and Wellness Private Limited ("Lowe") in multiple transactions for the purchase of a land parcel. This land parcel, which was allegedly indirectly to be acquired by the Parent Company through its subsidiary EHIRCL and another entity Lowe, was then transferred to RHC Holdings Private Limited ("RHC Holdings"). It has been stated in the said Show cause notice that a structured rotation of funds was carried out to portray that the loan extended by the Parent Company for the purchase of land had been paid back with interest in the year 2011. It is alleged that the Parent Company was actually paid back by RHC Holding over a period of four years ending on July 31, 2015. In this respect, the Parent Company and FHsL funds were allegedly routed through various layers in order to camouflage the transactions, and to circumvent legal provisions with respect to related party transactions.

Subsequent to year end, SEBI has passed an order dated April 19, 2022 w.r.t SCN -1 and directed the Parent Company & FHsL to pursue the measures taken to recover the amount along with the interest from erstwhile Promoters & Audit Committee of Parent Company to regularly monitor the progress of such measures and report the same to Board of Directors at regular intervals. In respect to SCN-2, SEBI passed an order dated May 18, 2022. Based on the aforesaid allegations and actions taken by the Parent Company against the erstwhile promoters and related entities, SEBI has imposed a penalty of Rs 100 lacs, Rs 50 lacs and Rs. 100 lacs on Parent Company, FHsL and EHIRCL respectively. Lawyers are evaluating the outcome, implications and next steps with respect to these orders. No such notice has been received from SEBI by Company or its subsidiaries.

- (b) During year ended March 31, 2018, the Registrar of Companies (ROC) under section 206(1) of the Companies Act, 2013, inter alia, had sought information in relation to the Parent Company. All requisite information in this regard has been duly shared by the Parent Company with the ROC.
- (c) The Serious Fraud Investigation Office (SFIO) of the Ministry of Corporate Affairs, under section 217(1)(a) of the Companies Act, 2013, inter alia, initiated an investigation and sought information in relation to the Parent Company, its subsidiaries (including the Company), joint ventures and associates. The Parent Company and the Company has submitted requisite information in this regard with SFIO, as requested from time to time. The outcome of the SFIO investigation cannot be ascertained as of now keeping in view the present stage of investigation.

The Investigation Report of the external legal firm was submitted by the Parent Company to the SEBI, and SFIO on June 12, 2018. Further, the Parent Company has filed complaints in the EOW against its ex- promoters and their related entities. A copy of the report of the additional procedures/ enquiries done by the independent expert have also been submitted to SEBI and SFIO on November 10, 2020.

The Parent Company, it's subsidiaries (including the company) are co-operating with the regulators in relation to the ongoing investigations to enable them to make their determination on these matters and to undertake remedial action, as may be required, and to ensure compliance with applicable laws and regulations. As per the management and in consultation with external legal counsel it is believed that the likelihood of additional impact, if any, is low and is not expected to be material.





**SRL LIMITED**  
**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

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

A party ("Assignee" or "Plaintiff") has filed a Civil Suit before the District Court, Delhi in February 2018 against various group entities (together "the defendants") and have, inter alia, claimed implied ownerships of brands "SRL" ("Fortis" and "La-Femme" of the Parent company) in addition to certain financial claims and for passing a decree that consequent to a term sheet dated 6 December 2017 ("Term sheet") between the defendants and a third party, the defendants are liable for claims owed by the Plaintiff to the third Party. In connection with this, the District Court passed an ex-parte order directing that any transaction undertaken by defendants, in favour of any other party, affecting the interest of the Plaintiff shall be subject to orders passed in the said suit. The above referred Third Party has sought to be substituted as a Plaintiff in the District Court proceedings. (also refer note 56).

The Parent Company has filed written statement denying all allegations made against it and prayed for dismissal of the Civil Suit on various legal and factual grounds. The Parent Company has in its written statement also stated that it has not signed the alleged Term Sheet with the third Party. The matter is pending adjudication before District Court, Delhi. This third party has approached Delhi High Court for seeking certain interim reliefs against the Company under the provisions of The Arbitration and Conciliation Act, 1996. This third party had also filed a claim for damages and injunctive reliefs against the Parent Company before International Chamber of Commerce (ICC). The Parent Company has invited the attention of ICC to the aforesaid pending litigations before various Courts and non-maintainability of claim raised by said third party. Proceedings before Delhi High Court have been withdrawn by Third Party on February 24, 2020. Further, arbitration before ICC has also been withdrawn by third Party on February 23, 2020 and the same has been closed by ICC on February 28, 2020.

During the year ended 31 March 2022, another Party, claiming to be one of the assignee of Third Party has filed a case against 28 named defendants, including the Parent Company and its ultimate parent Company IHH, and 21 non-party defendants, including the Company in the United States District Court, District of New Jersey, USA. Notice of the case has not yet been served on the Parent Company under the Hague Convention on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters. In December 2021, a notice of this case was served to IHH which was subsequently disclosed by it to Bursa Stock Exchange, Malaysia. Parent Company is given to understand that the case has been filed for alleged violation of, inter-alia, the U.S. Racketeer, Influenced and Corrupt Organizations Act, copyright infringement, tortious interference with contracts, etc. and Party has claimed damages in excess of USD 6.5 billion against all the defendants. Parent Company has made disclosure about this case to stock exchange. It has also sought legal advice and will pray for dismissal of this case, as and when served.

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

Separately, the third party has also alleged rights to invest in the Parent Company. It has also alleged failure on part of the Parent Company to abide by the aforementioned Term Sheet and has claimed ownership over the brands as well. Subsequently, an application has been filed in the civil suit, seeking substitution of its name in place of Plaintiff/Assignee.

Allegations made by the third party has been duly responded to by the Parent Company denying (i) execution of any binding agreement with the Party and (ii) liability of any kind whatsoever. The matter is pending adjudication before District Court, Delhi. The Parent Company has also filed an application for perjury against the third Party and certain other persons before the Hon'ble High Court of Delhi which has issued notice to them.

During the quarter ended September 30, 2020, an application was filed by the Parent Company before the Hon'ble Supreme Court of India, praying for permission to it and its subsidiaries for changing their respective names, brands and logos; and for continued usage of the same if the said application was not disposed of prior to expiry of the term of the Brand License Agreement to allow adequate time for smooth Brand transition without any disruption to business. Subsequent to the year end, the Brand license Agreement has expired. The Parent Company and the Company are awaiting order(s) of the Hon'ble Supreme court.

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

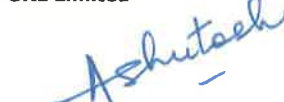
**For B S R & Co. LLP**  
Chartered Accountants  
ICAI Firm's Registration No.:101248W/W-100022



**Rajesh Arora**  
Partner  
Membership Number: 076124

Place: Gurugram  
Date : 20 May 2022

For and on behalf of the Board of Directors of  
**SRL Limited**



**Dr. Ashutosh Raghuvanshi**  
Director  
DIN:02775637

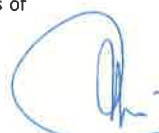


**Anand K**  
Chief Executive Officer



**Murlee Manohar Jain**  
Company Secretary

Place: Gurugram  
Date : 20 May 2022



**Srinivas Chidambaram**  
Director  
DIN:00514665



**Mangesh Shirodkar**  
Chief Financial Officer

