

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF SRL LIMITED

#### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **SRL LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") its jointly controlled entities, comprising of the Consolidated Balance Sheet as at 31 March 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

#### Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, as applicable. The respective Board of Directors of the companies included in the Group and of its jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the 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 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated 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 Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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 consolidated state of affairs of the Group, and its jointly controlled entities as at 31 March 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

### **Other Matters**

- a) We did not audit the financial statements of two jointly controlled entities, whose financial statements reflect total assets of Rs. 227,833,110 as at 31 March 2016, total revenues of Rs. 488,918,231 and net cash flows amounting to Rs.550,716 for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and associates, is based solely on the reports of the other auditors.

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

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

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, as applicable.
  - e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and jointly controlled company incorporated in India, none of the directors of the Group companies and jointly controlled company incorporated in India is disqualified as on 31 March 2016 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 and the operating effectiveness of such controls, refer to our Report in "Annexure A", which is based on the auditors'



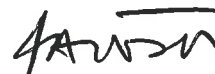
reports of the Holding company, subsidiary companies and jointly controlled company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the

- g) Holding Company's, Subsidiary Company's and jointly controlled Company's incorporated in India internal financial controls over financial reporting.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and jointly controlled entities- Refer note 31 to the Consolidated financial statements;
  - ii. The Group and its jointly controlled entities did not have any material foreseeable losses on long-term contracts including derivative contracts.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies and jointly controlled company incorporated in India.

**For DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

Firm's Registration No.: 117366W/W-100018



Place: Gurgaon  
Date: 24 May 2016  
RT/JB/2016

**RASHIM TANDON**  
Partner  
Membership No. 095540

**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' 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")**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2016, we have audited the internal financial controls over financial reporting of SRL Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies and jointly controlled company, which are companies incorporated in India, as of that date.

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

The respective Board of Directors of the Holding company, its subsidiary companies and jointly controlled company, which are companies incorporated in India, are 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 (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**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 ICAI 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 and the audit evidence obtained by the other auditor of the joint controlled company, which are companies incorporated in India, in terms of the report referred to in the Other Matters paragraph below, 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, 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 Holding Company, its subsidiary companies and jointly controlled company, which are companies incorporated in India, have, 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 2016, 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 ICAI.

**Other Matters**

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to one jointly controlled company, which are companies incorporated in India, is based on the corresponding report of the auditor of such company incorporated in India.

**For DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

Firm's Registration No.: 117366W/W-100018



**RASHIM TANDON**

Partner

Membership No. 095540

Place: Gurgaon

Date: 24 May 2016

RT/JB/2016



SRL LIMITED  
CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2016

	Notes	As at 31 March 2016 (Rupees)	As at 31 March 2015 (Rupees)
<b>A. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' funds</b>			
(a) Share capital	3	845,236,540	844,938,460
(b) Reserves and surplus	4	7,404,128,318	6,830,168,894
		<b>8,249,364,858</b>	<b>7,675,107,354</b>
<b>2. Non-current liabilities</b>			
(a) Long-term borrowings	5	-	981,913,997
(b) Deferred tax liabilities (net)	6	229,785	470,662
(c) Other long-term liabilities	7	247,980,883	283,865,289
(d) Long-term provisions	8	90,912,398	79,516,800
		<b>339,123,066</b>	<b>1,345,766,748</b>
<b>3. Current liabilities</b>			
(a) Short-term borrowings	9	105,624,659	141,663,453
(b) Trade payables	10.1		
- Total outstanding dues of micro enterprises and small enterprises		1,395,017	188,255
- Total outstanding dues of creditors other than micro enterprises and small enterprises		727,805,515	650,642,836
(c) Other current liabilities	10.2	576,071,140	883,774,187
(d) Short-term provisions	11	76,624,200	47,166,677
		<b>1,487,520,531</b>	<b>1,723,435,408</b>
<b>Total</b>		<b>10,076,008,455</b>	<b>10,744,309,510</b>
<b>B. ASSETS</b>			
<b>1. Non-current assets</b>			
(a) Fixed assets			
-Tangible assets	12.1	2,889,705,422	3,220,931,680
-Intangible assets	12.2	688,283,757	718,800,857
-Capital work-in-progress	12.1	5,312,055	7,487,800
-Intangible assets under development	12.2	44,294,887	33,294,066
(b) Goodwill on consolidation		4,111,805,821	4,111,805,821
(c) Deferred tax assets (net)	13	230,277,755	88,236,444
(d) Long-term loans and advances	14	548,284,560	838,058,895
(e) Other non-current assets	15	3,793,297	4,157,367
		<b>8,521,757,554</b>	<b>9,022,772,930</b>
<b>2. Current assets</b>			
(a) Inventories	16	267,381,515	255,201,766
(b) Trade receivables	17	960,605,758	927,107,271
(c) Cash and bank balances	18	219,397,434	172,563,149
(d) Short-term loans and advances	19	97,326,057	329,146,933
(e) Other current assets	20	9,540,137	37,517,461
		<b>1,554,250,901</b>	<b>1,721,536,580</b>
<b>Total</b>		<b>10,076,008,455</b>	<b>10,744,309,510</b>

See accompanying notes forming part of the financial statements

1 - 42

In terms of our report attached

**FOR DELOITTE HASKINS AND SELLS LLP**  
Chartered Accountants



**RASHIM TANDON**  
Partner  
Membership Number: 095540

Place: Gurgaon  
Date: 24 May 2016



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



**MALVINDER MOHAN SINGH**  
Chairman  
DIN: 00042981



**HARPAL SINGH**  
Director  
DIN: 00078224



**SANJEEV VASHISHTA**  
Chief Executive Officer



**SAURABH CHADHA**  
Chief Financial Officer



**RAVI BATRA**  
Chief Risk Officer and Company Secretary

Place: Gurgaon  
Date: 24 May 2016



**SRL LIMITED**  
**CONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2016**

	NOTES	Year ended 31 March 2016 (Rupees)	Year ended 31 March 2015 (Rupees)
1. Revenue from operations (gross)	21	8,992,592,870	8,330,212,319
Less: Service tax		9,890,690	10,230,981
Revenue from operations (net)		<b>8,982,702,180</b>	<b>8,319,981,338</b>
2. Other income	22	134,259,187	134,671,639
3. Total revenue (1+2)		<b>9,116,961,367</b>	<b>8,454,652,977</b>
4. Expenses:			
(a) Consumption of reagents and other consumables	23	2,278,563,986	2,118,190,159
(b) Cost of tests outsourced		406,152,286	374,545,101
(c) Employee benefits expense	24	1,838,238,679	1,673,845,808
(d) Other expenses	25	2,649,257,275	2,711,419,914
Total expenses		<b>7,172,212,226</b>	<b>6,878,000,982</b>
5. Earnings before financial expenses, depreciation/amortisation and taxes (EBITDA) (3-4)		<b>1,944,749,141</b>	<b>1,576,651,995</b>
6. Finance costs	26	143,490,573	241,091,245
7. Depreciation and amortization expense	12.1 & 12.2	651,760,239	771,036,603
8. Profit before exceptional items and tax (5-6-7)		<b>1,149,498,329</b>	<b>564,524,147</b>
9. Exceptional items	26.1	309,216,149	-
10. Profit before tax (8-9)		<b>840,282,180</b>	<b>564,524,147</b>
11. Tax expense:			
- Current tax		419,805,224	227,388,195
- Tax relating to earlier period		(12,360,389)	-
- Deferred tax (credit)/ charge		(142,282,188)	21,129,509
12. Profit for the year (10-11)		<b>575,119,533</b>	<b>316,006,443</b>
13. Earnings per equity share [nominal value of share Rs. 10 (Previous year Rs. 10) each]	27		
- Basic		9.61	5.28
- Diluted		7.27	4.00

See accompanying notes forming part of the financial statements

1 - 42

In terms of our report attached

**FOR DELOITTE HASKINS AND SELLS LLP**  
Chartered Accountants

*Rashim Tandon*

**RASHIM TANDON**  
Partner  
Membership Number: 095540

Place: Gurgaon  
Date: 24 May 2016



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

*Malvinder Mohan Singh* *Harpal Singh*

**MALVINDER MOHAN SINGH**  
Chairman  
DIN: 00042981

**HARPAL SINGH**  
Director  
DIN: 00078224

*Sanjeev Vashishta* *Saurabh Chadha*

**SANJEEV VASHISHTA**  
Chief Executive Officer

**SAURABH CHADHA**  
Chief Financial Officer

*Ravi Batra*  
**RAVI BATRA**  
Chief Risk Officer and Company Secretary

Place: Gurgaon  
Date: 24 May 2016



SRL LIMITED  
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2016

	Year ended 31 March 2016 (Rupees)	Year ended 31 March 2015 (Rupees)
<b>A. Cash flows from operating activities</b>		
Profit before exceptional items and tax	1,149,498,329	564,524,147
Adjustments for:		
Depreciation and amortization expense	651,760,239	771,036,603
Loss/(profit) on sale of fixed assets (net)	665,284	(5,859,241)
Finance cost	129,158,758	229,186,499
Interest income	(49,285,583)	(56,651,284)
Gain on remission of liability	(22,406,000)	-
Liabilities no longer required written back	(29,776,327)	(29,357,857)
Provision for doubtful debts and advances	72,098,518	37,235,369
Bad debts written off	-	1,130,879
Advances written off	2,101,649	1,173,991
Exchange differences (net)	(4,386,146)	1,648,686
<b>Operating profit before working capital changes</b>	<b>1,899,428,721</b>	<b>1,514,067,792</b>
<b>Movements in working capital</b>		
Increase in inventories	(12,179,749)	(23,713,177)
Increase in trade receivables	(103,156,992)	(176,359,055)
Increase in trade payables	46,141,008	81,489,374
Decrease in long term liabilities	(3,547,198)	(5,213,865)
Increase in provisions	70,629,448	58,797,005
Decrease/(Increase) in other current assets	1,451,931	(12,507)
(Increase)/Decrease in loans and advances	(9,505,228)	62,409,935
(Decrease)/Increase in other current liabilities	(20,068,497)	56,302,092
<b>Cash generated from operations</b>	<b>1,869,193,444</b>	<b>1,567,767,594</b>
Direct taxes paid (net of refunds)	(16,004,522)	(284,566,628)
<b>Net cash generated from operating activities</b>	<b>1,853,188,922</b>	<b>1,283,200,966</b>
<b>B. Cash flows from investing activities</b>		
Purchase of fixed assets	(540,135,886)	(547,812,031)
Proceeds from sale of fixed assets including fixed assets held for sale	46,951,077	69,724,194
Advance against assets to be sold	-	12,000,000
Fixed deposits invested (with maturity more than three months) (net)	(22,586,485)	(14,720,123)
Interest received	77,905,865	29,309,516
<b>Net cash used in investing activities</b>	<b>(437,865,429)</b>	<b>(451,498,444)</b>
<b>C. Cash flows from financing activities</b>		
Proceeds from issue of shares under Employee Stock Option plan 2009 (including securities premium)	1,192,320	1,212,560
Repayment of long term borrowings	(1,242,502,955)	(564,261,207)
Repayment of short term borrowings (net)	(13,632,794)	(49,829,641)
Repayment of Hire purchase loan	(473,332)	(742,587)
Repayment of finance lease obligation	-	(12,454,745)
Interest paid	(131,815,208)	(230,795,027)
Tax on equity dividend paid	(2,035,765)	-
<b>Cash used in financing activities</b>	<b>(1,389,267,734)</b>	<b>(856,870,647)</b>
<b>D. Net increase/(decrease) in cash and cash equivalents [A+B+C]</b>	<b>26,055,759</b>	<b>(25,168,125)</b>
<b>E. Cash and cash equivalents at the beginning of the year</b>	<b>151,716,655</b>	<b>176,832,935</b>
<b>F. Less: Effect of exchange differences on cash and cash equivalents held in foreign currency</b>	<b>(77,140)</b>	<b>51,845</b>
<b>G. Cash and cash equivalents at the end of the year [D+E+F]</b>	<b>177,695,274</b>	<b>151,716,655</b>





**SRL LIMITED**  
**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2016**

**Reconciliation of Cash and cash equivalents with the Balance Sheet:**

	As at 31 March 2016 (Rupees)	As at 31 March 2015 (Rupees)
Cash on hand	17,245,427	16,863,422
Cheques in hand	8,193,796	14,015,159
Balances with banks:		
- On cash collection accounts	22,817,334	29,801,181
- On EEFC accounts	-	326,390
- On current accounts	104,438,717	90,710,503
- On deposit accounts	66,702,160	20,846,495
Cash and bank balances as per note 18	<b>219,397,434</b>	<b>172,563,150</b>
Less: Fixed deposits not considered as cash equivalents	41,702,160	20,846,495
<b>Cash and cash equivalents in Cash Flow Statement</b>	<b>177,695,274</b>	<b>151,716,655</b>

See accompanying notes forming part of the financial statements

1 - 42

In terms of our report attached

**FOR DELOITTE HASKINS AND SELLS LLP**  
Chartered Accountants



**RASHIM TANDON**  
Partner  
Membership Number: 095540

Place: Gurgaon  
Date: 24 May 2016

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

**MALVINDER MOHAN SINGH**  
Chairman  
DIN: 00042981

**HARPAL SINGH**  
Director  
DIN: 00078224

**SANJEEV VASHISHTA**  
Chief Executive Officer

**SAURABH CHADHA**  
Chief Financial Officer

  
**RAVI BATRA**  
Chief Risk Officer and Company Secretary

Place: Gurgaon  
Date: 24 May 2016



**1. Corporate information**

SRL Limited ("the Company") is a public company domiciled in India and incorporated under provisions of the Companies Act, 1956. 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.

**(a) Basis of accounting and preparation of financial statements**

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financials to comply in all material respects with the Accounting Standards notified under section 133 of Companies Act 2013 read together with para 7 of Companies (Accounts) Rules 2014.

The consolidated financial statements have been prepared on an accrual basis and under the historical cost convention on an accrual basis. The Consolidated financial statements relate to the Company, its subsidiary and its joint venture (these entities and the Company hereinafter collectively referred to as the "Group" as defined under 'Composition of the Group' in note 2A below). The accounting policies adopted in the preparation of consolidated financial statements are consistent with those of previous year.

**(b) Principles of consolidation**

In the preparation of these consolidated financial Statements, investment in subsidiary company has been accounted for in accordance with AS-21 (Consolidated Financial Statements) and investments in joint ventures have been accounted for in accordance with AS-27 (Financial Reporting of Interests in Joint Ventures) notified by Companies (Accounting Standards) Rules, 2006, (as amended). The Consolidated Financial Statements are prepared on the following basis:

- (i) Subsidiary company is consolidated on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses after eliminating all significant intra-group balances and intra-group transactions and also unrealized profits or losses, except where cost cannot be recovered. The results of operations of the subsidiary are included in the consolidated financial statements from the date on which the holding subsidiary relationship comes into existence.
- (ii) The difference between the cost to the Company of its investment in the subsidiary and its proportionate share in the equity of the subsidiary as at the date of acquisition of stake is recognized as goodwill or capital reserve, as the case may be. Goodwill is tested for impairment at the end of each accounting year. For impairment, the carrying value of goodwill is compared with the present value of discounted cash flows of the respective subsidiaries and loss, if any, is adjusted to the carrying value of the goodwill.
- (iii) The Company's share of revenues, expenses, assets and liabilities in the joint venture is included in these financial statements as revenues, expenses, assets and liabilities, respectively.
- (iv) The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's standalone financial statements.
- (v) The financial statements of the entities used for the purpose of consolidation are drawn on the basis of same reporting date as that of the Company i.e. year ended 31 March 2016.

**2. Significant accounting policies**

**2.1 Use of estimates**

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

**2.2 Change in estimated useful life of fixed assets during previous year**

Till the year ended March 31, 2014, Schedule XIV to the Companies Act, 1956, prescribed requirements concerning depreciation of fixed assets. From the current year, Schedule XIV has been replaced by Schedule II to the Companies Act, 2013. The applicability of Schedule II has resulted in the following changes related to depreciation of fixed assets. Unless stated otherwise, the impact mentioned for the current year is likely to hold good for future years also.

During previous year, in accordance with the provisions of Schedule II of the Companies Act, 2013 and based on an internal technical evaluation, the Group revised the estimated useful lives of its fixed assets with effect from April 1, 2014. Accordingly, the net book value of the fixed assets as at April 1, 2014, was depreciated on a prospective basis over the remaining useful life, wherever applicable. This change in accounting estimate resulted in increase in depreciation and amortization expenses for the year ended 31 March 2015 by Rs. 175,348,892. Further, in case of fixed assets whose useful life on such reassessment had expired as of April 1, 2014, net book value of assets of Rs. 47,238,857 was adjusted in the surplus in the statement of profit and loss as of April 1, 2014 in terms of the transitional provisions of said Schedule II of the Companies Act, 2013.

**2.3 Inventories**

The inventories of materials representing reagents, chemicals & consumables are valued at lower of cost or the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost is determined on moving weighted average basis. However, materials and other items held for use in the performing of clinical tests are not written down below cost, if the tests in which they will be incorporated are expected to be sold at or above cost.

**2.4 Cash and cash equivalents (for purposes of Cash Flow Statement)**

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



**2.5 Cash flow statement**

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

**2.6 Depreciation and amortisation**

**Useful lives/ depreciation rates**

Till the year ended March 31, 2014, depreciation rates prescribed under Schedule XIV were treated as minimum rates and the Company was not allowed to charge depreciation at lower rates even if such lower rates were justified by the estimated useful life of the asset. Schedule II to the Companies Act 2013 prescribes useful lives for fixed assets which, in many cases, are different from lives prescribed under the erstwhile Schedule XIV. However, Schedule II allows companies to use higher/ lower useful lives and residual values if such useful lives and residual values can be technically supported and justification for difference is disclosed in the financial statements.

Considering the applicability of Schedule II, the management has re-estimated useful lives and residual values of all its fixed assets. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets, though these rates in certain cases are different from lives prescribed under Schedule II. Hence, this change in accounting policy did not have any material impact on financial statements of the Company.

Depreciation is provided using the Straight Line Method as per the useful lives of the assets estimated by the management, or at the rates prescribed under Schedule II of the Companies Act, 2013, whichever is higher. All fixed assets are depreciated determining the useful life as per Schedule II of Companies Act 2013.

Laboratory equipment- Pathology	13 years
Laboratory equipment- Imaging	10 years
Building	60 years
Office equipment	5 years
Furniture and fixtures	10 years
Vehicles	6 to 8 years
Computers and accessories	3 years
Air conditioners	8 years
Assays developed	5 years

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

**2.7 Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

**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.

**2.8 Other income**

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

**2.9 Fixed Assets**

**Tangible Assets**

Fixed assets are stated at cost, net of accumulated depreciation and the cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets, which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.



### **Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in an amalgamation in the nature of purchase is their fair value as at the date of amalgamation. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The Group uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. If the persuasive evidence exists to the effect that useful life of an intangible asset exceeds ten years, the company amortizes the intangible asset over the best estimate of its useful life. Such intangible assets and intangible assets not yet available for use are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS-5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

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

### **Capital work-in-progress:**

Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

### **Intangible assets for internally generated assays:**

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the Company can demonstrate all the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- Its intention to complete the asset.
- Its ability to use or sell the asset.
- The asset will generate future economic benefits.
- The availability of adequate resources to complete the development and to use or sell the asset.
- The ability to measure reliably the expenditure attributable to the intangible asset during development.

Expenditure on development activities, whereby research findings are applied to a plan or design for the new or substantially improved tests, is capitalised, if the cost can be reliably measured, the test is technically and commercially feasible and the Company has sufficient resources to complete the development and to use and sell the asset. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads including rent that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in the Profit and Loss Account as an expense as incurred. During the period of development, the asset is tested for impairment annually.

Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses. Fixed assets used for research and development are depreciated in accordance with the Company's policy as stated below. Materials identified for use in research and development process are carried as inventories and charged to Profit and Loss Account on issuance of such materials for research and development activities.

## **2.10 Foreign currency transactions and translations**

### **Initial recognition**

- (i) Company: Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.
- (ii) Net investment in non-integral foreign operations: Net investment in non-integral foreign operations is accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.
- (iii) Non-integral foreign operations: Transactions of non-integral foreign operations are translated at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

### **Measurement at the balance sheet date**

- (i) Company: Foreign currency monetary items (other than derivative contracts) of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Company are carried at historical cost.
- (ii) Net investment in non-integral foreign operations: Foreign currency monetary items (other than derivative contracts) of the Company's net investment in non-integral foreign operations outstanding at the balance sheet date are restated at the year-end rates.
- (iii) Non-integral foreign operations: All assets and liabilities of non-integral foreign operations are translated at the year-end rates.

### **Treatment of Exchange differences**

- (i) Company: Exchange differences arising on settlement / restatement of foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.





- (ii) Net investment in non-integral foreign operations: The exchange differences on restatement of long-term receivables / payables from / to non-integral foreign operations that are considered as net investment in such operations are accumulated in a "Foreign currency translation reserve" until disposal / recovery of the net investment, in which case the accumulated balance in "Foreign currency translation reserve" is recognised as income / expense in the same period in which the gain or loss on disposal / recovery is recognised.
- (iii) Non-integral foreign operations: The exchange differences on translation of balances relating to non-integral foreign operations are accumulated in a "Foreign currency translation reserve" until disposal of the operation, in which case the accumulated balance in "Foreign currency translation reserve" is recognised as income / expense in the same period in which the gain or loss on disposal is recognised.

## **2.11 Investments**

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

## **2.12 Employee benefits**

### **Retirement and other employee benefits**

Retirement benefit in the form of provident fund is a defined contribution scheme. The contributions to the provident fund are charged to the statement of profit and loss for the year when the contributions are due. The Group has no obligation, other than the contribution payable to the provident fund.

The Group operates defined benefit plan for its employees, i.e. gratuity. The costs of providing benefits under this plan are determined on the basis of actuarial valuation at each year-end. Actuarial gains and losses for defined benefit plan are recognized in full in the period in which they occur in the statement of profit and loss.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Group 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 Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. 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 entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

The Group has superannuation obligation administered with Life Insurance Corporation of India (LIC). Contributions to the defined contribution scheme are charged to profit and loss account when contributions paid/ payable are due to such fund. There are no other obligations other than the contribution payable to the respective fund.

## **2.13 Employee stock compensation cost**

The Company has formulated Employee Stock Option Schemes (ESOS) in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Schemes provide for grant of options to employees of the Company and its subsidiaries to acquire equity shares of the Company that vest in a graded manner and that are to be exercised within a specified period. In accordance with the SEBI Guidelines; the excess, if any, of the closing market price on the day prior to the grant of the options under ESOS over the exercise price is amortised on a straight-line basis over the vesting period.

## **2.14 Borrowing costs**

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Ancillary costs incurred in connection the arrangement of borrowings are amortised over the period of the loan. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset are added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

## **2.15 Segment reporting policies**

As the Company's business activity primarily falls within a single business and geographical segment i.e pathology and radiology services, there are no disclosures required to be provided in terms of Accounting Standard 17 on 'Segment Reporting'.





**2.16 Leases**

**Finance Lease**

***Where the company is lessee***

Finance leases, which effectively transfer to the company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs of lease are capitalised.

A leased asset is depreciated on a straight-line basis over the useful life of the asset or the useful life envisaged in Schedule II to the Companies Act, 2013, whichever is lower. However, if there is no reasonable certainty that the company will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset, the lease term or the useful life envisaged in Schedule II to the Companies Act, 2013.

***Where the company is a lessor***

Where the Company as a lessor leases assets under finance leases, such amounts are recognised as receivables at an amount equal to the net investment in the lease and the finance income is recognised based on a constant rate of return on the outstanding net investment.

**Operating leases**

***Where the company is lessee***

Operating Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

***Where the company is the lessor***

Leases in which the company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases.

Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

**2.17 Earnings per share**

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for potential equity shares as appropriate.

**2.18 Taxes on income**

Tax expense comprises current and deferred tax. 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. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available



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 entity and the same taxation authority.

**2.19 Research and development expenses**

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical feasibility has been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Fixed Assets.

**2.20 Impairment of assets**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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 asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

**2.21 Provisions and contingencies**

A provision is recognised when the Group has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

**2.22 Insurance claims**

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

**2.23 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.

**2.24 Operating Cycle**

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

**2.25 Expenditure on new projects and substantial expansion**

Expenditure directly relating to construction activity is capitalised. Indirect expenditure incurred during construction period is capitalised as part of the construction cost to the extent to which the expenditure is indirectly related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period which is not related to the construction activity nor is incidental thereto is charged to the Profit and Loss Account. Income earned, if any, during construction period is deducted from the total of the indirect expenditure.

All direct capital expenditure on expansion are capitalised. As regards indirect expenditure on expansion, only that portion is capitalised which represents the marginal increase in such expenditure involved as a result of capital expansion. Both direct and indirect expenditure are capitalised only if they increase the value of the asset beyond its original standard of performance.

*Miscellaneous Expenditure*

Miscellaneous expenditure pertains to expenditure incurred in relation to share issue expenses and will be adjusted from securities premium account as and when such shares are issued.

**2.26 Measurement of EBITDA**

The Company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the company does not include depreciation and amortization expense, finance costs and tax expense.



**2A. Composition of the Group**

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

Name of subsidiary/ Joint venture	Country of Incorporation	Proportion of ownership interest as at 31 March 2016	Proportion of ownership interest as at 31 March 2015	Country of Incorporation and other details
SRL Diagnostics (Nepal) Private Limited (formerly Super Religare Reference Laboratories (Nepal) Pvt Ltd ) "SRRLPL"	Nepal	50% (Joint venture)	50% (Joint venture)	SRRLPL was incorporated on August 7, 2009 under the Companies Act 2063. The registered office and principal place of business are located at Ward No 3, Maharanjung, Kathmandu, Nepal and its commercial operation have been started from August 31, 2010 to carry on the business of operating pathology labs and diagnostics centers in Nepal. SRRLPL became joint venture of SRL on August 7, 2009.
SRL Diagnostics Private Limited (formerly Piramal Diagnostic Services Private Limited) "SRLDPL"	India	100%	100%	SRLDPL is an Indian Company and carries on the business of operating pathology labs and diagnostics centers. SRLDPL became subsidiary of SRL on August 20, 2010.
DDRC SRL Diagnostics Private Limited "DDRC" (formerly DDRC Piramal Diagnostics Services Pvt. Ltd.)	India	50% (Joint venture of SRLDPL)	50% (Joint venture of SRLDPL)	DDRC is an Indian Company and carries on the business of operating pathology labs and diagnostics centers in India. DDRC became joint venture of SRLDPL from July 15, 2006 and with the acquisition of SRLDPL, DDRC became joint venture effective August 20, 2010.
SRL Reach Limited "SRLRL"	India	100%	100%	SRLRL is an Indian Company and carries on the business of operating pathology labs and diagnostics centers. SRLRL was incorporated on May 01, 2015 and became 100% subsidiary of SRL.



SRL LIMITED  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

**Note 3: Share capital**

	As at 31 March 2016		As at 31 March 2015	
	Number	(Rupees)	Number	(Rupees)
<b>(a) Authorised share capital</b>				
Equity shares of Rs. 10 each	61,333,334	613,333,340	61,333,334	613,333,340
Preference shares of Rs. 10 each	10,000,000	100,000,000	10,000,000	100,000,000
0.01% Compulsorily Convertible Preference Shares of Rs. 20 each	12,333,333	246,666,660	12,333,333	246,666,660
	<b>83,666,667</b>	<b>960,000,000</b>	<b>83,666,667</b>	<b>960,000,000</b>
<b>(b) Issued share capital</b>				
Equity shares of Rs. 10 each	59,856,988	598,569,880	59,827,180	598,271,800
0.01% Compulsorily Convertible Preference Shares of Rs. 20 each	12,333,333	246,666,660	12,333,333	246,666,660
	<b>72,190,321</b>	<b>845,236,540</b>	<b>72,160,513</b>	<b>844,938,460</b>
<b>(c) Subscribed and fully paid up share capital</b>				
Equity shares of Rs. 10 each	59,856,988	638,151,880	59,827,180	598,271,800
0.01% Compulsorily Convertible Preference Shares of Rs. 20 each	12,333,333	246,666,660	12,333,333	246,666,660
<b>Total</b>	<b>72,190,321</b>	<b>884,818,540</b>	<b>72,160,513</b>	<b>844,938,460</b>

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

	31 March 2016		31 March 2015	
	Number	(Rupees)	Number	(Rupees)
<b>Equity shares</b>				
At the beginning of the year	59,827,180	598,271,800	59,796,866	597,968,660
Issued during the year	29,808	298,080	30,314	303,140
Outstanding at the end	<b>59,856,988</b>	<b>598,569,880</b>	<b>59,827,180</b>	<b>598,271,800</b>
<b>0.01% Compulsorily convertible preference shares</b>				
Shares outstanding at the beginning of the year	12,333,333	246,666,660	12,333,333	246,666,660
Shares outstanding at the end of the year	<b>12,333,333</b>	<b>246,666,660</b>	<b>12,333,333</b>	<b>246,666,660</b>

**(ii) Terms/rights attached to equity shares**

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

**(iii) Terms/rights attached to 0.01% compulsorily convertible preference shares**

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

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

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

As on reporting date, International Finance Corporation (IFC), NYLIM Jacob Ballas India Fund III LLC (NJBIF) have not exercised their right to convert CCPS into equity shares of the Company.

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

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

	Year ended 31 March 2016		Year ended 31 March 2015	
	Number	(Rupees)	Number	(Rupees)
Equity shares of Rs. 10 each				
Fortis Healthcare Limited	42,749,217	427,492,170	42,749,217	427,492,170

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

Name of shareholder	As at 31 March 2016		As at 31 March 2015	
	No. of Shares	% of Holding	No. of Shares	% of Holding
<b>Equity shares</b>				
Fortis Healthcare Limited	42,749,217	75.57%	42,749,217	71.45%
Avigo PE Investments Limited	6,310,315	10.54%	6,310,315	10.55%
Logos Holding Company Private Limited	1,949,772	3.26%	4,449,772	7.44%
<b>0.01% Compulsory convertible preference shares</b>				
International Finance Corporation	4,000,000	32.43%	4,000,000	32.43%
NYLIM Jacob Ballas India Fund III LLC	8,333,333	67.57%	8,333,333	67.57%

**(vi) Shares reserved for issue under options**

Refer note 40 for details of shares reserved for issue under the employee stock option (ESOP) plans of the company.





**SRL LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

**Note 4: Reserves and surplus**

	As at 31 March 2016 (Rupees)	As at 31 March 2015 (Rupees)
<b>(a) Securities premium reserve</b>		
Balance as per last financial statements	6,861,099,434	6,860,190,014
Add: Premium received on allotment of Employee Stock Option Plan 2009	894,240	909,420
<b>Closing balance</b>	<b>6,861,993,674</b>	<b>6,861,099,434</b>
<b>(b) Capital redemption reserve</b>		
Transfer from surplus in Statement of Profit and Loss	33,750,000	-
<b>Closing balance</b>	<b>33,750,000</b>	<b>-</b>
<b>(c) Surplus/(deficit) in the statement of profit and loss</b>		
Balance as per last financial statements	(30,930,540)	(306,755,535)
Add: Profit for the year	575,119,533	316,006,443
Less: Appropriations		
- Effect of depreciation adjusted from opening reserves (net of tax)	-	40,156,782
- Dividend distribution tax on Dividend	2,035,765	-
- Dividend accrued on compulsory convertible preference shares	18,584	24,666
- Transfer to capital redemption reserve	33,750,000	-
<b>Net surplus/(deficit) in the statement of profit and loss</b>	<b>508,384,644</b>	<b>(30,930,540)</b>
<b>Total reserves and surplus</b>	<b>7,404,128,318</b>	<b>6,830,168,894</b>

**Note 5: Long-term borrowings**  
**Secured**

<b>(a) Term loans</b>		
- From banks	237,846,742	389,780,243
- From other parties	1,533,239	1,091,677,751
<b>(b) Other loans and advances</b>		
- Hire purchase loans from banks	403,751	842,360
	<b>239,783,732</b>	<b>1,482,300,354</b>
<b>(c) Less: Current Maturities of long term loans (refer note 10.2)</b>	<b>239,783,732</b>	<b>500,386,357</b>
<b>Total</b>	<b>-</b>	<b>981,913,997</b>

**Notes:**

**(a) Term loans from banks:**

- Term loan, having an outstanding balance of Rs. 9,275,315 as at 31 March 2016 (Rs. 22,342,412 as at 31 March 2015) from HDFC Bank Limited are secured by way of a first charge on the laboratories equipments, which have been purchased against these loans. Loan amount is repayable in 57 monthly equal installments with moratorium period of three months commencing from 1 March 2012. This outstanding balance is payable within 12 months as at 31 March 2016. Hence, it has been shown as current maturities of long-term debts in note 10.2 "Other Current liabilities".

- Term loan, having an outstanding balance of Rs. Nil as at 31 March 2016 (Rs. 50,000,000 as at 31 March 2015) from HDFC Bank Limited are secured by way of a first charge on the movable and immovable assets which have been purchased against these loans. Loan amount is repayable in 8 quarterly equal installments commencing from 1 October 2013. Loan is fully repaid on 17 August 2015.

- Term loan, having an outstanding balance of Rs. 228,571,427 as at 31 March 2016 (Rs. 304,761,905 as at 31 March 2015) are from Abu Dhabi Commercial Bank Ltd. and are secured by way of a first charge on all present and future moveable fixed assets and exclusive charge by way of English mortgage over the property. Loan amount is repayable in 21 equal quarterly installments with monthly interest from the date of loan viz., 27 December 2013. 80% of total loan of Rs. 500,000,000 taken from GE Capital Services India had transferred to Abu Dhabi Commercial Bank Ltd. by way of assignment agreement dated 10 December 2013. This outstanding balance is payable within 12 months as at 31 March 2016. Hence, it has been shown as current maturities of long-term debts in note 10.2 "Other Current liabilities".

- Term loan, having an outstanding balance of Rs. Nil as at 31 March 2016 (Rs. 12,675,926 as at 31 March 2015) from HDFC Bank Limited are secured by a first charge on all fixed assets of the 50% joint venture of subsidiary Company and personal guarantee of Directors. Loan amount is repayable in 48 monthly equal installments commencing from 15 February 2013. Loan has been fully prepaid during the year.

**(b) Term loans from other parties:**

- Term loan, having an outstanding balance of Rs. Nil as at 31 March 2016 (Rs. 17,344,167 as at 31 March 2015) are from SREI Equipments Private Limited and are secured by way of a first charge on the fixed assets, which have been purchased against these loans. Loan amount is repayable in 60 monthly equal installments along with interest from the date of loan viz., 5 October 2010. Loan is fully repaid during the year.

- Term loan, having an outstanding balance of Rs. Nil as at 31 March 2016 (Rs. 761,904,762 as at 31 March 2015) are from GE Money Financial Services Private Limited and are secured by way of a first charge on all present and future moveable fixed assets and exclusive charge by way of English mortgage over the property. Loan amount is repayable in 21 equal quarterly installments with monthly interest from the date of loan viz., 26 March 2013. The said loan is fully prepaid during the year.

- Term loan, having an outstanding balance of Rs. Nil as at 31 March 2016 (Rs. 76,190,476 as at 31 March 2015) are from GE Capital Services India and are secured by way of a first charge on all present and future moveable fixed assets and exclusive charge by way of English mortgage over the property. Loan amount is repayable in 21 equal quarterly installments with monthly interest from the date of loan viz., 26 March 2013. 80% of total loan of Rs. 500,000,000 taken from GE Capital Services India had transferred to Abu Dhabi Commercial Bank Ltd. by way of assignment agreement dated 10 December 2013. The said loan is fully prepaid during the year.

- Term loan, having an outstanding balance of Rs. Nil as at 31 March 2016 (Rs. 7,017,187 as at 31 March 2015) was taken from Siemens Limited and was secured by way of first charge on the fixed asset, which were purchased against this loan. The loan was carrying interest @ 10.25%. The loan was repayable in 48 monthly installments of Rs. 736,453 along with interest from the date of loan viz., 28 September 2011. The said loan was fully repaid in September 2015.





**SRL LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

- Term loan, having an outstanding balance of Rs.1,533,239 as at 31 March 2016 (Rs.13,870,862 as at 31 March 2015) has been taken from Siemens Limited and is secured by way of first charge on the fixed asset, which has been purchased against this loan. The loan is carrying interest @ 9.75%. The loan is repayable in 60 monthly installments of Rs. 1,095,292 along with interest from the date of loan viz., 21 June 2011. Balance outstanding as at 31 March 2016 is payable in 12 months and hence shown as other current liabilities in note 10.2 "Other Current liabilities".

- Term loan, having outstanding balance of Rs.Nil as at 31 March 2016 (Rs. 3,585,590 as at 31 March 2015) was taken from Siemens Limited and was secured by way of first charge on the fixed asset, which was purchased against this loan. The loan was carrying interest @ 9.75%. The loan was repayable in 60 monthly installments of Rs. 908,356 along with interest from the date of loan viz., 6 December 2010. The said loan was fully repaid in August 2015.

- Term Loan, having outstanding balance of Rs. Nil as at 31 March 2016 (Rs. 211,764,708 as at 31 March 2015) was taken from GE Money Financial Services Private Limited on 25 January 2012 with moratorium period of 12 months towards repayment of principal and carried interest @ 11.92%. The loan was repayable in 17 quarterly installments of Rs. 2,6470,588 each after the moratorium period along with interest. The loan was secured by hypothecation of Fixed Assets of the subsidiary company. The said loan was fully repaid in July 2015.

(c) Hire purchase loans of Rs. 403,751 (Rs. 842,360 as at 31 March 2015) from HDFC Bank Limited are secured against hypothecation of the specific vehicles purchased from the loan.

(d) Loan, having an outstanding balance of Rs. Nil as at 31 March 2016 (Rs. 459,665 as at 31 March 2015) taken from Philips Electronics India Limited on deferred payment terms on 2 March 2012 with moratorium period of 9 months towards repayment of loan. The loan is repayable in 27 monthly installments of Rs. 463,880 each after the moratorium period along with interest. Loan was fully repaid during in April 2015.

**Note 6: Deferred tax liabilities\***

	As at 31 March 2016 (Rupees)	As at 31 March 2015 (Rupees)
<b>(a) Deferred tax liability</b>		
Impact of difference between the expenses allowed in tax and depreciation charged for the financial reporting	229,785	470,662
<b>Net deferred tax liabilities</b>	<b>229,785</b>	<b>470,662</b>

\* Aggregate of deferred tax assets (net) and deferred tax liabilities (net) for respective entities in the Group is included under respective heads in the balance sheet.

**Note 7: Other long-term liabilities**  
**Others**

(a) Rent equalisation reserve	21,620,427	25,167,625
(b) Creditors for purchase of fixed assets	226,360,456	258,697,664
<b>Total</b>	<b>247,980,883</b>	<b>283,865,289</b>

**Note 8: Long-term provisions**  
**Provision for employee benefits**

(a) Provision for gratuity	90,912,398	79,516,800
<b>Total</b>	<b>90,912,398</b>	<b>79,516,800</b>

**Note 9: Short-term borrowings**  
**Secured**

(a) Cash credit facility from banks	105,624,659	107,913,453
	<b>105,624,659</b>	<b>107,913,453</b>

**Unsecured**

(b) Loans from related parties	-	33,750,000
	-	<b>33,750,000</b>
<b>Total</b>	<b>105,624,659</b>	<b>141,663,453</b>

**Notes:**

**Secured:**

(a) Cash credit facility from HDFC Bank is secured by way of first charge on the Company's entire current assets. They are further secured by way of a second charge on the Company's fixed assets, excluding specific vehicles and equipments financed by the bodies corporate and others, both present and future. The Cash Credit is repayable on demand and carries interest rate of 10.55%. The total sanctioned limit is of Rs.140,000,000 out of which Rs. 99,914,761 (Previous year Rs. 77,050,809) as Book Balance as on 31 March 2016. Actual Utilisation of cash credit facility is Rs Nil as on 31 March 2016.

(b) Cash credit facility from Kotak Mahindra Bank Limited is secured by way of first charge on the Company's entire current assets. They are further secured by way of a second charge on the Company's fixed assets, excluding specific vehicles and equipments financed by the bodies corporate and others, both present and future. The Cash Credit is repayable on demand and carries interest rate of 10.75%. The Cash credit limit is of Rs. 100,000,000 with Rs. 1,215,701 surplus fund (Previous year Rs. 29,907,860 utilised) as Book Balance as on 31 March 2016. Actual Utilisation of cash credit facility is Rs 1,144,262 as on 31 March 2016.

(c) Cash credit facility from Kotak Mahindra Bank Limited is secured by way of first charge on the subsidiary company's entire current assets. They are further secured by way of a second charge on the subsidiary company's fixed assets, excluding specific vehicles and equipments financed by the bodies corporate and others, both present and future. Cash credit facility to the extent of Rs 150,000,000 is guaranteed by SRL Limited. The Cash Credit is repayable on demand and carries interest rate of 10.75%. The Cash credit limit is of Rs. 150,000,000 out of which Rs. 5,709,898 is outstanding book balance as at 31 March 2016 (Rs. 29,907,860 as at 31 March 2015). Actual Utilisation of cash credit facility is Rs. Nil as on 31 March 2016.

(d) Cash credit facility from HDFC Bank Limited is secured by way of first charge on stock and book debts of 50% Joint venture of subsidiary company. The proportionate sanctioned limit is of Rs. 5,000,000 out of which Rs. Nil has been utilised as at 31 March 2016.



**SRL LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

**Note 10.1: Trade Payables**

	As at 31 March 2016 (Rupees)	As at 31 March 2015 (Rupees)
Trade payables		
- Total outstanding dues of micro enterprises and small enterprises (refer note 34 for details of dues to Micro and Small enterprises)	1,395,017	188,255
- Total outstanding dues of creditors other than micro enterprises and small enterprises	727,805,515	650,642,836
<b>Total</b>	<b>729,200,532</b>	<b>650,831,091</b>

**Note 10.2: Other Current liabilities**

(a) Deposits from customers	170,508,294	163,801,298
(b) Advance against sale of assets		12,000,000
<b>Other liabilities</b>		
(c) Current maturities of long-term debt (refer note 5)	239,783,732	500,846,022
(d) Interest accrued but not due on borrowings	356,749	3,013,199
(e) Dividend accrued but not due on Compulsory Convertible Preference Shares	86,770	68,186
(f) Creditors for purchase of fixed assets	53,611,694	65,546,091
(g) Liability against indemnification (Refer note (a) below)	13,309,717	13,309,717
(h) Payable to joint venture	122,480	223,034
(i) Rent equalisation reserve	6,391,925	6,225,380
(j) Advances from customers	37,258,572	28,037,284
(k) Statutory payables	54,641,207	90,703,976
(including Tax deducted at source, employees provident fund, Employees state insurance corporation contribution, Professional tax, Service tax, Labour welfare etc.)		
<b>Total</b>	<b>576,071,140</b>	<b>883,774,187</b>

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

**Note 11: Short-term provisions**

<b>Provision for employee benefits</b>		
(a) Provision for leave encashment	54,870,003	36,949,742
(b) Provision for gratuity (refer note 32)	9,412,676	1,370,466
(c) Provisions for ESIC (refer note 31 (k))	9,799,798	8,724,919
<b>Others</b>		
(a) Provision for wealth tax		121,550
(b) Provision for income tax (net of advance tax and tax deducted at source of Rs. 66,273,812 (31 March 2015: Rs. Nil))	2,541,723	
<b>Total</b>	<b>76,624,200</b>	<b>47,166,677</b>



**SRL LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

**Note 12.1: Tangible assets (at cost)**

Block	Freehold land	Leasehold improvements	Building	Laboratory equipment	Laboratory equipments under lease	Air conditioners	Computers and accessories	Office equipment	Furniture and fittings	Vehicles	Total (Rupees)
<b>Cost</b>											
At 1 April 2014	1,208,818,151	806,006,193	668,312,803	2,367,123,004	52,976,945	63,326,049	214,962,189	99,247,064	109,764,067	62,107,293	5,652,643,758
Additions	-	27,029,877	476,955	145,249,406	-	2,606,132	20,023,652	9,972,796	8,649,991	1,939,789	215,948,498
Transfer in/(out)	-	-	-	-	-	-	-	-	-	-	-
Depreciations	-	34,778,900	-	274,814,925	-	437,319	18,764,112	15,379,640	5,725,567	4,791,543	354,692,006
At 31 March 2015	1,208,818,151	798,257,170	668,789,658	2,237,557,485	52,976,945	65,494,862	216,221,729	93,840,220	112,688,492	59,255,539	5,513,900,250
Additions	-	89,441,239	-	249,546,324	-	13,919,055	33,866,325	24,965,722	11,785,260	2,774,539	426,298,464
Transfer in/(out)	-	-	-	52,160,722	(52,976,945)	-	47,182	769,041	-	-	-
Depreciations	-	325,254,973	-	286,798,834	-	2,274,386	14,243,175	10,140,259	22,124,681	22,195,626	683,031,934
At 31 March 2016	1,208,818,151	562,443,436	668,789,658	2,252,465,697	-	77,139,531	235,892,061	109,434,724	102,349,071	39,834,452	5,257,166,781
<b>Depreciation</b>											
At 1 April 2014	24,500	427,450,152	224,575,867	996,080,057	27,081,741	12,178,449	146,082,382	25,458,220	41,838,909	32,600,350	1,933,371,626
For the year	-	128,449,873	42,372,660	354,517,079	4,156,442	4,618,806	46,086,897	46,567,449	15,031,775	8,623,016	650,423,997
Transfer in/(out)	-	-	-	-	-	-	-	-	-	-	-
Deletions	-	34,397,915	-	217,531,522	-	387,055	17,779,034	12,539,472	4,237,169	3,954,887	290,827,054
At 31 March 2015	24,500	521,502,110	266,948,527	1,133,065,614	31,238,183	16,410,200	174,391,245	59,486,197	52,633,515	37,268,479	2,292,968,569
Charge for the year	-	247,306,425	8,004,727	314,189,602	(31,238,183)	18,984,818	24,696,218	13,735,207	23,224,352	6,869,798	657,011,147
Transfer in/(out)	-	-	-	31,119,499	-	-	-	116,684	-	-	-
Deletions	-	325,179,268	-	193,047,832	-	2,073,290	13,305,882	8,331,631	19,891,226	20,689,230	582,518,358
At 31 March 2016	24,500	443,629,267	274,953,254	1,285,326,883	-	33,321,728	185,781,581	65,008,457	55,966,641	23,449,047	2,367,461,358
<b>Net block</b>											
At 31 March 2016	1,208,793,651	118,814,169	393,836,404	967,138,814	-	43,817,803	50,110,480	44,426,266	46,382,429	16,385,405	2,889,705,422
At 31 March 2015	1,208,793,651	276,755,060	401,841,131	1,104,491,871	21,738,762	49,084,662	41,830,484	34,354,022	60,054,976	21,987,060	3,220,931,680
<b>Capital work-in-progress</b>											
											5,312,055

**Notes:**

- (a) Vehicles include those taken on hire purchase having gross block of Rs. 2,373,310 (Rs. 2,573,310 as at 31 March 2015) and accumulated depreciation of Rs. 1,433,450 (Rs. 1,103,391 as at 31 March 2015) as at 31 March 2016. Depreciation for the current year is Rs. 330,059 (Rs. 278,088 as at 31 March 2015).
- (b) During the year, the assets having gross block of Rs. 52,976,945 have been transferred from the block of laboratory equipments under lease to the block of laboratory equipments, as the finance lease has ended and the ownership has been transferred to the Company after discharging all liabilities against those assets.
- (c) Note 12.1 does not include laboratory equipment installed by suppliers, free of costs with the Company's commitment to purchase reagents from such suppliers over the term of the agreements. These equipment remain the property of the suppliers throughout the agreements.
- (d) During the current period, the Company sold its laboratory equipments due to closure of labs having net block of Rs. 17,675,348 resulting in loss on sale of assets of Rs. 7,825,350 which has been shown as exceptional items in statement of profit and loss. (refer note 26.1)
- (e) During the current period, one of the subsidiary companies closed certain laboratories and sold its laboratory equipments pertaining to those laboratories having net block of Rs. 61,266,335 resulting in loss on sale of assets of Rs. 33,116,335 which has been shown as exceptional items in statement of profit and loss. (refer note 26.1)
- (f) During the current year, the Company decided to close a laboratory. Assets relating to the laboratory having Net Block of Rs. 168,441,581 were impaired. Accordingly, an impairment loss of Rs. 164,008,826 has been recognised as an exceptional items in statement of profit and loss. (refer note 26.1)



**SRL LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

**Note 12.2: Intangible assets (at cost)**

	Software and other intangible assets	Intangible assets - Assay developed	Goodwill	(Rupees) Total
<b>Cost</b>				
At 1 April 2014	317,171,709	76,043,367	460,879,839	854,094,916
Additions	445,311,585	46,779,290	-	492,090,875
Deductions	-	-	-	-
<b>At 31 March 2015</b>	<b>762,483,294</b>	<b>122,822,657</b>	<b>460,879,839</b>	<b>1,346,185,791</b>
Additions	156,047,663	42,303,381	-	198,351,044
Deductions	185,420	-	-	185,420
<b>At 31 March 2016</b>	<b>918,345,537</b>	<b>165,126,037</b>	<b>460,879,839</b>	<b>1,544,351,414</b>
<b>Amortisation</b>				
At 1 April 2014	218,956,296	33,084,265	207,492,911	459,533,472
For the year	79,921,263	42,798,188	45,132,014	167,851,465
Deletions	-	-	-	-
<b>At 31 March 2015</b>	<b>298,877,559</b>	<b>75,882,453</b>	<b>252,624,925</b>	<b>627,384,937</b>
Charge for the year	106,707,481	61,175,412	60,940,776	228,823,670
Transfer in/(out)	-	-	-	-
Deletions	140,950	-	-	140,950
<b>At 31 March 2016</b>	<b>405,444,091</b>	<b>137,057,866</b>	<b>313,565,701</b>	<b>856,067,657</b>
<b>Net block</b>				
<b>At 31 March 2016</b>	<b>512,901,446</b>	<b>28,068,172</b>	<b>147,314,138</b>	<b>688,283,757</b>
<b>At 31 March 2015</b>	<b>463,605,738</b>	<b>46,940,204</b>	<b>208,254,914</b>	<b>718,800,857</b>
<b>Capital work-in-progress</b>				<b>44,294,887</b>

**Notes:**

(a) During the current period, one of the subsidiary companies closed certain laboratories and sold its laboratory equipments pertaining to those laboratories, which resulted in amortization of goodwill and trademark aggregating Rs. 70,065,776 which has been shown as an exceptional item in statement of profit and loss. (refer note 26.1)



**SRL LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

**Note 13: Deferred tax assets\***

	As at 31 March 2016 (Rupees)	As at 31 March 2015 (Rupees)
<b>Deferred tax liability</b>		
(a) Impact of difference between tax depreciation and depreciation charged for the financial reporting	-	8,674,701
<b>Gross deferred tax liability</b>	-	8,674,701
<b>Deferred tax asset</b>		
(a) Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purpose on payment basis	56,124,662	36,876,344
(b) Impact of difference between tax depreciation and depreciation charged for the financial reporting	146,400,609	33,415,007
(c) Provision for doubtful debts and advances	24,001,655	22,740,040
(d) Provision for lease equalisation	3,750,829	3,879,754
<b>Net deferred tax asset</b>	<b>230,277,755</b>	<b>88,236,444</b>

\* Aggregate of deferred tax assets (net) and deferred tax liabilities (net) for respective entities in the Group is included under respective heads in the balance sheet.

**Note 14: Long-term loans and advances**

<b>Unsecured, considered good</b>		
(a) Capital advances	116,751,751	254,310,228
(b) Security deposits		
- Deposits to related parties	15,013,512	15,013,512
- Deposits to others	161,929,301	135,093,854
(c) Loan to employees	892,693	1,396,500
(d) MAT Credit	23,219,010	23,922,724
(e) Advance tax and tax deducted at source (net of provision for taxes Rs. 830,445,173 (31 March 2015: Rs. 488,222,301))	230,478,293	408,322,077
	<b>548,284,560</b>	<b>838,058,895</b>
<b>Unsecured, considered doubtful</b>		
(a) Security deposits	5,000,000	5,000,000
Less: Provision for doubtful deposits	(5,000,000)	(5,000,000)
	-	-
<b>Total</b>	<b>548,284,560</b>	<b>838,058,895</b>

**Note 15: Other non-current assets**

<b>Unsecured, considered good</b>		
(a) Deposits with remaining maturity for more than 12 months	2,406,254	828,477
(b) Margin money deposits	1,387,043	1,234,000
(c) Arrangement fees	-	2,094,889
<b>Total</b>	<b>3,793,297</b>	<b>4,157,367</b>

**Note:**

Margin money deposits of Rs.1,196,807 (31 March 2015: Rs. 1,234,000) pledged against bank guarantees & letter of credit issued by bankers on behalf of one of the subsidiary companies.

**Note 16: Inventories (at lower of cost and net realisable value)**

(a) Reagents, chemicals and consumables	265,284,487	253,955,242
(b) Others	2,097,028	1,246,524
<b>Total</b>	<b>267,381,515</b>	<b>255,201,766</b>

**Note:**

The Group'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.

**Note 17: Trade receivables**

**(a) Outstanding for a period exceeding six months from the date they are due for payments**

- Secured, considered good	2,839,670	2,622,392
- Unsecured, considered good	58,189,333	88,199,776
- Unsecured, considered doubtful	83,861,974	78,682,854
	<b>144,890,977</b>	<b>169,505,022</b>
Provision for doubtful debts	(83,861,974)	(78,682,854)
	<b>61,029,003</b>	<b>90,822,168</b>

**(b) Other receivables**

- Secured, considered good	25,017,718	19,117,984
- Unsecured, considered good	874,559,037	817,167,119
- Unsecured, considered doubtful	7,703,112	3,085,630
	<b>907,279,867</b>	<b>839,370,733</b>
Provision for doubtful debts	(7,703,112)	(3,085,630)
	<b>899,576,755</b>	<b>836,285,103</b>

**Total**

<b>960,605,758</b>	<b>927,107,271</b>
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**SRL LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

**Note 18: Cash and bank balances**

	As at 31 March 2016 (Rupees)	As at 31 March 2015 (Rupees)
<b>Cash and cash equivalents</b>		
(a) Balances with banks:		
- On current accounts	104,438,717	90,710,503
- On cash collection accounts	22,817,334	29,801,181
- On EEFC accounts	-	326,390
(b) Deposits with original maturity of less than three months	25,000,000	-
(c) Cheques, drafts on hand	8,193,796	14,015,159
(d) Cash on hand	17,245,427	16,863,422
	<b>177,695,274</b>	<b>151,716,655</b>
<b>Other bank balances</b>		
(e) Deposits with original maturity for more than 12 months	6,923,582	20,549,194
(f) Deposits with original maturity for more than 3 months but less than 12 months	34,778,578	297,300
	<b>219,397,434</b>	<b>172,563,149</b>

**Note 19: Short-term loans and advances**

<b>Others</b>		
<b>Unsecured, considered good</b>		
(a) Prepaid expenses	35,987,060	30,240,334
(b) Loans and advances to employees	15,511,953	19,863,680
(a) Other Recoverable	36,353,862	52,072,098
(b) Advance tax and tax deducted at source (net of provisions for tax Rs. Nil (as at 31 March 2015: Rs. Nil))	-	212,892,815
(c) Balance with customs, excise, etc.	619,590	677,432
(d) Security deposits	8,853,592	13,400,574
	<b>97,326,057</b>	<b>329,146,933</b>
<b>Unsecured, considered doubtful</b>		
(e) Loan to corporates	2,950,000	2,950,000
(g) Advances recoverable in cash or in kind or for value to be received	12,108,009	6,256,336
(f) Less: Provision for doubtful loans and advances	(15,058,009)	(9,206,336)
<b>Total</b>	<b>97,326,057</b>	<b>329,146,933</b>

**Note 20: Other current assets**

<b>Unsecured, considered good</b>		
(a) Interest accrued on		
- Fixed deposits	583,625	130,773
- Income tax refund receivable	-	29,073,134
(b) Unbilled Revenue	8,398,386	7,613,339
(c) Arrangement fees	558,126	700,215
<b>Total</b>	<b>9,540,137</b>	<b>37,517,461</b>



SRL LIMITED  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

**Note 21: Revenue from operations**

	Year ended 31 March 2016 (Rupees)	Year ended 31 March 2015 (Rupees)
(a) Sale of services	8,936,218,891	8,291,264,040
(b) Other operating revenues - Management Fees	56,373,979	38,948,279
<b>Revenue from operations (gross)</b>	<b>8,992,592,870</b>	<b>8,330,212,319</b>
(c) Less: Service tax	9,890,690	10,230,981
<b>Revenue from operations (net)</b>	<b>8,982,702,180</b>	<b>8,319,981,338</b>

**Note 22: Other income**

(a) Interest income		
- on bank deposits	16,257,198	6,912,566
- on loan to director	-	813,151
- on income tax refund	32,968,812	48,770,324
- others	59,573	155,243
(b) Liabilities no longer required written back	29,776,327	29,357,857
(c) Remission of liability	22,406,000	-
(d) Exchange differences (net)	4,731,967	-
(e) Profit on sale of fixed Assets (net)	1,276,709	7,551,452
(f) Miscellaneous income	26,782,601	41,111,047
<b>Total</b>	<b>134,259,187</b>	<b>134,671,639</b>

**Note 23: Consumption of reagents and other consumables**

(a) Opening Stock	255,201,766	231,488,589
(b) Add: Purchases	2,294,922,572	2,155,605,452
	<b>2,550,124,338</b>	<b>2,387,094,041</b>
(c) Less: Closing stock	267,381,515	255,201,766
<b>Consumption of reagents and other consumables</b>	<b>2,282,742,823</b>	<b>2,131,892,275</b>
(d) Less: amount capitalised (refer note 39)	4,178,837	13,702,116
<b>Net consumption of reagents and other consumables</b>	<b>2,278,563,986</b>	<b>2,118,190,159</b>

**Note 24: Employee benefits expense**

(a) Salaries, wages and bonus	1,667,882,536	1,520,809,553
(b) Contribution to provident and other funds	106,651,469	94,337,533
(c) Gratuity expense (refer note 32)	31,529,353	41,052,660
(d) Staff welfare expenses	46,102,163	34,390,964
	<b>1,852,165,521</b>	<b>1,690,590,710</b>
(e) Less: amount capitalised (refer note 39)	13,926,842	16,744,902
<b>Total</b>	<b>1,838,238,679</b>	<b>1,673,845,808</b>

**Note 25: Other expenses**

(a) Professional fees to doctors	714,206,108	713,571,296
(b) Rent:		
- Offices and labs	374,040,474	376,360,578
- Equipments	3,003,405	44,236,367
(c) Legal and professional	302,761,391	411,676,969
(d) Advertisement and sales promotion	226,478,610	202,547,795
(e) Power and fuel	195,677,785	201,140,138
(f) Postage and courier	172,173,647	148,727,714
(g) Repairs and maintenance:		
- Plant and machinery	127,552,369	146,729,516
- Building	7,418,361	9,778,562
- Others	31,586,910	30,254,037
(h) Travelling and conveyance	161,921,929	147,253,135
(i) Printing and stationery	98,175,237	88,458,717
(j) Provision for doubtful debts and advances	72,098,518	37,235,369
(k) Communication	30,831,252	37,035,107
(l) Rates and taxes	17,671,377	10,617,693
(m) Housekeeping expenses	17,427,798	21,961,906
(n) Security services expenses	13,136,941	16,019,778
(o) Donation	10,966,521	330,413
(p) Payment to auditors*		
- As auditor	5,907,500	5,621,875
- For taxation matters	675,000	668,750
- For Limited reviews	2,146,875	2,146,875
- For other services (certification fees)	25,000	25,000
- For reimbursement of expenses	774,099	844,550
(q) Insurance	5,979,909	7,728,604
(r) Advances written off	2,101,649	1,173,991
(s) Loss on sale/ discard of fixed assets (net)	1,941,993	1,692,211
(t) Bad debts written off	-	1,130,879
(u) Exchange differences (net)	-	1,558,133
(v) Miscellaneous expenses	65,257,927	48,279,305
	<b>2,661,938,585</b>	<b>2,714,805,263</b>
(w) Less: amount capitalised (refer note 39)	12,681,310	3,385,349
<b>Total</b>	<b>2,649,257,275</b>	<b>2,711,419,914</b>

\*Payment made to auditor for the previous year and reimbursement of expenses paid in current year amounting to Rs. 241,443 relates to amount paid to previous auditors of the Company.



**SRL LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

**Note 26: Finance costs**

	Year ended 31 March 2016 (Rupees)	Year ended March 31, 2015 (Rupees)
(a) Interest expense:		
- on fixed loans	111,242,434	202,887,261
- on hire purchase loans	87,869	124,417
- on others	17,828,455	24,764,912
- on finance lease	-	1,409,909
(b) Other borrowing costs	14,331,815	11,904,746
<b>Total</b>	<b>143,490,573</b>	<b>241,091,245</b>

**Note 26.1: Exceptional item**

(a) Impairment of assets (refer note 12.1)	164,008,826	-
(b) Amortisation of Goodwill and trademark (refer note 12.2)	70,065,776	-
(c) Loss on disposal of fixed asset due to closure of laboratories (refer note 12.1)	40,941,685	-
(d) Employee benefits including incremental bonus due to introduction of 'The Payment of Bonus (Amendment) Act 2015' (refer note (a) below)	34,199,862	-
<b>Total</b>	<b>309,216,149</b>	<b>-</b>

**Note:**

(a) Statutory bonus recorded in the current year as an exceptional item represents the amount accrued for bonus payable to existing employees for the period from 1 April 2014 to 31 December 2015 due to enactment of 'The Payment of Bonus (Amendment) Act, 2015' with retrospective effect from 1 April 2014 for which notification was issued in January 2016.

**Note 27: Earnings per equity share**

**Basic:**

(a) Profit after tax	575,119,533	316,006,443
(b) Less: Preference dividend	18,584	24,666
(c) Profit for the year attributable to the equity shareholders	<b>575,100,949</b>	<b>315,981,777</b>
(d) Weighted average number of equity shares in calculating basic EPS	59,852,509	59,808,576
<b>Earnings per share (Basic)</b>	<b>9.61</b>	<b>5.28</b>

**Diluted:**

(a) Profit after tax	575,119,531	316,006,443
(b) Weighted average number of equity shares in calculating diluted EPS	79,132,486	78,946,763
<b>Earnings per share (Diluted)</b>	<b>7.27</b>	<b>4.00</b>
Par value per equity share	10.00	10.00



**Note 28: Related party disclosures**

**A. Names of related parties:**

**(a) Enterprises having direct control over the Company**

Fortis Healthcare Limited, holding company

**(b) Individuals (directly/ indirectly) having control over the reporting enterprise**

Mr. Malvinder Mohan Singh, Chairman

Mr. Shivinder Mohan Singh, Director

**(c) Key Managerial**

Dr. Sanjeev K. Chaudhry,

Mr. Sanjeev Vashishta, Chief Executive Officer

Mr. Saurabh Chadha, Chief Financial Officer

Mr. Ravi Batra, Company Secretary

Mr. Lalit Yadav, Company Secretary of Subsidiary

**(d) Enterprises over which persons mentioned at (ii), (iii) and (iv) have significant influence and with whom transactions**

AEGON Religare Life Insurance Company Limited

Bar Chem

Escort Heart Institute & Research Centre Limited

Fortis C-DOC Healthcare Limited

Fortis Clinical Research Limited

Fortis Health Management Limited

Fortis Hospitals Limited

Fortis Malar Hospitals Limited

Hiranandani Healthcare Private Limited

International Hospital Limited

Lalitha Healthcare Private Limited

Religare Health Insurance Company Limited

Hale & Tempest Company Limited

Religare Capital Markets Limited

HealthFore Technologies Limited

Ligare Travels Private Limited (Formerly known as Ligare Travels Limited)

RWL Healthworld Limited

RHC Holding Private Limited

SRL Diagnostics FZ-LLC

SRL Diagnostics (Nepal) Private Limited

DDRC SRL Diagnostics Private Limited

Fortis Health Management (East) Limited

Religare Wealth Management Limited

Fortis Cancer Care Limited

Birdie & Birdie Realtors Private Limited

Fortis Charitable Foundation



**B. Transactions with related parties**

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

	Year ended 31 March 2016 (Rupees)	Year ended 31 March 2015 (Rupees)
<b>(a) Rendering of Pathology services:</b>		
Escort Heart Institute & Research Centre Limited	131,933,860	115,946,029
Fortis C-DOC Healthcare Limite	12,126,275	9,957,249
Fortis Health Management Limited	12,304,351	10,795,481
Fortis Healthcare Limited	243,616,955	220,973,284
Fortis Health Management (East) Limited	9,064,839	12,103,575
Fortis Hospitals Limited	774,784,579	630,521,309
Fortis Malar Hospitals Limited	57,223,438	39,748,847
Hiranandani Healthcare Private Limited	99,777,348	88,870,122
International Hospital Limited	12,418,203	8,770,964
Lalitha Healthcare Private Limited	6,557,748	9,763,282
Fortis Charitable Foundation	12,312,168	-
SRL Diagnostics FZ-LLC	92,243,771	75,523,620
SRL Diagnostics (Nepal) Private Limited	6,602,157	6,379,312
AEGON Religare Life Insurance Company Limited	-	15,900
Fortis Clinical Research Limited	-	2,717,776
Religare Wealth Management Limited	-	5,900
Religare Health Insurance Company Limited	9,597,895	5,578,657
RWL Healthworld Limited	34,748,875	35,788,082
DDRC SRL Diagnostics Private Limited	11,835,462	14,698,127
HealthFore Technologies Limited (formerly Religare Technologies Limited)	192,586	-
	<b>1,527,340,510</b>	<b>1,288,157,516</b>
<b>(b) Receiving of services:</b>		
<b>(i) Tests outsourcing services</b>		
Fortis Hospitals Limited	7,539,081	9,703,078
Fortis Healthcare Limited	2,550,132	5,184,482
DDRC SRL Diagnostics Private Limited	300,600	-
<b>(ii) Rental Services</b>		
Birdie & Birdie Realtors Private Limited	31,434,560	28,479,730
Bar Chem	39,182,065	36,445,823
Fortis Health Management (East) Limited	533,934	3,613,424
<b>(iii) Travel agent services</b>		
Ligare Travels Limited	19,682,252	23,626,532
<b>(iv) Advisory services</b>		
Hale & Tempest Company Limited	2,651,832	2,459,970
<b>(v) Brand License fees</b>		
RHC Holding Private Limited	15,457,500	-
	<b>119,331,956</b>	<b>109,513,039</b>
<b>(c) Reimbursement of expenses to:</b>		
Escort Heart Institute & Research Centre Limited	11,159,961	10,501,826
Fortis Healthcare Limited	168,762	706,602
Fortis Hospitals Limited	1,177,750	1,900,900
Hiranandani Healthcare Private Limited	7,682,480	7,034,730
Fortis Charitable Foundation	10,642,906	-
SRL Diagnostics (Nepal) Private Limited	568,991	668,273
SRL Diagnostics FZ-LLC (Formerly known as Super Religare)	547,354	-
DDRC SRL Diagnostics Private Limited	4,022,861	3,589,349
Birdie & Birdie Realtors Private Limited	52,650	-
Hale & Tempest Company Limited	1,409,587	2,193,846
	<b>37,433,302</b>	<b>26,595,526</b>
<b>(d) Reimbursement of expenses from:</b>		
Escort Heart Institute & Research Centre Limited	1,536,000	1,380,000
Fortis Healthcare Limited	7,659,976	8,359,565
Fortis Health Management (East) Limited	-	217,874
Fortis Health Management Limited	258,071	240,000
Fortis Hospitals Limited	16,267,685	9,673,119
Hiranandani Healthcare Private Limited	21,464,419	18,693,455
SRL Diagnostics FZ-LLC	1,526,004	1,203,036
Fortis Malar Hospitals Limited	292,007	267,876
Fortis Cancer Care Limited	6,074,900	10,329,872
SRL Diagnostics (Nepal) Private Limited	733,762	192,639
DDRC SRL Diagnostics Private Limited	876	-
Religare Capital Markets Limited	157,814	-
	<b>55,971,514</b>	<b>50,557,436</b>
<b>(e) Remuneration to key managerial personnel</b>		
<b>Salary , Bonus and contribution to PF (refer note (a) below)</b>		
Dr. Sanjeev K. Chaudhry, Managing Director	14,895,000	14,895,000
Mr. Sanjeev Vashishta, Chief Executive Officer	21,180,800	15,132,816
Mr. Saurabh Chadha, Chief Financial Officer	7,120,400	6,583,400
Mr. Ankush Agarwal, Company Secretary (upto October 2014)	-	609,194
Mr. Ravi Batra, Company Secretary (from 1 November 2015)	5,007,000	1,622,978
Mr. Lalit Yadav, Company Secretary of Subsidiary	640,625	384,889
	<b>48,843,825</b>	<b>39,228,277</b>

**Note (a):** The remuneration to the key managerial personnel 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.





	Year ended 31 March 2016 (Rupees)	Year ended 31 March 2015 (Rupees)
<b>(f) Purchase of reagents and consumables</b>		
Fortis Hospitals Limited	1,837,933	2,684,003
Fortis Health Management Limited	38,450	41,351
International Hospital Limited	-	46,797
Hiranandani Healthcare Private Limited	128,970	246,040
RWL Healthworld Limited	347,852	243,751
	<u>2,353,205</u>	<u>3,261,942</u>
<b>(g) Purchase of Intangible assets</b>		
HealthFore Technologies Limited	37,769,675	-
	<u>37,769,675</u>	<u>-</u>
<b>C. Balances outstanding at the year end:</b>		
<b>(a) Deposits given to Related parties</b>		
Birdie & Birdie Realtors Private Limited	8,000,000	8,000,000
Bar Chem	7,013,512	7,013,512
	<u>15,013,512</u>	<u>15,013,512</u>
<b>(b) Receivables at the year end:</b>		
Escort Heart Institute & Research Centre Limited	24,446,559	24,201,000
Fortis C-DOC Healthcare Limited	16,208,069	14,794,355
Fortis Health Management Limited	1,540,997	2,186,151
Fortis Healthcare Limited	19,160,536	25,459,837
Fortis Hospitals Limited	88,497,846	99,050,697
Fortis Malar Hospitals Limited	4,194,302	3,789,162
Hiranandani Healthcare Private Limited	13,509,897	9,366,700
Fortis Health Management (East) Limited	1,158,600	2,364,055
International Hospital Limited	2,445,575	2,616,493
Lalitha Healthcare Private Limited	1,342,318	3,149,944
SRL Diagnostics FZ-LLC	71,796,670	55,229,945
SRL Diagnostics (Nepal) Private Limited	781,068	1,458,836
Religare Wealth Management Limited	2,600	2,600
Religare Health Insurance Company Limited	5,474,740	2,339,745
AEGON Religare Life Insurance Company Limited	-	7,350
Fortis Clinical Research Limited	-	6,337
RWL Healthworld Limited	9,264,026	8,733,228
DDRC SRL Diagnostics Private Limited	1,515,862	2,401,044
Religare Capital Markets Limited	-	186,123
Fortis Cancer Care Limited	744,500	8,929,089
	<u>262,084,163</u>	<u>266,272,691</u>
<b>(c) Payables at the year end:</b>		
Bar Chem	2,819,071	253,885
Fortis Health Management (East) Limited	-	25,502
Fortis Healthcare Limited	115,307	159,118
SRL Diagnostics (Nepal) Private Limited	122,480	223,034
RWL Healthworld Limited	-	10,222
Hale & Tempest Company Limited	-	130,400
Birdie & Birdie Realtors Private Limited	5,022,700	52,650
Ligare Travels Limited	653,658	777,816
HealthFore Technologies Limited	10,432	-
	<u>8,733,216</u>	<u>1,632,628</u>
<b>(d) Other transactions</b>		
The subsidiary company has taken cash credit facility from Kotak Mahindra Bank Limited of Rs 150,000,000 as on 31 March 2016 (Previous year Rs 150,000,000) which is guaranteed by SRL Limited.		

**Note 29: Leases**

**As a lessee**

**Operating leases**

**(a) Labs, offices, godowns and guest houses**

The Company has obtained lab premises, office premises, godowns and guest houses on operating lease arrangements. The lease terms varies from 11 months to 9 years, renewable at the option of the Company. There are escalation clauses in some of the lease agreements which is ranging from 5% to 25%. There are no restrictions imposed by the lease arrangements.

**(b) Lab equipment**

Certain lab equipment are obtained under operating leases. The lease period is for 9 years. There is no escalation clause in the lease agreements. There are no restrictions imposed by the lease agreements. There are no sub-leases.



	31 March 2016 (Rupees)	31 March 2015 (Rupees)
Lease payments for the year	377,043,879	407,692,250
Future minimum lease payments under non-cancellable lease agreements		
Not later than one year	123,708,329	127,422,998
Later than one year and not later than five years	369,514,346	107,993,004
Later than five years	124,805,175	38,751,231
	<u>618,027,850</u>	<u>274,167,234</u>

**Note 30: Capital and other commitments**

- (a) Estimated amount of contracts remaining to be executed on capital account and other commitments; not provided for as at 31 March 2016 were Rs.32,065,660 (Previous year Rs. 36,555,521).
- (b) For commitment relating to lease arrangement, please refer note 29.

**Note 31: Provisions and contingencies**

- (a) The Company has received a show cause cum demand notice dated 20 April 2007 for Rs. 8,143,897 (Previous year Rs. 8,143,897) in respect of service tax relating to 'Clinical Trial Studies' rendered during the period from July 2003 to April 2006. The Company has responded to the Directorate General of Central Excise Intelligence, Mumbai on 8 May 2007. In the opinion of the management, the said demand is non-tenable and not likely to devolve on the Company. Accordingly, no provision in respect of the said demand is considered in the books.
- (b) Demands against various Medico-Legal cases by the customers which are disputed by the Company as at 31 March 2016 amounted to Rs. 17,696,824 (Previous year Rs. 147,173,766). Besides, the Company has also received various others claims for consumer cases, labour cases and civil cases etc., the amount of which is not ascertainable. However, in the opinion of the management, most of these claims are non-tenable and are not likely to devolve on the Company. On the basis of past history of such cases, the management is of view that there will not be any substantial outflow of resources in respect of the above and hence no provision there against is considered necessary.
- (c) The Company is currently under litigation with the Income tax department against certain income tax demands for non-deduction of withholding taxes on the payments made by the Company of discounts to its collection centers and certain other miscellaneous matters totalling to Rs. 510,735,819 (previous year Rs. 508,127,421) in relation to Assessment years (AY) 2006-07, 2007-08, 2008-09, 2009-10, 2012-13 and 2013-14. The year wise details of demand, protest amount deposited and forum where they are pending has been enumerated below:-

Assessment Year	Demand Amount (Rs.)	Protest Amount Deposited (Rs.)	Forum Pending
2006-07	15,820,130	-	Delhi High Court
2007-08	125,613,647	-	ITAT
2008-09	81,525,220	-	ITAT
2008-09	61,428,143	-	ITAT
2008-09	12,509,302	-	ITAT
2009-10	131,873,480	-	ITAT
2010-11	73,843,770	-	ITAT
2012-13	5,513,729	-	CIT(A)
2013-14	2,608,398	-	CIT(A)

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

- (d) The Company had received an order under section 201(1) and 201(1A) of the Income Tax Act, 1961 from Deputy Commissioner Income Tax (TDS), Mumbai in relation to Assessment Years 2008-09 and 2009-10 aggregating to Rs. 29,119,030 and Rs. 13,456,160 respectively primarily on account of mismatch in the online database of tax department with returns/ challans filed by the Company. The Company has filed an appeal before Commissioner (Appeals) XIV, Mumbai against the said orders. The CIT(A) has already allowed the appeal in favour of Company. Further the Direction has been issued to the Company to revise the return in co-ordination with assessing officer. The Company is in process of rectifying those demand by revising its return for said period. Based on data available in TRACES as on 31 March 2016 demand of Rs. 10,955,320 and Rs. 688,510 respectively is outstanding. The Company is of the view that the demand is not tenable as the case has already been allowed in the favour of the Company by CIT (A) and no economic outflow is expected against the same.
- (e) The Assistant Commissioner of Income Tax, New Delhi passed an assessment order dated 24 March 2015 disallowing certain expenses claimed by it in the assessment year 2011-12 and thereby the taxable loss of the Company was assessed at Rs. 100,818,403 whereas the losses claimed by the Company were Rs. 127,128,513. The Company has filed an appeal before Commissioner of Income Tax (Appeals), New Delhi against the above order vide acknowledgement dated 21 April 2015. The company already has similar case from ITAT for AY 2006-07 and AY 2008-09 in the favour of the Company and hence the Management considers the demand is not tenable.
- (f) The Company had received order under section 201(1) and 201(1A) of the Income Tax Act, 1961 from Income Tax officer (TDS), Mumbai in relation to Assessment Years 2008-09 and 2009-10 aggregating to Rs. 45,704,491 and Rs. 53,179,880 for non-deduction of taxes under the provisions of section 194H and section 195. CIT(A) has passed favourable order dated 11 April 2014. The Company is of the view that the demand is not tenable taking into account the favourable order of CIT(A) and no economic outflow is expected against the same.
- (g) Bank guarantee given by the holding company as a security deposit to a customer as on 31 March 2016 were 33,443,187 (Previous year Rs. 60,656,87).
- (h) Bank guarantee given by the subsidiary company (SRL Diagnostics Private Limited) as a security deposit to a customer as on 31 March 2016 were Rs 1,625,000 (Previous year Rs.500,000).
- (i) Bank guarantee given by the subsidiary company (SRL Reach Limited) as a security deposit to a customer as on 31 March 2016 were Rs 100,000 (Previous year Rs.Nil).
- (j) Bank guarantee given by joint venture (DDRC SRL Diagnostics Private Limited) as a security deposit to customer as on 31 March 2016 were Rs. 132,500 (31 March 2014 Rs 132,500).



- (k) The subsidiary company, SRL Diagnostics Private Limited has disputed the coverage of Employees State Insurance Corporation (ESIC) for its Kolkata unit from inception till November 2002 as "Pathlabs" were not covered for Employee State Insurance Corporation (ESIC). Pending outcome of the hearing, an amount of Rs. 9,799,798 as on 31 March 2016 ( 31 March 2015: Rs.8,724,919) has been provided in the books from the period commencing 01 December 2000 being the date from which the ESIC sent a notice claiming liability of ESIC on subsidiary company Kolkata unit.
- (l) Joint venture (DDRC SRL Diagnostics Private Limited) is currently under litigation with the Income Tax department against certain income tax disallowances amounting to Rs.46,762,119 as on 31 March 2016 (31 March 2015: Rs. 46,762,119 ) in relation to assessment year 2008-09, 2009-10, 2010-11, 2011-12, 2012-13. The management based on its internal evaluation and advice obtained from its tax advisors is of the view that the demand is not tenable and no economic outflow is expected against them.
- (m) Consumer claim not acknowledged as debt by the joint venture (DDRC SRL Diagnostics Private Limited) Rs. 40,515 (Previous year: Rs. 40,515)
- (n) Notification issued on 1 December 2015 by Ministry of Law and Justice on The Payment of Bonus (Amendment) Act, 2015 was stayed by Honorable High court of Kerala vide wp(c). No. 3025/2016(c) which may have additional liability of Rs. 1,554,459 pertaining to FY 2014-15 in books of Joint venture. (DDRC SRL Diagnostics Private Limited).

**Note 32: Employee Benefits**

The Group has a defined benefit gratuity plan, wherein every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service subject to a maximum limit of 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

	Year ended (Rupees)	Year ended (Rupees)
<b>Profit and Loss account</b>		
<b>Net employee benefit expense</b>		
Current service cost	21,693,505	22,248,631
Interest cost on benefit obligation	7,205,969	5,365,763
Net actuarial loss recognised in the year	4,342,546	14,961,493
Expected return on plan assets	(1,712,667)	(1,523,227)
<b>Net benefit expense</b>	<b>31,529,353</b>	<b>41,052,660</b>
<b>Balance sheet</b>		
<b>Present value of benefit obligation</b>		
Defined benefit obligation	122,857,946	101,171,065
Fair value of plan assets	(22,532,872)	(20,283,800)
<b>Plan liabilities</b>	<b>100,325,074</b>	<b>80,887,265</b>
<b>Changes in the present value of the defined benefit obligation are as follows:</b>		
Opening defined benefit obligation	101,171,065	74,830,052
Interest cost	7,205,969	5,365,763
Current service cost	21,693,505	22,248,631
Benefits paid	(11,243,977)	(15,828,193)
Actuarial loss on obligation	4,031,384	14,554,812
Fair value of plan assets	(22,532,872)	(20,283,800)
<b>Closing defined benefit obligation*</b>	<b>100,325,074</b>	<b>80,887,265</b>
* Represents fair value of plan asset of the subsidiary funded by Life Insurance Corporation of India (LIC).		
<b>Changes in the fair value of plan assets are as follows:</b>		
Opening fair value of plan assets	20,283,800	17,796,886
Expected return on plan assets	1,712,667	1,523,227
Contributions	1,377,595	1,385,164
Benefits paid	(530,028)	(14,798)
Actuarial losses	(311,162)	(406,679)
<b>Closing fair value of plan assets</b>	<b>22,532,872</b>	<b>20,283,800</b>
<b>The principal assumptions used in determining gratuity benefit obligations for the Company's plans are shown below:</b>		
Discount Rate	7.40% to 8.03% p.a.	7.81% to 8.03% p.a.
Employee Turnover		
Upto 30 years	15% to 33% p.a.	3% p.a.
30-45 years	9% to 18% p.a.	2% p.a.
45 years and above	0% to 9% p.a.	1% p.a.
Mortality rate	Indian Assured Lives 2006-08 Ultimate	Indian Assured Lives 2006-08 Ultimate
Compensation cost increase rate	6.50%	6.50%
Expected rate of return on plan assets	8% p.a.	8% p.a.

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.

	(Rupees)				
<b>Experience adjustments:</b>	<b>31 March 2016</b>	<b>31 March 2015</b>	<b>31 March 2014</b>	<b>31 March 2013</b>	<b>31 March 2012</b>
Defined Benefit obligation	100,325,074	80,887,265	57,033,166	47,975,079	23,853,611
Experience adjustment on plan liabilities-(gain)/loss	(1,191,373)	6,066,389	(4,488,968)	(1,548,774)	(255,743)



**SRL LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

**Note 33: Derivative Instruments and 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. The particulars of unhedged foreign currency exposure as at the balance sheet date are as follows:

	Currency	31 March 2016			31 March 2015		
		Amount in INR	Conversion Rate	Amount in foreign currency	Amount in INR	Conversion Rate	Amount in foreign currency
Trade receivables	USD	47,560,546	66.14	719,089	31,189,043	62.53	498,785
	GBP	Nil	95.20	Nil	Nil	92.76	Nil
Advance from customers	EURO	334,820	74.82	4,475	303,585	67.85	4,475
	USD	7,404,902	66.14	111,958	5,075,977	62.53	81,177
EEFC accounts	USD	Nil	66.14	Nil	326,390	62.53	5,220
Cash balances	AED	17,676	18.00	982	31,184	17.02	1,832
	EURO	76,840	74.82	1,027	69,678	67.85	1,027
	USD	312,445	66.14	4,724	271,505	62.53	4,342
	GBP	11,424	95.20	120	25,044	92.76	270
	SGD	9,974	48.89	204	9,282	45.50	204
	BHD	7,143	174.23	41	6,750	164.626	41
	LKR	10,892	0.44	24,755	11,528	0.50	25,105
Trade payables	USD	Nil	66.14	Nil	1,262,064	62.53	20,183
	EURO	Nil	74.82	Nil	36,162	67.85	533
	GBP	Nil	95.20	Nil	130,400	92.76	1,406
Advance to vendors	EURO	Nil	74.82	Nil	665,227	67.85	9,805
	USD	Nil	66.14	Nil	135,546	62.53	2,168





**Note 34: Details of dues to Micro and Small Enterprises as per MSMED Act, 2006\***

	As at 31 March 2016 (Rupees)	As at 31 March 2015 (Rupees)
(a) The principal amount remaining unpaid as at the end of year	1,377,733	145,228
(b) Interest due on above principal and remaining unpaid as at the end of the year	17,285	43,027
(c) 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	-	-
(d) 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.	50,385	43,027
(e) The amount of interest accrued and remaining unpaid at the end of each accounting year; and	50,385	43,027
(f) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	-	-

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

**Note 35: Value of imported and indigenous materials consumed**

	Year ended 31 March 2016		Year ended 31 March 2015
	(Rupees)	%	(Rupees)
(a) Indigenous	2,277,964,086	99.97	2,116,075,668
(b) Imported	599,901	0.03	2,114,491
	<b>2,278,563,987</b>	<b>100.00</b>	<b>2,118,190,159</b>
			<b>100.00</b>

**Note 36: CIF value of imports**

	Year ended 31 March 2016 (Rupees)	Year ended 31 March 2015 (Rupees)
(a) Capital goods	17,672,571	28,311,888
(b) Materials	269,978	1,776,495
	<b>17,942,549</b>	<b>30,088,383</b>

**Note 37: Expenditure in foreign currency (accrual basis)**

(a) Cost of tests outsourced	3,075,847	3,287,716
(b) Advertisement and business promotion	9,558	9,164
(c) Legal and professional	5,286,833	5,468,889
(d) Rates and taxes	3,182,143	-
(e) Travelling and conveyance	2,174,702	3,065,742
(f) Repairs and maintenance	2,075,604	2,001,338
(g) Miscellaneous expenses	425,702	294,244
	<b>16,230,388</b>	<b>14,127,093</b>

**Note 38: Earnings in foreign currency (accrual basis)**

(a) Value of services rendered	64,076,887	79,282,130
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**Note 39: 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.

(a) Salaries, wages and bonus	13,926,842	16,744,902
(b) Other expenses:		
- Rent- offices and labs	4,634,482	-
- Consumption of reagents and other consumables	4,178,837	13,702,116
- Power and fuel	3,919,091	3,229,417
- Miscellaneous expenses	2,756,044	155,932
- Travelling and conveyance	1,371,693	-
	<b>30,786,989</b>	<b>33,832,367</b>



**SRL LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

**40 Employee Stock Option Plans**

The Company has provided share-based payment scheme to the eligible employees and directors of the Company/ its subsidiary. The shareholders of the Company vide their resolution dated August 17, 2009 granted approval to 'Super Religare Laboratories Limited Employee Stock Option Plan 2009' (the 'Scheme'). The grant date for the options is August 22, 2009. Under the said Scheme 1,517,470 options of the equity shares of the Company have been granted to the employees of the Company at an exercise price of Rs. 40 per share. Also the shareholders of the Company vide their resolution dated September 20, 2013 granted approval to 'SRL Limited Employee Stock Option Scheme 2013' (the 'Scheme'). The grant date for the options is September 30, 2013 and November 02, 2015. Under the said Scheme total 1,195,937 options of the equity shares of the Company have been granted to an employees of the Company at an exercise price of Rs.201 to Rs 428 per share. The Company has granted these options under Equity Settlement method and there are no conditions for vesting other than continued employment with the Company.

Particulars	Grant I	Grant II	Grant III
Scheme	ESOP 2009	ESOP 2013	ESOP 2013
Date of grant	22 August 2009	30 September 2013	2 November 2015
Date of Board Approval	22 August 2009	23 August 2013	23 August 2013
Date of Shareholder's approval	17 August 2009	30 September 2013	30 September 2013
Number of options granted	1,517,470	200,000	995,937
Method of Settlement (Cash/Equity)	Equity	Equity	Equity
Vesting Period	Over three years - 22 August 2009 to 21 August 2012	Over three years - 30 September 2016 to 30 September 2018	Over three years - 2 November 2018 to 1 November 2020
Exercise Period up to	Up to 21 August 2019	Up to 29 September 2022	Up to 1 November 2022
Exercise Period	21 August 2019	29 September 2022	1 November 2022
Grant value	40	201	428

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

	31 March 2016		31 March 2015	
	Number of Options	Weighted Average exercise price	Number of Options	Weighted Average exercise price
Outstanding at the beginning of the year	1,111,650	68	1,164,968	40
Granted during the year	995,937	428	-	-
Vested during the year	-	-	-	-
Exercised during the year	29,808	40	30,314	40
Forfeited/ Cancelled during the year	36,936	40	23,004	40
Outstanding at the end of the year	2,040,843	245	1,111,650	68
Exercisable option at the end of the year	844,906	40	911,650	40
Remaining life	6.5		7.5	
Range of exercise price	40 - 428		40 - 201	

The weighted average fair value of stock options granted during the year is Rs. 428. The discounted cash flow valuation model has been used for computing the weighted average fair value considering the following inputs:

Exercise Price	428
Life of the options granted (Vesting and exercise period) in years	6.5
Expected dividends	-
Average risk-free interest rate	7.86%
Expected dividend rate	0%

In March 2005 the ICAI has issued a guidance note on "Accounting for Employees Share Based Payments" applicable to employee based share plan the grant date in respect of which falls on or after April1, 2005. The said guidance note requires the Proforma disclosures of the impact of the fair value method of accounting of employee stock compensation accounting in the financial statements. Applying the fair value based method defined in the said guidance note, the impact on the reported net profit and earnings per share would be as follows:

	31 March 2016	31 March 2015
Profit as reported	575,119,533	316,006,443
Add: Employee stock compensation under intrinsic value method	-	-
Less: Employee stock compensation under fair value method	-	-
Proforma profit	575,119,533	316,006,443
Earnings Per Share		
Basic		
- As reported	9.61	5.28
- Pro forma	9.61	5.28
Diluted *		
- As reported	7.27	4.00
- Pro forma	7.27	4.00

\* Company has conducted Fair value of equity shares from independent valuer on 30 September 2015 based on which diluted number of shares are calculated for purpose of earning per share.



**Note 41: Interest in a joint venture**

The Company entered into a Joint Venture agreement with Life Care Services Private Limited Nepal, to carry on the business of operating pathology labs and diagnostics centers in Nepal and, for this purpose, has incorporated SRL Diagnostics ( Nepal) Private Limited ("SRRL") with 50% interest in assets, liabilities, expenses and income. The Company's wholly owned subsidiary has also entered into a Joint venture with DDRC SRL Diagnostics Private Limited with 50% interest in assets, liabilities, expenses and income.

The company's share of the assets, liabilities, income and expenses of the jointly controlled entities for the year ended 31 March 2016 are as follows:

	As at 31 March 2016 (Rupees)	As at 31 March 2015 (Rupees)
(a) Current assets	72,946,534	76,794,353
(b) Non-current assets	154,886,576	150,663,891
(c) Current liabilities	46,311,574	48,738,396
(d) Non-current liabilities	10,966,511	16,616,545
<b>Equity</b>	<b>170,555,025</b>	<b>162,103,303</b>
	<b>Year ended 31 March 2016 (Rupees)</b>	<b>Year ended 31 March 2015 (Rupees)</b>
(a) Revenue	488,918,231	400,949,799
(b) Cost of materials consumed	142,079,425	114,903,253
(c) Employee benefits expense	113,162,970	101,375,833
(d) Other expense	151,821,655	128,975,234
(e) Finance costs	1,437,705	1,904,280
(f) Depreciation and amortization expense	28,730,084	27,273,527
<b>Profit before tax</b>	<b>51,686,392</b>	<b>26,517,672</b>
Tax expense	19,729,904	10,212,583
<b>Profit after tax</b>	<b>31,956,488</b>	<b>16,305,089</b>

**Note 42:** Previous year figures have been regrouped/ reclassified, where necessary, to conform to this year's classification. Figures for the previous year have been audited by another firm of Chartered Accountants.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

  
**MALVINDER MOHAN SINGH**

Chairman  
DIN: 00042981

  
**HARPAL SINGH**

Director  
DIN: 00078224

  
**SANJEEV VASHISHTA**

Chief Executive Officer

  
**SAURABH CHADHA**

Chief Financial Officer

  
**RAVI BATRA**

Chief Risk Officer and Company

Place: Gurgaon  
Date: 24 May 2016

