

Independent Auditor's Report

To the Members of Agilus Pathlabs Private Limited (formerly known as SRL Diagnostics Private Limited)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Agilus Pathlabs Private Limited (formerly known as SRL Diagnostics Private Limited) (the "Company") which comprise the balance sheet as at 31 March 2024, 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 material 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 2024, and its profit and other comprehensive loss, 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 we have obtained 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 (collectively referred to as "the Fortis 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.

Independent Auditor's Report (Continued)

Agilus Pathlabs Private Limited (formerly known as SRL Diagnostics Private Limited)

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 and other comprehensive loss, 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.

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Independent Auditor's Report (Continued)

Agilus Pathlabs Private Limited (formerly known as SRL Diagnostics Private Limited)

- 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, except (a) the back-up of the books of account and other relevant books and papers in electronic mode for one of the Company's laboratory has not been kept on servers physically located in India on a daily basis and (b) for the matters stated in the paragraph 2B(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.
 - 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 01 April 2024 and 03 April 2024 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2024 from being appointed as a director in terms of Section 164(2) of the Act.
 - f. the qualifications relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph (b) above on reporting under Section 143(3)(b) of the Act and paragraph 2B(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.
 - g. 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 Auditors) 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 2024 on its financial position in its financial statements - Refer Note 39, 47 to 49 and 51 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.

Independent Auditor's Report (Continued)

Agilus Pathlabs Private Limited (formerly known as SRL Diagnostics Private Limited)

- 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, as disclosed in the Note 45(v) to the financial statements, 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 directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (ii) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 45(vi) to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), 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 by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (iii) Based on the audit procedures performed that have been 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 (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.
- e. The interim dividend declared and paid by the Company during the year and until the date of this audit report is in accordance with Section 123 of the Act.
- f. Based on our examination which included test checks, except for the instances mentioned below, the Company has used accounting softwares for maintaining its books of account which have a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the respective softwares:
- i. The feature of recording audit trail (edit log) was not enabled at the application level for the accounting software used for maintaining the books of account relating to general ledger and other related records for certain fields relating to areas such as revenue, inventory, procure to pay and property, plant and equipment.
- ii. The feature of recording audit trail (edit log) facility was not enabled at the database level to log any direct data changes for the accounting softwares used for maintaining the books of accounts relating to revenue process and general ledger.
- iii. The feature of recording audit trail (edit log) facility was not enabled for an accounting software used for maintaining the books of account, including general ledger at one of the Company's laboratory for the period from 1 April 2023 to 22 May 2023.
- iv. The accounting software used for maintaining the books of account relating to revenue process at one of the Company's laboratory did not have the feature of recording audit trail (edit log) facility.
- v. Based on an independent auditor's report in relation to controls at a service organisation for an accounting software used for maintaining the books of account relating to payroll process, which is operated by a third-party software service provider, in the absence of effective General IT controls, we are unable to comment whether the audit trail feature for the said software has operated throughout the year for all relevant transactions recorded in the software.

Further, for the periods where audit trail (edit log) facility was enabled and operated for the respective accounting softwares, we did not come across any instance of the audit trail feature being tampered with.

B S R & Co. LLP

Independent Auditor's Report (Continued)

**Agilus Pathlabs Private Limited (formerly known as SRL Diagnostics
Private Limited)**

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

In our opinion and according to the information and explanations given to us, the Company has not paid any remuneration to its directors during the year. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For B S R & Co. LLP

Chartered Accountants

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

Rahul Nayar

Rahul Nayar

Partner

Place: Gurugram

Date: 20 May 2024

Membership No.: 508605

ICAI UDIN:24508605BKGUMH6957

Annexure A to the Independent Auditor's Report on the Financial Statements of Agilus Pathlabs Private Limited (formerly known as SRL Diagnostics Private Limited) for the year ended 31 March 2024

(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.
- (i) (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, all 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 discrepancy was 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, except for the following which are not held in the name of the Company:

| Description of property | Gross carrying value (Rs. in lakhs) | Held in the name of | Whether promoter, director or their relative or employee | Period held- indicate range, where appropriate | Reason for not being held in the name of the Company. Also indicate if in dispute |
|--|-------------------------------------|---|--|--|---|
| Sub-division Layout Plot No. 22 forming part of Final Gat No. 249 of Survey No. 120 admeasuring 408 Sq. Yds. equivalent to 341.12 Sq. Yds. situated at Village Dongergaon, Taluka Mawal, District Pune | 5.48 | Drs. Tribedi & Roy Diagnostics Laboratories Limited | No | 18 November 1999 | # |

The deed of conveyance of freehold land is in the name of Drs. Tribedi & Roy Diagnostics Laboratories Limited, erstwhile name of the Company which was changed to NPIL Laboratories

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Annexure A to the Independent Auditor's Report on the Financial Statements of Agilus Pathlabs Private Limited (formerly known as SRL Diagnostics Private Limited) for the year ended 31 March 2024 (Continued)

and Diagnostics Private Limited on 16 December 2003. Subsequently, the name of the Company was changed to Piramal Diagnostic Services Private Limited on 15 May 2008, SRL Diagnostics Private Limited on 21 June 2011 and Agilus Pathlabs Private Limited on 27 July 2023.

Fresh certificate of incorporation consequent upon change of name dated 16 December 2003 and 15 May 2008 respectively was issued by the Registrar of Companies, Maharashtra, Mumbai; dated 21 June 2011 issued by the Registrar of Companies, National Capital Territory of Delhi and Haryana and dated 27 July 2023 issued by the Registrar of Companies, Delhi.

- (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 the 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 advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year. The Company has granted interest free loans to its employees during the year, in respect of which the requisite information is as below. The Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnership or any other parties during the year.
- (a) Based on the audit procedures carried on by us and as per the information and explanations given to us the Company has provided interest free loans to its employees as below:

| Particulars | Loans (Rs. in lakhs) |
|--|----------------------|
| Aggregate amount during the year Others (Employees) | 121.49 |
| Balance outstanding as at balance sheet date Others (Employees) | 187.96 |

- (b) According to the information and explanations given to us and based on the audit procedures conducted by us and in view of the Company's policy to provide interest free loans to its employees, in our opinion the terms and conditions of the grant of loans during the year are, prima facie, not prejudicial to the interest of the Company.
- (c) According to the information and explanations given to us and on the basis of our examination

Annexure A to the Independent Auditor's Report on the Financial Statements of Agilus Pathlabs Private Limited (formerly known as SRL Diagnostics Private Limited) for the year ended 31 March 2024 (Continued)

of the records of the Company, in the case of loans given, in our opinion the repayment of principal has been stipulated and the repayments or receipts have been regular. Further, the Company has not given any advances in the nature of loans to any party during the year.

- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans given. Further, the Company has not given any advances in the nature of loans to any party during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no loan or advance in the nature of loan granted falling due during the year, which has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to same parties.
- (f) 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 granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.
- (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 Act 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 Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Cess or other statutory dues have generally been regularly deposited with the appropriate authorities, though there have been slight delays in a few cases of Provident Fund, Employees State Insurance, Professional Tax and Labour Welfare Fund. As explained to us, the Company did not have any dues on account of Duty of Customs during the year.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Cess or other statutory dues were in arrears as at 31 March 2024 for a period of more than six months from the date they became payable, except as mentioned below:

Annexure A to the Independent Auditor's Report on the Financial Statements of Agilus Pathlabs Private Limited (formerly known as SRL Diagnostics Private Limited) for the year ended 31 March 2024 (Continued)

| Name of the statute | Nature of the dues | Amount (Rs. in lakhs) | Period to which the amount relates | Due date | Date of payment |
|---|--------------------------|-----------------------|------------------------------------|---------------------------------|-----------------|
| The Employees' Provident Funds and Miscellaneous Provisions Act, 1952 | Provident fund | 16.50 | March 2019 | 15 April 2019 | Not yet paid |
| The Employees' Provident Funds and Miscellaneous Provisions Act, 1952 | Provident fund | 6.05 | April 2022 to August 2023 | 15th day of the following month | Not yet paid |
| Employees State Insurance Act, 1948 | Employee State Insurance | 0.15 | April 2023 to August 2023 | 15th day of the following month | 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, 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 | Amount (Rs. in lakhs) | Paid under protest (Rs. in lakhs) | Period to which the amount relates | 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 | 18,667.45 | 3,748.16 | AY 2013-14 to 2018-19 | Commissioner of Income Tax (Appeals) |

Annexure A to the Independent Auditor's Report on the Financial Statements of Agilus Pathlabs Private Limited (formerly known as SRL Diagnostics Private Limited) for the year ended 31 March 2024 (Continued)

| Name of the statute | Nature of the dues | Amount (Rs. in lakhs) | Paid under protest (Rs. in lakhs) | Period to which the amount relates | Forum where dispute is pending |
|-------------------------------------|--|-----------------------|-----------------------------------|------------------------------------|--------------------------------------|
| Income Tax Act, 1961 | Dispute with regard to tax deduction under section 194J instead of section 192B (classification) | 198.98 | 39.80 | AY 2016-17 | Commissioner of Income Tax (Appeals) |
| Income Tax Act, 1961 | Dispute with regard to tax deduction under section 194J instead of section 192B (classification) | 505.11 | - | AY 2018-19 | Commissioner of Income Tax (Appeals) |
| Employees State Insurance Act, 1948 | Dispute with regard to ESIC liability | 17.05 | - | April 2007 to March 2008 | ESI Court |

(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 and borrowing or in the payment of interest thereon to any lender.

Further, following borrowings are repayable on demand and accordingly we are unable to comment on whether the Company has defaulted in repayment of borrowing or in the payment of interest :

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Annexure A to the Independent Auditor's Report on the Financial Statements of Agilus Pathlabs Private Limited (formerly known as SRL Diagnostics Private Limited) for the year ended 31 March 2024 (Continued)

| Borrowing amount (Rs. in lakhs) | Terms of repayment at the beginning of the year | Remarks |
|---------------------------------|---|---|
| 8,200 | At the beginning of the year, Rs. 1,000 lakhs was repayable on demand before 31 March 2024 and balance amount of Rs. 7,700 lakhs was repayable on demand after 31 March 2024. | The lender has demanded repayment of loan amounting to Rs. 500 lakhs during the year which has been paid. During the year, the terms have been extended to repayment of Rs. 1,000 lakhs by 31 March 2025 and Rs. 7,200 lakhs payable on demand after 31 March 2025. There is no stipulation on repayment of principal or payment of interest for loan of Rs. 7,200 lakhs and payment of interest on loan of Rs. 1,000 lakhs |

- (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 associate as defined under the Act. Further, the Company does not hold any investment in subsidiaries or joint ventures.
- (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 associate company (as defined under the Act). Further, the Company does not hold any investment in subsidiaries or joint ventures.
- (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 Act has been filed by the auditors in Form ADT-4 as prescribed under Rule

Annexure A to the Independent Auditor's Report on the Financial Statements of Agilus Pathlabs Private Limited (formerly known as SRL Diagnostics Private Limited) for the year ended 31 March 2024 (Continued)

13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.

- (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- (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 wholly owned subsidiary and accordingly the requirements as stipulated by the provisions of Section 177 of the Act 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 Act 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, 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 the 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 Act pursuant to any project. Accordingly,

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Annexure A to the Independent Auditor's Report on the Financial Statements of Agilus Pathlabs Private Limited (formerly known as SRL Diagnostics Private Limited) for the year ended 31 March 2024 (Continued)

clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

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

Chartered Accountants

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

Rahul Nayar,

Rahul Nayar

Partner

Place: Gurugram

Date: 20 May 2024

Membership No.: 508605

ICAI UDIN:24508605BKGUMH6957

Annexure B to the Independent Auditor's Report on the financial statements of Agilus Pathlabs Private Limited (formerly known as SRL Diagnostics Private Limited) for the year ended 31 March 2024

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 Act

(Referred to in paragraph 2(A)(g) 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 Agilus Pathlabs Private Limited (formerly known as SRL Diagnostics Private Limited) ("the Company") as of 31 March 2024 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 2024, 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 and Board of Directors' Responsibilities 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 Act.

Auditor's 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 if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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.

Annexure B to the Independent Auditor's Report on the financial statements of Agilus Pathlabs Private Limited (formerly known as SRL Diagnostics Private Limited) for the year ended 31 March 2024 (Continued)

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

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

Rahul Nayar

Rahul Nayar

Partner

Place: Gurugram

Date: 20 May 2024

Membership No.: 508605

ICAI UDIN:24508605BKGUMH6957

AGILUS PATHLABS PRIVATE LIMITED (FORMERLY KNOWN AS SRL DIAGNOSTICS PRIVATE LIMITED)
BALANCE SHEET AS AT 31 MARCH 2024

| | Notes | As at 31 March 2024 (Rupees in Lakhs) | As at 31 March 2023 (Rupees in Lakhs) |
|--|-------|---|---|
| ASSETS | | | |
| Non-current assets | | | |
| (a) Property, plant and equipment | 3 | 3,447.13 | 3,743.82 |
| (b) Capital work-in-progress | 3 | - | 19.27 |
| (c) Right-of-use assets | 37 | 3,763.20 | 698.10 |
| (d) Goodwill | 4 | 1,167.52 | 1,167.52 |
| (e) Other intangible assets | 4 | 11,415.77 | 13,832.21 |
| (f) Financial assets | | | |
| (i) Investments | 5 | 950.88 | 950.88 |
| (ii) Loans | 6 | 148.27 | 81.88 |
| (iii) Other financial assets | 7 | 362.02 | 392.45 |
| (g) Deferred tax assets (net) | 8 | - | 125.86 |
| (h) Other tax assets (net) | 9 | 3,969.63 | 3,011.68 |
| (i) Other non-current assets | 10 | 3,866.99 | 4,314.01 |
| Total non-current assets | | 29,091.41 | 28,337.68 |
| Current assets | | | |
| (a) Inventories | 11 | 451.59 | 525.92 |
| (b) Financial assets | | | |
| (i) Trade receivables | 12 | 1,442.22 | 1,413.97 |
| (ii) Cash and cash equivalents | 13 | 4,677.52 | 1,716.38 |
| (iii) Bank balances other than (ii) above | 14 | 3,434.46 | 4,871.84 |
| (iv) Loans | 15 | 39.69 | 22.03 |
| (v) Other financial assets | 16 | 21.03 | 18.51 |
| (c) Other current assets | 17 | 92.15 | 127.64 |
| Total current assets | | 10,158.66 | 8,696.29 |
| TOTAL ASSETS | | 39,250.07 | 37,033.97 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| (a) Equity share capital | 18 | 395.82 | 395.82 |
| (b) Other equity | | 18,526.97 | 17,325.19 |
| Total equity | | 18,922.79 | 17,721.01 |
| Liabilities | | | |
| Non-current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 19 | 9,700.00 | 10,200.00 |
| (ii) Lease liabilities | 37 | 2,812.70 | 514.42 |
| (iii) Other financial liabilities | 20 | - | 1,925.76 |
| (b) Provisions | 21 | 353.27 | 325.27 |
| (c) Deferred tax liabilities (net) | 8 | 436.80 | - |
| Total Non-current liabilities | | 13,302.77 | 12,965.45 |
| Current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 25 | 1,000.00 | 1,000.00 |
| (ii) Lease liabilities | 37 | 814.69 | 272.38 |
| (iii) Trade payables | 22 | | |
| - Total outstanding dues of micro enterprises and small enterprises; and | | 70.27 | 99.77 |
| - Total outstanding dues of creditors other than micro enterprises and small enterprises | | 1,152.76 | 1,588.38 |
| (iv) Other financial liabilities | 23 | 3,446.89 | 2,855.32 |
| (b) Other current liabilities | 24 | 324.20 | 329.11 |
| (c) Provisions | 26 | 215.70 | 202.55 |
| Total Current liabilities | | 7,024.51 | 6,347.51 |
| Total liabilities | | 20,327.28 | 19,312.96 |
| TOTAL EQUITY AND LIABILITIES | | 39,250.07 | 37,033.97 |

See accompanying notes forming integral part of the financial statements 1-51

In terms of our report attached

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


Rahul Nayar
Partner
Membership Number: 508605

For and on behalf of the Board of Directors
Agilus Pathlabs Private Limited
(Formerly Known as SRL Diagnostics Private Limited)


Anand Kuppusswamy
Director
DIN: 02427196


Mangesh Shrikant Shirodkar
Director
DIN: 05320244

Place: Gurugram
Date: 20 May 2024

Place: Gurugram
Date: 20 May 2024

Place: Gurugram
Date: 20 May 2024



AGILUS PATHLABS PRIVATE LIMITED (FORMERLY KNOWN AS SRL DIAGNOSTICS PRIVATE LIMITED)
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2024

| | Notes | Year ended 31 March 2024 (Rupees in Lakhs) | Year ended 31 March 2023 (Rupees in Lakhs) |
|---|-------|--|--|
| Income | | | |
| I Revenue from operations | 27 | 25,719.23 | 25,619.47 |
| II Other income | 28 | 1,831.71 | 2,521.55 |
| III Total Income (I+II) | | 27,550.94 | 28,141.02 |
| IV Expenses | | | |
| Cost of materials consumed | 29 | 4,477.65 | 4,529.10 |
| Cost of tests outsourced | | 1,776.98 | 702.96 |
| Employee benefits expense | 30 | 4,480.65 | 5,290.45 |
| Finance costs | 31 | 1,753.88 | 1,383.07 |
| Depreciation and amortisation expense | 32 | 4,013.94 | 2,860.76 |
| Other expenses | 33 | 8,138.14 | 8,879.36 |
| Total expenses | | 24,641.24 | 23,645.70 |
| V Profit before tax (III-IV) | | 2,909.70 | 4,495.32 |
| VI Tax expense | | | |
| Current tax | 34 | 344.83 | 459.04 |
| Tax expense related to earlier years | 34 | (370.99) | - |
| Deferred tax charge | 8 | 563.41 | 221.43 |
| Total tax expenses | | 537.25 | 680.47 |
| VII Profit for the year (V-VI) | | 2,372.45 | 3,814.85 |
| VIII Other comprehensive income | | | |
| Items that will not be reclassified to profit or loss | | | |
| (i) Remeasurements of the defined benefit liability/(asset) | | (2.96) | 42.60 |
| (ii) Income tax relating to items that will not be reclassified to profit or loss | 8 | 0.75 | (10.72) |
| Total other comprehensive income/ (loss) (net of tax) for the year | | (2.21) | 31.88 |
| IX Total comprehensive income for the year (VII+VIII) | | 2,370.24 | 3,846.73 |
| X Earnings per equity share | | | |
| Basic (In Rs.) | 35 | 59.94 | 96.38 |
| Diluted (in Rs.) | 35 | 59.94 | 96.38 |
| See accompanying notes forming integral part of the financial statements | 1-51 | | |

In terms of our report attached

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

Rahul Nayar

Rahul Nayar
Partner
Membership Number: 508605

Place: Gurugram
Date: 20 May 2024

For and on behalf of the Board of Directors of
Agilus Pathlabs Private Limited
(Formerly Known as SRL Diagnostics Private Limited)

Anand Kuppuswamy
Anand Kuppuswamy
Director
DIN: 02427196

Place: Gurugram
Date: 20 May 2024

Mangesh Shrikant Shirodkar
Mangesh Shrikant Shirodkar
Director
DIN: 05320244

Place: Gurugram
Date: 20 May 2024



**AGILUS PATHLABS PRIVATE LIMITED (FORMERLY KNOWN AS SRL DIAGNOSTICS PRIVATE LIMITED)
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2024**

a. Equity share capital

| Particulars | (Rupees in Lakhs) | |
|--|-------------------|--------|
| | Amount | |
| Balance as at 01 April 2022 | | 395.82 |
| Changes in share capital during the year | | - |
| Balance as at 31 March 2023 | | 395.82 |
| Changes in share capital during the year | | - |
| Balance as at 31 March 2024 | | 395.82 |

b. Other equity

| Particulars | Reserves and surplus | | Total other equity |
|--|-----------------------------|----------------------|--------------------|
| | Deemed equity contribution* | Retained earnings ** | |
| | | | |
| Balance as at 1 April 2023 | 4,677.76 | 12,647.43 | 17,325.19 |
| Profit for the year | - | 2,372.45 | 2,372.45 |
| Other comprehensive loss for the year, (net of income tax) | - | (2.21) | (2.21) |
| Total comprehensive income for the year | - | 2,370.24 | 2,370.24 |
| Dividend (refer note below) | - | (1,168.46) | (1,168.46) |
| Balance as at 31 March 2024 | 4,677.76 | 13,849.21 | 18,526.97 |
| Balance as at 1 April 2022 | 47.26 | 10,663.03 | 10,710.29 |
| Deemed Investment by Holding Company | 4,630.50 | - | 4,630.50 |
| Profit for the year | - | 3,814.85 | 3,814.85 |
| Other comprehensive income for the year, (net of income tax) | - | 31.88 | 31.88 |
| Total comprehensive income for the year | 4,630.50 | 3,846.73 | 8,477.23 |
| Dividend (refer note below) | - | (1,862.33) | (1,862.33) |
| Balance as at 31 March 2023 | 4,677.76 | 12,647.43 | 17,325.19 |

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

* During the previous year, Agilus Diagnostics Limited (Formerly known as SRL Limited - Holding Company) had paid Rs. 4,630.50 lakhs on behalf of the Company. As there is no agreed repayment period, the same has been disclosed as deemed equity in the financial statements. The balance as on 1 April 2022 represents 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.

Note: During the current year, the Company has declared an Interim dividend of Rs. 29.52 (31 March 2023: Rs. 47.05) per equity share.

See accompanying notes forming integral part of the financial statements

1-51

In terms of our report attached

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

Rahul Nayar
Rahul Nayar
Partner
Membership Number: 508605

Place: Gurugram
Date: 20 May 2024

For and on behalf of the Board of Directors of
Agilus Pathlabs Private Limited
(Formerly Known as SRL Diagnostics Private Limited)

Anand Kuppuswamy
Anand Kuppuswamy
Director
DIN: 02427196

Place: Gurugram
Date: 20 May 2024

Mangesh Shrikant Shirodkar
Mangesh Shrikant Shirodkar
Director
DIN: 05220244

Place: Gurugram
Date: 20 May 2024



AGILUS PATHLABS PRIVATE LIMITED (FORMERLY KNOWN AS SRL DIAGNOSTICS PRIVATE LIMITED)
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2024

| | Notes | Year ended 31 March 2024 (Rupees in Lakhs) | Year ended 31 March 2023 (Rupees in Lakhs) |
|---|-------|--|--|
| A Cash flows from operating activities | | | |
| Profit before tax | | 2,909.70 | 4,495.32 |
| Adjustments for : | | | |
| Depreciation and amortisation expense | 32 | 4,013.94 | 2,860.76 |
| Interest income | 28 | (427.81) | (268.89) |
| Dividend income | 28 | (1,168.55) | (1,862.60) |
| Profit on disposal of property, plant and equipment and intangible assets (net) | 28 | (108.75) | (225.11) |
| Liabilities/provision no longer required written back | 27 | (49.08) | (9.23) |
| Gain on termination of leases | 28 | - | (38.18) |
| Loss allowance for trade receivables | 33 | 96.46 | - |
| Finance costs | 31 | 1,694.87 | 1,383.07 |
| Operating profit before changes in following assets and liabilities | | 6,960.78 | 6,335.14 |
| Decrease in Inventories | | 74.34 | 52.53 |
| (Increase) in trade receivables | | (124.71) | (169.08) |
| Decrease in other assets | | 35.48 | 2.94 |
| (Increase) in loans and other financial assets | | (435.24) | (44.60) |
| Increase/(Decrease) in provisions | | 21.94 | (29.24) |
| (Decrease) in trade payables | | (416.05) | (228.41) |
| Increase/(Decrease) in other financial liabilities | | 58.53 | (62.54) |
| Increase/(Decrease) in other liabilities | | (4.92) | 114.24 |
| Cash generated from operations | | 6,170.15 | 5,970.98 |
| Income taxes paid (net) | | (931.75) | (1,007.87) |
| Net cash generated from operating activities | | 5,238.40 | 4,963.11 |
| B Cash flows from investing activities | | | |
| Dividend received | 28 | 1,168.55 | 1,862.60 |
| Proceeds from maturity of bank deposits | | 21,728.43 | 24,605.03 |
| Investment in bank deposits | | (20,285.86) | (25,128.98) |
| Interest received | | 405.01 | 265.89 |
| Payments for purchase of property, plant and equipment and intangible assets | | (2,456.62) | (6,122.17) |
| Proceeds from disposal of property, plant and equipment | | 276.26 | 252.69 |
| Net cash generated from/ (used in) investing activities | | 835.77 | (4,264.94) |
| C Cash flows from financing activities | | | |
| Proceeds from borrowings | | - | 2,500.00 |
| Repayment of borrowings | | (500.00) | - |
| Dividend paid | | (1,168.46) | (1,862.33) |
| Interest paid on lease liabilities | | (282.90) | (99.46) |
| Payment of principal lease liabilities | | (782.82) | (341.29) |
| Finance cost paid | | (378.85) | (811.42) |
| Net cash used in financing activities | | (3,113.03) | (614.50) |
| Net increase in cash and cash equivalents [A+B+C] | | 2,961.14 | 83.67 |
| Cash & cash equivalents at the beginning of the year | | 1,716.38 | 1,632.71 |
| Cash & cash equivalents at the end of the year | 13 | 4,677.52 | 1,716.38 |

Changes in financial liabilities arising from financing activities

| Particulars | Borrowings (including interest accrued) | Lease liabilities |
|---|---|-------------------|
| As at 01 April 2022 | 8,700.00 | 1,234.27 |
| Proceeds from borrowings | 2,500.00 | - |
| Addition to lease liabilities | - | 67.38 |
| Derecognition of lease liabilities | - | (173.56) |
| Interest cost | 997.64 | 99.46 |
| Payment of lease liabilities (including interest of Rs. 99.46 Lakhs) | - | (440.75) |
| Finance costs paid | (736.66) | - |
| As at 31 March 2023 | 11,460.98 | 786.80 |
| As at 01 April 2023 | 11,460.98 | 786.80 |
| Repayment of borrowings | (500.00) | - |
| Addition to lease liabilities | - | 3,623.41 |
| Interest cost | 1,178.65 | 282.90 |
| Payment of lease liabilities (including interest of Rs. 282.90 Lakhs) | - | (1,065.72) |
| Finance costs paid | (378.85) | - |
| As at 31 March 2024 | 11,760.78 | 3,627.39 |

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AGILUS PATHLABS PRIVATE LIMITED (FORMERLY KNOWN AS SRL DIAGNOSTICS PRIVATE LIMITED)
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2024

Notes:

- 1 During the year, the Company paid Rs. 63.35 lakhs (31 March 2023 Rs. 73.15 lakhs) towards corporate social responsibility expenditure (refer note 41).
- 2 The statement of cash flows for operating activities has been prepared in accordance with the "Indirect Method" as set out in the Ind AS 7 "Statement of Cash Flows".

See accompanying notes forming integral part of the financial statements

1-51

In terms of our report attached

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

Rahul Nayar

Rahul Nayar
Partner
Membership Number: 508605

For and on behalf of the Board of Directors of
Agilus Pathlabs Private Limited
(Formerly Known as SRL Diagnostics Private Limited)

Anand
Anand Kuppuswamy
Director
DIN: 02427196

Mangesh
Mangesh Shrikant Shirodkar
Director
DIN:

Place: Gurugram
Date: 20 May 2024

Place: Gurugram
Date: 20 May 2024

Place: Gurugram
Date: 20 May 2024



AGILUS PATHLABS PRIVATE LIMITED
(FORMERLY KNOWN AS SRL DIAGNOSTICS PRIVATE LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH 2024

Note 1. Corporate Information

Agilus Pathlabs Private Limited (formerly known as SRL Diagnostics Private Limited) (“the Company” or “APPL”) is a private limited Company incorporated in 1999. The registered office of the Company is situated at Plot No. 160 (Ground & First Floor), Pocket D- 11, Sector 8, Rohini, New Delhi- 110085, India and corporate office is situated at 306, Tower - A, 3rd Floor, Unitech Cyber Park, Sector 39, Gurugram- 122002, Haryana, 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. Material accounting policies

This note provides a list of the material accounting policies adopted in the preparation of these financial statements (“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 have been prepared in accordance with Indian Accounting Standards (“Ind AS”) as per the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time, notified under section 133 of Companies Act, 2013, (“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 to two decimals, except per share data.

The financial statements are approved for issue by the Company’s Board of Directors on 20 May 2024.

(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 the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date.

| Item basis | Measurement |
|--|--|
| Contingent consideration assumed in a business combination | Fair value |
| Net defined benefit (asset)/ liability | Fair value of plan assets less the present value of the defined benefit obligation |

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.



**AGILUS PATHLABS PRIVATE LIMITED
(FORMERLY KNOWN AS SRL DIAGNOSTICS PRIVATE LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH 2024**

(b) Current/ Non-current classification

Based on the time involved 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 determining current and non-current classification of assets and liabilities in the balance sheet.

(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) Business combinations

Business combinations (other than business combinations between common control entities) are accounted for using the purchase (acquisition) method. The cost of an acquisition is measured as the fair value of the consideration transferred, equity instruments issued and liabilities incurred or assumed at the date of exchange. The consideration transferred does not include amounts related to the settlement of pre-existing relationships with the acquiree. Such amounts are generally recognised in the statement of profit and loss.

The cost of acquisition also includes the fair value of any contingent consideration. Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in the statement of profit and loss.



AGILUS PATHLABS PRIVATE LIMITED
(FORMERLY KNOWN AS SRL DIAGNOSTICS PRIVATE LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH 2024

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the date of acquisition. Transaction costs incurred in connection with a business combination are expensed as incurred. The excess of the consideration transferred over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised in other comprehensive income and accumulated in equity as capital reserve provided there is clear evidence of the underlying reasons for classifying the business combination as a bargain purchase.

If the business combination is achieved in stages, any previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss, if any, is recognised in profit and loss or OCI, as appropriate.

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Company are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose, comparatives are revised. The assets and liabilities acquired are recognized at their carrying amounts. The identity of the reserves is preserved, and they appear in the financial statements of the Company in the same form in which they appeared in the financial statement of the acquired entity. The differences, if any, between the consideration and the amount of share capital of the acquired entity is transferred to capital reserve (if credit) or revenue reserves (if debit) and if there are no reserves or inadequate reserves, to an amalgamation deficit reserve (if debit), with disclosure of its nature and purpose in the notes to the financial statements.

(e) 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 borrowing costs, less accumulated depreciation and any accumulated impairment loss. The cost of an item of property, plant and equipment comprises its purchase price, including import duties and other non-refundable taxes or levies, freight, any directly attributable cost of bringing the asset to its working condition for its intended use and estimated cost of dismantling and restoring onsite; any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the 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.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.



**AGILUS PATHLABS PRIVATE LIMITED
(FORMERLY KNOWN AS SRL DIAGNOSTICS PRIVATE LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH 2024**

Transition to Ind AS

The cost of property, plant and equipment at 1 April 2015, the Company's date of transition to Ind AS, was determined with reference to its carrying value recognised as per the previous GAAP (deemed cost), as at the date of transition to Ind AS.

(ii) Goodwill and other intangible assets

- For measurement of goodwill that arises from business combination, refer to accounting policy thereon above. Subsequent measurement is at cost less any accumulated impairment losses.
- Internally generated goodwill is not recognised as an asset. With regard to other internally generated intangible assets:
 - Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the Statement of Profit and Loss as incurred.
 - Development expenditure including regulatory cost and legal expenses leading to product registration/ market authorisation relating to the new and/or improved product and/or process development is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the 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 Property, plant and equipment). Other development expenditure is recognised in the Statement of Profit and Loss as incurred.
- Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is recognised at fair value at the date of acquisition. An intangible asset is recognised only if it is probable that future economic benefits attributable to the asset will flow to the Company and the cost of the asset can be measured reliably. Following initial recognition, other intangible assets, including those acquired by the Group in a business combination and have finite useful lives are measured at cost less cost less accumulated amortization and any accumulated impairment losses. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates and the cost of the asset can be measured reliably.
- 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.

Transition to Ind AS

The cost of intangible assets at 1 April 2015, the Company's date of transition to Ind AS, was determined with reference to its carrying value recognised as per the previous GAAP (deemed cost), as at the date of transition to Ind AS.

(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 less their estimated residual values for cost of Property, plant and equipment as per the useful life specified in Part 'C'



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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:

| Asset | Management estimate of Useful life | Useful life as per Schedule II |
|--|------------------------------------|--------------------------------|
| Plant & Machinery (Laboratory equipments)- Pathology | 13 years | 13 years |
| Plant & Machinery (Laboratory equipments)- 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.

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

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

Estimated useful lives of the other intangible assets are as follows:

| Category of assets | Management's estimate of Useful Life |
|----------------------------|--------------------------------------|
| Software | 3 years |
| Trademarks and Non compete | 7-10 years |

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

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

(iv) Derecognition

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



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(f) Impairment of non-financial assets

Goodwill and other 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 Company together into cash-generating units (CGUs). Each CGU represents the smallest Company of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or Company of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or Company of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

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

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

(g) 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

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

All financial assets (except trade receivable without a significant financing component) are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss,



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transaction costs that are attributable to the acquisition of the financial asset. A trade receivable without a significant financing component is initially measured at the transaction price. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

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

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

Debt instruments at amortised cost

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

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

Debt instrument at FVOCI

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

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

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVOCI, is classified as at FVTPL. In addition, at initial recognition, the Company may irrevocably elect to designate a debt instrument, which otherwise meets



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amortised cost or FVOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

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

Equity investments

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

All other equity investments which are in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments in scope of Ind AS 109, the 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 FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

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.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.



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Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognised in OCI.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a Company 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
- 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.

Write off of financial assets

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.

However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Financial liabilities

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

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or



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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.

(h) Inventories

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

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

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

(i) 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.

(j) 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 asset is not recognised in financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognized.

Contingent liabilities and commitments are reviewed by the management at each balance sheet date.



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(k) 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 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.

(l) 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 when the reports are generated, 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.



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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 billing in excess of revenue.

(m) Employee benefits

Short-term employee benefits

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

Post-employment benefits

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

a) **Gratuity:**

The 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. The gratuity liability for employees of the Company is funded with Life Insurance Corporation of India and Axis Bank.

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 will have 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



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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 or 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 recognised immediately in the Statement of Changes in Equity with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost. Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs. Any differential between the plan assets (for a funded defined benefit plan) and the defined benefit obligation as per actuarial valuation is recognised as a liability if it is a deficit or as an asset if it is a surplus (to the extent of the lower of present value of any economic benefits available in the form of refunds from the plan or reduction in future contribution to the plan).

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

(n) 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 benefits 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.

(o) Finance costs

Finance costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Interest on lease liability is also considered as finance cost. Finance cost also includes exchange differences to the extent regarded as an adjustment to the finance costs. General and specific borrowing costs that are directly attributable to the construction or production or development of a qualifying asset are



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capitalized as part of the cost of that asset. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. All other finance costs are expensed in the period in which they occur.

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

(p) 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
 - at the time of transaction (i) affects neither accounting nor taxable profit or loss and (ii) does not give rise to equal taxable and deductible temporary differences
- temporary differences related to investments in subsidiaries, associates or 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. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans of the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.



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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 offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

(q) 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 earlier of the end of the useful life of the right-of-use asset or 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 interest rate implicit in the lease or, if that rate cannot be readily determined, 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 or if there is a revised in-substance fixed lease payment.

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



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Short-term leases and leases of low-value assets

The 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. 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.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

(r) 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).

(s) 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.

(t) Operating segments

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



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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") who is responsible for allocating resources and assessing performance of the operating segments. Revenues, expenses, assets and liabilities, which are common to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been treated as "unallocated revenues/ expenses/ assets/ liabilities", as the case may be.

(u) 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 share.

(v) Recognition of Dividend Income, Interest income or expense

Dividend income is recognised in profit or loss on the date on which the Company's right to receive payment is established.

Interest income or expense is recognised using the effective interest 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.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Note 2A. Critical estimates and judgments

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



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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(q) and Note 37
- Revenue recognition: whether the Company acts as an agent rather than as a principal in a transaction - Note 2(l)

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 2024 is included in the following notes:

- Financial instruments - Note 2(g)
- Fair value measurement – Note 2(c) and Note 42B
- Impairment test of goodwill and other intangible assets: key assumptions underlying recoverable amounts – Note 2(f) and Note 4
- Measurement of ECL allowance for trade receivables and other assets – Note 2(g) and Note 12
- Assessment of useful life and residual value of property, plant and equipment and intangible assets – Note 2(e)
- Leasing arrangement (accounting) – Note 2(q) and Note 37
- Estimation of assets and obligations relating to employee benefits (including actuarial assumptions) – Note 40
- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources – Note 39
- Recognition of deferred tax assets: availability of future taxable profits against which deductible temporary differences and tax losses carried forward can be utilized - Note 2(p) and Note 8

Note 2B. Recent Pronouncements

Ministry of Corporate Affairs (“MCA”) notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended 31 March 2024, MCA has not notified any new standards or amendments to the accounting standards which are effective from 1 April 2024.

Note 2C. Material accounting policy information

The Company adopted *Disclosure of Accounting Policies (Amendment to Ind AS 1)* from 1 April 2023. Although the amendments did not result in any changes in the accounting policy themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of ‘material’ rather than ‘significant’ accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.



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3 Property, plant and equipment and Capital work-in-progress

| | Leasehold improvements | Freehold Land* | Plant & Machinery (includes Laboratory equipment) | Buildings | Computers | Furniture and Fixtures | Motor vehicles | Office equipments | Total | (Rupees in Lakhs) |
|---------------------------------|------------------------|----------------|---|-----------|-----------|------------------------|----------------|-------------------|----------|-------------------|
| Gross carrying value | | | | | | | | | | |
| As at 1 April 2022 | 582.87 | 5.48 | 7,560.33 | 360.31 | 228.23 | 99.55 | 169.28 | 281.26 | 9,287.31 | 55.02 |
| Additions | 36.49 | - | 891.16 | - | 57.67 | 2.32 | 12.70 | 7.19 | 1,007.53 | - |
| Disposals | 129.94 | - | 1,692.37 | - | 31.86 | 12.17 | 32.94 | 37.52 | 1,936.80 | 35.75 |
| As at 31 March 2023 | 489.42 | 5.48 | 6,759.12 | 360.31 | 254.04 | 89.70 | 149.04 | 250.93 | 8,358.04 | 19.27 |
| Additions | 17.83 | - | 423.73 | - | 53.37 | 2.94 | - | 15.23 | 513.10 | - |
| Disposals | - | - | 995.06 | - | 0.61 | - | 1.44 | - | 997.11 | 19.27 |
| As at 31 March 2024 | 507.25 | 5.48 | 6,187.79 | 360.31 | 306.80 | 92.64 | 147.60 | 266.16 | 7,874.03 | - |
| Accumulated Depreciation | | | | | | | | | | |
| As at 1 April 2022 | 512.37 | - | 4,750.67 | 45.40 | 169.99 | 75.51 | 110.90 | 167.91 | 5,832.75 | - |
| Charge for the year | 17.38 | - | 583.41 | 6.48 | 31.81 | 8.02 | 13.97 | 29.64 | 690.71 | - |
| Disposals | 127.84 | - | 1,677.01 | - | 29.45 | 11.35 | 31.08 | 32.51 | 1,909.24 | - |
| As at 31 March 2023 | 401.91 | - | 3,657.07 | 51.88 | 172.35 | 72.18 | 93.79 | 165.04 | 4,614.22 | - |
| Charge for the year | 26.09 | - | 535.08 | 6.50 | 31.28 | 5.76 | 12.72 | 24.85 | 642.28 | - |
| Disposals | - | - | 827.77 | - | 0.52 | - | 1.31 | - | 829.60 | - |
| As at 31 March 2024 | 428.00 | - | 3,364.38 | 58.38 | 203.11 | 77.94 | 105.20 | 189.89 | 4,426.90 | - |
| Net carrying value | | | | | | | | | | |
| As at 31 March 2023 | 87.51 | 5.48 | 3,102.05 | 308.43 | 81.69 | 17.52 | 55.25 | 85.89 | 3,743.82 | 19.27 |
| As at 31 March 2024 | 79.25 | 5.48 | 2,823.41 | 301.93 | 103.69 | 14.70 | 42.40 | 76.27 | 3,447.13 | - |

* For details regarding the title deed of immovable property of the company (refer note 50)

Disclosure of Ageing schedule of Capital Work in Progress

| | Amount in CWIP for a period of | | | | Total |
|-------------------------------------|--------------------------------|-----------|-----------|-------------------|-------|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| As at 31 March 2024 | | | | | |
| (i) Projects in progress | - | - | - | - | - |
| (ii) Projects temporarily suspended | - | - | - | - | - |
| Total | - | - | - | - | - |
| | | | | | |
| As at 31 March 2023 | | | | | |
| (i) Projects in progress | - | 0.43 | 15.65 | 3.19 | 19.27 |
| (ii) Projects temporarily suspended | - | - | - | - | - |
| Total | - | 0.43 | 15.65 | 3.19 | 19.27 |

There are no projects where completion is overdue or has exceeded its cost compared to its original plan.



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4 Goodwill and other intangible assets

| | (Rupees in Lakhs) | | | |
|---------------------------------|-------------------|----------------------------|------------------|------------------|
| | Goodwill | Other intangible assets | | Total |
| Software | | Trademarks and Non compete | | |
| Gross carrying value | | | | |
| As at 1 April 2022 | 1,167.52 | 274.93 | 7,982.20 | 8,257.13 |
| Additions* | - | 0.83 | 12,720.89 | 12,721.72 |
| Disposals | - | 1.85 | - | 1.85 |
| As at 31 March 2023 | 1,167.52 | 273.91 | 20,703.09 | 20,977.00 |
| Additions | - | 0.21 | - | 0.21 |
| Disposals | - | - | - | - |
| As at 31 March 2024 | 1,167.52 | 274.12 | 20,703.09 | 20,977.21 |
| Accumulated Amortisation | | | | |
| As at 1 April 2022 | - | 273.62 | 5,059.52 | 5,333.14 |
| Amortisation | - | 0.56 | 1,812.94 | 1,813.50 |
| Disposals | - | 1.85 | - | 1.85 |
| As at 31 March 2023 | - | 272.33 | 6,872.46 | 7,144.79 |
| Amortisation | - | 0.83 | 2,415.82 | 2,416.65 |
| Disposals | - | - | - | - |
| As at 31 March 2024 | - | 273.16 | 9,288.28 | 9,561.44 |
| Net carrying value | | | | |
| As at 31 March 2023 | 1,167.52 | 1.58 | 13,830.63 | 13,832.21 |
| As at 31 March 2024 | 1,167.52 | 0.96 | 11,414.81 | 11,415.77 |

* During the previous year, the Company had extended its business arrangement with certain doctors. Under the said arrangement, the Company has a right to use a registered trademark and restrict these doctors from entering in pathology business (non-compete) for a consideration of Rs. 12,720.89 lakhs.

Notes:-

Acquired goodwill includes the excess consideration paid by Agilus Pathlabs Private Limited (formerly Known as 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 Agilus Pathlabs Private Limited as a single CGU and hence, the impairment of goodwill acquired separately is tested on total diagnostic business of Agilus Pathlabs 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 | As at |
|--|---------------|---------------|
| | 31 March 2024 | 31 March 2023 |
| Revenue growth rate for five years (31 March 2023: 5 years) | 8% p.a. | 8% p.a. |
| Growth rate used for extrapolation of cash flow projections beyond five-year period (31 March 2023: 5 years) | 5% p.a. | 4% p.a. |
| Discount rate (Pre tax rate) | 16% p.a. | 19% 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.

Cashflow projections during the forecast period are based on expected gross margins and inflation throughout the period.



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| | As at 31 March 2024 (Rupees in Lakhs) | As at 31 March 2023 (Rupees in Lakhs) |
|--|---|---|
| 5. Investments | | |
| Equity investments in Fellow Subsidiary - at cost | | |
| Unquoted | | |
| Equity Instruments | | |
| 250,000 equity shares (Previous year : 250,000 equity shares) of Rs. 10 each, fully paid up in DDRC Agilus Pathlabs Limited (formerly known as DDRC SRL Diagnostics Limited) | 950.88 | 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 | - | - |
| 6. Loans | | |
| Non-current | | |
| (Unsecured considered good, unless otherwise stated) | | |
| Loan to employees | 148.27 | 81.88 |
| Total | 148.27 | 81.88 |
| 7. Other financial assets | | |
| Non-current | | |
| (Unsecured considered good, unless otherwise stated) | | |
| Balances with banks - deposits due to mature after 12 months from the reporting date* | 10.20 | 15.17 |
| Security deposits | | |
| - Considered good | 351.82 | 377.28 |
| - Credit impaired | 18.55 | 18.55 |
| Less: Loss allowance | (18.55) | (18.55) |
| Total | 362.02 | 392.45 |
| *This Includes interest accrued of Rs. 0.51 Lakhs (Rs. Nil in previous year) and balances with bank held as margin money Rs. 7.45 Lakhs (Rs. 15.17 Lakhs in previous year) | | |
| 8. Deferred tax assets (net) | | |
| Deferred tax assets | 1,258.65 | 498.36 |
| Deferred tax liabilities | (1,695.45) | (372.50) |
| Total | (436.80) | 125.86 |

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

2023-24

| | As at 1 April 2023 | Recognised in profit or loss | Recognised in other comprehensive income | As at 31 March 2024 |
|--|-----------------------|---------------------------------|---|------------------------|
| Deferred tax assets | | | | |
| Expenditure allowed on actual payment basis | 72.05 | 11.93 | - | 83.98 |
| Loss allowance for trade receivables | 103.98 | 24.27 | - | 128.25 |
| Lease liability | 198.04 | 714.91 | - | 912.95 |
| Loss allowance for doubtful advances | 34.43 | - | - | 34.43 |
| Provision for gratuity | 55.89 | (1.33) | 0.75 | 55.31 |
| Provision for compensated absences | 33.97 | 9.76 | - | 43.73 |
| Total deferred tax assets | 498.36 | 759.54 | 0.75 | 1,258.65 |
| Deferred tax liabilities | | | | |
| Property, plant and equipment and Intangible assets* | (201.68) | (563.23) | - | (764.91) |
| Right-of-use assets | (170.82) | (759.72) | - | (930.54) |
| Total deferred tax liabilities | (372.50) | (1,322.95) | - | (1,695.45) |
| Deferred tax assets/ (liabilities) (Net) | 125.86 | (563.41) | 0.75 | (436.80) |

* Amount recognised in profit and loss includes adjustment for earlier years of Rs. 370.99 Lakhs

2022-23

| | As at 1 April 2022 | Recognised in profit or loss | Recognised in other comprehensive income | As at 31 March 2023 |
|---|-----------------------|---------------------------------|---|------------------------|
| Deferred tax assets | | | | |
| Expenditure allowed on actual payment basis | 79.55 | (7.50) | - | 72.05 |
| Loss allowance for trade receivables | 110.15 | (6.17) | - | 103.98 |
| Lease liability | 310.67 | (112.63) | - | 198.04 |
| Loss allowance for doubtful advances | 34.43 | - | - | 34.43 |
| Provision for gratuity | 73.43 | (6.82) | (10.72) | 55.89 |
| Provision for compensated absences | 31.36 | 2.61 | - | 33.97 |
| Total deferred tax assets | 639.59 | (130.51) | (10.72) | 498.36 |
| Deferred tax liabilities | | | | |
| Property, plant and equipment and intangible assets | (7.14) | (194.54) | - | (201.68) |
| Right-of-use assets | (274.44) | 103.62 | - | (170.82) |
| Total deferred tax liabilities | (281.58) | (90.92) | - | (372.50) |
| Deferred tax assets (Net) | 358.01 | (221.43) | (10.72) | 125.86 |



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| | As at 31 March 2024 (Rupees in Lakhs) | As at 31 March 2023 (Rupees in Lakhs) |
|--|--|--|
| 9 Other tax assets (net) | | |
| Advance tax and tax deducted at source* | 3,969.63 | 3,011.68 |
| | 3,969.63 | 3,011.68 |
| *Net of provision for tax | 7,250.11 | 7,276.31 |
| 10. Other non-current assets <i>(Unsecured considered good, unless otherwise stated)</i> | | |
| Capital advance | | |
| - Considered good | 77.80 | 524.83 |
| - 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)) | 3,789.19 | 3,789.18 |
| Total | 3,866.99 | 4,314.01 |
| 11. Inventories (lower of cost and net realisable value) | | |
| Consumables : Reagents, chemicals and others | 451.59 | 525.92 |
| Total | 451.59 | 525.92 |
| 12. Trade receivables | | |
| Secured, considered good | 43.11 | 42.20 |
| Unsecured, considered good | 1,091.50 | 1,614.70 |
| Unsecured, credit impaired | 406.35 | 16.00 |
| Less: Allowance for expected credit loss | (509.55) | (413.09) |
| | 1,031.41 | 1,259.81 |
| Due from related parties (unsecured considered good) (refer note 36) | 410.81 | 154.16 |
| Total | 1,442.22 | 1,413.97 |
| Gross Trade Receivables | 1,951.77 | 1,827.06 |
| Less: Allowance for expected credit loss | (509.55) | (413.09) |
| Net Trade Receivables | 1,442.22 | 1,413.97 |
| Notes: - | | |
| Debtors Ageing- Outstanding for following periods from due dates of payment | | |
| Undisputed trade receivable- considered good | | |
| Not Due | 670.75 | 633.88 |
| Less than 6 Months | 434.05 | 411.69 |
| 6 Months-1 year | 78.89 | 56.57 |
| 1-2 Years | 56.81 | 62.24 |
| 2-3 Years | 61.75 | 113.84 |
| More than 3 Years | 110.52 | 388.96 |
| Total (a) | 1,412.77 | 1,669.18 |
| Undisputed trade receivable- Credit Impaired | | |
| Less than 6 Months | - | - |
| 6 Months-1 year | - | - |
| 1-2 Years | - | - |
| 2-3 Years | - | - |
| More than 3 Years | 390.35 | - |
| Total (b) | 390.35 | - |
| Disputed trade receivable- credit impaired | | |
| Less than 6 Months | - | - |
| 6 Months-1 year | - | - |
| 1-2 Yrs | - | - |
| 2-3 Yrs | - | - |
| More than 3 Years | 16.00 | 16.00 |
| Total (c) | 16.00 | 16.00 |
| Trade receivable - Unbilled (d) | 132.65 | 141.88 |
| Total (a+b+c+d) | 1,951.77 | 1,827.06 |

(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 upto 90 days for all its customers (other than related parties). There are no customers which represent more than 5% of the total balance of trade receivables except as mentioned below:

| Customer Name | As at 31 March 2024 (Rupees in Lakhs) | As at 31 March 2023 (Rupees in Lakhs) |
|------------------------------|--|--|
| Agilus Diagnostics Ltd | 399.47 | 142.62 |
| Dr. L H Hiranandani Hospital | 132.65 | 141.88 |

(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 :

| Age of receivables | As at 31 March 2024 Expected credit loss (%) | As at 31 March 2023 Expected credit loss (%) |
|---------------------------|---|---|
| Not Due | 1% - 3% | 0% - 3% |
| 0-1 year | 5% - 7% | 2% - 20% |
| 1-2 years | 35% - 52% | 14% - 64% |
| 2-3 years | 49% - 59% | 38% - 92% |
| More than 3 Years | 100% | 90% - 100% |



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| | <u>As at</u> <u>31 March 2024</u> <small>(Rupees in Lakhs)</small> | <u>As at</u> <u>31 March 2023</u> <small>(Rupees in Lakhs)</small> |
|--|--|--|
| Movement in the expected credit loss allowance | | |
| Balance at the beginning of the year | 413.09 | 437.61 |
| Add: Recognised during the year | 96.46 | - |
| Less: Bad debts written off | - | (24.52) |
| Balance at end of the year | 509.55 | 413.09 |
| Information about Company's exposure to credit risk and currency risk is disclosed in Note 42C | | |
| | <u>As at</u> <u>31 March 2024</u> <small>(Rupees in Lakhs)</small> | <u>As at</u> <u>31 March 2023</u> <small>(Rupees in Lakhs)</small> |
| 13. Cash and cash equivalents | | |
| Balances with banks | | |
| - on current accounts | 1,420.76 | 1,291.35 |
| - Deposits with original maturity of three months or less* | 3,221.52 | 400.94 |
| Cheques on hand | 4.49 | 2.86 |
| Cash on hand | 30.75 | 21.23 |
| Total | 4,677.52 | 1,716.38 |
| *This includes interest accrued of Rs. 21.52 lakhs (Rs. 0.13 lakhs in previous year) | | |
| 14. Bank balances other than cash and cash equivalents | | |
| Balances with banks | | |
| - deposits with original maturity of more than 3 months but less than 12 months* | 3,434.46 | 4,871.84 |
| Total | 3,434.46 | 4,871.84 |
| *This Includes Interest accrued of Rs. 34.46 lakhs (Rs. 33.66 lakhs in previous year). | | |
| 15. Loans | | |
| Current | | |
| <i>(Unsecured considered good, unless otherwise stated)</i> | | |
| Loan to employees | | |
| - Considered good | 39.69 | 22.03 |
| - Credit impaired | 2.87 | 2.87 |
| Less: Loss allowance | (2.87) | (2.87) |
| Total | 39.69 | 22.03 |
| 16. Other financial assets | | |
| Current | | |
| <i>(Unsecured considered good, unless otherwise stated)</i> | | |
| Advances recoverable | | |
| - Considered good | 19.87 | 18.51 |
| - Credit impaired | 74.88 | 74.88 |
| Less: Loss allowance | (74.88) | (74.88) |
| Security Deposits | | |
| - Considered good | - | - |
| - Credit impaired | 5.38 | 5.38 |
| Less: Loss allowance | (5.38) | (5.38) |
| Balances with banks - deposits due to mature within 12 months from the reporting date* | 1.16 | - |
| Total | 21.03 | 18.51 |
| *This Includes interest accrued of Rs. 0.05 lakhs (Rs. Nil in previous year). | | |
| 17. Other current assets | | |
| <i>(Unsecured considered good, unless otherwise stated)</i> | | |
| Prepaid expenses | 79.32 | 101.47 |
| Advances to suppliers | | |
| - Considered good | 12.83 | 26.17 |
| - Considered doubtful | 4.33 | 4.33 |
| Less: Loss allowance | (4.33) | (4.33) |
| Total | 92.15 | 127.64 |



AGILUS PATHLABS PRIVATE LIMITED (FORMERLY KNOWN AS SRL DIAGNOSTICS PRIVATE LIMITED)
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

16. Equity share capital

| | As at 31 March 2024 | | As at 31 March 2023 | |
|---|------------------------|-------------------|------------------------|-------------------|
| | Number of shares | (Rupees in Lakhs) | Number of shares | (Rupees in Lakhs) |
| Authorised share capital | | | | |
| Equity shares of Rs. 10 each | 5,000,000 | 500.00 | 5,000,000 | 500.00 |
| Total | 5,000,000 | 500.00 | 5,000,000 | 500.00 |
| Issued, subscribed and fully paid up share capital | | | | |
| Equity shares of Rs. 10 each fully paid up | 3,958,200 | 395.82 | 3,958,200 | 395.82 |
| Total | 3,958,200 | 395.82 | 3,958,200 | 395.82 |

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

| | As at 31 March 2024 | | As at 31 March 2023 | |
|---|------------------------|-------------------|------------------------|-------------------|
| | Number of shares | (Rupees in Lakhs) | Number | (Rupees in Lakhs) |
| Equity shares | | | | |
| Outstanding at the beginning of the year | 3,958,200 | 395.82 | 3,958,200 | 395.82 |
| Issued during the year | - | - | - | - |
| Outstanding at the end of the year | 3,958,200 | 395.82 | 3,958,200 | 395.82 |

(b) Terms/rights attached to equity shares

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

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

| | As at 31 March 2024 | | As at 31 March 2023 | |
|--|------------------------|--------------|------------------------|--------------|
| | Number of shares | % of holding | Number of shares held | % of holding |
| Equity shares of Rs. 10 each | | | | |
| Agilus Diagnostics Limited (formerly known as SRL Limited), the holding company (including its nominees) | 3,958,200 | 100% | 3,958,200 | 100% |

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

| | No. of shares as at 31 March 2023 | Rupees in lakhs | % of Total Shares | No. of shares as at 31 March 2024 | Rupees in lakhs | % of Total Shares |
|--|--------------------------------------|-----------------|-------------------|--------------------------------------|-----------------|-------------------|
| Equity shares of Rs. 10 each | | | | | | |
| Agilus Diagnostics Limited (formerly known as SRL Limited) (the holding Company) | 3,958,200 | 395.82 | 100% | 3,958,200 | 395.82 | 100% |

(e) Shareholding of Promoter

| Promoter's Name | No. of shares as at 31 March 2023 | Change during the year | No. of shares as at 31 March 2024 | % of Total Shares as on 31 March 2024 | % Change during the year |
|--|--------------------------------------|---------------------------|--------------------------------------|--|-----------------------------|
| Equity shares of Rs. 10 each | | | | | |
| Agilus Diagnostics Limited (formerly known as SRL Limited) | 3,958,200 | - | 3,958,200 | 100% | - |
| | 3,958,200 | - | 3,958,200 | 100% | |

| Promoter's Name | No. of shares as at 31 March 2022 | Change during the year | No. of shares as at 31 March 2023 | % of Total Shares as on 31 March 2023 | % Change during the year |
|--|--------------------------------------|---------------------------|--------------------------------------|--|-----------------------------|
| Equity shares of Rs. 10 each | | | | | |
| Agilus Diagnostics Limited (formerly known as SRL Limited) | 3,958,200 | - | 3,958,200 | 100% | - |
| | 3,958,200 | - | 3,958,200 | 100% | |

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



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NOTES FORMING PART OF THE FINANCIAL STATEMENTS

| | As at 31 March 2024 (Rupees in Lakhs) | As at 31 March 2023 (Rupees in Lakhs) |
|--|--|--|
| 19. Borrowings - Non Current | | |
| Term loan from holding Company (Unsecured) | 11,760.78 | 11,460.98 |
| Less: Interest accrued on borrowings (refer note 23) | (1,060.78) | (260.98) |
| Less: Current maturities of non-current borrowings (refer note 25) | (1,000.00) | (1,000.00) |
| Total | 9,700.00 | 10,200.00 |
| Notes: | | |
| Loan from holding company | | |
| (a) - Interest Rate | 10.5% p.a. | 10.5% p.a. |
| - Loan amount (Rs. in lakhs) | 8,200.00 | 8,700.00 |
| - Repayment terms | Rs. 1,000 lakhs repayable by 31 March 2025 and Rs. 7,200 lakhs payable on demand after 31 March 2025 | Rs. 1,000 lakhs repayable by 31 March 2024 and Rs. 7,700 lakhs payable on demand after 31 March 2024 |
| (b) - Interest Rate | 10.5% p.a. | 10.5% p.a. |
| - Loan amount (Rs. in lakhs) | 2,500.00 | 2,500.00 |
| - Repayment terms | Repayable by 31 December 2025 | Repayable by 31 December 2025 |
| 20. Other financial liabilities - Non Current | | |
| Payable towards purchase of other intangible assets | - | 1,925.76 |
| Total | - | 1,925.76 |
| 21. Provisions | | |
| Provisions for employee benefits | | |
| Provision for gratuity (refer note 40) | 219.76 | 222.07 |
| Provision for compensated absences | 133.51 | 103.20 |
| Total | 353.27 | 325.27 |
| 22 Trade payables | | |
| - total outstanding dues to micro enterprises and small enterprises (refer note 46) | 70.27 | 99.77 |
| - total outstanding dues of creditors other than micro enterprises and small enterprises | 1,152.76 | 1,588.38 |
| Total | 1,223.03 | 1,688.15 |
| Trade payable Ageing- Outstanding for following periods from due dates of payment | | |
| Undisputed- Micro enterprises and small enterprises | | |
| Not Due | 42.18 | - |
| Less than 1 year | 23.73 | 99.77 |
| 1-2 years | 4.36 | - |
| 2-3 years | - | - |
| More than 3 years | - | - |
| Total | 70.27 | 99.77 |
| Undisputed- Others | | |
| Not Due | 434.50 | 411.78 |
| Less than 1 year | 405.98 | 404.00 |
| 1-2 years | 91.53 | 210.40 |
| 2-3 years | 137.21 | 293.70 |
| More than 3 years | 83.54 | 268.50 |
| Total | 1,152.76 | 1,588.38 |
| Grand Total | 1,223.03 | 1,688.15 |

The Company does not have any disputed dues which are payable as at 31 March 2024 and as at 31 March 2023.



AGILUS PATHLABS PRIVATE LIMITED (FORMERLY KNOWN AS SRL DIAGNOSTICS PRIVATE LIMITED)
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

| | As at 31 March 2024 (Rupees in Lakhs) | As at 31 March 2023 (Rupees in Lakhs) |
|---|--|--|
| 23 Other financial liabilities - Current | | |
| Deposits from customers | 110.40 | 129.44 |
| Employee benefits payable | 189.84 | 112.26 |
| Interest accrued but not due on borrowings (refer note 19) | 1,060.78 | 260.98 |
| Payable towards purchase of property, plant and equipment and other intangible assets | 2,085.87 | 2,352.64 |
| Total | 3,446.89 | 2,855.32 |
| 24 Other current liabilities | | |
| Liability towards customer loyalty program** | 29.08 | - |
| Advances from customers | 32.33 | 50.21 |
| Statutory dues payables | 262.79 | 278.90 |
| Total | 324.20 | 329.11 |
| **The movement during the year is as below: | | |
| Opening balance | - | - |
| Addition during the year | 33.13 | - |
| Utilised during the year | 4.05 | - |
| Closing balance | 29.08 | - |
| 25 Borrowings - Current | | |
| Current maturities of non-current borrowings | | |
| - From related party - unsecured (refer note 19) | 1,000.00 | 1,000.00 |
| Total | 1,000.00 | 1,000.00 |
| 26 Provisions | | |
| Provision for employee benefits | | |
| Provision for compensated absences | 40.25 | 31.75 |
| Provision for contingencies | | |
| Provision for litigations* | 175.45 | 170.80 |
| Total | 215.70 | 202.55 |
| The movement during the year is as below: | | |
| *Opening balance | 170.80 | 164.95 |
| Addition during the year | 4.65 | 5.85 |
| Closing balance | 175.45 | 170.80 |

* In earlier periods, ESI Corporation has passed an order stating that the Kolkata operations in Agilus Pathlabs Private Limited (Formerly Known as SRL Diagnostics Private Limited -'APPL') are covered under the provisions of Employees' State Insurance Act. Subsequently, APPL received an order from ESI Corporation in which demand amounting to Rs. 17.05 lakhs was raised for the period from April 2007 to March 2008. The Company has disputed the said orders and filed an appeal with ESI Court which is pending for disposal. Pending settlement of the matter, the Company is recognizing provision in books for ESI liability for the period subsequent to 1 April 2007. The same will be paid once the matter is settled.



AGILUS PATHLABS PRIVATE LIMITED (FORMERLY KNOWN AS SRL DIAGNOSTICS PRIVATE LIMITED)
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

| | Year ended 31 March 2024 (Rupees in Lakhs) | Year ended 31 March 2023 (Rupees in Lakhs) |
|--|--|--|
| 27. Revenue from operations | | |
| Sale of services (refer note 42D) | 25,670.15 | 25,610.24 |
| Other operating revenue | | |
| - Liabilities/Provision no longer required written back | 49.08 | 9.23 |
| Total | 25,719.23 | 25,619.47 |
| 28. Other income | | |
| Interest income earned on financial assets measured at amortised cost: | | |
| - Bank deposits | 406.08 | 255.57 |
| - Security deposits | 21.43 | 12.88 |
| Interest income earned on: | | |
| - Others | 0.30 | 0.44 |
| Dividend income | 1,168.55 | 1,862.60 |
| Profit on disposal of property, plant and equipments (net) | 108.75 | 225.11 |
| Gain on termination of lease | - | 38.18 |
| Miscellaneous income | 126.60 | 126.77 |
| Total | 1,831.71 | 2,521.55 |
| 29. Cost of materials consumed | | |
| Reagents, chemicals and consumables | | |
| Inventories at the beginning of the year | 525.92 | 578.45 |
| Add: Purchases during the year (net) | 4,403.32 | 4,476.57 |
| | 4,929.24 | 5,055.02 |
| Less: Inventories at the end of the year | 451.59 | 525.92 |
| Total | 4,477.65 | 4,529.10 |
| 30. Employee benefits expense | | |
| Salaries, wages and bonus | 4,082.21 | 4,888.76 |
| Contribution to provident and other funds (refer note 40) | 268.45 | 270.77 |
| Gratuity expense (refer note 40) | 68.00 | 67.15 |
| Staff welfare expenses | 61.99 | 63.77 |
| Total | 4,480.65 | 5,290.45 |
| 31. Finance costs | | |
| Interest expense on financial liabilities measured at amortised cost: | | |
| - loans from related party | 1,178.65 | 997.64 |
| Interest expense on: | | |
| - lease liability | 282.90 | 99.46 |
| - others | 217.07 | 192.84 |
| - net defined benefit obligation (refer note 40) | 16.25 | 18.37 |
| Bank Charges | 59.01 | 74.76 |
| Total | 1,753.88 | 1,383.07 |
| 32. Depreciation and amortisation expense | | |
| Depreciation of property, plant and equipment | 642.28 | 690.71 |
| Depreciation of right of use assets | 955.03 | 356.55 |
| Amortisation of intangible assets | 2,416.63 | 1,813.50 |
| Total | 4,013.94 | 2,860.76 |



AGILUS PATHLABS PRIVATE LIMITED (FORMERLY KNOWN AS SRL DIAGNOSTICS PRIVATE LIMITED)
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| | <u>Year ended</u> <u>31 March 2024</u> <u>(Rupees in Lakhs)</u> | <u>Year ended</u> <u>31 March 2023</u> <u>(Rupees in Lakhs)</u> |
|--|---|---|
| 33. Other expenses | | |
| Power and fuel | 506.81 | 461.31 |
| Rent and hire expenses (refer note 37) | 395.91 | 654.73 |
| Rates and taxes | 20.24 | 31.45 |
| Insurance | 23.28 | 45.28 |
| Repairs and maintenance: | | |
| - Plant and equipment | 362.52 | 466.29 |
| - Buildings | 47.48 | 31.89 |
| - Others | 132.19 | 150.32 |
| Advertisement and sales promotion | 179.93 | 384.91 |
| Postage and courier | 72.84 | 75.92 |
| Travelling and conveyance | 334.84 | 379.49 |
| Printing and stationery | 149.47 | 139.10 |
| Communication | 38.05 | 41.54 |
| Fees to collection centre (refer note 2(i)) | 201.08 | 188.46 |
| Legal and professional expenses (refer note below for payment to auditors) | 178.36 | 177.17 |
| Professional fees to doctors | 5,085.15 | 5,296.28 |
| Loss allowance on trade receivables (refer note 12) | 96.46 | - |
| Corporate social responsibility expenses (refer note 41) | 63.35 | 73.15 |
| Miscellaneous expenses | 250.18 | 282.07 |
| Total | 8,138.14 | 8,879.36 |
| Note: Payment to the auditors comprises (net of tax): | | |
| As Auditor | | |
| i) Statutory audit | 25.80 | 25.80 |
| ii) Limited review | 25.20 | 25.20 |
| iii) Tax audit | 4.41 | 4.41 |
| In Other Capacity | | |
| i) Reimbursement of expenses | 5.58 | - |
| | 60.99 | 55.41 |
| | <u>Year ended</u> <u>31 March 2024</u> <u>(Rupees in Lakhs)</u> | <u>Year ended</u> <u>31 March 2023</u> <u>(Rupees in Lakhs)</u> |
| 34. (a) Income taxes | | |
| Recognised in profit or loss: | | |
| Current tax | | |
| -In respect of the current year | 344.83 | 459.04 |
| -In respect of prior years | (370.99) | - |
| Deferred tax | 563.41 | 221.43 |
| Total | 537.25 | 680.47 |
| Recognised in other comprehensive income: | | |
| Tax expense/(income) related to items that will not be reclassified to profit or loss | (0.75) | 10.72 |
| | (0.75) | 10.72 |
| | <u>Year ended</u> <u>31 March 2024</u> <u>(Rupees in Lakhs)</u> | <u>Year ended</u> <u>31 March 2023</u> <u>(Rupees in Lakhs)</u> |
| (b) The income tax expense for the year reconciled to the accounting profit as follows: | <u>%</u> <u>(Rupees in Lakhs)</u> | <u>%</u> <u>(Rupees in Lakhs)</u> |
| Profit before tax | 2,909.70 | 4,495.32 |
| Tax using Company's domestic tax rate @25.17% | 25.17% 732.37 | 25.17% 1,131.47 |
| Tax effect of: | | |
| Non-deductible expenses | 3.40% 99.00 | 0.40% 17.82 |
| Effect of income that is exempt from taxation | -10.11% (294.12) | -10.43% (468.82) |
| Income tax expense recognised in statement of profit and loss | 18.46% 537.25 | 15.14% 680.47 |
| 35. Earnings per share (EPS) | | |
| Profit for the year | 2,372.45 | 3,814.85 |
| Weighted average number of equity shares used in calculation of basic and diluted EPS | 3,958,200 | 3,958,200 |
| Nominal value per share (in Rupees) | 10.00 | 10.00 |
| Earnings per share (Basic and Diluted) (in Rupees) | 59.94 | 96.38 |



AGILUS PATHLABS PRIVATE LIMITED (FORMERLY KNOWN AS SRL DIAGNOSTICS PRIVATE LIMITED)
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

36. Related party disclosures

A. Related parties where control exists :

| (i) Enterprises having control over the Company | Nature of relationship |
|---|-------------------------------|
| - IHH Healthcare Berhard | Ultimate holding company |
| - Fortis Healthcare Limited | Intermediate holding company |
| - Agilus Diagnostics Limited (formerly known as SRL Limited) | Holding company |
| (ii) Fellow Subsidiary | |
| - DDRC Agilus Pathlabs Limited (formerly known as DDRC SRL Diagnostics Limited) | |

| | Year ended 31 March 2024 (Rupees in Lakhs) | Year ended 31 March 2023 (Rupees in Lakhs) |
|---|---|---|
| B. Transactions with related parties during the year | | |
| (i) Rendering of services: | | |
| Agilus Diagnostics Limited | 1,824.45 | 315.56 |
| (ii) Receiving of services (Cost of tests outsourced services) | | |
| Agilus Diagnostics Limited | 1,354.34 | 244.61 |
| (iii) Borrowings repaid | | |
| Agilus Diagnostics Limited | 500.00 | - |
| (iv) Borrowings availed | | |
| Agilus Diagnostics Limited | - | 2,500.00 |
| (v) Interest expense | | |
| Agilus Diagnostics Limited | 1,178.65 | 997.64 |
| (vi) Purchase of property, plant and equipment | | |
| Agilus Diagnostics Limited | 0.37 | 29.05 |
| (vii) Sale of property, plant and equipment | | |
| Agilus Diagnostics Limited | 7.04 | - |
| (viii) Sale of raw material | | |
| Agilus Diagnostics Limited | 1.83 | - |
| (ix) Reimbursement of expenses to | | |
| Agilus Diagnostics Limited | 0.29 | - |
| (x) Reimbursement of expenses from | | |
| Agilus Diagnostics Limited | 5.61 | - |
| (xi) Rent expense | | |
| Agilus Diagnostics Limited | 0.53 | - |
| (xii) Other income (Miscellaneous income) | | |
| DDRC Agilus Pathlabs Limited | 126.00 | 126.00 |
| (xiii) Dividend income | | |
| DDRC Agilus Pathlabs Limited | 1,168.55 | 1,862.60 |
| (xiv) Payment of dividend | | |
| Agilus Diagnostics Limited | 1,168.46 | 1,862.33 |



AGILUS PATHLABS PRIVATE LIMITED (FORMERLY KNOWN AS SRL DIAGNOSTICS PRIVATE LIMITED)
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

C. Balances outstanding at the year end :

| | As at 31 March 2024 | As at 31 March 2023 |
|--|--------------------------------|--------------------------------|
| | (Rupees in Lakhs) | (Rupees in Lakhs) |
| (i) Borrowings (including interest accrued) | | |
| Agilus Diagnostics Limited | 11,760.78 | 11,460.98 |
| (ii) Trade receivables | | |
| Agilus Diagnostics Limited | 399.47 | 142.82 |
| DDRC Agilus Pathlabs Limited | 11.34 | 11.34 |
| | 410.81 | 154.16 |
| (iii) Trade payables | | |
| Agilus Diagnostics Limited | 94.29 | 61.48 |

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 except interest bearing borrowings from holding company 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.



AGILUS PATHLABS PRIVATE LIMITED (FORMERLY KNOWN AS SRL DIAGNOSTICS PRIVATE LIMITED)
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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 9 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) Building

| | As at 31 March 2024 | As at 31 March 2023 |
|--------------------------------------|--------------------------------|--------------------------------|
| | (Rupees in Lakhs) | (Rupees in Lakhs) |
| Opening Balance | 385.89 | 723.69 |
| Additions to right of use assets | 1,973.72 | 67.38 |
| Depreciation charge for the year | (619.19) | (269.79) |
| Derecognition of right of use assets | - | (135.39) |
| Closing Balance | 1,740.42 | 385.89 |

(b) Plant & Machinery (includes Laboratory equipment)

| | | |
|--------------------------------------|-----------------|---------------|
| Opening Balance | 312.21 | 398.97 |
| Additions to right of use assets | 2,046.41 | - |
| Depreciation charge for the year | (335.84) | (86.76) |
| Derecognition of right of use assets | - | - |
| Closing Balance | 2,022.78 | 312.21 |

Total

| | |
|-----------------|---------------|
| 3,763.20 | 698.10 |
|-----------------|---------------|

II Lease Liabilities

(a) Maturity analysis - contractual undiscounted cash flows

| | As at 31 March 2024 | As at 31 March 2023 |
|---|--------------------------------|--------------------------------|
| | (Rupees in Lakhs) | (Rupees in Lakhs) |
| Less than one year | 1,069.55 | 328.28 |
| One to five years | 2,571.70 | 580.68 |
| More than five years | 811.80 | - |
| Total Undiscounted lease liabilities | 4,453.05 | 908.96 |
| Lease Liabilities included in the Balance Sheet. | | |
| Current | 814.69 | 272.38 |
| Non-current | 2,812.70 | 514.42 |
| | 3,627.39 | 786.80 |

III Amounts recognised in profit or loss

| | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--|-------------------------------------|-------------------------------------|
| | (Rupees in Lakhs) | (Rupees in Lakhs) |
| Expenses arising from leases: | | |
| Interest on lease liabilities | 282.90 | 99.46 |
| Expenses relating to short-term leases (including GST) | 395.91 | 654.73 |

IV Amounts recognised in statement of cash flows

| | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--|-------------------------------------|-------------------------------------|
| | (Rupees in Lakhs) | (Rupees in Lakhs) |
| Total cash outflow for leases (including interest of Rs. 282.90 Lakhs (31 March 2023 : Rs. 99.46 Lakhs)) | 1,065.72 | 440.75 |



AGILUS PATHLABS PRIVATE LIMITED (FORMERLY KNOWN AS SRL DIAGNOSTICS PRIVATE LIMITED)
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

38. Commitments

| | As at 31 March 2024 (Rupees in Lakhs) | As at 31 March 2023 (Rupees in Lakhs) |
|---|--|--|
| Estimated amount of contracts remaining to be executed on capital account and not provided for; | 600.48 | 38.46 |
| Lease commitments (refer note (i) below) | - | 2,175.60 |

Note:

(i) As on 31 March 2023, the Company had lease contracts that were committed but had not commenced. The future lease payments for these non-cancellable lease contracts are payable within next seven years.

(ii) 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.

39. Contingent liabilities

- a. Claims against the Company, disputed by the Company, not acknowledged as debt:

| Particulars | As at | |
|-----------------|------------------|------------------|
| | 31 March 2024 | 31 March 2023 |
| Income tax* | 19,371.54 | 19,371.54 |
| Medical related | 66.39 | 81.89 |
| Others | 29.03 | 11.53 |
| Total | 19,466.96 | 19,464.96 |

*The Company has paid Rs. 3,789.18 Lakhs (31 March 2023: Rs. 3,789.18 Lakhs) under protest against demand.

- b. Further, refer claims assessed as contingent liability described in Note 47, 48, 49 and 51.

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

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



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 2024 (Rupees in Lakhs) | As at 31 March 2023 (Rupees in Lakhs) |
|-----------------------------------|--|--|
| Provident fund | 228.08 | 225.81 |
| Employees' state insurance scheme | 39.90 | 44.46 |
| Labour Welfare Fund | 0.47 | 0.50 |
| | 268.45 | 270.77 |

(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 2024 | As at 31 March 2023 |
|--|---|---|
| Discount rate | 7.15% | 7.30% |
| Employee attrition rate | | |
| Upto 30 years | 22% p.a. | 22% p.a. |
| 31-44 years | 18% p.a. | 18% p.a. |
| 45 years and above | 10% p.a. | 10% p.a. |
| Mortality rate | 100% of IALM 2012-14 | 100% of IALM 2012-14 |
| Expected rate of salary increase | 6.5% p.a. | 6.5% p.a. |
| | Year ended 31 March 2024 (Rupees in Lakhs) | Year ended 31 March 2023 (Rupees in Lakhs) |
| Service cost | | |
| Current service cost | 68.00 | 67.15 |
| Interest cost on net defined benefit obligation | 16.25 | 18.37 |
| Recognised in Statement Profit or Loss | 84.25 | 85.52 |
| Remeasurement on the net defined benefit liability: | | |
| Actuarial (gain) or loss arising from changes in financial assumptions | 6.06 | (37.39) |
| Actuarial (gains) and losses arising from changes in demographic assumptions | - | - |
| (Gain)/ loss of experience adjustments | (3.10) | (5.21) |
| Return on plan assets | - | - |
| Recognised in other comprehensive income | 2.96 | (42.60) |
| | 87.21 | 42.92 |

The current service cost and interest cost on net defined benefit obligation 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 2024 (Rupees in Lakhs) | As at 31 March 2023 (Rupees in Lakhs) |
|--|--|--|
| Present value of funded defined benefit obligation | 765.24 | 671.02 |
| Fair value of plan assets | (545.48) | (448.95) |
| Net liability arising from defined benefit obligation | 219.76 | 222.07 |
| Movement in the present value of the defined benefit obligation are as follows: | | |
| Opening defined benefit obligation | 671.02 | 646.39 |
| Current service cost | 68.00 | 67.15 |
| Interest cost | 49.09 | 40.70 |
| Remeasurement (gains)/ losses | | |
| -Actuarial (gain) or loss arising from changes in financial assumptions | 6.06 | (37.39) |
| -Actuarial (gains) and losses arising from experience adjustments | (3.10) | (5.21) |
| Benefit payments | | |
| -Benefit payments from plan assets | (9.88) | (8.28) |
| -Benefit payments from employer | (15.95) | (32.34) |
| Closing defined benefit obligation | 765.24 | 671.02 |



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| | As at 31 March 2024 (Rupees in Lakhs) | As at 31 March 2023 (Rupees in Lakhs) |
|--|--|--|
| Movement in the fair value of the plan assets are as follows: | | |
| Opening fair value of plan assets | 448.95 | 354.63 |
| Interest income | 32.85 | 22.33 |
| Return on plan assets (excluding interest income) | - | - |
| Contributions from the employer | | |
| -Contributions from the employer | 73.56 | 80.27 |
| -Direct benefit payments from employer | 15.95 | 32.34 |
| Benefit payments | | |
| -Benefit payments from plan assets | (9.88) | (8.28) |
| -Benefit payments from employer | (15.95) | (32.34) |
| Closing fair value of plan assets | 545.48 | 448.95 |

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 2024 (Rupees in Lakhs) | As at 31 March 2023 (Rupees in Lakhs) |
|---|--|--|
| If the discount rate is 100 basis points higher | 726.59 | 637.27 |
| If the discount rate is 100 basis points lower | 807.93 | 708.32 |
| If the expected salary growth increases by 1% | 805.89 | 706.59 |
| If the expected salary growth decreases by 1% | 727.39 | 637.69 |
| If attrition rate increases by 1% | 766.44 | 672.19 |
| If attrition rate decreases by 1% | 763.91 | 669.72 |

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. 281.82 Lakhs (31 March 2023: 415.96 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 2024 (Rupees in Lakhs) | As at 31 March 2023 (Rupees in Lakhs) |
|-----------------|--|--|
| Year 1 | 153.67 | 146.80 |
| Year 2 | 101.47 | 88.30 |
| Year 3 | 108.34 | 80.18 |
| Year 4 | 95.98 | 85.23 |
| Year 5 | 98.46 | 76.37 |
| Next five years | 302.29 | 282.28 |

The weighted average duration of the defined benefit obligation as at 31 March 2024 is 5 years (31 March 2023: 5 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 2024 (Rupees in Lakhs) | As at 31 March 2023 (Rupees in Lakhs) |
|---|--|--|
| Experience adjustments on plan liabilities - gain | (3.10) | (5.21) |

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 2024 (Rupees in Lakhs) | Year ended 31 March 2023 (Rupees in Lakhs) |
|--|---|---|
| (i) amount required to be spent by the Company during the year, | 63.35 | 73.15 |
| (ii) amount approved by the Board to be spent during the year, | 63.35 | 73.15 |
| (iii) amount of expenditure incurred, | | |
| (a) Construction/ acquisition of any asset | - | - |
| (b) On purposes other than (i) above | 63.35 | 73.15 |
| (iv) shortfall at the end of the year, | - | - |
| (v) total of previous years shortfall, | - | - |
| (vi) reason for shortfall, | - | - |
| (vii) nature of CSR activities, | Contributed to Buddy4study India Foundation and Yuva Unstoppable engaged in education sector. | Contributed to IIT Madras engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs) |
| (viii) 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, | - | - |
| (ix) 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. | - | - |



AGILUS PATHLABS PRIVATE LIMITED (FORMERLY KNOWN AS SRL DIAGNOSTICS PRIVATE LIMITED)
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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 2024 | As at 31 March 2023 |
| Financial assets | | | |
| Not measured at fair value | | | |
| Loans - non current | (b) | 148.27 | 81.88 |
| Loans - current | (a) | 39.69 | 22.03 |
| Other financial assets - non current | (b) | 362.02 | 392.45 |
| Trade receivables | (a) | 1,442.22 | 1,413.97 |
| Cash and cash equivalents | (a) | 4,677.52 | 1,716.38 |
| Other bank balance | (a) | 3,434.46 | 4,871.84 |
| Other financial assets - current | (a) | 21.03 | 18.51 |
| Total | | 10,125.21 | 8,517.06 |
| Financial liabilities | | | |
| Not measured at fair value | | | |
| Borrowings - non current* | (b) | 9,700.00 | 10,200.00 |
| Borrowings - current* | (a) | 1,000.00 | 1,000.00 |
| Lease liabilities - non current | (c) | 2,812.70 | 514.42 |
| Lease liabilities - current | (c) | 814.69 | 272.38 |
| Other financial liabilities - non current | (b) | - | 1,925.76 |
| Trade payables | (a) | 1,223.03 | 1,688.15 |
| Other financial liabilities - current | (a) | 3,446.89 | 2,855.32 |
| Total | | 18,997.31 | 18,456.03 |

* Borrowings include interest bearing loan from Holding Company.

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

- 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.
- 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. The fair valuation model considers the present value of expected payments, discounted using a risk-adjusted discount rate.
- Fair value measurement of lease liabilities is not required to be disclosed.
- The above disclosure does not include investment in associate/ fellow subsidiary of Rs. 950.88 lakhs (Previous year Rs. 950.88 lakhs) which is shown at carrying value (net of impairment) as per IND AS 27 "Separate Financial Statements".

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



AGILUS PATHLABS PRIVATE LIMITED (FORMERLY KNOWN AS SRL DIAGNOSTICS PRIVATE LIMITED)
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42C. Financial risk management objectives and policies

The Company's financial assets includes trade receivables, cash and bank balances, loans and other financials assets that derive directly from it's operation. The Company's principal financial liabilities comprise trade payables, borrowings, lease liabilities and other financial liabilities. 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

(i) Trade receivables

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's receivable from customers. An impairment analysis is performed at each reporting date on an individual basis for major customers. The Company holds certain amounts as collateral in form of security deposits against certain class of receivables (primarily includes receivable from collection center).

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Also, management considers the factors that may influence the credit risk of its customer base, including the default risk associated with the individual characteristics of the customers.

Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business. Sale limits are established for each customer and reviewed quarterly. Any sales exceeding those limits require an exception approval as per Company policy.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are a direct client or collection centre etc., history of business with the Company and existence of previous financial difficulties.

Refer note 12 for details on impairment losses on financial assets recognised in the profit or loss.

(ii) Loans and Other financial assets

Loans and Other financial assets mainly consists of cash & bank balances, bank deposits, loan to employees, security deposits and advances recoverable (employee advances). The security deposit pertains to rent deposit given to lessors. Bank deposits are held with banks with good credit ratings and the company does not expect any losses.

The movement in the provision recognised against the above assets which are credit impaired as at the year-end is as follows:

| Particulars | Amount (Rupees in Lakhs) |
|----------------------------|-----------------------------|
| As at 31 March 2022 | 101.68 |
| Provision created | - |
| As at 31 March 2023 | 101.68 |
| Provision created | - |
| As at 31 March 2024 | 101.68 |

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

(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 2024.

(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 2024, the Company has borrowings from Agilus Diagnostics 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.



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(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 2024 | Contractual cash flows | | | (Rupees in Lakhs) |
|--|------------------------|---------------|--------------|-------------------|
| | 0-1 year | Beyond 1 year | Total Amount | Carrying Amount |
| Non Interest bearing instruments | | | | |
| Payable towards purchase of property, plant and equipments and other Intangible assets | 2,129.55 | - | 2,129.55 | 2,085.87 |
| Deposits from customers | 110.40 | - | 110.40 | 110.40 |
| Trade payables | 1,223.03 | - | 1,223.03 | 1,223.03 |
| Lease liabilities - non current | - | 3,383.50 | 3,383.50 | 2,812.70 |
| Lease liabilities - current | 1,069.55 | - | 1,069.55 | 814.69 |
| Employee benefits payable | 189.84 | - | 189.84 | 189.84 |
| Fixed interest bearing instruments | | | | |
| Borrowings (including interest accrued)* | 1,210.00 | 11,113.92 | 12,323.92 | 11,760.78 |

| 31 March 2023 | Contractual cash flows | | | (Rupees in Lakhs) |
|---|------------------------|---------------|--------------|-------------------|
| | 0-1 year | Beyond 1 year | Total Amount | Carrying Amount |
| Non Interest bearing instruments | | | | |
| Payable towards purchase of other intangible assets | - | 2,124.00 | 2,124.00 | 1,925.76 |
| Deposits from customers | 129.44 | - | 129.44 | 129.44 |
| Trade payables | 1,688.15 | - | 1,688.15 | 1,688.15 |
| Lease liabilities - non current | - | 580.68 | 580.68 | 514.42 |
| Lease liabilities - current | 328.28 | - | 328.28 | 272.38 |
| Employee benefits payable | 112.26 | - | 112.26 | 112.26 |
| Payable towards purchase of property, plant and equipment and other intangible assets | 2,452.09 | - | 2,452.09 | 2,352.64 |
| Fixed interest rate instruments | | | | |
| Borrowings (including interest accrued)* | 1,131.25 | 10,987.50 | 12,118.75 | 11,460.98 |

* Out of total borrowings, Rs. 7,200 lakhs (31 March 2023: Rs. 7,700 lakhs) is repayable on demand and interest payment is not stipulated. Accordingly, interest outflow for future period has not been considered.

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



AGILUS PATHLABS PRIVATE LIMITED (FORMERLY KNOWN AS SRL DIAGNOSTICS PRIVATE LIMITED)
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42D. Disclosure as per Ind AS 115 - Revenue from contracts with customers

| i) Particulars | As at 31 March 2024 | As at 31 March 2023 |
|-----------------------------|------------------------|------------------------|
| | (Rupees in Lakhs) | (Rupees in Lakhs) |
| Trade receivables | 1,442.22 | 1,413.97 |
| Contract liabilities | | |
| Advance from customers | 32.33 | 50.21 |
| Total | 32.33 | 50.21 |

The amount of Rs 25.69 lakhs (Previous year : Nil) included in contract liabilities at 31 March 2023 has been recognised as revenue during the year ended 31 March 2024.

No information is provided about remaining performance obligations at 31 March 2024 or at 31 March 2023 that have an original expected duration of one year or less, as allowed by Ind AS 115.

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 31 March 2024 | Year ended 31 March 2023 |
|-------------------|-----------------------------|-----------------------------|
| | (Rupees in Lakhs) | (Rupees in Lakhs) |
| Owned labs | 25,217.34 | 25,187.95 |
| Collection centre | 452.81 | 422.29 |
| Total | 25,670.15 | 25,610.24 |

ii (c) Reconciliation of revenue from contracts with customers

| Particulars | Year ended 31 March 2024 | Year ended 31 March 2023 |
|---|-----------------------------|-----------------------------|
| | (Rupees in Lakhs) | (Rupees in Lakhs) |
| Revenue from contract with customer as per the contract price | 25,699.23 | 25,610.23 |
| Adjustment made to contract price on account of:- | | |
| Customer loyalty program | (29.08) | - |
| Discount/Rebate | - | - |
| Revenue from contract with customer | 25,670.15 | 25,610.23 |
| Other operating revenue | 49.08 | 9.23 |
| Revenue from operations | 25,719.23 | 25,619.47 |

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 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.



AGILUS PATHLABS PRIVATE LIMITED (FORMERLY KNOWN AS SRL DIAGNOSTICS PRIVATE LIMITED)
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43. Employee Stock Option Plans

The holding company (Agilus Diagnostics Limited) has provided share-based payment scheme to the eligible employees of the company. The shareholders of Agilus Diagnostics Limited granted approval to 'Super Religare Laboratories Limited Employee Stock Option Plan 2009' and 'SRL Limited Employee Stock Option Scheme 2013'. Agilus Diagnostics 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 all 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 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 | 135.30 |
| Exit/Attrition Rate | 16.50% |
| Modified Option Value | 112.98 |

Note:-

*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).

There is no movement in the number of options during the year.



AGILUS PATHLABS PRIVATE LIMITED (FORMERLY KNOWN AS SRL DIAGNOSTICS PRIVATE LIMITED)
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

44. Ratio Analysis

| Particulars | In times/ % | Numerator | Denominator | As at 31 March 2024 | As at 31 March 2023 | % Variance | Remarks |
|---------------------------------|-------------|--|---|---------------------|---------------------|------------|---|
| Current ratio | in times | Current Assets | Current Liabilities | 1.45 | 1.37 | 5.6% | |
| Debt- Equity Ratio | in times | Total Debt | Shareholder's Equity | 0.76 | 0.68 | 11.9% | |
| Debt Service Coverage ratio | in times | Earnings for debt service = Net profit after taxes + Non-cash operating expenses | Debt service = Interest & Lease Payments + Principal Repayments | 2.86 | 6.60 | -56.7% | Decrease in debt service coverage ratio is due to decrease in profits in the current year. |
| Return on Equity ratio | in % | Net Profits after taxes - Preference Dividend | Average Shareholder's Equity | 12.95% | 26.47% | -51.1% | Decrease in return on equity ratio is due to decrease in profits in the current year. |
| Inventory Turnover ratio | in times | Cost of materials consumed + cost of tests outsourced | Average Inventory | 12.80 | 9.48 | 35.1% | Increase in inventory turnover ratio is due to decrease in inventory at year end. |
| Trade Receivable Turnover Ratio | in times | Net credit sales = Gross credit sales - sales return | Average Trade Receivable | 8.46 | 10.13 | -16.5% | |
| Trade Payable Turnover Ratio | in times | Net credit purchases = Gross credit purchases - purchase return | Average Trade Payables | 3.03 | 2.48 | 22.1% | |
| Net Capital Turnover Ratio | in times | Net sales = Total sales - sales return | Working capital = Current assets - Current liabilities | 8.19 | 10.90 | -24.9% | |
| Net Profit ratio | in % | Net Profit after tax | Net sales = Total sales - sales return | 9.24% | 14.90% | -38.0% | Decrease in net profit ratio is due to decrease in profits in the current year. |
| Return on Capital Employed | in % | Earnings before interest and taxes | Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability | 21.82% | 39.97% | -45.4% | Decrease in return on capital employed is due to decrease in earning before interest and taxes in current year. |

The Company has not presented return on investment since the Company invests surplus temporary funds in short term bank deposits and the income generated is insignificant to total turnover.

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.
- (iii) The Company has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the current or previous year.
- (iv) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (v) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
 - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- (vi) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries
- (vii) The Company does not have any such 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.
- (viii) The Company has not granted any loan or advances in 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.
- (ix) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (x) The Company has complied with the number of layers prescribed under the Companies Act, 2013.
- (xi) The Company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.
- (xii) The Company does not have any charges or satisfaction which is yet to be registered with Registrar of Companies (ROC) beyond the statutory period.



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46. Details of dues to Micro and Small Enterprises as per

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2009 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 2024 (Rupees in Lakhs) | As at 31 March 2023 (Rupees in Lakhs) |
|--|---|---|
| The principal amount remaining unpaid as at the end of the year | 65.81 | 99.02 |
| Interest due on above principal and remaining unpaid as at the end of the year | 1.68 | 0.13 |
| 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 | 2.03 | 0.20 |
| The amount of interest accrued and remaining unpaid at the end of each accounting year | 4.46 | 0.75 |
| 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 | - | - |

47. Investigation initiated by the erstwhile Audit and Risk Management Committee (ARMC) 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 and March 31, 2020, 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) Inter-corporate deposits (ICDs) amounting to a total of Rupees 49,414 lakhs (principal), placed by the Parent Company's wholly-owned subsidiary, Fortis Hospitals Limited (FHL), 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 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 of Parent company, and subsequent repayment of loan by said subsidiary to the erstwhile promoter group company of Parent 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 respective 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 and March 31, 2020, 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 its legal rights and has initiated necessary action.

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 (FHL) 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. A First Information Report (FIR) was registered by EOW in July 2021 against the above complaint.

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 Rs. 473 Crores given by a wholly owned subsidiary of the Parent Company, Fortis Hospitals Limited ("FHSL"), 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 (Malvinder Mohan Singh and Shivinder Mohan Singh) of the Parent Company 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 (SCN-2) to various parties including Escorts Heart Institute and Research Centre Limited (EHIRCL), 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 Parent 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 to be indirectly acquired by the Parent 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 Parent 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.

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 lakhs, Rs 50 lakhs and Rs. 100 lakhs on Parent Company, FHSL and EHIRCL respectively. Parent Company FHSL and EHIRCL have filed an appeal against the order dated April 19, 2022 before Hon'ble Securities Appellate Tribunal, Mumbai. Appeal and the matter is currently pending adjudication. No such notice has been received from SEBI by Company.

- (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.

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

A Civil Suit filed by a Party ("Plaintiff") before the District Court, Delhi in February 2018 against various entities including the Company (together "the defendants") has been dismissed due to non-prosecution on 24 November 2023. It was filed against the Company, Fortis Healthcare Limited ("Parent company") and other entities seeking declaration that it has implied ownership of brands "Fortis", "SRL" and "La-Femme" and for restraining the defendants from alienating, encumbering, taking adverse action w.r.t. the same. Further, in the year 2018, the Parent Company had received four notices from the abovenamed Plaintiff 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 were responded to by the Parent Company denying any liability whatsoever. The Learned District Court had passed an ex-parte order that any transaction done in favour of a third-party affecting interest of the Plaintiff shall be subject to orders passed in the civil suit. With the dismissal of the suit, the ex-parte order stands vacated.

A Third Party who had applied for being substituted in place of the Plaintiff, had approached the Hon'ble Delhi High Court for seeking certain interim reliefs against the Parent Company. Proceedings before Delhi High Court were withdrawn by Third Party on February 24, 2020. The Parent Company filed an application for perjury against the Third Party and other entities which is pending before the Delhi High Court. During the year ended March 31, 2022, signatories of Third Party to the Term Sheet dated December 6, 2017 ("Term Sheet") had also filed a duly affirmed affidavit before Delhi High Court stating that Term Sheet was neither signed on behalf of the Parent Company before them nor did it ever come in force.

Separately, the Third Party had also alleged rights to invest in the Parent Company. It had 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.

Allegations made by the Third party have 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.

Based on external legal advice, 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.



50 List of immovable property not held in the name of the Company

| Relevant line item in the Balance Sheet | Description of property | Gross carrying value (Rs. in lakhs) | Whether title deed holder is a promoter, director, director or relative of promoter/director or employee of promoter/director | Held in the name of | Property held since which date | Reason for not being held in the name of the company |
|--|--|-------------------------------------|---|--|--------------------------------|---|
| Property, plant and equipment Freehold Land | Sub-division Layout Plot No. 22 forming part of Final Gat No. 249 of Survey No. 120 admeasuring 408 Sq. Yds. equivalent to 341.12 Sq. Yds. situated at Village Dongergaon, Taluka Mawal, District Pune | 5.48 | No | Drs. Tribedi & Roy Diagnostics Laboratories Limited | 18 November 1999 | The deed of conveyance of freehold land is in the name of Drs. Tribedi & Roy Diagnostics Laboratories Limited, erstwhile name of the Company which was changed to NPIL Laboratories and Diagnostics Private Limited on 16 December 2003. Subsequently, the name of the Company was changed to Piramal Diagnostic Services Private Limited on 15 May 2008, SRL Diagnostics Private Limited on 21 June 2011 and Agilus Pathlabs Private Limited on 27 July 2023. Fresh certificate of incorporation consequent upon change of name dated 16 December 2003 and 15 May 2008 respectively was issued by the Registrar of Companies, Maharashtra, Mumbai; dated 21 June 2011 issued by the Registrar of Companies, National Capital Territory of Delhi and Haryana and dated 27 July 2023 issued by the Registrar of Companies, Delhi. |

51. During the year, Agilus Diagnostics Limited ('Agilus') and its subsidiaries and joint venture have transitioned to a new brand 'Agilus' from 'SRL'. In connection with the said brand transition, it is relevant to highlight that the non-exclusive Brand License Agreement of the Agilus with the brand owner had expired on May 09, 2021. In May 2023, an application was filed in pending proceedings before Hon'ble High Court of Delhi, for restraining the Company, Agilus and Fortis Healthcare Limited ('Parent Company' or 'FHL') from abruptly dumping/discontinuing the brand 'SRL' and allied trademarks, appointment of an entity for valuation and sale of the 'SRL' and allied trademarks ('Former Brand') and directing the Company and Agilus to deposit an appropriate amount with the Hon'ble High Court till the sale of the Former Brand. On May 26, 2023, submissions on behalf of the Company and Agilus were recorded that the process of brand transition had already been initiated since year 2020 and they had been moving towards brand Agilus. Vide Order dated May 26, 2023 (26 May Order) High Court directed the Company, Agilus, FHL and brand owner to not to act in any manner to diminish the value of the brand SRL. Certificate of incorporation was issued by Office of the Registrar of Companies, Ministry of Corporate Affairs certifying the change of name from "SRL Limited" to "Agilus Diagnostics Limited" w.e.f. May 31, 2023. For Company, Certificate of incorporation was issued by Office of the Registrar of Companies, Ministry of Corporate Affairs certifying the change of name from "SRL Diagnostics Private Limited" to "Agilus Pathlabs Private Limited" w.e.f. July 27, 2023. On June 02, 2023, an affidavit in compliance of order dated May 26, 2023 was filed on behalf of Agilus.

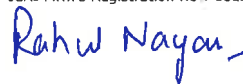
On June 02, 2023, Hon'ble High Court of Delhi appointed M/s Konverj - Zeus as valuer for valuation of brand 'SRL'. In the last week of June 2023, Decree Holder filed a Contempt Petition against the Company, Agilus, FHL and directors/KMPs of the Company alleging that they have knowingly and willfully disobeyed the order dated May 26, 2023 passed by Hon'ble High Court of Delhi. No notice on this petition has been issued by Hon'ble Court. Affidavits have been filed by the Company and Agilus to support and substantiate that it is in compliance of the 26 May Order.

In September 2023, an ex-director of Headway Brands Private Limited (company which was the owner and licensor of the Former Brand) has filed an application dated September 14, 2023 before the Delhi High Court inter alia seeking payment of Rupees 362 Crores (approx.) as license fee and interest for use of the Former Brand, and that an inquiry be conducted into the impact of brand transition by Agilus on valuation of the Former Brand. The High Court by its order dated September 25, 2023, while issuing notice on the said application recorded the preliminary objections of the Company and Agilus that the application (i) is not maintainable and (ii) the Company and Agilus are not necessary parties to the said application. Notice of the said application has been issued by the Court to all parties named therein for submission of their respective responses/ objections. Objections have been filed by the Company and Agilus.

Court appointed valuer M/s Konverj - Zeus has filed its report which has been objected to by Agilus and an affidavit, highlighting the deficiencies and illegality therein has been filed by Agilus on October 17, 2023 supported by reports of subject matter experts i.e. Ernst & Young and Osborne Partners who in their respective reports have pointed out that in preparation of report, M/s Konverj - Zeus has applied entirely incorrect and inappropriate valuation methodologies and has made reference to incorrect dates in arriving at conclusions set out in its report. The Hon'ble Delhi High Court has ordered for public auction of SRL Brand. Further, as per the management and in consultation with external legal counsel it is believed that the Company has a strong case on merits and the likelihood of any impact on the financial statements is not expected to be material. The matter is pending adjudication.

In terms of our report attached

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



Rahul Nayar
Partner
Membership Number: 508605

Place: Gurugram
Date: 20 May 2024

For and on behalf of the Board of Directors of
Agilus Pathlabs Private Limited



Anand Kuppuswamy
Director
DIN: 085822295

Place: Gurugram
Date: 20 May 2024



Mangesh Shrikant Shirodkar
Director
DIN: 05320244

Place: Gurugram
Date: 20 May 2024

