

BSR & Co. LLP

Chartered Accountants

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Independent Auditor's Report

To the Members of SRL Diagnostics Private Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of SRL Diagnostics Private Limited (the "Company"), which comprise the balance sheet as at 31 March 2022, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, and its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Emphasis of matter

We draw attention to Note 47 and 48 of the financial statements which deals with various matters including the ongoing investigation by Serious Fraud Investigation Office ("SFIO") on Fortis Healthcare Limited ("FHL" or the "Parent Company") and its subsidiaries ("the Group") regarding alleged improper transactions and non-compliances with laws and regulations including Companies Act, 2013. These transactions and non-compliances relate to or originated prior to take over of control of Parent Company by its reconstituted board of directors in the year ended 31 March 2018. As mentioned in the note, the Group has been submitting information required by SFIO and is also cooperating in the regulatory investigations.

As explained in the said note, the Group had recorded significant adjustments/ provisions in its books of account during the year ended 31 March 2018. The Parent Company has launched legal proceedings and has also filed a complaint with the Economic Offences Wing ('EOW') against erstwhile promoters and their related entities based on the findings of the investigation conducted by the Group. Based on management's detailed analysis and consultation with external legal counsel, any further financial impact, to the extent it can be reliably estimated as at present, is not expected to be material.

Our opinion is not modified in respect of this matter.

Other Information

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's Board of directors report, but does not include the financial statements and our auditor's report thereon.

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

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

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

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on 31 March 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".



(B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- a) The Company has disclosed the impact of pending litigations as at 31 March 2022 on its financial position in its financial statements - Refer Note 39, 47, 48 and 49 to the financial statements.
- b) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- d) (i) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:
 - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or
 - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (ii) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall:
 - directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Party or
 - provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries.
- (iii) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (d) (i) and (d) (ii) contain any material mis-statement.
- e) The dividend declared or paid during the year by the Company is in compliance with Section 123 of the Act.

(C) With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:



B S R & Co. LLP

In our opinion and according to the information and explanations given to us, the Company is not a public company. Accordingly, the provisions of Section 197 of the Act are not applicable to the Company.

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



Rajesh Arora
Partner
Membership No: 076124
UDIN: 22076124AJHAHJ2407

Place: Gurugram
Date: 19 May 2022

Annexure A to the Independent Auditors' report on the financial statements of SRL Diagnostics Private Limited for the year ended 31 March 2022

(Referred to in paragraph (1) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified in a phased manner over a period of three years. In accordance with this programme, certain property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the Company.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or Intangible assets or both during the year.
- (e) According to information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were more than 10% in the aggregate of each class of inventory.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been sanctioned any working capital limits in excess of five crore rupees in aggregate from banks and financial institutions on the basis of security of current assets at any point of time of the year. Accordingly, clause 3(ii)(b) of the Order is not applicable to the Company.
- (iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments, provided guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year. Accordingly, provisions of clauses 3(iii)(a) to 3(iii)(f) of the Order are not applicable to the Company.



- (iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not given any loans, or provided any guarantee or security as specified under Section 185 and 186 of the Companies Act, 2013 (“the Act”). In respect of the investments made by the Company, in our opinion the provisions of Section 186 of the Act have been complied with..
- (v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.
- (vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Companies Act, 2013 in respect of services provided by it and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the records with a view to determine whether these are accurate or complete.
- (vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Services Tax (‘GST’), Provident fund, Employees’ State Insurance, Duty of Customs, Cess and other statutory dues have generally been regularly deposited with the appropriate authorities; though there have been slight delay in a few cases of income tax.

According to the information and explanations given to us, no undisputed amounts payable in respect of Goods and Services Tax (‘GST’), Provident fund, Employees’ State Insurance, Income-Tax, Duty of Customs, Cess and other statutory dues were in arrears as at 31 March 2022 for a period of more than six months from the date they became payable, except as mentioned below:

Name of the statute	Nature of the dues	Period to which the amount relates	Amount (Rupees in Lacs)	Due date	Date of payment
The Employees' Provident Funds and Miscellaneous Provisions Act, 1952	Provident fund Refer Note 39 (b)	March 2019	16.50	15 April 2019	Not yet paid

- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, statutory dues relating to Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues which have not been deposited on account of any dispute are as follows:



Name of the Statute	Nature of the dues	Period to which the amount relates	Amount (Rupees in Lacs)	Paid under protest (Rupees in Lacs)	Forum where dispute is pending
Income Tax Act, 1961	Dispute with regard to consultation fees paid to doctors considered as referral fee and certain other disallowances	AY 2013-14 to 2018-19	18,667.45	3,748.16	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Dispute with regard to tax deduction under section 194J instead of section 192B (classification)	AY 2016-17	198.98	39.80	Commissioner of Income Tax (Appeals)

- (viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans or borrowings or in the payment of interest thereon to any lender. As at 31 March 2022, loan amounting to Rs. 7,700.00 lakhs is repayable on demand. During the year, loan repayment of Rs. 1,800.00 lakhs was made as and when demanded by the lender.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.
- (c) According to the information and explanations given to us by the management, the Company has not obtained any term loans during the year. Accordingly, clause 3(ix)(c) of the Order is not applicable.
- (d) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term purposes by the company.
- (e) According to the information and explanations given to us and on an overall examination of the financial statements of the company, we report that the company has not taken any funds from any entity or person on account of or to meet the obligations of its joint venture as defined under Companies Act, 2013.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the company has not raised loans during the year on the pledge of securities held in its joint venture Company (as defined under Companies Act, 2013).
- (x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.



- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.
- (xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the course of the audit.
- (b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Companies Act, 2013 has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) Establishment of vigil mechanism is not mandated for the Company. We have taken into consideration the whistle blower complaints received under the vigil mechanism established voluntarily by the Company during the year and shared with us while determining the nature, timing and extent of our audit procedures.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
- (xiii) The Company is a private limited company and accordingly the requirements as stipulated by the provisions of Section 177 of the Companies Act, 2013 are not applicable to the Company. In our opinion and according to the information and explanations given to us and on the basis of our examination of records of the Company, transactions with the related parties are in compliance with Section 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports of the Company issued till date for the period under audit.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.
- (b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.
- (d) According to the information and explanations provided to us, the Group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016) does not have any CIC. Accordingly, the requirements of clause 3(xvi)(d) are not applicable.



- (xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.
- (xx) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of section 135 of the Companies Act, 2013 pursuant to any project. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

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



Rajesh Arora
Partner
Membership No: 076124
UDIN: 22076124AJHAHJ2407

Place: Gurugram
Date: 19 May 2022

Annexure B to the Independent Auditors' report on the financial statements of SRL Diagnostics Private Limited for the year ended 31 March 2022.

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

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

Opinion

We have audited the internal financial controls with reference to financial statements of SRL Diagnostics Private Limited ("the Company") as of 31 March 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2022, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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



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

Meaning of Internal Financial controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

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

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



Rajesh Arora
Partner
Membership No: 076124
UDIN: 22076124AJHAHJ2407

Place: Gurugram
Date: 19 May 2022

SRL DIAGNOSTICS PRIVATE LIMITED
BALANCE SHEET AS AT 31 MARCH 2022

	Notes	As at 31 March 2022 (Rupees in Lakhs)	As at 31 March 2021 (Rupees in Lakhs)
ASSETS			
Non-current assets			
(a) Property, plant and equipment	3	3,454.56	3,924.53
(b) Capital work-in-progress	3	55.02	21.23
(c) Right-of-use assets	37	1,122.66	1,070.49
(d) Goodwill	4	1,167.52	1,167.52
(e) Other intangible assets	4	2,923.99	1,431.05
(f) Investments	5	950.88	950.88
(g) Financial assets			
(i) Loans	6	20.87	13.11
(ii) Other financial assets	7	387.94	294.92
(h) Deferred tax assets (net)	8	358.01	337.25
(i) Non-current tax assets (net)	9	2,462.86	2,201.59
(l) Other non-current assets	10	3,842.37	3,807.32
Total non-current assets		16,746.68	15,219.93
Current assets			
(a) Inventories	11	578.45	655.99
(b) Financial assets			
(i) Trade receivables	12	1,244.90	2,088.17
(ii) Cash and cash equivalents	13	1,630.78	6,368.20
(iii) Bank balances other than (ii) above	14	4,315.00	1,393.20
(iv) Loans	15	18.68	-
(v) Other financial assets	16	74.62	194.15
(c) Other current assets	17	130.58	107.91
Total current assets		7,993.01	10,807.55
Total assets		24,739.69	26,027.45
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	18	395.82	395.82
(b) Other equity		10,710.29	9,859.22
Total equity		11,106.11	10,255.04
LIABILITIES			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	7,700.00	9,500.00
(ii) Lease liabilities	37	898.80	734.90
(iii) Other financial liabilities	20	321.49	582.31
(b) Provisions	21	387.71	391.00
Total non-current liabilities		9,308.00	11,208.21
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	25	1,000.00	1,900.00
(ii) Trade payables	22		
- Total outstanding dues of micro enterprises and small enterprises		44.46	16.89
- Total outstanding dues of creditors other than micro enterprises and small enterprises		1,881.32	2,098.41
(iii) Lease liabilities	37	335.47	426.00
(iv) Other financial liabilities	23	655.87	655.51
(b) Other current liabilities	24	214.88	178.06
(c) Provisions	26	193.58	189.33
Total current liabilities		4,325.58	4,564.20
Total liabilities		13,633.58	15,772.41
Total equity and liabilities		24,739.69	26,027.45

See accompanying notes forming integral part of the financial statements 1-49

In terms of our report attached

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

Rajesh Arora
Partner
Membership Number: 075424

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

Anand Kuppaswamy
Director
DIN: 02427196

Manoj Shrikant Shirodkar
Director
DIN: 05320244

Place Gurugram
Date: 19 May 2022

Place Gurugram
Date: 19 May 2022



SRL DIAGNOSTICS PRIVATE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2022

	Notes	Year ended 31 March 2022 (Rupees in Lakhs)	Year ended 31 March 2021 (Rupees in Lakhs)
Income			
I	Revenue from operations	27 28,379.30	24,538.91
II	Other income	28 1,460.95	3,127.36
III	Total Income (I+II)	29,840.25	27,666.27
IV Expenses			
	Cost of materials consumed	29 5,498.78	6,085.14
	Cost of tests outsourced	617.36	511.24
	Employee benefits expense	30 4,912.53	4,781.12
	Finance cost	31 1,350.25	1,550.89
	Depreciation and amortisation expense	32 1,887.72	1,812.24
	Other expenses	33 9,579.86	7,884.75
	Total expenses	23,846.50	22,625.38
V	Profit from continuing operations before income tax (III-IV)	5,993.75	5,040.89
VI Tax expense			
	Current tax	34 1,305.12	630.79
	Deferred tax (credit)/charge	8 (32.45)	46.47
	Total tax expenses	1,272.67	677.26
VII	Profit for the year (V-VI)	4,721.08	4,363.63
VIII Other comprehensive Income			
	Items that will not be reclassified subsequently to profit or loss		
	(i) Remeasurements of the defined benefit liability/(asset)	46.44	92.61
	(ii) Income tax relating to items that will not be reclassified subsequently to profit or loss	8 (11.69)	(23.31)
	Total other comprehensive income (net of income tax)	34.75	69.30
IX	Total comprehensive income for the year (VII+VIII)	4,755.83	4,432.93
X Earnings per equity share			
	Basic (in Rs.)	35 119.27	110.24
	Diluted (in Rs.)	35 119.27	110.24
	See accompanying notes forming integral part of the financial statements	1-49	


In terms of our report attached

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


Rajesh Arora
Partner
Membership Number: 076124

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


Anand Kuppaswamy
Director
DIN: 02427196


Mangesh Shrikant Shirodkar
Director
DIN: 05320244

Place : Gurugram
Date : 19 May 2022

Place : Gurugram
Date : 19 May 2022



SRL DIAGNOSTICS PRIVATE LIMITED
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2022

	Notes	Year ended 31 March 2022 (Rupees in Lakhs)	Year ended 31 March 2021 (Rupees in Lakhs)
A Cash flows from operating activities			
Profit before tax		5,993.75	5,040.89
Adjustments for :			
Depreciation and amortisation expense	32	1,887.72	1,812.24
Interest income	28	(226.74)	(189.30)
Dividend income	28	(1,104.55)	(2,800.00)
Profit on disposal of property, plant and equipment and intangible assets (net)	28	(3.41)	(10.75)
Liabilities/ provisions no longer required written back	27	(181.49)	(82.78)
Expense recognised in respect of equity settled share based payments	30	-	6.67
Loss allowance for trade receivables	33	-	140.82
Loss allowance for deposits and advances	33	-	4.19
Finance cost	31	1,350.25	1,550.89
Remeasurements of defined benefit liabilities	40	46.44	92.61
Operating profit before changes in following assets and liabilities		7,761.97	5,565.49
Decrease in inventories		77.53	35.16
Decrease/(Increase) in trade receivables		843.27	(528.35)
(Increase) in other assets		(41.45)	(187.54)
Decrease/(Increase) in other financial assets		44.84	(21.05)
Increase/(Decrease) in provisions		0.96	(52.83)
(Decrease)/Increase in trade payables		(8.02)	711.06
Decrease in other financial liabilities		(14.49)	(75.36)
Increase/(Decrease) in other liabilities		36.82	(48.47)
Cash generated from operations		8,701.43	5,398.11
Income taxes paid		(1,566.40)	(948.68)
Net cash generated from operating activities		7,135.03	4,449.43
B Cash flows from investing activities			
Dividend received	28	1,104.55	2,800.00
Fixed deposits (with maturity of more than three months)		(2,921.80)	(1,393.20)
Balances held with banks as margin money		(0.67)	(5.28)
Interest received		198.24	172.35
Payments for purchase of property, plant and equipment and intangible assets		(2,746.85)	(686.29)
Proceeds from disposal of property, plant and equipment		10.49	213.89
Net cash generated by /(used in) investing activities		(4,356.04)	1,101.47
C Cash flows from financing activities			
Proceeds from borrowings		-	1,000.00
Repayment of borrowings		(1,800.00)	(1,400.00)
Payment of dividend		(3,904.76)	-
Payment of lease liabilities		(461.40)	(445.12)
Finance cost paid		(1,350.25)	(1,550.89)
Net cash used in financing activities		(7,516.41)	(2,396.01)
Net increase/(decrease) in cash and cash equivalents [A+B+C]		(4,737.42)	3,154.89
Cash & cash equivalents at the beginning of the year		6,368.20	3,213.31
Cash & cash equivalents at the end of the year	13	1,630.78	6,368.20

Changes in financial liabilities arising from financing activities

Particulars	Borrowings	Lease liabilities	Interest accrued
As at 01 April 2020			
Proceeds from borrowings	10,900.00	1,496.24	-
Repayment of borrowings	1,000.00	-	-
Addition to lease liabilities	(1,400.00)	-	-
Derecognition of lease liabilities	-	220.19	-
Interest cost	-	(110.41)	-
Payment of lease liabilities (including interest of Rs. 144.19 Lakhs)	-	144.19	1,406.70
Interest paid	-	(589.31)	-
As at 31 March 2021	10,500.00	1,160.90	(1,406.70)
As at 01 April 2021			
Repayment of borrowings	10,500.00	1,160.90	-
Addition to lease liabilities	(1,800.00)	-	-
Interest cost	-	534.77	-
Payment of lease liabilities (including interest of Rs. 111.24 Lakhs)	-	111.24	1,239.01
Interest paid	-	(572.64)	-
As at 31 March 2022	8,700.00	1,234.27	(1,239.01)

Note:

During the year, the Company paid Rs. 68.61 lakhs (31 March 2021 Rs. 74.45 lakhs) towards corporate social responsibility expenditure (refer note 41).

See accompanying notes forming integral part of the financial statements

1-49

In terms of our report attached

For **BSR & Co. LLP**
Chartered Accountants
ICAI Firm's Registration No.: 101248W/W-100022

Rajesh Arora
Partner
Membership Number: 076124

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

Ahmad Kuppaswamy
Director
DIN: 02427196

Mangesh Shrikant Shirodkar
Director
DIN: 05320244

Place : Gurugram
Date : 19 May 2022

Place : Gurugram
Date : 19 May 2022



SRL DIAGNOSTICS PRIVATE LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022

Particular	Equity			Total	(Rupees in Lakhs)
	Equity share capital	Deemed equity contribution*	Other equity earnings **		
Balance as at 1 April 2020	395.82	40.59	5,379.03	5,419.62	5,815.44
Employee stock options granted by Holding Company	-	6.67	-	6.67	6.67
Profit for the year	-	-	4,363.63	4,363.63	4,363.63
Other comprehensive income (net of income tax)	-	-	69.30	69.30	69.30
Total comprehensive income for the year	-	6.67	4,432.93	4,439.60	4,439.60
Balance as at 31 March 2021	395.82	47.26	9,811.96	9,859.22	10,255.04
Balance as at 1 April 2021	395.82	47.26	9,811.96	9,859.22	10,255.04
Profit for the year	-	-	4,721.08	4,721.08	4,721.08
Interim dividend***	-	-	(3,904.76)	(3,904.76)	(3,904.76)
Other comprehensive income (net of income tax)	-	-	34.75	34.75	34.75
Total comprehensive income for the year	-	-	851.07	851.07	851.07
Balance as at 31 March 2022	395.82	47.26	10,663.03	10,710.29	11,106.11

* Includes financial guarantee given by holding company for cash credit facility taken from bank and employee stock option granted by holding company to employees of the Company (refer note 43).
 ** Retained earnings are the accumulated profits earned by the company till date.
 *** During the current year company has declared an interim dividend of Rs. 98.65 per equity share.

See accompanying notes forming integral part of the financial statements 1-49

In terms of our report attached

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


Rajesh Arora
Partner
Membership Number: 076124

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


Anand Kuppuswamy
Director
DIN: 02427196


Mangesh Shrikant Shirodkar
Director
DIN: 05320244



Place : Gurugram
Date : 19 May 2022

Place : Gurugram
Date : 19 May 2022

SRL DIAGNOSTICS PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 1. Corporate Information

SRL Diagnostics Private Limited ("the Company" or "SRLDPL") is a private limited company domiciled in India and incorporated under provisions of the Companies Act, having its registered office at 74, Paschim Marg, Opposite C block market, Vasant Vihar, New Delhi - 110057, India.

The Company, is in the business of establishing, maintaining and managing clinical reference laboratories, to provide testing, diagnostics and prognostics monitoring/ screening tests services. The Company also provides laboratory support services for clinical research studies.

Note 2. Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. The accounting policies adopted are consistent with those of the previous financial year.

(a) Basis of preparation

(i) Statement of compliance

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

(ii) Functional and presentation currency

These financial statements are presented in Indian Rupees, which is also the Company's functional currency.

(iii) Historical cost convention

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

(b) Current versus non-current classification

The Company presents assets and liabilities in the Balance Sheet based on current/ non-current classification. An asset is treated as current when:

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

The Company classifies all other assets as non-current.



SRL DIAGNOSTICS PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

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

(c) Measurement of fair values

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

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

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

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

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

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

(d) Property, plant and equipment (PPE) and intangible assets

(i) Property, plant and equipment

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



SRL DIAGNOSTICS PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

deducted in arriving at the purchase price.

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

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

(ii) Intangible assets

- Internally generated goodwill is not recognised as an asset. With regard to other internally generated intangible assets:
 - Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the Statement of Profit and Loss as incurred.
 - Development expenditure including regulatory cost and legal expenses leading to product registration/ market authorisation relating to the new and/or improved product and/or process development capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and directly attributable finance costs (in the same manner as in the case of tangible property, plant and equipment). Other development expenditure is recognised in the Statement of Profit and Loss as incurred.
- Intangible assets that are acquired (Trademarks/Non-compete fees, software etc.) are measured initially at cost. After initial recognition, an intangible asset is carried at its cost less accumulated amortization (for finite lives intangible assets) and any accumulated impairment loss. Subsequent expenditure is capitalised only when it increases the future economic benefits from the specific asset to which it relates.
- The cost of goodwill acquired is carried at cost. The goodwill is not amortised and tested for impairment annually or more frequently when there is indication that it may be impaired.

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

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



SRL DIAGNOSTICS PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Asset	Management estimate of Useful life	Useful life as per Schedule II
Plant and equipment- Pathology	13 years	13 years
Plant and equipment- Imaging	10 years	13 years
Buildings	60 years	60 years
Office equipment	5- 8 years	5 years
Furniture and fixtures	10 years	10 years
Furniture and fixtures- signage	5 years	10 years
Motor vehicles	8 years	8 years
Computers	3 years	3 years

Freehold land is not depreciated.

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

Estimated useful lives of the intangible assets are as follows:

Category of assets	Management estimate of Useful Life
Software	3 years
Trademarks	10 years

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

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

The Company uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use or the primary period of the business acquisition agreement, whichever is less.

(iv) Derecognition

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



SRL DIAGNOSTICS PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(e) Impairment of non-financial assets

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

For impairment testing, assets that do not generate independent cash inflows (i.e. corporate assets) are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

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

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

An impairment loss in respect of goodwill is not subsequently reversed. In respect of other assets for which impairment loss has been recognized in prior periods, the Company reviews at reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(f) Financial instrument

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

Financial assets

Initial recognition and measurement

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



SRL DIAGNOSTICS PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Subsequent measurement

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

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

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortised cost of the financial liability. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade and other receivables.

Debt instrument at FVOCI

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

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

Debt instrument at FVPL

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

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



SRL DIAGNOSTICS PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Equity investments

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

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

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

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

Dividends are recognised in statement of profit and loss on the date on which the Company's right to receive payment is established.

Impairment of financial assets

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

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company expects no significant recovery from the amount written off.

Derecognition of financial assets

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

- The rights to receive cash flows from the asset have expired, or



SRL DIAGNOSTICS PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

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

Financial liabilities

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

Derecognition of financial liabilities

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

Offsetting

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

(g) Inventories

The inventories of materials representing reagents, chemicals and consumables are valued at lower of cost and the net realisable value after providing for obsolescence and other losses, where considered necessary.

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



SRL DIAGNOSTICS PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

(h) Cash and cash equivalents

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

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

(i) Contingent liabilities and Contingent assets

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 unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent liabilities and commitments are reviewed by the management at each balance sheet date.

Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

Contingent Liabilities in respect of show cause notices are considered only when converted into demands.

(j) Provisions

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

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

A contract is considered to be onerous when the expected economic benefits to be derived by the Company from



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the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before such a provision is made, the Company recognises any impairment loss on the assets associated with that contract.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

(k) Revenue recognition

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

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

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

Revenue is measured based on the consideration specified in a contract with a customer. Revenue is recognised at a point in time when the Company satisfies performance obligations by transferring the promised services to its customers. Generally, each test represents a separate performance obligation for which revenue is recognised when the test report is generated i.e. when the performance obligation is satisfied. For allocating the transaction price, the Company has measured the revenue in respect of each performance obligation of a contract at its relative standalone selling price. The price that is regularly charged for a test when registered separately is the best evidence of its standalone selling price. Any revenue transaction for which the Company has acted as an agent without assuming the risks and rewards of ownership have been reported on a net basis.

Excess of revenue recognised over billings on contracts is recorded in books as unbilled revenue. Unbilled revenue is classified as trade receivables when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms. Contract liabilities include deferred revenue. Deferred revenue is recognised as other current liability when there is billings in excess of revenue.

(l) Employee benefits

Short-term employee benefits

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



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Post-employment benefits

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

a) Gratuity

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

b) Provident fund

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

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

Other long-term employee benefits:

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

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

Actuarial valuation

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

Remeasurement gains and losses on other long-term benefits are recognised in the Statement of Profit and Loss in the year in which they arise. Remeasurement gains and losses in respect of all defined benefit plans arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in other equity in the Statement of Changes in Equity and in the Balance Sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost. Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or



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settlement occurs. Any differential between the plan assets (for a funded defined benefit plan) and the defined benefit obligation as per actuarial valuation is recognised as a liability if it is a deficit or as an asset if it is a surplus (to the extent of the lower of present value of any economic benefits available in the form of refunds from the plan or reduction in future contribution to the plan).

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

(m) Share-based payments

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

Corresponding balance of a share option outstanding account is transferred to general reserve upon expiry of grants or upon exercise of stock options by an employee.

(n) Finance costs

Finance costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Finance cost also includes exchange differences to the extent regarded as an adjustment to the finance costs. Finance costs that are directly attributable to the construction or production or development of a qualifying asset are capitalized as part of the cost of that asset. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. All other finance costs are expensed in the period in which they occur.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the finance costs eligible for capitalization. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Profit and Loss over the period of the borrowings using the effective interest method. Ancillary costs incurred in connection with the arrangement of borrowings are amortised over the period of such borrowings.



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(o) Income tax

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

Current taxes

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received after considering uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred taxes

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

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

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

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



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(p) Leases

(i) As a lessee

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

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

The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

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

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

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

Short-term leases and leases of low-value assets

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

(ii) As a lessor

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

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Assets subject to operating leases are included in Property, Plant and Equipment. Rental income on operating lease is recognized in the Statement of Profit and Loss on a straight-line basis over the lease term.



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

(q) Foreign currency translation

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at balance sheet date exchange rates are generally recognised in Statement of Profit and Loss.

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

(r) Statement of Cash flows

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

(s) Segment reporting

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



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(t) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

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

(ii) Diluted earnings per share

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

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

Note 2A. Critical estimates and judgements

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

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

Judgments

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Leasing arrangement (classification) – Note 2(p)
- Revenue recognition - whether the Company acts as an agent rather than as a principal in a transaction- Note 2(k)
- Recognition and measurement of contingency: Key assumption about the likelihood and magnitude of an outflow of resources – Note 2 (i) and 39

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2022 is included in the following notes:

- Leasing arrangement (accounting) – Note 2(p)
- Financial instruments - Note 2(f)
- Fair value measurement – Note 2(c)
- Estimated impairment of financial assets and non-financial assets – Note 2(f), 2(e)
- Assessment of useful life and residual value of property, plant and equipment and intangible asset – Note 2(d)



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- Estimation of assets and obligations relating to employee benefits (including actuarial assumptions) – Note 2 (l) and 40.
- Recognition and estimation of tax expense including deferred tax- Note 2(o)

Note 2B. Recent Pronouncements but not yet effective

Recent pronouncements Ministry of Corporate Affairs (“MCA”) notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1, 2022, as below:

Ind AS 103 - Reference to Conceptual Framework

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any impact in its financial statements.

Ind AS 16 - Proceeds before intended use

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

Ind AS 37 - Onerous Contracts - Costs of Fulfilling a Contract

The amendments specify that that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 109 - Annual Improvements to Ind AS (2021)

The amendment clarifies which fees an entity includes when it applies the ‘10 percent’ test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 106 - Annual Improvements to Ind AS (2021)

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Company does not expect the amendment to have any significant impact in its financial statements.

Note 2C. These financial statements have been authorized for issue by the Company’s Board of Directors on 19 May 2022.



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3 Property, plant and equipment

	Leasehold improvements	Freehold Land	Plant and equipment	Buildings	Computers	Furniture and Fixtures	Motor vehicles	Office equipments	Total	(Rupees in Lakhs) Capital work-in-progress
Gross carrying value										
As at 1 April 2020	574.05	5.48	7,245.57	360.32	207.69	102.01	171.05	312.10	8,978.27	3.19
Additions	26.18	-	629.02	-	16.48	0.54	-	28.56	700.77	29.39
Disposals	39.94	-	507.44	-	16.69	3.79	3.00	79.36	650.22	11.35
As at 31 March 2021	560.29	5.48	7,367.15	360.32	207.48	98.76	168.05	261.30	9,028.82	21.23
Additions	22.58	-	218.13	-	24.26	0.79	13.62	27.17	306.55	61.66
Disposals	-	-	24.95	-	3.50	-	12.39	7.20	48.04	27.87
As at 31 March 2022	582.87	5.48	7,560.33	360.32	228.24	99.55	169.28	281.27	9,287.33	55.02
Accumulated Depreciation										
As at 1 April 2020	362.43	-	3,974.88	32.44	129.16	63.23	89.20	165.82	4,817.16	-
Charge for the year	103.69	-	619.85	6.48	31.11	8.72	17.82	36.20	823.88	-
Disposals	39.94	-	414.14	-	14.40	3.16	2.72	62.39	536.75	-
As at 31 March 2021	426.18	-	4,180.59	38.92	145.87	68.79	104.30	139.63	5,104.29	-
Charge for the year	86.19	-	593.65	6.48	27.11	6.72	16.77	32.52	769.44	-
Disposals	-	-	23.57	-	2.99	-	10.17	4.24	40.97	-
As at 31 March 2022	512.37	-	4,750.67	45.40	169.99	75.51	110.90	167.91	5,832.75	-
Net carrying value										
As at 31 March 2021	134.11	5.48	3,186.56	321.40	61.61	29.97	63.75	121.67	3,924.53	21.23
As at 31 March 2022	70.50	5.48	2,809.66	314.92	58.25	24.04	58.38	113.36	3,454.56	55.02

Disclosure of Ageing schedule of Capital Work in Progress

Particulars	Amount in CWIP			Total
	Less than 1 year	1-2 years	2-3 years	
As at 31 March 2022	34.64	17.19	3.19	55.02
As at 31 March 2021	18.04	3.19	-	21.23



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4 Goodwill and other intangible assets

(Rupees in Lakhs)

	Goodwill	Software	Trademarks	Total
Gross carrying value				
As at 1 April 2020	1,167.52	273.68	5,858.20	6,131.88
Disposals	-	0.25	-	0.25
As at 31 March 2021	1,167.52	273.43	5,858.20	6,131.63
Additions	-	1.51	2,124.00	2,125.51
As at 31 March 2022	1,167.52	274.94	7,982.20	8,257.14
Accumulated Amortisation				
As at 1 April 2020	-	261.20	3,993.59	4,254.79
Amortisation	-	10.72	435.28	446.00
Disposals	-	0.25	-	0.25
As at 31 March 2021	-	271.67	4,428.87	4,700.54
Amortisation	-	1.95	630.65	632.60
As at 31 March 2022	-	273.62	5,059.52	5,333.14
Net carrying value				
As at 31 March 2021	1,167.52	1.76	1,429.33	1,431.09
As at 31 March 2022	1,167.52	1.31	2,922.68	2,923.99

Notes:-

Acquired goodwill includes the excess consideration paid by SRL Diagnostics Private Limited on the net assets of diagnostics businesses acquired by it during previous years.

Goodwill acquired separately are tested for impairment annually at the year-end or more frequently if there are indications that goodwill might be impaired. The Company considers the whole diagnostics business of SRL Diagnostic as a single CGU and hence, the impairment of goodwill acquired separately is tested on total diagnostic business of SRL Diagnostics Private Limited.

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

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

Particulars	As at 31 March 2022	As at 31 March 2021
Revenue growth rate for five years	10% p.a.	10% p.a.
Growth rate used for extrapolation of cash flow projections beyond five-year period	4% p.a.	4% p.a.
Discount rate	13% p.a.	13% p.a.

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

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

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

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



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	As at 31 March 2022 (Rupees in Lakhs)	As at 31 March 2021 (Rupees in Lakhs)
5. Investments		
Equity investments in Fellow Subsidiary - at cost		
Unquoted		
250,000 equity shares of Rs. 10 each, fully paid up in DDRC SRL Diagnostics Private Limited.*	950.88	-
Equity investments in joint ventures - at cost		
Unquoted		
31 March 2021: 250,000 equity shares of Rs. 10 each, fully paid up in DDRC SRL Diagnostics Private Limited.*	-	950.88
Total aggregate unquoted investments	950.88	950.88
Aggregate carrying value of unquoted investments	950.88	950.88
Aggregate amount of provision for impairment in the value of investments	-	-
* During the current year, SRL Limited (holding company) has acquired 50% stake equivalent to 2,50,000 equity shares in 'DDRC SRL Diagnostics Private Limited' (DDRC SRL), for a cash consideration of Rs 35,000 lakhs. The said transaction was consummated on April 5,2021. Post this acquisition DDRC SRL has become wholly owned subsidiary of SRL Group and fellow subsidiary of the Company.		
6. Loans		
<i>(Unsecured considered good, unless otherwise stated)</i>		
Loan to employees	20.87	13.11
Total	20.87	13.11
7. Other financial assets		
<i>(Unsecured considered good, unless otherwise stated)</i>		
Balances with banks held as margin money	14.41	13.74
Security deposits		
- Considered good	373.53	281.18
- Credit impaired	18.55	18.55
Less: Loss allowance	(18.55)	(18.55)
Total	387.94	294.92
8. Deferred tax assets		
Deferred tax assets	639.59	622.44
Deferred tax liabilities	(281.58)	(285.19)
Total	358.01	337.25

The following is the component wise break up of deferred tax assets/ (liabilities) presented in the financial statements:

2021-22

	As at 1 April 2021	Recognised in profit or loss	Recognised in other comprehensive income	As at 31 March 2022
Deferred tax assets				
Expenditure allowed on actual payment basis	78.62	0.93	-	79.55
Loss allowance for trade receivables	111.31	(1.16)	-	110.15
Lease liability	292.21	18.46	-	310.67
Loss allowance for doubtful advances	34.43	-	-	34.43
Provision for gratuity	76.95	8.17	(11.69)	73.44
Provision for compensated absences	28.92	2.44	-	31.36
Total deferred tax assets	622.44	28.84	(11.69)	639.59
Deferred tax liabilities				
Property, plant and equipment and intangible assets	(28.04)	20.90	-	(7.14)
Right-of-use assets	(257.15)	(17.29)	-	(274.44)
Total deferred tax liabilities	(285.19)	3.61	-	(281.58)
Deferred tax assets (Net)	337.25	32.45	(11.69)	358.01

2020-21

	As at 1 April 2020	Recognised in profit or loss	Recognised in other comprehensive income	As at 31 March 2021
Deferred tax assets				
Property, plant and equipment and intangible assets	36.99	(36.99)	-	-
Loss allowance for trade receivables	102.85	8.46	-	111.31
Lease liability	376.60	(84.39)	-	292.21
Loss allowance for doubtful advances	33.37	1.06	-	34.43
Provision for gratuity	88.85	11.41	(23.31)	76.95
Provision for compensated absences	31.75	(2.83)	-	28.92
Expenditure allowed on actual payment basis	87.24	(8.62)	-	78.62
Total deferred tax assets	757.65	(111.90)	(23.31)	622.44
Deferred tax liabilities				
Property, plant and equipment and intangible assets	-	(28.04)	-	(28.04)
Right-of-use assets	(350.62)	93.47	-	(257.15)
Total deferred tax liabilities	(350.62)	65.43	-	(285.19)
Deferred tax assets (Net)	407.03	(46.47)	(23.31)	337.25

Deferred Tax has not been recognized on temporary differences in relation to indexation benefit of investment amounting to Rs. 197.03 Lakhs (31 March 2021: Rs. 177.74 Lakhs) as the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary differences will not reverse in foreseeable future.



SRL DIAGNOSTICS PRIVATE LIMITED
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	As at 31 March 2022 (Rupees in Lakhs)	As at 31 March 2021 (Rupees in Lakhs)
9 Non-current tax assets (net)		
Advance tax and tax deducted at source*	2,462.86	2,201.59
	2,462.86	2,201.59
*Net of provision for tax	6,817.27	5,512.15
10. Other non-current assets (Unsecured considered good, unless otherwise stated)		
Capital advance		
- Considered good	53.19	18.14
- Considered doubtful	1.28	1.28
Less: Loss allowance	(1.28)	(1.28)
Advances other than capital advances		
-Deposit against cases with income tax authorities (refer note 39(a))	3,789.18	3,789.18
Total	3,842.37	3,807.32
11. Inventories (lower of cost and net realisable value)		
Reagents, chemicals and consumables	578.45	655.99
Total	578.45	655.99
12. Trade receivables (Unsecured considered good, unless otherwise stated)		
Secured, considered good	123.59	114.74
Unsecured, considered good	1,452.77	2,323.09
Unsecured, credit impaired	16.00	16.00
Less: Allowance for expected credit loss	(437.61)	(442.22)
	1,154.75	2,011.61
Due from related parties (unsecured considered good) (refer note 36)	90.15	76.56
Total	1,244.90	2,088.17
Gross Trade Receivables	1,682.51	2,530.39
Less: Allowance for expected credit loss	(437.61)	(442.22)
Net Trade Receivables	1,244.90	2,088.17
Notes: -		
Debtors Ageing		
Undisputed trade receivables- considered good		
Not Due	620.76	1,190.50
Less than 6 Months	320.73	511.00
6 Months-1 year	42.35	139.53
1-2 Years	121.67	231.92
2-3 Years	175.38	199.64
More than 3 Years	260.51	107.92
Total	1,541.40	2,380.51
Disputed trade receivables- credit impaired		
Less than 6 Months	-	-
6 Months-1 year	-	-
1-2 Years	-	-
2-3 Years	-	-
More than 3 Years	16.00	16.00
Total	16.00	16.00
Trade receivable - unbilled	125.11	133.88
Total	1,682.51	2,530.39

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

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



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	As at 31 March 2022	As at 31 March 2021
Age of receivables		
0-1 year	983.84	1,841.03
1-2 years	121.67	231.92
2-3 years	175.38	199.64
Above 3 Years	276.51	123.92
	1,557.40	2,396.51
Movement in the expected credit loss allowance		
Balance at the beginning of the year	442.22	408.62
Add: Recognised during the year	-	140.82
Less: Bad debts written off	(4.61)	(107.22)
Balance at end of the year	437.61	442.22
Ageing		Expected credit loss (%)
0-1 year		0% - 23%
1-2 years		39% - 55%
2-3 years		65% - 81%
Above 3 Years		65% - 83%
13. Cash and cash equivalents		
Balances with banks		
- on current accounts	1,311.10	4,662.80
- in deposit accounts with original maturity of 3 months or less	290.00	1,650.00
Cheques on hand	4.00	3.99
Cash on hand	25.68	51.41
Total	1,030.78	6,368.20
14. Bank balances other than cash and cash equivalents		
Balances with banks		
- deposits with original maturity for more than 3 months but less than 12 months	4,315.00	1,393.20
Total	4,315.00	1,393.20
15. Loans <i>(Unsecured considered good, unless otherwise stated)</i>		
Inter Corporate Deposits		
- Credit Impaired	29.50	29.50
Less: Allowance for bad and doubtful loans	(29.50)	(29.50)
Loan to Employees		
- Considered good	18.68	-
- Credit impaired	2.87	-
Less: Allowance for bad and doubtful loans	(2.87)	-
Total	18.68	-
16. Other financial assets <i>(Unsecured considered good, unless otherwise stated)</i>		
Advances recoverable		
- Considered good	29.15	112.50
- Credit Impaired	74.88	77.75
Less: Loss allowance	(74.88)	(77.75)
Interest accrued on Fixed Deposits	45.47	16.97
Security Deposits		
- Considered good	-	64.68
- Credit impaired	5.38	5.38
Less: Loss allowance	(5.38)	(5.38)
Total	74.62	194.15
17. Other current assets <i>(Unsecured considered good, unless otherwise stated)</i>		
Prepaid expenses		
Advances to suppliers	108.74	78.38
- Considered good	21.84	29.43
- Considered doubtful	4.33	4.33
Less: Loss allowance	(4.33)	(4.33)
Total	130.58	107.81



SRL DIAGNOSTICS PRIVATE LIMITED
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1.8. Equity share capital

	As at 31 March 2022	As at 31 March 2021
	Number of shares (Rupees in Lakhs)	Number of shares (Rupees in Lakhs)
Authorised share capital		
Equity shares of Rs. 10 each	5,000,000	5,000,000
Total	5,000,000	5,000,000
Issued, subscribed and fully paid up share capital		
Equity shares of Rs. 10 each fully paid up	3,958,200	3,958,200
Total	3,958,200	3,958,200

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

	As at 31 March 2022	As at 31 March 2021
	Number of shares (Rupees in Lakhs)	Number of shares (Rupees in Lakhs)
Equity shares		
Outstanding at the beginning of the year	3,958,200	3,958,200
Issued during the year	-	-
Outstanding at the end of the year	3,958,200	3,958,200

(b) Terms/rights attached to equity shares

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

(c) Details of shares held by each shareholder holding more than 5% and held by holding company:

Name of share holder	As at 31 March 2022		As at 31 March 2021	
	Number of shares	% of holding	Number of shares	% of holding
Equity shares of Rs. 10 each				
SRL Limited, the holding company (including it's nominees)	3,958,200	100%	3,958,200	100%

(d) Shares held by holding Company/ultimate holding company and/or its subsidiaries :

Promoter's Name	No. of shares as at 31 March 2022	Rupees in lakhs	% of Total Shares 31 March 2021	Rupees in lakhs	% of Total Shares
SRL Limited (Equity shares of INR 10 each fully paid)	3,958,200	395.82	100%	3,958,200	100%

SRL Limited is the promoter of the Company. There has been no change in promoter shareholding during the year.

(e) There are no equity shares issued for consideration other than cash during the period of five years immediately preceding the reporting date



SRL DIAGNOSTICS PRIVATE LIMITED
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	As at 31 March 2022 (Rupees in Lakhs)	As at 31 March 2021 (Rupees in Lakhs)
19. Borrowings - Non Current		
Term loan		
- from related party (Unsecured)	7,700.00	9,500.00
Total	7,700.00	9,500.00
Notes:		
Loan from holding company		
- Interest Rate	10.5% p.a.	10.5% p.a.
- Loan amount (Rs. in lakhs)	8,700.00	10,500.00
- Repayment terms	Rs. 1,000 Lakhs repayable by 31 March 2023 and balance on demand after 31 March 2023	Rs. 1,000 Lakhs repayable by 31 March 2022 and balance on demand after 31 March 2022
20. Other financial liabilities - Non Current		
Payable towards purchase of other intangible assets	321.49	582.31
Total	321.49	582.31
21. Provisions		
Provisions for employee benefits		
Provision for gratuity (refer note 40)	291.76	305.73
Provision for compensated absences	95.95	85.27
Total	387.71	391.00
22 Trade payables		
- total outstanding dues to micro enterprises and small enterprises (refer note 46)	44.46	16.89
- total outstanding dues to creditors other than micro enterprises and small enterprises	1,881.32	2,098.41
Total	1,925.78	2,115.30
Trade payable Ageing		
Micro enterprises and small enterprises (MSME)		
Not Due	-	-
Less than 1 year	44.46	16.89
1-2 years	-	-
2-3 years	-	-
More than 3 years	-	-
Total	44.46	16.89
Others		
Not Due	287.71	421.29
Less than 1 year	988.02	67.47
1-2 years	353.56	786.94
2-3 years	8.91	275.78
More than 3 years	243.12	546.93
Total	1,881.32	2,098.41
23 Other financial liabilities - Current		
Deposits from customers	126.09	114.74
Employee benefits payable	178.16	204.00
Payable towards purchase of property, plant and equipment and other intangible assets	351.62	336.77
Total	655.87	655.51
24 Other current liabilities		
Statutory dues payables	214.88	178.06
Total	214.88	178.06
25. Borrowings - Current		
Current maturities of non-current borrowings		
- From related party - unsecured (refer note 36)	1,000.00	1,000.00
	1,000.00	1,000.00
26. Provisions		
Provision for employee benefits		
Provision for compensated absences	28.63	29.64
Provision for contingencies		
Provision for litigation*	164.95	159.69
Total	193.58	189.33
*Opening balance	159.69	154.04
Addition during the year	5.26	5.65
Closing balance	164.95	159.69

*The company has disputed the coverage of Employees State Insurance Corporation (ESIC) for its Kolkata unit as "Pathlabs" were not covered for Employee State Insurance Corporation (ESIC). Pending outcome of the hearing, provision is recognised for the ESIC liability with respect of Company's Kolkata unit.



SRL DIAGNOSTICS PRIVATE LIMITED
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	Year ended 31 March 2022 (Rupees in Lakhs)	Year ended 31 March 2021 (Rupees in Lakhs)
27. Revenue from operations		
Sale of services (refer note 42D)	28,197.81	24,353.77
Other operating income		
- Business support services	-	102.36
- Liabilities/Provision no longer required written back	181.49	82.78
Total	28,379.30	24,538.91
28. Other income		
Interest income		
- Bank deposits	205.45	133.94
- Financial Assets (Carried at amortised cost)	20.86	54.93
- Others	0.43	0.43
Dividend income	1,104.55	2,800.00
Profit on disposal of property, plant and equipments (net)	3.41	10.75
Miscellaneous income	126.25	127.31
Total	1,460.95	3,127.36
29. Cost of materials consumed		
Reagents, chemicals and consumables		
Inventories at the beginning of the year	655.99	691.15
Add: Purchases during the year (net)	5,421.24	6,049.98
	6,077.23	6,741.13
Less: Inventories at the end of the year	578.45	655.99
Total	5,498.78	6,085.14
30. Employee benefits expense		
Salaries and wages	4,474.52	4,369.89
Contribution to provident and other funds (refer note 40)	307.69	286.28
Gratuity expense (refer note 40)	66.36	65.45
Employee share based payments (refer note 43)	-	6.67
Staff welfare expenses	63.97	52.83
Total	4,912.53	4,781.12
31. Finance cost		
Interest cost on:		
- loans from related party	1,065.99	1,204.74
- lease liability	111.24	144.19
- others	65.29	87.28
- net defined benefit obligation (refer note 40)	17.26	19.58
Bank Charges	90.47	95.10
Total	1,350.25	1,550.89
32. Depreciation and amortisation expense		
Depreciation of property, plant and equipment	769.44	823.88
Depreciation of right of use assets	485.68	542.36
Amortisation of Intangible assets	632.60	446.00
Total	1,887.72	1,812.24



SRL DIAGNOSTICS PRIVATE LIMITED
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	Year ended 31 March 2022 (Rupees in Lakhs)	Year ended 31 March 2021 (Rupees in Lakhs)
33. Other expenses		
Power and fuel	483.42	467.76
Rent and hire expenses (refer note 37)	433.39	399.79
Rates and taxes	11.65	13.26
Insurance	93.87	24.87
Repairs and maintenance:		
- Plant and equipment	601.38	554.65
- Buildings	40.54	43.89
- Others	163.34	128.00
Advertisement and sales promotion	386.72	207.72
Postage and courier	96.65	70.49
Travelling and conveyance	482.41	412.94
Printing and stationery	372.27	321.99
Communication	65.39	63.12
Fees to collection centre (refer note 2(i))	74.79	14.37
Legal and professional expenses (refer note below for payment to auditors)	134.19	154.08
Professional fees to doctors	5,729.71	4,469.57
Expected credit loss allowance (refer note 12)	-	140.82
Loss allowance for advances	-	4.19
Corporate social responsibility expenses (refer note 41)	68.61	74.45
Advances written off	-	10.77
Miscellaneous expenses	341.53	308.01
Total	9,579.86	7,884.75
Note: Payment to the auditors comprises (net of tax):		
i) Statutory audit	48.57	48.57
ii) Tax audit	4.96	4.20
iii) Reimbursement of expenses	-	2.22
	53.53	54.99
34. (a) Income taxes		
Recognised in profit or loss:		
Current tax		
-In respect of the current year	1,305.12	630.79
	1,305.12	630.79
Deferred tax		
-In respect of the current year	(32.45)	46.47
Total	1,272.67	677.26
Recognised in other comprehensive income:		
Tax expense related to items that will not be reclassified subsequently to profit or loss	11.69	23.31
	11.69	23.31
(b) The income tax expense for the year reconciled to the accounting profit as follows:		
Profit before tax	5,993.75	5,040.89
Tax using Company's domestic tax rate @25.17%.	1,508.63	1,268.79
Tax effect of:		
Non-deductible expenses (net)	42.05	44.93
Effect of change in tax laws	-	68.30
Effect of income that is exempt from taxation	(278.01)	(704.76)
Income tax expense recognised in statement of profit and loss	1,272.67	677.26
35. Earnings per share (EPS)		
Profit for the year	4,721.08	4,363.63
Weighted average number of equity shares used in calculation of basic and diluted EPS (Nos.)	3,958,200	3,958,200
Nominal value per share (in Rupees)	10.00	10.00
Earnings per share (Basic and Diluted) (in Rupees)	119.27	110.24



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36. Related party disclosures

A. Related parties where control exists :

(i) Enterprises having direct control over the Company

- IHH Healthcare Berhard
- Fortis Healthcare Limited
- SRL Limited

Nature of relationship

- Ultimate holding company
- Intermediate holding company
- Holding company

(ii) Fellow Subsidiary

- DDRC SRL Diagnostics Private Limited (w.e.f. 05 April 2021)

(iii) Joint Venture

- DDRC SRL Diagnostics Private Limited (upto 04 April 2021)

	Year ended 31 March 2022 (Rupees in Lakhs)	Year ended 31 March 2021 (Rupees in Lakhs)
B. Transactions with related parties during the year		
(i) Rendering of services:		
SRL Limited	140.19	156.24
(ii) Receiving of services (Cost of tests outsourced services)		
SRL Limited	127.79	190.28
(iii) Reimbursement of expenses to		
SRL Limited	-	2.45
(iv) Reimbursement of expenses from		
SRL Limited	-	77.19
(v) Sale of Reagents and consumables		
SRL Limited	-	18.91
(vi) Borrowings repaid		
SRL Limited	1,800.00	1,400.00
(vii) Borrowings		
SRL Limited	-	1,000.00
(viii) Interest expense		
SRL Limited	1,065.99	1,204.74
(ix) Purchase of fixed assets		
SRL Limited	-	21.96
(x) Employee stock option expense		
SRL Limited	-	6.67
(xi) Other income (Miscellaneous income)		
DDRC SRL Diagnostics Private Limited	126.00	126.00
(xiii) Sale of property, plant and equipment		
SRL Limited	-	88.42
(xiv) Dividend Income		
DDRC SRL Diagnostics Private Limited	1,104.55	2,800.00
C. Balances outstanding at the year end :		
(i) Borrowings		
SRL Limited	8,700.00	10,500.00



SRL DIAGNOSTICS PRIVATE LIMITED
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	Year ended 31 March 2022 (Rupees in Lakhs)	Year ended 31 March 2021 (Rupees in Lakhs)
(ii) Trade receivables		
SRL Limited	78.81	76.56
DDRC SRL Diagnostics Private Limited	11.34	-
	90.15	76.56
(iii) Trade payables		
SRL Limited	70.72	74.99
	70.72	74.99
(iv) Advances recoverable		
SRL Limited	-	70.44
	-	70.44

D. Terms and conditions of transactions with related parties

The sale to and purchase from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at year end are unsecured, and interest free and settlement occurs in cash. This assessment is undertaken each financial year through examining the financial assumptions and the market in which the related parties operates.



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37. Leases

As lessee

The Company has obtained lab premises, office premises, godowns, machinery and guest houses on lease arrangements. The lease terms varies from 11 months to 10 years, renewable at the option of the Company. There are no restrictions imposed by the lease arrangements.

Information about leases for which the company is a lessee is presented below:

I Right-of-use assets

(a) Land & Building

	As at 31 March 2022 (Rupees in Lakhs)	As at 31 March 2021 (Rupees in Lakhs)
Opening Balance	1,070.49	1,392.99
Additions to right of use assets	114.13	330.27
Depreciation charge for the year	(460.93)	(542.36)
Derecognition of right of use assets	-	(110.41)
Closing Balance	723.69	1,070.49

(b) Plant & Machinery

Opening Balance	-	-
Additions to right of use assets	423.72	-
Depreciation charge for the year	(24.75)	-
Derecognition of right of use assets	-	-
Closing Balance	398.97	-

Total

1,122.66	1,070.49
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II Lease Liabilities

(a) Maturity analysis - contractual undiscounted cash flows

	As at 31 March 2022 (Rupees in Lakhs)	As at 31 March 2021 (Rupees in Lakhs)
Less than one year	437.14	525.30
One to five years	965.25	728.01
More than five years	104.27	186.92
Total Undiscounted lease liabilities	1,506.66	1,440.23

Lease Liabilities included in the Balance Sheet.

Current	335.47	426.00
Non-current	898.80	734.90

III Amounts recognised in profit or loss

	Year ended 31 March 2022 (Rupees in Lakhs)	Year ended 31 March 2021 (Rupees in Lakhs)
Expenses arising from leases:		
Interest on lease liabilities	111.24	144.19
Expenses relating to variable lease payments not included in the measurement of lease liabilities	75.14	66.07
Expenses relating to short-term leases	358.25	333.72

IV Amounts recognised in statement of cash flows

	As at 31 March 2022 (Rupees in Lakhs)	As at 31 March 2021 (Rupees in Lakhs)
Total cash outflow for leases (including interest of Rs. 111.24 Lakhs (31 March 2021 : Rs. 144.19 Lakhs))	572.64	589.31

38. Commitments

	As at 31 March 2022 (Rupees in Lakhs)	As at 31 March 2021 (Rupees in Lakhs)
Commitments for the acquisition of property, plant and equipment	686.61	12.61

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



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39. Contingent liabilities

- a. Claims against the Company, disputed by the Company, not acknowledged as debt (In addition, refer claims assessed as contingent liability described in Note 49) :

Particulars	As at	
	31 March 2022	31 March 2021
Income tax*	18,866.43	18,866.43
Medical related	31.73	31.73
Total	18,898.16	18,898.16

*The Company has paid Rs. 3,789.18 Lakhs (31 March 2021: Rs. 3,789.18 Lakhs) under protest against demand.

- b. On 28 February 2019, a judgment of the Supreme Court of India interpreting certain statutory defined contribution obligations of employees and employers (the "India Defined Contribution Obligation") altered historical understandings of such obligations, extending them to cover additional portions of the employee's income to measure obligations under employees Provident Fund Act, 1952. There are numerous interpretative issues relating to this judgement as to how the liability should be calculated, including the period of assessment, the application with respect to certain current and former employees and whether interest and penalties may be assessed. As such, the Company has been legally advised not to consider that there is any probable obligations for periods prior to date of aforesaid judgment.

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

The management based on its internal evaluation and advice obtained from its tax/legal advisors is of the opinion that the demand are not tenable and does not expect any economic outflow. The cash flows in respect of above matters are determinable only on receipt of Judgements/decisions pending at various stages/forums.



40. Employee benefits plans

(a) Defined contribution plans

The Company makes contribution towards employees' provident fund, employees' state insurance plan scheme and labour welfare fund on behalf of the employees. Under the schemes, the Company is required to contribute a specified percentage of payroll cost, as specified in the rules of the scheme. The Company has recognised following amount during the year as expense towards contribution to these plans.

	As at 31 March 2022 (Rupees in Lakhs)	As at 31 March 2021 (Rupees in Lakhs)
Provident fund	255.94	235.57
Employees' state insurance scheme	51.21	50.14
Labour Welfare Fund	0.54	0.57
	307.69	286.28

(b) Defined benefit plans

The Company has a defined benefit gratuity plan, wherein every employee who has completed five years or more of service get a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service subject to maximum limit of Rs. 20 Lakhs. in terms of Provisions of Gratuity Act, 1972. The scheme is funded with an insurance company in the form of qualifying insurance policy.

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

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

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

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

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

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

	As at 31 March 2022	As at 31 March 2021
Discount rate	6.30%	5.65%
Employee attrition rate		
Upto 30 years	22% p.a.	22% p.a.
30-45 years	18% p.a.	18% p.a.
45 years and above	10% p.a.	13% p.a.
Mortality rate	Indian Assured Lives 2012-14 Ultimate	Indian Assured Lives 2012-14 Ultimate
Expected rate of salary increase	6.5% p.a.	6.50% p.a.

	Year ended 31 March 2022 (Rupees in Lakhs)	Year ended 31 March 2021 (Rupees in Lakhs)
Service cost		
Current service cost	66.36	65.45
Past service cost	-	-
Interest cost on net defined benefit obligation	17.26	19.58
Recognised in Statement Profit or Loss	83.62	85.03
Remeasurement on the net defined benefit liability:		
Actuarial (gain) or loss arising from changes in financial assumptions	(22.40)	(3.31)
Actuarial (gains) and losses arising from changes in demographic assumptions	0.60	-
(Gain)/ loss of experience adjustments	(19.20)	(81.89)
Return on plan assets	(5.44)	(7.41)
Recognised in other comprehensive income	(46.44)	(92.61)
	37.18	(7.58)

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

	As at 31 March 2022 (Rupees in Lakhs)	As at 31 March 2021 (Rupees in Lakhs)
Present value of funded defined benefit obligation	646.39	643.34
Fair value of plan assets	(354.63)	(337.61)
Net liability arising from defined benefit obligation	291.76	305.73
Movement in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	643.34	675.82
Current service cost	66.36	65.45
Interest cost	36.32	37.48
Remeasurement (gains)/ losses		
-Actuarial (gains) and losses arising from changes in demographic assumptions	0.60	-
-Actuarial (gain) or loss arising from changes in financial assumptions	(22.40)	(3.31)
-Actuarial (gains) and losses arising from experience adjustments	(19.20)	(81.89)
Benefit payments		
-Benefit payments from plan assets	(35.50)	(14.14)
-Benefit payments from employer	(23.13)	(36.07)
Closing defined benefit obligation	646.39	643.34



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Movement in the fair value of the plan assets are as follows:

Opening fair value of plan assets	337.61	322.82
Interest income	19.06	17.90
Return on plan assets (excluding interest income)	5.44	7.41
Contributions from the employer		
-Contributions from the employer	28.02	3.62
-Direct benefit payments from employer	23.13	36.07
Benefit payments		
-Benefit payments from plan assets	(35.50)	(14.14)
-Benefit payments from employer	(23.13)	(36.07)
Closing fair value of plan assets	354.63	337.61

The planned assets of the Company as on the Balance sheet date are fully invested in Insurer Managed Funds. The details of investments maintained by LIC are not made available to the Company and therefore has not been disclosed.

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

	As at 31 March 2022 (Rupees in Lakhs)	As at 31 March 2021 (Rupees in Lakhs)
If the discount rate is 100 basis points higher	611.57	612.00
If the discount rate is 100 basis points lower	685.08	677.99
If the expected salary growth increases by 1%	683.27	676.36
If the expected salary growth decreases by 1%	612.16	612.69
If attrition rate increases by 1%	645.25	641.12
If attrition rate decreases by 1%	647.56	645.69

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

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

The Company expects to make a contribution of Rs. 354.41 Lakhs (31 March 2021: 367.08 Lakhs) to the defined benefit plans during the next financial year.

The defined benefit plans shall mature as follows:

Expected total benefits payments

	As at 31 March 2022 (Rupees in Lakhs)	As at 31 March 2021 (Rupees in Lakhs)
Year 1	122.00	162.96
Year 2	91.11	77.55
Year 3	75.68	82.43
Year 4	66.72	66.79
Year 5	71.03	58.33
Next five years	266.71	238.17

The weighted average duration of the defined benefit obligation as at 31 March 2022 is 5.4 years (31 March 2021: 4.95 years).

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion and other relevant factors.

Experience adjustment

	As at 31 March 2022 (Rupees in Lakhs)	As at 31 March 2021 (Rupees in Lakhs)
Experience adjustments on plan liabilities - gain/ (loss)	(19.20)	(81.89)

41. Corporate social responsibility

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

	Year ended 31 March 2022 (Rupees in Lakhs)	Year ended 31 March 2021 (Rupees in Lakhs)
(i) amount required to be spent by the company during the year,	68.61	74.45
(ii) amount of expenditure incurred,	68.61	74.45
(iii) shortfall at the end of the year,	-	-
(iv) total of previous years shortfall,	-	-
(v) reason for shortfall,	-	-
(vi) nature of CSR activities,		

Contributed to ICMR Fund to support research and development projects in the field of science, technology, engineering and medicine.

(vii) details of related party transactions, e.g., contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard,

(viii) where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year shall be shown separately.



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42. Financial Instruments

42A. Capital management

The Company manages its capital to ensure that Company will be able to continue as going concern. The capital structure of the Company only consists of long term borrowings from its holding company and total equity. The Company manages its capital structure and makes adjustments in the light of changes in economic environment. The Company reviews its capital structure on a periodic basis and considers the cost of capital and the risks associated with each class of capital. The Company is not subject to any externally imposed capital requirements.

42B. Fair Value Measurements

	Notes	(Rupees in Lakhs)	
		Carrying value as at	
		As at 31 March 2022	As at 31 March 2021
Financial assets			
Measured at amortised cost			
Loans - non current	(b)	20.87	13.11
Loans - current	(a)	18.68	-
Other financial assets - non current	(b)	387.94	294.92
Trade receivables	(a)	1,244.90	2,088.17
Cash and cash equivalents	(a)	1,630.78	6,368.20
Other Bank Balance	(a)	4,315.00	1,393.20
Other financial assets - current	(a)	74.62	194.15
Total		7,692.79	10,351.75
Financial liabilities			
Measured at amortised cost			
Borrowings - non current*	(b)	7,700.00	9,500.00
Borrowings - current*	(a)	1,000.00	1,000.00
Lease liabilities - non current	(c)	898.80	734.90
Lease liabilities - current	(c)	335.47	426.00
Other financial liabilities - non current	(b)	321.49	582.31
Trade payables	(a)	1,925.78	2,115.30
Other financial liabilities - current	(a)	655.87	655.51
Total		12,837.41	15,014.02

* Borrowings include interest bearing loan from Holding Company at market rate of interest.

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

- (a) Fair valuation of financial assets and liabilities with short term maturities is considered as approximate to respective carrying amount due to the short term maturities of these instruments.
- (b) Fair valuation of non-current financial assets and liabilities have been disclosed to be same as carrying value as there is no significant difference between carrying value and fair value.
- (c) Fair value measurement of lease liabilities is not required to be disclosed.

There are no financial instruments which are valued under category Level 1, Level 2 and Level 3.

Financial instruments measured at amortized cost

The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

42C. Financial risk management objectives and policies

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

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

The Company's board of directors manages the financial risk of the company through internal risk report which analyse exposure by magnitude of risk.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet it's contractual obligation and arises principally for the company receivable from customers. An impairment analysis is performed at each reporting date on an individual basis for major customers. The Company's exposure to credit risk is influenced mainly by the individual characteristics and credit worthiness of each customer. Further refer note 12 for a summary of company's most significant customers and details on provision for expected credit loss.

The Company carries other financial assets such as balances with banks, interest accrued on deposits, security deposits, etc. Based on historical experience, the Company does not expect any significant risk of default.

The Company's maximum exposure to credit risk for each of the above categories of financial assets is their carrying values as at the reporting dates.



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(b) Market risk

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

Market risk includes:

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

(i) Foreign currency risk

There are no foreign currency balances outstanding as at 31 March 2022.

(ii) Interest rate risk

The Company is not exposed to interest rate risk because the Company does not borrow funds at floating interest rates. As on 31 March 2022, the Company has borrowings from SRL Limited (holding company) at fixed interest rate which Company resets at regular intervals basis movement in market rates. Hence, a change in interest rate risk does not have a material impact on the Company's financial statements in relation to fair value of financial instruments.

(iii) Other price risks

The Company's investment are in the group companies and are held for strategic purposes rather than for trading purposes.

(c) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligation associated with its financial liabilities that are settled by delivering cash. The Company's ultimate responsibility for liquidity risk management rests with the board of directors, who have established an appropriate liquidity risk management framework of the company's short-term, medium-term and long-term funding requirements. The Company manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The Company's principal sources of liquidity are cash and cash equivalent and cash flow that is generated from operations.

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

The tables include both interest and principal cash flows.

31 March 2022	(Rupees in Lakhs)			
	0-1 year	Beyond 1 year	Total Amount	Carrying Amount
Non Interest bearing instruments				
Payable towards purchase of other intangible assets	-	321.49	321.49	321.49
Deposits from customers	126.09	-	126.09	126.09
Trade payables	1,925.78	-	1,925.78	1,925.78
Lease liabilities - non current	-	1,069.51	1,069.51	898.80
Lease liabilities - current	437.14	-	437.14	335.47
Employee benefits payable	178.16	-	178.16	178.16
Payable towards purchase of property, plant and equipment and other intangible assets	351.62	-	351.62	351.62
Fixed interest bearing instruments				
Borrowings	1,105.00	8,508.50	9,613.50	8,700.00

31 March 2021	(Rupees in Lakhs)			
	0-1 year	Beyond 1 year	Total Amount	Carrying Amount
Non Interest bearing instruments				
Payable towards purchase of other intangible assets	-	582.31	582.31	582.31
Deposits from customers	114.74	-	114.74	114.74
Trade payables	2,115.30	-	2,115.30	2,115.30
Lease liabilities - non current	-	914.93	914.93	734.90
Lease liabilities - current	525.30	-	525.30	426.00
Employee benefits payable	204.00	-	204.00	204.00
Payable towards purchase of property, plant and equipment and other intangible assets	336.77	-	336.77	336.77
Fixed interest rate instruments				
Borrowings	1,105.00	10,497.50	11,602.50	10,500.00

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



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42D. Disclosure as per Ind AS 115 - Revenue from contracts with customers

i) Particulars	As at	As at
	31 March 2022	31 March 2021
	(Rupees in Lakhs)	(Rupees in Lakhs)
Unbilled revenue	125.11	133.88

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

The Company operates only in one geographical region i.e. India, hence there is no disaggregation of revenue by geography.

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

Particulars	Year ended	Year ended
	31 March 2022	31 March 2021
	(Rupees in Lakhs)	(Rupees in Lakhs)
Owned labs	28,008.86	24,318.48
Collection centre	188.95	35.29
Total	28,197.81	24,353.77

42E. Operating segments

(a) Basis for segmentation

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

(b) Geographical information

The Company provides services to customers in India. Further, there are no non-current assets located outside India

(c) Major customer

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

42F. The Company has made detailed assessment of its liquidity position and of the recoverability and carrying values of its assets comprising Property, plant and equipment, Intangible assets, Trade receivables, Inventory and Investments as at the reporting period and has concluded that there are no material adjustments required in the financial statements. The management has considered the possible effects that may result from COVID-19 pandemic in preparation of its financial statements. In developing the assumptions and estimates relating to the uncertainties as at the Balance Sheet date in relation to the recoverable amounts of these assets, the Management has considered the global economic conditions prevailing as at the date of approval of these financial statements. The actual outcome of these assumptions and estimates may vary in future due to the impact of the pandemic.

42G. Following figures of previous year have been reclassified to conform to the current year's classification/ disclosure pursuant to recent amendments in schedule III.

Balance sheet	Classification as per previous year financials	Classification as per current year financials	(Rupees in Lakhs)
Security deposits (Non current)	Loans	Other financial assets	281.18
Security deposits (Current)	Loans	Other financial assets	64.68
Borrowings (Current)	Other financial liabilities	Current borrowings	1,000.00



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43. Employee Stock Option Plans

The holding company (SRL Limited) has provided share-based payment scheme to the eligible employees of the Company. The shareholders of SRL Limited granted approval to 'Super Religare Laboratories Limited Employee Stock Option Plan 2009' and 'SRL Limited Employee Stock Option Scheme 2013'. SRL Limited has granted these options under Equity Settlement method and there are no conditions for vesting other than continued employment with the company. Details of these schemes are as follows :

Scheme	ESOP 2009 Grant I*	ESOP 2013 Grant III
Date of Board Approval	22 August 2009	23 August 2013
Date of Shareholder's approval	17 August 2009	20 September 2013
Method of Settlement (Cash/Equity)	Equity	Equity
Date of grant	22 August 2009	2 November 2015
Number of options granted	1,517,470	995,937
Number of options cancelled	849,545	724,437
Number of options exercised	154,716	-
Number of options not yet vested	-	-
Number of options not yet exercised	513,209	271,500
Vesting Period	22 August 2009 to 21 August 2012	2 November 2018 to 1 November 2020
Exercise Period up to**	21 August 2019	1 November 2022
Grant value	40	428

** The Company has extended the exercise period of 758,518 options (Grant I & Grant III) till a future event occurs (i.e. exit of existing private equity investors or any other listing event). Further, as per the revised terms, employees due to retire or getting superannuated prospectively will also be entitled to exercise the options before the future event. As there is no fixed time limit for future event, weighted average remaining life of 758,518 options has not been disclosed.

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

Particulars	Grant III
Vesting Schedule	100%
Stock Price (S)	428
Exercise Price (X)	428
Volatility (s)	15.54%
Risk-free Rate	7.63%
Expected Option Life (T)	5yrs
Dividend Yield	0.47%
Option Value	135.3
Exit/Attrition Rate	16.50%
Modified Option Value	112.98

Note:-

i) The expenses arising from share-based payment transaction recognised in profit or loss as part of employee benefit expense for the year ended 31 March 2022 and 31 March 2021 were Rs. Nil and Rs. 6.67 Lakhs respectively.

ii) *On the date of transition to Ind AS (i.e. 1 April 2015), the Company had opted for optional exemption available under Ind AS 101 'First time adoption' and not recorded any stock option outstanding account for the options fully vested (ESOP Scheme 2009).



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44. Ratio Analysis

Particulars	Numerator	Denominator	As at 31 March 2022	As at 31 March 2021	% Variance	Remarks
Current ratio	Current Assets	Current Liabilities	1.85	2.37	-22%	
Debt- Equity Ratio	Total Debt	Shareholder's Equity	0.89	1.14	-21%	
Debt Service Coverage ratio	Earnings for debt service = Net profit after taxes + Non-cash operating expenses	Debt service = Interest & Lease Payments + Principal Repayments	2.26	2.40	-6%	
Return on Equity Ratio	Net Profits after taxes - Preference Dividend	Average Shareholder's Equity	44.20%	54.31%	-19%	
Inventory Turnover ratio	Cost of goods sold	Average Inventory	9.91	9.79	1%	
Trade Receivable Turnover Ratio	Net credit sales = Gross credit sales - sales return	Average Trade Receivable	9.78	6.82	43%	Increase in trade receivable turnover ratio due to increase in credit sales.
Trade Payable Turnover Ratio	Net credit purchases = Gross credit purchases - purchase return	Average Trade Payables	2.68	3.36	-20%	
Net Capital Turnover Ratio	Net sales = Total sales - sales return	Working capital = Current assets - Current liabilities	7.69	3.90	97%	Increase in Net capital turnover ratio due to increase in sales and reduction in working capital resulting from repayment of borrowings, and acquisition of intangibles assets
Net Profit ratio	Net Profit	Net sales = Total sales - sales return	16.74%	17.92%	-7%	
Return on Capital Employed	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability	43.33%	34.12%	27%	Decrease in capital employed due to repayment of debt

45. Additional notes

- (i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- (ii) The Company does not have any transactions with companies struck off U/s 248 of the Companies Act 2013.
- (iii) The Company does not have any charges or satisfaction which is yet to be registered with Registrar of Companies (ROC) beyond the statutory period.
- (iv) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (v) No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries."
- (vi) The Company does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961
- (vii) The Company has not granted any loans or advances in the nature of loans to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013) either severally or jointly with any other person that are repayable on demand or without specifying any terms or period of repayment.



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

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

	As at 31 March 2022 (Rupees in Lakhs)	As at 31 March 2021 (Rupees in Lakhs)
The principal amount remaining unpaid as at the end of the year	44.04	16.89
Interest due on above principal and remaining unpaid as at the end of the year	0.08	2.16
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	0.34	0.24
The amount of interest accrued and remaining unpaid at the end of each accounting year	0.42	2.40
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	-	-

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

- (a) As disclosed in the financial statements for the years ended March 31, 2018, March 31, 2019, March 31, 2020 and March 31, 2021, during the year ended March 31 2018, there were reports in the media and enquiries from, inter alia, the stock exchanges received by the Parent Company about certain inter- corporate loans given by a wholly owned subsidiary of the Parent Company. The erstwhile Audit and Risk Management Committee of the Parent Company decided to carry out an independent investigation through an external legal firm on this matter. The terms of reference of the investigation, inter alia, comprised: (i) ICDs amounting to a total of Rupees 49,414 lacs (principal), placed by the Parent Company's wholly-owned subsidiary, FHSL, with three borrowing companies as on July 1, 2017; (ii) the assignment of these ICDs to a third party and the subsequent cancellation thereof as well as evaluation of legal notice (now a civil suit) received from such third party ; (iii) review of intra-group transactions for the period commencing FY 2014-15 and ending on December 31, 2017; (iv) investments made in certain overseas funds by the overseas subsidiaries of the Parent Company (i.e. Fortis Asia Healthcare Pte. Ltd, Singapore and Fortis Global Healthcare (Mauritius) Limited) ; (v) certain other transactions involving acquisition of Fortis Healthstaff Limited ("Fortis Healthstaff") from an erstwhile promoter group company, and subsequent repayment of loan by said subsidiary to the erstwhile promoter group company. The investigation report of which was submitted to the re-constituted Board of Parent Company in June 2018.

The investigation noted certain significant findings in relation to past transactions concerning FHL and its subsidiaries with companies whose current and/ or past promoters/ directors were known to/ connected with the erstwhile promoters of the Parent Company. All such identified transactions were provided for by the Parent Company and its subsidiaries in the financial statements for the year ended March 31 2018.

The investigation was subject to the limitations on the information available to the external legal firm and their qualifications and disclaimers as described in their investigation report. It did not cover all related party transactions during the period under investigation. It was observed in internal correspondence within the Parent Company that transactions with certain other entities have been referred to as related party transactions. However, no further conclusions could be drawn in this regard.

- (b) Related party relationships as required under Ind AS 24 – Related Party Disclosures and the Companies Act, 2013 were as identified by the Management taking into account the findings and limitations in the Investigation Report and the information available with the Management. In this regard, in the absence of specific declarations from the erstwhile directors on their compliance with disclosures of related parties, especially considering the substance of the relationship rather than the legal form, the related parties were identified based on the declarations by the erstwhile directors and the information available through the known shareholding pattern in the entities up to March 31, 2018. Therefore, the possibility could not have been ruled out that there may have been additional related parties whose relationship may not have been disclosed and, hence, not known to the Management. While such references could not be fully analyzed during the initial investigation, the nature of these references raised certain concerns.

In order to overcome the above, the Parent Company's Board of Directors initiated additional procedures/ enquiries of certain entities in the Fortis Group that were impacted in respect of the matters investigated by the external legal firm. Pending the additional procedures/enquiries ("Additional Procedures/ Enquiries") and since the investigation was subject to the limitations on the information available to the external legal firm and their qualifications and disclaimers as described in their investigation report, as disclosed in the audited financial statements for the years ended March 31, 2018, March 31, 2019, March 31, 2020 and March 31, 2021 certain audit qualifications were made in respect of Parent Company and its Subsidiaries (including the company's) financial statements for those financial years, as the statutory auditors were unable to comment on the nature of those matters, the provisions established thereof, or any further potential impact on the financial statements.

In order to resolve the same, the Board of the Parent Company mandated the management to undertake review of certain areas in relation to historical transactions for the period April 1, 2014 to September 30, 2018 involving additional matters by engaging independent experts with specialized forensic skills to assist with the Additional Procedures/Enquiries and provide inputs and expert advice in connection therewith. The independent experts submitted their report which was discussed and considered by the Board of the Parent Company in its meeting held on September 16, 2020.

The Board of Company and its subsidiaries noted that the Additional Procedures/Enquiries had not revealed any further instances of improper transactions which had not been expensed or provided in earlier years.

In connection with the potentially improper transactions, the Parent Company has undertaken a detailed review to assess it's legal rights and has initiated necessary action.



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The Parent Company has also submitted findings of the Investigation Report of the external legal firm and the additional procedures/ enquiries by independent experts to the relevant regulatory authorities. Further, on certain aspects, the Parent Company and Fortis Hospitals Limited (FHsL) have also filed a complaint with the EOW against the erstwhile promoters/ erstwhile promoter group companies and EOW is investigating the matter. Recovery /claim proceedings have also been initiated in the matters where action was recommended by the legal counsels.

Therefore, with this conclusion, the initial investigation initiated by the erstwhile ARMC, which was subject to the limitations on the information available to the external legal firm and their qualifications and disclaimers has been addressed through the additional procedures/enquiries by independent experts. In addition, the reconstituted Board of the Parent Company had initiated specific improvement projects to strengthen the process and control environment. The projects included revision of authority levels, both operational and financial and oversight of the Board, review of Financial Reporting processes, assessment of secretarial documentation w.r.t compliance with regulatory requirements and systems design & control enhancement for which the assessment work was done and corrective action plans were implemented.

Accordingly, the Board of the Parent Company has taken necessary actions in consultation with the legal counsels in this regard. The investigations in so far as these issues involving the erstwhile promoters/ erstwhile promoter group companies is concerned are still pending with the regulatory authorities. The management of the Company also believes that if any action is initiated by regulatory authorities against the Company, the same should not have a significant material impact on the Company as all items which may have financial impact have already been provided for in earlier years. The Company would fully co-operate with the regulatory authorities in this regard.

48. Matters in relation to Regulatory Authorities

- (a) During financial year 2017-18, the Parent Company received a communication from the Securities and Exchange Board of India (SEBI), stating that an investigation has been instituted by it in the matter of the Parent Company. In the said investigation, SEBI requisitioned from the Parent Company certain information and documents relating to short term investments of approximately INR 473 Crores given by a wholly owned subsidiary Fortis Hospitals Limited ("FHsL") of the Parent Company, which had been reported in media. Subsequently, a Show-Cause Notice (SCN -1) was issued by SEBI to various entities including the Parent Company, FHsL on November 20, 2020 with certain allegations. In response, a joint representation/reply was filed by the Parent Company and FHsL on December 28, 2020 praying for quashing of the SCN on various grounds.

In the joint representation/reply, the Parent Company and FHsL have submitted that they were in fact the victims of the wrongdoings of the Erstwhile Promoters of the Parent Company (Malvinder Mohan Singh and Shivinder Mohan Singh) and that victims ought not to be punished for the acts and offences of the wrongdoers. Further, the Parent Company and FHsL have submitted that the Erstwhile Promoters controlled the affairs of the Parent Company and FHsL at the time when the acts forming the subject matter of the SCN happened. The Erstwhile Promoters are no longer associated with the Parent Company and a new promoter (i.e. NTK Venture Pte. Ltd.) has assumed control of the Parent Company with the approval of the Competition Commission of India and SEBI (which has approved the open offer process triggered by the change in control). Further, various legal actions have been initiated against the Erstwhile Promoters and several steps have been taken in order to recover the diverted amounts. As such, any adverse orders against the Parent Company and FHsL would harm their existing shareholders, employees and creditors. Oral submissions in response to the SCN were made before the SEBI, Whole Time Member on January 20, 2021, and a written synopsis of the same was filed.

On April 09, 2021, SEBI issued another Show cause notice to various parties including Escorts Heart Institute and Research Centre Limited, a subsidiary of the Parent Company. In the said show cause notice, with respect to EHIRCL, it has been alleged that Rupees 567 crore was lent by the Company to EHIRCL in 2011, which was subsequently transferred by EHIRCL to Lowe Infra and Wellness Private Limited ("Lowe") in multiple transactions for the purchase of a land parcel. This land parcel, which was allegedly indirectly to be acquired by the Company through its subsidiary EHIRCL and another entity Lowe, was then transferred to RHC Holdings Private Limited ("RHC Holdings"). It has been stated in the said Show cause notice that a structured rotation of funds was carried out to portray that the loan extended by the Company for the purchase of land had been paid back with interest in the year 2011. It is alleged that the Parent Company was actually paid back by RHC Holding over a period of four years ending on July 31, 2015. In this respect, the Parent Company and FHsL funds were allegedly routed through various layers in order to camouflage the transactions, and to circumvent legal provisions with respect to related party transactions.

Subsequent to year end, SEBI has passed an order dated April 19, 2022 w.r.t SCN -1 and directed the Parent Company & FHsL to pursue the measures taken to recover the amount along with the interest from erstwhile Promoters & Audit Committee of Parent Company to regularly monitor the progress of such measures and report the same to Board of Directors at regular intervals. In respect to SCN-2, SEBI passed an order dated May 18, 2022. Based on the aforesaid allegations and actions taken by the Parent Company against the erstwhile promoters and related entities, SEBI has imposed a penalty of Rs 100 lacs, Rs 50 lacs and Rs. 100 lacs on Parent Company, FHsL and EHIRCL respectively. Lawyers are evaluating the outcome, implications and next steps with respect to these orders. No such notice has been received from SEBI by Company or its subsidiaries.

- (b) During year ended March 31, 2018, the Registrar of Companies (ROC) under section 206(1) of the Companies Act, 2013, inter alia, had sought information in relation to the Parent Company. All requisite information in this regard has been duly shared by the Parent Company with the ROC.
- (c) The Serious Fraud Investigation Office (SFIO) of the Ministry of Corporate Affairs, under section 217(1)(a) of the Companies Act, 2013, inter alia, initiated an investigation and sought information in relation to the Parent Company, its subsidiaries (including the Company), joint ventures and associates. The Parent Company and the Company has submitted requisite information in this regard with SFIO, as requested from time to time. The outcome of the SFIO investigation cannot be ascertained as of now keeping in view the present stage of investigation.

The Investigation Report of the external legal firm was submitted by the Parent Company to the SEBI, and SFIO on June 12, 2018. Further, the Parent Company has filed complaints in the EOW against its ex- promoters and their related entities. A copy of the report of the additional procedures/ enquiries done by the independent expert have also been submitted to SEBI and SFIO on November 10, 2020.

The Parent Company, its subsidiaries (including the company) are co-operating with the regulators in relation to the ongoing investigations to enable them to make their determination on these matters and to undertake remedial action, as may be required, and to ensure compliance with applicable laws and regulations. As per the management and in consultation with external legal counsel it is believed that the likelihood of additional impact, if any, is low and is not expected to be material.



SRL DIAGNOSTICS PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

A party ("Assignee" or "Plaintiff") has filed a Civil Suit before the District Court, Delhi in February 2018 against various group entities (together "the defendants") and have, inter alia, claimed implied ownerships of brands "SRL" ("Fortis" and "La-Femme" of the Parent company) in addition to certain financial claims and for passing a decree that consequent to a term sheet dated 6 December 2017 ("Term sheet") between the defendants and a third party, the defendants are liable for claims owed by the Plaintiff to the third Party. In connection with this, the District Court passed an ex-parte order directing that any transaction undertaken by defendants, in favour of any other party, affecting the interest of the Plaintiff shall be subject to orders passed in the said suit. The above referred Third Party has sought to be substituted as a Plaintiff in the District Court proceedings. (also refer note 47).

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

During the year ended 31 March 2022, another Party, claiming to be one of the assignee of Third Party has filed a case against 28 named defendants, including the Parent Company and its ultimate parent Company IHH, and 21 non-party defendants, including the Company in the United States District Court, District of New Jersey, USA. Notice of the case has not yet been served on the Parent Company under the Hague Convention on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters. In December 2021, a notice of this case was served to IHH which was subsequently disclosed by it to Bursa Stock Exchange, Malaysia. Parent Company is given to understand that the case has been filed for alleged violation of, inter-alia, the U.S. Racketeer, Influenced and Corrupt Organizations Act, copyright infringement, tortious interference with contracts, etc. and Party has claimed damages in excess of USD 6.5 billion against all the defendants. Parent Company has made disclosure about this case to stock exchange. It has also sought legal advice and will pray for dismissal of this case, as and when served.

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

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

Allegations made by the third party has been duly responded to by the Parent Company denying (i) execution of any binding agreement with the Party and (ii) liability of any kind whatsoever. The matter is pending adjudication before District Court, Delhi. The Parent Company has also filed an application for perjury against the third Party and certain other persons before the Hon'ble High Court of Delhi which has issued notice to them.

During the quarter ended September 30, 2020, an application was filed by the Parent Company before the Hon'ble Supreme Court of India, praying for permission to it and its subsidiaries for changing their respective names, brands and logos; and for continued usage of the same if the said application was not disposed of prior to expiry of the term of the Brand License Agreement to allow adequate time for smooth Brand transition without any disruption to business. Subsequent to the year end, the Brand license Agreement has expired. The Parent Company and the Company are awaiting order(s) of the Hon'ble Supreme court.

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

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

ICAI Firm's Registration No.: 101248W/W-100022



Rajesh Arora
Partner
Membership Number: 076124

Place : Gurugram
Date : 19 May 2022

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



Anand Kuppuswamy
Director
DIN: 02427196

Place : Gurugram
Date : 19 May 2022



Mangesh Shrikant Shirodkar
Director
DIN: 05320244

