

SRL Limited
Balance Sheet as at March 31, 2015
(All amounts in Rupees unless otherwise stated)

| | Notes | As at March 31, 2015 | As at March 31, 2014 |
|--|-------|-------------------------|-------------------------|
| Equity and liabilities | | | |
| Shareholder's funds | | | |
| Share capital | 3 | 844,938,460 | 844,635,320 |
| Reserves and surplus | 4 | 7,111,468,803 | 6,648,675,671 |
| | | 7,956,407,263 | 7,493,310,991 |
| Non-current liabilities | | | |
| Long-term borrowings | 5 | 866,879,145 | 1,233,386,529 |
| Other long-term liabilities | 6 | 7,058,301 | 10,693,184 |
| Long-term provisions | 7 | 53,513,547 | 37,684,479 |
| | | 927,450,993 | 1,281,764,192 |
| Current liabilities | | | |
| Short-term borrowings | 8 | 106,958,669 | 148,709,393 |
| Trade payables | 9 | 463,323,256 | 392,253,383 |
| Other current liabilities | 9 | 624,171,279 | 680,097,438 |
| Short-term provisions | 10 | 30,020,337 | 23,146,279 |
| | | 1,224,473,541 | 1,244,206,493 |
| Total | | 10,108,331,797 | 10,019,281,676 |
| Assets | | | |
| Non-current assets | | | |
| Fixed assets | | | |
| Tangible assets | 11(a) | 2,398,981,997 | 2,574,656,520 |
| Intangible assets | 11(b) | 62,457,454 | 62,931,945 |
| Capital work-in-progress | 11(a) | 1,987,609 | 8,372,966 |
| Intangible assets under development | | 33,294,066 | 46,240,988 |
| Non-current investments | 12 | 3,912,440,834 | 3,912,440,834 |
| Deferred tax assets (net) | 13 | 86,828,794 | 104,129,116 |
| Long-term loans and advances | 14 | 2,214,137,447 | 2,300,577,014 |
| Other non-current assets | 15 | 2,716,064 | 3,439,557 |
| | | 8,712,844,265 | 9,012,788,940 |
| Current assets | | | |
| Inventories | 16 | 176,420,702 | 159,847,409 |
| Trade receivables | 17 | 796,074,002 | 665,269,228 |
| Cash and bank balances | 18 | 52,762,353 | 28,931,365 |
| Short-term loans and advances | 19 | 340,349,514 | 151,056,371 |
| Other current assets | 20 | 29,880,961 | 1,388,363 |
| | | 1,395,487,532 | 1,006,492,736 |
| Total | | 10,108,331,797 | 10,019,281,675 |
| Summary of significant accounting policies | 2.1 | | |

The accompanying notes are an integral part of the financial statements.

As per our report of even date

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

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

per Rajeev Sawhney
Partner
Membership Number: 96333

Shivinder Mohan Singh
Chairman
DIN: 00042910

Dr. Sanjeev K. Chaudhry
Managing Director
DIN: 00015077

Place: Gurgaon
Date: May 26, 2015

Sanjeev Vashishta
Chief Executive Officer

Saurabh Chadha
Chief Financial Officer

Ravi Batra
Chief Risk Officer and Company Secretary

SRL Limited
Statement of Profit and Loss Account for the year ended March 31, 2015
(All amounts in Rupees unless otherwise stated)

| | Notes | For the year ended March 31, 2015 | For the year ended March 31, 2014 |
|---|-------|--------------------------------------|--------------------------------------|
| Revenue from operations (Gross) | 21 | 5,136,455,597 | 4,326,264,378 |
| Less: Service tax | | 10,230,981 | 9,554,188 |
| Revenue from operations (Net) | | 5,126,224,616 | 4,316,710,190 |
| Other income | 22 | 342,105,702 | 264,167,238 |
| Total revenue | | 5,468,330,318 | 4,580,877,428 |
| Expenses: | | | |
| Consumption of reagents and other consumables | 23 | 1,491,186,164 | 1,311,007,967 |
| Cost of tests outsourced | | 352,592,049 | 320,116,623 |
| Employee benefits expense | 24 | 1,170,112,431 | 959,136,783 |
| Other expenses | 25 | 1,246,168,205 | 1,110,280,407 |
| Total expenses | | 4,260,058,849 | 3,700,541,780 |
| Earnings before financial expenses, depreciation/amortisation and taxes (EBITDA) | | 1,208,271,469 | 880,335,648 |
| Finance costs | 26 | 193,002,097 | 232,846,432 |
| Depreciation and amortization expense | 11 | 301,302,190 | 334,733,947 |
| Profit before tax | | 713,967,182 | 312,755,269 |
| Tax expense | | | |
| - Current tax | | 213,922,724 | 152,216,219 |
| - Deferred tax charge/(credit) | 13 | 24,382,396 | (39,941,992) |
| Profit for the year | | 475,662,062 | 200,481,042 |
| Earnings per equity share [nominal value of share Rs. 10 (Previous year Rs. 10)] | 27 | | |
| - Basic | | 7.95 | 3.35 |
| - Diluted | | 6.03 | 2.54 |
| Summary of significant accounting policies | 2.1 | | |

The accompanying notes are an integral part of statement of profit and loss account.

As per our report of even date

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

**For and on behalf of the Board of Directors of
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Place: Gurgaon
Date: May 26, 2015

Sanjeev Vashishta
Chief Executive Officer

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Chief Financial Officer

Ravi Batra
Chief Risk Officer and Company Secretary

SRL Limited
Cash Flow Statement for the year ended March 31, 2015
(All amounts in Rupees unless otherwise stated)

| | For the year ended March 31, 2015 | For the year ended March 31, 2014 |
|--|--------------------------------------|--------------------------------------|
| I. Cash flows from operating activities | | |
| Profit before tax | 713,967,182 | 312,755,269 |
| Adjustment to reconcile profit before tax to net cash flows: | | |
| Depreciation and amortization expense | 301,302,190 | 334,733,947 |
| Loss on sale/ discard of fixed assets | 1,692,211 | 2,814,123 |
| Exchange differences (net) | 1,648,686 | 1,734,095 |
| Provision for doubtful debts and advances | 31,235,369 | 31,158,062 |
| Advances written off | - | 2,231,000 |
| Bad debts written off | 1,085,297 | 6,661,509 |
| Liabilities no longer required written back | (21,241,744) | (3,977,657) |
| Interest expense | 188,262,995 | 228,615,345 |
| Interest income | (276,332,099) | (246,375,535) |
| Operating profit before working capital changes | 941,620,087 | 670,350,158 |
| Movements in working capital: | | |
| (Increase)/Decrease in inventories | (16,573,293) | 1,093,768 |
| (Increase) in trade receivables | (162,345,959) | (168,089,161) |
| Decrease in other current assets | 700,216 | 700,216 |
| (Increase)/Decrease in loans and advances | (17,221,976) | 60,800,759 |
| Increase/(Decrease) in liabilities and provisions | 127,041,867 | 91,330,374 |
| Cash generated from/(used in) operations | 873,220,942 | 656,186,114 |
| Direct taxes paid | (222,191,602) | (176,494,095) |
| Net cash generated from operating activities | 651,029,340 | 479,692,019 |
| II. Cash flows from investing activities | | |
| Interest received | 247,839,501 | 246,044,777 |
| Fixed deposits (with maturity more than three months) (net) | 2,193,373 | 381,632 |
| Loans given to body corporates | (95,000,000) | - |
| Loans repaid by body corporates | 20,000,000 | 120,800,553 |
| Purchase of fixed assets | (133,333,755) | (253,888,897) |
| Proceeds from sale of fixed assets including fixed assets held for sale | 1,712,533 | 7,818,571 |
| Net cash generated from investing activities | 43,411,652 | 121,156,636 |
| III. Cash flows from financing activities | | |
| Repayment of short term borrowings | (55,953,642) | (34,772,916) |
| Proceeds of short term borrowings | 14,202,918 | 49,291,709 |
| Repayment of long term borrowings | (425,150,276) | (517,517,451) |
| Proceeds of long term borrowings/ body corporate | - | 200,000,000 |
| Proceeds from issue of equity share capital (including securities premium) | 1,212,560 | - |
| Hire purchase loan repaid | (742,587) | (1,296,994) |
| Repayment of finance lease obligation | (12,454,745) | (11,077,946) |
| Interest paid | (189,640,383) | (319,477,137) |
| Cash generated (used in) financing activities | (668,526,155) | (634,850,735) |
| IV. Net increase in cash and cash equivalents [I+II+III] | 25,914,837 | (34,002,080) |
| V. Cash and cash equivalents at the beginning of the year | 25,949,176 | 59,951,256 |
| VI. Cash and cash equivalents at the end of the year [IV+V] | 51,864,013 | 25,949,176 |

SRL Limited
Cash Flow Statement for the year ended March 31, 2015
(All amounts in Rupees unless otherwise stated)

| | For the year ended March 31, 2015 | For the year ended March 31, 2014 |
|--|--------------------------------------|--------------------------------------|
| Components of cash and cash equivalents | | |
| Cash on hand | 7,103,823 | 5,812,366 |
| Cheques in hand | 13,973,511 | 938,401 |
| Balances with banks: | | |
| -On cash collection accounts | 29,801,181 | 17,186,343 |
| -On EEFC accounts | 326,390 | 1,485,743 |
| -On current accounts | 710,953 | 491,921 |
| -On deposit accounts | 846,495 | 3,016,591 |
| Cash and bank balances as per Note 18 | <u>52,762,353</u> | 28,931,365 |
| Less: Fixed deposits not considered as cash equivalents | <u>846,495</u> | 3,016,591 |
| Sub total | 51,915,858 | 25,914,774 |
| Less: Effect of exchange differences on cash and cash equivalents held in foreign currency | 51,845 | (34,402) |
| Cash and cash equivalents in Cash Flow Statement | <u>51,864,013</u> | <u>25,949,176</u> |

As per our report of even date

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

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

per Rajeev Sawhney
Partner
Membership Number: 96333

Shivinder Mohan Singh
Chairman
DIN: 00042910

Dr. Sanjeev K. Chaudhry
Managing Director
DIN: 00015077

Place: Gurgaon
Date: May 26, 2015

Sanjeev Vashishta
Chief Executive Officer

Saurabh Chadha
Chief Financial Officer

Ravi Batra
Chief Risk Officer and Company Secretary

1. Corporate information

SRL Limited ("the Company") is a public company domiciled in India and incorporated under provisions of the Companies Act, 1956. The Company is in the business of establishing, maintaining and managing clinical reference laboratories, to provide testing, diagnostics and prognostics monitoring/screening tests on human beings. The Company also provides laboratory support services for clinical research studies.

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financials to comply in all material respects with the Accounting Standards notified under section 133 of Companies Act 2013 read together with para 7 of Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention on an accrual basis. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

2.1 Summary of significant accounting policies

Change in accounting estimate

Change in estimated useful life of fixed assets

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

In accordance with the provisions of Schedule II of the Companies Act, 2013, the Company has based on an internal technical evaluation, revised the estimated useful lives of its fixed assets with effect from April 1, 2014. Accordingly, the net book value of the fixed assets as at April 1, 2014, is depreciated on a prospective basis over the remaining useful life, wherever applicable. This change in accounting estimate has resulted in decrease in depreciation and amortization expenses for the year ended March 31, 2015 by Rs. 35,302,128. Further, in case of fixed assets whose useful life on such reassessment had expired as of April 1, 2014, net book value of assets of Rs. 20,835,758 is adjusted in the surplus in the statement of profit and loss as of April 1, 2014 in terms of the transitional provisions of said Schedule II of the Companies Act, 2013.

(a) Use of estimates

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

(b) Tangible fixed assets

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

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

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

(c) Intangible assets

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

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

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

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

Computer software

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

Intangible assets for internally generated assays

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

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

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

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

These costs are amortised over a period of five years being the useful life, as estimated by the management.

(d) Depreciation

Useful lives/ depreciation rates

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

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

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

| | |
|---------------------------------|--------------|
| Laboratory equipment- Pathology | 13 years |
| Laboratory equipment- Imaging | 10 years |
| Building | 60 years |
| Office equipment | 5 years |
| Furniture and fixtures | 10 years |
| Vehicles | 6 to 8 years |
| Computers and accessories | 3 years |
| Air conditioners | 15 years |
| Assays developed | 5 years |

Leasehold improvements are depreciated over the period of the lease or 5 years which is the expected useful life, whichever is shorter.

(e) Impairment of tangible and intangible assets

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

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

(f) **Leases**

Where the company is lessee

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

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

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

Where the company is the lessor

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

(g) **Investments**

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

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

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

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

(i) **Inventories**

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

(i) **Revenue recognition**

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

Income from services

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

Management fees

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

Rent received

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

Interest

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

(j) **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset, that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Ancillary costs incurred in connection the arrangement of borrowings are amortised over the period of the loan.

(k) Foreign currency translation

(i) **Initial recognition**

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

(ii) **Conversion**

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

(iii) **Exchange differences**

Exchange differences arising on the settlement of monetary items or on reporting monetary items of Company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

(l) Retirement and other employee benefits

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

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

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

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

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

(m) Income taxes

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

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

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

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

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

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

(n) Employee stock compensation cost

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortized over the vesting period of the option on a straight line basis.

(o) Segment reporting policies

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

(p) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

(q) Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

(r) Cash and cash equivalents

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

(s) Contingent liabilities

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

(t) Expenditure on new projects and substantial expansion

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

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

(u) Measurement of EBITDA

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

Note 3: Share capital

| | As at March 31, 2015 | As at March 31, 2014 |
|---|----------------------|----------------------|
| Authorised share capital | | |
| 61,333,334 (Previous year 61,333,334) Equity Shares of Rs. 10 each | 613,333,340 | 613,333,340 |
| 10,000,000 (Previous year 10,000,000) Non- Cumulative Redeemable Preference Shares of Rs. 10 | 100,000,000 | 100,000,000 |
| 12,333,333 (Previous year 12,333,333) Compulsorily Convertible Preference Shares of Rs. 20 each | 246,666,660 | 246,666,660 |
| | <u>960,000,000</u> | <u>960,000,000</u> |
| Issued share capital | | |
| 59,827,180 (Previous year 59,796,866) Equity Shares of Rs. 10 each | 598,271,800 | 597,968,660 |
| 12,333,333 (Previous year 12,333,333) Compulsorily Convertible Preference Shares of Rs. 20 each | 246,666,660 | 246,666,660 |
| | <u>844,938,460</u> | <u>844,635,320</u> |
| Subscribed and fully paid up share capital | | |
| 59,827,180 (Previous year 59,796,866) Equity Shares of Rs. 10 each | 598,271,800 | 597,968,660 |
| 12,333,333 (Previous year 12,333,333) Compulsorily Convertible Preference Shares of Rs. 20 each | 246,666,660 | 246,666,660 |
| Total | <u>844,938,460</u> | <u>844,635,320</u> |

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

| | March 31, 2015 | | March 31, 2014 | |
|---|-------------------|--------------------|----------------|---------------|
| | Number | Amount in Rs. | Number | Amount in Rs. |
| Equity shares | | | | |
| At the beginning of the year | 59,796,866 | 597,968,660 | 59,796,866 | 597,968,660 |
| Issued during the year | 30,314 | 303,140 | - | - |
| Outstanding at the end of the year | <u>59,827,180</u> | <u>598,271,800</u> | 59,796,866 | 597,968,660 |
| Compulsorily convertible preference shares | | | | |
| Shares outstanding at the beginning of the year | 12,333,333 | 246,666,660 | 12,333,333 | 246,666,660 |
| Shares issued during the year | - | - | - | - |
| Shares converted during the year | - | - | - | - |
| Shares outstanding at the end of the year | <u>12,333,333</u> | <u>246,666,660</u> | 12,333,333 | 246,666,660 |

(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) Terms/rights attached to compulsorily convertible preference shares

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

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

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

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

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

| | For the year ended March 31, 2015 | | For the year ended March 31, 2014 | |
|------------------------------|-----------------------------------|---------------|-----------------------------------|---------------|
| | Number | Amount in Rs. | Number | Amount in Rs. |
| Equity shares of Rs. 10 each | | | | |
| Fortis Healthcare Limited | 42,749,217 | 427,492,170 | 42,749,217 | 427,492,170 |

SRL Limited**Notes to financial statements for the year ended March 31, 2015****(All amounts in Rupees unless otherwise stated)**

- (e) Details of shares held by each shareholder holding more than 5% shares

| Name of shareholder | For the year ended March 31, 2015 | | For the year ended March 31, 2014 | |
|---|-----------------------------------|--------------|-----------------------------------|--------------|
| | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| Equity shares | | | | |
| Fortis Healthcare Limited | 42,749,217 | 71.45% | 42,749,217 | 71.49% |
| Avigo PE Investments Ltd | 6,310,315 | 10.55% | 6,310,315 | 10.55% |
| Logos Holding Company Private Limited | 4,449,772 | 7.44% | 4,449,772 | 7.44% |
| Compulsory convertible preference shares | | | | |
| International Finance Corporation | 4,000,000 | 32.43% | 4,000,000 | 32.43% |
| NYLIM Jacob Ballas India Fund III LLC | 8,333,333 | 67.57% | 8,333,333 | 67.57% |

- (f) Shares reserved for issue under options (refer note 40)

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

- (g) During the financial year 2010-11, 5,199,899 equity shares were allotted on August 20, 2010 as fully paid-up pursuant to contract for consideration other than cash. Pursuant to a Share Purchase, Share Allotment and Debenture Subscription Agreement dated July 13, 2010 as amended by an agreement dated August 20, 2010, the Company acquired the entire equity share capital of SRL Diagnostics Private Limited (formerly Piramal Diagnostic Services Private Limited) (SRLD) from Piramal Healthcare Limited, Dr. Bhavin Jankharia and Dr. Avinash Phadke for a total consideration of Rs 3,722.88 million. The payment for the said consideration was discharged (a) partly by way of cash payment of Rs 722.88 million, (b) partly by allotment of Equity Shares worth Rs. 1,350 million in favour of Piramal Healthcare Limited, Dr. Avinash Phadke and Dr. Bhavin Jankharia, (c) partly, by way of allotment of 16,500 fully paid-up non-convertible debentures of face value of Rs. 100,000 each in favour of Piramal Healthcare Limited and (d) agreed to enable SRLD to repay Rs 2,277.12 million owed by it to PHL, subject to such repayment not exceeding Rs. 2,500 million. Piramal Healthcare Limited was allotted 5,069,902 Equity Shares, Dr. Avinash Phadke was allotted 77,998 Equity Shares and Dr. Bhavin Jankharia was allotted 51,999 Equity Shares. Such Equity Shares were subsequently transferred in favour of Maple Leaf Buildcon Private Limited (merged with RHC Holding Private Limited w.e.f February 24, 2012), one of the Promoters, pursuant to the terms of the Share Purchase, Share Allotment and Debenture Subscription Agreement.

SRL Limited
Notes to financial statements for the year ended March 31, 2015
(All amounts in Rupees unless otherwise stated)

Note 4: Reserves and surplus

| | As at March 31 , 2015 | As at March 31, 2014 |
|---|-----------------------|----------------------|
| Securities premium reserve | | |
| Balance as per last financial statements | 6,860,190,014 | 6,860,190,014 |
| Add: Premium received on allotment of Employee Stock Option Plan 2009 | 909,420 | - |
| Closing balance | 6,861,099,434 | 6,860,190,014 |
| Debenture redemption reserve | | |
| Balance as per last financial statements | - | 119,819,836 |
| Add: Amount transferred from statement of profit and loss account | - | - |
| Less: Amount transferred to statement of profit and loss | - | 119,819,836 |
| Closing balance | - | - |
| Surplus/ (Deficit) in the statement of profit and loss | | |
| Balance as per last financial statements | (211,514,343) | (531,790,555) |
| Profit/(Loss) for the year | 475,662,062 | 200,481,042 |
| Transfer from debenture redemption account | - | 119,819,836 |
| Less: Appropriations | | |
| Effect of depreciation adjusted from opening reserves (net of tax) | 13,753,684 | - |
| Dividend accrued on compulsory convertible preference shares | 24,666 | 24,666 |
| Net deficit in the statement of profit and loss | 250,369,369 | (211,514,343) |
| Total reserves and surplus | 7,111,468,803 | 6,648,675,671 |

(This space is intentionally left blank)

Note 5: Long-term borrowings

| | Non-current portion | | Current maturities | |
|---|--------------------------|-------------------------|--------------------------|-------------------------|
| | As at March 31 , 2015 | As at March 31, 2014 | As at March 31 , 2015 | As at March 31, 2014 |
| Secured | | | | |
| Term loans | | | | |
| From banks | 237,904,291 | 377,104,316 | 139,200,026 | 187,707,254 |
| From other parties | 628,570,969 | 855,439,855 | 226,868,436 | 237,443,028 |
| Other loans and advances | | | | |
| Current maturities of finance lease obligations from others | - | - | - | 12,454,745 |
| Hire purchase loans from banks | 403,885 | 842,358 | 438,475 | 742,588 |
| | 866,879,145 | 1,233,386,529 | 366,506,937 | 438,347,615 |

Notes:

a. Term loans from banks:

- Rs. 22,342,412 (Previous year Rs. 33,859,189) from HDFC Bank Limited are secured by way of a first charge on the laboratories equipments, which have been purchased against these loans. Loan amount is repayable in 57 monthly equal installments with moratorium period of three months commencing from March 1, 2012.

- Rs. 50,000,000 (Previous year Rs. 150,000,000) from HDFC Bank Limited are secured by way of a first charge on the movable and immovable assets which have been purchased against these loans. Loan amount is repayable in 8 quarterly equal installments commencing from October 1, 2013.

- Rs. 304,761,905 (Previous year Rs. 380,952,381) are from Abu Dhabi Commercial Bank Ltd. and are secured by way of a first charge on all present and future moveable fixed assets and exclusive charge by way of English mortgage over the property. Loan amount is repayable in 21 equal quarterly installments with monthly interest from the date of loan viz., December 27, 2013. 80% of total loan of Rs. 500,000,000 taken from GE Capital Services India had transferred to Abu Dhabi Commercial Bank Ltd. by way of assignment agreement dated December 10, 2013.

b. Term loans from others:

- Rs. 17,344,167 (Previous year Rs. 45,263,836) are from SREI Equipments Private Limited and are secured by way of a first charge on the fixed assets, which have been purchased against these loans. Loan amount is repayable in 60 monthly equal installments along with interest from the date of loan viz., October 5, 2010.

- Rs. 761,904,762 (Previous year Rs. 952,380,952) are from GE Money Financial Services Pvt Ltd. and are secured by way of a first charge on all present and future movable fixed assets and exclusive charge by way of English mortgage over the property. Loan amount is repayable in 21 equal quarterly installments with monthly interest from the date of loan viz., March 26, 2013.

- Rs. 76,190,476 (Previous year Rs. 95,238,095) are from GE Capital Services India and are secured by way of a first charge on all present and future moveable fixed assets and exclusive charge by way of English mortgage over the property. Loan amount is repayable in 21 equal quarterly installments with monthly interest from the date of loan viz., March 26, 2013. 80% of total loan of Rs. 500,000,000 taken from GE Capital Services India had transferred to Abu Dhabi Commercial Bank Ltd. by way of assignment agreement dated December 10, 2013.

c. Finance lease obligation is secured by way of hypothecation of laboratory equipments in favour of lessor purchased from the loan. Finance lease obligation from GE Capital Services India Limited of Rs. Nil (Previous year Rs. 1,2454,745) is repayable in 60 monthly lease rental commencing from April 1, 2010. As at March 31, 2015 lease obligation is fully repaid.

d. Hire purchase loans of Rs. 842,360 (Previous year Rs. 1,584,946) from HDFC Bank Limited are secured against hypothecation of the specific vehicles purchased from the loan. Repayment of hire loans is follow:

- 1) Loan amount of Rs. 4,768,000 is repayable in 60 monthly equal installments along with interest commencing from date of loan.
- 2) Loan amount of Rs. 1,055,000 is repayable in 48 monthly equal installments along with interest commencing from date of loan.

SRL Limited
Notes to financial statements for the year ended March 31, 2015
(All amounts in Rupees unless otherwise stated)

Note 6: Other long-term liabilities

| | As at March 31 , 2015 | As at March 31, 2014 |
|---------------------------|-----------------------|----------------------|
| Others | | |
| Rent equalisation reserve | 7,058,301 | 10,693,184 |
| Total | 7,058,301 | 10,693,184 |

Note 7: Long-term provisions

| | As at March 31 , 2015 | As at March 31, 2014 |
|--|-----------------------|----------------------|
| Provision for employee benefits | | |
| Provision for gratuity (refer note 32) | 53,513,547 | 37,684,479 |
| Total | 53,513,547 | 37,684,479 |

Note 8: Short-term borrowings

| | As at March 31 , 2015 | As at March 31, 2014 |
|----------------------------------|-----------------------|----------------------|
| Secured | | |
| Loans repayable on demand | | |
| Cash credit facility from banks | 106,958,669 | 148,709,393 |
| Total | 106,958,669 | 148,709,393 |

Notes:

Secured:

a. Cash credit facility from HDFC Bank is secured by way of first charge on the Company's entire current assets. They are further secured by way of a second charge on the Company's fixed assets, excluding specific vehicles and equipments financed by the bodies corporate and others, both present and future. The Cash Credit is repayable on demand and carries interest rate of 11.25%. The total sanctioned limit is of Rs. 140,000,000 out of which Rs. 77,050,809 (Previous year Rs. 133,044,451) has been utilised as on March 31, 2015.

b. Cash credit facility from Kotak Mahindra Bank Limited is secured by way of first charge on the Company's entire current assets. They are further secured by way of a second charge on the Company's fixed assets, excluding specific vehicles and equipments financed by the bodies corporate and others, both present and future. The Cash Credit is repayable on demand and carries interest rate of 11.25%. The Cash credit limit is of Rs. 100,000,000 out of which Rs. 29,907,860 (Previous year Rs. 15,704,942) has been utilised as on March 31, 2015.

SRL Limited
Notes to financial statements for the year ended March 31, 2015
(All amounts in Rupees unless otherwise stated)

Note 9: Other current liabilities

| | As at March 31 , 2015 | As at March 31, 2014 |
|--|-----------------------|----------------------|
| Trade payables (refer note 34 for details of dues to micro and small enterprises) | 463,323,256 | 392,253,383 |
| | 463,323,256 | 392,253,383 |
| Deposits from customers | 151,350,751 | 138,817,717 |
| Other liabilities | | |
| Current maturities of long-term debt (Refer note 5) [Includes current maturity of finance lease obligation Rs. Nil (Previous year Rs. 12,454,745) and of hire purchase loans from bank Rs. 438,475 (Previous Rs. 742,588)] | 366,506,937 | 438,347,615 |
| Interest accrued but not due on borrowings | 2,489,761 | 3,867,149 |
| Dividend accrued but not due on Compulsory Convertible Preference Shares | 68,186 | 43,520 |
| Creditors for purchase of fixed assets | 24,884,489 | 25,794,123 |
| Liability against indemnification | 13,309,717 | 13,309,717 |
| Payable to joint venture | 446,069 | - |
| Rent equalisation reserve | 4,152,269 | 5,249,252 |
| Advances from customers | 28,037,284 | 26,182,828 |
| Statutory payables | 32,925,816 | 28,485,517 |
| | 624,171,279 | 680,097,438 |
| Total | 1,087,494,535 | 1,072,350,821 |

Note 10: Short-term provisions

| | As at March 31 , 2015 | As at March 31, 2014 |
|--|-----------------------|----------------------|
| Provision for employee benefits | | |
| Provision for leave encashment | 28,528,321 | 22,316,851 |
| Provision for gratuity | 1,370,466 | 690,878 |
| Other | | |
| Provision for wealth tax | 121,550 | 138,550 |
| Total | 30,020,337 | 23,146,279 |

SRL Limited

Notes to financial statements for the year ended March 31, 2015

(All amounts in Rupees unless otherwise stated)

Note 11 (a): Tangible assets

| Block | Building | Land | Leasehold improvements | Laboratory equipment | Laboratory equipment under lease | Air conditioners | Computers and accessories | Office equipment | Furniture and fittings | Vehicles | Total |
|-----------------------------------|--------------------|----------------------|-------------------------------|-----------------------------|---|-------------------------|----------------------------------|-------------------------|-------------------------------|-------------------|----------------------|
| Cost | | | | | | | | | | | |
| At 01.04.2013 | - | - | 876,364,868 | 735,321,871 | 52,976,945 | 56,725,120 | 91,874,582 | 22,408,851 | 80,252,867 | 30,878,657 | 1,946,803,761 |
| Additions | 362,473,581 | 1,208,245,271 | 28,203,166 | 42,782,868 | - | 6,865,057 | 17,433,591 | 6,696,278 | 4,298,560 | 2,883,340 | 1,679,881,712 |
| Transfer in/(out) | 266,993,575 | - | (266,993,575) | - | - | - | - | - | - | - | - |
| Deductions | - | - | 12,178,768 | 14,309,205 | - | 873,490 | 2,896,042 | 175,607 | 1,721,120 | 222,069 | 32,376,301 |
| At 31.03.2014 | 629,467,156 | 1,208,245,271 | 625,395,691 | 763,795,534 | 52,976,945 | 62,716,687 | 106,412,131 | 28,929,522 | 82,830,307 | 33,539,928 | 3,594,309,172 |
| Additions | 476,854 | - | 8,480,321 | 54,432,634 | - | 2,606,132 | 15,329,648 | 3,178,937 | 6,500,855 | 413,992 | 91,419,373 |
| Deductions | - | - | - | 44,808,517 | - | 437,319 | 8,196,646 | 1,729,509 | 3,504,776 | 1,550,478 | 60,227,245 |
| At 31.03.2015 | 629,944,010 | 1,208,245,271 | 633,876,012 | 773,419,651 | 52,976,945 | 64,885,500 | 113,545,133 | 30,378,950 | 85,826,386 | 32,403,442 | 3,625,501,300 |
| Depreciation/ Amortisation | | | | | | | | | | | |
| At 01.04.2013 | - | - | 334,113,083 | 283,110,537 | 19,892,770 | 9,774,958 | 53,248,540 | 5,267,860 | 20,351,476 | 17,733,017 | 743,492,241 |
| Charge for the year | 56,481,928 | - | 114,897,657 | 90,164,264 | 7,188,971 | 2,970,795 | 12,232,895 | 1,355,864 | 8,563,117 | 4,048,527 | 297,904,018 |
| Transfer in/(out) | 165,943,789 | - | (165,943,789) | - | - | - | - | - | - | - | - |
| Deletions | - | - | 9,984,366 | 6,745,674 | - | 671,111 | 2,504,845 | 118,225 | 1,564,792 | 154,594 | 21,743,607 |
| At 31.03.2014 | 222,425,718 | - | 273,082,584 | 366,529,127 | 27,081,741 | 12,074,642 | 62,976,590 | 6,505,499 | 27,349,801 | 21,626,950 | 1,019,652,652 |
| Charge for the year | 41,708,955 | - | 105,568,905 | 50,491,877 | 4,156,441 | 4,589,861 | 28,723,887 | 12,067,621 | 11,779,485 | 4,602,120 | 263,689,152 |
| Deletions | - | - | - | 42,126,931 | - | 387,055 | 8,021,918 | 1,487,727 | 3,279,655 | 1,519,215 | 56,822,501 |
| At 31.03.2015 | 264,134,673 | - | 378,651,489 | 374,894,073 | 31,238,182 | 16,277,448 | 83,678,559 | 17,085,393 | 35,849,631 | 24,709,855 | 1,226,519,303 |
| Net block | | | | | | | | | | | |
| At 31.03.2014 | 407,041,438 | 1,208,245,271 | 352,313,107 | 397,266,407 | 25,895,204 | 50,642,045 | 43,435,541 | 22,424,023 | 55,480,506 | 11,912,978 | 2,574,656,520 |
| At 31.03.2015 | 365,809,337 | 1,208,245,271 | 255,224,523 | 398,525,578 | 21,738,763 | 48,608,052 | 29,866,574 | 13,293,557 | 49,976,755 | 7,693,587 | 2,398,981,997 |
| Capital work-in-progress | | | | | | | | | | | 1,987,609 |

Notes:

(1) During the year due to introduction of Companies Act 2013, depreciation of Rs. 20,835,758 is adjusted directly from opening reserves which is not reflected in the statement of profit and loss.

(2) Vehicles include those taken on hire purchase having gross block of Rs. 2,573,310 (Previous year Rs. 7,317,474) and accumulated depreciation of Rs. 1,103,391 (Previous year Rs 4,030,290) as at March 31, 2015. Depreciation for the current year is Rs. 278,088 (Previous year Rs. 1,088,193).

(3) During the previous year, the Company had purchased building at SV Road, Goregaon on April 2, 2013, which was earlier being used as leased premises. As a result of such purchase, the leasehold improvements with the gross block of Rs. 266,993,575 and accumulated depreciation of Rs. 165,943,789 had been transferred from leasehold improvements to building.

(4) Note 11 does not include laboratory equipment installed by suppliers, free of costs with the Company's commitment to purchase reagents from such suppliers over the term of the agreements. These equipment remain the property of the suppliers throughout the agreements.

SRL Limited
Notes to financial statements for the year ended March 31, 2015
(All amounts in Rupees unless otherwise stated)

Note 11 (b): Intangible assets

| Block | Software and other intangible assets | Intangible assets - Assay developed | Total |
|--|---|--|--------------------|
| Cost | | | |
| At 01.04.2013 | 39,122,421 | 21,636,095 | 60,758,516 |
| Additions | 11,029,197 | 54,407,273 | 65,436,470 |
| Deductions | - | - | - |
| At 31.03.2014 | 50,151,618 | 76,043,368 | 126,194,986 |
| Additions | 11,195,015 | 46,779,290 | 57,974,305 |
| Deductions | - | - | - |
| At 31.03.2015 | 61,346,633 | 122,822,658 | 184,169,291 |
| Amortisation | | | |
| At 01.04.2013 | 22,744,152 | 3,688,960 | 26,433,112 |
| Charge for the year | 7,434,624 | 29,395,305 | 36,829,929 |
| Deletions | - | - | - |
| At 31.03.2014 | 30,178,776 | 33,084,265 | 63,263,041 |
| Charge for the year | 15,650,608 | 42,798,188 | 58,448,796 |
| Deletions | - | - | - |
| At 31.03.2015 | 45,829,384 | 75,882,453 | 121,711,837 |
| Net block | | | |
| At 31.03.2014 | 19,972,842 | 42,959,103 | 62,931,945 |
| At 31.03.2015 | 15,517,249 | 46,940,205 | 62,457,454 |
| Intangible assets under development | | | 33,294,066 |

SRL Limited
Notes to financial statements for the year ended March 31, 2015
(All amounts in Rupees unless otherwise stated)

Note 12: Non-current investments

| | As at March 31, 2015 | As at March 31, 2014 |
|---|----------------------|----------------------|
| Long term investments (at cost) | | |
| In subsidiary company | | |
| Unquoted, trade and fully paid-up 3,958,200 (Previous year 3,958,200) equity shares of Rs 10 each fully-paid up in SRL Diagnostics Private Limited (formerly Piramal Diagnostic Services Private Limited) | 3,897,440,834 | 3,897,440,834 |
| In joint venture | | |
| Unquoted, trade and fully paid-up 240,000 (Previous year 240,000) equity shares of NR 100 each fully paid-up in SRL Diagnostics (Nepal) Pvt Ltd. (formerly Super Religare Reference Laboratories (Nepal) Pvt. Ltd.) | 15,000,000 | 15,000,000 |
| Total | 3,912,440,834 | 3,912,440,834 |

Note 13: Deferred tax assets (net)

| | As at March 31, 2015 | As at March 31, 2014 |
|--|----------------------|----------------------|
| Deferred tax liability | | |
| Impact of difference on account of finance lease | 7,523,351 | 4,568,412 |
| Gross deferred tax liability | 7,523,351 | 4,568,412 |
| Deferred tax asset | | |
| Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purpose on payment basis | 34,317,344 | 26,572,128 |
| Impact of difference between tax depreciation and depreciation charged for the financial reporting | 33,415,007 | 47,551,224 |
| Provision for doubtful debts and advances | 22,740,040 | 29,155,342 |
| Provision for lease equalisation | 3,879,754 | 5,418,834 |
| Gross deferred tax asset | 94,352,145 | 108,697,528 |
| Net deferred tax asset | 86,828,794 | 104,129,116 |

Note 14: Long-term loans and advances

| | As at March 31, 2015 | As at March 31, 2014 |
|---|----------------------|----------------------|
| Capital advances* | | |
| Unsecured, considered good | 107,011,860 | 104,649,138 |
| Security deposits | | |
| Unsecured, considered good | | |
| Deposits to related parties | 15,013,512 | 7,013,512 |
| Deposits to others | 48,769,071 | 65,947,422 |
| Unsecured, considered doubtful | | |
| Deposits to others | 5,000,000 | 5,000,000 |
| Less: Provision for doubtful deposits | (5,000,000) | (5,000,000) |
| | 63,782,583 | 72,960,934 |
| Other loans and advances | | |
| Unsecured, considered good | | |
| Loan to a subsidiary | 1,778,000,000 | 1,653,000,000 |
| Advance tax and tax deducted at source (net of provisions) | 265,343,004 | 469,966,942 |
| | 2,043,343,004 | 2,122,966,942 |
| Total | 2,214,137,447 | 2,300,577,014 |

* Includes Rs. 100,000,000 (Previous year Rs. 100,000,000) paid towards the purchase of property.

**Dues from private limited companies in which one
or more directors of the Company are directors:**

| | | |
|---|---------------|---------------|
| SRL Diagnostics Private Limited (Repayable on demand carrying an interest rate of 13% per annum) | 1,778,000,000 | 1,653,000,000 |
|---|---------------|---------------|

SRL Limited
Notes to financial statements for the year ended March 31, 2015
(All amounts in Rupees unless otherwise stated)

Note 15: Other non-current assets

| | As at March 31, 2015 | As at March 31, 2014 |
|---|----------------------|----------------------|
| Unsecured, considered good unless stated otherwise | | |
| Non-current bank balances (refer note 18) | 621,175 | 644,452 |
| Arrangement fees | 2,094,889 | 2,795,105 |
| Total | 2,716,064 | 3,439,557 |

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

| | As at March 31, 2015 | As at March 31, 2014 |
|-------------------------------------|----------------------|----------------------|
| Reagents, chemicals and consumables | 176,420,702 | 159,847,409 |
| Total | 176,420,702 | 159,847,409 |

Note:

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

Note 17: Trade receivables

| | As at March 31, 2015 | As at March 31, 2014 |
|--|----------------------|----------------------|
| Outstanding for a period exceeding six months from the date they are due for payments | | |
| Secured, considered good | 2,622,392 | 1,755,510 |
| Unsecured, considered good | 62,153,502 | 79,420,574 |
| Unsecured, Considered doubtful | 51,365,500 | 66,026,993 |
| | 116,141,394 | 147,203,077 |
| Provision for doubtful debts | (51,365,500) | (66,026,993) |
| | 64,775,894 | 81,176,084 |
| Other receivables | | |
| Secured, considered good | 19,117,983 | 32,466,941 |
| Unsecured, considered good | 712,180,125 | 551,626,203 |
| Unsecured, considered doubtful | 3,085,630 | 10,656,763 |
| | 734,383,738 | 594,749,907 |
| Provision for doubtful debts | (3,085,630) | (10,656,763) |
| | 731,298,108 | 584,093,144 |
| Total | 796,074,002 | 665,269,228 |

SRL Limited
Notes to financial statements for the year ended March 31, 2015
(All amounts in Rupees unless otherwise stated)

Note 18: Cash and bank balances

| | Non-current | | Current | |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
| | As at March 31, 2015 | As at March 31, 2014 | As at March 31, 2015 | As at March 31, 2014 |
| Cash and cash equivalents | | | | |
| <i>Balances with banks:</i> | | | | |
| On current accounts | - | - | 710,953 | 491,921 |
| On cash collection accounts | - | - | 29,801,181 | 17,186,343 |
| On EEFC accounts | - | - | 326,390 | 1,485,743 |
| | | | <u>30,838,524</u> | <u>19,164,007</u> |
| Cheques, drafts on hand | - | - | 13,973,511 | 938,401 |
| Cash on hand | - | - | 7,103,823 | 5,812,366 |
| Other bank balances | | | | |
| Deposits with original maturity for more than 12 months | 621,175 | 644,452 | 549,194 | 3,014,591 |
| Deposits with original maturity for more than 3 months but less than 12 months | - | - | 297,301 | 2,000 |
| | <u>621,175</u> | <u>644,452</u> | <u>52,762,353</u> | <u>28,931,365</u> |
| Amount disclosed under other non current assets (refer note 15) | (621,175) | (644,452) | - | - |
| | <u>-</u> | <u>-</u> | <u>52,762,353</u> | <u>28,931,365</u> |

Note 19: Short-term loans and advances

| | As at March 31, 2015 | As at March 31, 2014 |
|---|-------------------------|-------------------------|
| Loans and advances to related parties * | | |
| Unsecured, considered good | | |
| Loan to a subsidiary | 50,000,000 | 100,000,000 |
| Recoverable from subsidiaries | 3,730,991 | 866,372 |
| | <u>53,730,991</u> | <u>100,866,372</u> |
| Others | | |
| Unsecured, considered good | | |
| Advances recoverable in cash or in kind or for value to be received | 60,185,543 | 45,516,474 |
| Advance tax and tax deducted at source | 212,892,815 | - |
| Balance with statutory authorities | 677,432 | 418,931 |
| Deposits to other parties | 12,862,733 | 4,254,594 |
| | <u>286,618,523</u> | <u>50,189,999</u> |
| Unsecured considered doubtful | | |
| Advances recoverable in cash or in kind or for | 6,256,336 | 4,092,478 |
| Less: Provision for doubtful advances | (6,256,336) | (4,092,478) |
| Total | <u>340,349,514</u> | <u>151,056,371</u> |
| * Dues from private limited companies in which one or more directors of the Company are directors: | | |
| SRL Diagnostics Private Limited | 53,730,991 | 100,866,372 |
| | <u>53,730,991</u> | <u>100,866,372</u> |

SRL Limited
Notes to financial statements for the year ended March 31, 2015
(All amounts in Rupees unless otherwise stated)

Note 20: Other current assets

| | As at March 31, 2015 | As at March 31, 2014 |
|-----------------------------------|----------------------|----------------------|
| Unsecured, considered good | | |
| Interest accrued on | | |
| - Fixed deposits | 107,612 | 688,148 |
| - Income tax refund | 29,073,134 | - |
| Arrangement fees | 700,215 | 700,215 |
| Total | 29,880,961 | 1,388,363 |

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SRL Limited
Notes to financial statements for the year ended March 31, 2015
(All amounts in Rupees unless otherwise stated)

Note 21: Revenue from operations

| | For the year ended March 31, 2015 | For the year ended March 31, 2014 |
|--------------------------------|--------------------------------------|--------------------------------------|
| Sale of services | 5,097,507,318 | 4,306,644,218 |
| Other operating revenues | 38,948,279 | 19,620,160 |
| Revenue from operations | 5,136,455,597 | 4,326,264,378 |

Note 22: Other income

| | For the year ended March 31, 2015 | For the year ended March 31, 2014 |
|---|--------------------------------------|--------------------------------------|
| Interest income | | |
| on bank deposits | 95,528 | 2,507,829 |
| on loan to subsidiary | 235,720,274 | 235,847,921 |
| on loan to director | 813,151 | - |
| on income tax refund | 39,703,146 | 8,019,785 |
| Other non-operating income | | - |
| Liabilities no longer required written back | 21,241,744 | 3,977,657 |
| Exchange differences (net) | - | 1,340,713 |
| Miscellaneous income | 44,531,859 | 12,473,333 |
| Total | 342,105,702 | 264,167,238 |

Note 23: Consumption of reagents and other consumables *

| | For the year ended March 31, 2015 | For the year ended March 31, 2014 |
|--|--------------------------------------|--------------------------------------|
| Inventories at the beginning of the year | 159,847,409 | 160,941,177 |
| Add: Purchases | 1,507,759,457 | 1,309,914,199 |
| | 1,667,606,866 | 1,470,855,376 |
| Less: Inventories at the end of the year | 176,420,702 | 159,847,409 |
| Consumption of reagents and other consumables | 1,491,186,164 | 1,311,007,967 |

* Net of the amount capitalised (refer note 39)

SRL Limited
Notes to financial statements for the year ended March 31, 2015
(All amounts in Rupees unless otherwise stated)

Note 24: Employee benefits expense

| | For the year ended March 31, 2015 | For the year ended March 31, 2014 |
|---------------------------------------|--------------------------------------|--------------------------------------|
| Salaries, wages and bonus* | 1,040,773,492 | 857,880,478 |
| Contribution to | | |
| - Provident fund | 53,006,217 | 42,015,599 |
| - Employees' state incorporation fund | 8,795,465 | 9,433,327 |
| - Superannuation fund | 824,100 | 805,186 |
| Gratuity expense | 23,590,152 | 9,861,100 |
| Staff welfare expenses | 43,123,005 | 39,141,093 |
| Total | 1,170,112,431 | 959,136,783 |

* Net of the amount capitalised (refer note 39).

Note 25: Other expenses

| | For the year ended March 31, 2015 | For the year ended March 31, 2014 |
|--|--------------------------------------|--------------------------------------|
| Power and fuel * | 97,686,635 | 85,480,428 |
| [includes prior period expense of Rs. Nil (previous year Rs. 11,921)] | | |
| Rent: * | | |
| - Offices and labs | 212,881,088 | 213,604,124 |
| - Equipments | 1,919,612 | 1,111,112 |
| Rates and taxes * | 5,018,127 | 8,298,086 |
| Insurance | 4,682,263 | 4,702,802 |
| Repairs and maintenance: | | |
| [includes prior period expense of Rs. Nil (previous year Rs. 12,780)] | | |
| - Plant and machinery | 43,635,306 | 36,082,378 |
| - Building | 1,101,646 | 1,635,064 |
| - Others | 13,311,757 | 10,982,759 |
| Advertisement and sales promotion | 150,083,619 | 141,664,060 |
| Postage and courier | 142,376,257 | 122,435,876 |
| [includes prior period expense of Rs. Nil (previous year Travelling and conveyance * | 106,427,578 | 87,672,206 |
| [includes prior period expense of Rs. Nil (previous year Rs. 10,000)] | | |
| Printing and stationery * | 32,440,564 | 32,820,710 |
| Communication * | 21,826,103 | 18,734,142 |
| [includes prior period expense of Rs. Nil (previous year Rs. 7,386)] | | |
| Legal and professional | 129,351,667 | 97,001,227 |
| [includes prior period expense of Rs. Nil (previous year Rs. 45,936)] | | |
| Payment to auditors | | |
| -As auditor | 3,450,000 | 4,100,000 |
| -For taxation matters | 250,000 | 250,000 |
| -For company law matters | 25,000 | 75,000 |
| -For reimbursement of expenses | 372,500 | 272,530 |
| Professional fees to doctors | 176,102,456 | 139,615,629 |
| [includes prior period expense of Rs. Nil (previous year Rs. Nil)] | | |
| Loss on sale/ discard of fixed assets | 1,692,211 | 2,814,123 |
| Bad debts written off | 1,085,297 | 6,661,509 |
| Provision for doubtful debts and advances | 31,235,369 | 31,158,062 |
| Advances written off | - | 2,231,000 |
| Exchange differences (net) | 1,558,133 | - |
| Donation | 10,000 | - |
| Miscellaneous expenses * | 67,645,017 | 60,877,580 |
| [includes prior period expense of Rs. Nil (previous year Rs. 14,996)] | | |
| Total | 1,246,168,205 | 1,110,280,407 |

* Net of the amount capitalised (refer note 39).

SRL Limited
Notes to financial statements for the year ended March 31, 2015
(All amounts in Rupees unless otherwise stated)

Note 26: Finance costs

| | For the year ended March 31, 2015 | For the year ended March 31, 2014 |
|-------------------------|--|--------------------------------------|
| Interest expense: | | |
| -on fixed loans | 166,478,621 | 193,485,888 |
| -on hire purchase loans | 124,417 | 243,822 |
| -on other loans | 20,250,048 | 15,154,460 |
| -on debentures | - | 16,831,478 |
| -on finance lease | 1,409,909 | 2,899,697 |
| Other borrowing costs | 4,739,102 | 4,231,087 |
| Total | 193,002,097 | 232,846,432 |

Note 27: Earnings per share

| | For the year ended March 31, 2015 | For the year ended March 31, 2014 |
|---|--|--------------------------------------|
| Profit after tax | 475,662,062 | 200,481,043 |
| Weighted average number of equity shares in calculating basic EPS | 59,808,576 | 59,796,866 |
| Weighted average number of equity shares in calculating diluted EPS | 78,946,763 | 78,977,760 |
| Earnings per share (Basic) | 7.95 | 3.35 |
| Earnings per share (Diluted) | 6.03 | 2.54 |

28 Related party disclosures

a. Names of related parties:

- (i) **Enterprises having direct control over the Company**
Fortis Healthcare Limited, holding company
- (ii) **Individuals (directly/ indirectly) having control over the reporting enterprise**
a. Mr. Malvinder Mohan Singh, Director
b. Mr. Shivinder Mohan Singh, Chairman
- (iii) **Key Managerial Personnel**
a. Dr. Sanjeev K. Chaudhry, Managing Director
b. Mr. Sanjeev Vashishta, Chief Executive Officer
c. Mr. Saurabh Chadha, Chief Financial Officer
d. Mr. Ankush Agarwal, Company Secretary (upto October 14, 2014)
e. Mr. Ravi Batra, Company Secretary (from November 1, 2014 onwards)
- (iv) **Subsidiary company**
a. SRL Diagnostics Private Limited
- (v) **Joint venture company**
a. SRL Diagnostics (Nepal) Private Ltd.
- (vi) **Enterprises over which persons mentioned at (iii) and (iv) have significant influence and with whom transactions have taken place during the year:**
a. AEGON Religare Life Insurance Company Limited
b. Bar Chem
c. Dion Global Solutions Limited
d. Escort Heart Institute & Research Centre Limited
e. Escorts Heart & Super Specialty Hospital Limited (Merged with International Hospital Limited w.e.f. January 17, 2014)
f. Escorts Heart & Super Specialty Institute Limited (Merged with International Hospital Limited w.e.f. January 17, 2014)
g. Escorts Hospital & Research Centre Limited (Merged with International Hospital Limited w.e.f. January 17, 2014)
h. Fortis C DOC Healthcare Limited
i. Fortis Clinical Research Limited
j. Fortis Health Management (North) Limited (Merged with Fortis Hospitals Limited w.e.f. Sep 01, 2013)
k. Fortis Health Management Limited
l. Fortis Hospital Management Limited
m. Fortis Hospitals Ltd
n. Fortis Malar Hospitals Limited
o. Hiranandani Healthcare Private Limited
p. International Hospital Limited
q. Kanishka Healthcare Limited (Merged with International Hospital Limited w.e.f. January 17, 2014)
r. Lalitha Healthcare Private Limited
s. REL Infrafacilities Limited
t. Religare Health Insurance Company Limited
u. RGAM Investment Advisers Private Limited (Formerly known as RGAM Corporation Private Limited)
v. Hale & Tempest Company Limited
w. Ligare Aviation Limited (Formerly known as Religare Aviation Limited)
x. Religare Capital Markets Limited
y. Religare Enterprises Ltd.
z. Religare Finvest Limited
aa. Religare Securities Limited
ab. HealthFore Technologies Limited (formerly known as Religare Technologies Limited)
ac. Ligare Travels Limited
ad. Ligare Voyages Limited
ae. RWL Healthworld Limited (Formerly known as Religare Wellness Limited)
af. RHC Holding Private Limited
ag. Shivi Holding Private Limited
ah. Sunrise Medicare Private Limited
ai. SRL Diagnostics FZ-LLC (Formerly known as Super Religare Laboratories International FZ LLC)
aj. DDRC SRL Diagnostics Private Limited
ak. RHC Holding Private Limited
al. Finserve Shared Services Limited (Formerly known as Religare Corporate Services Limited)
am. Fortis Health Management (East) Limited
an. Ligare Training Academy Limited (formerly Religare Aviation Training Academy Private Limited)
ao. Religare Wealth Management Limited (Formerly known as Religare Macquarie Wealth Management Ltd.)
ap. Religare Commodities Limited
aq. Fortis Cancer Care Limited (name of Fortis Health Management (South) Limited changed w.e.f. Dec 20, 2014)
ar. Birdie & Birdie Realtors Private Limited (acquired by Fortis Hospitals Ltd w.e.f. May 06, 2014)

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b. Transactions with related parties

Nature of transaction / Name of the Related party

| | Year ended March 31, 2015 | Year ended March 31, 2014 |
|---|------------------------------|------------------------------|
| Rendering of services: | | |
| Escort Heart Institute & Research Centre Limited | 115,946,029 | 81,186,857 |
| Fortis C DOC Healthcare Limited | 9,957,249 | 9,037,615 |
| Fortis Health Management (North) Limited (Merged with Fortis Hospitals Limited w.e.f. Sep 01, 2013) | - | 140,300,280 |
| Fortis Health Management Limited | 10,795,481 | 7,344,747 |
| Fortis Healthcare Limited | 220,973,284 | 102,408,358 |
| Fortis Hospitals Ltd | 630,521,309 | 415,925,526 |
| Fortis Health Management (East) Limited | 7,358,595 | 5,483,897 |
| Fortis Malar Hospitals Limited | 39,748,847 | 28,037,962 |
| Hiranandani Healthcare Private Limited | 88,699,122 | 79,483,842 |
| International Hospital Limited | 8,770,964 | 1,588,174 |
| Kanishka Healthcare Limited (Merged with International Hospital Limited w.e.f. January 17, 2014) | - | 4,870,294 |
| Lalitha Healthcare Private Limited | 9,763,282 | 11,568,853 |
| SRL Diagnostics FZ-LLC (Formerly known as Super Religare Laboratories International FZ LLC) | 75,523,620 | 67,113,388 |
| SRL Diagnostics (Nepal) Private Ltd. | 12,758,623 | 11,497,201 |
| AEGON Religare Life Insurance Company Limited | 15,900 | 17,331 |
| Fortis Clinical Research Limited | 2,717,776 | 8,972,415 |
| Quality Healthcare Medical Services Limited | - | 4,017,430 |
| Religare Wealth Management Limited (Formerly known as Religare Macquarie Wealth Management Ltd.) | 5,900 | 26,800 |
| Religare Health Insurance Company Limited | 5,578,657 | 4,885,220 |
| RWL Healthworld Limited (Formerly known as Religare Wellness Limited) | 35,788,082 | 31,764,358 |
| SRL Diagnostics Private Limited | 49,293,282 | 47,327,382 |
| DDRC SRL Diagnostics Private Limited | 22,196,255 | 23,037,009 |
| | 1,346,412,257 | 1,085,894,938 |
| Receiving of services: | | |
| Fortis Health Management (North) Limited (Merged with Fortis Hospitals Limited w.e.f. Sep 01, 2013) | - | 8,381,930 |
| Fortis Healthcare Limited | 5,184,482 | 6,300,171 |
| Fortis Hospitals Ltd | 9,703,078 | 11,064,914 |
| Bar Chem | 36,445,823 | 34,313,714 |
| Ligare Travels Limited | 22,142,017 | 12,132,556 |
| Religare Health Insurance Company Limited | - | 13,048,777 |
| Birdie & Birdie Realtors Private Limited (acquired by Fortis Hospitals Ltd w.e.f. May 06, 2014) | 28,479,730 | - |
| Hale & Tempest Company Limited | 2,459,970 | - |
| SRL Diagnostics Private Limited | 9,433,875 | 7,309,474 |
| | 113,848,975 | 92,551,536 |
| Reimbursement of expenses to: | | |
| Escort Heart Institute & Research Centre Limited | 10,501,826 | 9,352,506 |
| Fortis Health Management (North) Limited (Merged with Fortis Hospitals Limited w.e.f. Sep 01, 2013) | - | 208,226 |
| Fortis C DOC Healthcare Limited | - | 25,000 |
| Fortis Healthcare Limited | 706,602 | 2,282,748 |
| Fortis Hospitals Ltd | 1,900,900 | 698,800 |
| Fortis Malar Hospitals Limited | - | 952,282 |
| Hiranandani Healthcare Private Limited | 7,034,730 | 6,165,236 |
| SRL Diagnostics Private Limited | - | 3,966,139 |
| Religare Finvest Limited | - | 36,663 |
| SRL Diagnostics (Nepal) Private Ltd. | 1,336,546 | 2,687,728 |
| Hale & Tempest Company Limited | 2,193,846 | - |
| DDRC SRL Diagnostics Private Limited | 7,178,697 | 4,475,272 |
| | 30,853,147 | 30,850,600 |
| Reimbursement of expenses from: | | |
| Escort Heart Institute & Research Centre Limited | 1,380,000 | - |
| Fortis Malar Hospitals Limited | 267,876 | - |
| Fortis Health Management (North) Limited (Merged with Fortis Hospitals Limited w.e.f. Sep 01, 2013) | - | 304,049 |
| Fortis Health Management (East) Limited | 217,874 | 1,118,945 |
| Fortis Health Management Limited | 240,000 | 25,087 |
| Fortis Hospitals Ltd | 9,673,119 | 6,933,651 |
| Hiranandani Healthcare Private Limited | 18,693,455 | 17,741,385 |
| International Hospital Limited | - | 4,487 |
| Kanishka Healthcare Limited (Merged with International Hospital Limited w.e.f. January 17, 2014) | - | 13,924 |
| SRL Diagnostics FZ-LLC (Formerly known as Super Religare Laboratories International FZ LLC) | 1,203,036 | 1,257,074 |
| Fortis Healthcare Limited | 8,359,565 | 2,233,420 |
| Fortis Cancer Care Limited (name of Fortis Health Management (South) Limited changed w.e.f. Dec 20, 2014) | 10,329,872 | - |
| SRL Diagnostics (Nepal) Private Ltd. | 385,278 | 2,296,316 |
| SRL Diagnostics Private Limited | 17,087,766 | 3,585,396 |
| | 67,837,841 | 35,513,734 |
| Loan given | | |
| SRL Diagnostics Private Limited | 95,000,000 | - |
| | 95,000,000 | - |
| Loan received back | | |
| SRL Diagnostics Private Limited | (20,000,000) | (120,800,553) |
| | (20,000,000) | (120,800,553) |
| Interest received/receivable | | |
| SRL Diagnostics Private Limited | 235,720,274 | 235,847,921 |
| | 235,720,274 | 235,847,921 |
| Remuneration to key managerial personnel | | |
| Dr. Sanjeev K. Chaudhry, Managing Director Salary, bonus and contribution to PF | 14,895,000 | 14,895,000 |
| Mr. Sanjeev Vashishta, Chief Executive Officer Salary, bonus and contribution to PF | 15,132,816 | 8,461,730 |
| Mr. Saurabh Chadha, Chief Financial Officer Salary, bonus and contribution to PF | 6,583,400 | - |
| Mr. Ankush Agarwal, Company Secretary Salary, bonus and contribution to PF | 609,194 | - |
| Mr. Ravi Batra, Company Secretary Salary, bonus and contribution to PF | 1,622,978 | - |
| | 38,843,388 | 23,356,730 |

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

SRL Limited
Notes to financial statements for the year ended March 31, 2015
(All amounts in Rupees unless otherwise stated)

| | Year ended March 31, 2015 | Year ended March 31, 2014 |
|---|------------------------------|------------------------------|
| Purchase of raw materials | | |
| Fortis Hospitals Ltd | 2,684,003 | 284,326 |
| Fortis Health Management Limited | 41,351 | - |
| Hiranandani Healthcare Private Limited | 246,040 | 318,626 |
| RWL Healthworld Limited (Formerly known as Religare Wellness Limited) | 243,751 | 166,989 |
| International Hospital Limited | 46,797 | - |
| | 3,261,942 | 769,941 |
| Purchase of fixed assets | | |
| Escort Heart Institute & Research Centre Limited | - | 1,151,131 |
| SRL Diagnostics Private Limited | - | 5,711,427 |
| | - | 6,862,558 |
| Sale of fixed assets | | |
| SRL Diagnostics Private Limited | - | 9,459,752 |
| | - | 9,459,752 |
| Balances outstanding at the year end: | | |
| Loans given | | |
| SRL Diagnostics Private Limited | 1,828,000,000 | 1,753,000,000 |
| | 1,828,000,000 | 1,753,000,000 |
| Trade receivables at the end of year: | | |
| Escort Heart Institute & Research Centre Limited | 24,201,000 | 5,564,159 |
| Fortis C DOC Healthcare Limited | 14,794,355 | 11,282,898 |
| Fortis Health Management Limited | 2,186,151 | 665,171 |
| Fortis Healthcare Limited | 25,459,837 | 9,570,724 |
| Fortis Hospitals Ltd | 99,050,697 | 52,439,422 |
| Fortis Health Management (East) Limited | 1,893,723 | 1,641,718 |
| Fortis Malar Hospitals Limited | 3,789,162 | 861,883 |
| Hiranandani Healthcare Private Limited | 9,349,600 | 6,944,207 |
| International Hospital Limited | 2,616,493 | 896,177 |
| Fortis Cancer Care Limited (name of Fortis Health Management (South) Limited changed w.e.f. Dec 20, 2014) | 8,929,089 | - |
| Lalitha Healthcare Private Limited | 3,149,944 | 2,354,375 |
| SRL Diagnostics FZ-LLC (Formerly known as Super Religare Laboratories International FZ LLC) | 52,911,595 | 69,531,943 |
| SRL Diagnostics (Nepal) Private Ltd. | 2,917,672 | 3,117,075 |
| Religare Wealth Management Limited (Formerly known as Religare Macquarie Wealth Management Ltd.) | 2,600 | 1,300 |
| Religare Health Insurance Company Limited | 2,339,745 | 1,740,662 |
| AEGON Religare Life Insurance Company Limited | 7,350 | 4,478 |
| Fortis Clinical Research Limited | 6,337 | 3,558,817 |
| Quality Healthcare Medical Services Limited | - | 491,246 |
| RWL Healthworld Limited (Formerly known as Religare Wellness Limited) | 8,733,228 | 7,522,834 |
| SRL Diagnostics Private Limited | 6,735,019 | 4,554,824 |
| DDRC SRL Diagnostics Private Limited | 3,708,887 | 937,566 |
| Ligare Travels Limited | - | 2,256 |
| Ligare Training Academy Limited (formerly Religare Aviation Training Academy) | - | 10,372 |
| | 272,782,484 | 183,694,106 |
| Trade payables at the end of year: | | |
| Bar Chem | 253,885 | 1,091,151 |
| Hale & Tempest Company Limited | 130,400 | - |
| Birdie & Birdie Realtors Private Limited (acquired by Fortis Hospitals Ltd w.e.f. May 06, 2014) | 52,650 | - |
| SRL Diagnostics Private Limited | 2,648,748 | 2,392,983 |
| | 3,085,683 | 3,484,134 |
| Other payable at the end of the year | | |
| SRL Diagnostics Private Limited | 27,610 | 33,223 |
| SRL Diagnostics (Nepal) Pvt. Ltd. | 446,069 | - |
| RWL Healthworld Limited | 10,222 | - |
| Fortis Healthcare Limited | 159,118 | - |
| Ligare Travels Limited | 729,355 | 650,233 |
| | 1,372,374 | 683,456 |
| Loans and advances at the end of the year | | |
| SRL Diagnostics FZ-LLC (Formerly known as Super Religare Laboratories International FZ LLC) | 2,318,350 | 1,471,346 |
| SRL Diagnostics (Nepal) Private Ltd. | - | 492,966 |
| SRL Diagnostics Private Limited | 3,730,991 | 866,376 |
| Fortis Healthcare Limited | - | 233,983 |
| Religare Capital Markets Limited | 186,123 | 186,123 |
| | 6,235,464 | 3,250,794 |

- a) As explained in note 3 above, the Company invested Rs. 3,722,875,000 in SRL Diagnostics Private Limited (which in turn has a joint venture investment in DDRC SRL Diagnostics Private Limited), incurred acquisition related costs of Rs. 174,565,834. These investments of Rs. 3,897,440,834 are included in note 12 of these financial statements.
- b) The subsidiary company has taken cash credit facility from Kotak Mahindra Bank Limited of Rs. 150,000,000 as on March 31, 2015 (Previous year Rs. 100,000,000) which is guaranteed by SRL Limited and RHC Holding Private Limited.
- c) Term loan of Rs. 211,764,708 as on March 31, 2015 (previous year Rs. 317,647,060) taken by the subsidiary company is guaranteed by SRL Limited.

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29 Leases

Finance Lease

Fixed Assets include assets obtained on finance lease. The lease term is for 3 to 5 years and renewable, for such further term as may be agreed by the parties, at the option of the Company. There is no escalation clause in the lease agreement. There are no restrictions imposed by the lease arrangements.

Operating Leases

(i) Labs, Offices, Godowns and Guest houses

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

(ii) Cars

The Company has obtained 7 cars on an operating lease arrangement. The lease term is for 12 months, renewable at the option of the Company. There is no escalation clause in the lease agreement. There is no restriction imposed by the lease arrangement. There are no subleases.

(iii) Lab Equipments

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

| | Finance lease | |
|--|------------------------|-----------------------|
| | March 31, 2015 | March 31, 2014 |
| Total minimum lease payments at the year end | - | 13,921,146 |
| Less: Amount representing finance charges | - | 1,466,401 |
| Present value of minimum lease payments | - | 12,454,745 |
| Minimum lease payments | | |
| Not later than one year [Present value Rs. Nil (Previous year Rs. 13,921,149)] | - | 13,921,146 |
| Later than one year and not later than five years [Present value Rs. Nil (Previous year Rs.Nil)] | - | - |
| Later than five years | - | - |
| | - | 13,921,146 |
| | Operating lease | |
| | March 31, 2015 | March 31, 2014 |
| Lease payments for the year | 214,800,700 | 214,715,236 |
| Future minimum lease payments under non-cancellable lease agreements | | |
| Not later than one year | 89,501,795 | 20,584,258 |
| Later than one year and not later than five years | 12,049,118 | 8,925,375 |
| Later than five years | - | - |
| | 101,550,914 | 29,509,633 |

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30 Capital and other commitments

- a. Estimated amount of contracts remaining to be executed on capital account and not provided for as at March 31, 2015 were Rs 26,760,110 (Previous year Rs. 8,029,181).
b. For commitment relating to lease arrangements, please refer note 29.

31 Provisions and Contingencies

a. The Company has received a show cause cum demand notice dated April 20, 2007 for Rs. 8,143,897 (Previous year Rs. 8,143,897) in respect of service tax relating to 'Clinical Trial Studies' rendered during the period from July 2003 to April 2006. The Company has responded to the Directorate General of Central Excise Intelligence, Mumbai on May 8, 2007. In the opinion of the management, the said demand is non-tenable and not likely to devolve on the Company. Accordingly, no provision in respect of the said demand is considered in the books.

b. Demands against various Medico-Legal cases by the customers which are disputed by the Company as at March 31, 2015 amounted to Rs. 147,173,766 (Previous year Rs. 147,218,766). Besides, the Company has also received various others claims by its customers for compensation in lieu of non satisfactory test results, the amount of which is not ascertainable. However, in the opinion of the management, most of these claims are non-tenable and are not likely to devolve on the Company. On the basis of past history of such cases, the management is of view that there will not be any substantial outflow of resources in respect of the above and hence no provision there against is considered necessary.

c. The Company is currently under litigation with the Income tax department against certain income tax demands for non-deduction of withholding taxes on the payments made by the Company of discounts to its collection centers and certain other miscellaneous matters totalling to Rs. 508,127,421 (previous year Rs. 484,428,139) in relation to Assessment years (AY) 2006-07, 2007-08, 2008-09, 2009-10 and 2012-13. The year wise details of demand, protest amount deposited and forum where they are pending has been enumerated below:-

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

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

d. The Assistant Commissioner of Income Tax, New Delhi passed an assessment order dated March 24, 2015 disallowing certain expenses claimed by it in the assessment year 2011-12 and thereby the taxable loss of the Company was assessed at Rs. 100,818,403 whereas the losses claimed by the Company were Rs. 127,128,513. The Company is in process of filing a appeal with Commissioner of Income Tax (Appeals), New Delhi against the above order.

e. The Company had received an order under section 201(1) and 201(1A) of the Income Tax Act, 1961 from Deputy Commissioner Income Tax (TDS), Mumbai in relation to Assessment Years 2008-09 and 2009-10 aggregating to Rs. 29,119,030 and Rs. 13,456,160 respectively primarily on account of mismatch in the online database of tax department with returns/ challans filed by the Company. The Company has filed an appeal before Commissioner (Appeals) XIV, Mumbai against the said orders. The CIT(A) has already allowed the appeal in favour of Company. Further the Direction has been issued to the Company to revise the return in co-ordination with assessee officer. The Company is in process of rectifying those demand by revising its return for said period. Based on data available in TRACES as on March 31, 2015 demand of Rs. 10,955,320 and Rs. 623,640 respectively is outstanding. The Company is of the view that the demand is not tenable and no economic outflow is expected against the same.

f. The Company had received order under section 201(1) and 201(1A) of the Income Tax Act, 1961 from Income Tax officer (TDS), Mumbai in relation to Assessment Years 2008-09 and 2009-10 aggregating to Rs. 45,704,491 and Rs. 53,179,880 for non-deduction of taxes under the provisions of section 194H and section 195. CIT(A) has passed favourable order dated April 11, 2014. The Company is of the view that the demand is not tenable and no economic outflow is expected against the same.

g. The Company has given the following guarantees for its wholly owned subsidiary SRL Diagnostics Private Limited as follows:

- a. Rs. 211,764,708 (sanction limit Rs. 450,000,000) on the term loan taken from GE Money Financial Services Private Limited.
b. Rs. Nil (sanction limit Rs. 150,000,000) on the working capital demand loan taken from Kotak Mahindra Bank Limited.

h. The Company has given bank guarantee of Rs. 60,656,87 (Previous Year Rs. 7,997,176)

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32 Gratuity

The Company has a defined benefit gratuity plan, wherein every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The gratuity plan is unfunded.

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

| | March 31, 2015 | March 31, 2014 |
|---|-------------------|-------------------|
| Statement of profit and loss | | |
| Net employee benefits expense | | |
| Current service cost | 15,171,541 | 11,741,602 |
| Interest cost on benefit obligation | 2,758,901 | 2,759,354 |
| Net actuarial (gain)/ loss recognised in the year | 5,659,710 | (4,639,856) |
| Past service cost | - | - |
| Net benefit expense | <u>23,590,152</u> | <u>9,861,100</u> |
| Balance sheet | | |
| Details of Provision for gratuity | | |
| Defined benefit obligation | 54,884,013 | 38,375,357 |
| Less: Unrecognised past service cost | - | - |
| | <u>54,884,013</u> | <u>38,375,357</u> |
| Changes in the present value of the defined benefit obligation are as follows: | | |
| Opening defined benefit obligation | 38,375,357 | 32,130,876 |
| Interest cost | 2,758,901 | 2,759,354 |
| Current service cost | 15,171,541 | 11,741,602 |
| Past service cost | - | - |
| Benefits paid | (7,081,496) | (3,616,619) |
| Transfer In | - | - |
| Actuarial (gain)/loss on obligation | 5,659,710 | (4,639,856) |
| Closing defined benefit obligation | <u>54,884,013</u> | <u>38,375,357</u> |

The principal assumptions used in determining gratuity benefit obligations for the Company's plans are shown below:

| | | |
|---------------------------------|--|--|
| Discount rate | 7.92% p.a. | 9.10% p.a. |
| Employee turnover | | |
| Upto 30 years | 3% p.a. | 3% p.a. |
| 30-45 years | 2% p.a. | 2% p.a. |
| 45 years and above | 1% p.a. | 1% p.a. |
| Mortality rate | Indian Assured Lives 2006-08 Ultimate | Indian Assured Lives 2006-08 Ultimate |
| Compensation cost increase rate | 6.50% | 6.50% |

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

Amounts for the current and previous periods are as follows:

| | March 31, 2015 | March 31, 2014 | March 31, 2013 | March 31, 2012 | March 31, 2011 |
|---|----------------|----------------|----------------|----------------|----------------|
| Defined benefit | 54,884,013 | 38,375,357 | 32,130,876 | 22,995,883 | 12,842,663 |
| Experience adjustment on plan liabilities-(gain)/loss | (541,527) | (867,935) | (1,548,774) | (255,743) | (81,990) |

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33 Derivative instruments and unhedged foreign currency exposure

The Company has not taken any derivative instruments in respect of its foreign currency exposures in the current year as well as the previous year. The particulars of unhedged foreign currency exposure as at the balance sheet date are as follows:

| | Currency | March 31, 2015 | | | March 31, 2014 | | |
|------------------------|----------|----------------|-----------------|----------------------------|----------------|-----------------|----------------------------|
| | | Amount in INR | Conversion Rate | Amount in foreign currency | Amount in INR | Conversion Rate | Amount in foreign currency |
| Trade receivables | USD | 31,189,043 | 62.53 | 498,785 | 18,526,376 | 59.76 | 310,013 |
| | GBP | Nil | 92.76 | Nil | 1,684,871 | 99.42 | 16,947 |
| Advance from customers | EURO | 303,585 | 67.85 | 4,475 | 367,756 | 82.18 | 4,475 |
| | USD | 5,075,977 | 62.53 | 81,177 | 4,339,413 | 59.76 | 72,614 |
| EEFC accounts | USD | 326,390 | 62.53 | 5,220 | 1,485,743 | 60 | 24,862 |
| Cash balances | AED | 31,184 | 17.02 | 1,832 | 46,077 | 16.27 | 2,832 |
| | EURO | 69,678 | 67.85 | 1,027 | 84,399 | 82.18 | 1,027 |
| | USD | 271,505 | 62.53 | 4,342 | 99,919 | 59.76 | 1,672 |
| | GBP | 25,044 | 92.76 | 270 | 9,942 | 99.42 | 100 |
| | SGD | 9,282 | 45.50 | 204 | 9,680 | 47.45 | 204 |
| | BHD | 6,750 | 164.63 | 41 | 6,348 | 154.83 | 41 |
| | LKR | 11,528 | 0.46 | 25,105 | 819 | 0.46 | 1,780 |
| Trade payables | USD | 1,262,064 | 62.53 | 20,183 | 2,779,856 | 59.76 | 46,517 |
| | EURO | 36,162 | 67.85 | 533 | 77,331 | 82.18 | 941 |
| | GBP | 130,400 | 92.76 | 1,406 | 165,435 | 99.42 | 1,664 |
| Advance to vendors | EURO | 665,227 | 67.85 | 9,805 | 903,815 | 82.18 | 10,998 |
| | USD | 135,546 | 62.53 | 2,168 | 439,834 | 59.76 | 7,360 |

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| | March 31, 2015 | March 31, 2014 |
|--|----------------|----------------|
| 34 Details of dues to Micro and Small Enterprises as per MSMED Act, 2006 | | |
| The principal amount remaining unpaid as at the end of year | 145,228 | 146,382 |
| Interest due on above principal and remaining unpaid as at the end of the year | 43,027 | 2,599 |
| 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. | 43,027 | 95,797 |
| The amount of interest accrued and remaining unpaid at the end of each accounting year; and | 43,027 | 95,798 |
| 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 | - | - |

35 Value of imported and indigenous materials consumed

| | March 31, 2015 | | March 31, 2014 | |
|------------|----------------|--------|----------------|--------|
| | Rupees | % | Rupees | % |
| Indigenous | 1,489,134,829 | 99.86 | 1,310,668,927 | 99.97 |
| Imported | 2,051,335 | 0.14 | 339,040 | 0.03 |
| | 1,491,186,164 | 100.00 | 1,311,007,967 | 100.00 |

| | March 31, 2015 | March 31, 2014 |
|--------------------------------|----------------|----------------|
| 36 CIF value of imports | | |
| Capital goods | 21,941,383 | 5,059,605 |
| Materials | 1,713,339 | 289,766 |
| | 23,654,722 | 5,349,371 |

| | March 31, 2015 | March 31, 2014 |
|---|----------------|----------------|
| 37 Expenditure in foreign currency (accrual basis) | | |
| Cost of tests outsourced | 3,287,716 | 4,528,576 |
| Advertisement and business promotion | 9,164 | - |
| Legal and professional | 5,468,889 | 2,514,005 |
| Postage and courier | - | 731,093 |
| Travelling and conveyance | 2,468,251 | 1,693,085 |
| Repairs and maintenance | 2,001,338 | 1,941,059 |
| | 13,235,358 | 11,407,818 |

| | March 31, 2015 | March 31, 2014 |
|--|----------------|----------------|
| 38 Earnings in foreign currency (accrual basis) | | |
| Value of services rendered | 79,282,130 | 41,210,049 |

39 Expenditure incurred during development period

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

| | March 31, 2015 | March 31, 2014 |
|---|----------------|----------------|
| Rent- Offices and labs | - | 572,736 |
| Salaries, wages and bonus | 16,744,902 | 23,560,676 |
| Power and fuel | 3,229,417 | 3,139,089 |
| Travelling and conveyance | - | 87,767 |
| Consumption of reagents and other consumables | 13,702,116 | 14,778,050 |
| Printing and stationery | - | 3,708 |
| Communication | - | 42,281 |
| Miscellaneous expenses | 155,932 | 173,234 |
| | 33,832,367 | 42,357,541 |

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40 Employee Stock Option Plans

The Company has provided share-based payment scheme to the eligible employees and directors of the Company/ its subsidiary. The shareholders of the Company vide their resolution dated August 17, 2009 granted approval to 'Super Religare Laboratories Limited Employee Stock Option Plan 2009' (the 'Scheme'). The grant date for the options is August 22, 2009. Under the said Scheme 1,517,470 options of the equity shares of the Company have been granted to the employees of the Company at an exercise price of Rs. 40 per share. In the previous year the shareholders of the Company vide their resolution dated September 20, 2013 granted approval to 'SRL Limited Employee Stock Option Scheme 2013' (the 'Scheme'). The grant date for the options is September 30, 2013. Under the said Scheme 200,000 options of the equity shares of the Company have been granted to an employee of the Company at an exercise price of Rs.201 per share. The Company has granted these options under Equity Settlement method and there are no conditions for vesting other than continued employment with the Company.

| Particulars | Grant I | Grant II |
|---------------------------|---|---|
| Date of grant | August 22, 2009 | September 30, 2013 |
| Date of Board Approval | August 22, 2009 | August 23, 2103 |
| Date of Shareholder's | August 17, 2009 | September 30, 2013 |
| Number of options granted | 1,517,470 | 200,000 |
| Method of Settlement | Equity | Equity |
| Vesting Period | Over three years - August 22, 2010 to August 22, 2012 | Over three years - September 30, 2016 to September 30, 2018 |
| Exercise Period up to | Up to August 21, 2019 | Up to September 30, 2022 |
| Exercise Period | August 21, 2019 | September 30, 2022 |
| Grant value | 40 | 201 |

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

| | March 31, 2015 | | March 31, 2014 | |
|---|-------------------|---------------------------------|-------------------|---------------------------------|
| | Number of Options | Weighted Average exercise price | Number of Options | Weighted Average exercise price |
| Outstanding at the beginning of the year | 1,164,968 | 40 | 1,046,220 | 40 |
| Granted during the year | - | 201 | 200,000 | 201 |
| Vested during the year | - | - | - | - |
| Exercised during the year | 30,314 | - | - | - |
| Forfeited/ Cancelled during the year | 23,004 | 40 | 81,252 | 40 |
| Outstanding at the end of the year | 1,111,650 | 68 | 1,164,968 | 68 |
| Exercisable option at the end of the year | 911,650 | 40 | 964,968 | 40 |
| Remaining life | 6 | | 7 | |
| Range of exercise price | 40-201 | | 40-201 | |

The weighted average fair value of stock options granted during the year is Rs. 201. The discounted cash flow valuation model has been used for computing the weighted average fair value considering the following inputs:

| | |
|--|-------|
| Exercise Price | 201 |
| Life of the options granted (Vesting and exercise period) in years | 5 |
| Expected dividends | - |
| Average risk-free interest rate | 7.86% |
| Expected dividend rate | 0% |

In March 2005 the ICAI has issued a guidance note on "Accounting for Employees Share Based Payments" applicable to employee based share plan the grant date in respect of which falls on or after April 1, 2005. The said guidance note requires the Proforma disclosures of the impact of the fair value method of accounting of employee stock compensation accounting in the financial statements. Applying the fair value based method defined in the said guidance note, the impact on the reported net profit and earnings per share would be as follows:

| | 31-Mar-15 | 31-Mar-14 |
|---|-------------|-------------|
| Profit/ (loss) as reported | 475,662,062 | 200,481,042 |
| Add: Employee stock compensation under intrinsic value method | - | - |
| Less: Employee stock compensation under fair value method | - | - |
| Proforma profit/ (loss) | 475,662,062 | 200,481,042 |
| Earnings Per Share | | |
| Basic | | |
| - As reported | 7.95 | 3.35 |
| - Pro forma | 7.95 | 3.35 |
| Diluted | | |
| - As reported | 6.03 | 2.54 |
| - Pro forma | 6.03 | 2.54 |

41 Investment in subsidiaries

Included under note 12 are investments of Rs. 3,897,440,834 (Previous year Rs. 3,897,440,834) in SRL Diagnostics Private Limited. Also, included under note 14 and note 19 are long term/ short term loans and advances of Rs. 1,828,000,000 (Previous year Rs. 1,753,000,000) advanced to SRL Diagnostics Private Limited (wholly owned subsidiary).

The net assets of SRL Diagnostics Private Limited at consolidated levels as at March 31, 2015 is equivalent to Rs. 464,348,933 (deficit) as against the Company's investment of Rs. 3,897,440,834, reflecting temporary erosion in these investments.

The management has approved plans based on which the diminution in the value of the investments and loans and advances is not considered other than temporary and accordingly no provision is considered necessary at this stage. The Company is committed to continuously provide financial and operating support to the subsidiary and considers investment and loan and advances to be of strategic nature.

42 Interest in a joint venture

The Company entered into a Joint Venture agreement with Life Care Services Private Limited Nepal, to carry on the business of operating pathology labs and diagnostics centers in Nepal and, for this purpose, has incorporated SRL Diagnostics (Nepal) Pvt Ltd. ("SRRL") with 50% interest in assets, liabilities, expenses and income. The Company has invested Rs. 15,000,000 (Previous year Rs. 15,000,000) in this company.

The Company's share of the assets, liabilities, income and expenses of the jointly controlled entity for the year ended March 31, 2015 are as follows:

| | March 31, 2015 | March 31, 2014 |
|---------------------------------------|-----------------------|-------------------|
| Current assets | 11,213,868 | 11,848,918 |
| Non-current assets | 5,872,956 | 5,819,332 |
| Current liabilities | 2,179,843 | 3,121,407 |
| Non-current liabilities | 1,233,332 | 674,499 |
| Equity | 13,673,650 | 13,872,344 |
| Revenue | 22,851,586 | 21,301,672 |
| Cost of materials consumed | 13,062,668 | 11,550,285 |
| Employee benefits expense | 4,063,505 | 3,590,290 |
| Other expense | 4,106,046 | 3,106,754 |
| Finance costs | 24,332 | 15,952 |
| Depreciation and amortization expense | 1,997,567 | 1,775,583 |
| Profit/ (loss) before tax | (402,531) | 1,262,808 |
| Tax expense | (203,837) | (244,325) |
| Profit/ (loss) after tax | (198,694) | 1,507,132 |

43 Previous year figures have been regrouped/ reclassified, where necessary, to conform to this year's classification.

As per our report of even date

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

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

per Rajeev Sawhney
Partner
Membership Number: 96333

Shivinder Mohan Singh
Chairman
DIN: 00042910

Dr. Sanjeev K. Chaudhry
Managing Director
DIN: 00015077

Sanjeev Vashishta
Chief Executive Officer

Saurabh Chadha
Chief Financial Officer

Place: Gurgaon
Date: May 26, 2015

Ravi Batra
Chief Risk Officer and Company Secretary