

**INDEPENDENT AUDITOR'S REPORT  
To The Members of SRL Reach Limited  
Report on the Ind AS Financial Statements**

We have audited the accompanying Ind AS financial statements of SRL Reach Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information

**Management's Responsibility for the Ind AS Financial Statements**

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

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

**Auditor's Responsibility**

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

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

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

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

We believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.



## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2017, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, 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.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
  - d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 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 over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company does not have any pending litigations which would impact its financial position. Refer note 32 to financials statements.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; Refer note 32 to financials statements.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; Refer note 32 to financials statements.
    - iv. The Company has provided requisite disclosures in the Ind AS financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8 November 2016 of the Ministry of Finance, during the period from 8 November 2016 to 30 December 2016. Based on audit procedures performed and the representations provided to us by the management



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we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management. Refer note 38 to financials statements.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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



**RASHIM TANDON**

Partner

Membership No. 095540

Gurugram  
30 May 2017  
RT/JB/2017



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

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

We have audited the internal financial controls over financial reporting of SRL Reach Limited ("the Company") as of 31 March 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

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

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

**Auditor's Responsibility**

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

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

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

**Meaning of Internal Financial Controls Over Financial Reporting**

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



# Deloitte Haskins & Sells LLP

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

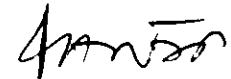
## **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

## **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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



**RASHIM TANDON**  
Partner  
Membership No. 095540

Gurugram  
30 May 2017  
RT/JB/2017



## ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

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

- (i) In respect of its fixed assets:
  - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - c) According to the information and explanations given to us and the records examined by us, the Company does not have any immovable property as at 31 March 2017. Hence, reporting under clause (i)(c) of the CARO 2016 Order is not applicable.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.
- (iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits under the provisions of Section 73 to Section 76 of the Companies Act, 2013 during the year. Hence, the provisions of clause (v) of the CARO 2016 are not applicable to the Company.
- (vi) According to the information and explanations given to us, maintenance of cost records pursuant to the Companies (Cost Records and Audit) Rules, 2014 as amended and prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013 is not applicable to the Company.
- (vii) According to the information and explanations given to us in respect of statutory dues:
  - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Work Contract tax, Professional Tax, Value Added Tax and Cess with the authorities during the year and that there are no undisputed amount in respect of these dues which have remained outstanding as at 31 March 2017 for a period of more than 6 months from the date they became payable.

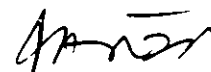
We are informed that the operations of the company does not give rise to any liability for Excise duty, Customs Duty, Service Tax and Sales Tax.
  - (b) We are informed that there are no dues in respect of Income-tax and Value Added Tax as at 31 March 2017 which have not been deposited on account of any disputes.
- (viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of CARO 2016 is not applicable to the Company.



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- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not paid/ provided any managerial remuneration in accordance with the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or associate company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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



**RASHIM TANDON**  
Partner  
Membership No. 095540

Gurugram  
30 May 2017  
RT/JB/2017



**SRL REACH LIMITED**  
**BALANCE SHEET AS AT 31 MARCH 2017**

A ASSETS	Notes	As at 31 March 2017 (Rupees in '000)	As at 31 March 2016 (Rupees in '000)
<b>1 Non-current assets</b>			
(a) Property, plant and equipment	5	21,673.09	21,821.78
(b) Capital work-in-progress	5	2,081.43	1,669.31
(c) Intangible assets	6	1,613.42	2,474.85
(d) Financial assets			
(i) Other financial assets	7	100.00	100.00
(e) Other non-current assets	8	17.05	1,245.48
<b>Total non-current assets</b>		<b>25,484.99</b>	<b>27,311.42</b>
<b>2 Current assets</b>			
(a) Inventories	9	3,694.44	1,615.23
(b) Financial assets			
(i) Trade receivables	10	26,896.92	103.78
(ii) Cash and cash equivalents	11	5,713.18	1,269.61
(iii) Other financial assets	12	95.98	106.58
(c) Other current assets	13	417.02	33.44
<b>Total current assets</b>		<b>36,817.54</b>	<b>3,128.64</b>
<b>Total assets (1+2)</b>		<b>62,302.53</b>	<b>30,440.06</b>
<b>B EQUITY AND LIABILITIES</b>			
<b>1 Equity</b>			
(a) Equity share capital	14	80,000.00	500.00
(b) Other equity	15	(46,627.66)	(31,575.50)
<b>Total equity</b>		<b>33,372.34</b>	<b>(31,075.50)</b>
<b>2 Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	16	10,000.00	50,000.00
(b) Provisions	17	309.40	119.15
<b>Total non-current liabilities</b>		<b>10,309.40</b>	<b>50,119.15</b>
<b>3 Current liabilities</b>			
(a) Financial liabilities			
(i) Trade payables	18	15,903.19	3,882.67
(ii) Other financial liabilities	19	1,530.26	6,797.09
(b) Other current liabilities	20	427.75	486.32
(c) Provisions	21	759.59	230.33
<b>Total current liabilities</b>		<b>18,620.79</b>	<b>11,396.41</b>
<b>Total equity and liabilities (1+2+3)</b>		<b>62,302.53</b>	<b>30,440.06</b>

See accompanying notes to the financial statements

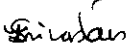
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In terms of our report attached

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

  
**RASHIM TANDON**  
Partner  
Membership Number: 095540

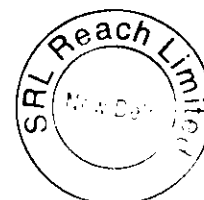
  
**KALYANA SUNDARAM SRIVASTAVA**  
Director  
DIN: 07322325

  
**SAURABH CHADHA**  
Director  
DIN: 05119073

Gurugram  
30 May 2017

  
**MOHIT TIWARI**  
Company Secretary

Gurugram  
29 May 2017





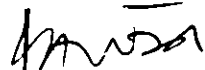
**SRL REACH LIMITED**  
**STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2017**

	Notes	Year ended 31 March 2017 (Rupees in '000')	Year ended 31 March 2016 (Rupees in '000')
1. Revenue from operations	22	61,036.09	10,551.60
2. Other income	23	205.11	21.87
<b>3. Total income (1+2)</b>		<b>61,241.20</b>	<b>10,573.47</b>
<b>4. EXPENSES</b>			
(a) Cost of materials consumed	24	17,217.91	5,612.30
(b) Cost of tests outsourced		8,771.23	1,143.16
(c) Employee benefits expense	25	14,946.36	9,105.41
(d) Finance costs	26	2,586.24	3,459.96
(e) Depreciation and amortisation expense	27	4,085.20	2,607.36
(f) Other expenses	28	28,739.36	20,220.78
<b>Total expenses</b>		<b>76,346.30</b>	<b>42,148.97</b>
<b>5. Loss before tax (3-4)</b>		<b>(15,105.10)</b>	<b>(31,575.50)</b>
<b>6. Tax expense</b>			
(a) Current tax		-	-
(b) Deferred tax		-	-
<b>Total tax expenses</b>		<b>-</b>	<b>-</b>
<b>7. Loss for the period (5-6)</b>		<b>(15,105.10)</b>	<b>(31,575.50)</b>
<b>Other comprehensive income</b>			
(a) Items that will not be reclassified to profit or loss			
(i) Remeasurements of the defined benefit liabilities		52.94	-
<b>8. Total other comprehensive income</b>		<b>52.94</b>	<b>-</b>
<b>9 Total comprehensive income for the period (7+8)</b>		<b>(15,052.16)</b>	<b>(31,575.50)</b>
<b>10. Earnings per equity share:</b>			
(a) Basic and diluted	29	(2.92)	(687.89)

See accompanying notes forming part of the financial statements 1-40

In terms of our report attached

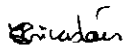
For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants

  
**RASHIM TANDON**  
Partner  
Membership Number: 095540

Gurugram  
30 May 2017



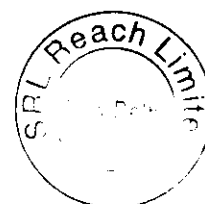
FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

  
**KALYANA SUNDARAM SRIVASTAVA**  
Director  
DIN: 07322325

  
**SAURABH CHADHA**  
Director  
DIN: 05119073

  
**MOHIT TIWARI**  
Company Secretary

Gurugram  
29 May 2017



**SRL REACH LIMITED**  
**STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH 2017**

	Notes	Year ended 31 March 2017 (Rupees in '000')	Period ended 31 March 2016 (Rupees in '000')
<b>1. Cash flows from operating activities</b>			
Loss before tax		(15,105.10)	(31,575.50)
<b>Adjustment to reconcile profit before tax to net cash flows:</b>			
Depreciation and amortization expense	27	4,085.20	2,607.36
Profit on sale of profit on sale of property, plant & equipment (net)	23	(26.88)	-
Interest expense	26	2,574.24	3,437.00
Remeasurements of the defined benefit liabilities	33	52.94	-
Interest income	23	(178.23)	(3.53)
<b>Operating profit before working capital changes</b>		<b>(8,597.83)</b>	<b>(25,534.67)</b>
<b>Movements in working capital:</b>			
(Increase) in inventories		(2,079.22)	(1,615.23)
(Increase) in trade receivables		(26,793.13)	(103.78)
(Increase) in loans and advances- Short term		(382.36)	(136.49)
Increase/(Decrease) in liabilities and provisions		2,202.52	(358,964.53)
<b>Cash generated used in operations</b>		<b>(35,650.02)</b>	<b>(386,354.70)</b>
Direct taxes paid		-	-
<b>Net cash used in operating activities</b>		<b>(35,650.02)</b>	<b>(386,354.70)</b>
<b>2. Cash flows from investing activities</b>			
Interest received		170.55	-
Fixed deposits (with maturity more than three months) (net)		-	(100.00)
Purchase of fixed assets		(2,264.58)	(29,451.69)
Proceeds from sale of fixed assets		113.38	-
<b>Net cash used in investing activities</b>		<b>(1,980.65)</b>	<b>(29,551.69)</b>
<b>3. Cash flows from financing activities</b>			
Proceeds of long term borrowings		-	50,000.00
Repayment of long term borrowings		(40,000.00)	-
Interest paid	26	2,574.24	366,676.00
Proceeds from issue of equity share capital (including securities premium)	14	79,500.00	500.00
<b>Cash generated from financing activities</b>		<b>42,074.24</b>	<b>417,176.00</b>
<b>4. Net increase in cash and cash equivalents [1+2+3]</b>		<b>4,443.57</b>	<b>1,269.61</b>
<b>5. Cash and cash equivalents at the beginning of the year</b>	11	1,269.61	-
<b>6. Cash and cash equivalents at the end of the year [4+5]</b>		<b>5,713.18</b>	<b>1,269.61</b>
<b>Components of cash and cash equivalents</b>			
Cash on hand	11	414.67	400.40
-On current accounts	11	5,298.51	869.21
Cash and bank balances		<b>5,713.18</b>	<b>1,269.61</b>
Less: Fixed deposits not considered as cash equivalents		-	-
<b>Cash and cash equivalents in Statement of Cash Flow</b>		<b>5,713.18</b>	<b>1,269.61</b>

See accompanying notes forming part of the financial statements

1-40

In terms of our report attached

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants

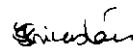


**RASHIM TANDON**  
Partner  
Membership Number: 095540

Gurugram  
30 May 2017



FOR AND ON BEHALF OF THE BOARD OF DIRECTORS



**KALYANA SUNDARAM SRIVASTAVA**  
Director  
DIN: 07322325

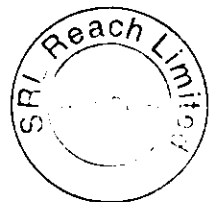


**SAURABH CHADHA**  
Director  
DIN: 05119073



**MOHIT TIWARI**  
Company Secretary

Gurugram  
29 May 2017



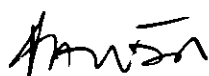
**SRL REACH LIMITED**  
**STANDALONE STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017**

	Notes	Amount (Rupees in '000')	
<b>a) Equity share capital</b>			
<b>Issued and Paid up Capital at 1 May 2015</b>	14 (a)		500.00
Changes in equity share capital during the year			-
<b>Balance at 31 March 2016</b>			<b>500.00</b>
Changes in equity share capital during the year			-
- Issue of equity shares during the year	14 (a)		79,500.00
<b>Balance at 31 March 2017</b>			<b>80,000.00</b>
<b>b) Other equity</b>			
		<b>Reserves and Surplus</b>	<b>(Rupees in '000')</b>
		<b>Retained earnings</b>	<b>Total</b>
<b>Balance as at 1 May 2015</b>		-	-
Loss for the year		(31,575.50)	(31,575.50)
Other comprehensive income for the year, net of income tax		-	-
<b>Total comprehensive income for the year</b>		<b>(31,575.50)</b>	<b>(31,575.50)</b>
<b>Balance as at 31 March 2016</b>		<b>(31,575.50)</b>	<b>(31,575.50)</b>
Loss for the year	15	(15,105.10)	(15,105.10)
Other comprehensive income for the year, net of income tax	15	52.94	52.94
<b>Total comprehensive income for the year</b>		<b>(15,052.16)</b>	<b>(15,052.16)</b>
<b>Balance as at 31 March 2017</b>		<b>(46,627.66)</b>	<b>(46,627.66)</b>

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

1-40

For **DELOITTE HASKINS & SELLS LLP**  
 Chartered Accountants

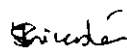


**RASHIM TANDON**  
 Partner  
 Membership Number: 095540

Gurugram  
 30 May 2017



**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**



**KALYANA SUNDARAM SRIVASTAVA**  
 Director  
 DIN: 07322325

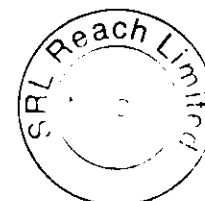


**SAKURABH CHADHA**  
 Director  
 DIN: 05119073



**MOHIT TIWARI**  
 Company Secretary

Gurugram  
 29 May 2017



**SRL REACH LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

**1. General information**

SRL Reach Limited ("the Company") is a public company domiciled in India and incorporated as on 1 May 2015 in RoC-Delhi under provisions of the Companies Act, 2013. The Company is in the business of establishing, maintaining and managing clinical reference laboratories, to provide testing, diagnostics and prognostics monitoring/ screening tests services. The Company also provides laboratory support services for clinical research studies.

**2. Application of new and revised Ind AS**

On 16 February 2015, the Ministry of Corporate Affairs ("MCA") notified the Companies (Indian Accounting Standards) Rules, 2015. The rules specify the Indian Accounting Standards (Ind AS) applicable to certain class of companies and set out dates of applicability. As per the criteria defined in the notification, SRL Limited is required to apply the standards as specified in Companies (Indian Accounting Standards) Rules 2015 from 1 April 2016. Accordingly, the Company has adopted Ind AS from 1 April 2016 with transition date as 1 May 2015.

As at the date of authorisation of the financial statements, the Company has not applied the following revisions to the Ind AS that have been issued by MCA but are not yet effective:

Ind AS 102 (Amendment)	Measurement of cash settled awards, modification of cash settled awards and equity settled awards that includes a 'net settlement' feature
Ind AS 7 (Amendment)	Disclosure of changes in liabilities on account of financing activities.

**3. Significant accounting policies**

**3.1 Statement of compliance**

The financial statements of the Company have been prepared in accordance with Ind ASs issued and notified by the MCA.

Upto the year ended 31 March 2016, the company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the (Companies Accounting Standards) Rules, 2006. These are company's first Ind AS financial statements. The date of transition to Ind AS is 1 May 2015. Refer Note 3.22 for the details of first-time adoption exemptions availed by the company.

**3.2 Basis of preparation and presentation**

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

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

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

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

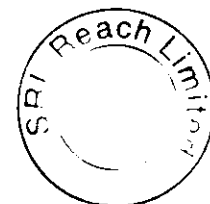
- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly;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

**3.3 Non-current assets held for sale**

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

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

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



**SRL REACH LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

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**3.4 Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for trade allowances for deduction, rebates and other similar allowances.

The Company assessed its revenue arrangements against specific criteria to determine it is acting as principal or agent.

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

**Income from services**

Revenue is recognised at the time of generation and release of test reports, which coincides with the completion of service to the customer.

**Management fees**

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

**Rent received**

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

**Interest**

Interest is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

**3.5 Foreign currencies**

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

At the end of each reporting period

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

Exchange differences on monetary items are recognised in the statement of profit and loss in the period in which they arise except for:

Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as adjustment to interest costs on those foreign currency borrowings.

**3.6 Borrowing costs**

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

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

All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

**3.7 Employee benefits**

**i) Retirement benefit costs and termination benefits**

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

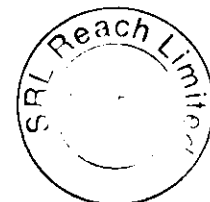
For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each Balance Sheet date.

Remeasurement, comprising actuarial gains and losses is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to the statement of profit and loss. Past service cost is recognised in the statement of profit and loss in the period of a plan amendment.

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorised as follows:

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



**SRL REACH LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

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

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

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

ii) Short-term and other long-term employee benefits:

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

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

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

The company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes and liability is determined using the present value of the estimated future cash outflows expected to be made by the company in respect of services provided by employees up to the reporting date. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The company presents the leave as a current liability in the balance sheet; to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

**iii) Contributions to provident fund**

The Company makes contributions to statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952. Provident Fund is a defined benefit scheme the contribution of which is being deposited with "Escorts Heart Institute and Research Centre Employees Provident Fund Trust" managed by the Company; such contribution to the trust additionally requires the Company to guarantee payment of interest at rates notified by the Central Government from time to time, for which shortfall, if any has to be provided for as at the balance sheet date.

**3.8 Taxation**

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

**(i) Current tax**

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

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

**(ii) Deferred tax**

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

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

In the case of unused tax losses probability is evaluated considering factors like existence of sufficient taxable temporary differences, convincing other evidence that sufficient taxable profit will be available. At the end of each reporting period, the company reassess unrecognized deferred tax assets and, the company recognizes a previously unrecognized Deferred Tax Asset to the extent that it has become probable that future taxable profit will allow the Deferred Tax Asset to be recovered.

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

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



**SRL REACH LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

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

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

**iii) Current and deferred tax for the year**

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

**3.9 Property, plant and equipment (PPE)**

Land and Building held for use in the supply of services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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

<b>Property, plant and equipment</b>	<b>Useful lives</b>
Laboratory equipment	13 years
Office equipment	5 years
Furniture and fixtures	10 years
Computers and accessories	3 years
Air conditioners	8 years

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

**Components of costs**

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

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

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

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

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

**3.10 Intangible assets**

**Intangible assets acquired separately:**

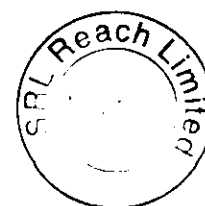
Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed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

**Derecognition of Intangible assets:**

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

Estimated useful lives of the assets are as follows:

<b>Intangible assets</b>	<b>Useful lives</b>
Software and other intangible assets	3 years



### **3.11 Impairment of tangible and intangible assets other than goodwill**

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

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

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

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

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

### **3.12 Inventories**

The inventories of materials representing reagents, chemicals & consumables are valued at lower of cost and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost is determined on moving weighted average basis.

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

### **3.13 Provisions**

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

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

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

### **3.14 Contingent liabilities**

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

### **3.15 Segment reporting**

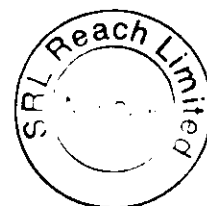
The Company's business activity primarily falls within a single business and geographical segment i.e. pathology and radiology services. There are no disclosures required to be provided in terms of Ind AS 108 on 'Segment Reporting'.

### **3.16 Earnings per share**

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

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

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





**SRL REACH LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

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**3.17 Insurance claims**

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

**3.18 Service tax input credit**

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

**3.19 Cash and cash equivalents**

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

**3.20 Operating Cycle**

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

**3.21 Financial instruments**

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

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

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

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

**Classification of financial assets**

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

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

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

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

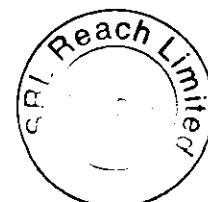
Interest income is recognised in profit or loss for FVTOCI financial assets. For the purposes of recognising foreign exchange gains and losses, FVTOCI financial assets are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit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

All other financial assets are subsequently measured at fair value.

**Effective interest method**

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

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



**SRL REACH LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

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

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

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

**Impairment of financial assets**

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

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

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

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

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

**Derecognition of financial assets**

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

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

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

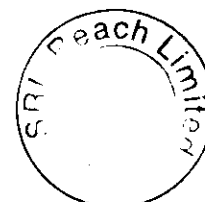
**Foreign exchange gains and losses**

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

**Financial liabilities and equity instruments**

**Classification as debt or equity**

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



**SRL REACH LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

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**Equity instruments**

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

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

**Financial liabilities**

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

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

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

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

**Financial liabilities subsequently measured at amortised cost**

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

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

**Foreign exchange gains and losses**

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

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

**Derecognition of financial liabilities**

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

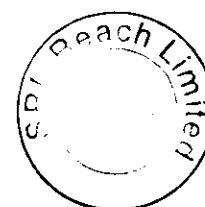
**3.22 First time adoption – mandatory exceptions, optional exemptions**

**Overall principle**

The Company has prepared the opening standalone balance sheet as per Ind AS of May 1, 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, apart from reclassification items, there were no significant recognition or derecognition of assets and liabilities. Accordingly none of the exception or optional exemptions of IND AS 101 were applicable to the Company.

**3.23 Going concern**

Although the Company is running into losses, these financial statements have been prepared considering the Company as a Going



**SRL REACH LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

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**4. Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

**4.1 Critical judgements in applying accounting policies**

The Company is in the business of establishing, maintaining and managing clinical reference laboratories, to provide testing, diagnostics and prognostics monitoring/ screening tests services in the state of Jharkhand. The Company has started its business in 2015 and its operations are limited in territory of Jharkhand state. The Company deals either with the walk-in-customers who pay for the services in advance or to the specific set of customers (largely below poverty line) where the payment is made by state government of Jharkhand on their behalf. Considering the given facts, Management is of the view that there are no critical accounting judgements involved in applying the accounting policies.



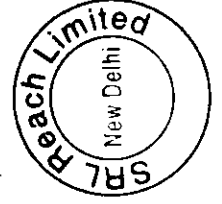
**SRL REACH LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

**5. (a) Property, plant and equipment**

Block	(Rupees in '000')					Total
	Laboratory equipment	Air conditioners	Computers and accessories	Office equipment	Furniture and fittings	
<b>Cost</b>						
At 1 May 2015						
Additions	14,317.66	735.64	2,964.06	830.52	4,819.24	23,667.12
<b>At 31 March 2016</b>	<b>14,317.66</b>	<b>735.64</b>	<b>2,964.06</b>	<b>830.52</b>	<b>4,819.24</b>	<b>23,667.12</b>
Additions	1,354.53	-	378.33	526.20	643.27	2,902.33
Deductions	-	-	113.40	-	-	113.40
<b>At 31 March 2017</b>	<b>15,672.19</b>	<b>735.64</b>	<b>3,228.99</b>	<b>1,356.72</b>	<b>5,462.51</b>	<b>26,456.05</b>
<b>Depreciation/ Amortisation</b>						
At 1 May 2015						
Charge for the year	784.00	58.92	629.15	82.67	290.59	1,845.33
<b>At 31 March 2016</b>	<b>784.00</b>	<b>58.92</b>	<b>629.15</b>	<b>82.67</b>	<b>290.59</b>	<b>1,845.33</b>
Charge for the year	1,185.10	87.40	953.17	249.16	489.69	2,964.52
Deletions	-	-	26.89	-	-	26.89
<b>At 31 March 2017</b>	<b>1,969.10</b>	<b>146.32</b>	<b>1,555.43</b>	<b>331.83</b>	<b>780.28</b>	<b>4,782.96</b>
<b>Net block</b>						
At 31 March 2016	13,533.66	676.72	2,334.91	747.85	4,528.65	21,821.79
<b>At 31 March 2017</b>	<b>13,703.09</b>	<b>589.32</b>	<b>1,673.56</b>	<b>1,024.89</b>	<b>4,682.23</b>	<b>21,673.09</b>

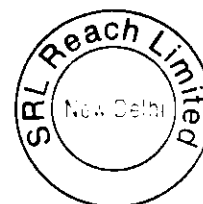
**(b). Net carrying value of Property, plant and equipment and Capital work-in-progress**

	As at	
	31 March 2017	31 March 2016
Laboratory equipment	13,703.09	13,533.66
Air conditioners	589.32	676.72
Computers and accessories	1,673.56	2,334.91
Office equipment	1,024.89	747.85
Furniture and fittings	4,682.23	4,528.65
	<b>21,673.09</b>	<b>21,821.79</b>
Capital work in progress	2,081.43	1,669.31
	<b>23,754.52</b>	<b>23,491.10</b>



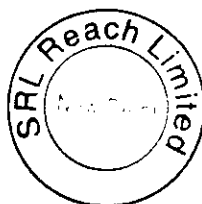
**SRL REACH LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

6. Intangible assets	(Rupees in '000')	
	Software and other intangible assets	Total
<b>Cost</b>		
At 1 May 2015	-	-
Additions	3,236.87	3,236.87
Deductions	-	-
<b>At 31 March 2016</b>	<b>3,236.87</b>	<b>3,236.87</b>
Additions	259.25	259.25
Deductions	-	-
<b>At 31 March 2017</b>	<b>3,496.12</b>	<b>3,496.12</b>
<b>Amortisation</b>		
At 1 May 2015	-	-
Charge for the year	762.02	762.02
Deletions	-	-
<b>At 31 March 2016</b>	<b>762.02</b>	<b>762.02</b>
Charge for the year	1,120.68	1,120.68
Deletions	-	-
<b>At 31 March 2017</b>	<b>1,882.70</b>	<b>1,882.70</b>
<b>Net block</b>		
<b>At 31 March 2016</b>	<b>2,474.85</b>	<b>2,474.85</b>
<b>At 31 March 2017</b>	<b>1,613.42</b>	<b>1,613.42</b>



**SRL REACH LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

	(Rupees in '000')	
	Software and other intangible assets	Total
<b>6. Intangible assets</b>		
<b>Cost</b>		
At 1 May 2015	-	-
Additions	3,236.87	3,236.87
Transfer in/(out)	-	-
Deductions	-	-
<b>At 31 March 2016</b>	<b>3,236.87</b>	<b>3,236.87</b>
Additions	259.25	259.25
Deductions	-	-
<b>At 31 March 2017</b>	<b>3,496.12</b>	<b>3,496.12</b>
<b>Amortisation</b>		
At 1 May 2015	-	-
Charge for the year	762.02	762.02
Transfer in/(out)	-	-
Deletions	-	-
<b>At 31 March 2016</b>	<b>762.02</b>	<b>762.02</b>
Charge for the year	1,120.68	1,120.68
Deletions	-	-
<b>At 31 March 2017</b>	<b>1,882.70</b>	<b>1,882.70</b>
<b>Net block</b>		
<b>At 31 March 2016</b>	<b>2,474.85</b>	<b>2,474.85</b>
<b>At 31 March 2017</b>	<b>1,613.42</b>	<b>1,613.42</b>
	<b>As at</b>	<b>As at</b>
	<b>31 March 2017</b>	<b>31 March 2016</b>
	<b>(Rupees in '000')</b>	<b>(Rupees in '000')</b>
<b>7. Non-current Financial assets</b>		
<b>(i) Other Financial Assets at amortised cost</b>		
Margin Money Deposits	100.00	100.00
<b>Total</b>	<b>100.00</b>	<b>100.00</b>
<b>8. Other non-current assets</b>		
<b>Non-Financial Assets</b>		
Capital advances	-	1,245.48
Non-current tax assets (net)	17.05	-
	<b>17.05</b>	<b>1,245.48</b>
<b>9. Inventories (lower of cost and net realisable value)</b>		
Reagents, chemicals and consumables	3,694.44	1,615.23
<b>Total</b>	<b>3,694.44</b>	<b>1,615.23</b>
<b>Note:</b>		
The Company's business does not involve any conversion process for materials. Reagents and chemicals are used to conduct various pathology and radiology procedures and are consumed in the process. Other consumable stores represent various items of stores and spares used in normal course of business.		
<b>Financial assets</b>		
<b>10. Trade receivables</b>		
Trade Receivables (Unsecured, considered good)	26,896.92	103.78
<b>Total</b>	<b>26,896.92</b>	<b>103.78</b>
<b>Notes:</b>		
(a). The average credit period on sale of services is 60 days. No interest is charged on the trade receivables for the amount overdue above the credit period. There are no customers which represent more than 5% of the total balance of trade receivables other than as mentioned below:		
<b>Customer Name</b>		
Sadar Hospitals (Government of Jharkhand)	26,896.92	103.78
(b). The credit risk is minimal as whole of the amount is due to the state government undertaking.		
<b>Age of receivables</b>		
0-180	26,896.92	103.78
180-365	-	-
365-730	-	-
730-1095	-	-
Above 3 Years	-	-
	<b>26,896.92</b>	<b>103.78</b>
<b>11. Cash and cash equivalents</b>		
Balances with banks:		
- On current accounts	5,298.51	869.21
Cash on hand	414.67	400.40
<b>Total</b>	<b>5,713.18</b>	<b>1,269.61</b>
<b>12. Other financial assets (current)</b>		
Advances	84.78	103.05
Interest accrued on fixed deposits	11.20	3.53
<b>Total</b>	<b>95.98</b>	<b>106.58</b>
<b>13. Other current assets</b>		
Prepaid expenses	417.02	33.44
<b>Total</b>	<b>417.02</b>	<b>33.44</b>



**SRL REACH LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

**14. Share capital**

	As at 31 March 2017		As at 31 March 2016	
	Number	Amount (Rupees in '000')	Number	Amount (Rupees in '000')
<b>Authorised share capital</b>				
Equity Shares of Rs. 10 each	8,000,000	80,000.00	50,000	500.00
	<b>8,000,000</b>	<b>80,000.00</b>	<b>50,000</b>	<b>500.00</b>
<b>Issued and Subscribed share capital</b>				
Equity Shares of Rs. 10 each	8,000,000	80,000.00	50,000	500.00
<b>Total</b>	<b>8,000,000</b>	<b>80,000.00</b>	<b>50,000</b>	<b>500.00</b>

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

	As at 31 March 2017		As at 31 March 2016	
	Number	Amount in Rs. (Rupees in '000')	Number	Amount in Rs. (Rupees in '000')
<b>Equity shares</b>				
At the beginning of the year	50,000	500.00	-	-
Issued during the year	7,950,000	79,500.00	50,000	500.00
Outstanding at the end of the year	<b>8,000,000</b>	<b>80,000.00</b>	<b>50,000</b>	<b>500.00</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. Each holder of equity share is entitled to one vote per share.

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

Out of equity shares issued by the company, shares held by its holding company and their subsidiaries/associate are as below:

	As at 31 March 2017		As at 31 March 2016	
	Number	(Rupees in '000')	Number	(Rupees in '000')
SRL Limited (Equity shares of Rs. 10 each)	8,000,000	80,000.00	50,000	500.00
	<b>8,000,000</b>	<b>80,000.00</b>	<b>50,000</b>	<b>500.00</b>

**15. Other equity**

	As at 31 March 2017 (Rupees in '000')	As at 31 March 2016 (Rupees in '000')
Retained earnings	(46,627.66)	(31,575.50)
<b>Total</b>	<b>(46,627.66)</b>	<b>(31,575.50)</b>

**Note:**

**Retained earnings**

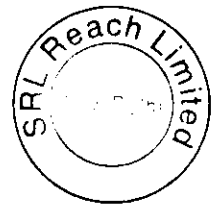
	As at 31 March 2017 (Rupees in '000')	As at 31 March 2016 (Rupees in '000')
Balance at beginning of year	(31,575.50)	-
Loss attributable to owners of the Company	(15,105.10)	(31,575.50)
Other comprehensive income arising from remeasurement of defined benefit obligation	52.94	-
<b>Balance at the end</b>	<b>(46,627.66)</b>	<b>(31,575.50)</b>





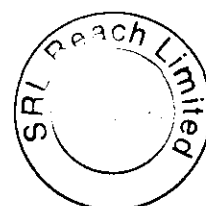
**SRL REACH LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

	As at 31 March 2017 (Rupees in '000)	As at 31 March 2016 (Rupees in '000)
<b>Financials Liability</b>		
<b>16. Long-term borrowings</b>		
<b>Term loans</b>		
From related party	10,000.00	50,000.00
	<b>10,000.00</b>	<b>50,000.00</b>
<b>Notes:</b>		
<b>a. Term loans from related party:</b>		
-Term Loan of Rs. 10,000,000 (31 March 2016: Rs. 50,000,000) from its holding company SRL Limited carries interest @ 12% during the year ended 31 March 2017 (@13% during the period ended 31 March 2016). Loan is repayable on demand at any point of time after 31 March 2018.		
<b>17. Provisions</b>		
Provision for gratuity (refer note 33)	309.40	119.15
	<b>309.40</b>	<b>119.15</b>
<b>Current Financial Liabilities</b>		
<b>18. Trade payables</b>		
(a) Total outstanding dues of micro enterprises and small enterprises (refere note 35)	-	-
(b) Total outstanding dues of creditor other than micro enterprises and small enterprises	15,903.19	3,882.67
	<b>15,903.19</b>	<b>3,882.67</b>
<b>19. Other financial liabilities</b>		
Deposit from Customer	150.00	-
Capital creditors	430.73	367.09
Payable to Holding Company SRL Limited	949.53	3,336.71
Interest accrued but not due on borrowings	-	3,093.29
	<b>1,530.26</b>	<b>6,797.09</b>
<b>20. Other current liabilities</b>		
Statutory payables	427.75	486.32
<b>Total</b>	<b>427.75</b>	<b>486.32</b>
<b>21. Provisions</b>		
Provision for Leave Encashment	759.59	230.33
<b>Total</b>	<b>759.59</b>	<b>230.33</b>



**SRL REACH LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

	Year ended March 31, 2017 (Rupees in '000)	Period ended March 31, 2016 (Rupees in '000)
<b>22. Revenue from operations</b>		
Sale of services	61,036.09	10,551.60
<b>Total</b>	<b>61,036.09</b>	<b>10,551.60</b>
<b>23. Other income</b>		
<b>Interest income on</b>		
bank deposits	178.23	3.53
<b>Other non-operating income</b>		
Profit on sale of property, plant & equipment	26.88	18.34
<b>Total</b>	<b>205.11</b>	<b>21.87</b>
<b>24. Consumption of reagents and other consumables</b>		
Inventories at the beginning of the year	1,615.23	-
Add: Purchases	19,297.12	7,227.53
	20,912.35	7,227.53
Less: Inventories at the end of the year	3,694.44	1,615.23
<b>Total</b>	<b>17,217.91</b>	<b>5,612.30</b>
<b>25. Employee benefits expense</b>		
Salaries, wages and bonus	13,365.25	8,171.31
Contribution to Provident fund	865.15	507.72
Employees' state incorporation fund	294.01	189.52
Gratuity expense	243.20	119.15
Staff welfare expenses	178.75	117.71
<b>Total</b>	<b>14,946.36</b>	<b>9,105.41</b>
<b>26. Finance costs</b>		
<b>Interest expense on:</b>		
Loan from corporates	2,574.25	3,436.99
Other borrowing costs	11.99	22.97
<b>Total</b>	<b>2,586.24</b>	<b>3,459.96</b>
<b>27. Depreciation and amortisation expense</b>		
Depreciation of property, plant and equipment	2,965	1,845.34
Amortisation of intangible assets	1,121	762.02
<b>Total</b>	<b>4,085.20</b>	<b>2,607.36</b>
<b>28. Other expenses</b>		
Power and fuel	1,794.44	729.80
Rates and taxes	5,729.30	7,217.92
Insurance	34.08	0.18
Repairs and maintenance:		
Plant and machinery	747.21	111.30
Building	-	-
Others	680.41	99.22
Advertisement and sales promotion	3,729.22	2,460.42
Postage and courier	4,560.49	2,191.39
Travelling and conveyance	1,108.34	1,179.11
Printing and stationery	297.58	520.82
Communication	718.95	482.96
Legal and professional	523.74	193.64
Payment to auditors		
- For statutory audit	690.00	300.00
- For taxation matters	115.00	-
- For reimbursement of expenses	-	30.00
Professional fees to doctors	7,274.61	4,401.39
Housekeeping expenses	208.05	91.24
Security services expenses	234.75	194.44
Miscellaneous expenses	293.20	16.95
<b>Total</b>	<b>28,739.36</b>	<b>20,220.78</b>
<b>29. Earnings per share</b>		
Loss after tax	(15,105.10)	(31,575.50)
Weighted average number of equity shares in calculating basic EPS	5,168,493	45,902
Earnings per share (Basic)	(2.92)	(687.89)



**SRL REACH LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

**30. Related party disclosures**

**A. Names of related parties:**

SRL Limited  
Fortis Healthcare Limited  
SRL Diagnostics Private Limited

**Nature of relationship**

Holding company  
Ultimate holding company  
Fellow subsidiary company

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

	<b>Year ended 31 March 2017 (Rupees in '000)</b>	<b>Period ended 31 March 2016 (Rupees in '000)</b>
<b>Receiving of services:</b>		
<b>Tests outsourcing services</b>		
SRL Limited	8,770.51	804.85
<b>Reimbursement of expenses to:</b>		
SRL Limited	461.78	24,793.14
SRL Diagnostics Private Limited	223.62	-
<b>Reimbursement of expenses from:</b>		
SRL Limited	12.25	-
<b>Loans taken during the Period</b>		
SRL Limited	20,000.00	50,000.00
<b>Loans repaid during the Period</b>		
SRL Limited	60,000.00	-
<b>Interest paid/payable during the Period</b>		
SRL Limited	2,574.25	3,436.99
<b>Issue of Share Capital</b>		
SRL Limited	79,500.00	500.00

**Remuneration to key managerial personnel**

Note: The remuneration to the key managerial personnel includes incentives and does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the company as a whole.

**Outstanding loan taken as at period end included in long term borrowings**

	<b>As at March'31, 2017 (Rupees in '000)</b>	<b>As at March'31, 2016 (Rupees in '000)</b>
SRL Limited	10,000.00	50,000.00
	<b>10,000.00</b>	<b>50,000.00</b>

**Outstanding payables as at period end included in trade payables**

SRL Limited	1,506.20	159.12
	<b>1,506.20</b>	<b>159.12</b>

**Outstanding payables as at period end included in other current liabilities**

SRL Limited	949.53	3,336.71
	<b>949.53</b>	<b>3,336.71</b>

**31. Commitments**

	<b>As at March'31, 2017 (Rupees in '000)</b>	<b>As at March'31, 2016 (Rupees in '000)</b>
a. Other commitments		
"- Commitments for the acquisition of property, plant and equipment	844.23	1,149.26

**32. Contingent liabilities**

- a. The Company has given bank guarantee of Rs. 100 thousand as at 31 March 2017 (Rs. 100 thousand as at 31 March 2016).
- b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.



**SRL REACH LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

**33. Employee Benefits**

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

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

	Year ended 31 March 2017 (Rupees in '000)	Year ended 31 March 2016 (Rupees in '000)
<b>Statement of profit and loss</b>		
<b>Net employee benefits expense</b>		
Current service cost	234.08	119.15
Interest cost on benefit obligation	9.12	-
Net benefit expense	<b>243.20</b>	<b>119.15</b>
<b>Remeasurements (recognized in OCI)</b>		
a. Effect of changes in demographic assumptions	-	-
b. Effect of changes in financial assumptions	7.75	-
c. Effect of experience adjustments	(60.69)	-
	<b>(52.94)</b>	<b>-</b>
<b>Total defined benefit cost recognized in P&amp;L and OCI</b>	<b>190.26</b>	<b>119.15</b>

	Year ended 31 March 2017 (Rupees in '000)	Year ended 31 March 2016 (Rupees in '000)
<b>Balance sheet</b>		
<b>Details of Provision for gratuity</b>		
Defined benefit obligation	309.41	119.15
	<b>309.41</b>	<b>119.15</b>

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

Opening defined benefit liability	119.15	-
Current service cost	234.08	119.15
Interest expenses	9.12	-
Total remeasurements included in OCI	(52.94)	-
Closing defined benefit obligation	<b>309.41</b>	<b>119.15</b>

	Year ended 31 March 2017 (Rupees in '000)	Year ended 31 March 2016 (Rupees in '000)
<b>The principal assumptions used in determining gratuity benefit obligations for the Company's plans are shown below:</b>		
Discount rate	7.09% p.a.	7.66% p.a.
Employee turnover		
Upto 30 years	15%	15%
31-40 years	9%	9%
Mortality rate	Indian Assured Lives 2006-08 Ultimate	Indian Assured Lives 2006-08 Ultimate
Expected rate of salary increase	6.50%	6.50%

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

**Experience adjustments**

	31 March 2017	31 March 2016
Defined benefit obligation	309.41	119.15
Experience adjustment on plan liabilities- (gain)	-	-



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**34. Financial instruments**

**Capital Management**

The Company manages its capital to ensure that Company will be able to continue as going concern. Over the years, Management have been looking to reduce the level of debt of the Company to maximise the security of the Shareholders. The Capital structure of the Company consists of net debt (borrowings as detailed in notes and offset by cash and bank balances) and total equity of the Company. The Company manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants.

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

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

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

	(Rupees in '000')	
	As at 31 March 2017	As at 31 March 2016
Debt (note 14 (i))	10,000.00	50,000.00
Cash and bank balances (note 12 (ii))	5,713.18	1,269.61
<b>Net Debt/ (Surplus)</b>	<b>4,286.82</b>	<b>48,730.39</b>
<b>Total equity</b>	<b>33,372.34</b>	<b>(31,075.50)</b>
Net debt to equity ratio	13%	

(i) Debt is defined as current and non current as described in note 11 and 13.

**Categories of financial instruments**

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

**The following methods and assumptions were used to estimate the fair values :-**

Fair value of cash and short-term deposits, trade and other short term receivables, trade payables, other financial liabilities and other financial instruments approximate their carrying amounts largely due to the short-term maturities of these instruments.

Financial instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for the expected losses of these receivables. Accordingly, fair value of such instruments is not materially different from their carrying amounts.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

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

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

**Financial risk management objectives and Policies**

**Financial risk management objectives**

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company manages the financial risks relating to the operations of the Company through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), and liquidity 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.

**Financial Risk Factors**

The primary market risk of the company is foreign exchange risk. The Company's exposure to credit risk is influenced mainly by the individual characteristics and credit worthiness of each customer.

**Market Risk Factor**

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

**Liquidity Risk Factor**

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



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**Liquidity and interest risk tables**

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

The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the company may be required to pay.

Particulars				(Rupees in '000')
	0-1 year	1-2 years	Total Amount	Carrying Amount
<b>31 March 2017</b>				
Non Interest bearing instruments	17,433.45	-	17,433.45	17,433.45
Fixed interest bearing instruments	-	11,200.00	11,200.00	10,000.00
	<b>17,433.45</b>	<b>11,200.00</b>	<b>28,633.45</b>	<b>27,433.45</b>
<b>31 March 2016</b>				
Non Interest bearing	10,679.76	-	10,679.76	10,679.76
Fixed interest bearing instruments	-	52,586.24	52,586.24	50,000.00
	<b>10,679.76</b>	<b>52,586.24</b>	<b>63,265.99</b>	<b>60,679.76</b>

**Unhedged foreign currency exposure:**

The Company has not taken any derivative instruments in respect of its foreign currency exposures in the current year as well as the previous year. There is no unhedged foreign currency exposure as at the balance sheet date.

**Interest rate risk**

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



**SRL REACH LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

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

	<u>As at</u> <u>31 March 2017</u> <u>(Rupees in '000)</u>	<u>As at</u> <u>31 March 2016</u> <u>(Rupees in '000)</u>
The principal amount remaining unpaid as at the end of year	-	-
Interest due on above principal and remaining unpaid as at the end of the year	-	-
The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
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	-	-

**36. Lease**

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

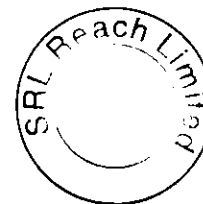
**37. Expenditure incurred during development period**

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

Salaries, wages and bonus	-	234.88
Other expenses:	-	
- Communication	-	33.29
- Postage and courier	-	120.87
- Printing and stationery	-	1.52
- Rates and taxes	-	596.30
- Travelling and conveyance	-	175.71
	-	<u>1,162.57</u>

**38. Details of Specified Bank Notes (SBN) held and transacted during the period 08/11/2016 to 30/12/2016**

			(Rupees in '000)
Particulars	Specified Bank Notes	Other Denomination Notes	Total
Closing cash in hand as on 08.11.2016	331.00	17.11	348.11
(+) Permitted receipts	793.00	2,835.97	3,628.97
(-) Permitted payments	-	(364.59)	(364.59)
(-) Amount deposited in Banks	(1,124.00)	(2,132.40)	(3,256.40)
<b>Closing cash in hand as on 30.12.2016</b>	-	<b>356.09</b>	<b>356.09</b>

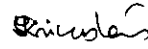


**SRL REACH LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**


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39. Previous year figures have been regrouped/ reclassified, where necessary, to conform to this year's classification.
40. The comparative financial information of the Company for the transition date opening balance sheet as at 1 May 2015 included in these standalone Ind AS financial statements have been restated to comply with Ind AS. Further, the previous period financial information (i.e. from 1 May 2015 to 31 March 2016) is not comparable to the year ended 31 March 2017 being the financial information for less than a year.

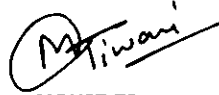
**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**



**KALYANA SUNDARAM SRIVASTAVA**  
Director  
DIN: 07322325



**SAURABH CHADHA**  
Director  
DIN: 05119073



**MOHIT TIWARI**  
Company Secretary

Gurugram  
29 May 2017

