

# B S R & Co. LLP

Chartered Accountants

Building No. 10, 8th Floor, Tower-B  
DLF Cyber City, Phase - II  
Gurugram - 122 002, India

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

## INDEPENDENT AUDITORS' REPORT

To the Members of SRL Limited

### Report on the Audit of Consolidated Financial Statements

#### Qualified Opinion

We have audited the consolidated financial statements of SRL Limited (hereinafter referred to as the 'Holding Company') and its subsidiaries (Holding Company and its subsidiaries together referred to as 'the Group') and its joint ventures, which comprise the consolidated balance sheet as at 31 March 2020, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries, and joint ventures as were audited by the other auditors, except for the effects/ possible effects, if any, of the matters described in the "Basis for Qualified Opinion" paragraphs of our report, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and joint ventures as at 31 March 2020, of its consolidated profit, other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

#### Basis for Qualified Opinion

As explained in Note 54 of the consolidated financial statements, pursuant to certain events/transactions, the erstwhile Audit and Risk Management Committee (the "ARMC") of Fortis Healthcare Limited ("the Parent Company") carried out an independent investigation and special audits by external professional firms on matters relating to systematic lapses/override of internal controls. As a result of investigation/ special audits, the Group recorded adjustments in its books of accounts during the year ended 31 March 2018 which are explained in Note 57 and 54 of the consolidated financial statements. However, the report of said investigation was subject to limitations on the information available to the external professional firms; and their qualifications and disclaimers including completeness of related party transactions which relate to or which originated prior to loss of control of erstwhile promoters/directors in the year ended 31 March 2018.

Further, as explained in Note 54 and 55 of the consolidated financial statements, various regulatory authorities including Securities and Exchange Board of India ("SEBI") and Serious Fraud Investigation Office ("SFIO") are undertaking their own investigations on these matters, which are currently ongoing.

As explained in Note 54(e) of the consolidated financial statements, the management of the Parent company has also initiated additional procedures/ enquiries, which are ongoing, of certain entities in the group of the Parent company (i.e. Fortis Group) that were impacted in respect of the matters investigated by the external legal firm. Consequently, an overall assessment of the impact of the additional procedures/ enquiries and/or investigations on the consolidated financial Statements is yet to be concluded.

*(Signature)*



Also, as explained in Note 56 of the consolidated financial statements, a Civil Suit claiming Rs. 25,344 lacs was filed by a third party against various entities including the Company and certain entities within the Fortis group relating to "Fortis, SRL and La-Femme" brands. Based on legal advice of external legal counsel, the Management believes that the claims are without legal basis and not tenable. The matter is currently sub-judice.

In view of the above, we are unable to comment on further adjustments/ disclosures which may become necessary as a result of findings arising out of the ongoing additional procedures/ enquiries/ investigations required, if any, and outcome of civil suit on the consolidated financial statements including completeness/accuracy of the related party transactions which relate to or which originated prior to loss of control of erstwhile promoters/ directors in the year ended 31 March 2018, the regulatory non-compliances, if any, and the consequential impact of the above adjustments, if any, on the consolidated financial statements.

The matter stated above was also subject matter of qualification in our audit opinion on the consolidated financial statements for the year ended 31 March 2019.

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

#### **Other Information**

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

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

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

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

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group including its joint ventures in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group and of its joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of

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appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Directors of the Holding Company, as aforesaid.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on the internal financial controls with reference to the consolidated financial statements and the operating effectiveness of such controls based on our audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its joint ventures to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group and its joint ventures to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled 'Other Matters' in this audit report.

We believe that except as stated in the "Basis for Qualified Opinion" paragraphs, the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in the Other Matters paragraphs below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial statements.

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

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

#### Other Matters

- (a) We did not audit the financial statements of 1 subsidiary, whose financial statements reflect total assets of Rs. 2,417.89 lacs as at 31 March 2020, total revenues of Rs. 2,396.89 lacs and net cash inflows amounting to Rs. 5.9 lacs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit (and other comprehensive income) of Rs. 649.18 lacs for the year ended 31 March 2020, in respect of 2 joint ventures, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and joint ventures, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and joint ventures is based solely on the audit reports of the other auditors.

Out of these 1 subsidiary and 1 joint venture is located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial statements of such subsidiaries and joint ventures located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries and joint ventures located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

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- (b) The financial information of 1 subsidiary, whose financial information reflect total revenues of Rs. Nil and net cash outflows amounting to Rs. Nil for the relevant period (the entity was liquidated on 15 July 2019), as considered in the consolidated financial statements, have not been audited either by us or by other auditors. These unaudited financial information have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiary is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial information are not material to the Group.

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 information certified by the Management.

### Report on Other Legal and Regulatory Requirements

- A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiary and joint ventures as were audited by other auditors, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:
- We have sought and, except for the matter described in the "Basis for Qualified Opinion" paragraphs above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - Except for the effects/ possible effects of the matter described in the "Basis for Qualified Opinion" paragraphs above, 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.
  - The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - Except for effects/ possible effects of the matter described in the "Basis for Qualified Opinion" paragraphs above, in our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act.
  - The matter described in the "Basis for Qualified Opinion" paragraphs above, in our opinion, may have an adverse effect on the functioning of the Company.
  - On the basis of the written representations received from the directors of the Holding Company as on 31 March 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and joint ventures incorporated in India, none of the directors of the Group companies and its joint ventures incorporated in India is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.
  - The qualification relating to maintenance of accounts and other matters connected therewith are as stated in the "Basis for Qualified Opinion" paragraphs above.



- h) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies and joint ventures incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries and joint ventures, as noted in the 'Other Matters' paragraph:
- i. Except for the effects/ possible effects of matters described in paragraph (i) of the "Basis for Qualified Opinion" section above, the consolidated financial statements disclose the impact of pending litigations as at 31 March 2020 on the consolidated financial position of the Group and its joint ventures. Refer Note 43 and 57 to the consolidated financial statements.
  - ii. The Group and its joint ventures did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2020.
  - iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company or its subsidiary companies and joint ventures incorporated in India during the year ended 31 March 2020.
  - iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the financial statements since they do not pertain to the financial year ended 31 March 2020.
- C. With respect to the matter to be included in the Auditor's report under section 197(16):

According to the information and explanations given to us, and based on the reports of the statutory auditors of such subsidiary company and joint ventures incorporated in India which were not audited by us, no remuneration has been paid by the Company to any of its director during the current year.

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



**Rajesh Arora**  
*Partner*  
Membership No. 076124  
UDIN: 20076124AAAAAV8831

Place: Gurugram  
Date: 15 June 2020

**Annexure A to the Independent Auditors' report on the consolidated financial statements of SRL Limited for the period ended 31 March 2020**

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

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

**Qualified Opinion**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2020, we have audited the internal financial controls with reference to consolidated financial statements of SRL Limited (hereinafter referred to as "the Holding Company") and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary companies (Holding Company and its subsidiaries together referred to as "the Group") and its joint venture companies, as of that date.

In our opinion, except for the effects/ possible effects of the material weakness described below on the achievement of the objectives of the control criteria, to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, the Company and such companies incorporated in India which are its subsidiary companies and a joint venture company, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

We have considered the material weakness identified and reported below in determining the nature, timing, and extent of audit tests applied in our audit of the Consolidated Financial Statements of the Company for the year ended 31 March 2020 and this material weakness has, inter alia, affected our opinion on the said Consolidated Financial Statements and we have issued a qualified opinion on the said Consolidated Financial Statements.

**Basis for Qualified Opinion**

As explained in the "Basis for Qualified Opinion" paragraph of our Audit Report on the consolidated financial statements for the year ended 31 March 2020, pursuant to certain events/transactions in earlier years, the erstwhile Audit and Risk Management Committee (the "ARMC") of the Parent Company had initiated an independent investigation by an external legal firm and special audits by professional firms on matters relating to systemic lapses and override of controls. The report has since been submitted and is subject to limitations on the information available to the external legal firm and their qualifications and disclaimers as described in their Investigation report. The management of the Parent Company has also initiated additional procedures/ enquiries, which are ongoing, of certain entities in the Group of the Parent Company (i.e. Fortis group) that were impacted in respect of the matters investigated by the external legal firm. Consequently, an overall assessment of the impact of the additional procedures/ enquiries and/or investigations on the consolidated financial Statements of the Company is yet to be concluded. Further, the investigation by different regulatory authorities in these matters is still ongoing and an overall assessment of the impact of the investigations is yet to be concluded. Pending final outcome of the regulatory investigations and enquiries, completeness of identification of deficiencies cannot be ascertained.

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

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

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

### **Auditors' Responsibility**

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies and a joint venture company, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the internal financial controls with reference to consolidated financial statements.

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

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

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timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

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

**Other Matters**

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to 1 joint venture company, which is a company incorporated in India, is based on the corresponding reports of the auditor of such company incorporated in India, who has issued unmodified opinion on the internal financial controls with reference to financial statements of this company.

Our opinion is not modified in respect of the above matter.

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



**Rajesh Arora**

*Partner*

Membership No. 076124

UDIN: 20076124AAAAAV8831

Place: Gurugram  
Date: 15 June 2020

**SRL LIMITED**  
**CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2020**

ASSETS	Notes	As at	As at
		31 March 2020	31 March 2019
		(Rupees in Lakhs)	(Rupees in Lakhs)
<b>Non-current assets</b>			
(a) Property, plant and equipment	5	24,595.23	25,518.00
(b) Capital work-in-progress	5	17.01	188.30
(c) Right-of-use assets	41	6,243.61	-
(d) Goodwill	6	41,822.64	41,822.64
(e) Other intangible assets	6	2,227.64	3,335.38
(f) Investments in joint ventures	7	4,024.48	3,375.30
(g) Financial assets			
(i) Loans	8	1,054.99	1,172.92
(ii) Other financial assets	9	8,205.02	117.77
(h) Deferred tax assets (net)	10	3,288.67	3,996.37
(i) Non-current tax assets (net)	11	3,375.25	2,278.63
(j) Other non-current assets	12	4,837.63	3,382.11
<b>Total non-current assets</b>		<b>99,692.17</b>	<b>85,187.42</b>
<b>Current assets</b>			
(a) Inventories			
(b) Financial assets	13	3,056.45	2,515.42
(i) Trade receivables	14	14,505.28	33,741.37
(ii) Cash and cash equivalents	15	3,917.21	4,226.61
(iii) Bank balances other than (ii) above	16	7,277.79	69.02
(iv) Loans	17	13,599.35	228.68
(v) Other financial assets	18	637.51	215.24
(c) Other current assets	19	908.67	930.81
(d) Assets held for sale	19A	89.67	-
<b>Total current assets</b>		<b>43,991.93</b>	<b>41,927.15</b>
<b>Total assets</b>		<b>143,684.10</b>	<b>127,114.57</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
(a) Equity share capital	20	7,842.56	7,842.56
(b) Other equity		110,210.50	101,828.74
<b>Total equity</b>		<b>118,053.06</b>	<b>109,671.30</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	21	11.94	11.16
(ii) Lease Liabilities	41	4,769.17	-
(iii) Other financial liabilities	22	818.25	1,031.40
(b) Provisions	23	2,325.11	1,783.02
(c) Other non-current liabilities	24	7.26	7.26
<b>Total non-current liabilities</b>		<b>7,931.73</b>	<b>2,832.84</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	25	-	198.77
(ii) Lease Liabilities	41	1,715.86	-
(iii) Trade payables	26	-	-
- Total outstanding dues of micro enterprises and small enterprises		134.47	78.96
- Total outstanding dues of creditors other than micro enterprises and small enterprises		8,876.37	8,264.68
(iv) Other financial liabilities	27	3,943.72	3,857.89
(b) Other current liabilities	28	2,377.61	1,440.48
(c) Provisions	29	651.28	657.40
(d) Current Tax Liabilities (net)	30	-	112.25
<b>Total current liabilities</b>		<b>17,699.31</b>	<b>14,610.43</b>
<b>Total liabilities</b>		<b>25,631.04</b>	<b>17,443.27</b>
<b>Total equity and liabilities</b>		<b>143,684.10</b>	<b>127,114.57</b>

See accompanying notes forming integral part of the consolidated financial statements

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In terms of our report attached


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



**Rajesh Arora**  
Partner  
Membership Number:076124

Place : Gurugram  
Date : 15 June 2020

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

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



**Srinivas Chidambaram**  
Director  
DIN:00514665

  
**Arindam Halda**  
Chief Executive Officer

  
**Manoj Shirodkar**  
Chief Financial Officer

  
**Sumit Goel**  
Company Secretary

Place : Gurugram  
Date : 15 June 2020



**SRL LIMITED**  
**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2020**

	Notes	Year ended 31 March 2020 (Rupees in Lakhs)	Year ended 31 March 2019 (Rupees in Lakhs)
Revenue from operations			
Other income	31	101,633.10	101,015.84
<b>Total income</b>	32	<b>2,026.75</b>	<b>591.70</b>
		<b>103,659.85</b>	<b>101,607.54</b>
<b>Expenses</b>			
(a) Cost of materials consumed			
(b) Cost of tests outsourced	33	24,105.81	23,527.04
(c) Employee benefits expense		1,198.62	1,256.30
(d) Finance costs	34	25,253.90	23,266.13
(e) Depreciation and amortisation expense	35	1,273.13	578.37
(f) Other expenses	36	5,762.87	3,890.53
<b>Total expenses</b>	37	<b>33,373.77</b>	<b>34,974.12</b>
		<b>90,968.10</b>	<b>87,492.49</b>
Share of profit of joint ventures	50	671.85	488.45
<b>Profit before exceptional loss and tax</b>		<b>13,363.60</b>	<b>14,603.50</b>
Exceptional loss	37A	-	186.15
<b>Profit before tax</b>		<b>13,363.60</b>	<b>14,417.35</b>
<b>Tax expense</b>			
(a) Current tax (net)			
(b) MAT credit	38	4,028.94	5,687.12
(c) Deferred tax expense/(credit)	38	-	1.06
<b>Total tax expenses</b>	38	<b>777.68</b>	<b>(351.60)</b>
		<b>4,806.62</b>	<b>5,336.58</b>
<b>Profit for the year</b>		<b>8,556.98</b>	<b>9,080.77</b>
<b>Other comprehensive income</b>			
<b>A (i) Items that will not be reclassified to profit or loss</b>			
(a) Remeasurements of the defined benefit plans of the Company and its subsidiaries	44	(279.09)	49.20
(b) Remeasurements of the defined benefit plans of joint ventures	52	(30.29)	(9.28)
<b>(ii) Income tax relating to items that will not be reclassified to profit or loss</b>			
(a) Income tax on remeasurements of the defined benefit plans of the Company and its subsidiaries	38	69.98	(16.98)
(b) Income tax on remeasurements of the defined benefit plans of joint ventures	38	7.62	2.70
		<b>(231.78)</b>	<b>25.64</b>
<b>B (i) Items that will be reclassified to profit or loss</b>			
(a) Exchange differences in translating the financial statements of foreign operations		(92.77)	52.49
<b>Total other comprehensive (loss)/Income (A(i+ii)+B(i))</b>		<b>(324.55)</b>	<b>78.13</b>
<b>Total comprehensive income for the year</b>		<b>8,232.43</b>	<b>9,158.90</b>
Profit for the year attributable to:			
- Owners of the Company		8,556.98	9,080.77
Other comprehensive income for the year attributable to:			
- Owners of the Company		(324.55)	78.13
Total comprehensive income for the year attributable to:			
- Owners of the Company		<b>8,232.43</b>	<b>9,158.90</b>
<b>Earnings per equity share</b>			
(i) Basic (in Rupees)	39	10.91	11.58
(ii) Diluted (in Rupees)	39	10.85	11.47
<b>See accompanying notes forming integral part of the consolidated financial statements</b>	1-59		

In terms of our report attached

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



**Rajesh Arora**  
Partner  
Membership Number:076124

Place : Gurugram  
Date : 15 June 2020


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

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

  
**Srinivas Chidambaram**  
Director  
DIN:00514665

  
**Arpitam Haldar**  
Chief Executive Officer

  
**Mangesh Shirodkar**  
Chief Financial Officer

  
**Sumit Goel**  
Company Secretary

Place : Gurugram  
Date : 15 June 2020



SRL LIMITED  
CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Year ended	Year ended
		31 March 2020	31 March 2019
		(Rupees in Lakhs)	(Rupees in Lakhs)
<b>A Cash flows from operating activities</b>			
Profit before tax and after exceptional items		13,363.60	14,417.35
Adjustments for:			
Depreciation and amortisation expense	36	5,762.87	3,890.53
Profit on disposal of property, plant and equipments (net)	32	(0.54)	(36.02)
Impairment loss on asset held for sale	37	14.46	-
Share of profit of Joint ventures	50	(671.85)	(488.45)
Exchange differences (net)		-	(7.35)
Loss allowance for doubtful deposits and advances	37	64.42	129.52
Loss allowance for trade receivables	14	1,399.69	1,045.25
Bad debts written off		2.26	25.92
Exceptional items	37A	-	186.15
Equity settled share based payment	34	149.33	38.37
Recovery/balances no longer required written back	31	(605.95)	(648.09)
Finance costs	35	1,273.13	578.37
Interest income	32	(1,707.60)	(299.83)
<b>Operating profit before changes in following assets and liabilities</b>		<b>19,043.82</b>	<b>18,831.72</b>
Decrease/(Increase) in inventories		(541.04)	584.78
Decrease/(Increase) in trade receivables (Refer Note 1)		17,833.92	(10,223.51)
(Increase)/Decrease in loans and other financial assets (Refer Note 1)		(13,268.55)	1,057.50
Increase in other current assets		(456.56)	(1,625.37)
Increase in trade payable		667.41	1,595.20
Increase in Other financial liabilities		593.21	20.07
Increase in provision		162.09	252.31
Increase in other non-current & current liabilities		937.90	116.36
<b>Cash generated from operations</b>		<b>24,972.20</b>	<b>10,609.06</b>
Direct taxes paid (net)		(5,219.99)	(5,749.43)
<b>Net cash generated from operating activities</b>		<b>19,752.21</b>	<b>4,859.63</b>
<b>B Cash flows from investing activities</b>			
Interest received		1,220.50	219.00
Movement in bank deposits (net)		(15,296.33)	(134.60)
Loan repaid by related party and body corporate	40	-	2,230.00
Payments for purchase of property, plant and equipment and intangible assets		(3,344.81)	(2,771.54)
Proceeds from disposal of property, plant and equipment		277.54	122.08
<b>Net cash used in investing activities</b>		<b>(17,143.10)</b>	<b>(395.06)</b>
<b>C Cash flows from financing activities*</b>			
Proceeds from issue of equity share capital (including securities premium)		-	3.15
Payment of lease liabilities		(1,666.78)	-
Interest paid		(960.19)	(241.71)
<b>Net cash used in financing activities</b>		<b>(2,626.97)</b>	<b>(238.56)</b>
<b>D Effect of exchange rate changes</b>			
Net (decrease)/ increase in cash and cash equivalents [A+B+C+D]		(92.77)	52.49
Cash and cash equivalents at the beginning of the year		(110.63)	4,338.50
Cash and cash equivalents at the end of the year	15	4,027.84	(310.66)
<b>*Changes in financial liabilities arising from financing activities</b>		<b>3,917.21</b>	<b>4,027.84</b>

Particulars	Lease liability	Term loans	Interest and other costs
As at 01 April 2018	-	-	-
Foreign exchange difference	-	10.41	-
Finance cost	-	0.75	-
Interest paid	-	-	241.71
<b>As at 31 March 2019</b>	-	<b>11.16</b>	<b>(241.71)</b>
As at 01 April 2019	-	-	-
Addition of lease liability	7,194.65	11.16	-
Derecognition of lease liability	1,755.48	-	-
Interest cost	(798.32)	-	-
Payment of lease liabilities (including interest of Rs.683.76 Lakhs)	683.76	-	-
Foreign exchange difference	(2,350.54)	-	-
Finance cost	-	0.78	-
Interest paid	-	-	276.43
<b>As at 31 March 2020</b>	<b>6,485.03</b>	<b>11.94</b>	<b>(276.43)</b>

Note 1: During the year, trade receivables of Rs. 16,000 lakhs were converted into loans. Out of this, Rs. 3,000 lakhs was repaid during the year. Refer note 40. The same has been disclosed on a net basis in the above cash flow statement.

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

1-59


For BSR & Co. LLP  
Chartered Accountants



Rajesh Arora  
Partner  
Membership Number:076124

Place : Gurugram  
Date : 15 June 2020

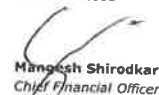
For and on behalf of the Board of Directors of  
SRL LIMITED

  
Dr. Ashutosh Raghuvanshi  
Director  
DIN:02775637



Srinivas Chidambaram  
Director  
DIN:00514665

  
Arjunam Haldar  
Chief Executive Officer

  
Mangesh Shirodkar  
Chief Financial Officer

  
Sumit Goel  
Company Secretary

Place : Gurugram  
Date : 15 June 2020



**SRL LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020**

Particulars	Notes	Equity		Other equity		Total other equity		(Rupees in lakhs) Total
		Equity share capital	Securities premium*	Share options outstanding account**	Retained earnings***	Capital reserve****	Foreign currency translation reserve*****	
<b>Balance at April 1, 2018</b>	20	7,843.77	69,422.73	546.03	9,420.12	14,181.13	(941.00)	92,629.11
Profit for the year					9,080.78			9,080.78
Other comprehensive income for the year, (net of income tax)					25.63			25.63
<b>Total comprehensive income for the year</b>					<b>9,106.41</b>			<b>9,106.41</b>
Issue of equity shares under employee stock option plan:	47	0.79	2.36					3.15
Employee stock option forfeited/lapsed/cancelled	47			38.37				38.37
Recognition of share-based payments expense	47			(161.24)				(161.24)
<b>Balance at March 31, 2019</b>		<b>7,844.56</b>	<b>69,425.09</b>	<b>424.06</b>	<b>18,526.53</b>	<b>14,181.13</b>	<b>(889.31)</b>	<b>101,028.74</b>
Profit for the year		7,842.56	69,425.09	424.06	18,526.53	14,181.13	(889.31)	101,028.74
Other comprehensive loss for the year, (net of income tax)					8,556.98			8,556.98
<b>Total comprehensive income for the year</b>					<b>(231.78)</b>			<b>(231.78)</b>
Recognition of share-based payments expense	47			149.33				149.33
Employee stock option forfeited	47			(124.23)				(124.23)
<b>Balance at March 31, 2020</b>		<b>7,842.56</b>	<b>69,425.09</b>	<b>549.16</b>	<b>26,851.73</b>	<b>14,181.13</b>	<b>(982.08)</b>	<b>110,210.50</b>

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

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

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

\*\*\*\* Capital reserve represents the equity and reserves of SRL Diagnostics FZ-LLC acquired during the year 16.17 through common control business combination.

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

\*\*\*\*\* In respect of 30,000 (31 March 2019: 140,000) options forfeited during the current year, amount aggregating Rs 24.23 lakhs (31 March 2019: Rs. 161.24 lakhs) has been transferred to general reserve (refer note 47)

See accompanying notes forming integral part of the consolidated financial statements

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In terms of our report attached

For BSR & Co. LLP  
Chartered Accountants

*Rajesh Atora*

**Rajesh Atora**  
Partner  
Membership Number:076124

For and on behalf of the Board of Directors of  
SRL LIMITED

*Ashutosh*

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

*[Signature]*  
**Arjun Choudhary**  
Chief Executive Officer

*[Signature]*  
**Sumit Goel**  
Company Secretary

Place : Gurugram  
Date : 15 June 2020

**Srinivas Chidambaram**  
Director  
DIN:00614665

**Mangesh Shirodkar**  
Chief Financial Officer



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

**Note 1. Corporate Information**

SRL Limited ("the Company" or "Holding Company" or "SRL"), is a public limited Company incorporated in 1995. The registered office of the Company is situated at Fortis Hospital, Sector-62, Phase - VIII, Mohali - 160062, Punjab, India and the corporate office of the Company is situated at Plot No. GP-26, Maruti Industrial Estate Udyog Vihar, Sector -18 Gurgaon 122015 Haryana.

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

**Note 2. Significant accounting policies**

This note provides a list of the significant accounting policies adopted in the preparation of these Consolidated Financial Statements ("consolidated financial statements"). The accounting policies adopted are consistent with those of the previous financial year except for changes as described in note 3A due to amendment in applicable accounting guidance (also refer to respective policies).

**(a) Basis of preparation**

**(i) Statement of compliance**

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

**(ii) Functional and presentation currency**

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

**Subsidiary:**

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

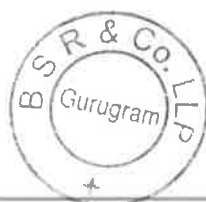
**Joint Venture:**

- SRL Diagnostics (Nepal) Private Limited - Nepalese Rupees

**(iii) Historical cost convention**

The consolidated financial statements have been prepared under historical cost convention on accrual basis, unless otherwise stated. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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**(b) Principles of consolidation**

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

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

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

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

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

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

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

**(c) Consolidation procedure**

- a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries.

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

- b) Investment in joint ventures have been accounted under the equity method as per Ind AS 28 - "Investment in Associates and Joint Ventures"
- c) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
- d) Eliminate in full, intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognized in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 "Income Taxes" applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

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

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

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

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

An asset is treated as current when:

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

The Group classifies all other assets as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

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

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

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

**(e) Measurement of fair values**

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

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

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

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

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

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

**(f) Business combinations**

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

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest



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

comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are revised. The assets and liabilities acquired are recognized at their carrying amounts. The identity of the reserves is preserved, and they appear in the consolidated financial statements of the Group in the same form in which they appeared in the financial statement of the acquired entity. The differences, if any, between the consideration and the amount of share capital of the acquired entity is transferred to capital reserve.

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

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

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

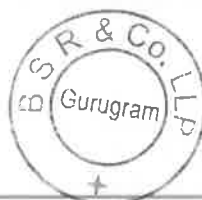
Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component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

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

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its property, plant and equipment recognized as at 01 April 2015 measured as per the previous GAAP and used that carrying value as the deemed cost of the property, plant and equipment.

**(ii) Goodwill and Intangible assets**

- For measurement of goodwill that arises from business combination, refer to accounting policy thereon above. Subsequent measurement is at cost less any accumulated impairment losses.
- Internally generated goodwill is not recognised as an asset. With regard to other internally generated intangible assets:
  - Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the Statement of Profit and Loss as incurred.
  - Development expenditure including regulatory cost and legal expenses leading to product registration/ market authorisation relating to the new and/or improved product and/or process development is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the



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

Group intends to and has sufficient resources to complete development and to use the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and directly attributable finance costs (in the same manner as in the case of tangible fixed assets). Other development expenditure is recognised in the Statement of Profit and Loss as incurred.

- Intangible assets that are acquired (including goodwill recognized for business combinations) are measured initially at cost. After initial recognition, an intangible asset is carried at its cost less accumulated amortization (for finite lives intangible assets) and any accumulated impairment loss. Subsequent expenditure is capitalised only when it increases the future economic benefits from the specific asset to which it relates.

On transition to Ind AS, the Group has elected to continue with the carrying value of all its intangible assets recognized as at 01 April 2015 measured as per the previous GAAP and used that carrying value as the deemed cost of the intangible assets.

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

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

The details of useful life are as under:

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

Freehold land is not depreciated.

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

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

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

Estimated useful lives of the intangible assets are as follows:

Category of assets	Management estimate of Useful Life
Software and trade marks	3 years
Assay developed	5 years

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

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

**(iv) Derecognition**

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

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

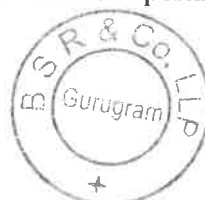
Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. The Group's non-financial assets other than inventories and deferred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

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

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

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

An impairment loss in respect of goodwill is not subsequently reversed. In respect of other assets for which impairment loss has been recognized in prior periods, the Group reviews at reporting date whether there is any



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indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

**(i) Financial instrument**

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

*Financial assets*

*Initial recognition and measurement*

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

*Subsequent measurement*

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

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

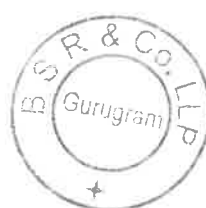
*Debt instruments at amortised cost*

A 'debt instrument' is measured at the amortised cost if the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortised cost of the financial liability. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade and other receivables.

*Debt instrument at FVOCI*

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

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

*Debt instrument at FVTPL*

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

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

*Equity investments*

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

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

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

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

*Impairment of financial assets*

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

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amount of ECL (or reversal) that is required to adjust the loss allowance at the reporting date is recognised as an impairment gain or loss in the Statement of Profit and Loss.

*Derecognition of financial assets*

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

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

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

*Financial liabilities*

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

*Derecognition of financial liabilities*

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

*Offsetting*

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

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**(j) Inventories**

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

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

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

**(k) Cash and cash equivalents**

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

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

**(l) 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 Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent liabilities and commitments are reviewed by the management at each balance sheet date.

**(m) Provisions**

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

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

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

**(n) Revenue recognition**

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

Contracts with customers could include promises to transfer multiple services to a customer. The Group assesses the services promised in a contract and identifies distinct performance obligation in the contract. Revenue for each distinct performance obligation is measured at an amount that reflects the consideration which the Group expects to receive in exchange for those services and is net of tax collected from customers and remitted to government authorities and applicable discounts and allowances including claims.

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

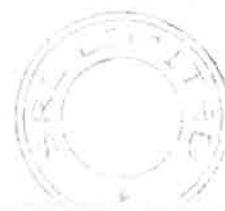
Revenue includes only those sales for which the Group has acted as a principal in the transaction, takes title to the services, and has the risks and rewards of ownership, including the risk of loss for collection, delivery and returns. Any revenue transaction for which the Group has acted as an agent or broker without assuming the risks and rewards of ownership have been reported on a net basis.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as other financial assets when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms. Contract liabilities include deferred revenue and customer loyalty program. Deferred revenue is recognised as other current liability when there is billings in excess of revenue.

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

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

Interest income on financial assets (including deposits with banks) is recognized using the effective interest rate method on a time proportionate basis.



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**(o) Employee benefits**

*Short-term employee benefits*

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

*Post-employment benefits*

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

a) **Gratuity:**

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

b) **Superannuation:**

Certain employees of the Group are also participants in the superannuation plan ('the Plan'), a defined contribution plan. Contribution made by the Group to the plan during the year is charged to Statement of Profit and Loss.

c) **Provident fund:**

(i) The Group's contribution to provident fund is treated as defined contribution plan under which an entity pays fixed contributions to government administered fund and will have no legal or constructive obligation to pay further amounts.

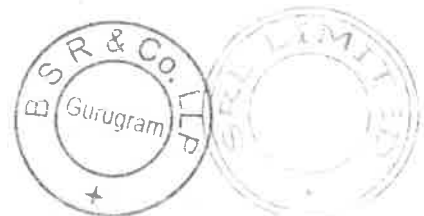
(ii) The Group's contribution to the provident fund is charged to Statement of Profit and Loss in the periods during which the related services are rendered by employees.

*Other long-term employee benefits:*

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

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

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*Actuarial valuation*

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

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

Past service cost is recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits are already vested immediately following the introduction of, or changes to, a defined benefit plan, the past service cost is recognised immediately in the Statement of Profit and Loss. Past service cost may be either positive (where benefits are introduced or improved) or negative (where existing benefits are reduced).

**(p) Share-based payments**

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

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

**(q) Finance costs**

Finance costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Finance cost also includes exchange differences to the extent regarded as an adjustment to the finance costs.

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General and specific borrowing costs that are directly attributable to the construction or production or development of a qualifying asset are capitalized as part of the cost of that asset. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. All other finance costs are expensed in the period in which they occur.

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

**(r) Income tax**

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

*Current taxes*

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

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

*Deferred taxes*

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

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

Deferred tax assets (DTA) include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has

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

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

**(s) Leases**

Effective April 1, 2019, the Group has applied Ind AS 116 using modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under Ind AS 17. The details of accounting policies under Ind AS 17 are disclosed separately if they are different from those under Ind AS 116 and the impact of changes is disclosed in note 3A below.

Policy applicable from April 1, 2019

At inception of a contract, the group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset through the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision- making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases, where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
  - the Group has the right to operate the asset; or
  - the Group designed the asset in a way that predetermines how and for what purpose it will be used

An entity shall reassess whether a contract is, or contains, a lease only if the terms and conditions of the contract are changed.

This policy is applicable to contracts entered into, or changed, on or after 1 April 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non- lease components and account for the lease and non-lease components as a single lease component.





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Policy applicable before April 1, 2019

For contracts entered into before 1 April 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfillment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
  - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
  - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
  - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

**(i) As a lessee**

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

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

The right of use asset is subsequently depreciated using the straight line method from the commencement date to the end of the lease term. The estimated useful lives of right-of-use are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

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

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

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

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Short-term leases and leases of low-value assets

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

Under Ind AS 17

In the comparative period, a lease arrangement is classified as either a finance lease or an operating lease, based on the substance of the lease arrangement.

*Finance leases*

Assets leased by the Company in its capacity as lessee where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. A finance lease is recognized as an asset and a liability at the commencement of the lease, at the lower of the fair value of the asset and the present value of the minimum lease payments. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

*Operating leases*

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

**(ii) As a lessor**

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

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Assets subject to operating leases are included in Property, Plant and Equipment. Rental income on operating lease is recognized in the Statement of Profit and Loss on a straight-line basis over the lease term. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Group's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

Costs, including depreciation, are recognized as an expense in the Statement of Profit and Loss. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased assets and recognised on a straight line basis over the lease term.

The accounting policies applicable to the Group as a lessor in the comparative period were not different from Ind AS 116.

**(t) Foreign currency translation**

*(i) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and

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from the translation of monetary assets and liabilities denominated in foreign currencies at balance sheet date exchange rates are generally recognised in Statement of Profit and Loss.

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

*(ii) Group companies*

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

- Equity share capital and opening other equity are carried at historical cost.
- All assets and liabilities, both monetary and non-monetary, (excluding share capital, opening reserves and surplus) are translated using closing rates at Balance Sheet date.
- Profit and Loss items are translated at the respective quarterly average rates or the exchange rate that approximates the actual exchange rate on date of specific transaction.
- All resulting exchange differences are recognised in Other Comprehensive Income.

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

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

**(u) Cash flow statement**

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

**(v) Segment reporting**

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

*(Signature)*





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

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**(w) Earnings per share**

**(i) Basic earnings per share**

Basic earnings per share is calculated by dividing:

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

**(ii) Diluted earnings per share**

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

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

**Note 3. Critical estimates and judgments**

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

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

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the following notes.

- Leasing arrangement (classification and accounting) – Note 2(s)
- Financial instruments - Note 2(i)
- Fair value measurement – Note 2(e)
- Estimated impairment of financial assets and non-financial assets – Note 2(h), 2(i),
- Recognition and measurement of contingency: Key assumption about the likelihood and magnitude of an outflow of resources – Note 43
- Assessment of useful life and residual value of property, plant and equipment and intangible asset – Note 2(g)
- Revenue recognition- loyalty points- Note 2(n)
- Estimation of assets and obligations relating to employee benefits (including actuarial assumptions) – Note 44

**Note 3A. Changes in significant accounting policies**

The Group initially applied Ind AS 116 Leases from 1 April 2019. A number of other new amendments to standards are also effective from 1 April 2019 but they do not have a material effect on the Group's financial statements.





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

The Group applied Ind AS 116 using the modified retrospective approach. Accordingly, the comparative information presented for March 31, 2019 is not restated - i.e. it is presented, as previously reported, under Ind AS 17. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in Ind AS 116 have not generally been applied to comparative information.

**A. Definition of a lease**

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under Ind AS 17. The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in 2(s).

**B. As a lessee**

As a lessee, the Group leases many assets including property, medical equipment. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under Ind AS 116, the Group recognises right-of-use assets and lease liabilities for most of these leases - i.e. these leases are on-balance sheet. At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price.

*i. Leases classified as operating leases under IAS 17*

Previously, the Group classified property leases as operating leases under IAS 17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 April 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Group used a number of practical expedients when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17. In particular, the Group:

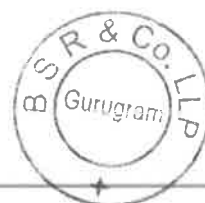
- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets (e.g. IT equipment);
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

**Impact on financial statements**

On transition to Ind AS 116, the Group recognised additional right-of-use assets, additional lease liabilities, recognizing the difference in retained earnings. The impact on transition is summarized below:

	<b>1 April 2019</b>
Right of use assets	7,360.28 Lakhs
Deferred tax assets	Nil
Lease liabilities	7,194.65 Lakhs
Retained earnings	Nil

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

When measuring lease liabilities for leases that were classified as operating lease, the Company discounted lease payments using its incremental borrowing rate at 1 April 2019. The weighted average rate applied is 10.55%

	<b>1 April 2019</b>
Operating lease commitments at 31 March 2019 as disclosed under Ind AS 17 in the Company's financial statements	5,556.05 Lakhs
Lease liabilities recognized from contracts previously not classified as operating lease in the year ended 31 March 2019	3,032.93 Lakhs
Discounted using incremental borrowing rate at 1 April 2019	7,194.65 Lakhs
Finance lease liabilities recognised at 31 March 2019	Nil
- Recognition exemption for leases of low value assets	Nil
- Recognition exemption for leases with less than 12 months of lease term at transition	Nil
<b>Lease liabilities recognised at 1 April 2019</b>	<b>7,194.65 Lakhs</b>

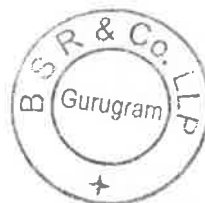
**Reconciliation of initial recognition of lease liability and right-of-use assets**

	<b>Amount</b>
Lease liabilities recognized as at 1 April 2019	7,194.65 Lakhs
Adjustment of prepaid rent as at 31 March 2019	165.63 Lakhs
ROU recognized on transition to IND AS 116 as at 1 April 2019	<b>7,360.28 Lakhs</b>

**Note 4. Composition of the Group**

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

Name of subsidiary/ Joint venture	Country of Incorpor ation	Proportion of ownership interest as at 31 March 2020	Proportion of ownership interest as at 31 March 2019	Country of Incorporation and other details
SRL Diagnostics (Nepal) Private Limited (formerly Super Religare Reference Laboratories (Nepal) Private Limited) "SRL Nepal"	Nepal	50% (Joint venture)	50% (Joint venture)	SRL Nepal was incorporated on August 7, 2009 under the Companies Act 2063(2006). The registered office and principal place of business are located at Ward No 3, Maharanjgunj, Kathmandu, Nepal and its commercial operation started from August 31, 2010 to carry on the business of operating pathology labs and diagnostics centers in Nepal. SRL Nepal became joint venture of SRL on August 7, 2009.
SRL Diagnostics Private Limited (formerly Piramal Diagnostic Services Private Limited) "SRLD"	India	100%	100%	SRLD is an Indian Company and carries on the business of operating pathology labs and diagnostics centers. SRLD became subsidiary of SRL on August 20, 2010.



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

Name of subsidiary/ Joint venture	Country of Incorpor ation	Proportion of ownership interest as at 31 March 2020	Proportion of ownership interest as at 31 March 2019	Country of Incorporation and other details
DDRC SRL Diagnostics Private Limited (formerly DDRC Piramal Diagnostics Services Pvt. Ltd.) "DDRC"	India	50% (Joint venture of SRLD)	50% (Joint venture of SRLD)	DDRC is an Indian Company and carries on the business of operating pathology labs and diagnostics centres in India. DDRC became joint venture of SRLD from July 15, 2006 and with the acquisition of SRLD, DDRC became joint venture in SRL group effective August 20, 2010.
SRL Reach Limited "SRL Reach"	India	100%	100%	SRL Reach is an Indian Company and carries on the business of operating pathology labs and diagnostics centres. SRL Reach was incorporated on May 01, 2015 and became 100% subsidiary of SRL.
SRL Diagnostics FZ - LLC "SRL- Dubai"	United Arab Emirates	100%	100%	SRL Dubai is a Foreign Company and carries on the business of operating pathology labs and diagnostics centres. The Company became a subsidiary of SRL w.e.f. 5 July 2016 upon acquisition of 100% shareholding from Fortis Healthcare International Pte. Limited, Singapore (FHIPL, a fellow subsidiary Company).
SRL Diagnostics Middle East LLC "SRL Middle East" *	United Arab Emirates	49%	49%	SRL Middle East was a Foreign Company and carried the business of operating pathology labs and diagnostics centres). Pursuant to board resolution dated May 23, 2019, SRL Middle East was closed on July 15, 2019 due to non-operation since April 1, 2017. The Company became a subsidiary of SRL w.e.f. 5 July 2016 upon acquisition of 100% shareholding from Fortis Healthcare International Pte. Limited, Singapore (FHIPL, a fellow subsidiary Company)

\* SRL Limited owns 49% equity shares of SRL Diagnostics Middle East LLC through SRL Diagnostics FZ-LLC. However, based on the contractual arrangement between the Group and other shareholder, the Group has the power to manage the firm technically, financially and administratively to any or all its Board of Directors and the Management of SRL Diagnostics Middle East LLC is under the exclusive control of the Group. Therefore, the Directors of the Group concluded that the Group has control over SRL Diagnostics Middle East LLC, and it is consolidated in these consolidated financial statements.

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

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**Note 4A. Applicable standards issued but not yet effective**

The amendments are proposed to be effective for reporting periods beginning on or after 1 April 2020.

**(a) Issue of Ind AS 117 – Insurance Contracts**

Ind AS 117 supersedes Ind AS 104 Insurance contracts. It establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. Under the Ind AS 117 model, insurance contract liabilities will be calculated as the present value of future insurance cash flows with a provision for risk.

Application of this standard issued but not yet effective is not expected to have any significant impact on the Company's financial statements.

**(b) Amendments to existing Standards**

Ministry of Corporate Affairs has carried out amendments of the following accounting standards:

- Ind AS 103 – Business Combination
- Ind AS 1, Presentation of Financial Statements and Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors
- Ind AS 40 – Investment Property

Application of these amendments issued but not yet effective are not expected to have any significant impact on the Company's financial statements.

**Note 4B.** The consolidated financial statements have been authorized for issue by the Company's Board of Directors on 15 June 2020.



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SRL LIMITED  
NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

5 (a) Property, plant and equipment

	Building	Land	Leasehold improvements	Plant and machinery (including Laboratory equipments)	Air conditioners	Computers and accessories	Office equipment	Furniture and fittings	Vehicles	Total	Capital work-in-progress
<b>Gross carrying amount</b>											
At 1 April 2018	4,552.01	12,087.94	2,884.86	11,749.53	648.03	1,219.42	760.18	740.12	245.07	34,887.16	149.45
Additions	24.42	-	354.29	1,470.63	7.46	144.34	88.92	31.75	54.74	2,176.54	1,245.63
Disposals/Adjustment	-	-	96.29	152.83	9.82	14.43	7.41	10.06	5.64	296.47	933.72
Exchange translation adjustments	-	-	110.28	69.07	-	7.33	0.10	1.34	0.85	188.97	-
<b>At 31 March 2019</b>	<b>4,576.43</b>	<b>12,087.94</b>	<b>3,253.14</b>	<b>13,136.40</b>	<b>645.67</b>	<b>1,356.66</b>	<b>841.79</b>	<b>763.15</b>	<b>295.02</b>	<b>36,956.20</b>	<b>461.36</b>
Additions	8.06	-	3,253.14	13,136.40	645.67	1,356.66	841.79	763.15	295.02	36,956.20	461.36
Disposals/Adjustment	-	-	232.76	1,010.54	49.14	337.83	98.89	5.19	6.55	1,748.96	1,573.81
Exchange translation adjustments	-	-	3.75	827.59	6.10	15.89	54.94	8.67	15.74	932.68	1,745.10
Classified as assets held for sale	-	-	114.86	69.99	-	7.63	0.10	1.40	0.88	194.86	-
<b>At 31 March 2020</b>	<b>4,584.49</b>	<b>12,087.94</b>	<b>3,521.27</b>	<b>13,103.45</b>	<b>688.71</b>	<b>1,647.77</b>	<b>821.84</b>	<b>758.80</b>	<b>286.71</b>	<b>37,500.98</b>	<b>290.07</b>
<b>Accumulated Depreciation</b>											
At 1 April 2018	500.52	-	1,785.67	4,830.00	416.67	703.25	342.50	346.28	90.92	9,015.81	86.91
Depreciation	168.46	-	486.52	1,269.77	49.89	229.41	121.20	92.95	37.77	2,455.97	186.15
Impairment loss	-	-	-	-	-	-	-	-	-	-	-
Elimination on disposals	-	-	87.92	93.17	8.76	7.08	4.79	4.61	4.30	210.63	-
Exchange translation adjustments	-	-	103.26	67.02	-	5.77	0.10	0.32	0.58	177.05	-
<b>At 31 March 2019</b>	<b>668.98</b>	<b>-</b>	<b>2,287.53</b>	<b>6,073.62</b>	<b>457.80</b>	<b>931.35</b>	<b>459.01</b>	<b>434.94</b>	<b>124.97</b>	<b>11,438.20</b>	<b>273.06</b>
Depreciation	668.98	-	2,287.53	6,073.62	457.80	931.35	459.01	434.94	124.97	11,438.20	273.06
Elimination on disposals	174.25	-	428.50	1,177.33	38.85	235.24	117.20	88.94	36.05	2,296.36	273.06
Exchange translation adjustments	-	-	3.75	605.31	4.27	7.48	18.86	7.08	8.93	655.68	-
Classified as assets held for sale	-	-	111.00	69.14	-	7.18	0.10	0.84	0.83	189.09	-
<b>At 31 March 2020</b>	<b>843.23</b>	<b>-</b>	<b>2,749.64</b>	<b>6,506.15</b>	<b>492.38</b>	<b>1,131.00</b>	<b>514.89</b>	<b>515.54</b>	<b>152.92</b>	<b>12,905.75</b>	<b>273.06</b>
<b>Net carrying amount</b>											
At 31 March 2019	3,907.45	12,087.94	965.61	7,062.78	187.87	425.31	382.78	328.21	170.05	25,518.00	188.30
At 31 March 2020	3,741.25	12,087.94	771.63	6,597.30	196.33	516.77	306.95	243.26	133.79	24,595.23	17.01



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## 6 (a). Goodwill and other Intangible assets

	Goodwill	Other intangible assets		Total
		Software	Trademark	
<b>Gross carrying amount</b>				
At 1 April 2018	41,822.64	2,165.62	5,858.20	8,981.51
Additions	-	105.96	-	105.96
Disposals	-	0.52	-	0.52
<b>At 31 March 2019</b>	<b>41,822.64</b>	<b>2,271.06</b>	<b>5,858.20</b>	<b>9,086.95</b>
At 1 April 2019	41,822.64	2,271.06	5,858.20	9,086.95
Additions	-	291.63	-	291.63
Disposals	-	0.56	-	0.56
<b>At 31 March 2020</b>	<b>41,822.64</b>	<b>2,562.13</b>	<b>5,858.20</b>	<b>9,378.02</b>
<b>Accumulated amortisation</b>				
At 1 April 2018	-	909.54	2,534.64	4,317.31
Amortisation	-	639.80	739.57	1,434.56
Elimination on disposals	-	0.30	-	0.30
<b>At 31 March 2019</b>	<b>-</b>	<b>1,549.04</b>	<b>3,274.21</b>	<b>5,751.57</b>
At 1 April 2019	-	1,549.04	3,274.21	5,751.57
Amortisation	-	655.28	719.38	1,399.37
Elimination on disposals	-	0.56	-	0.56
<b>At 31 March 2020</b>	<b>-</b>	<b>2,203.76</b>	<b>3,993.03</b>	<b>7,150.38</b>
<b>Net carrying amount</b>				
At 31 March 2019	41,822.64	722.02	2,583.99	29.37
At 31 March 2020	41,822.64	358.37	1,864.61	4.66

**Goodwill**

Goodwill includes the excess consideration paid by SRL Diagnostics Private Limited on the net assets of diagnostics businesses acquired by it during previous years. The Group's goodwill are tested for impairment annually at the year-end or more frequently if there are indications that goodwill might be impaired. The Group considers the whole diagnostics business of SRL Diagnostic as a single CGU and hence, the impairment of goodwill is tested on total diagnostic business of SRL Diagnostics Private Limited.

The recoverable amounts of the CGUs are determined from value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the year. Management estimates discount rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

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

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

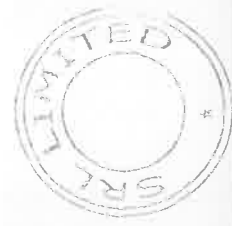
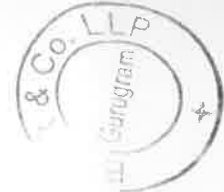
Particulars	As at 31 March 2020	As at 31 March 2019
Revenue growth rate for five years (31 March 2019: 5 years)	0% - 10%	5% - 10%
Growth rate used for extrapolation of cash flow projections beyond five-year period (31 March 2019: 5 years)	4%	4%
Discount rate	13.00%	13.00%

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

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

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

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



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

	As at 31 March 2020 (Rupees in Lakhs)	As at 31 March 2019 (Rupees in Lakhs)
<b>7. Non-current financial assets</b>		
<b>Investments in joint ventures - at cost</b>		
Unquoted		
<b>A. SRL Diagnostics (Nepal) Private Limited</b>		
240,000 (31 March 2019: 240,000) equity shares of Nepalese Rupees 100 each fully paid-up (Refer note 51)	270.73	207.97
<b>B. DDRC SRL Diagnostics Private Limited</b>		
250,000 (31 March 2019: 250,000) equity shares of Rs. 10 each, fully paid up (Refer note 52)	3,753.75	3,167.33
<b>Total aggregate unquoted investments (carrying value) (A+B)</b>	<b>4,024.48</b>	<b>3,375.30</b>
<b>Aggregate amount of impairment in the value of investments</b>	-	-
<b>8. Loans</b>		
<i>(Unsecured considered good unless otherwise stated)</i>		
Security deposits		
- Considered good	1,032.26	1,145.22
- Credit impaired	18.55	11.39
Less: loss allowance	(18.55)	(11.39)
Loans to employees	22.73	27.70
<b>Total</b>	<b>1,054.99</b>	<b>1,172.92</b>
<b>9. Other financial assets</b>		
<i>(Unsecured considered good unless otherwise stated)</i>		
Balances with banks		
- held as margin money	201.39	117.46
- long term deposits	8,003.63	-
Interest accrued on fixed deposits	-	0.31
<b>Total</b>	<b>8,205.02</b>	<b>117.77</b>

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

	As at 31 March 2020 (Rupees in Lakhs)	As at 31 March 2019 (Rupees in Lakhs)
<b>10. Deferred tax balances</b>		
Deferred tax assets	4,728.46	4,043.51
Deferred tax liabilities	(1,439.79)	(47.14)
<b>Deferred tax assets (net)</b>	<b>3,288.67</b>	<b>3,996.37</b>

The following is the analysis of deferred tax assets/ (liabilities) presented in the financial statements:  
**2019-2020**

	As at 01 April 2019	Recognised in profit or loss	Transfer to Advance tax	Recognised in other comprehensive income	As at 31 March 2020
<b>Deferred tax asset</b>					
Property, plant & equipment and other intangible assets - software and trademark	1,519.86	(430.84)	-	-	1,089.02
Loss allowance for doubtful deposits and advances	242.06	(51.28)	-	-	190.78
Loss allowance for trade receivables	1,233.08	(166.91)	-	-	1,066.17
Lease liability	-	1,499.27	-	-	1,499.27
Provision for gratuity	467.10	(101.02)	-	69.98	436.06
Provision for compensated absences	264.21	(44.94)	-	-	219.27
Unabsorbed Depreciation and brought forward losses *	73.86	(73.86)	-	-	-
Minimum alternate tax credit	23.80	(23.80)	-	-	-
Expenditure allowed on actual payment basis	219.54	8.35	-	-	227.89
<b>Total deferred tax asset</b>	<b>4,043.51</b>	<b>614.97</b>	<b>-</b>	<b>69.98</b>	<b>4,728.46</b>
<b>Deferred tax liability</b>					
Intangible assets- Assay developed	(10.26)	9.09	-	-	(1.17)
Right-of-use assets	-	(1,434.29)	-	-	(1,434.29)
Property, plant & equipment and other intangible assets - software and trademark	(36.88)	36.88	-	-	-
Expenditure allowed on actual payment basis	-	(4.33)	-	-	(4.33)
<b>Total deferred tax liability</b>	<b>(47.14)</b>	<b>(1,392.65)</b>	<b>-</b>	<b>-</b>	<b>(1,439.79)</b>
<b>Deferred tax asset (net)</b>	<b>3,996.37</b>	<b>(777.68)</b>	<b>-</b>	<b>69.98</b>	<b>3,288.67</b>

**2018-19**

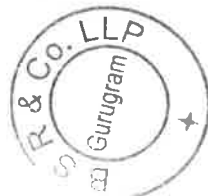
**Movement in deferred tax**

	As at 01 April 2018	Recognised in profit or loss	Transfer to Advance tax	Recognised in other comprehensive income	As at 31 March 2019
<b>Deferred tax asset</b>					
Property, plant & equipment and other intangible assets - software and trademark	1,597.18	(77.32)	-	-	1,519.86
Provision for doubtful deposits and advances	208.33	33.73	-	-	242.06
Loss allowance for trade receivables	633.40	599.68	-	-	1,233.08
Provision for lease equalisation	94.77	(94.77)	-	-	-
Share options outstanding account	191.12	(191.12)	-	-	-
Provision for gratuity	436.01	48.07	-	(16.98)	467.10
Provision for compensated absences	231.29	32.92	-	-	264.21
Unabsorbed Depreciation and brought forward losses	78.87	(5.01)	-	-	73.86
Minimum alternate tax credit**	266.03	(1.06)	(241.17)	-	23.80
Expenditure allowed on actual payment basis	256.73	(37.19)	-	-	219.54
<b>Total deferred tax asset</b>	<b>3,993.74</b>	<b>307.93</b>	<b>(241.17)</b>	<b>(16.98)</b>	<b>4,043.51</b>
<b>Deferred tax liability</b>					
Intangible assets- Assay developed	(29.55)	19.29	-	-	(10.26)
Property, plant & equipment and other intangible assets - software and trademark	(60.20)	23.32	-	-	(36.88)
<b>Total deferred tax liability</b>	<b>(89.75)</b>	<b>42.61</b>	<b>-</b>	<b>-</b>	<b>(47.14)</b>
<b>Deferred tax asset (net)</b>	<b>3,903.99</b>	<b>350.54</b>	<b>(241.17)</b>	<b>(16.98)</b>	<b>3,996.37</b>

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

Expiry	As at 31 March 2020 (Rupees in Lakhs)		As at 31 March 2019 (Rupees in Lakhs)	
	Unused losses	Tax	Unused losses	Tax
<b>Business loss</b>				
2023-24	50.50	12.71	61.55	17.12
2024-25	94.59	23.81	94.59	26.36
<b>Minimum alternate tax credit</b>				
2031-32	-	-	-	-
2032-33	-	-	-	22.46
2033-34	-	-	-	1.36
<b>Never expired</b>				
Unabsorbed depreciation	109.20	27.48	109.20	30.38

\*\*SRL Diagnostics Private Limited ("SRLD") has paid taxes under MAT amounting to Rs. 633.24 lakhs during AY 2013-14, 2014-15 and AY 2017-18. The same has been fully utilised by SRLD in books against its tax liability for AY 2018-19 and AY 2019-20. SRLD is currently under litigation with Income tax department for certain disallowances pertaining to AY 2013-14 and AY 2014-15. Pending closure of these litigations, SRLD has currently not utilised the MAT credit in its Income tax return for AY 2018-19. The management based on its internal evaluation has assessed low exposure in respect to these litigations.



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

	As at 31 March 2020 (Rupees in Lakhs)	As at 31 March 2019 (Rupees in Lakhs)
<b>11. Non-current tax assets (net)</b>		
Advance tax and tax deductible at source*	3,375.25	2,278.63
<b>Total</b>	<b>3,375.25</b>	<b>2,278.63</b>
*Net of provision for tax	28,336.22	20,141.17
<b>12. Other non-current assets</b> (Unsecured considered good unless otherwise stated)		
Capital advances		
- Considered good	1,180.65	44.90
- Credit impaired	303.41	302.14
Less: loss allowance	(303.41)	(302.14)
Prepaid expenses	42.04	122.27
Deposit against cases with income tax authorities	3,614.94	3,214.94
<b>Total</b>	<b>4,837.63</b>	<b>3,382.11</b>
<b>13. Inventories (lower of cost and net realisable value)</b>		
Reagents, chemicals and consumables	3,056.45	2,515.42
<b>Total</b>	<b>3,056.45</b>	<b>2,515.42</b>

	As at 31 March 2020 (Rupees in Lakhs)	As at 31 March 2019 (Rupees in Lakhs)
<b>14. Trade receivables</b>		
Secured, considered good	984.69	1,023.92
Unsecured, considered good	9,345.10	9,941.62
Unsecured, credit impaired	4,402.19	3,047.58
Less: Expected credit loss allowance	(4,402.19)	(3,047.58)
<b>Total</b>	<b>10,329.79</b>	<b>10,965.54</b>
Due from related parties (refer note 40)		
Unsecured, considered good	4,175.49	22,775.83
Unsecured, credit impaired	260.17	243.16
Less: Expected credit loss allowance	(260.17)	(243.16)
<b>Total</b>	<b>14,505.28</b>	<b>33,741.37</b>

**Notes:**

- (a) Credit risk arising from trade receivables is managed in accordance with the Group's established policy with regard to credit limits, control and approval procedures. The concentration of credit risk is limited due to the fact that the customer base is large. The Group further limits its credit risk by establishing a maximum credit period of 7 to 90 days for all its customers (other than related parties). There are no customers which represent more than 5% of the total balance of trade receivables except as mentioned below:

**Customer Name**

Fortis Hospitals Limited	1,809.70	14,150.61
Escort Heart Institute & Research Centre Limited	941.72	3,095.58
Hiranandani Healthcare Private Limited	446.63	2,321.15
Fortis Healthcare Limited	362.35	2,495.32

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

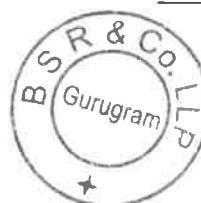
Ageing	Expected credit loss (%)	Expected credit loss (%)
0-1 year	3.71%	2.71%
1-2 years	68.75%	13.26%
2-3 years	93.98%	77.92%
Above 3 Years	98.51%	98.26%
<b>Age of receivables</b>		
0-1 years	14,310.56	27,452.50
1-2 years	1,984.51	7,793.93
2-3 years	1,371.03	1,184.91
Above 3 Years	1,501.54	600.77
	<b>19,167.64</b>	<b>37,032.11</b>

**Movement in expected credit loss allowance**

Balance at the beginning of the year	3,290.74	2,584.39
Add: Recognised during the year	1,401.95	1,071.17
Add: Exchange gain/(loss) on translation	55.44	-
Less: Bad debts during the year	(85.77)	(364.82)
<b>Balance at end of the year</b>	<b>4,662.36</b>	<b>3,290.74</b>

**15. Cash and cash equivalents**

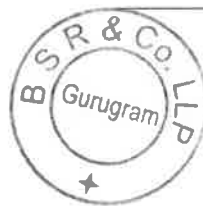
Balances with banks		
- On current accounts	3,728.24	2,819.32
- Deposit with original maturity of three months or less	100.00	1,250.00
Cheques on hand	7.85	34.66
Cash on hand	81.12	122.63
<b>Cash and cash equivalents as per balance sheet</b>	<b>3,917.21</b>	<b>4,226.61</b>
Cash credit facilities from banks (refer note 25)		(198.77)
<b>Cash and cash equivalents as per consolidated statement of cash flows</b>	<b>3,917.21</b>	<b>4,027.84</b>



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

	As at 31 March 2020 (Rupees in Lakhs)	As at 31 March 2019 (Rupees in Lakhs)
<b>16. Bank balances other than cash and cash equivalents</b>		
Balances with banks - deposits with original maturity of more than 3 months but less than 12 months	7,277.79	69.02
<b>Total</b>	<b>7,277.79</b>	<b>69.02</b>
<b>17. Loans</b>		
<i>(Unsecured considered good unless otherwise stated)</i>		
Security deposits		
- Considered good #	599.35	228.68
- Credit impaired	372.43	357.26
Less:- Loss allowance	(372.43)	(357.26)
	<b>599.35</b>	<b>228.68</b>
Loans to related parties**	13,000.00	-
<b>Total</b>	<b>13,599.35</b>	<b>228.68</b>
# includes security deposit to a related party (refer note 40)	-	80.00
**Loans outstanding from :		
Fortis Hospitals Limited	9,018.00	-
Escorts Heart Institute and Research Limited	2,272.00	-
Hiranandani Healthcare Private Limited	1,710.00	-
The loan was given to meet working capital requirement (refer note 40)		
Interest rate (p.a.)	10.50%	-
Repayment by	6th August 2020	-
<b>18. Other financial assets</b>		
<i>(Unsecured considered good unless otherwise stated)</i>		
Advances recoverable:		
- Considered good #	98.33	100.67
- Credit impaired	290.46	254.17
Less:- Loss allowance	(290.46)	(254.17)
	<b>98.33</b>	<b>100.67</b>
Contract assets	105.53	110.15
Interest accrued on fixed deposits	113.19	4.42
Interest accrued on loans to subsidiaries (refer note 40)	320.46	-
<b>Total</b>	<b>637.51</b>	<b>215.24</b>
* Includes advances to related party (refer note 40)	65.21	66.63
<b>19. Other current assets</b>		
<i>(Unsecured considered good unless otherwise stated)</i>		
Prepaid expenses :		
- Considered good	483.89	534.39
- Credit impaired	9.30	9.30
Less:- Loss allowance	(9.30)	(9.30)
Advances to supplier and employees :		
- Considered good	419.52	386.35
- Credit impaired	33.48	40.37
Less:- Loss allowance	(33.48)	(40.37)
Balance with statutory authorities	5.26	10.07
<b>Total</b>	<b>908.67</b>	<b>930.81</b>
<b>19A. Assets held for sale</b>		
Property, plant and equipment and other intangible assets (net block)	104.13	-
Less: Impairment loss	14.46	-
	<b>89.67</b>	<b>-</b>

(9)



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

**20. Equity share capital**

	As at At 31 March 2020		As at 31 March 2019	
	Number of shares	(Rupees in Lakhs)	Number of shares	(Rupees in Lakhs)
<b>Authorised share capital</b>				
Equity Shares of Rs. 10 each	89,000,000	8,900.00	89,000,000	8,900.00
<b>Total</b>	<b>89,000,000</b>	<b>8,900.00</b>	<b>89,000,000</b>	<b>8,900.00</b>
<b>Issued, subscribed and paid up share capital</b>				
Equity Shares of Rs.10 each fully paid up shares for consideration in cash	60,017,582	6,001.76	60,017,582	6,001.76
Equity Shares of Rs.10 each fully paid up shares for consideration other than cash	18,407,960	1,840.80	18,407,960	1,840.80
<b>Total</b>	<b>78,425,542</b>	<b>7,842.56</b>	<b>78,425,542</b>	<b>7,842.56</b>

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

	Year ended 31 March 2020		Year ended 31 March 2019	
	Number of shares	(Rupees in Lakhs)	Number of shares	(Rupees in Lakhs)
<b>Equity shares</b>				
Outstanding at the beginning of the year	78,425,542	7,842.56	78,417,673	7,841.77
Issued during the year (refer note (e) below)	-	-	7,869	0.79
Shares converted during the year (refer note 20 (f) below)	-	-	-	-
Outstanding at the end of the year	<b>78,425,542</b>	<b>7,842.56</b>	<b>78,425,542</b>	<b>7,842.56</b>

**b) Terms/rights attached to equity shares**

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

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

	As at 31 March 2020		As at 31 March 2019	
	Number of shares	(Rupees in Lakhs)	Number of shares	(Rupees in Lakhs)
<b>Equity shares of Rs. 10 each</b>				
Fortis Healthcare Limited (holding company)	45,236,779	4,523.68	45,236,779	4,523.68

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

	As at 31 March 2020		As at 31 March 2019	
	No. of shares held	% of Holding	No. of shares held	% of Holding
<b>Equity shares of Rs. 10 each</b>				
Fortis Healthcare Limited	45,236,779	57.69%	45,236,779	57.69%
Resurgence PE Investments Limited (Formerly known as Avigo PE Investments Ltd)	6,310,315	8.05%	6,310,315	8.05%
NYLIM Jacob Ballas India Fund III LLC	12,437,811	15.86%	12,437,811	15.86%
International Finance Corporation	5,970,149	7.61%	5,970,149	7.61%
Axis Bank Limited	4,300,000	5.48%	4,300,000	5.48%

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

a) Nil (31 March 2019: 7,869) equity shares of Rs 10 each allotted on exercise of the vested stock options in accordance with the terms of 'Super Religare Laboratories Limited Employee Stock Option Plan 2009' (the 'Scheme'). (Refer note 47).

b) Under the 'Super Religare Laboratories Limited Employee Stock Option Plan 2009' (the 'Scheme') as at 31 March 2020 - 503,878 (31 March 2019: 514,809) outstanding options are convertible into 503,878 (31 March 2019: 514,809) equity shares. (Refer note 47).

c) Under the 'SRL Limited Employee Stock Option Scheme 2013' (the 'Scheme') as at 31 March 2020 - 527,500 (31 March 2019: 557,500) outstanding options are convertible into 527,500 (31 March 2019: 557,500) equity shares. (Refer note 47).

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

	As at 31 March 2020	As at 31 March 2019
Equity Shares of Rs.10 each fully paid up shares for consideration other than cash	<b>Number of Shares</b> 18,407,960	<b>Number of Shares</b> 18,407,960

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

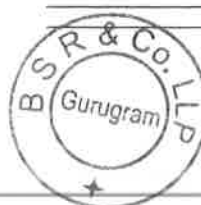
During the year 2017-18, International Finance Corporation (IFC) have exercised their right to convert Compulsorily convertible preference shares (CCPS) into equity shares of the Company vide their request letter dated 29 May 2017. Board of directors in their meeting held on 30 May 2017, had approved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

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

	As at 31 March 2020 (Rupees in Lakhs)	As at 31 March 2019 (Rupees in Lakhs)
<b>21. Borrowings</b>		
<b>Term loans (non current)</b>		
From related parties	11.94	11.16
<b>Total</b>	<b>11.94</b>	<b>11.16</b>
<b>Notes:</b> Group has obtained interest free loan without any fixed payment term from "Medical Management Company Limited" (subsidiary of Parent company).		
<b>22. Other financial liabilities</b>		
Payable towards purchase of intangible assets	818.25	1,031.40
<b>Total</b>	<b>818.25</b>	<b>1,031.40</b>
<b>23. Provisions</b>		
<b>Non-current</b>		
<b>Provision for employee benefits</b>		
Provision for gratuity (refer note 44)	1,680.57	1,289.09
Provision for compensated absences	644.54	493.93
<b>Total</b>	<b>2,325.11</b>	<b>1,783.02</b>
<b>24. Other non-current liabilities</b>		
Others	7.26	7.26
<b>Total</b>	<b>7.26</b>	<b>7.26</b>
<b>25. Borrowings</b>		
Loan repayable on demand (Secured)		
- Cash credit facility from banks *	-	198.77
<b>Total</b>	<b>-</b>	<b>198.77</b>
<b>Notes:</b>		
* Cash credit facility from Banks is secured by way of first charge on the entire current assets of SRL Limited (SRL). They are further secured by way of a second charge on the SRL's property, plant and equipment (fixed assets) both present and future.		
Interest rate	10.35% - 10.65% p.a.	10.35% - 10.65% p.a.
Cash credit limit	Rs. 3,900 Lakhs	Rs. 3,900 Lakhs
<b>26. Trade Payables</b>		
(i) total outstanding dues of micro enterprises and small enterprises (refer note 48)	134.47	78.96
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	8,876.37	8,264.68
	<b>9,010.84</b>	<b>8,343.64</b>
<b>27. Other financial liabilities</b>		
Deposit from customer (at amortised cost)	1,818.06	1,840.36
Employee benefits payable	1,657.57	1,494.38
Payable towards purchase of property, plant and equipment, and Intangible assets	393.39	390.05
Liability against indemnification (refer note below)*	74.70	133.10
<b>Total</b>	<b>3,943.72</b>	<b>3,857.89</b>
*At the time of acquisition of Piramal labs (SRL Diagnostics Private Limited), it was agreed that any charge relating to tax litigations before the date of acquisition shall be indemnified to SRL Limited (Holding Company). Accordingly, the amount paid by Piramal to the Holding Company, has been shown under liability against indemnification		
<b>28. Other current liabilities</b>		
Advance against assets held for sale	30.00	-
Advances from customers *	753.74	696.14
Statutory dues payables	1,422.78	665.12
Others **	171.09	79.22
<b>Total</b>	<b>2,377.61</b>	<b>1,440.48</b>
* includes advances from related party (refer note 40)	0.23	0.23
**Includes customer loyalty provision Rs.125.27 Lakhs (31 March 2019: Rs.30 Lakhs). The movement during the year is as below :		
Opening balance	30.00	-
Deferred during the year	266.85	30.00
Released to the Statement of Profit and Loss	(171.58)	-
Closing balance	<b>125.27</b>	<b>30.00</b>
<b>29. Provisions</b>		
<b>Current</b>		
<b>Provision for employee benefits</b>		
Provision for gratuity (refer note 44)	265.94	236.63
Provision for compensated absences	231.30	277.12
<b>Provision for contingencies</b>		
Provision for litigation *	154.04	143.65
<b>Total</b>	<b>651.28</b>	<b>657.40</b>
<b>*The movement during the year is below :</b>		
Opening balance	143.65	126.53
Addition during the year	10.39	17.12
Paid during the year	-	-
<b>Closing balance</b>	<b>154.04</b>	<b>143.65</b>
* SRL Diagnostics Private Limited ('SRLD') has disputed the coverage of Employees State Insurance Corporation (ESIC) for period prior to FY 2005-06 for its Kolkata unit as "Pathlabs" were not covered for Employee State Insurance Corporation (ESIC). Pending settlement of matter, provision is recognised every year for the ESI liability. The same will be paid once the matter is settled.		
<b>30. Current tax liabilities (net)</b>		
Income tax payable *	-	112.25
<b>Total</b>	<b>-</b>	<b>112.25</b>
*Net of advance tax	-	4,053.56



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

	Year ended 31 March 2020 (Rupees in Lakhs)	Year ended 31 March 2019 (Rupees in Lakhs)
<b>31. Revenue from operations</b>		
Sale of services (refer note 47B)	100,020.79	99,218.62
Other operating revenues		
- Management fees	1,006.36	1,149.13
- Recovery/balances no longer required written back	605.95	648.09
<b>Total</b>	<b>101,633.10</b>	<b>101,015.84</b>
<b>32. Other income</b>		
Interest income earned on financial assets		
- Bank deposits	636.72	96.51
- Loan to subsidiaries	1,012.70	60.72
- Income tax refund	17.81	70.36
- Others	40.37	72.24
Exchange differences (net)	114.09	46.45
Profit on disposal of property, plant and equipment (net)	0.54	36.02
Miscellaneous income	204.52	209.40
<b>Total</b>	<b>2,026.75</b>	<b>591.70</b>
<b>33. Cost of material consumed</b>		
Reagents, chemicals and consumables		
Inventories at the beginning of the year	2,515.42	3,100.20
Add: Purchases during the year (net)	24,646.84	22,942.26
	<b>27,162.26</b>	<b>26,042.46</b>
Less: Inventories at the end of the year	(3,056.45)	(2,515.42)
<b>Total</b>	<b>24,105.81</b>	<b>23,527.04</b>
<b>34. Employee benefits expense</b>		
Salaries and wages	23,101.85	21,303.41
Share based payments to employees (refer note 47)	149.33	38.37
Contribution to provident and other funds (refer note 44)	1,376.48	1,234.97
Gratuity expense (refer note 44)	265.04	312.67
Staff welfare expenses	361.20	376.71
<b>Total</b>	<b>25,253.90</b>	<b>23,266.13</b>
<b>35. Finance costs</b>		
Interest on:		
- borrowings	1.26	157.90
- security deposit	95.24	95.65
- net defined benefit obligation (refer note 44)	94.79	82.38
- lease liability	683.76	-
- others	122.91	137.28
Others	275.17	105.16
<b>Total</b>	<b>1,273.13</b>	<b>578.37</b>
<b>36. Depreciation and amortisation expense</b>		
Depreciation of property, plant and equipment	2,296.36	2,455.97
Depreciation of right-of-use assets (refer note 41)	2,067.14	-
Amortisation of intangible assets	1,399.37	1,434.56
<b>Total</b>	<b>5,762.87</b>	<b>3,890.53</b>
<b>37. Other expenses</b>		
Power and fuel	1,775.43	1,732.72
Rent and hire charges	1,424.16	3,353.19
Rates and taxes	634.68	146.55
Insurance	159.70	185.72
Repairs and maintenance:		
- Plant and machinery	1,380.62	1,401.11
- Buildings	82.31	65.68
- Others	328.56	331.99
Advertisement and sales promotion	3,924.10	4,299.76
Postage and courier	2,877.54	2,535.37
Travelling and conveyance	707.23	1,188.45
Printing and stationery	818.09	881.69
Communication	343.95	396.26
Fees to collection centers	6,229.05	5,471.28
Legal and professional (refer note below for payment to auditors)	2,014.44	2,648.19
Professional fees to doctors	7,741.38	7,631.66
Corporate social responsibility expenses (refer note 45)	291.17	370.37
Impairment loss on asset held for sale	14.46	-
Bad debts written off	2.26	25.92
Loss allowance for deposits and advances	64.42	129.52
Loss allowance for trade receivables (refer note 14)	1,399.69	1,045.25
Housekeeping expenses	236.97	250.81
Security services expenses	199.89	162.49
Miscellaneous expenses	723.67	720.14
<b>Total</b>	<b>33,373.77</b>	<b>34,974.12</b>
<b>Note: Payment to auditors comprises (net of tax):</b>		
i) For statutory audit	120.95	168.79
ii) For tax audit	8.93	10.00
iii) For reimbursement of expenses	6.82	3.43
	<b>136.70</b>	<b>182.22</b>

\*Payments made to auditor for the previous year includes amounts of Rs.103.71 Lakhs paid to previous auditors of the Group.



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	Year ended 31 March 2020 (Rupees in Lakhs)	Year ended 31 March 2019 (Rupees in Lakhs)
<b>37A. Exceptional loss</b>		
Impairment of capital work-in-progress (refer note 57)	-	186.15
	<u>-</u>	<u>186.15</u>
<b>38. (a) Income taxes recognised in statement of profit and loss :</b>		
<b>Current tax</b>		
-In respect of the current year	4,118.56	5,700.83
-In respect of prior years	(89.62)	(13.71)
	<u>4,028.94</u>	<u>5,687.12</u>
<b>Minimum alternate tax (MAT)</b>		
-In respect of the current year	-	(1.36)
-In respect of prior years	-	2.41
	<u>-</u>	<u>1.06</u>
<b>Deferred tax expense/(credit)</b>		
-In respect of the current year	777.68	(610.61)
-In respect of prior years	-	259.01
	<u>777.68</u>	<u>(351.60)</u>
<b>Total</b>	<u>4,806.62</u>	<u>5,336.58</u>
<b>Recognised in other comprehensive income section :</b>		
Tax related to items that will not be reclassified to profit or loss	(77.60)	14.28
<b>Total</b>	<u>(77.60)</u>	<u>14.28</u>
<b>(b) The income tax expense for the year reconciled to the accounting profit as follows:</b>		
<b>Profit before tax</b>	<b>13,363.60</b>	<b>14,417.35</b>
Tax using Company's domestic tax rate @ 25.17% (31 March 2019 : 27.82% - 34.944%)	3,363.62	5,029.12
Tax effect of :		
Non deductible expenses (net)	344.38	349.75
Intercompany eliminations	(300.03)	(442.12)
Share of profits in equity accounted investees	(169.11)	(170.68)
Differences in tax rates in foreign jurisdiction	347.89	324.15
Current year losses for which no deferred tax asset was recognised	52.59	-
Derecognition of deferred tax asset on tax losses incurred in prior years	139.10	-
Reduction in tax rates	1,117.80	-
Adjustment recognised in the current year in relation to the tax of prior years	(89.62)	246.36
Income tax expense recognised in consolidated statement of profit and loss	<u>4,806.62</u>	<u>5,336.58</u>
<b>(c) Unrecognised temporary differences</b>		
Temporary differences relating to investments in subsidiaries and joint ventures for which deferred tax liabilities have not been recognised.		
Undistributed earnings		
SRL Diagnostics Private Limited	5,379.10	2,893.44
SRL Diagnostics (Nepal) Private Limited	120.73	57.97
DDRC SRL Diagnostics Private Limited	3,210.76	2,687.59
	<u>8,710.59</u>	<u>5,639.00</u>
Unrecognised deferred tax liabilities relating to the above temporary differences	<u>2,192.46</u>	<u>1,970.49</u>

Certain subsidiaries and joint ventures (amount disclosed above represents Group's share) have undistributed earnings, which, if paid out of dividends, would be subject to tax. An assessable temporary difference exists, but no deferred tax liability has been recognised as the Holding Company is able to control the timings of distributions from these subsidiaries and joint ventures.



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

	Year ended 31 March 2020 (Rupees in Lakhs)	Year ended 31 March 2019 (Rupees in Lakhs)
<b>39. Earnings per share (EPS)</b>		
Basic earnings per share in rupees (refer details below)	10.91	11.58
Diluted earnings per share in rupees (refer details below)	10.85	11.47
<b>Basic earnings per share</b>		
The earnings and weighted average number of equity shares used in the calculation of basic earnings per share are as follows:		
Earnings used in the calculation of basic earning per share: Profit for the year attributable to owners of the Company	8,556.98	9,080.77
Weighted average number of equity shares for the purpose of basic EPS	78,425,542	78,424,313
<b>Diluted earnings per share</b>		
The earnings and weighted average number of equity shares used in the calculation of diluted earnings per share are as follows:		
Earnings used in the calculation of diluted earning per share: Profit for the year attributable to owners of the Company	8,556.98	9,080.77
The weighted average number of equity shares for the purpose of diluted earnings per share	78,899,420	79,171,137
<b>Reconciliation of weighted average number of equity shares used for the purpose of diluted EPS with weighted average number of equity shares used in the calculation of basic EPS :</b>		
Weighted average number of equity shares used In the calculation of basic earnings per share	78,425,542	78,424,313
Shares deemed to be issued for no consideration In respect of: - Employee stock options (numbers)	473,878	746,824
Weighted average number of equity shares for the purpose of diluted EPS	78,899,420	79,171,137





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

**40. Related party disclosures**

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

**(i) Ultimate holding Company**

IHH Healthcare Berhad (from 13 November 2018)

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

Fortis Healthcare Limited, holding company

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

Mr. Malvinder Mohan Singh, Executive chairman (upto 27 May 2018) (refer note 59)  
Mr. Shivinder Mohan Singh, Director (upto 28 May 2018) (refer note 59)

**(iv) Joint venture company**

SRL Diagnostics (Nepal) Private Limited  
DDRC SRL Diagnostics Private Limited

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

Escorts Heart Institute & Research Centre Limited (subsidiary of holding company)  
Fortis C-DOC Healthcare Limited (joint venture of subsidiary of holding company)  
Fortis Health Management Limited (subsidiary of associate company of holding company upto 14 January 2019)  
Fortis Health Management Limited (subsidiary of holding company from 15 January 2019)  
Fortis Hospitals Limited (subsidiary of holding company)  
Fortis Malar Hospitals Limited (subsidiary of holding company)  
Hiranandani Healthcare Private Limited (subsidiary of holding company)  
HealthFore Technologies Limited (upto 28 May 2018)\*  
Spectrum Voyages Private Limited (upto 28 May 2018) (Formerly known as Ligare Travels Private Limited)\*  
RWL Healthworld Limited (upto 28 May 2018)\*  
Medical Management Company Limited, BVI (subsidiary of holding company)  
Mena Healthcare Investment Company Limited, BVI (subsidiary of holding company)  
Fortis Charitable Foundation (upto 28 May 2018)\*  
Fortis CSR Foundation (subsidiary of holding company)  
Bar Chem (upto 28 May 2018)\*  
Hale & Tempest Company Limited (upto 01 June 2018)\*  
The Medical and Surgical Centre Limited\*\*  
International Hospital Limited (subsidiary of associate company of holding company upto 14 January 2019)  
International Hospital Limited (subsidiary of holding company from 15 January 2019)  
Birdie & Birdie Realtors Private Limited (fellow subsidiary)  
Lanka Hospitals Diagnostics (Pvt) Ltd (from 31 July 2018)\*\*  
Apollo Gleneagles Hospital Limited (Joint venture of subsidiary of ultimate holding company) (from 13 November 2018)  
Apollo Hospitals Enterprises Limited (Joint ventures of ultimate holding company) (from 13 November 2018)  
Finserve Shared Services Private Limited (upto 28 May 2018)\*  
RHC Holding Private Limited (upto 28 May 2018)\*  
Religare Health Insurance Company Limited (upto 28 May 2018)\*  
Continental Hospitals Private Limited (subsidiary of ultimate holding company) (from 13 November 2018)  
Ravindranath GE Medical Associates Private Limited (subsidiary of ultimate holding company) (from 13 November 2018)  
Trivitron Health Care Private Limited (Entities having a common director)  
Jacob ballas Capital India Private Limited (Entities having a common director)

\* Enterprises owned or significantly controlled / influenced by KMP or director or their relatives.

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

**C. Key Managerial Personnel**

Mr. Arindam Haldar , Chief Executive Officer  
Mr. Saurabh Chadha, Chief Financial Officer (upto 31 December 2019)  
Mr. Mangesh Shrikant Shirodkar, Chief Financial Officer (from 12 February 2020)  
Mr. Sumit Goel, Company Secretary





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

**D. Transactions with related parties**

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

	Year ended 31 March 2020 (Rupees in Lakhs)	Year ended 31 March 2019 (Rupees in Lakhs)
<b>(a) (i) Rendering of services:</b>		
Escorts Heart Institute & Research Centre Limited	1,550.08	1,574.55
Fortis C-DOC Healthcare Limited	98.73	107.08
Fortis Health Management Limited	160.38	159.91
Fortis Healthcare Limited	1,501.54	1,533.25
Fortis Hospitals Limited	9,182.38	8,768.22
Fortis Malar Hospitals Limited	471.96	604.34
Hiranandani Healthcare Private Limited	718.28	774.96
Fortis Charitable Foundation	-	0.02
SRL Diagnostics (Nepal) Private Limited	275.25	204.28
RWL Healthworld Limited	-	40.75
DDRC SRL Diagnostics Private Limited	192.16	221.72
Bar Chem	-	0.33
Jacob ballas Capital India Private Limited	-	0.05
International Hospital Limited	136.74	102.26
Apollo Gleneagles Hospital Limited	70.79	24.44
Apollo Hospitals Enterprises Limited	73.52	0.59
Lanka Hospitals Diagnostics (Pvt) Ltd	56.97	143.28
The Medical and Surgical Centre Ltd	3.50	4.88
	<b>14,492.28</b>	<b>14,264.91</b>
<b>(ii) Other income:</b>		
DDRC SRL Diagnostics Private Limited	126.00	126.00
<b>(b) Other Services</b>		
<b>(i) Cost of test outsourced</b>		
Fortis Hospitals Limited	24.95	43.96
Fortis Healthcare Limited	3.90	0.65
Escorts Heart Institute & Research Centre Limited	0.13	-
DDRC SRL Diagnostics Private Limited	54.45	1.90
<b>(ii) Rent</b>		
Bar Chem	-	44.71
<b>(iii) Legal and professional fees</b>		
Hale & Tempest Company Limited	-	3.84
<b>(iv) Repair and maintenance</b>		
Trivltron Health Care Private Limited	1.42	1.02
<b>(v) CSR expenses</b>		
Fortis Charitable Foundation	-	110.97
Fortis CSR Foundation	291.17	259.40
	<b>376.02</b>	<b>466.45</b>
<b>(d) Reimbursement of expenses to:</b>		
Escorts Heart Institute & Research Centre Limited	111.06	116.10
Fortis Healthcare Limited	19.88	12.32
Fortis Hospitals Limited	42.92	3.04
Hiranandani Healthcare Private Limited	108.29	105.43
SRL Diagnostics (Nepal) Private Limited	12.72	18.19
DDRC SRL Diagnostics Private Limited	23.37	118.32
Hale & Tempest Company Limited	-	3.01
	<b>318.24</b>	<b>376.41</b>
<b>(e) Reimbursement of expenses from:</b>		
Escorts Heart Institute & Research Centre Limited	11.91	10.90
Fortis Healthcare Limited	12.14	19.33
Fortis Health Management Limited	1.49	3.56
Fortis Hospitals Limited	182.06	166.38
Hiranandani Healthcare Private Limited	226.00	211.35
Fortis Malar Hospitals Limited	15.63	16.98
SRL Diagnostics (Nepal) Private Limited	30.35	22.20
	<b>479.58</b>	<b>450.70</b>

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

	Year ended 31 March 2020 (Rupees in Lakhs)	Year ended 31 March 2019 (Rupees in Lakhs)
<b>(f) Remuneration to key managerial personnel</b>		
<b>Salary and wages</b>		
Mr. Arindam Haldar, Chief Executive Officer	321.94	245.32
Mr. Saurabh Chadha, Chief Financial Officer	94.04	93.88
Mr. Mangesh Shrikant Shirodkar, Chief Financial Officer	16.37	-
Mr. Sumit Goel, Company Secretary	19.98	33.72
	<u>452.33</u>	<u>372.92</u>
<p>Note: The remuneration to the key managerial personnel includes gratuity paid, compensated absences paid, incentives and share based payments but does not include the provisions made for gratuity and compensated absences, as they are determined on an actuarial basis for the company as a whole. The incentive included above is amount actually paid during the year and doesn't include amount accrued at year end. The amount does not include accrual recorded for Employee Share Based Payments.</p>		
<b>(g) Remuneration to Individuals (directly/ indirectly) having control over the reporting enterprise</b>		
Mr. Malvinder Mohan Singh, Chairman		
Salary and wages	-	131.35
	<u>-</u>	<u>131.35</u>
<b>(h) Purchase of reagents and consumables</b>		
Fortis Hospitals Limited	19.34	21.04
Fortis Health Management Limited	2.07	1.91
Hiranandani Healthcare Private Limited	0.60	0.30
Trivitron Health Care Private Limited	120.65	146.81
	<u>142.66</u>	<u>170.06</u>
<b>(i) Purchase of property, plant and equipment and intangible assets</b>		
Trivitron Health Care Private Limited	30.68	17.58
	<u>30.68</u>	<u>17.58</u>
<b>(j) Sale of property, plant and equipment</b>		
Mr. Saurabh Chadha, Chief Financial Officer	2.40	-
	<u>2.40</u>	<u>-</u>
<b>(k) Trade receivables converted into loan</b>		
Fortis Hospitals Limited	11,100.00	-
Escorts Heart Institute and Research Limited	2,800.00	-
Hiranandani Healthcare Private Limited	2,100.00	-
	<u>16,000.00</u>	<u>-</u>
<b>(l) Loans repaid</b>		
Fortis Healthcare Limited	-	400.00
Fortis Hospitals Limited	2,082.00	330.00
Escorts Heart Institute and Research Limited	528.00	-
Hiranandani Healthcare Private Limited	390.00	-
	<u>3,000.00</u>	<u>730.00</u>
<b>(m) Interest received</b>		
Fortis Healthcare Limited	-	33.27
Fortis Hospitals Limited	702.54	27.45
Escorts Heart Institute and Research Limited	177.24	-
Hiranandani Healthcare Private Limited	132.92	-
	<u>1,012.70</u>	<u>60.72</u>
<b>(n) Expected credit loss allowance and provision for doubtful advances</b>		
RWL Healthworld Limited	-	56.90
	<u>-</u>	<u>56.90</u>
<b>(o) Repayment received of deposits</b>		
Birdie & Birdie Realtors Private Limited	80.00	-
	<u>80.00</u>	<u>-</u>

/s/



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

	Year ended <b>31 March 2020</b> (Rupees in Lakhs)	Year ended <b>31 March 2019</b> (Rupees in Lakhs)
<b>E. Balances outstanding at the year end:</b>		
<b>(a) Deposits to Related parties</b>		
Birdie & Birdie Realtors Private Limited	-	80.00
	<u>-</u>	<u>80.00</u>
<b>(b) Trade Receivables</b>		
Escorts Heart Institute & Research Centre Limited	941.72	3,095.58
Fortis C-DOC Healthcare Limited	267.33	208.47
Fortis Health Management Limited	9.64	25.02
Fortis Healthcare Limited	362.35	2,495.32
Fortis Hospitals Limited	1,809.70	14,150.61
Fortis Malar Hospitals Limited	51.77	333.49
Hiranandani Healthcare Private Limited	446.63	2,321.15
Fortis Health Management (East) Limited	-	14.54
SRL Diagnostics (Nepal) Private Limited	218.61	84.81
DDRC SRL Diagnostics Private Limited	20.72	17.57
Mena Healthcare Investment Company Limited, BVI	260.17	243.16
International Hospital Limited	10.85	11.65
Apollo Gieneagies Hospital Limited	15.92	12.55
Continental Hospitals Private Limited	0.02	0.02
Ravindranath GE Medical Associates Private Limited	0.12	0.12
Apollo Hospitals Enterprises Limited	18.86	1.55
Lanka Hospitals Diagnostics (Pvt) Ltd	1.25	3.38
	<u>4,435.66</u>	<u>23,018.99</u>
<b>(c) Trade payable and other financial liabilities</b>		
Fortis Healthcare Limited	1.46	-
Birdie & Birdie Realtors Private Limited	-	29.71
Spectrum Voyages Private Limited (Formerly known as Ligare Travels Private Limited)	-	0.29
Triviron Health Care Private Limited	0.43	16.54
Malvinder Mohan Singh	-	83.39
	<u>1.89</u>	<u>129.93</u>
<b>(d) Interest accrued/receivable</b>		
Fortis Hospitals Limited	222.37	-
Escorts Heart Institute and Research Limited	56.04	-
Hiranandani Healthcare Private Limited	42.05	-
	<u>320.46</u>	<u>-</u>
<b>(e) Borrowings</b>		
Medical Management Company Limited	11.94	11.16
	<u>11.94</u>	<u>11.16</u>
<b>(f) Loan receivable</b>		
Fortis Hospitals Limited	9,018.00	-
Escorts Heart Institute and Research Limited	2,272.00	-
Hiranandani Healthcare Private Limited	1,710.00	-
	<u>13,000.00</u>	<u>-</u>
<b>(g) Advances recoverable</b>		
SRL Diagnostics (Nepal) Pvt. Ltd.	29.86	21.77
Fortis Healthcare Limited	22.60	40.89
Hiranandani Healthcare Private Limited	8.78	-
Lanka Hospitals Diagnostics (Pvt) Ltd	3.97	3.97
	<u>65.21</u>	<u>66.63</u>
<b>(h) Advance from customers</b>		
Jacob ballas Capital India Private Limited	0.23	0.23
	<u>0.23</u>	<u>0.23</u>
<b>(i) Expected credit loss allowance</b>		
Mena Healthcare Investment Company Limited, BVI	260.17	243.16
	<u>260.17</u>	<u>243.16</u>

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

**Note:-**

- (i) The Group has entered into an agreement with one of its customer whereby Rs. 160.21 lakhs (31 March 2019 Rs. 160.21 lakhs) is recoverable. Fortis group has guaranteed to pay on behalf of customer, which in turn will be settled against amount payable by Fortis group to customer. The management expects to recover the balance amount in normal course of business and accordingly no provision has been considered necessary.
- (ii) Related party relationships are as identified by the Management taking into account the findings and limitations in the Investigation Report (Refer Notes 54 (d) below) and the information available with the Management. In this regard, in the absence of specific declarations from the erstwhile directors on their compliance with disclosures of related parties, especially considering the substance of the relationship rather than the legal form, the related parties have been identified based on the declarations by the erstwhile directors and the information available through the known shareholding pattern in the entities. Therefore, there may be additional related parties whose relationship may not have been disclosed to the Group and, hence, not known to the Management.
- (iii) Closing balances have not been disclosed in this note for the parties which cease to be related party during the year.

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

The sale to and purchase from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at year end are unsecured, and interest free and settlement occurs in cash. For the year ended 31 March 2020, the group has recorded Rs. 260.17 Lakhs (31 March 2019 Rs. 243.16 Lakhs) as provision towards receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial assumptions and the market in which the related parties operates.



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

**41. Leases**

**As lessee**

**Operating Leases**

The group has obtained lab premises, office premises, godowns and guest houses on operating lease arrangements. The lease terms varies from 11 months to 15 years, renewable at the option of the group. There are escalation clauses in some of the lease agreements that are generally linked to inflation. There are no restrictions imposed by the lease arrangements.

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

<b>Particulars</b>	<b>(Rupees in Lakhs)</b>
<b>Balance at 1 April, 2019</b>	7,360.28
Additions to right of use assets	1,755.48
Depreciation charge for the year	(2,067.14)
Derecognition of right of use assets	(798.32)
Exchange translation adjustments	(6.69)
<b>Balance at 31 March, 2020</b>	<b>6,243.61</b>

**(ii) Lease Liabilities**

	<b>As at 31 March 2020</b>
	<b>(Rupees in Lakhs)</b>
<b>Maturity analysis - contractual undiscounted cash flows</b>	
Less than one year	2,269.44
One to five years	5,218.12
More than five years	410.14
<b>Total undiscounted lease liabilities at March 31, 2020</b>	<b>7,897.70</b>
<b>Lease Liabilities</b>	
Current	1,715.86
Non-current	4,769.17

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

	<b>As at 31 March 2020</b>
	<b>(Rupees in Lakhs)</b>
<b>(Expenses)/income arising from leases:</b>	
Interest on lease liabilities	(683.76)
Expenses relating to short-term leases	(904.83)
Expenses relating to leases of low-value assets	-
Expenses relating to variable lease payments not included in the measurement of lease liabilities	(519.33)
Income from sub-leasing right-of-use assets presented in other revenue	31.87

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

	<b>As at 31 March 2020</b>
	<b>(Rupees in Lakhs)</b>
Total cash outflow for lease liabilities (includes interest of Rs.683.76 Lakhs)	2,350.54

**As Lessor**

**Operating Lease**

	<b>As at 31 March 2020</b>	<b>As at 31 March 2019</b>
	<b>(Rupees in Lakhs)</b>	<b>(Rupees in Lakhs)</b>
Rental income from premises subleased recognised in the Statement of Profit and Loss	31.87	25.50
	<b>31.87</b>	<b>25.50</b>

**42. Commitments**

	<b>As at 31 March 2020</b>	<b>As at 31 March 2019</b>
	<b>(Rupees in Lakhs)</b>	<b>(Rupees in Lakhs)</b>
Commitments for the acquisition of property, plant and equipment	1,436.75	468.17

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



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

**43. Contingent liabilities :**

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

Particulars	As at	
	31 March 2020	31 March 2019
Income tax*	24,193.32	18,713.63
Medical related	5,166.44	2,270.22
VAT	-	44.13
Service Tax	81.44	81.44
<b>Total</b>	<b>29,441.20</b>	<b>21,109.42</b>

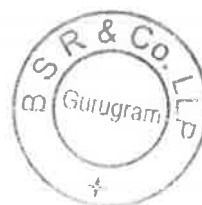
\*The Group has paid Rs. 3,614.94 Lakhs (31 March 2019: Rs. 3,214.94 Lakhs) under protest against the above demands. During the year, Income tax department disallowed certain expenses for FY 2016-17 and raised a demand order of Rs. 92.70 Lakhs. The same was adjusted by the Income tax department against the refund due for earlier years. The Group has filed in SRL Limited an appeal against said order which is pending with CIT(A).

- (ii) The Group has received a claim of Rs. 935 Lakhs from an ex-employee alleging certain dues payable by the Group to him in respect to his variable pay, provident fund and ESOPs. The ex-employee has also filed a similar claim of Rs. 1,923 Lakhs on the Parent Company (Fortis Healthcare Limited). During the year, the claimant has filed a petition with National Company Law Tribunal (NCLT) and revised his claim amount to Rs. 3,638 Lakhs. The Group has filed the response to the petition on merits submitting that the Petition is not maintainable either under facts or law. The matter is currently pending with NCLT.
- (iii) On 28 February 2019, a judgment of the Supreme Court of India interpreting certain statutory defined contribution obligations of employees and employers (the "India Defined Contribution Obligation") altered historical understandings of such obligations, extending them to cover additional portions of the employee's income to measure obligations under employees Provident Fund Act, 1952. There is significant uncertainty as to how the liability should be calculated as it is impacted by multiple variables, including the period of assessment, the application with respect to certain current and former employees and whether interest and penalties may be assessed. As such, the Group has been legally advised not to consider that there is any probable obligations for periods prior to date of aforesaid judgment.

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

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

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

**44. Employee benefits plans**

**(i) Defined contribution plans**

The Group makes contribution towards employees' provident fund, employees' state insurance plan scheme and superannuation fund on behalf of the employees. Under the schemes, the Group is required to contribute a specified percentage of payroll cost, as specified in the rules of the scheme. The Group has recognised Rs. 1,376.48 Lakhs (31 March 2019 : Rs. 1,234.97 Lakhs) during the year as expense towards contribution to these plans.

	Year ended 31 March 2020 (Rupees in Lakhs)	Year ended 31 March 2019 (Rupees in Lakhs)
Provident fund	1,181.88	1,003.73
Employees' state insurance scheme	192.26	226.14
Superannuation fund	1.77	4.49
Labour welfare fund	0.57	0.61
<b>Total</b>	<b>1,376.48</b>	<b>1,234.97</b>

**(ii) Defined benefit plans**

**Gratuity**

The Group has a defined benefit gratuity plan, wherein every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service subject to a maximum limit of Rs. 20.00 Lakhs (31 March 2019 : Rs. 20.00 Lakhs) in terms of the provisions of Gratuity Act, 1972. The gratuity plan is funded for its subsidiary SRL Diagnostics Private Limited and unfunded for SRL Limited and other subsidiaries. Accordingly, the disclosure below related to plan assets and liabilities are only related to those of SRL Diagnostics Private Limited.

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

**Investment risk** The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

**Interest risk** A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt instruments.

**Longevity risk** The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

**Salary risk** The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

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

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

	Year ended 31 March 2020 (Rupees in Lakhs)	Year ended 31 March 2019 (Rupees in Lakhs)
Discount rate	5.55% p.a.	6.96% - 7.79%
Expected rate of salary increase	6.50% p.a.	6.00% p.a.
Mortality rate	Indian Assured Lives 2012-14 Ultimate	Indian Assured Lives 2012-14 Ultimate
Employee turnover (attrition rate)		
Upto 30 years	22% - 27% p.a.	14% - 39% p.a.
31-45 years	18% - 20% p.a.	14% - 26% p.a.
45 years and above	13% - 16% p.a.	0% - 15% p.a.

	Year ended 31 March 2020 (Rupees in Lakhs)	Year ended 31 March 2019 (Rupees in Lakhs)
<b>Net employee benefits expense</b>		
Current service cost	265.04	312.67
Total gratuity expenses included in employee benefit expenses (note 34)	<b>265.04</b>	<b>312.67</b>
Interest cost on benefit obligation included in finance cost	94.79	82.38
<b>Recognised in statement of profit and loss</b>	<b>359.83</b>	<b>395.05</b>
<b>Remeasurements on the net defined benefit liability :</b>		
- Actuarial (gain)/losses arising from changes in demographic assumptions	22.43	(8.92)
- Actuarial (gain)/losses arising from changes in financial assumptions	201.41	(12.43)
- Actuarial (gains)/ losses arising from experience adjustments	49.64	(16.71)
- Return on plan assets (excluding amounts included in net interest expense)	5.61	(11.14)
<b>Recognised in other comprehensive income</b>	<b>279.09</b>	<b>(49.20)</b>
<b>Total</b>	<b>638.92</b>	<b>345.85</b>

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



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

	As at 31 March 2020 (Rupees in Lakhs)	As at 31 March 2019 (Rupees in Lakhs)
Defined benefit obligation		
- As per actuarial valuation for Holding Company and Indian subsidiaries	2,070.22	1,638.22
Less: Fair value of plan assets	<u>(322.82)</u>	<u>(300.97)</u>
	<b>1,747.40</b>	<b>1,337.25</b>
Employee related provisions of SRL Diagnostics FZ-LLC#	199.11	188.47
<b>Net defined benefit liability</b>	<b><u>1,946.51</u></b>	<b><u>1,525.72</u></b>

# Obligation has been estimated by the Management basis the contractual liabilities as per laws applicable in Dubai.

**Classification of net defined benefit liability as per actuarial valuation**

Net defined benefit liability (Non- current)	1,680.57	1,289.09
Net defined benefit liability (current)	265.94	236.63
	<b><u>1,946.51</u></b>	<b><u>1,525.72</u></b>

	Year ended 31 March 2020 (Rupees in Lakhs)	Year ended 31 March 2019 (Rupees in Lakhs)
Movement in the present value of the defined benefit obligation are as follows:		
Opening Net defined benefit liability	1,638.22	1,514.44
Current service cost	243.45	312.67
Interest expenses	117.32	104.17
Remeasurement losses:		
- Actuarial losses/(gains) arising from changes in demographic assumptions	22.43	(8.92)
- Actuarial losses/(gains) arising from changes in financial assumptions	201.41	(12.43)
- Actuarial losses/(gains) arising from experience adjustments	49.64	(16.71)
Benefit payments		
- Benefit payments from plan	(10.10)	(24.06)
- Benefit payments from employer	(196.32)	(230.98)
Others	4.18	0.05
Closing Liability of foreign subsidiary	199.10	188.47
<b>Closing defined benefit obligation</b>	<b><u>2,269.33</u></b>	<b><u>1,826.69</u></b>

**Changes in the present value of the plan asset are as follows:**

Opening fair value of plan assets	300.97	279.20
Interest income	22.53	21.78
Remeasurement gain/ (losses):		
- Return on plan assets (excluding interest income)	(5.61)	11.14
Contributions from the employer		
- Contributions from the employer	15.03	12.91
- Direct benefit payments from employer	59.51	47.11
Benefit payments from plan assets	(10.10)	(24.06)
Benefit payments from employer	(59.51)	(47.11)
<b>Closing fair value of plan assets</b>	<b><u>322.82</u></b>	<b><u>300.97</u></b>

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

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

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and attrition rate. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

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	As at 31 March 2020 (Rupees in Lakhs)	As at 31 March 2019 (Rupees in Lakhs)
If the discount rate is 100 basis points higher	1,971.34	1,567.85
If the discount rate is 100 basis points lower	2,178.94	1,715.78
If the expected salary growth increases by 1%	2,174.48	1,706.99
If the expected salary growth decreases by 1%	1,972.86	1,574.59
If attrition rate increases by 1%	2,061.00	1,638.03
If attrition rate decreases by 1%	2,079.92	1,638.16

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

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

The Group expects to make a contribution of Rs. 601.44 Lakhs (31 March 2019: Rs.412.99 Lakhs) to the defined benefit plans during the next financial year.

The weighted average duration of the defined benefit obligation as at 31 March 2020 is ranging from 5 - 18 years (31 March 2019: 3 - 18 years).

The defined benefit plans shall mature after year end 31 March 2020 as follows:

Expected total benefits payments	As at 31 March 2020 (Rupees in Lakhs)	As at 31 March 2019 (Rupees in Lakhs)
Year 1	411.87	359.43
Year 2	330.31	224.95
Year 3	284.27	220.02
Year 4	271.92	181.16
Year 5	217.87	162.55
Next 5 years	745.80	506.60

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

Experience adjustments	As at 31 March 2020	As at 31 March 2019
Net defined benefit obligation	1,747.40	1,337.25
Experience adjustment on plan liabilities - (gain)/loss	49.64	(16.71)

**45. Corporate social responsibility**

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

	Year ended 31 March 2020 (Rupees in Lakhs)	Year ended 31 March 2019 (Rupees in Lakhs)
Balance to be spent as per previous year	-	110.97
Amount required to be spent for the current year	291.17	259.40
Gross amount required to be spent	291.17	370.37
Amount spent during the year (note 37)	291.17	370.37
Balance unspent at the end of the year	-	-



## 46. Financial Instruments

## 46A. Capital Management

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

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

Debt (I)  
Cash and cash equivalent (note 15)  
Bank balances other than cash & cash equivalent (note 16)  
Net Debt (A)

Total equity (B)

Net debt to equity ratio (A/B)

(I) Debt is defined as long term and short-term borrowings as described in note 33 and 25

	As at 31 March 2020	As at 31 March 2019
Debt (I)	11.94	209.93
Cash and cash equivalent (note 15)	(3,917.21)	(4,226.61)
Bank balances other than cash & cash equivalent (note 16)	(7,277.79)	(69.02)
<b>Net Debt (A)</b>	<b>(11,183.06)</b>	<b>(4,085.70)</b>
Total equity (B)	118,053.06	109,571.30
Net debt to equity ratio (A/B)	(10)	(4)

## Fair value measurement

## Financial assets

## Measured at amortised cost

Loans - non current\* (b)  
Other financial assets - non current\* (b)  
Trade Receivables (a)  
Cash and bank balances (a)  
Bank balances other than above (a)  
Loans - current\* (a)  
Other financial assets - current (a)

## Total

## Financial liabilities

## Measured at amortised cost

Borrowings - Non-current (b)  
Lease Liabilities - non current (b)  
Other financial liabilities - Non-current (b)  
Borrowings - current (a)  
Lease Liabilities - current (a)  
Trade payables (a)  
Other financial liabilities - current (a)

## Total

(Rupees in Lakhs)		
Carrying value as at		
	As at 31 March 2020	As at 31 March 2019
Loans - non current*	1,054.99	1,172.92
Other financial assets - non current*	8,205.02	117.77
Trade Receivables	14,505.28	33,741.37
Cash and bank balances	3,917.21	4,226.61
Bank balances other than above	1,211.19	69.02
Loans - current*	13,599.35	228.68
Other financial assets - current	637.51	215.24
<b>Total</b>	<b>49,197.15</b>	<b>39,771.61</b>
Borrowings - Non-current	11.94	11.16
Lease Liabilities - non current	4,769.17	-
Other financial liabilities - Non-current	818.25	1,031.41
Borrowings - current	-	198.77
Lease Liabilities - current	1,715.86	-
Trade payables	9,010.84	8,343.64
Other financial liabilities - current	3,943.72	3,857.85
<b>Total</b>	<b>20,269.78</b>	<b>13,442.67</b>

\* Loans include interest bearing loans to fellow subsidiaries given at market rate of interest. Other financial assets include interest bearing bank deposits.

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

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

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

There are no transfers between Level 1, Level 2 and Level 3 during the year ended 31 March 2020 and 31 March 2019

## 46B. Financial risk management objectives and Policies

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

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

The group's board of directors manage the financial risk through internal risk report which analyse exposure by magnitude of risk.

## (a) Credit risk

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

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

## (b) Market risk

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

## Market risk includes:

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

## (i) Foreign currency risk

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

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

	Currency	As at 31 March 2020			As at 31 March 2019		
		(Rupees in Lakhs)	Conversion Rate	Amount in foreign currency	(Rupees in Lakhs)	Conversion Rate	Amount in foreign currency
Trade receivables	USD	517.42	75.10	6.89	430.41	69.32	6.21
Bank balances	USD	-	-	-	4.84	69.32	0.07
Cash balances	AED	1.12	20.44	0.05	1.07	18.87	0.06
	EURO*	0.01	83.04	0.00	0.01	77.75	0.00
	SGD*	0.18	52.68	0.00	-	-	-
	USD	1.18	69.32	0.02	1.18	69.32	0.02
Advance from customers	USD	65.76	75.10	0.88	154.38	69.32	2.23
	EURO	0.49	83.04	0.01	0.45	77.75	0.01

\* Amount in foreign currency not presented in the financial year 2019-20 and 2018-19 due to rounding off difference.



**Foreign currency sensitivity**

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

Currency	2019-20		2018-19	
	10% increase	10% decrease	10% increase	10% decrease
<b>Trade Receivable</b>				
USD	51.74	(51.74)	43.04	(43.04)
<b>Cash balances</b>				
AED	0.11	(0.11)	0.11	(0.11)
EURO*	0.00		0.00	
SGD*	0.02	(0.02)		
USD	0.12	(0.12)	0.12	(0.12)
<b>Advance from customers</b>				
USD	6.58	(6.58)	15.44	(15.44)
EURO	0.05	(0.05)	0.05	(0.05)
<b>Impact on profit/(loss) for the year and equity</b>	<b>45.36</b>	<b>(45.36)</b>	<b>27.78</b>	<b>(27.78)</b>

\* Amount not presented in the financial year 2019-20 and 2018-19 due to rounding off difference.

**(i) Interest rate risk**

The Group is exposed to interest rate risk as the Group borrows funds (cash credit facility) at floating interest rates.

**Interest rate sensitivity analysis**

The sensitivity analyses below have been determined based on the exposure to interest rates at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year.

A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/ lower and all other variables were held constant, following would have been the impact:

	Year ended March 31, 2020	Year ended March 31, 2019
	(Rupees in Lakhs)	(Rupees in Lakhs)
<b>If increase by 50 basis point</b>		
Impact on profit or loss for the year/ total equity at the year end		0.99
<b>If decrease by 50 basis point</b>		
Impact on profit or loss for the year/ total equity at the year end		(0.99)

**(ii) Other price risk**

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

**(c) Liquidity risk**

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

The group's principal sources of liquidity are cash and cash equivalent and cash flow that is generated from operations. In addition, the group has secured funding facilities aggregating to Rs. 4,425 Lakhs which can be drawn to meet short term financial needs. The group management monitors rolling forecast of group's liquidity requirement to ensure it has sufficient cash to meet operational need while maintaining sufficient headroom on its undrawn committed borrowing facility at all times so that the group does not breach the borrowing limits or covenants.

**Financial arrangement:**

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

	(Rupees in Lakhs)			
	As at 31 March 2020		As at 31 March 2019	
	Sanction limit	Limit utilised	Sanction limit	Limit utilised
<b>SRL Limited</b>				
Cash credit facility	2,400.00	-	2,400.00	198.77
Letter of credit	75.00	-	75.00	-
Bank guarantee	450.00	177.27	450.00	178.35
	<b>2,925.00</b>	<b>177.27</b>	<b>2,925.00</b>	<b>377.12</b>
<b>SRL Diagnostcis Private Limited</b>				
Cash credit facility, Letter of credit, Bank guarantee	1,500.00	-	1,500.00	-
	<b>1,500.00</b>	<b>-</b>	<b>1,500.00</b>	<b>-</b>
<b>Total</b>	<b>4,425.00</b>	<b>177.27</b>	<b>4,425.00</b>	<b>377.12</b>

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

Particulars	(Rupees in Lakhs)			
	0-1 year	Beyond 1 year	Total Amount	Carrying Amount
<b>31 March 2020</b>				
<b>Non Interest bearing instruments</b>				
Borrowings	-	11.94	11.94	11.94
Lease liabilities - non-current	-	5,628.26	5,628.26	4,769.17
Payable on purchase of plant and equipment - non-current	-	818.25	818.25	818.25
Lease liabilities - current	2,269.44	-	2,269.44	1,715.86
Trade payables	9,010.91	-	9,010.91	9,010.91
Deposit from customers	130.98	-	130.98	130.98
Employee benefits payable	1,657.57	-	1,657.57	1,657.57
Payable on purchase of plant and equipment - current	393.38	-	393.38	393.38
Liability against indemnification	74.70	-	74.70	74.70
<b>Fixed interest bearing instruments</b>				
Deposit from customers	1,788.31	-	1,788.31	1,687.08
<b>Variable interest bearing instruments</b>				
Cash credit facility from banks	-	-	-	-
	<b>15,225.29</b>	<b>6,458.45</b>	<b>21,783.74</b>	<b>20,269.85</b>
<b>31 March 2019</b>				
<b>Non Interest bearing Instruments</b>				
Borrowings	-	11.16	11.16	11.16
Payable on purchase of plant and equipment - non-current	1,031.39	-	1,031.39	1,031.39
Trade payables	8,343.67	-	8,343.67	8,343.67
Deposit from customers	126.20	-	126.20	126.20
Employee benefits payable	1,494.38	-	1,494.38	1,494.38
Payable on purchase of plant and equipment - current	390.05	-	390.05	390.05
Liability against indemnification	133.10	-	133.10	133.10
<b>Fixed interest bearing instruments</b>				
Deposit from customers	1,817.01	-	1,817.01	1,714.16
<b>Variable interest bearing instruments</b>				
Cash credit facility from banks	219.64	-	219.64	198.77
	<b>13,555.44</b>	<b>11.16</b>	<b>13,566.60</b>	<b>13,442.88</b>

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

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**67. Employee Stock Option Plans**

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

Scheme	ESOP 2009		ESOP 2013				
	Date of Board Approval	22 August 2009	23 August 2013				
Date of Shareholder's approval	17 August 2009	20 September 2013					
Method of Settlement (Cash/Equity)	Equity	Equity					
	Grant I*	Grant II	Grant III	Grant IV	Grant V	Grant VI	Grant VII
Date of grant	22 August 2009	30 September 2013	2 November 2015	8 November 2016	22 March 2017	6 May 2017	2 Aug 2017
Number of options granted	1,517,470	200,000	995,937	75,000	125,000	25,000	25,000
Number of options cancelled	858,876	134,000	693,437			25,000	
Number of options exercised	154,716	66,000					
Number of options issued	154,716	66,000					
Number of options not yet vested			302,500	75,000	125,000		25,000
Number of options not yet exercised	503,878						
Vesting Period	22 August 2009 to 21 August 2012	30 September 2016 to 30 September 2018	2 November 2018 to 1 November 2020	7 November 2019 to 7 November 2021	22 March 2020 to 22 March 2022	26 May 2020 to 26 May 2022	02 August 2020 to 02 August 2022
Exercise Period up to	**21 August 2019	29 September 2022	1 November 2022	1 November 2022	1 November 2022	1 November 2022	1 November 2022
Grant value	40	201	428	674	674	674	674

\*\* With effect from 4 November 2019, SRL has extended the exercise period of 503,878 options (Grant I) till a future event occurs (i.e. exit of existing private equity investors or any other listing event). Further, as per the revised terms, employees due to retire or getting superannuated prospectively will also be entitled to exercise the options before the future event. As there is no fixed time limit for future event, weighted average life of 503,878 options has not been disclosed.

The details of activity under the Plan have been summarized below

	As at 31 March 2020		As at 31 March 2019	
	Number of Options	Weighted Average exercise price	Number of Options	Weighted Average exercise price
Outstanding at the beginning of the year	1,072,309	293.34	1,502,288	320.49
Granted during the year	-	-	-	-
Vested during the year	-	-	-	-
Exercised during the year	-	-	7,869	40.00
Forfeited/ Cancelled during the year	40,931	324.38	422,110	394.67
Outstanding at the end of the year	1,031,378	292.11	1,072,309	293.34
Exercisable option at the end of the year	503,878	40.00	514,809	46.00
Remaining life (years)	1.32		2.06	
Range of exercise price	40-674		40-674	

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

Particulars	Grant II	Grant III	Grant IV- V	Grant VI- VII
Vesting Schedule	100%	100%	100%	100%
Stock Price (S)	201	428	674	674
Exercise Price (X)	201	428	674	674
Volatility (s)	17.41%	15.54%	15.54%	16.19%
Risk-free Rate	8.70%	7.63%	7.63%	6.95%
Expected Option Life (T)	5yrs	5yrs	5yrs	5yrs
Dividend Yield	1.00%	0.47%	0.47%	0.47%
<b>Option Value</b>	<b>66.3</b>	<b>135.3</b>	<b>213</b>	<b>202.61</b>
Exit/Attrition Rate	16.50%	16.50%	16.50%	16.50%
<b>Modified Option Value</b>	<b>55.4</b>	<b>112.98</b>	<b>177.86</b>	<b>169.18</b>

**Note:-**

i) The expenses arising from share-based payment transaction recognised in profit or loss as part of employee benefit expense for the year ended 31 March 2020 and 31 March 2019 were Rs. 149.33 lakhs and Rs. 38.37 Lakhs respectively.

ii) \*On the date of transition to Ind AS (i.e. 1 April 2015), the Company had opted for optional exemption available under Ind AS 101 'First time adoption' and not recorded any stock option outstanding account for the options fully vested (ESOP Scheme 2009) as at transition date. Under this scheme, nil options (31 March 2019: 7,869 options) were exercised and shares were allotted during the year

iii) In respect to 30,000 (31 March 2019: 140,000) options forfeited during the current year, amount aggregating Rs.24.23 lakhs (31 March 2019: Rs.161.24 lakhs) has been transferred to general reserve.

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**47A. Operating segments**

**(a) Basis for segmentation**

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

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

**(b) Geographical information**

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

	<b>Year ended 31 March 2020 (Rupees in Lakhs)</b>	<b>Year ended 31 March 2019 (Rupees in Lakhs)</b>
<b>(i) Revenues</b>		
India (a)	96,267.15	94,917.37
<u>Other countries</u>		
Dubai	2,396.89	2,899.61
Maldives	521.67	956.64
Kenya	173.33	76.98
Nigeria	171.22	115.94
Afghanistan	117.43	-
Sri Lanka	106.06	74.20
Others	267.04	177.88
Total other countries (b)	3,753.64	4,301.25
<b>Total (a+b)</b>	<b>100,020.79</b>	<b>99,218.62</b>
(Revenue excludes other operating income and other income)		
<b>(ii) Non - current assets</b>		
India	42,945.79	30,379.43
Outside India	620.41	120.11
<b>Total</b>	<b>43,566.20</b>	<b>30,499.54</b>

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

**(c) Major customer**

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

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

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

i) Particulars	As at	As at
	31 March 2020 (Rupees in Lakhs)	31 March 2019 (Rupees in Lakhs)
<b>Contract assets- unbilled revenue</b>	105.53	110.15
<b>Contract liabilities</b>	<b>924.82</b>	<b>774.20</b>
Advances from customers	753.74	696.04
Contract liability	45.81	48.16
Liability towards customer loyalty program	125.27	30.00

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

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

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

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

Particulars	Year ended	Year ended
	31 March 2020 (Rupees in Lakhs)	31 March 2019 (Rupees in Lakhs)
Owened labs	77,485.37	75,575.57
Collection centre	20,925.01	22,071.54
Franchisees	1,610.41	1,571.50
<b>Total</b>	<b>100,020.79</b>	<b>99,218.62</b>



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

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

	Year ended 31 March 2020 (Rupees in Lakhs)	Year ended 31 March 2019 (Rupees in Lakhs)
The principal amount remaining unpaid as at the end of year	134.47	78.96
Interest due on above principal and remaining unpaid as at the end of the year	12.94	4.50
The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	5.78	8.44
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	18.72	12.94
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	-	-

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





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

**50. Interest in a joint venture**

**Share of profit of joint ventures**

Share of profit of SRL Diagnostics (Nepal) Private Limited [refer note 51]  
Share of profit of DDRC SRL Diagnostics Private Limited [refer note 52]

Year ended 31 March 2020 (Rupees in Lakhs)	Year ended 31 March 2019 (Rupees in Lakhs)
62.76	16.62
609.09	471.83
<b>671.85</b>	<b>488.45</b>

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

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

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

	As at 31 March 2020 (Rupees in Lakhs)	As at 31 March 2019 (Rupees in Lakhs)
Current assets	739.78	487.78
Non-current assets	156.09	118.70
Current liabilities	354.41	190.54
Non-current liabilities	-	-
<b>Net assets</b>	<b>541.46</b>	<b>415.94</b>

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

Cash and cash equivalents	517.98	303.25
Current financial liabilities (excluding trade payables and provisions)	35.93	27.29
Non-current financial liabilities (excluding trade payables and provisions)	-	-

	Year ended 31 March 2020 (Rupees in Lakhs)	Year ended 31 March 2019 (Rupees in Lakhs)
Revenue	829.55	662.23
Profit for the year	125.53	33.23
Total comprehensive income for the year	<b>125.53</b>	<b>33.23</b>
Proportion of group ownership interest in joint venture	50%	50%
<b>Share in profit of joint venture</b>	<b>62.76</b>	<b>16.62</b>
Less :- Dividends accrued from the joint venture during the year	-	(15.00)
<b>Group's net share of result of joint venture</b>	<b>62.76</b>	<b>1.62</b>

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

Depreciation and amortisation	23.62	33.06
Other income	26.18	15.11
Interest expense	0.87	0.72
Income tax expense (including deferred tax assets)	42.86	12.62

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

	As at 31 March 2020 (Rupees in Lakhs)	As at 31 March 2019 (Rupees in Lakhs)
Net assets of joint venture	541.46	415.94
Proportion of company's ownership interest in joint venture	50%	50%
Carrying amount of company's interest in the joint venture	<b>270.73</b>	<b>207.97</b>



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

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

SRL Diagnostics Private Limited ("SRLD") 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 services in the field of pathology in the State of Kerala.

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

	As at 31 March 2020 (Rupees in Lakhs)	As at 31 March 2019 (Rupees in Lakhs)
Current assets	1,960.20	1,317.74
Non-current assets	7,178.08	5,926.43
Goodwill arising on acquisition of joint venture	898.38	898.38
Current liabilities	1,411.38	1,431.72
Non-current liabilities	1,128.88	376.18
<b>Net assets</b>	<b>7,496.40</b>	<b>6,334.65</b>

The above amounts of assets and liabilities include the following:

Cash and cash equivalents	715.42	365.96
Current financial liabilities (excluding trade payables and provisions)	177.71	187.26
Non-current financial liabilities (excluding trade payables and provisions)	652.68	26.35

	Year ended 31 March 2020 (Rupees in Lakhs)	Year ended 31 March 2019 (Rupees in Lakhs)
Revenue	16,036.90	14,253.15
Profit for the year (after considering effect of group accounting policy)	1,218.18	943.66
Proportion of company's ownership interest in joint venture	50%	50%
<b>Share in profit of joint venture</b>	<b>609.09</b>	<b>471.83</b>
Less:- Dividends received from the joint venture during the year	-	-
Less:- Dividend distribution tax on dividends received from the joint venture during the year	-	-
<b>Group's net share of profit of joint venture (A)</b>	<b>609.09</b>	<b>471.83</b>
<b>Share in other comprehensive income of joint venture</b>		
(a) Remeasurements of the defined benefit plans of joint ventures	(30.29)	(9.28)
(b) Income tax on remeasurements of the defined benefit plans of joint ventures	7.62	2.70
<b>Group's share in other comprehensive income of joint venture (B)</b>	<b>(22.67)</b>	<b>(6.58)</b>
<b>Group's total share of result of joint venture (A+B)</b>	<b>586.42</b>	<b>465.25</b>

The above profit for the year includes the following:

Depreciation and amortisation	977.74	733.88
Other income	22.02	9.45
Interest expense	94.51	40.18
Income tax expense (including deferred tax)	431.59	441.53

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

	As at 31 March 2020 (Rupees in Lakhs)	As at 31 March 2019 (Rupees in Lakhs)
Net assets of joint venture	7,496.40	6,334.65
Proportion of company's ownership interest in joint venture	50%	50%
Carrying amount of company's interest in the joint venture	<b>3,748.20</b>	<b>3,167.33</b>

**Capital commitment:**

Group's share of commitments for the acquisition of property, plant and equipment	-	34.01
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**Contingent liabilities:**

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

a. Disputed income tax demands	427.05	467.64
b. Payment of bonus as per the payment of bonus (amendment) Act, 2015 (stayed by Honourable high court of Kerala)	15.54	15.54
c. Others	15.04	7.54



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

(a) As at and for the year ended 31 March 2020

Name of the entity in the Group	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Rupees in Lakhs	As % of consolidated profit or loss	Rupees in Lakhs	As % of consolidated other comprehensive income	Rupees in Lakhs	As % of total comprehensive income	Rupees in Lakhs
<b>Parent</b>								
SRL Limited	83.29%	98,321.86	55.79%	4,773.96	48.61%	(157.76)	56.07%	4,616.20
<b>Subsidiaries (Group's share)</b>								
<b>Indian</b>								
SRL Diagnostics Private Limited	13.34%	15,753.03	47.69%	4,081.10	15.50%	(50.30)	48.96%	4,030.80
SRL Reach Limited	0.31%	363.12	2.69%	(230.35)	0.32%	(1.05)	-2.81%	(231.40)
<b>Foreign</b>								
SRL Diagnostics FZ-LLC	-0.35%	(409.43)	-8.64%	(739.58)	28.58%	(92.77)	-10.11%	(832.35)
<b>Joint Ventures (Investments as per the equity method) (refer (i) below)</b>								
<b>Indian</b>								
DDRC SRL Diagnostics Private Limited	3.18%	3,753.75	7.12%	609.09	6.98%	(22.67)	7.12%	586.42
<b>Foreign</b>								
SRL Diagnostics Nepal Private Limited	0.23%	270.73	0.73%	62.76	0.00%		0.76%	62.76
<b>Total</b>	<b>100.00%</b>	<b>118,053.06</b>	<b>100.00%</b>	<b>8,556.98</b>	<b>100.00%</b>	<b>(324.55)</b>	<b>100.00%</b>	<b>8,232.43</b>

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

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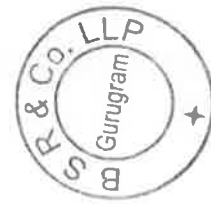


53. Disclosure of additional information as required by Schedule III:

(b) As at and for the year ended 31 March 2019

Name of the entity in the Group	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Rupees in Lakhs	As % of consolidated profit or loss	Rupees in Lakhs	As % of consolidated other comprehensive income	Rupees in Lakhs	As % of total comprehensive income	Rupees in Lakhs
<b>Parent</b>								
SRL Limited	81.57%	89,454.65	49.41%	4,486.45	18.70%	14.61	49.14%	4,501.06
<b>Subsidiaries (Group's share)</b>								
<b>Indian</b>								
SRL Diagnostics Private Limited	14.25%	15,633.40	48.49%	4,403.43	19.76%	15.44	48.25%	4,418.87
SRL Reach Limited	0.71%	779.59	0.09%	7.94	2.78%	2.17	0.11%	10.11
<b>Foreign</b>								
SRL Diagnostics FZ-LLC	0.39%	428.36	-3.36%	(305.50)	67.18%	52.49	-2.76%	(253.01)
<b>Joint Ventures (Investments as per the equity method) (refer (i) below)</b>								
<b>Indian</b>								
DDRC SRL Diagnostics Private Limited	2.89%	3,167.33	5.20%	471.83	-8.42%	(6.58)	5.08%	465.25
<b>Foreign</b>								
SRL Diagnostics Nepal Private Limited	0.19%	207.97	0.18%	16.62	0.00%	-	0.18%	16.62
<b>Total</b>	<b>100.00%</b>	<b>109,671.30</b>	<b>100.00%</b>	<b>9,080.77</b>	<b>100.00%</b>	<b>78.13</b>	<b>100.00%</b>	<b>9,158.90</b>

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



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

- (a) During the year ended March 31, 2018, there were reports in the media and enquires from, inter alia, the stock exchanges received by the Parent Company about certain inter-corporate loans ("ICDs") given by a wholly owned subsidiary of the Parent Company. The erstwhile Audit and Risk Management Committee of the Parent Company in its meeting on 13 February, 2018 decided to carry out an independent investigation through an external legal firm on this matter.
- (b) The terms of reference of the investigation, inter alia, comprised (i) ICDs amounting to a total of Rs. 49,414 Lakhs (principal), placed by the Parent Company's wholly owned subsidiary, Fortis Hospitals Limited, with three borrowing companies as on 1 July 2017; (ii) the assignment of these ICDs to a third party and the subsequent cancellation thereof as well as evaluation of legal notice (now a civil suit) received from such third party (refer note-56); (iii) review of intra-group transactions for the period commencing FY 2014-15 and ending on 31 December 2017 (refer note-57); (iv) investments made in certain overseas funds by the overseas subsidiaries of the Parent Company (i.e. Fortis Asia Healthcare Pte. Ltd, Singapore and Fortis Global Healthcare (Mauritius) Limited); (v) certain other transactions involving acquisition of Fortis Healthstaff Limited ("Fortis Healthstaff") from an erstwhile promoter group company, and subsequent repayment of loan by said subsidiary to the erstwhile promoter group company.
- (c) The investigation report ("Investigation Report") was submitted to the re-constituted Board of Parent Company on 8 June, 2018.
- (d) The re-constituted Board of the Parent Company discussed and considered the Investigation Report and noted certain significant findings of the external legal firm in relation to the Company, which are subject to the limitations on the information available to the external legal firm and their qualifications and disclaimers as described in their investigation report. In this regard, the investigation pointed out that in internal correspondence, transactions with certain entities have been referred to as related party transactions which were not related party transactions as disclosed by the Company. However, no further conclusions have been made in this regard. The investigation did not cover all related party transactions during the period under investigation and focused on identifying undisclosed parties having direct/indirect relationship with the erstwhile promoter group, if any.
- (e) Other matters:
- i. Related party relationships as required under Ind AS 24 - Related Party Disclosures and the Companies Act, 2013 were as identified by the Management taking into account the findings and limitations in the Investigation Report (Refer Note 54d above) and the information available with the Management. In this regard, in the absence of specific declarations from the erstwhile directors on their compliance with disclosures of related parties, especially considering the substance of the relationship rather than the legal form, the related parties were identified based on the declarations by the erstwhile directors and the information available through the known shareholding pattern in the entities up to March 31, 2018. Therefore, the possibility cannot be ruled out that there may have been additional related parties whose relationship may not have been disclosed to the Group and, hence, not known to the Management.
  - ii. With respect to the other matters identified in the Investigation Report, the Board initiated specific improvement projects to strengthen the process and control environment. The projects included revision of authority levels, both operational and financial and oversight of the Board, review of Financial Reporting processes, assessment of secretarial documentation w.r.t compliance with regulatory requirements and systems design & control enhancement. The assessment work has been done and corrective action plans have been implemented. The Parent Company's Board of Directors had also initiated additional procedures/enquiries of certain entities in the Group of the Parent company (i.e. Fortis Group) that were impacted in respect of the matters investigated by the external legal firm. The additional procedures/enquiries are in progress.
  - iii. In the above backdrop, it is pertinent to mention that during financial year 2017-18 the Parent Company received a communication dated February 16, 2018 from the Securities and Exchange Board of India (SEBI), confirming that an investigation has been instituted by SEBI in the matter of the Parent Company. In the aforesaid letter, SEBI required the Parent Company under section 11C (3) of the SEBI Act, 1992 to furnish by February 26, 2018 certain information and documents relating to the short-term investments of Rs. 47,300 Lakhs reported in the media. SEBI had appointed forensic auditors to conduct a forensic audit, of collating information from the Parent Company and certain of its subsidiaries. The Parent Company / its subsidiaries furnished requisite information and documents requested by SEBI.

In furtherance of the above, on October 17, 2018 SEBI passed an *ex-parte* Interim Order ("Order") whereby it observed that certain transactions were structured by some identified entities over a certain duration, and undertaken through the Parent Company, which were prima facie fictitious and fraudulent in nature and which resulted in inter alia diversion of funds from the Parent Company for the ultimate benefit of erstwhile promoters (and certain entities controlled by them) and misrepresentation in financial statements of the Parent Company. Further, it issued certain interim directions that inter alia directed the Parent Company to take all necessary steps to recover Rs. 40,300 Lakhs along with due interest from erstwhile promoters and various other entities, as mentioned in the Order. More importantly, the said entities had also been directed to jointly and severally repay Rs. 40,300 Lakhs along with due interest to the Parent Company within three months of the order. Incidentally, the order also included Fortis Hospitals Limited ("FHSL") as one of the entities directed to repay the due sums. Pursuant to this, FHSL's beneficial owner account had been suspended for debits by the National Securities Depository Limited and Central Depository Services (India) Limited. Further, SEBI had also directed the said entities that pending completion of investigation and till further order, they shall not dispose of or alienate any of their assets or divert any funds, except for the purposes for meeting expenses of day-to-day business operations, without the prior permission of SEBI. Erstwhile-promoters have also been directed not to associate themselves with the affairs of the Parent Company in any manner whatsoever, till further directions. Parties named in the Order had been granted opportunity for filing their respective replies/objections within 21 days.

The Parent Company and its wholly owned subsidiary, FHSL, had then filed applications for modification of the order, for deletion of name of FHSL from the list of entities against whom the directions were issued. Pursuant to this SEBI, vide order dated December 21, 2018, modified its previous order dated October 17, 2018 deleting FHSL from the list of entities against whom the Order was directed. Pursuant to this, the suspension order by National Securities Depository Limited for debits in beneficial owner account of FHSL was accordingly removed. Vide order dated March 19, 2019 SEBI has confirmed the directions issued vide *ad Interim ex-parte* order dated October 17, 2018 read with order dated December 21, 2018, till further orders. SEBI also directed the Parent Company and FHSL to take all necessary steps to recover Rs. 40,300 Lakhs along with due interest from erstwhile-promoters and various other entities, as mentioned in the Order.

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The Parent Company and FHSL have filed all necessary applications in this regard including an application with the Recovery Officer, SEBI, under Section 28A of the Securities and Exchange Board of India Act 1992, for the recovery of the amounts owed by the erstwhile-promoters and various other entities to the Parent Company and FHSL. SEBI vide its letter dated June 14, 2019 has stated that provisions of Section 28A of SEBI Act, 1992 cannot be invoked at this stage hence, the Parent Company and FHSL may take necessary steps to comply with SEBI's direction. FHSL has filed a civil suit for recovery of Rs.52,019 Lakhs before Hon'ble Delhi High Court against the parties, named in the orders passed by SEBI.

The matter before SEBI is sub-judice and the investigation is on going, in as much as it has observed that a detailed investigation would be undertaken to ascertain the role of each entity in the alleged diversion and routing of funds. The Board of Directors is committed to fully co-operating with the relevant regulatory authorities to enable them to make a determination on these matters and to undertake remedial action, as may be required, and to ensure compliance with applicable laws and regulations. In the aforesaid context, proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting fraud and other irregularities.

- (iv) As per the assessment of the Board, based on the investigation carried out through the external legal firm, all identified/required adjustments/disclosures arising from the findings in the Investigation Report, were made in the Consolidated Financial statements for the year ended March 31, 2018.

Further, based on the SEBI orders and the information available at this stage, no further adjustments are required to be made in these Consolidated Financial statements for the year ended March 31, 2020. Any further adjustments/disclosures, if required, would be made in books of accounts as and when the outcome of the above is known.

**55. Investigation by Various Other Regulatory Authorities**

- (a) During the year ended 31 March 2018, the Registrar of Companies (ROC) under section 206(1) of the Companies Act, 2013, inter alia, had also sought information in relation to the Parent Company. All requisite information in this regard has been duly shared by the Parent Company with the ROC.
- (b) The Serious Fraud Investigation Office (SFIO), Ministry of Corporate Affairs under section 217(1)(a) of the Companies Act, 2013, inter alia, initiated an investigation and sought information in relation to the Parent Company, its subsidiaries (including the Company), joint ventures and associates. The Parent Company and the Company has submitted requisite information in this regard with SFIO, as requested from time to time.
- (c) The Investigation Report of the external legal firm was submitted by the Parent Company to the Securities and Exchange Board of India, the Serious Frauds Investigation Office ("SFIO") on 12 June, 2018.

The Parent Company, its subsidiaries (including the Company), joint ventures and associates are fully co-operating with the regulators in relation to the ongoing investigations. Any further adjustments/disclosures, if required, would be made in the books of accounts as and when the outcome of the above investigations is known.

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

A party ("Assignee" or "Plaintiff") has filed a Civil Suit before the District Court, Delhi in February 2018 against various group entities (together "the defendants") and have, inter alia, claimed implied ownerships of brands "SRL" ("Fortis" and "La-Femme" of the Parent company) in addition to certain financial claims and for passing a decree that consequent to a term sheet dated 6 December 2017 ("Term sheet") between the defendants and a third party, the defendants are liable for claims owed by the Plaintiff to the third Party. In connection with this, the District Court passed an ex parte order directing that any transaction undertaken by defendants, in favour of any other party, affecting the interest of the Plaintiff shall be subject to orders passed in the said suit (also refer note 54).

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

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

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

Allegations made by the third party has been duly responded to by the Parent Company denying (i) execution of any binding agreement with the Party and (ii) liability of any kind whatsoever. During the previous year ended March 31, 2019, the Party also filed an application for being Impleaded as party to the Civil Suit by the Plaintiff/Assignee. The matter is pending adjudication before District Court, Delhi.

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

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

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

In view of the facts stated above and the uncertainty in the ultimate recovery of the aforesaid balances, the Company has recorded provisions aggregating to Rs. 775.20 lakhs (for the year ended 31 March 2019: Rs. 186.15 lakhs, for the year ended 31 March 2018: Rs. 589.05 lakhs) in these Consolidated Financial Statements.

58. During the year ended March 31, 2019, SRL Limited ('SRL' or 'Company') had provided Rs.131.35 Lakhs managerial remuneration to erstwhile Executive Chairman, Mr. Malvinder Mohan Singh, in respect of his full and final settlement in the books of accounts. The amount paid in excess of the limits aggregating to Rs. 47.96 Lakhs in FY 2017-18 was adjusted against the amounts payable to him for the period 1 April, 2018 to 27 May, 2018.

59. During the year ended March 31, 2019, Mr. Malvinder Mohan Singh and Mr. Shivinder Mohan Singh (individuals having direct/indirect control over the reporting enterprise till the date of their respective resignations) resigned as Executive chairman and Director from Board of SRL Limited on 27 May and 28 May, 2018 respectively. Mr. Harpal Singh and Gen. Tejinder Singh Shergill (Independent directors) also tendered their resignation from board on 29 May, 2018. Further, Dr. Brain Tempest (Audit Committee Chairman) also resigned w.e.f. 1 June, 2018.

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



**Rajesh Arora**  
Partner  
Membership Number: 076124

Place : Gurugram  
Date : 15 June 2020

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



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



**Adarsh Haldar**  
Chief Executive Officer



**Sumit Goel**  
Company Secretary

Place : Gurugram  
Date : 15 June 2020



**Srinivas Chidambaram**  
Director  
DIN:00514665



**Mangesh Shirodkar**  
Chief Financial Officer

