

SRL Diagnostics Private Limited
Financial Statements for the year ended
March 31, 2014

S.R. BATLIBOI & CO. LLP

S.R. BATLIBOI & Co. LLP

Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Members of SRL Diagnostics Private Limited

Report on the Financial Statements

We have audited the accompanying financial statements of SRL Diagnostics Private Limited (the 'Company'), which comprise the Balance Sheet as at 31 March 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs. This responsibility includes the design, implementation and maintenance of internal control 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Act, 1956 (the 'Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 (the 'Order') issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.



S.R. BATLIBOI & CO. LLP

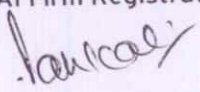
Chartered Accountants

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2. As required by section 227(3) of the Act, we report that:

- (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
- (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account
- (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs;
- (e) On the basis of written representations received from the directors as on 31 March 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For S.R. Batliboi & CO. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E


per Pankaj Chadha
Partner
Membership Number: 91813
Gurgaon
26 May 2014



- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) There was no disposal of a substantial part of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii) (a) to (d) of the Order are not applicable to the Company and hence not commented upon.
- (e) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii) (e) to (g) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for purchase of fixed assets. However, the internal control system for purchase of inventory and sale of services are inadequate since the purchase of inventory at various centres of the Company are made without inviting quotations and no documentation is being maintained for approval of discounts on sale of services. In our opinion, this is a continuing failure to correct a major weakness in the internal control system and prevailed at the balance sheet date.
- (v) In our opinion, there are no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4 (v) (b) of the Order is not applicable to the Company and hence not commented upon.
- (vi) The Company has not accepted any deposits from the public.
- (vii) The Company has an internal audit system, the scope and coverage of which, in our opinion, requires to be enlarged to be commensurate with the size and nature of its business.
- (viii) To the best of our knowledge and as explained, the Company is not in the business of sale of any goods. Therefore, in our opinion, the provisions of clause 4 (viii) of the Order are not applicable to the Company.
- (ix) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, wealth-tax, service tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. The provisions relating to sales-tax, customs duty, excise duty, investor education and protection fund are not applicable to the Company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, wealth-tax, service tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of income tax, wealth tax, service tax and cess which have not been deposited on account of any dispute.



S.R. BATLIBOI & Co. LLP

Chartered Accountants

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- (x) The Company's accumulated losses at the end of the financial year are more than fifty percent of its net worth. The Company has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the said Order are not applicable to the Company and hence not commented upon.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the said Order are not applicable to the Company and hence not commented upon.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by way of public issue during the year. Therefore, the provisions of clause 4(xx) of the said Order are not applicable to the Company and hence not commented upon.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E

per Pankaj Chadha
Partner
Membership Number: 91813



Gurgaon
26 May 2014

SRL Diagnostics Private Limited
Balance Sheet as at 31 March 2014,

(Amount in Rs.)

	Notes	31 March 2014	31 March 2013
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	3,95,82,000	3,95,82,000
Reserves and surplus	4	(32,86,60,566)	(39,30,01,028)
		(28,90,78,566)	(35,34,19,028)
Non current liabilities			
Long term borrowings	5	1,88,96,98,013	2,04,99,52,889
Other long term liabilities	6	1,96,88,306	2,31,03,997
Long term provisions	7	1,45,41,252	1,20,71,462
		1,92,39,27,571	2,08,51,28,348
Current liabilities			
Short term borrowings	8	10,71,94,844	20,00,00,000
Trade payables	9.1	15,84,87,845	13,76,83,397
Other current liabilities	9.2	18,75,58,356	19,62,38,179
Short term provisions	10	79,46,215	53,44,521
		46,11,87,260	53,92,66,097
TOTAL		2,09,60,36,265	2,27,09,75,417
ASSETS			
Non current assets			
Fixed assets			
Tangible assets	11	1,07,55,85,520	1,20,27,00,445
Intangible assets	12	29,02,40,809	31,93,13,030
Capital work in progress		64,60,000	3,83,713
Non current investments	13	11,75,88,000	11,75,88,000
Long term loans and advances	14	24,25,11,876	26,99,92,002
Other non current assets	15	42,40,261	30,52,642
		1,73,66,26,466	1,91,30,29,832
Current assets			
Inventories	16	5,92,10,818	5,38,25,422
Trade receivables	17	11,80,47,855	11,36,95,675
Cash and bank balances	18	13,62,90,887	14,08,56,875
Short term loans and advances	19	3,77,85,632	4,19,80,924
Other current assets	20	80,74,607	75,86,689
		35,94,09,799	35,79,45,585
TOTAL		2,09,60,36,265	2,27,09,75,417
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S. R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 301003E

per Pankaj Chadha
Partner
Membership No.: 91813

Gurgaon
26 May 2014



For and on behalf of the Board of Directors of
SRL Diagnostics Private Limited

Dr. Sanjeev K. Chaudhry
Director

New Delhi
26 May 2014

Kiran Vaidya
Director



SRL Diagnostics Private Limited
Statement of profit and loss for the year ended 31 March 2014

(Amount in Rs.)

	Notes	For the year ended 31 March 2014	For the year ended 31 March 2013
Income			
Revenue from operations		2,83,18,62,802	2,59,37,38,370
Other income	21	2,45,24,873	1,29,26,582
Total revenue [I]		2,85,63,87,675	2,60,66,64,952
Expenses			
Cost of materials consumed	22	50,85,32,647	46,00,03,778
Cost of tests outsourced		7,86,13,336	5,86,43,173
Employee benefits expense	23	41,54,30,020	36,77,99,311
Other expenses	24	1,33,56,84,074	1,21,13,78,664
Total expenses [II]		2,33,82,60,077	2,09,78,24,926
Earnings before interest, tax, depreciation and amortisation (EBITDA) [I - II]		51,81,27,598	50,88,40,026
Depreciation and amortisation expense	25	16,58,15,453	16,41,06,604
Finance costs	26	29,75,25,814	31,09,44,438
Profit before tax and prior period expenses		5,47,86,331	3,37,88,984
Prior period expenses	27	-	61,39,615
Profit before tax		5,47,86,331	2,76,49,369
Tax expense:			
Current tax		1,43,68,593	95,54,131
Less: MAT credit entitlement of current year		(1,43,68,593)	-
Less: MAT credit entitlement of previous year		(95,54,131)	-
Total tax expense		(95,54,131)	95,54,131
Profit for the period		6,43,40,462	1,80,95,238
Earnings per equity share (Basic and diluted)	28	16.25	4.57
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S. R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 301003E

per Pankaj Chadha
Partner
Membership No.: 91813

Gurgaon
26 May 2014

For and on behalf of the Board of Directors of
SRL Diagnostics Private Limited

Dr. Sanjeev K. Chaudhry
Director

Kiran Vaidya
Director

New Delhi
26 May 2014



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SRL Diagnostics Private Limited
Cash flow statement for the year ended 31 March 2014

(Amount in Rs.)

	For the year ended 31 March 2014	For the year ended 31 March 2013
Cash flow from operating activities:		
Profit before taxation	5,47,86,331	2,76,49,369
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation & amortisation expense	16,58,15,453	16,41,06,604
Loss on sale of fixed assets (net)	3,23,54,269	17,41,237
Provision for doubtful debts	20,00,000	45,79,735
Excess provisions/liability written - back	-	(51,23,879)
Provision for Gratuity	49,86,529	1,50,51,796
Provision for Leave Encashment	28,32,913	3,26,836
Rent equalisation reserve	(13,79,772)	19,73,695
Unbilled Revenue	(5,63,494)	(4,81,905)
Interest received on bank deposits	(66,78,845)	(37,92,930)
Interest received on inter corporate deposits	(3,24,500)	(6,38,723)
Interest received on loan to related party	(67,207)	(15,96,649)
Finance costs	29,09,14,013	30,49,41,120
Operating profit before working capital changes	54,46,75,690	50,87,36,306
Movement in working capital		
(Increase) in Inventories	(53,85,396)	(64,86,931)
(Increase) in Trade receivables	(63,52,180)	(2,92,61,550)
(Increase) in Other non current assets	(12,60,540)	-
(Increase) / Decrease in Long term loans and advances	(3,92,33,578)	27,51,909
Decrease in Short term loans and advances	41,95,292	70,11,666
(Decrease) in Long term provisions	(25,16,739)	(19,31,128)
(Decrease) in Short term provisions	(2,31,219)	-
Increase in Trade payable and other current liabilities	2,52,63,864	10,62,36,746
Cash from operations	51,91,55,194	58,70,57,018
Direct taxes refunded	12,14,26,359	-
Direct taxes paid	(4,28,70,633)	(3,60,23,585)
Net cash from operating activities	[I] 59,77,10,920	55,10,33,433
Cash flow from investing activities:		
Purchase of fixed assets	(7,83,68,930)	(10,05,71,427)
Proceeds from sale of fixed assets	1,30,85,210	74,53,341
Interest received	72,19,049	52,76,871
Net cash used in investing activities	[II] (5,80,64,671)	(8,78,41,215)
Cash flow from financing activities:		
Proceeds from Short term borrowings	71,94,844	8,00,00,000
Repayment of Short term borrowings	(12,08,00,554)	(8,68,13,503)
Repayment of Long term borrowings	(13,94,54,322)	(13,18,58,072)
Interest paid	(29,11,52,205)	(30,87,28,994)
Net cash used in financing activities	[III] (54,42,12,237)	(44,74,00,569)
Net increase in cash and cash equivalents [I+II+III]	[IV] (45,65,988)	1,57,91,649
Cash & cash equivalents at the beginning of the year	[V] 14,08,56,875	12,50,65,226
Cash & cash equivalents at the end of the year [IV+V]	[VI] 13,62,90,887	14,08,56,875

..continued



SRL Diagnostics Private Limited
Cash flow statement for the year ended 31 March 2014

(Amount in Rs.)

	For the year ended 31 March 2014	For the year ended 31 March 2013
..continued		
Components of cash & cash equivalents:		
Cash on hand	1,01,77,603	88,10,164
Cheques in hand	20,200	10,66,250
Balances with scheduled banks:		
On current accounts	12,60,93,084	13,09,80,461
Total cash and cash equivalents (Refer Note 18)	13,62,90,887	14,08,56,875

Notes :

1. The above cash flow statement has been prepared under the 'Indirect method' as set out in Accounting Standard 3 on Cash flow statements.
2. Amounts in brackets represent cash outflow
3. Direct Taxes paid are treated as arising from operating activities and are not bifurcated between investing and financing activities.

Summary of significant accounting policies

2.1

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S. R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 301003E

Pankaj Chadha

per Pankaj Chadha
Partner
Membership No.: 91813

Gurgaon
26 May 2014

For and on behalf of the Board of Directors of
SRL Diagnostics Private Limited

Dr. Sanjeev K. Chaudhry

Dr. Sanjeev K. Chaudhry
Director

Kiran Vaidya

Kiran Vaidya
Director

New Delhi
26 May 2014



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1 Company information

SRL Diagnostics Private Limited ('the Company') is a private limited company and incorporated under the provisions of the Companies Act, 1956. The Company is engaged in the business of maintaining and managing clinical reference laboratories, to provide testing and diagnostics on human beings, in the field of both pathology and radiology.

2 Basis of preparation

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 financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

2.1 Significant accounting policies

a) 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 the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the 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.

b) Tangible fixed assets

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

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.

c) Depreciation

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management, or those prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher.

Leasehold improvements are being depreciated over the remaining primary lease term or five years, whichever is lower.

d) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost.
Goodwill:



The cost of goodwill acquired in the nature of purchase is the residual amount after allocating purchase consideration to the fair values of all tangible assets and trademarks as at the date of acquisition. Following initial recognition, goodwill is carried at cost less accumulated amortisation till 31 March 2011. The Company does not amortise goodwill and the same is tested for impairment annually, either individually or at the cash-generating unit level.

Software:

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

Trademark:

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

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

The amortisation period and the amortisation 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 amortisation period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortisation 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.

e) Impairment of tangible and intangible assets

The Company 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 Company 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.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

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

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the



Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the Statement of Profit and Loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

f) Leases

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.

g) Borrowing costs

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

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

h) 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.

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.

i) Inventories

Inventories consist of reagents, chemicals and consumables are valued at lower of cost and net realizable value. Cost for this purpose includes purchase cost, freight and other incidental expenses and determined on a weighted average basis.

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

j) Revenue

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



Income from services

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

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head 'Other Income' in the Statement of Profit and Loss.

k) Foreign currency translation

Foreign currency transactions and balances

(i) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

(iii) Exchange differences

All exchange differences are recognized as income or as expenses in the period in which they arise.

l) 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 Company has no other obligations, other than the contribution to the provident fund.

The Company operates a defined benefit plan viz., gratuity. The cost of providing benefits under this plan is determined on the basis of actuarial valuation at each year-end. Actuarial valuation is carried using the projected unit credit method. Actuarial gains and losses 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 Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond 12 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 twelve months after the reporting date.

m) Income taxes

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.



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 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.

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

n) Segment reporting

The Company is engaged in the business of maintaining and managing clinical reference laboratories, to provide testing and diagnostics on human beings, in the field of both pathology and radiology. This, in the context of Accounting Standard 17 - 'Segmental Information' notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended) is considered to constitute one single primary segment.

o) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.



p) Provisions

A provision is recognized when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

q) Contingent liabilities

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

r) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

s) Measurement of EBITDA

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, 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 from continuing operations. In its measurement, the Company considers interest income but does not include depreciation and amortization expenses, finance costs and tax expenses.



		(Amount in Rs.)	
3 Share capital		31 March 2014	31 March 2013
Authorised 50,00,000 (31 March 2013: 50,00,000) equity shares of Rs. 10 each		5,00,00,000	5,00,00,000
		5,00,00,000	5,00,00,000
Issued, subscribed and fully paid up shares 39,58,200 (31 March 2013: 39,58,200) equity shares of Rs. 10 each		3,95,82,000	3,95,82,000
		3,95,82,000	3,95,82,000
Total		3,95,82,000	3,95,82,000

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

	31 March 2014		31 March 2013	
	Nos.	(Amount in Rs.)	Nos.	(Amount in Rs.)
Equity shares				
Outstanding at the beginning of the year	39,58,200	3,95,82,000	39,58,200	3,95,82,000
Issued during the year	-	-	-	-
Outstanding at the end of the year	39,58,200	3,95,82,000	39,58,200	3,95,82,000

(b) Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Shares held by holding company and details of shareholder holding more than 5% shares in the Company
Out of equity shares issued by the Company, shares held by its holding company are as below:

Name of the shareholder	31 March 2014		31 March 2013	
	Nos. & % holding	(Amount in Rs.)	Nos. & % holding	(Amount in Rs.)
Equity shares of Rs. 10 each, fully paid SRL Limited, the holding company and its nominees	39,58,200 100%	3,95,82,000	39,58,200 100%	3,95,82,000

As per records of the Company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

4 Reserves and surplus		(Amount in Rs.)	
		31 March 2014	31 March 2013
(Deficit) in the Statement of Profit and Loss			
Balance as per last financial statements		(39,30,01,028)	(41,10,96,266)
Profit for the year		6,43,40,462	1,80,95,238
Net (deficit) in the statement of profit and loss		(32,86,60,566)	(39,30,01,028)



5 Long term borrowings (Amount in Rs.)

	Non current portion		Current maturities	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Term loans from:				
Financial institutions (Secured)	23,62,38,348	37,10,36,017	13,47,97,668	13,20,82,964
Other loans from:				
Related party (Unsecured)	1,65,30,00,000	1,67,38,00,554	-	-
Deferred payment facility (Secured)	4,59,665	51,16,318	52,00,774	50,57,855
	1,88,96,98,013	2,04,99,52,889	13,99,98,442	13,71,40,819
The above amount includes				
Secured borrowings	23,66,98,013	37,61,52,335	13,99,98,442	13,71,40,819
Unsecured borrowings	1,65,30,00,000	1,67,38,00,554	-	-
Amount disclosed under the head 'Other current liabilities' [Refer note 9.2]	-	-	(13,99,98,442)	(13,71,40,819)
	1,88,96,98,013	2,04,99,52,889	-	-

Remarks:

a) Loan from financial institutions comprise the following :

Date of loan taken	Interest rate	Installment Amount	Number of instalments	Details of security and guarantee
28-Sep-11	10.25%	7,36,453	48 monthly instalments	Siemens Somatom CT Definition AS Excel Machine
6-Dec-10	9.75%	9,08,356	60 monthly instalments	Siemens Magnetom Avanto 1.5 T MRI System
21-Jun-11	9.75%	10,95,292	60 monthly instalments	Siemens Somatom Definition RS Proven Excellence System
23-Jan-12	11.05% - 13.12%	2,64,70,588	17 quarterly instalments (after moratorium period of 9 months)	First pari-passu charge on all present and future tangible assets excluding freehold land and assets exclusively charged to other lenders, and second pari passu charge on all present and future current assets. Guaranteed by SRL Limited, the holding company and Fortis Healthcare Limited, the ultimate holding company. Subsequent to the balance sheet date, on 16 May 2014, the guarantee given by Fortis Healthcare Limited, the ultimate parent company has been released.

b) Unsecured loan from related party was taken on 20 August 2010 carrying interest at 13% p.a. and is not repayable before 31 March 2015.

c) The Deferred payment facility was taken on 2 March 2012 against hypothecation of certain healthcare equipment and is repayable in 27 monthly instalments of Rs. 4,63,880 each after moratorium period of 9 months.

6 Other long term liabilities (Amount in Rs.)

	31 March 2014	31 March 2013
Rent equalisation reserve	1,96,88,306	2,31,03,997
Total	1,96,88,306	2,31,03,997



		(Amount in Rs.)	
7 Long term provisions		31 March 2014	31 March 2013
Provision for employee benefits			
Provision for gratuity [Refer note 34]		1,45,41,252	1,20,71,462
Total		1,45,41,252	1,20,71,462

		(Amount in Rs.)	
8 Short term borrowings		31 March 2014	31 March 2013
Term Loan			
From Banks (Secured)		71,94,844	-
Loan from related party (unsecured)			
SRL Limited		10,00,00,000	20,00,00,000
Total		10,71,94,844	20,00,00,000

Remarks

1) Cash credit facility from a bank was secured by way of first charge on the Company's entire current assets and a second charge on the Company's fixed assets, excluding specific equipments financed by others, both present and future. It was guaranteed by SRL Limited and RHC Holding Private Limited and was repayable on demand carrying interest @ 12.85% p.a.

2) Unsecured loan from related party was taken on 20 August 2010 carrying interest at 13% p.a. and is repayable on demand.

		(Amount in Rs.)	
		31 March 2014	31 March 2013
9.1 Trade payables [Refer note 33]		15,84,87,845	13,76,83,397
9.2 Other current liabilities			
Deposits from collection centres		88,84,237	72,78,736
Current maturities of long-term borrowings [Refer note 5]		13,99,98,442	13,71,40,819
Capital creditors [Refer note 30]		1,08,67,548	2,58,04,514
Interest accrued but not due on borrowings		6,99,955	9,38,147
Rent equalisation reserve		27,19,862	6,83,943
Statutory dues payables [Refer note 32]		2,43,88,312	2,43,92,020
Total		34,60,46,201	33,39,21,576

		(Amount in Rs.)	
10 Short term provisions		31 March 2014	31 March 2013
Provision for employee benefits			
Provision for leave encashment		79,46,215	53,44,521
Total		79,46,215	53,44,521



SRL Diagnostics Private Limited
Notes to financial statements for the year ended 31 March 2014

(Amounts in Rs.)										
11 Tangible assets										
Particulars	Leasehold improvements	Books	Freehold Land	Plant & Machinery	Buildings	Computers	Furniture & Fixtures	Motor Vehicles	Office equipments	Total
Gross block (at cost)	11,86,46,034	3,17,339	5,72,880	1,49,54,55,869	3,88,28,300	8,59,78,633	1,30,80,432	2,40,51,542	5,61,58,554	1,83,30,89,583
As at 1 April 2012	79,40,129	-	-	10,00,63,731	-	82,77,201	46,77,702	8,21,064	50,19,622	12,67,99,449
Additions	1,16,330	-	-	97,44,705	-	5,18,654	1,70,593	7,38,791	9,72,888	1,22,61,961
Deductions										
As at 31 March 2013	12,64,69,833	3,17,339	5,72,880	1,58,57,74,895	3,88,28,300	9,37,37,180	1,75,87,541	2,41,33,815	6,02,05,288	1,94,76,27,071
Additions	70,05,975	24,900	-	2,64,65,781	-	1,28,72,157	9,35,263	46,86,854	30,76,857	5,50,67,787
Deductions	36,33,046	-	-	7,53,13,328	-	12,65,851	1,89,638	26,88,841	8,81,795	8,39,52,499
As at 31 March 2014	12,98,42,762	3,42,239	5,72,880	1,53,69,27,348	3,88,28,300	10,53,43,486	1,83,53,166	2,61,31,828	6,24,00,350	1,91,87,42,359
Depreciation										
As at 1 April 2012	9,99,83,380	1,16,184	24,500	43,05,12,045	8,85,961	5,69,54,337	43,78,839	73,70,377	1,16,03,254	61,18,28,877
For the year	93,58,006	20,612	-	10,76,46,864	6,31,172	1,16,74,995	12,95,536	25,53,123	29,84,824	13,61,85,132
Deductions	94,085	-	-	17,44,351	-	4,55,719	77,779	4,03,536	2,91,913	30,67,383
As at 31 March 2013	10,92,47,301	1,36,796	24,500	53,64,14,558	15,17,133	6,81,73,613	55,96,596	95,19,964	1,42,96,165	74,49,26,626
For the year	99,11,890	24,786	-	10,88,01,781	6,31,172	1,06,06,057	11,11,207	26,85,757	29,70,582	13,67,43,232
Deductions	36,33,046	-	-	3,15,32,469	-	11,58,773	96,602	17,61,473	3,30,656	3,85,13,019
As at 31 March 2014	11,55,26,145	1,61,582	24,500	61,36,83,870	21,48,305	7,76,20,897	66,11,201	1,04,44,248	1,69,36,091	84,31,56,839
Net block										
As at 31 March 2013	1,72,22,532	1,80,543	5,48,380	1,04,93,60,337	3,73,11,167	2,55,63,567	1,19,90,945	1,46,13,851	4,59,09,123	1,20,27,00,445
As at 31 March 2014	1,43,16,617	1,80,657	5,48,380	92,32,43,478	3,66,79,995	2,77,22,589	1,17,41,965	1,56,87,580	4,54,64,259	1,07,55,85,520

(Amounts in Rs.)			
12 Intangible assets	Particulars	Goodwill	Total
Gross block (at cost)	As at 1 April 2012	40,48,78,768	65,69,56,738
	Additions	-	-
	Deductions	-	-
	As at 31 March 2013	40,48,78,768	65,69,56,738
	Additions	-	-
Amortisation	As at 1 April 2012	18,20,53,802	30,97,02,236
	For the year	-	2,79,41,472
	Deductions	-	-
	As at 31 March 2013	18,20,53,802	33,76,43,708
	For the year	2,90,72,221	2,90,72,221
Net block	As at 31 March 2013	18,20,53,802	36,67,15,929
	As at 31 March 2014	22,28,24,966	31,93,13,030
	As at 31 March 2014	22,28,24,966	29,02,40,809



(Amounts in Rs.)		
13 Non current investments	31 March 2014	31 March 2013
Trade investments (valued at cost unless stated otherwise) (Unquoted)		
Investment in joint venture: [Refer note 35]		
DDRC SRL Diagnostics Private Limited		
Equity instruments		
2,50,000 (31 March 2013: 2,50,000) equity shares of Rs. 10 each, fully paid up	9,50,88,000	9,50,88,000
Preference shares		
22,50,000 (31 March 2013: 22,50,000) zero coupon preference shares of Rs. 10 each, fully paid up	2,25,00,000	2,25,00,000
Total	11,75,88,000	11,75,88,000

(Amounts in Rs.)		
14 Long term loans and advances (unsecured, considered good)	31 March 2014	31 March 2013
Capital advances	25,85,485	2,97,594
Security deposits	4,07,29,944	4,18,19,866
Minimum Alternate Tax (MAT) credit	2,39,22,724	-
Advance tax and tax deducted at source (net of tax provision)	9,40,00,223	18,69,24,542
Other loans and advances	8,12,73,500	4,09,50,000
Total	24,25,11,876	26,99,92,002

(Amounts in Rs.)		
15 Other non current assets (unsecured, considered good)	31 March 2014	31 March 2013
Non-current bank balances [Refer note 18]	42,10,540	29,50,000
Interest accrued on fixed deposits	29,721	1,02,642
Total	42,40,261	30,52,642

(Amounts in Rs.)		
16 Inventories (valued at lower of cost and net realisable value)	31 March 2014	31 March 2013
Reagents, chemicals and consumables	5,92,10,818	5,38,25,422
Total	5,92,10,818	5,38,25,422

Remarks:

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

(Amounts in Rs.)		
17 Trade receivables	31 March 2014	31 March 2013
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	3,25,71,158	2,86,83,391
Unsecured, considered doubtful	2,42,67,354	2,22,67,354
Less: Provision for doubtful receivables	(2,42,67,354)	(2,22,67,354)
	3,25,71,158	2,86,83,391
Other receivables		
Unsecured, considered good	8,54,76,697	8,50,12,284
	8,54,76,697	8,50,12,284
Total	11,80,47,855	11,36,95,675



(Amounts in Rs.)		
18 Cash and bank balances	31 March 2014	31 March 2013
Cash and cash equivalents		
Cash on hand [Refer note 40]	1,01,77,603	88,10,164
Cheques in hand	20,200	10,66,250
Balances with banks:		
On current accounts	12,60,93,084	13,09,80,461
	13,62,90,887	14,08,56,875
Other bank balances		
Margin money deposit	42,10,540	29,50,000
	14,05,01,427	14,38,06,875
Amounts disclosed under 'Other non-current assets' [Refer note 15]	(42,10,540)	(29,50,000)
Total	13,62,90,887	14,08,56,875

Remark:

Other bank balances include margin money deposits of Rs. 42,10,540 (31 March 2013: Rs. 29,50,000) pledged against bank guarantees issued by bankers on behalf of the Company.

(Amounts in Rs.)		
19 Short term loans and advances (unsecured, considered good)	31 March 2014	31 March 2013
Loan to related party	-	1,12,43,806
Other loans and advances:		
Advances recoverable in cash or kind	1,50,98,144	93,94,630
Security deposits	1,97,37,488	1,83,92,488
Inter-corporate deposit	29,50,000	29,50,000
Total	3,77,85,632	4,19,80,924

(Amounts in Rs.)		
20 Other current assets (unsecured, considered good)	31 March 2014	31 March 2013
Interest accrued on:		
Fixed deposits	-	3,67,627
Inter-corporate deposits	11,73,991	8,81,940
Unbilled revenue	69,00,616	63,37,122
Total	80,74,607	75,86,689



(Amounts in Rs.)		
21 Other income	31 March 2014	31 March 2013
Interest income on:		
Bank deposits	66,78,845	37,92,930
Inter-corporate deposit	3,24,500	6,38,723
Loan to related party	67,207	15,96,649
Others	1,37,06,071	1,72,230
Other non-operating income:		
Excess provisions/liability written - back	-	51,23,879
Miscellaneous income	37,48,250	16,02,171
Total	2,45,24,873	1,29,26,582

(Amounts in Rs.)		
22 Cost of materials consumed	31 March 2014	31 March 2013
Inventories as at the beginning of the year	5,38,25,422	4,73,38,491
Add: Purchases [Refer note 30]	51,39,18,043	46,64,90,709
	56,77,43,465	51,38,29,200
Less: Inventories as at the end of the year	5,92,10,818	5,38,25,422
Total	50,85,32,647	46,00,03,778

(Amounts in Rs.)		
23 Employee benefits expense	31 March 2014	31 March 2013
Salaries, wages and bonus	37,13,82,201	31,87,87,162
Contribution to provident and other funds [Refer note 34]	3,18,61,590	3,84,02,940
Staff welfare expenses	1,21,86,229	1,06,09,209
Total	41,54,30,020	36,77,99,311

(Amounts in Rs.)		
24 Other expenses	31 March 2014	31 March 2013
Power and fuel	8,52,96,944	7,86,68,302
Rent [Refer note 36]		
Offices and labs	12,63,90,508	11,79,90,982
Equipments	3,85,32,633	3,09,44,585
Rates and taxes	44,67,724	27,44,727
Insurance	24,89,943	20,30,704
Repairs and maintenance:		
Plant and machinery	9,93,94,933	9,66,82,677
Building	53,44,231	69,33,530
Others	1,39,71,790	1,64,89,887
Donation	1,19,827	87,911
Advertisement and sales promotion	1,44,23,269	1,60,78,597
Postage and courier	59,83,238	66,16,570
Travelling and conveyance	3,88,90,537	3,62,35,142
Printing and stationery	4,58,79,609	4,67,79,247
Communication	1,27,94,192	1,19,24,382
Legal and professional expenses [Refer note 38]	96,67,282	63,13,678
Professional fees to doctors	77,27,95,982	70,89,37,290
Loss on fixed assets sold / discarded (net)	3,23,54,269	17,41,237
Provision for doubtful debts	20,00,000	45,79,735
Miscellaneous expenses [Refer note 38]	2,48,87,163	1,95,99,481
Total	1,33,56,84,074	1,21,13,78,664



SRL Diagnostics Private Limited
Notes to financial statements for the year ended 31 March 2014

(Amounts in Rs.)		
25 Depreciation and amortisation expense	31 March 2014	31 March 2013
Depreciation of tangible assets	13,67,43,232	13,61,65,132
Amortization of intangible assets	2,90,72,221	2,79,41,472
Total	16,58,15,453	16,41,06,604

(Amounts in Rs.)		
26 Finance costs	31 March 2014	31 March 2013
Interest expense on:		
Term loans and cash credit facility	5,50,66,092	6,34,71,113
Loans from related party [Refer note 37]	23,58,47,921	24,14,70,007
Others	6,178	4,645
Other borrowing costs:		
Bank charges	66,05,623	59,98,673
Total	29,75,25,814	31,09,44,438

(Amounts in Rs.)		
27 Prior period expenses	31 March 2014	31 March 2013
Employee benefit expenses	-	20,81,803
Other expenses:		
Legal and professional fees	-	9,69,582
Rent	-	30,86,005
Rates and taxes	-	2,225
Total	-	61,39,615

(Amounts in Rs.)		
28 Earnings per share	31 March 2014	31 March 2013
Net profit for calculation of basic and diluted EPS	6,43,40,462	1,80,95,238
Weighted average number of equity shares in calculating basic and diluted EPS (Nos.)	39,58,200	39,58,200
Nominal value per share	10	10
Earnings per share (Basic and Diluted) (Rs.)	16.25	4.57



29. The Company has accumulated losses of Rs.32,86,60,566 as at the yearend as against the equity of Rs.3,95,82,000 and also net current liabilities of Rs.10,17,77,461. The Company is in the business of providing pathology and radiology diagnostic services. The Company is assured of continuing operational and financial support from its 100% holding company SRL Limited. In view of the commitment of continued financial support by the shareholders and the expected financial results projected by the management, the accounts have been continued to be prepared on a going concern basis.

30. Capital and other commitments

- As at 31 March 2014, estimated amount of outstanding contracts / capital commitments (net of advances) is Rs. 2,01,72,192 (31 March 2013: Rs. 8,80,281).
- As at 31 March 2014, estimated amount of outstanding contracts / commitments (net of advances) for reagent rentals and consumables is Rs. 38,57,19,427 (31 March 2013: Rs. 38,57,60,435).
- Share of capital commitments of jointly controlled entity - DDRC SRL Diagnostics Private Limited Rs.10,25,435 (31 March 2013: Rs. 17,63,000).

31. Contingent liabilities:

Particulars	(Amount in Rs.)	
	31 March 2014	31 March 2013
Claims made against the Company not acknowledged as debts - Consumer claims	Amount not ascertainable	
Guarantees given on behalf of the Company	33,00,000	27,00,000
Share of contingent liabilities of jointly controlled entity - DDRC SRL Diagnostics Private Limited		
a) Income-tax matters	4,20,41,414	3,32,22,856
b) Guarantees given to banks	1,32,500	2,32,500
c) Claims made against the Company not acknowledged as debts - Consumer claims	40,515	40,515

In respect of above, future cash outflows in respect of contingent liabilities are determinable only on receipt of judgments pending at various forums / authorities.

32. In the previous years, the Company received a notice from Employees State Insurance Corporation (ESIC) towards coverage of the Employees' State Insurance Act, 1948 to the Company's lab in Kolkata. The Company has disputed the coverage and appealed before the ESI Court, Kolkata, West Bengal. Pending outcome of the hearing, as a matter of abundant precaution, the Company has provided an amount of Rs.75,41,443 (31 March 2013: Rs.65,92,395) in the books.

33. There are no Micro Small and Medium Enterprises, as defined in the Micro, Small, Medium Enterprises Development Act, 2006 to whom the Company owes dues.

This information has been determined to the extent such parties have been identified on the basis of information available with the Company and has been relied upon by the auditors.

34. Employee benefit expenses

The Company has a defined benefit gratuity plan, viz gratuity and one defined contribution plan viz., provident fund. Every employee who has completed at least five years of service gets a gratuity on departure at 15 days of last drawn salary for each completed year of service. The scheme is funded with an insurance company in the form of qualifying insurance policy.



The following tables summarize the components of net benefit expense recognized in the Statement of Profit and Loss, the funded status and amounts recognized in the balance sheet for gratuity plan:

Statement of profit and loss - Net employee benefits expense recognized in the employee cost:
(Amount in Rs.)

	31 March 2014	31 March 2013
Current service cost	58,67,875	56,13,684
Interest cost	26,18,097	12,48,839
Expected return on plan assets	(14,33,983)	(13,78,813)
Net actuarial (gain) / loss recognised in the year	(20,65,460)	6,81,903
Net benefit expense	49,86,529	61,65,613
Actual return on plan assets	(64,827)	(2,80,958)

Balance Sheet - Benefit asset / (liability):

(Amount in Rs.)

	31 March 2014	31 March 2013
Present value of benefit obligation	(3,23,38,138)	(3,01,24,147)
Fair value of plan assets	1,77,96,886	1,80,52,685
Plan asset / (liability)	(1,45,41,252)	(1,20,71,462)

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

(Amount in Rs.)

	31 March 2014	31 March 2013
Opening defined benefit obligations	301,24,147	1,53,68,436
Current service cost	58,67,875	56,13,684
Interest cost	26,18,097	12,48,839
Transfer In	-	88,86,183
Benefits paid	(27,07,711)	(15,127)
Actuarial (gains) / losses on obligations	(35,64,270)	(9,77,868)
Closing defined benefit obligation	3,23,38,138	3,01,24,147

Changes in the fair value of plan assets (for funded scheme) are as follows:

(Amount in Rs.)

	31 March 2014	31 March 2013
Opening fair value of plan assets	1,80,52,685	1,64,17,642
Expected return on plan assets	14,33,983	13,78,813
Contributions	11,86,193	19,16,001
Benefits paid	(13,77,165)	-
Actuarial gains / (losses)	(14,98,810)	(16,59,771)
Closing fair value of plan assets	1,77,96,886	1,80,52,685

The Company expects to contribute Rs.13,11,193 to gratuity in next year (31 March 2013: Rs.22,41,001).

The major categories of plan assets as a percentage of the fair value of total plan assets:

	31 March 2014	31 March 2013
Investments with insurer	100%	100%

Plan assets of the Company as on balance sheet date are fully invested in Insurer Managed Funds.

The expected rate of return on plan assets is based on market expectations at the beginning of the period. The rate of return on long-term government bonds is taken as reference for this purpose.



In accordance with the Accounting Standard (AS 15) (Revised 2005), actuarial valuation was performed by an independent actuary in respect of the aforesaid defined benefit plan. The principal assumptions used in determining gratuity obligation for the Company's plan is shown below:

Particulars	31 March 2014	31 March 2013
Discount rate	9.10%	8.13%
Salary escalation	6.50%	6.50%
Expected rate of return on plan assets	8.00%	8.00%
Employee attrition rate	2.00%	2.00%
Expected average future service	19 years	20 years

Amounts for the current and previous four periods are as follows:

(Amount in Rs.)

Particulars	31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010
Defined benefit obligation	(3,23,38,138)	(3,01,24,147)	(1,53,68,436)	(1,12,61,395)	(94,06,396)
Plan assets	1,77,96,886	1,80,52,685	1,64,17,642	1,45,03,730	1,13,47,187
Surplus / (deficit)	(1,45,41,252)	(1,20,71,462)	10,49,206	32,42,335	19,40,791

35. Interest in a joint venture

The Company holds 50% interest in DDRC SRL Diagnostics Private Limited, a jointly controlled entity which is involved in the business of maintaining and managing clinical reference laboratories, to provide testing and diagnostics on human beings, in the field of pathology in the State of Kerala.

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

(Amount in Rs.)

Balance sheet	31 March 2014	31 March 2013
Current assets	5,12,60,796	4,23,97,606
Non-current assets	13,20,57,567	12,46,12,678
Current liabilities	(3,68,27,529)	(3,85,73,938)
Non-current liabilities	(1,39,97,349)	(1,43,31,823)
Equity	13,24,93,485	11,41,04,523

Statement of Profit & Loss	31 March 2014	31 March 2013
Revenue	30,92,01,823	26,04,66,120
Cost of materials consumed	8,34,59,036	7,03,62,302
Employee benefit expenses	8,00,53,230	6,51,22,392
Depreciation / amortization	1,88,26,238	1,58,44,642
Other expenses	9,51,33,362	8,63,67,227
Finance expenses	17,26,595	14,25,763
Profit before tax	3,00,03,362	2,13,43,794
Tax expenses	1,16,14,400	55,27,150
Profit after tax	1,83,88,962	1,58,16,644

Capital commitments and contingent liabilities of the jointly controlled entity are disclosed in Note 30 & 31 respectively.

36. Operating lease - Company as lessee

The Company has entered into commercial lease arrangements mainly in respect of its office premises, labs / centers. These leases, generally, have an average life of between eight to ten years with no renewal option included in the contracts. There are no restrictions placed upon the Company by entering into these leases.



SRL Diagnostics Private Limited
Notes to financial statements for the year ended 31 March 2014

Future minimum rentals payable under non-cancellable operating leases are as follows:
(Amount in Rs.)

	31 March 2014	31 March 2013
Not later than one year	4,52,53,623	4,67,88,897
Later than one year but not later than five years	11,72,27,958	13,52,91,465
Later than five years	3,49,40,758	7,26,44,115

37. Related party disclosures

A. Related parties where control exists

Names of related parties	Nature of relationship
SRL Limited	Holding company
Fortis Healthcare Limited	Ultimate holding company

B. Related parties with whom transactions have taken place during the year

Names of related parties	Nature of relationship
DDRC SRL Diagnostics Private Limited	Joint venture entity
Ligare Travels Limited	Fellow subsidiary company
Hiranandani Healthcare Private Limited	Fellow subsidiary company
Fortis Health Management (East) Limited	Fellow subsidiary company

C. Key management personnel

Name of related parties	Nature of relationship
Dr. Sanjeev K. Chaudhry	Director
Kiran Vaidya	Director
Sanjeev Vashishta	Director

D. Transactions with related parties

(Amount in Rs.)

Transaction & Name of related parties	31 March 2014	31 March 2013
Rendering of services		
Hiranandani Healthcare Private Limited	2,47,000	2,30,350
Fortis Health Management (East) Limited	38,69,620	8,89,552
SRL Limited	73,09,474	37,53,717
DDRC SRL Diagnostics Private Limited	4,26,019	1,20,946
Receiving of services		
SRL Limited	4,73,27,382	2,84,84,517
Ligare Travels Limited	14,58,382	19,88,323
Reimbursement of expenses paid		
SRL Limited	35,85,396	36,41,305
Fortis Health Management (East) Limited	6,41,895	1,17,631
Reimbursement of expenses received		
SRL Limited	39,66,139	-
DDRC SRL Diagnostics Private Limited	-	37,095
Loans taken during the year		
SRL Limited	-	8,00,00,000
Loans repaid during the year		
SRL Limited	12,08,00,554	-
DDRC SRL Diagnostics Private Limited	1,12,43,806	37,16,770
Sale of fixed assets		
SRL Limited	57,11,427	4,19,628

Contd..



SRL Diagnostics Private Limited

Notes to financial statements for the year ended 31 March 2014

Transaction & Name of related parties	31 March 2014	31 March 2013
Contd..		
Rent paid during the year		
Fortis Health Management (East) Limited	31,14,616	9,54,410
Interest paid during the year		
SRL Limited	23,58,47,921	24,10,86,675
Interest received during the year		
DDRC SRL Diagnostics Private Limited	67,207	15,96,649

E. Balances of related parties

(Amount in Rs.)

	31 March 2014	31 March 2013
Outstanding loan taken as at year end included in Short term and long term borrowings		
SRL Limited	1,75,30,00,000	1,87,38,00,554
Outstanding receivables as at year end included in Trade receivables		
Hiranandani Healthcare Private Limited	34,200	68,400
Fortis Health Management (East) Limited	4,47,732	7,85,682
SRL Limited	24,26,206	9,58,676
DDRC SRL Diagnostics Private Limited	3,85,229	2,73,644
Outstanding loan given as at year end included in Short-term loans and advances		
DDRC SRL Diagnostics Private Limited	-	1,12,43,806
Outstanding payables as at year end included in Trade payables		
SRL Limited	54,11,200	67,16,406
Ligare Travels Limited	1,47,491	40,908

F. Other transactions

1. Loan of Rs.31,76,47,060 (31 March 2013: Rs.42,35,29,412) from a financial institution is guaranteed by corporate guarantee of SRL Limited, the holding company and Fortis Healthcare Limited, the ultimate holding company. Subsequent to the balance sheet date, on 16 May 2014, the guarantee given by Fortis Healthcare Limited, the ultimate parent company has been released.
2. Cash credit facility from a bank utilized Rs. 71,94,844 (31 March 2013: Rs. Nil) is guaranteed by a corporate guarantee of SRL Limited, the holding company and RHC Holding Private Limited, fellow subsidiary company.
3. During the previous year, SRL Limited, the holding company, had borrowed Rs. 150,00,00,000 along with the Company as a co-borrower, from certain financial institutions for the purchase of building for the holding company. The loan is secured against first pari-passu charge on all present and future tangible assets excluding freehold land and assets exclusively charged to other lenders, and second pari-passu charge on all present and future current assets of the Company.

38. Payment to auditors (excluding service-tax)

(Amount in Rs.)

	31 March 2014	31 March 2013
As auditor		
Audit fee	31,00,000	31,00,000
Tax audit fee	4,00,000	4,00,000
Limited reviews	9,00,000	9,00,000
Out of pocket expenses	3,82,912	1,63,768
	47,82,912	45,63,768



SRL Diagnostics Private Limited
Notes to financial statements for the year ended 31 March 2014

39. A) Expenditure in foreign currency (on accrual basis)

(Amount in Rs.)

	31 March 2014	31 March 2013
Traveling and conveyance	7,13,595	3,40,296
Miscellaneous expenses	2,27,472	9,10,371
	9,41,067	1,250,667

B) Value of imports calculated on CIF basis

(Amount in Rs.)

	31 March 2014	31 March 2013
Raw materials	12,782	97,208
Capital Goods	26,30,527	1,62,001
	26,43,309	2,59,209

40. 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. The particulars of unhedged foreign currency exposure as at the balance sheet date are as follows:

Particulars	31 March 2014		31 March 2013	
	Foreign currency amount	Indian rupee amount	Foreign currency amount	Indian rupee amount
Cash balance Euros	147.50	12,180	147.50	10,338

41. The previous year's figures have been regrouped where necessary to conform to this year's classification.

As per our report of even date

For S R Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 301003E

Pankaj Chadha

per Pankaj Chadha
Partner
Membership No.: 91813

Gurgaon
26 May 2014

For and on behalf of the Board of Directors
of SRL Diagnostics Private Limited

Dr. Sanjeev K Chaudhry

Dr. Sanjeev K Chaudhry
Director

New Delhi
26 May 2014

Kiran Vaidya

Kiran Vaidya
Director

