

SRL Reach Limited

Standalone Financial Statements

Statutory Audit for the year ended 31 March 2019

B S R & Co. LLP

Chartered Accountants

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INDEPENDENT AUDITORS' REPORT

To the Members of SRL Reach Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of SRL Reach Limited ("the Company"), which comprise the balance sheet as at 31 March 2019, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

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 2019, and loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Other Information

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

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

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

Management's Responsibility for the Financial Statements

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

In preparing the financial statements, 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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 management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that



may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Other Matter

The comparative financial information for the year ended 31 March 2018 prepared in accordance with Ind AS included in these financial statements were audited by the predecessor auditor who expressed an unmodified opinion thereon as per their report dated 6 July 2018.

Our opinion on the financial statements is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act.



- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (B) With respect to the other matters to be included in the Auditors' 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:
- i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the financial statements since they do not pertain to the financial year ended 31 March 2019.
- (C) With respect to the matter to be included in the Auditors' Report under section 197(16):

According to the information and explanations given to us, the Company has not paid or provided managerial remuneration and hence reporting under section 197(16) is not applicable.

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



Pravin Tulsyan
Partner

Membership No: 108044

Place: Gurugram
Date: 23 May 2019

Annexure A to the Independent Auditors' report on the financial statements of SRL Reach Limited for the year ended 31 March 2019

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

- (i) (a) According to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets (Property, plant and equipment).
- (b) According to the information and explanations given to us, the Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets 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. As informed to us, the discrepancies noticed on such verification were not material and have been properly adjusted in the books of account.
- (c) According to the information and explanations given to us and on the basis of our examination of the records, the Company does not have any immovable property as at 31 March 2019. Hence, reporting under clause (i)(c) of the Order is not applicable.
- (ii) According to the information and explanations given to us, the inventories have been physically verified at reasonable interval by the management during the year. In our opinion, the frequency of such verification is reasonable. As informed to us, no material discrepancies were noticed on such physical verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of paragraph 3(iii) of the Order are not applicable to the Company.
- (iv) According to the information and explanations given to us, the Company has not given any loan, or provided any guarantee or security or made any investment as specified under Section 185 and 186 of the Companies Act, 2013. Accordingly, paragraph 3(iv) of the Order is not applicable to the Company.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits during the year as mentioned in the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable.
- (vi) The Central Government has prescribed the maintenance of cost records under sub-section (1) of section 148 of the Act for activities carried out by the Company. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 148 of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of such records with a view to determine whether they are accurate or complete.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed



statutory dues including provident fund, employees' state insurance, income-tax, goods and services tax, duty of customs, cess and other material statutory dues have been regularly deposited during the year with the appropriate authorities. As explained to us, the Company did not have any dues on account of sales-tax, value added tax, duty of excise, and service tax.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and services tax, cess and other material statutory dues were in arrears as at 31 March 2019 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of income-tax, sales tax, service tax, duty of customs, duty of excise, value added tax and goods and services tax which have not been deposited by the Company with the appropriate authorities on account of disputes.
- (viii) According to the information and explanations given to us, the Company did not have any outstanding dues to debenture holders and loans or borrowings from financial institutions, banks or government during the year. Accordingly, paragraph 3(viii) of the Order is not applicable.
- (ix) According to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us, no managerial remuneration has been paid/ accrued in the current year. Accordingly, paragraph 3(xi) of the Order is not applicable.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us, and on the basis of our examination of the records of the Company, all transactions with the related parties are in compliance with Section 177 and 188 of the Act, where applicable and the details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us, and based on 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, paragraph 3(xiv) of the Order is not applicable.
- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.



B S R & Co. LLP

(xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

Chartered Accountants

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



Pravin Tulsyan

Partner

Membership No: 108044

Place: Gurugram

Date: 23 May 2019

Annexure B to the Independent Auditors' report on the financial statements of SRL Reach Limited for the year ended 31 March 2019.

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

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

Opinion

We have audited the internal financial controls with reference to financial statements of SRL Reach Limited ("the Company") as of 31 March 2019 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 2019, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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



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

Meaning of Internal Financial controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

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

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



Pravin Tulsyan
Partner
Membership No: 108044

Place: Gurugram
Date: 23 May 2019

SRL REACH LIMITED
BALANCE SHEET AS AT 31 MARCH 2019

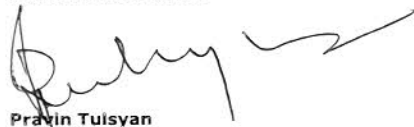
	Notes	As at 31 March 2019 (Rupees in '000)	As at 31 March 2018 (Rupees in '000)
ASSETS			
Non-current assets			
(a) Property, plant and equipment	4	20,943.12	20,854.22
(b) Intangible assets	5	488.19	650.89
(c) Financial assets			
(i) Other financial assets	6	155.27	119.10
(d) Deferred tax assets (net)	7	13,876.98	10,612.23
(e) Non-current tax assets (net)	8	119.94	17.88
(f) Other non-current assets	9	371.55	-
Total non-current assets		35,955.05	32,254.32
Current assets			
(a) Inventories	10	4,263.53	6,753.13
(b) Financial assets			
(i) Trade receivables	11	41,394.95	54,279.52
(ii) Cash and cash equivalents	12	26,186.13	10,576.99
(iii) Other financial assets	13	27.37	27.37
(c) Other current assets	14	1,452.71	3,436.35
Total current assets		73,324.69	75,073.36
Total assets		109,279.74	107,327.68
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	15	80,000.00	80,000.00
(b) Other equity		(31,298.40)	(22,511.02)
Total equity		48,701.60	57,488.98
LIABILITIES			
Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings	17	5,000.00	15,000
(b) Provisions	18	1,397.44	1,377.77
Total non-current liabilities		6,397.44	16,377.77
Current liabilities			
(a) Financial liabilities			
(i) Trade payables			
- Total outstanding dues of micro enterprises and small enterprises	19	551.36	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	19	38,942.42	30,017.87
(ii) Other financial liabilities	20	13,057.03	1,824.04
(b) Other current liabilities	21	771.32	536.90
(c) Provisions	22	858.57	402.31
(d) Current tax liabilities (net)	23	-	679.81
Total current liabilities		54,180.70	33,460.93
Total equity and liabilities		109,279.74	107,327.68

See accompanying notes forming part of the financial statements

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In terms of our report attached

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



Pravin Tulsyan
Partner
Membership Number: 108044

Gurugram
Date: 23 May 2019

For and on behalf of the Board Of Directors
SRL Reach Limited

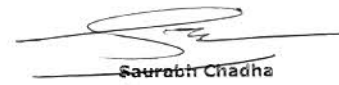


Arindam Haldar
Director
DIN: 07714950



Mchit Tiwari
Company Secretary

Gurugram
Date: 23 May 2019



Surobh Chadha
Director
DIN: 05119073



SRL REACH LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2019

	Notes	Year ended 31 March 2019 (Rupees in '000)	Year ended 31 March 2018 (Rupees in '000)
Income			
Revenue from operations	24	96,757.17	121,447.53
Other Income	25	53.87	8.72
Total Income		96,811.04	121,456.25
Expenses			
(a) Cost of materials consumed	26	25,474.34	28,736.89
(b) Cost of tests outsourced		7,998.74	12,539.91
(c) Employee benefits expense	27	22,291.93	18,503.15
(d) Finance costs	28	2,032.58	1,484.93
(e) Depreciation and amortisation expense	29	3,689.62	4,640.87
(f) Other expenses	30	47,782.34	39,523.67
Total expenses		109,269.55	105,429.42
Profit/(Loss) before tax		(12,458.51)	16,026.83
Tax expense			
(a) Current tax (net)	31	(105.54)	2,487.32
(b) MAT credit	31	105.54	(2,487.32)
(c) Deferred tax credit	31	(3,453.98)	(8,115.14)
Total tax expenses		(3,453.98)	(8,115.14)
Profit/(loss) for the year		(9,004.53)	24,141.97
Other comprehensive income			
Items that will not be reclassified to profit or loss			
(a) Remeasurements of the defined benefit liabilities	35	300.85	(35.10)
(b) Income tax relating to items that will not be reclassified to profit or loss	7	(83.70)	9.77
Total other comprehensive income/(loss) (a+b)		217.15	(25.33)
Total comprehensive income/(loss) for the year		(8,787.38)	24,116.64
Earnings per equity share:			
Basic and Diluted (in Rupees)	32	(1.13)	3.02

See accompanying notes forming part of the financial statements

1-42

In terms of our report attached

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

Pravin Tuisyan
Partner
Membership Number: 108044

Gurugram
Date: 23 May 2019

For and on behalf of the Board Of Directors
SRL Reach Limited

Afindam Haldar
Director
DIN: 07714950

Monit Tiwari
Company Secretary

Gurugram
Date: 23 May 2019

Saurabh Chadha
Director
DIN: 05119073



SRL REACH LIMITED
STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH 2019


	Notes	Year Ended 31 March 2019 (Rupees in '000)	Year Ended 31 March 2018 (Rupees in '000)
A Cash flows from operating activities			
Profit/(Loss) before tax		(12,458.51)	16,026.83
Adjustment for:			
Depreciation and amortisation expense	29	3,689.62	4,640.87
Interest income	25	(53.87)	(8.72)
Finance Cost	28	2,032.58	1,402.19
Remeasurements of the defined benefit liabilities	35	-	(35.10)
Recovery / balances no longer required written back	24	(41.35)	(1,603.19)
Bad debt written off	30	-	3,460.34
Expected credit loss allowance	30	13,117.58	1,682.03
Operating profit/ (loss) before changes in following assets and liabilities		6,286.05	25,565.25
Decrease/(Increase) in inventories		2,489.60	(3,058.69)
(Increase) in trade receivables		(233.01)	(32,524.97)
Decrease/(Increase) in other assets		1,983.64	(2,961.92)
Increase in trade payables		9,517.26	13,742.97
Increase in provisions		724.51	364.98
Increase in other financial liabilities		449.67	64.61
Increase in other liabilities		234.42	2,114.37
Cash generated from operations		21,452.13	3,306.60
Direct taxes paid		(675.00)	(1,808.34)
Net cash generated from operating activities		20,777.13	1,498.26
B Cash flows from investing activities			
Interest received		40.80	0.82
Movement in balances with banks held as margin money		(24.43)	-
Purchase of property, plant and equipment		(4,103.56)	(1,010.08)
Proceeds from disposal of property, plant and equipment		-	56.51
Net cash used in investing activities		(4,087.19)	(952.75)
C Cash flows from financing activities			
Proceeds from long term borrowings	16	-	5,000.00
Finance cost paid	16	(1,080.80)	(681.70)
Cash generated from / (used) financing activities		(1,080.80)	4,318.30
Net increase in cash and cash equivalents [A+B+C]		15,609.14	4,863.81
Cash and cash equivalents at the beginning of the year		10,576.99	5,713.18
Cash and cash equivalents at the end of the year	12	26,186.13	10,576.99

See accompanying notes forming part of the financial statements

1-42

In terms of our report attached

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

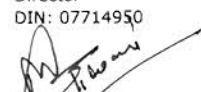

Pravin Tulsyan
Partner
Membership Number: 108044

Gurugram
Date: 23 May 2019

For and on behalf of the Board Of Directors
SRL Reach Limited


Arindam Haldar
Director
DIN: 07714950


Saurabh Chadda
Director
DIN: 05119073


Mohit Tiwari
Company Secretary

Gurugram
Date: 23 May 2019



SRL REACH LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

Particular	Notes	Equity		Other equity		Total
		Equity share capital	Retained earnings *	Equity share capital	Retained earnings *	
Balance as at 1 April 2017	15	80,000.00	(46,627.66)	80,000.00	(46,627.66)	33,372.34
Profit / (loss) for the year		-	24,141.97	-	24,141.97	24,141.97
Other comprehensive income for the year, (net of income tax)		-	(25.33)	-	(25.33)	(25.33)
Total comprehensive income for the year		-	24,116.64	-	24,116.64	24,116.64
Balance as at 31 March 2018		80,000.00	(22,511.02)	80,000.00	(22,511.02)	57,488.98
Profit / (loss) for the year		-	(9,004.53)	-	(9,004.53)	(9,004.53)
Other comprehensive income for the year, (net of income tax)		-	217.15	-	217.15	217.15
Total comprehensive income for the year		-	(8,787.38)	-	(8,787.38)	(8,787.38)
Balance as at 31 March 2019		80,000.00	(31,298.40)	80,000.00	(31,298.40)	48,701.60

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

See accompanying notes forming part of the financial statements 1-42

In terms of our report attached

For B S R & Co. LLP
 Chartered Accountants


Pravin Tulsyan
 Partner
 Membership Number: 108044

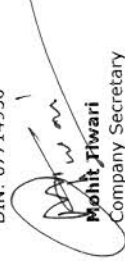
Gurugram
 Date: 23 May 2019

For and on behalf of the Board Of Directors

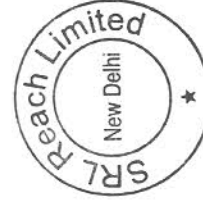
SRL Reach Limited


Arindam Haider
 Director
 DIN: 07714950


Saurabh Chadha
 Director
 DIN: 05119073


Mohit Tiwari
 Company Secretary

Gurugram
 Date: 23 May 2019



Note 1. Corporate Information

SRL Reach Limited ("the Company") is a public company domiciled in India and incorporated under provisions of the Companies Act, having its registered office at 8, Palam Marg, Vasant Vihar, New Delhi- 110057, Delhi, India.

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

Note 2. Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. The accounting policies adopted are consistent with those of the previous financial year except for changes in revenue recognition due to amendment in applicable accounting guidance (also refer note 2(1)).

(a) Basis of preparation

(i) Statement of compliance

These Standalone Ind AS Financial Statements ("financial statements") have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, ("the Act") and other relevant provisions of the Act.

The financial statements have been authorized for issue by the Company's Board of Directors on 23 May 2019.

(ii) Functional and presentation currency

These financial statements are presented in Indian Rupees (Rs.), which is also the Company's functional currency. All amounts are in Indian Rupees thousands except share data and per share data, unless otherwise stated.

(iii) Historical cost convention

The financial statements have been prepared under historical cost convention on accrual basis, unless otherwise stated. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

(b) Current versus non-current classification

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



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An asset is treated as current when:

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

The Company classifies all other assets as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

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

(c) Critical estimates and judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes.

- Leasing arrangement (classification and accounting) – Note 2 (p)
- Financial instruments - Note 2 (g)
- Fair value measurement – Note 2 (d)
- Estimated impairment of financial assets and non-financial assets – Note 2 (f,g)
- Recognition and measurement of contingency: Key assumption about the likelihood and magnitude of an outflow of resources – Note 2 (j)
- Recognition and estimation of tax expense including deferred tax– Note 2 (o)
- Assessment of useful life and residual value of property, plant and equipment and intangible asset – Note 2 (e)
- Estimation of assets and obligations relating to employee benefits (including actuarial



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assumptions) – Note 2 (m)

(d) 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.

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

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

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



(ii) Intangible assets

- Internally generated goodwill is not recognised as an asset. With regard to other internally generated intangible assets:
 - Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the Statement of Profit and Loss as incurred.
 - Development expenditure including regulatory cost and legal expenses leading to product registration/ market authorisation relating to the new and/or improved product and/or process development capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and directly attributable finance costs (in the same manner as in the case of tangible fixed assets). Other development expenditure is recognised in the Statement of Profit and Loss as incurred.

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

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

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

Asset	Management estimate of Useful life	Useful life as per Schedule II
Laboratory equipment- Pathology	13 years	10 years
Laboratory equipment- Imaging	10 years	10 years
Office equipment	5 years	5 years
Furniture and fittings	10 years	10 years
Furniture and fittings- signage	5 years	10 years
Computers and accessories	3 years	3 years
Air conditioners	8 years	5 years



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Estimated useful lives of the intangible assets are as follows:

Category of assets	Management estimate of Useful Life
Software	3 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/month of addition/disposal.

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

(iv) Derecognition

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

(f) Impairment of non-financial assets

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

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

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

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



(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

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

Subsequent measurement

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

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

Debt instruments at amortised cost

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

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



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Debt instrument at FVOCI

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

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

Debt instrument at FVPL

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

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

Equity investments

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

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

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



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Equity instruments included within the FVPL 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.

Derecognition of financial assets

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

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

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

Financial liabilities

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



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Derecognition of financial liabilities

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

Derivative financial instruments

The Company uses various types of derivative financial instruments to hedge its currency and interest risk etc. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

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

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

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

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



(j) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent liabilities and commitments are reviewed by the management at each balance sheet date.

(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.

(l) Revenue recognition

Effective April 1, 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 "Revenue" and Ind AS 11 "Construction Contracts". The Company has adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognised at the date of initial application (i.e. April 1, 2018). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the statement of profit and loss is not restated – i.e. the comparative information continues to be reported under Ind



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AS 18 and Ind AS 11. Refer note 2.4 – Significant accounting policies – Revenue recognition in the Annual report of the Company for the year ended March 31, 2018, for revenue recognition policy as per Ind AS 18 and Ind AS 11. The impact of adoption of the standard on the financial statements of the Company is insignificant.

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 to 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. Further, the Company also determines whether the performance obligation is satisfied at a point in time or over a period of time. These judgments and estimations are based on various factors including contractual terms and historical experience.

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

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

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as other financial assets when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms. Unearned and deferred revenue (“contract liability”) is recognised as other current liability when there is billings in excess of revenues.

(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 plan is unfunded.

b) Provident fund

(i) The Company's contribution to provident fund is treated as defined contribution plan under which an entity pays fixed contributions into a separate entity 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

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

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



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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).

(n) Finance costs

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

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

(o) Income tax

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

Current taxes

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



Deferred taxes

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

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to freehold land and investments in subsidiaries, 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 (DTA) include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability.

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

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

(p) Leases

At inception of an arrangement, it is determined whether the arrangement is or contains a lease. If it is a lease arrangement, it is classified as either a finance lease or an operating lease, based on the substance of the lease arrangement.

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

Finance leases

Assets leased by the Company in its capacity as lessee where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. A finance lease is recognized as an asset and a liability at the commencement of the lease, at the lower of the fair value of the asset and the present value of the minimum lease payments. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding



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liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating leases

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

(q) Foreign currency translation

(i) Functional and presentation currency

The functional currency of the Company is the Indian rupee. These financial statements are presented in Indian rupees.

(ii) Transactions and balances

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

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

(r) Cash flow statement

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

(s) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM"). The Chief Financing Officer of the Company is



responsible for allocating resources and assessing performance of the operating segments and accordingly identified as the chief operating decision maker.

(t) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

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

(ii) Diluted earnings per share

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

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

Note 3. Applicable standards issued but not yet effective

Ministry of Corporate Affairs (“MCA”) through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind AS which the Company has not applied as they are effective from April 1, 2019:

Ind AS 116 – Leases

Ind AS 116 will replace the existing leases standard, Ind AS 17 Leases (Ind AS 17) and sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lessee accounting model for lessees. A lessee recognises present value of the lease payment (discounted using incremental borrowing rate) as right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments and lease rent expense will be replaced with the amortization of right-of use-asset and interest accrued on lease liability. The standard also contains enhanced disclosure requirements for lessees and will have consequential impact on cash flows categories as well. The new standard substantially carries forward the lessor accounting requirements in Ind AS 17.

The Company will adopt Ind AS 116 effective annual reporting period beginning April 1, 2019 using the modified retrospective approach and elected to measure the right-of -use assets at an amount equal to the lease liability as at the date of initial application.



For nature of lease arrangement as lessee refer note 38 of the financial statements. The Company has completed an initial assessment of the potential impact on its standalone financial statements but has not yet completed its detailed assessment. The quantitative impact of adoption of Ind AS 116 on these financial statements in the period of initial application is not reasonably estimable as at present.

Ind AS 12 – Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Company does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Company does not expect any significant impact of the amendment on its financial statements.

Ind AS 109 – Prepayment Features with Negative Compensation

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The Company does not expect this amendment to have any impact on its financial statements.

Ind AS 19 – Plan Amendment, Curtailment or Settlement

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Company does not expect this amendment to have any significant impact on its financial statements.



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Ind AS 23 – Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Company does not expect any impact from this amendment.

Ind AS 28 – Long-term Interests in Associates and Joint Ventures

The amendments clarify that an entity applies Ind AS 109 Financial Instruments, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The Company does not expect any impact from this amendment.

Ind AS 103 – Business Combinations and Ind AS 111 – Joint Arrangements

The amendments to Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business. The Company does not currently have joint control of a business that is a joint operation.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

4. Property, plant and equipment

	Laboratory equipment	Air conditioners	Computers and accessories	Office equipment	Furniture and fittings	Total	Capital work in progress
Gross carrying value							
As at 1 April 2017	15,672.19	735.64	3,228.99	1,356.72	5,462.51	26,456.05	516.52
Additions	933.27	61.83	640.14	345.27	715.13	2,695.64	3,898.00
Disposals	64.50	-	-	-	-	64.50	4,414.52
As at 31 March 2018	16,540.96	797.47	3,869.13	1,701.99	6,177.64	29,087.19	-
Additions	1,953.39	-	-	678.66	490.09	3,122.14	943.70
Disposals	-	-	-	-	-	-	943.70
As at 31 March 2019	18,494.35	797.47	3,869.13	2,380.65	6,667.73	32,209.33	-
Accumulated depreciation							
As at 1 April 2017	1,969.10	146.32	1,555.43	331.83	780.28	4,782.96	-
Depreciation expense	1,252.98	92.92	1,157.82	342.22	612.06	3,458.00	-
Disposals	7.99	-	-	-	-	7.99	-
As at 31 March 2018	3,214.09	239.24	2,713.25	674.05	1,392.34	8,232.97	-
Depreciation expense	1,352.59	94.75	634.26	368.75	582.89	3,033.24	-
Disposals	-	-	-	-	-	-	-
As at 31 March 2019	4,566.68	333.99	3,347.51	1,042.80	1,975.23	11,266.21	-
Net carrying amount							
As at 31 March 2018	13,326.87	558.23	1,155.88	1,027.94	4,785.30	20,854.22	-
As at 31 March 2019	13,927.67	463.48	521.62	1,337.85	4,692.50	20,943.12	-



SRL REACH LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

5. Intangible assets

(Rupees in '000)
Software

Gross carrying value	
As at 1 April 2017	3,496.12
Additions	220.34
Disposals	-
As at 31 March 2018	3,716.46
Additions	493.68
Disposals	-
As at 31 March 2019	4,210.14
Accumulated amortisation	
As at 1 April 2017	1,882.70
Amortisation expense	1,182.87
Disposals	-
As at 31 March 2018	3,065.57
Amortisation expense	656.38
Disposals	-
As at 31 March 2019	3,721.95
Net carrying amount	
As at 31 March 2018	650.89
As at 31 March 2019	488.19



SRL REACH LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

	As at 31 March 2019 (Rupees in'000)	As at 31 March 2018 (Rupees in'000)
6. Non-current financial assets		
Other financial assets		
<i>(Unsecured considered good unless otherwise stated)</i>		
Balances with banks held as margin money	124.43	100.00
Interest accrued on fixed deposits	30.84	19.10
Total	155.27	119.10
7. Deferred tax balances		
Deferred tax assets	14,666.83	11,466.54
Deferred tax liabilities	(789.85)	(854.31)
Deferred tax assets (net)	13,876.98	10,612.23

The following is the analysis of deferred tax assets presented in the financial statements:

2018-19	As at 1 April 2018	Recognised in profit or loss	Recognised in other comprehensive income	As at 31 March 2019
Movement in deferred tax assets				
Deferred tax asset				
Expected credit loss allowance	467.94	3,649.32	-	4,117.25
Provision for gratuity	188.84	172.98	(83.70)	278.12
Provision for compensated absences	306.38	43.11	-	349.49
Expenditure allowed on actual payment basis	134.00	24.63	-	158.63
Unabsorbed depreciation and brought forward loss*	7,882.06	(500.50)	-	7,381.56
Minimum alternate tax credit	2,487.32	(105.54)	-	2,381.78
Total deferred tax asset	11,466.54	3,284.00	(83.70)	14,666.83
Deferred tax liability				
Property, plant and equipment and intangible assets	(854.31)	64.46	-	(789.85)
Total deferred tax liability	(854.31)	64.46	-	(789.85)
Deferred tax asset (net)	10,612.23	3,348.46	(83.70)	13,876.98
2017-18				
Movement in deferred tax assets	As at 1 April 2017	Recognised in profit or loss	Recognised in other comprehensive income	As at 31 March 2018
Deferred tax asset				
Expected credit loss allowance	-	467.94	-	467.94
Provision for gratuity	-	179.07	9.77	188.84
Provision for compensated absences	-	306.38	-	306.38
Expenditure allowed on actual payment basis	-	134.00	-	134.00
Unabsorbed depreciation and brought forward loss*	-	7,882.06	-	7,882.06
Minimum alternate tax credit	-	2,487.32	-	2,487.32
Total deferred tax asset	-	11,456.77	9.77	11,466.54
Deferred tax liability				
Property, plant and equipment and intangible assets	-	(854.31)	-	(854.31)
Total deferred tax liability	-	(854.31)	-	(854.31)
Deferred tax asset (net)	-	10,602.46	9.77	10,612.23

* The Company has recognised deferred tax asset on carried forward tax losses and unabsorbed depreciation pertaining to financial year 2015-16 and 2016-17. Losses in these years relate to cost of establishing and integrating the operations and are not expected to reoccur in future. The management has performed a detailed evaluation and believes that sufficient future taxable profits will be available in future to recover the carrying value of deferred tax assets as at 31 March 2019. Details of deferred tax on losses and unabsorbed depreciation are as follows :

	As at 31 March 2019 (Rupees in'000)		As at 31 March 2018 (Rupees in'000)	
	Unused losses	Tax	Unused losses	Tax
Expiry				
Business loss				
2023-24	6,154.80	1,712.26	7,931.05	2,206.42
2024-25	9,458.86	2,631.46	9,458.86	2,637.80
Minimum alternate tax credit				
2032-33		2,246.10		2,487.32
2033-34		135.68		-
Never expire				
Unabsorbed depreciation	10,919.63	3,037.84	10,919.63	3,037.84



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

8. Non-current tax assets (net)		
Advance tax and tax deductible at source*	119.94	17.88
Total	119.94	17.88
*Net of provision for tax	2,456.38	-
9. Other non-current assets (net) (Unsecured considered good unless otherwise stated)		
Capital advances	371.55	-
Total	371.55	-
10. Inventories (lower of cost and net realisable value)		
Reagents, chemicals and consumables	4,263.53	6,753.13
Total	4,263.53	6,753.13
11. Trade receivables		
Secured, considered good	48.62	31.72
Unsecured, considered good	41,346.33	54,247.80
Unsecured, considered doubtful	14,799.61	1,682.03
Less: Expected credit loss allowance	(14,799.61)	(1,682.03)
Total	41,394.95	54,279.52
Notes:		
(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 Company further limits its credit risk by establishing a maximum credit period of 30 to 60 days for all its customers. There are no customers which represent more than 5% of the total balance of trade receivables except as mentioned below:		
Customer Name		
Sadar Hospitals (Government of Jharkhand)	55,038.22	55,221.37
(b) The maximum credit exposure is limited to the carrying value of trade receivables.		
(c) 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:		
Ageing	Expected credit loss (%)	Expected credit loss (%)
0-1 year	-	1.00%
1-2 years	50.00%	25.00%
2-3 years	100.00%	75.00%
Age of receivables	As at 31 March 2019	As at 31 March 2018
0 - 1 year	27,935.91	51,534.22
1 - 2 years	26,918.07	4,381.53
2 - 3 years	1,340.58	45.81
Total	56,194.56	55,961.56
(d) Movement in expected credit loss allowance		
Balance at the beginning of the year	1,682.03	-
Add: Recognised during the year	13,117.58	5,142.37
Less: Bad debts written off	-	3,460.34
Balance at end of the year	14,799.61	1,682.03
12. Cash and cash equivalents		
Balances with banks:		
- on current accounts	5,296.08	9,849.66
- fixed deposit with original maturity of less than three months	20,000.00	-
Cash on hand	890.05	727.33
Cash and cash equivalents as per balance sheet and statement of cash flows	26,186.13	10,576.99
13. Other financial assets (Unsecured considered good unless otherwise stated)		
Advances to employees	27.37	27.37
Total	27.37	27.37
14. Other current assets (Unsecured considered good unless otherwise stated)		
Prepaid expenses	415.11	208.07
Advances to suppliers and employees	1,037.60	3,228.28
Total	1,452.71	3,436.35



SRL REACH LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

15. Equity share capital

	As at 31 March 2019		As at 31 March 2018	
	Number of shares	(Rupees in '000)	Number of shares	(Rupees in '000)
Authorised share capital				
Equity shares of Rs. 10 each	8,000,000	80,000.00	8,000,000	80,000.00
	8,000,000	80,000.00	8,000,000	80,000.00
Issued and subscribed share capital				
Equity shares of Rs. 10 each fully paid up	8,000,000	80,000.00	8,000,000	80,000.00
	8,000,000	80,000.00	8,000,000	80,000.00

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

	As at 31 March 2019		As at 31 March 2018	
	Number of shares	(Rupees in '000)	Number of shares	(Rupees in '000)
Equity shares				
Outstanding at the beginning of the year	8,000,000	80,000.00	8,000,000	80,000.00
Issued during the year	-	-	-	-
Outstanding at the end of the year	8,000,000	80,000.00	8,000,000	80,000.00

(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 holder of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Shares held by the holding company and names of shareholders holding more than 5% shares:

Particulars	As at 31 March 2019		As at 31 March 2018	
	Number of shares	% of holding	Number of shares	% of holding
Equity shares of Rs. 10 each	8,000,000	100%	8,000,000	100%
SRL Limited, the holding company (including its nominees)				
	8,000,000	100%	8,000,000	100%

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

16. Financial liabilities movement

Particulars	(Rupees in '000)		
	Equity shares	Borrowings	Interest accrued
As at 1 April 2017	80,000.00	10,000.00	-
Proceeds from borrowings	-	5,000.00	-
Finance cost	-	-	1,402.19
Finance cost paid	-	-	(681.70)
As at 31 March 2018	80,000.00	15,000.00	720.49
Finance cost	-	-	1,980.31
Finance cost paid	-	-	(1,080.80)
As at 31 March 2019	80,000.00	15,000.00	1,620.00



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

	As at 31 March 2019 (Rupees in '000)	As at 31 March 2018 (Rupees in '000)
17. Borrowings		
Term Loan (non-current)		
- from related party (unsecured) (refer note below)	5,000.00	15,000.00
Total	5,000.00	15,000.00
Notes:		
Loan from holding company. Details of loan are as follows:		
Interest Rate	12% p.a.	12% p.a.
Loan amount	15,000.00	15,000.00
Repayment terms	Rs. 10,000 thousand repayable by 31 March 2020 and balance after 31 March 2020.	Loan is repayable after 31 March 2019.
18. Provisions		
Provisions for employee benefits		
Provision for gratuity (refer note 35)	985.35	674.38
Provision for compensated absences	412.09	703.39
Total	1,397.44	1,377.77
19. Trade payables		
- total outstanding dues of micro enterprises and small enterprises (refer note 37)	551.36	-
- total outstanding dues of creditors other than micro enterprises and small enterprises	38,942.42	30,017.87
Total	39,493.78	30,017.87
20. Other financial liabilities		
Deposits from customers	300.00	150.00
Current maturities of non-current borrowings (refer note 17)	10,000.00	-
Payable for purchase of property, plant and equipments (refer note 33)	139.01	255.20
Interest accrued and due on borrowings (refer note 33)	1,620.00	720.49
Employee benefits payable	784.11	698.35
Payable to holding company	213.91	-
Total	13,057.03	1,824.04
21. Other current liabilities		
Statutory dues payable	665.08	536.90
Others	106.24	-
Total	771.32	536.90
22. Provisions		
Provision for employee benefits		
Provision for gratuity (refer note 35)	14.37	4.42
Provision for compensated absences	844.20	397.89
Total	858.57	402.31
23. Current tax liabilities (net)		
Income tax payable*	-	679.81
Total	-	679.81
*Net of advance tax	-	1,779.23



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	Year ended 31 March 2019 (Rupees in '000)	Year ended 31 March 2018 (Rupees in '000)
24. Revenue from operations		
Sale of services (refer note 40)	96,715.82	119,844.34
Other operating income	41.35	1,603.19
- Recovery / balances no longer required written back	-	-
Total	96,757.17	121,447.53
25. Other income		
Interest income on		
- Bank deposits	52.54	8.72
- Income tax refund	1.33	-
Total	53.87	8.72
26. Cost of materials consumed		
Reagents, chemicals and consumables	6,753.12	3,694.44
Inventories at the beginning of the year	22,984.75	31,795.58
Add: Purchases during the year (net)	29,737.87	35,490.02
Less: Inventories at the end of the year	4,263.53	6,753.13
Total	25,474.34	28,736.89
27. Employee benefits expense		
Salaries and wages	19,218.46	16,256.28
Contribution to provident and other funds (refer note 35)	2,215.67	1,682.05
Gratuity expense (refer note 35)	569.51	312.35
Staff welfare expenses	288.29	252.47
Total	22,291.93	18,503.15
28. Finance costs		
Interest cost on:		
- Loan from related parties	1,800.00	1,402.19
Interest cost on net defined benefit obligation (refer note 35)	52.27	21.94
Other costs	180.31	60.80
Total	2,032.58	1,484.93
29. Depreciation and amortisation expense		
Depreciation of property, plant and equipments	3,033.24	3,458.00
Amortisation of intangible assets	656.38	1,182.87
Total	3,689.62	4,640.87
30. Other expenses		
Power and fuel	2,241.76	2,275.40
Rates and taxes	5,556.58	5,221.13
Insurance	59.88	46.28
Repairs and maintenance:		
- Plant and machinery	1,630.42	1,108.81
- Building	82.00	187.90
- Others	158.62	83.49
Advertisement and sales promotion	6,308.99	6,074.25
Postage and courier	4,634.74	5,526.43
Travelling and conveyance	1,168.68	896.83
Printing and stationery	598.28	618.55
Communication	1,181.30	938.36
Legal and professional (refer note below for payment to auditors)	2,457.60	2,790.61
Professional fees to doctors	7,878.94	7,776.01
Expected credit loss allowance (refer note 11)	13,117.58	1,682.03
Bad debts written off	-	3,460.34
Housekeeping expenses	209.26	229.68
Security expenses	268.04	233.07
Miscellaneous expenses	229.67	374.50
Total	47,782.34	39,523.67
Note : Payment to the auditors comprises (net of service tax/ GST input credit):		
i) Statutory audit	942.40	818.00
ii) Tax audit	300.00	150.00
iii) Reimbursement of expenses	25.00	-
	1,267.40	968.00

*Payments made to auditor for the current and previous year includes amounts paid to previous auditors of the Company.



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	Year ended 31 March 2019 (Rupees in '000)	Year ended 31 March 2018 (Rupees in '000)
31. Income taxes :		
Recognised in profit or loss		
(a) Current tax		
-In respect of the current year	135.68	2,487.32
-In respect of prior years	(241.22)	-
	<u>(105.54)</u>	<u>2,487.32</u>
Minimum alternative tax (MAT)		
-In respect of the current year	(135.68)	(2,487.32)
-In respect of prior years	241.22	-
	<u>105.54</u>	<u>(2,487.32)</u>
Deferred tax		
-In respect of the current year	(3,453.98)	(8,124.91)
Total	<u>(3,453.98)</u>	<u>(8,124.91)</u>
Recognised in other comprehensive income :		
Tax related to items that will not be reclassified to profit or loss	(83.70)	9.77
Total	<u>(83.70)</u>	<u>9.77</u>
(b) The income tax expenses for the year can be reconciled to accounting profit as follows		
Profit before tax	(12,458.51)	16,026.83
Tax using Company's domestic tax rate @ 27.82% (31 March 2018: 27.55%)	(3,465.96)	4,415.79
Tax effect of :		
Non deductible expenses (net)	11.98	(3.80)
Others	-	(78.11)
	<u>(3,453.98)</u>	<u>4,333.88</u>
Benefits arising from a previously unrecognised tax losses that has reduced the deferred tax expense	-	(12,458.79)
Income tax expense recognised in profit or loss	<u>(3,453.98)</u>	<u>(8,124.91)</u>
32. Earnings per share (EPS)		
Profit/(Loss) for the year attributable to owners of the Company	(9,004.53)	24,141.97
Weighted average number of equity shares used in calculation of basic and diluted EPS (in numbers)	8,000,000	8,000,000
Nominal value per share (in rupees)	10.00	10.00
Earnings per share		
-Basic and Diluted (in rupees)	<u>(1.13)</u>	<u>3.02</u>



SRL REACH LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

33. Related party disclosures

A. Related parties where control exists :

- (i) **Ultimate holding company**
IHH Healthcare Berhard (from 13 November 2018)
- (ii) **Intermediate holding company**
Fortis Healthcare Limited
- (iii) **Enterprises having direct control over the Company**
SRL Limited, holding company

B. Other related parties with whom transactions have taken place during the current and previous year:
SRL Diagnostics Private Limited, (subsidiary of holding company)

C. Transactions with related parties during the period

	Year ended 31 March 2019 (Rupees in '000)	Year ended 31 March 2018 (Rupees in '000)
(i) Receiving of services:		
Cost of tests outsourced		
SRL Limited	7,998.74	12,539.91
(ii) Reimbursement of expenses to:		
SRL Limited	93.95	53.70
(iii) Borrowings		
SRL Limited	-	5,000.00
(iv) Interest expense		
SRL Limited	1,800.00	1,402.19
(v) Purchase of property, plant and equipments		
SRL Limited	139.01	119.96
(vi) Sale of property, plant and equipment		
SRL Limited	-	66.69
	As at 31 March 2019 (Rupees in '000)	As at 31 March 2018 (Rupees in '000)
D. Balances outstanding at period end :		
(i) Borrowings		
SRL Limited	15,000.00	15,000.00
	<u>15,000.00</u>	<u>15,000.00</u>
(ii) Trade payables		
SRL Limited	12,284.95	5,086.10
	<u>12,284.95</u>	<u>5,086.10</u>
(iii) Interest accrued and due on borrowings		
SRL Limited	1,620.00	720.49
	<u>1,620.00</u>	<u>720.49</u>
(iv) Payable for purchase of property, plant and equipment		
SRL Limited	139.01	119.96
	<u>139.01</u>	<u>119.96</u>
(iv) Payable to holding company		
SRL Limited	213.91	-
	<u>213.91</u>	<u>-</u>
34. Commitments	As at 31 March 2019 (Rupees in '000)	As at 31 March 2018 (Rupees in '000)
Commitments for the acquisition of property, plant and equipment	11.32	832.06

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. The Company does not have any long term commitments or material non-cancellable contractual commitments/ contracts.



SRL REACH LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

35. Employee Benefit plan

(a) Defined contribution plans

Provident fund

The Company makes contribution towards employees' provident fund and employees' state insurance plan scheme 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 Rs. 2,215.67 thousands (31 March 2018 : Rs. 1,682.05 thousands) during the year as expense towards contribution to these plans.

	Year ended 31 March 2019 (Rupees in '000)	Year ended 31 March 2018 (Rupees in '000)
Provident fund	1,596.79	1,187.83
Employees' state insurance scheme	618.88	494.22
	2,215.67	1,682.05

(b) Defined benefit plans

Gratuity

The Company has a defined benefit gratuity plan, wherein every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service subject to a maximum limit of Rs. 2,000.00 thousands (31 March 2018 Rs. 2,000.00 thousands) in terms of the provisions of Gratuity Act, 1972. The gratuity plan is unfunded.

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 purposes of the actuarial assumptions were as follows:

	As at 31 March 2019	As at 31 March 2018
Discount rate	7.79% p.a.	7.70% p.a.
Expected rate of salary increase	6.00% p.a.	6.50% p.a.
Longevity (Mortality) rate	Indian Assured Lives 2012-14 Ultimate	Indian Assured Lives 2006-08 Ultimate
Employee turnover (attrition rate)		
Upto 30 years	14% p.a.	15% p.a.
31-40 years	14% p.a.	9% p.a.
Above 40 years	0% p.a.	0% p.a.
	Year ended 31 March 2019 (Rupees in '000)	Year ended 31 March 2018 (Rupees in '000)
Service Cost		
Current service cost	569.51	312.35
Net Interest expenses	52.27	21.94
Recognised in statement of profit and loss	621.78	334.29
Remeasurement on the net defined benefit liability:		
- Actuarial (gains)/ losses arising from changes in demographic assumptions	(41.08)	-
- Actuarial (gains)/ losses arising from changes in financial assumptions	(35.66)	(27.85)
- Actuarial (gains)/ losses arising from experience adjustments	(224.11)	62.95
Recognised in other comprehensive income	(300.85)	35.10
Total	320.93	369.39

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



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

	As at 31 March 2019 (Rupees in '000)	As at 31 March 2018 (Rupees in '000)
Present value of unfunded defined benefit obligation	999.72	678.80
	999.72	678.80

	Year ended 31 March 2019 (Rupees in '000)	Year ended 31 March 2018 (Rupees in '000)
Movement in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	678.80	309.40
Current service cost	569.51	312.35
Interest cost	52.27	21.94
- Actuarial (gains)/ losses arising from changes in demographic assumptions	(41.08)	-
- Actuarial (gains)/ losses arising from changes in financial assumptions	(35.66)	(27.85)
- Actuarial (gains)/ losses arising from experience adjustments	(224.11)	62.95
Closing defined benefit obligation	999.72	678.80

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 2019 (Rupees in '000)	As at 31 March 2018 (Rupees in '000)
If the discount rate is 100 basis points higher	926.73	599.58
If the discount rate is 100 basis points lower	1,084.41	776.19
If the expected salary growth increases by 1%	1,080.00	772.77
If the expected salary growth decreases by 1%	929.32	600.91
If attrition rate increases by 1%	992.28	671.34
If attrition rate decreases by 1%	1,018.08	713.53

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

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

The Company expects to make a contribution of Rs. 569.51 thousands (31 March 2018: Rs. 312.35 thousands) to the defined benefit plans during the next financial year.

The defined benefit plans shall mature after year end 31 March 2019 as follows:

	As at 31 March 2019 (Rupees in '000)	As at 31 March 2018 (Rupees in '000)
Year 1	14.37	4.42
Year 2	120.51	8.53
Year 3	130.57	70.81
Year 4	130.00	78.12
Year 5	129.18	71.64
Next 5 years	454.64	242.78

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

	As at 31 March 2019 (Rupees in '000)	As at 31 March 2018 (Rupees in '000)
Defined benefit obligation	999.72	678.80
Experience adjustments on actuarial (gain)/ loss	(224.11)	62.95



SRL REACH LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

36. Financial instruments

36A Capital management

The Company manages its capital through its holding company, SRL Limited. The capital structure of the Company consists of equity and debt infused by the holding company. The Company is not subject to any externally imposed capital requirements.

The Company's finance committee reviews the capital structure of the Company on periodic basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital.

	Notes	Carrying value as at		Fair value as at	
		As at	As at	As at	As at
		31 March 2019	31 March 2018	31 March 2019	31 March 2018
(Rupees in '000)					
36B Fair value measurement					
Financial assets					
Measured at amortised cost					
Other financial assets - non current	(b)	155.27	119.10	155.27	119.10
Trade receivables	(a)	41,394.95	54,279.52	41,394.95	54,279.52
Cash and cash equivalents	(a)	26,186.13	10,576.99	26,186.13	10,576.99
Other financial assets - current	(a)	27.37	27.37	27.37	27.37
Total		67,763.72	65,002.98	67,763.72	65,002.98
Financial liabilities					
Measured at amortised cost					
Borrowings - non current	(b)	5,000.00	15,000.00	5,000.00	15,000.00
Trade payables	(a)	39,493.78	30,017.87	39,493.78	30,017.87
Other financial liabilities - current	(a)	13,057.03	1,824.04	13,057.03	1,824.04
Total		57,550.81	46,841.91	57,550.81	46,841.91

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

- (a) Fair valuation of financial assets and liabilities with short term maturities is considered as approximate to respective carrying amount due to the short term maturities of these instruments.
- (b) Fair valuation of non-current financial assets and non-current borrowings has been disclosed to be the same as carrying value as there is no significant difference between carrying value and fair value.

There are no transfers between Level 1, Level 2 and Level 3 during the year ended 31 March 2019 and 31 March 2018.

36C Financial risk management objectives and policies

The Company manages the financial risks relating to the operations of the Company through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include credit risk, market risk (including currency risk and interest rate risk) and liquidity risk. 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.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligation and arises principally for the company receivable from customers. An impairment analysis is performed at each reporting date on an individual basis for major customers. The Company holds certain amounts as collateral in the form of security deposits against certain class of receivables (primarily includes receivables from collection centres). The Company's exposure to credit risk is influenced mainly by the individual characteristics and credit worthiness of each customer. Further refer note 11 for a summary of company's most significant customers and details on provision for expected credit loss.

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

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

(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

(i) Foreign currency risk

There are no foreign currency balances outstanding as at 31 March 2019.

(i) Interest rate risk

The Company has not taken any loans at variable rates.

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligation associates 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, which has established an appropriate liquidity risk management framework for the management of the company's short-term, medium-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.



SRL REACH LIMITED
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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. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period.

Particulars	(Rupees in '000)			Carrying Amount
	0-1 year	1-2 years	Total Amount	
As at 31 March 2019				
Non interest bearing instruments				
Trade payables	39,493.79	-	39,493.79	39,493.79
Deposits from customers	300.00	-	300.00	300.00
Payable for purchase of property, plant and equipments - current	139.01	-	139.01	139.01
Payable to holding company	213.91	-	213.91	213.91
Interest accrued and due on borrowings	1,620.00	-	1,620.00	1,620.00
Employee benefits payable	784.11	-	784.11	784.11
Fixed interest bearing instruments				
Borrowings	10,000.00	6,800.00	16,800.00	15,000.00
	52,550.82	6,800.00	59,350.82	57,550.82
As at 31 March 2018				
Non interest bearing instruments				
Trade payables	30,017.87	-	30,017.87	30,017.87
Deposits from customers	150.00	-	150.00	150.00
Payable for purchase of property, plant and equipments - current	255.20	-	255.20	255.20
Payable to holding company	-	-	-	-
Interest accrued and due on borrowings	720.49	-	720.49	720.49
Employee benefits payable	698.35	-	698.35	698.35
Fixed interest bearing instruments				
Borrowings	-	16,800.00	16,800.00	15,000.00
	31,841.91	16,800.00	48,641.91	46,841.91

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



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

	As at 31 March 2019 (Rupees in '000)	As at 31 March 2018 (Rupees in '000)
The principal amount remaining unpaid as at the end of year	551.36	-
Interest due on above principal and remaining unpaid as at the end of the year	166.52	-
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.	185.29	-
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	351.81	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	-	-

38. Leases

The Company has entered in various agreements with equipment manufacturer suppliers. As per agreements, SRL will get equipments free of cost and reagents have to be purchased from those specific vendors only. These equipments can be replaced at any point of time as per the discretion of the respective vendors.

39. Contingent liabilities

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 has been legally advised not to consider that there is any probable obligations for periods prior to date of aforesaid judgment. The Company is further evaluating its next course of action in this matter.

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

- i) There are no contract asset and contract liabilities as at 31 March 2019 and 31 March 2018.
- ii) **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.
- iii) **Reconciliation of revenue with contracted price and discounts**

Particulars	Year ended 31 March 2019 (Rupees in '000)
	Gross Revenue
Discount	616.90
Net	96,715.82

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



41. Corporate social responsibility

As per section 135 of the Companies Act, 2013 and rules therein, the Company is required to spend at least 2% of average net profit of preceding three years towards Corporate Social Responsibility (CSR). However, the Company has incurred losses in the preceding three years, hence it is not required to spend towards this expenditure.

42. Operating segments

(a) Basis for segmentation

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

(b) Geographical information

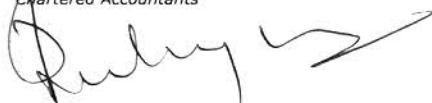
The Company provides services to customers in India. Further, there are no non-current assets located outside India.

(c) Major customer

Revenue from one customer, Sadar Hospitals (Government of Jharkhand) is Rs. 90,309.91 thousand (31 March 2018 : Rs. 118,964.82 thousand) which is more than 10% of the Company's total revenue.

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

Chartered Accountants



Pravin Tulsyan

Partner

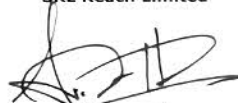
Membership Number: 108044

Gurugram

Date: 23 May 2019

For and on behalf of the Board Of Directors

SRL Reach Limited



Arindam Halder

Director

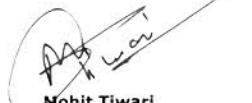
DIN:



Saurabh Chedra

Director

DIN: 05119073



Mohit Tiwari

Company Secretary

Gurugram

Date: 23 May 2019

