



**VIJAYA  
DIAGNOSTIC  
CENTRE**

India's Largest Comprehensive Diagnostic Network



## The Pioneers in Diagnostic Medicare...

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Dr. S. Surendranath Reddy**

*Executive Chairman*  
DIN: 00108599

**Mrs. S. Geeta Reddy**

*Director*  
DIN: 01073233

**Ms. Suprita Sura Reddy**

*Chief Executive Officer*

**Mr. Sunil Chandra Kondapally**

*Executive Director*  
DIN: 01409332

**Mr. Nishant Sharma**

*Nominee Director*  
DIN: 03117012

**Mr. Aditya Vij**

*Nominee Director*  
DIN: 03200194

## CHIEF FINANCIAL OFFICER

**Ms. S. Sandhya**

## COMPANY SECRETARY

**Ms. V. Sri Lakshmi**

## AUDITOR

**B S R & Associates LLP**

Salarpuria Knowledge City, Orwell, 6th Floor  
Sy. No. 83/1, Plot No. 2, Raidurg, Hyderabad,  
Telangana-500081

## REGISTERED OFFICE

3-6-16 & 17, Street No. 19, Himayat Nagar,  
Hyderabad, Telangana-500029

## CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Dr. S. Surendranath Reddy - Chairman  
Ms. Suprita Sura Reddy - Member  
Mr. Sunil Chandra Kondapally - Member  
Mr. Aditya Vij - Member

## NOMINATION AND REMUNERATION COMMITTEE

Ms. Suprita Sura Reddy - Chairman  
Mr. Sunil Chandra Kondapally - Member  
Mr. Aditya Vij - Member

## MANAGEMENT COMMITTEE

Dr. S. Surendranath Reddy - Member  
Ms. Suprita Sura Reddy - Member  
Mr. Sunil Chandra Kondapally - Member  
Mr. Nishant Sharma - Member  
Mr. Aman Gandhi - Investor Observer



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# COVER STORY

## The Pioneers in Diagnostic Medicare...

Incorporated in 1981, VDC is an established brand in medical diagnostic services & has serviced more than 1.5 Cr patients across India. The company has a chain of over 78 diagnostic centres spread across 12 cities that offer Laboratory Services, Radiology & Imaging Services, Cardiology Services, Neurology Services & Gastroenterology Services.

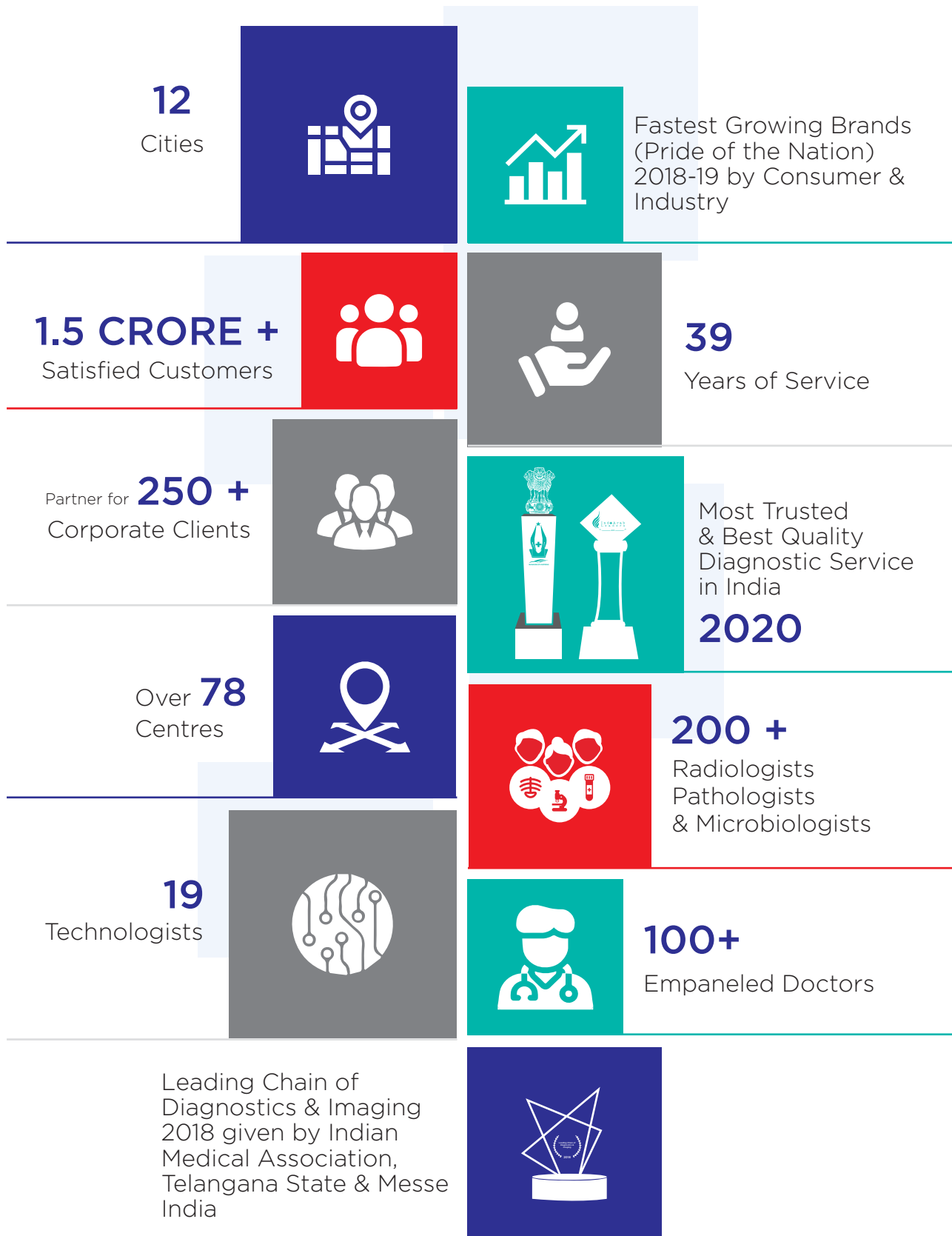
VDC is continually seeking to evolve so that it is better able to serve the patients & improving all aspects of health care across India. The drive to continuously improve & expand is demonstrated by its fast-growing network of diagnostic centers & the company's focus to upgrade these centers with cutting edge technology.

VDC's four decades of success are a result of its values which focus on the quality & accuracy of the diagnostic services. The diagnostic centres are equipped with state-of-the-art medical devices & a team of 2200+ qualified Technologists, Radiologists, Pathologists, Microbiologists & Doctors that have made VDC one of the largest diagnostic centre chains across India.

With the current evolving challenges & focus on healthcare across the country, VDC has a strong presence across India & is dedicated to providing services of the highest standards to its patients in the most cost-effective manner.



# A SNAPSHOT



# BRAND VALUES THAT GUIDE US

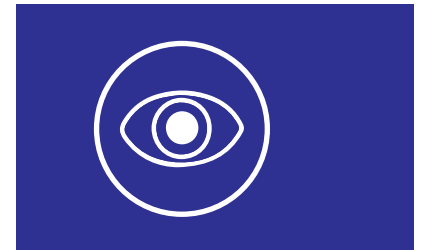
## OUR VALUES



Vijaya Diagnostic helps facilitate the provision of timely, affordable and state-of-art diagnostic care in a safe and secure environment. At Vijaya Diagnostic, we understand that high quality and reliable diagnostic findings are critical for superior clinical outcomes. Our Diagnostic space is equipped with instruments and devices of highest technical standards and managed by the most skilled Radiologists & Pathologists thereby meeting the needs of the physicians and patients. We keep track of the technological advancements and offer our customers access to the latest developments in diagnostic medicare. To achieve consistent safety and quality, we comply with the most stringent quality and ethical norms. We continuously expand our value-added services to better serve patients with dignity, respect and compassion.

## OUR VISION

Our Vision is to provide reliable and accurate diagnostic services to our customers, at affordable prices, in a customer-centric manner. We strive to provide the best service possible. We are continually raising our own bar through the latest technology, continuous improvement and recruitment of high caliber technicians and professionals.



## OUR MISSION

Our Mission is to make the patient's medical journey faster, more transparent and more accurate. We are committed to deliver exceptional diagnostic solutions to every patient and physician.



# BRAND MANIFESTO



**VIJAYA  
DIAGNOSTIC  
CENTRE**

India's Largest Comprehensive Diagnostic Network

## VIJAYA DIAGNOSTIC'S BRAND MANIFESTO

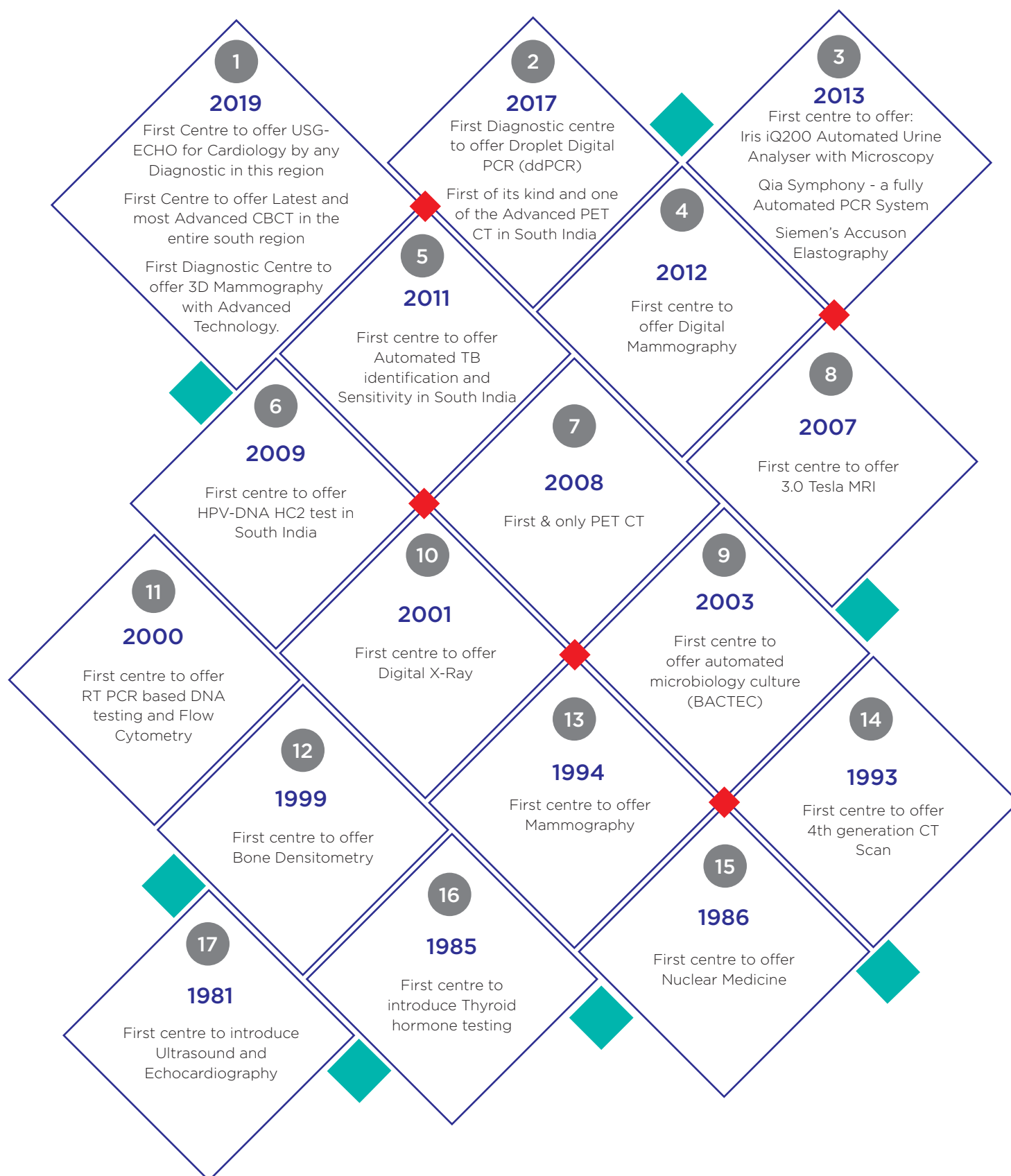
Vijaya Diagnostic Centre (VDC) is India's largest comprehensive diagnostic network with over 78 state-of-the-art centres spread across 12 cities. VDC has a qualified team of over 2200 professionals consisting of some of the country's top radiologists, pathologists and healthcare professionals. This has enabled us to offer patient-oriented diagnostic services that help us in establishing trust and reliability with our patients.

## OUR STORY

With a vision of providing comprehensive, innovative and state-of-the-art diagnostic services under one roof, in a reliable, affordable and customer-centric manner, Dr. S. Surender Reddy founded Vijaya Diagnostic Centre in 1981. In the past 4 decades, Vijaya has constantly worked towards providing excellent quality throughout all its centres and has been the pioneer in using the latest technological trends to deliver best-in-class healthcare to its patients. Today, VDC has expanded to over 47 centers in Hyderabad, in addition to other branches in Warangal, Hanamkonda, Nizamabad, Kurnool, Nellore, Visakhapatnam, Karimnagar, Bengaluru, Kolkata and Gurugram.

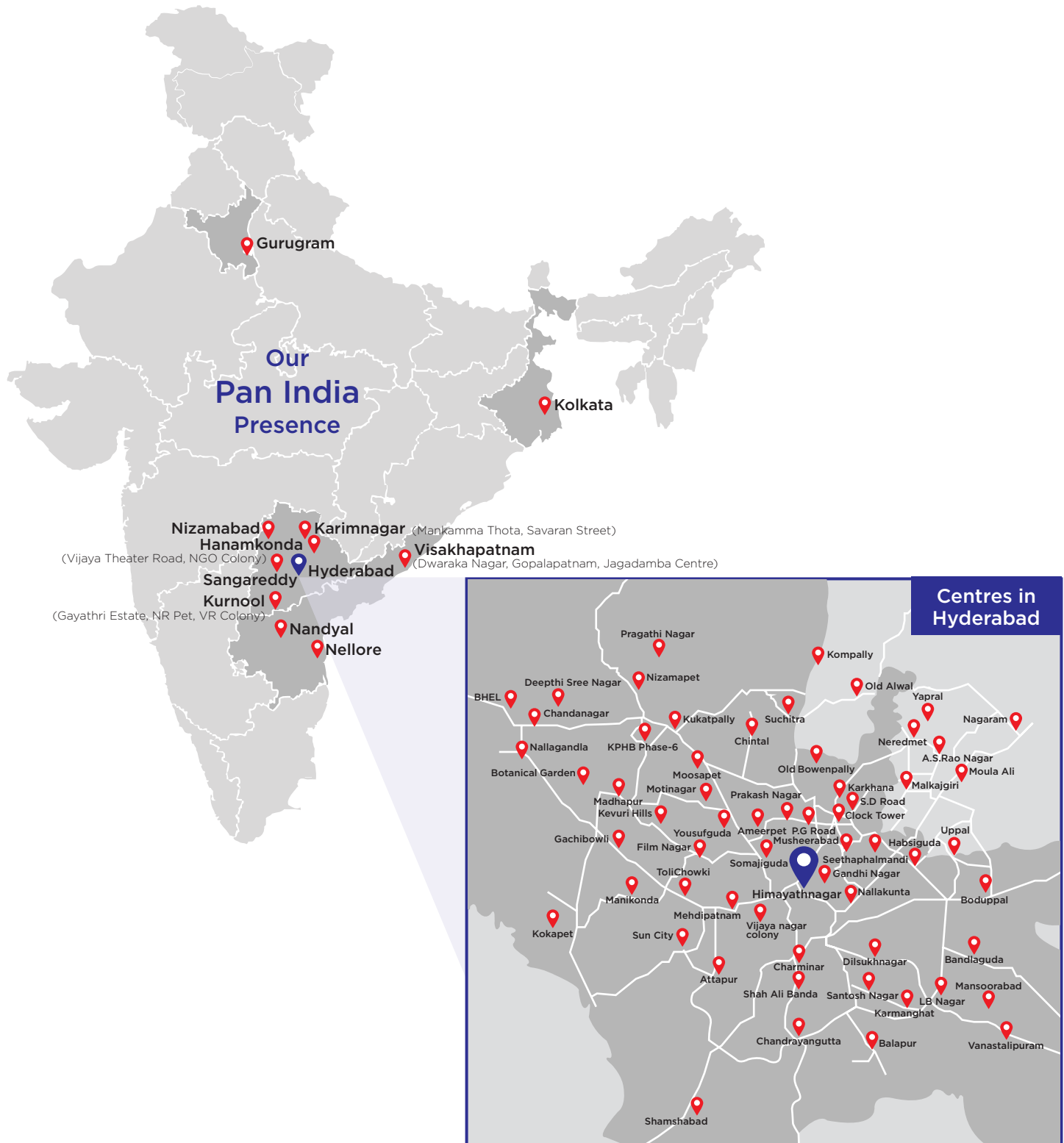


# STORY OF OUR EVOLUTION





# OUR GEOGRAPHICAL PRESENCE



...78 centres and counting!

# QUALITY DRIVES GROWTH AT VDC

## QUALITY AT VIJAYA

Within the healthcare industry, it is critical to provide quality service to customers. VDC never compromised on the quality and focus on providing the services of the highest quality standards.

At Vijaya quality is translated as its mission to offer timely, accurate and reliable service to the customers at the most affordable prices. The company thrives on technology which helps in improving the quality of services in the most cost-effective manner

## ACCREDITATION/CERTIFICATION



### National Accreditation Board for Testing and Calibration Laboratories (NABL)

Hyderabad (Himayathnagar,  
Dilsukh Nagar, Habsiguda): MC-2657  
Gurugram: MC-2861  
Visakhapatnam: MC-2172  
Hanamkonda, Warangal: MC- 2025  
Gayatri Estate, Kurnool: MC-2265



### National Accreditation Board for Hospital & Healthcare Providers (NABH)

Hyderabad (Himayathnagar,  
Dilsukh Nagar, Habsiguda): MC-2657  
Gurugram: MC-2861  
Visakhapatnam: MC-2172  
Hanamkonda, Warangal: MC- 2025  
Gayatri Estate, Kurnool: MC-2265



Advanced Diagnostic Pathology and  
Radiology Services. IND 11.6180U



Approved Centre for Medical Testing  
Immigration: For USA, Australia &  
Canada.



ISO 9001:2015 from Bureau Veritas  
Certification for the Performance  
of Routine



# AWARDS AND ACCOLADES



Most Trusted & Best Quality Diagnostic Services in India - 2020



Top 10 Most Trusted Brands of the Year 2019



Most Trusted Diagnostic Centre of the year, India - 2019



Best Diagnostic Service Provider of the Year - 2019



Best Diagnostic Centre of the Year, India - 2019



India's Most Trusted Healthcare Brand 2018-19



Leading Chain of Diagnostics & Imaging - 2018-19



Fastest Growing Brands (Pride of the Nation) 2018-19



Brand of the Year 2018



Telangana Healthcare Leadership Award 2018



India's Most Preferred Diagnostics Service Provider 2012

# SERVICES



Covid-19 Testing Services



Laboratory Services



Radiology and Imaging



Cardiology Services



Neurology Services



Gastroenterology Services





## SERVICES

### COVID-19 TESTING SERVICES

The recent outbreak of COVID-19 across the globe, it is time for Vijaya diagnostics to play a key role in helping the country and help in maintaining a balance in society.

As a responsibility towards the society, VDC has been providing Covid-19 testing services at all its diagnostic centres across the country with the best quality standards.





# SERVICES

## LABORATORY SERVICES

Our lab services offerings encompass a wide range of investigations from routine tests to highly specialized ones, not offered by other hospitals or laboratories. Vijaya offers a comprehensive test menu covering the key disciplines of conventional lab services:

### Clinical Biochemistry



A wide range of Chemical Pathology tests provided with the use of high throughput routine chemistry analyzers and immunoassay analyzers from the top brands like Siemens, Roche and Beckman.

- Screening assays are done using automated equipment having integrated software for calculating probable risk to the patient. It includes maternal antenatal panels for predicting the probability of genetic disorders and newborn screening for early detection of galactosemia, hypothyroidism and other inborn metabolism errors.
- HPLC systems and Capillary Electrophoresis to diagnose different Haemoglobinopathies, Immunoglobulin disorders and to monitor the status of Diabetes Mellitus
- LCMS: the gold standard for Vitamin D estimation and monitoring of immunosuppressant therapy

### Haematology & Immuno-Haematology



This department has both the man and the machine working together to provide the best results. Even the junior staff are trained with NABL 112 and ISO 15189. Our collective belief is to comply with standards at all costs. We make sure we use the best of technology by using the latest version equipment and software.

Reports undergo multiple checks to ensure total accuracy. We even have a pathologist team present in the lab for checking the



automated results and critical parameters. Report authorization is done in two steps.

From a simple ESR to the complex flow cytometry analysis, all tests are conducted with complete automation. Automated blood group reports have an inbuilt mechanism of self crosscheck so that the blood groups are reported with zero error for each sample.

We also provide Immuno-Haematology testing for ANA, ANA Profile and Allergy Panels across different platforms.

### Clinical Pathology



Clinical Pathology is a basic Laboratory service that is often ignored. However, we give this department as much importance as any other. We have dedicated consultants for the department and just like other departments,

Clinical Pathology is completely automated as well.

Our Urine analyzers capture and analyze approximately 500 images per urine. Our sperm analyzers can report sperm vitality and velocity and also perform sperm DNA fragmentation analysis.

### Histopathology & Cytopathology



At Vijaya Diagnostic Centre, we provide accurate and timely diagnosis with the help of our expert Histopathology and Cytopathology team. Their expert diagnosis helps our clinicians to decide the right treatment. We also provide comprehensive

reports by including customized extended tests required under well-defined panels, which covers various malignancies.

#### Our flagship tests and procedures include:

- All biopsy material, from tissue to slide, is processed, embedded, cut, stained and mounted on Leica Fully Automated Tissue processor, Embedding and staining work stations.
- Liquid-based Cytology for effective Pap smear screenings and other cellular fluids.
- Immunohistochemistry (IHC) with extended panels for definitive diagnosis
- Cryostat for frozen sections for rapid on-table diagnosis



- Immunofluorescence for medical renal disease and vesiculobullous lesions of the skin
- Fine Needle Aspiration Cytology (FNAC) procedure conducted onsite in selective branches
- Foetal Autopsy with the morphological diagnosis

## Microbiology



We maintain the highest standards and quality of testing in our laboratories through our team of experienced doctors and highly qualified technicians. We offer a wide range of tests, with the following being the major highlights.

- CDC approved TB cultures for Immigration
- Maldi-Tof Identification of Bacteria & Yeast form of Fungi (Candida)
- AFB C/S for both Immigration & General Patients
- Blood C/S by Routine, Bactec & BacT/Alert Instruments
- Vitek 2 Identification & Sensitivity
- Anaerobic Cultures
- Aerobic Bacterial Cultures By Both Routine & Vitek Methods
- Fungal Cultures
- Direct microscopy for Gram-positive, Gram-negative Bacilli, Diphtheria, Acid Fast Bacilli, and Fungi Dermatophytes as well as Yeast Forms Including Cryptococcus

## Serology



In the Serology Laboratory, analysis of blood samples is performed to check for the presence of antigens and antibodies (IgG and IgM) to help with the diagnosis of diseases and test immunity status. Some important Serologic tests covered by us include:

- Leptospira, Brucella, Helicobacter Pylori ELISA (IgG & IgM).

- Mumps, Measles and Varicella-Zoster IgG ELISA for checking immunity status post-vaccination.
- Dengue IgG, IgM and NS1 Antigen (ELISA- Gold standard) and Chikungunya IgM (Rapid) among the common arboviral infections.
- TORCH group of tests for congenital infections and recurrent abortions.
- Antidiphtheria IgG ELISA to check immune status post-DPT vaccination and Anti Spermatozoa antibodies by ELISA only for infertility workup.
- Serological tests for Autoimmune disorders by ELISA like AntiCardiolipin IgA/IgG/IgM, Antiphospholipid IgA/IgM/IgG, Rheumatoid factor IgM, Stool for Calprotectin and Anti Beta2 Glycoprotein IgG/IgM.
- Rare viral serological tests such as Paul Bunnell for Infectious Mononucleosis by EBV.
- Cryptococcal antigen detection in serum and CSF by sensitive latex agglutination test.
- Anti-CCP testing by CMIA.
- Rickettsial serology- Weil Felix test.
- Comprehensive Hepatitis marker testing
- HBe Ag, Anti HBe, Anti HBc IgM, Anti HBs antibodies, Anti HBc Total by ELFA.
- HAV IgM, HIV-1&2 Ab and p24 Ag, Anti HCV, HBsAg by CMIA.
- HEV IgG/ IgM by ELISA.
- Western Blot for HIV 1/2 confirmation.

The Quanti FERON-TB Gold test is also performed at our Serology Laboratory. This is a whole blood test used to aid the diagnosis of latent infection with Mycobacterium tuberculosis.

## Cytogenetics



The Cytogenetics department is one of the oldest departments at our facilities, with all the conventional tests being covered.

We have added to our test of tests, with our latest addition being FISH (Fluorescent in-situ hybridization) with complete digital microscopy for screening and capture.

### Molecular Pathology



Vijaya Diagnostic Centre offers an extended range of Super Speciality Laboratory Services with the aim of providing esoteric tests to our client.

Our services are continually evolving to expand the diagnostic capabilities of our clinicians and offer our patients the best diagnostic services with the use of latest technology.

- State of the art Molecular Pathology section is equipped with assays to diagnose, monitor and guide the treating physician and Oncologist in predicting the prognosis or guiding therapeutics in infectious, haematological, genetic and malignant diseases.
- Using PCRs ranging from conventional to digital droplet for testing and early detection of genetic disorders or diagnosing the probability of primary malignancy in metastatic testing. Droplet Digital PCR gives absolute quantification of the mutation burden to as low as 0.1%.





## SERVICES RADIOLOGY & IMAGING



### Magnetic Resonance Imaging (MRI)



We use the latest Magnetic Resonance Imaging technology at our centres, with excellent image quality and a patient-friendly, wide bore gantry to accommodate obese patients. The total

duration of the scan is less than 10 mins, thus reducing the patient's anxiety.

Our latest acquisition is a complete MR system - the Ingenia 3.0 Tesla MRI. It is capable of performing the routine tests of the brain, spine and musculoskeletal system and even the more advanced tests like MR Spectroscopy, MR Diffusion, MR Functional Imaging, MR Angiography, MR Tractography of Brain & Spinal Cord, MR Neurography, 3T Foetal MRI, Cardiac MRI, MR lymphangiography etc.

### Multi-Slice CT



Multidetector Computed Tomography (MDCT) scan is a diagnostic imaging procedure that makes use of X-ray tube and multiple rows of detectors that

rotate around the patient to provide diagnostic images through body volume, with isotropic multiplanar imaging.

It provides high-resolution images of all body parts, including bones, muscles, fat, organs, and blood vessels. While the image quality is maintained, it still decreases the level of radiation exposure of the patient significantly. Patient compliance is improved and scanning time is reduced as well.

Our 128 slice ingenuity model offers increased spatial resolution, acquisition of intracranial and extracranial angiogram, metal artefact reduction software (O-MAR)



for cases of metallic implants, lung nodule assessment algorithm, low dose (up to 80% less) step and shoot cardiac screening to rule out coronary artery disease, pulmonary trauma, pediatric imaging aside from other routine uses

### CBCT (3D Dental)



Vijaya Diagnostic Centre uses 3D Dental CT Scanner which offers accurate precision and high-resolution images, thus serving as the Gold standard for implant dentistry and Root Canal Treatments pre/postoperatively. It has a dedicated software in-built for accurate measurement of the thickness of the underlying bone and better evaluation and assessment of mandibular canal or nerve.

### Mammography



Our state-of-the-art digital mammogram machine performs a quick study, ensuring minimal discomfort to the patient. Thanks to the excellent image quality and resolution, our Radiologists can identify even the smallest of abnormalities.

Ours is a comprehensive diagnostic centre. Any follow up tests on a suspicious lesion with ultrasound and biopsy/FNAC can be performed on the same premises. Coordination with the Pathology department ensures that the samples are adequate for an accurate diagnosis. If further investigation is necessary, MR Mammogram is available as well.

### DEXA/Bone Densitometry



Routine measurement of osteoporosis is recommended for women aged 65 or older by the WHO (World Health Organization). Routine testing reduces the risk of fracture and spinal abnormalities associated with diseases. We provide T-scores for Spine, Dual Femur, Hip, Wrist and Whole body.

### Ultrasound/Colour Doppler



We use only the latest machines from the best suppliers. We perform all scans, including Regular Abdomen and Pelvis, Small parts and Antenatal (including Doppler studies) scans. Therapeutic and diagnostic procedures such as aspiration, biopsy, FNAC and Musculoskeletal ultrasound are also performed. What sets us apart is our ability to conduct specialized studies that involve studying nerves and mapping course and pathology of nerves.

### Nuclear Medicine and PET/CT



The Nuclear Medicine and PET/CT department of Vijaya Diagnostics is one of the oldest departments of the country. Over the years, the department has stayed updated with all the advancements in the field, equipping itself with the most advanced scanners and latest technology in the industry.

The department has an excellent workforce with the right mix of experienced senior professionals and trained, young and energetic professionals. The staff provides unmatched service quality. They have the training to make sure the patient experience minimal or no discomfort.

The department complies with international standards and protocols for performing all scans and procedures and for generating reports. This helps us ensure timely execution and generation of reports.

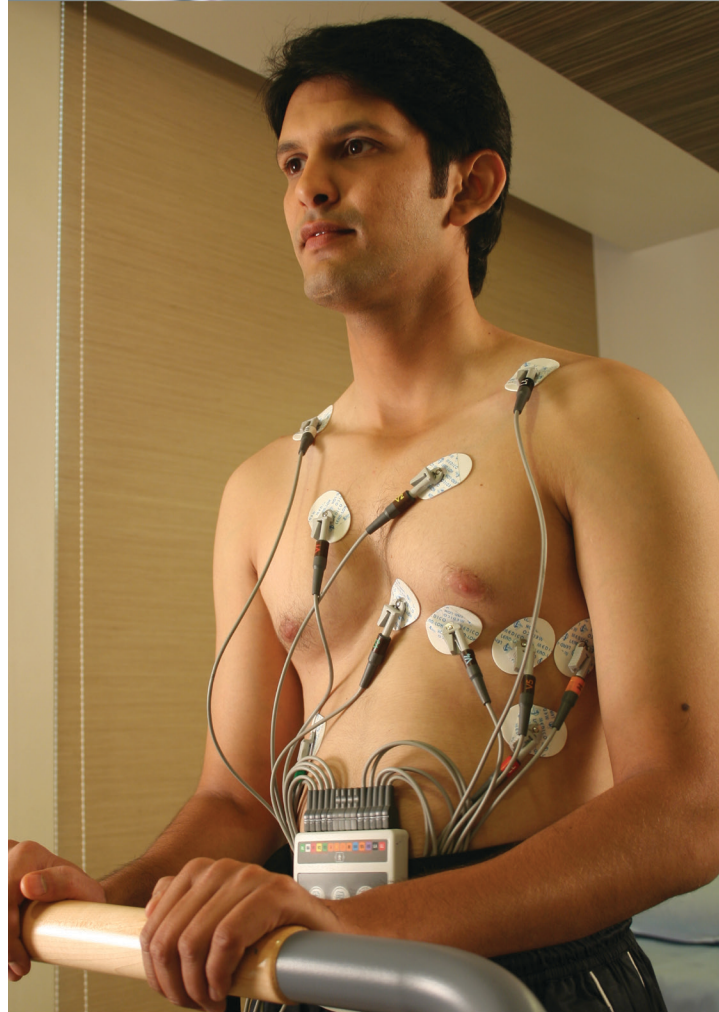
We are certified to provide and maintain the highest service quality and work environment by different organizations including the Atomic Energy Regulatory Board, India license department.

### Digital X-Ray



Vijaya Diagnostic Centre is one of the first diagnostic centres in Telangana & Andhra Pradesh that introduced a breakthrough technological advancement in the field of X-ray imaging - the Digital X-Ray, i.e.





Computed radiography (CR) & Digital Radiography (DR). With our high end, state-of-the-art, flat-panel detectors technology, with multiple units, we have reached the next level of this basic radiology test.

Contradictory to the Conventional Radiography (CR), Digital X-ray provides a low dose, high resolution and enhanced image quality with no loss in magnification. It also allows the transmission to any place. The need for retakes is also eliminated, apart from a situation of immense significance in Telemedicine.

## CARDIOLOGY SERVICES



Heart problems can result from an unhealthy lifestyle, underlying condition, and even genetics. However, for the most part, heart conditions can be prevented. Our heart specialists at Vijaya

Diagnostic Centre can treat and diagnose all conditions related to the heart and vascular system with unmatched expertise and state-of-the-art technology.

We have a team of experienced cardiovascular and imaging specialists with years of experience in treating complex heart and vascular conditions. We are proud to be recognized as an industry leader when it comes to evaluation of heart function and innovative treatment for heart conditions.

## NEUROLOGY SERVICES



The Neurology diagnosis provided at Vijaya Diagnostic Centre is considered to be one of the most reliable and trusted diagnoses by the best neurologists of the country. We have the most

comprehensive range of equipment for neurology testing, including 3 Tesla MRI at selective centres. We have a team of highly qualified and experienced doctors to provide our customers with timely and accurate results

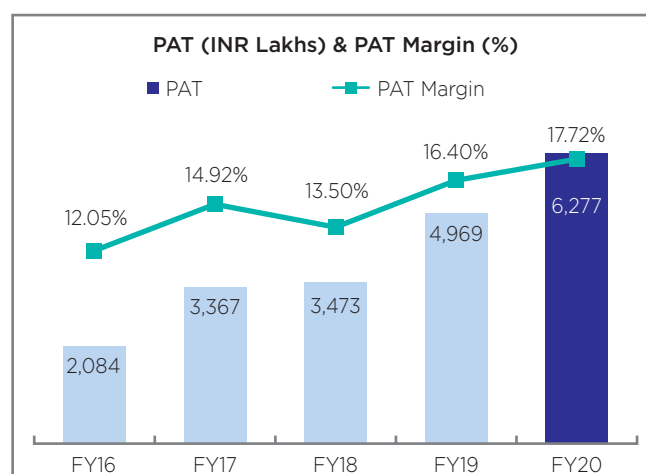
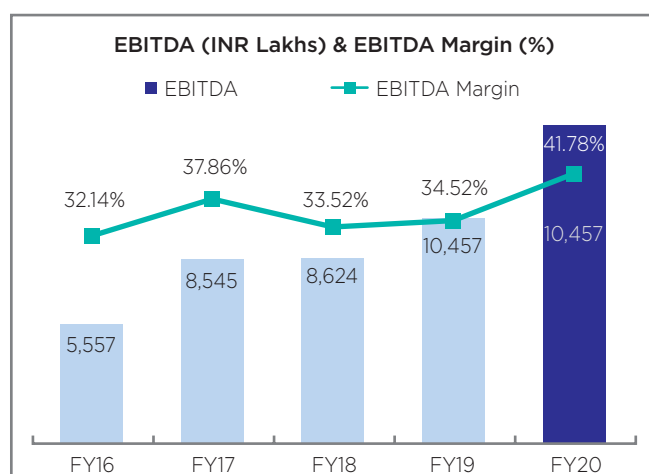
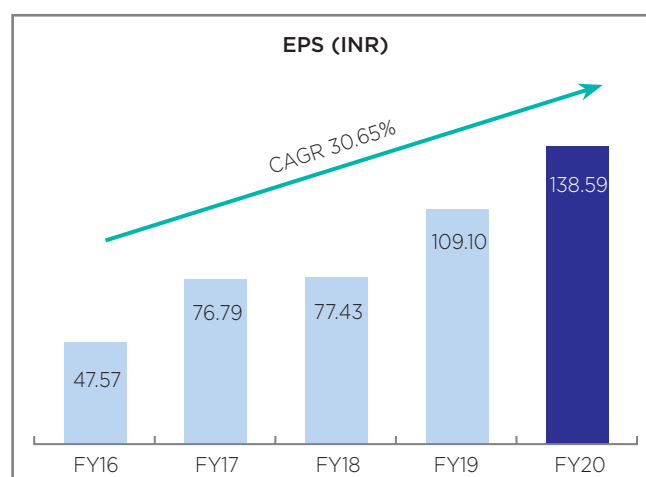
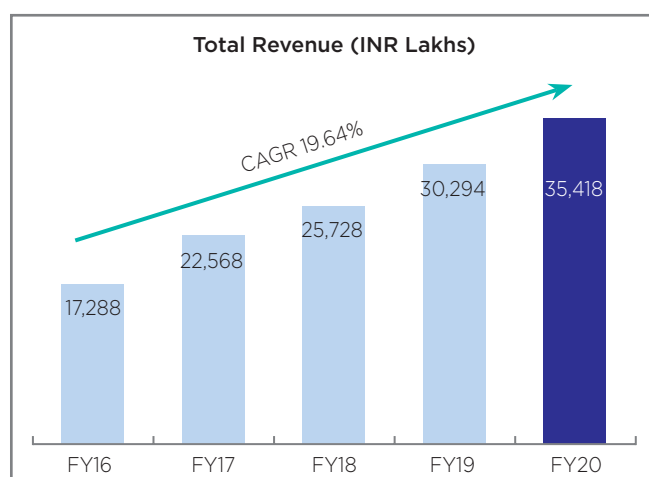
## GASTROENTEROLOGY SERVICES



Gastroenterology involves the treatment and diagnosis of digestive system disorders that affect the oesophagus, stomach, small and large intestines, rectum, liver, gallbladder and pancreas

The state-of-the-art facilities at Vijaya Diagnostic Centre have high definition endoscopy equipment for upper endoscopy, sigmoidoscopy and colonoscopy. With the help of HD Endoscopy, clinicians can get clear and accurate images of the abnormalities inside the oesophagus, stomach and intestines.

# FINANCIAL HIGHLIGHTS



# BOARD OF DIRECTORS



**Dr. S. Surendranath Reddy**

*Executive Chairman*

Dr. S Surendranath Reddy is the founder Chairman of M/s. Vijaya Diagnostic Centre Private Limited (VDCPL). The diagnostic centre is one of the largest integrated diagnostic chains in India providing a comprehensive set of tests across lab medicine, nuclear medicine, radiology, and specialty tests. It has a network of 78 centres established across the states of Telangana, Andhra Pradesh, Karnataka, West Bengal, and Harayana that serves 2.8 million patients every year. The Diagnostic Centre offers state-of-the-art technologies as well as accurate and reliable services making it the centre of excellence for diagnostic medicare.

Dr. Reddy has done his MBBS from Kurnool Medical College and M.D. in Radiology from Osmania Medical College, Hyderabad. Prior to start Vijaya Diagnostic Centre, he had worked for a short stint of 2 years in government service. Out of his own experience, he realized the need for a comprehensive centre, where all services are under one roof for the convenience of the patient. Since then, he has been providing a comprehensive range of diagnostic services including Diagnostic, Cardiology, Radiology & Imaging, Conventional & Speciality Lab Services, and Nuclear Medicine. For the past 40 years, Dr. Reddy has proven his passion for quality and remain committed to delivering the latest technology to his customers.



**Mrs. S. Geeta Reddy**

*Director*

Mrs. S. Geeta Reddy is a Non- Executive Director of the Vijaya Diagnostic Centre Private Limited. She graduated in law from Osmania University.

Mrs. S. Geeta Reddy, enrolled as an Advocate with Hon'ble AP High Court in 1986 and worked with Shri. P. Ramachandra Reddy, Former Advocate General of Andhra Pradesh (from 1973 to 1983) and practiced as an Advocate in Constitutional, Civil and Criminal Law at the Hon'ble High Court of Andhra Pradesh.

She also served as a counsel for Revenue and Home Departments of the Andhra Pradesh Government. She is an Independent Director on the Board of IFFCO Kisan SEZ and Director on the Board of Vijaya Hospitals Pvt. Ltd.



**Mr. Sunil Chandra Kondapally**

*Executive Director*

Mr. Sunil Chandra Kondapally is the Executive Director of M/s. Vijaya Diagnostic Centre Private Limited. He has done his schooling from Hyderabad Public school, Begumpet, and did his B.Sc in Electronics Engineering from Florida State University, USA. He is involved with VDC from 1998 and worked in various areas including Operations, Quality accreditation, Finance, marketing and network expansion.

An entrepreneur who has started various successful business ventures in healthcare technology & hospitality. He also founded a pharmaceutical services company QPS Bioserve in 2004 which was acquired by the large U.S. based company in 2015. He also founded Trikona Pharma in 2016, which is focused on the development of innovative pharmaceutical products to address and to meet clinical needs.





### **Ms. Suprita Sura Reddy**

*Chief Executive Officer*

Ms. Suprita Reddy is the Chief Executive Officer of M/s. Vijaya Diagnostic Centre Private Limited. She started working at the centre in 2001. Since then, she has been heading the overall strategy, clinical excellence, operations, and expansion of the company in its home markets and beyond. With return metrics and best in class profitability, Ms. Reddy has been driving its growth giving the centre the lead in the market.

Ms. Reddy is known for her entrepreneurial skills and conscientiousness. She took a keen interest in the business at a very early age. After studying commerce from Osmania University, she was able to use her skills to help the Diagnostic Centre grow. Because of her, in less than 2 decades, the centre was able to earn revenue of INR 3287 million from INR 70 million. Her business acumen and deep understanding of the business has helped the centre remain competitive and offer the latest technology in diagnostics at an affordable price.



### **Mr. Aditya Vij**

*Nominee Director Investor-I*

Mr. Aditya Vij aged 62 years is an M.B.A. from the International Institute for Management Development (IMD), Switzerland, and is a Fellow Chartered Accountant, the Institute of Chartered Accountants of India as well as an alumnus of Shri Ram College of Commerce, Delhi University. He is a Nominee Director for Investor-I. Aditya has had an illustrious career spanning 32 years in the Automotive, Defense, and Healthcare sectors and has a proven track record of launching new businesses, successfully managing business turnarounds, and growing established operations. He spent twenty-five years in the

Automotive Industry, eighteen of which were with General Motors (GM) in key leadership positions in Europe and Asia. Among his significant achievements at GM were the revival of the Saab brand in Sweden, the turnaround and subsequent expansion of GM's businesses in India, and attaining market leadership in Central Europe. Most recently, he was the Chief Executive Officer at Fortis Healthcare, one of the largest integrated healthcare delivery service providers in India.



### **Mr. Nishant Sharma**

*Nominee Director Investor-I*

Nishant is the CIO, Managing Partner and Co-Founder of Kedaara Capital. Nishant has over 17 years of industry experience primarily encompassing the full life-cycle of private equity in India across a variety of industries and across private and public markets. He has led investments, managed the portfolio and successfully divested investments over this period.

Before founding Kedaara, Nishant served as a Principal and one of the core members of the India investment team at GA, a leading growth-oriented global private equity firm. He co-led GA's investments across financial services, healthcare, business services and technology, including investments in IndusInd Bank, Jubilant Lifesciences and IBS Software, among others. Prior to GA, Nishant worked at McKinsey and focused on the technology services, financial services, healthcare and government sectors.

In addition, he worked at the Bill & Melinda Gates Foundation, helping set up the largest HIV/AIDS prevention program in India. Nishant serves on the board of directors of Aavas Financiers, Ami Lifesciences, Veritas Finance, Vishal Mega Mart and served on the board of AU Small Finance Bank having led these investments for Kedaara. Nishant is a member of the Mumbai chapter of the Young Presidents' Organization (YPO).

Nishant has been profiled as one of India's hottest business leaders by Economic Times under the 40 under forty awards. Nishant received a Master of Business Administration from Harvard Business School, and a Dual Degree (B.Tech & M.Tech) in Biochemical Engineering and Biotechnology from the Indian Institute of Technology, Delhi.



# MESSAGE FROM THE CHAIRMAN



“On a consolidated basis, the Company’s revenue stood at INR 338.82 Crore, which represented an increase of 15.80% against the previous financial year, and Net Profit before tax was reported at INR 83.43 Crore with a growth of 16.8%. By leveraging our strength and brand equity in our existing market, and expanding judiciously into newer ones, we have been able to sustain our growth.”

*Dear Shareholders,*

I am writing to you at a time when the world is battling a threat in the form of a pandemic. In this context, I sincerely hope that all of you and your dear ones are safe and healthy.

The safety and well-being of our customers, employees, technicians, doctors and suppliers, is of paramount importance to us. Your Company is taking all necessary steps and precautions to safeguard their health.

Our performance in FY 19-20 was on growth trajectory till the fag-end of the year, when we saw a decline in the momentum due to COVID 19 pandemic. On a standalone basis, the Company’s revenue stood at INR 328.65 Crore, which represented an increase of 17.8% against the previous financial year, Net Profit Before Tax was reported at INR 81.58 Crore with a growth of 16%.

On a consolidated basis, the Company’s revenue stood at INR 338.82 Crore, which represented an increase of 15.80% against the previous financial year, and Net Profit before tax was reported at INR 83.43 Crore with a growth of 16.8%. By leveraging our strength and brand equity in our existing market, and expanding judiciously into newer ones, we have been able to sustain our growth.

Quality at Vijaya means reliable and accurate diagnostics at affordable prices. Vijaya Diagnostic Centre has a unique vision of offering state-of-the-art services under one roof. All the centers of Vijaya Diagnostic Centre are equipped with instruments and devices of the highest technical standards.

Vijaya is the first centre to offer latest and most advanced CBCT, USG - Echo for cardiology in South India. First diagnostic centre to offer 3D mammography with advanced technology. The team at the center comprise of expert radiologists, pathologists and a qualified team of over 18000

professionals consisting of some of the country's top doctors who are adept at performing various diagnostic services.

Our in-depth understanding of the consumer's requirements based on our market research has helped us strengthen our position in the industry, which has helped us leverage the plethora of opportunities available. Backed by excellent center network, processing expertise coupled with operational efficiency, the innovative and visionary approach has catalyzed your Company's growth. Your company's current test portfolio includes more than 3000 tests offering comprehensive range of diagnostic services spanning Imaging Services, Nuclear Medicine, Cardiology, Audiometry, Gastroenterology, Routine and Specialty lab services.

Your Company is continually raising its own bar of performance with the latest technology, continuous improvement and recruitment of high caliber technicians and professionals to sustain growth. A strong foundation of business practices and ethics is essential. Your company has adhered to its internal strengths and core strategies. Your company will make further investments in certain modalities to expand and strengthen the test portfolio.

Our efforts to deliver and grow have been a function of a highly motivated workforce that remains the bedrock of our success. Every day, their hard work and service mindset drives us forward, and I take this opportunity to

thank them. I would also like to mention the role of our trusted suppliers who play a vital role in our success and would like to thank them for their continued support.

The leadership team is confident about the future, as they bring pragmatic enthusiasm to the business. The leadership team continues to focus on strategies that can yield the highest growth to the Company. We have a best blend of entrepreneurial spirit and high quality execution. Future strategy is to improve our digital initiatives, identify best fit inorganic opportunities to grow geographically and strengthen operations.

I am confident that with the strength of our core capabilities and a dynamic team of professionals, your company is well-positioned for a great journey ahead. The Covid-19 pandemic has certainly impacted all of us more so in healthcare sector. We, at Vijaya handled the situation with braveness and I am optimistic that with unwavering faith in ourselves, we will emerge out of this unprecedented situation.

Our customer – first culture has contributed significantly to our progress over years. We strive to continue this journey and fulfil the aspirations and needs of all our customers.

**Best Wishes,**

**Dr. S. Surendranath Reddy**

Chairman

# MANAGEMENT DISCUSSION AND ANALYSIS

## Global Economy Overview

The calendar year 2019 started with rising tensions between the world's two largest economies - the US and China. US and China together account for 40% of the global GDP and the trade disputes between them had an adverse effect on the global economy and sentiment overall. This impact was not only seen in the commodities and financial markets (equities, bonds, currencies) but also impacted the output and profitability of firms leading to deterred investment decisions of businesses. However, as the year progressed, market sentiments were boosted by tentative signs of intermittent favourable news on US-China trade negotiations.

Brexit was the other major event that finally took place in January 2020, after the public referendum in 2016 and years of negotiations. The impact of Brexit is expected to hurt the UK economy primarily in 2020 by having the weakest export growth since 2009, Business investments to contract by 0.7%, and Household spending growth predicted to be at its slowest since 2011, due to historically low unemployment.

If the pain felt across global economies was not enough in 2019, the year ended off on a worse footing with the Corona Virus being first detected in December and quickly spreading across the world's second-largest economy from the capital of Hubei province before infecting more than 110,000 people in at least 110 countries in less than three months. According to the WHO, the death toll reached more than 4,000 by March 2020. From an economic perspective, the key issue was not just the number of cases of this virus, but the level of disruption to economies. In a March report, the Organisation for Economic Co-operation and Development, or OECD, announced it had downgraded its 2020 predictions for almost all countries, the UN Conference on Trade and Development went even further and predicted that global GDP could take a \$2 trillion hit. The global economic activity from the

Purchasing Manager Index for the manufacturing and the services sector showed that Both manufacturing and services activity plunged in February 2020. The composite index was at 46.1 indicating that the global economy was potentially in a recession for the month.

As a silver lining, Governments of all countries have taken strong and bold measures to brace their economies from the expected impact of the Corona Virus. The US started off by rate cuts and infusing more than \$1.5 Trillion into the financial system in an effort to calm the market turmoil after Wall Street suffered its worst day since the 1987 market crash.

## Indian Economy Overview

The Indian economy started this financial year on a dull note due to the ongoing liquidity crisis. In order to achieve the government's vision of making India a US\$5 trillion economy by 2025, the finance ministry slashed domestic corporate tax rates to 25.17% in the mid-year to spur investments in the economy. As a result, the domestic investments contributed intermittently to the India growth story, but this proved to be a bit too little, too late.

The Consumer Price Index (CPI) showed retail inflation rising to 7.59% in January 2020 and IIP growth stood at a mere 2% YoY in January 2020, which was mainly driven by intermediate goods output whereas, Capital goods, infrastructure and construction goods output declined.

The liquidity crunch stressed NBFC funding; interest rates hiked up, which resulted in a de-growth of household consumption. The Indian auto sector which has a valuable contribution to the economy went through a difficult phase in the last year primarily due to government norms pushing to shift to BS-VI models.

The Current Account Deficit narrowed primarily on account of lower non-oil, non-gold imports and robust services exports supported by software, travel and



financial services. The balance of payments surplus stood at US\$21.6bn which was supported by FPI and FDI flows.

Although according to the Indian Budget 2020 the real GDP growth was estimated at 5.0% in the financial year 2019-20, growing to 5.6% in financial year 2020-21, with recent development with regards to Covid-19 cases in India, these growth estimates are expected to take a major hit. The financial year 2021, regardless to say, is going to be a challenging one for the world and India.

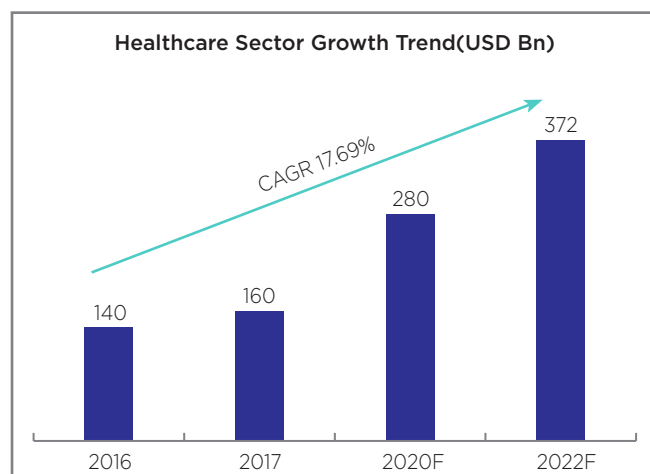
## Indian Healthcare Market

### Healthcare Industry Segments and Scale

The Indian healthcare industry has five key functional sub-sections: Healthcare delivery is the largest segment, followed by the pharmaceutical, medical devices, diagnostics and healthcare insurance segments.

### Overview of Indian Healthcare Market

Healthcare has become one of India's largest sector, both in terms of revenue and employment. The industry is growing at a tremendous pace owing to its strengthening coverage, service and increasing expenditure by public as well private players. During 2016-22, the market is expected to record a CAGR of 17.69% The total industry size is estimated to touch USD 372 billion by 2022.



### Progress and Challenges

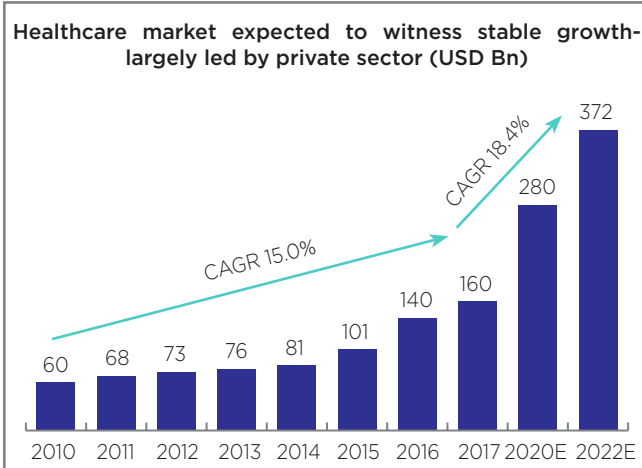
The global pharmaceutical market is esteemed at USD 1.2 Trillion, having grown at about 3% CAGR over 2015-20. The US pharmaceutical market is the major hub of pharmaceutical innovation and it is the biggest market in the world, accounting for in excess of 40% of global pharma consumption in value. China and Japan are ranked second and third, correspondingly. Collectively, these 3 markets cover 60% of the global pharma market.

The Indian Pharmaceutical Market is much smaller in size and contributes only about 2% of global pharmaceutical sales. However, characteristics like being one of the fastest-growing pharma markets (10-11% CAGR over 2014-18), high profitability (25% plus EBITDA), world's 2nd largest population (1.3 trillion), scope to increase government spending (1/90th to the US), improving healthcare infrastructure, 20%+ growth in health insurance, and a lack of regulatory controls make it one of the most attractive markets in the world.

India has the 2nd largest population in the world, followed by China. The Chinese pharmaceutical market is more than USD 130 Billion in size, resulting in USD 95 per capita spends on drugs annually. In the US, which is the most expensive drug market globally, an American on average spends USD 1,250 annually on medicines. However, the net cost for most of the patients in these countries is much lower due to widespread insurance coverage. In China, 60% of the healthcare cost is covered by insurance. Similarly, in the US, 80% of the cost is covered by public or private insurance schemes. So effectively, the Chinese spend USD 40 annually on medicines whereas Americans spend USD 200 every year.

In India, the per capita spending on medicines is close to USD 15 annually, which is 1/6th of China and 1/90th of the US. Moreover, due to the lack of insurance coverage and healthcare schemes, about 80% of this medicine related cost is borne by Indians. However, now, with growing health insurance penetration and increased government focus on health care services through various schemes, we can expect that the consumption

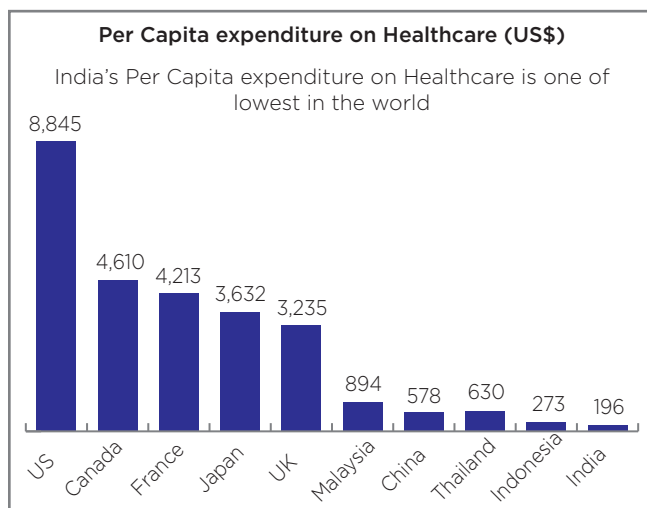
of medicine to increase in India. Along with an increase in urbanization; insurance coverage, per capita income, aging population and healthcare spending by the government remain key drivers for the growth of IPM.



Source: Broker Reports

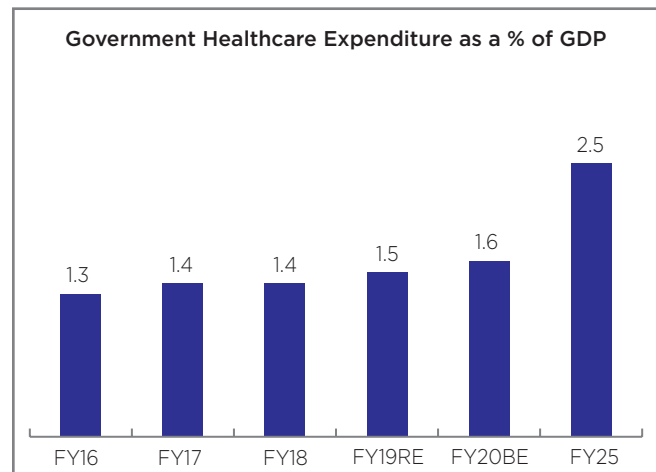
### Per Capita Healthcare Expenditure

The Government's expenditure on the healthcare sector grew 1.6% of Gross Domestic Product (GDP) in FY20BE from 1.3% of GDP in FY16. The Government is planning to increase public health spending to 2.5% of the country's GDP by 2025. The share of healthcare in GDP is expected to rise 19.7% by 2027. This is due to rising income, easier access to high-quality healthcare



Source: Broker Reports

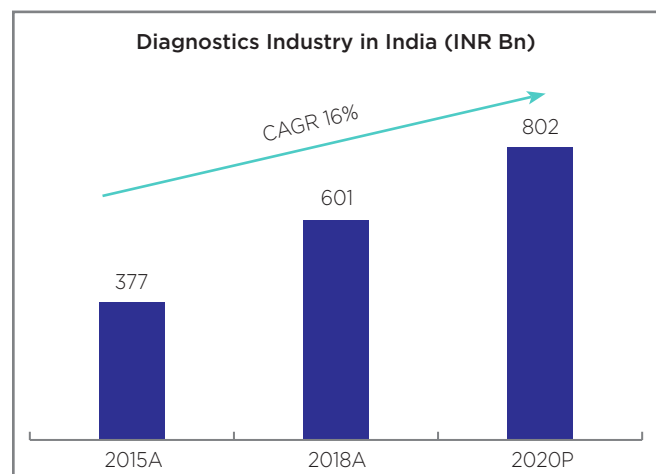
facilities, and greater awareness of personal health and hygiene. Greater penetration of health insurance aided the rise in healthcare spending, a trend likely to intensify in the coming decade. Economic prosperity is driving the improvement in affordability for generic drugs in the market.



Source: Broker Reports

### Overview of India's Diagnostic Market

The diagnostic market contributes to ~6% of the overall healthcare market in India. The total diagnostic services market size is estimated to be ~INR 601 bn in 2018 growing at a faster pace than the overall healthcare sector.



According to the new research report 'Indian Diagnostic Services Market Outlook 2020', the diagnostic services market is expected to continue growing at 27.5% for the next five years. This growth is likely to be driven by improving healthcare facilities, medical diagnostic and pathological laboratories, private-public projects, and the health insurance sector.

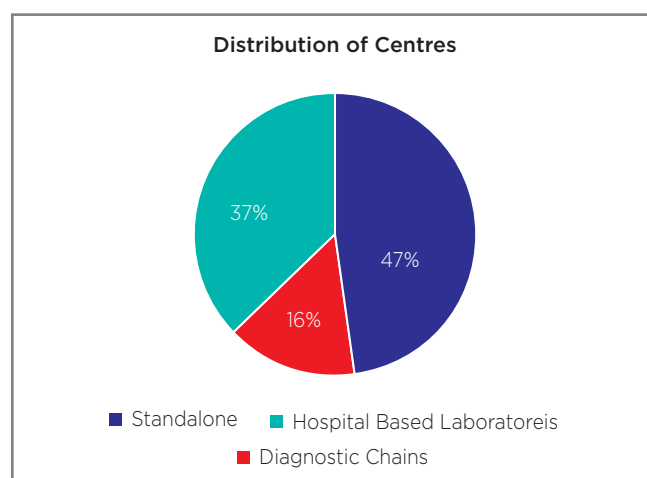
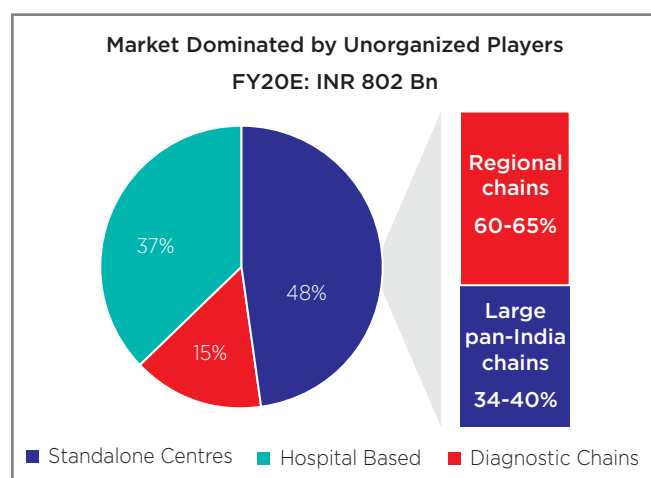
Moreover, with the rise in health consciousness in society and the rising burden of chronic diseases, this market will see a good boost in the long run. In terms of services, the market is dominated by pathology services, which account for approximately 70% of the market.

India's USD 9 Bn diagnostic industry is witnessing a strong growth that is going to accelerate with the rise in awareness on preventive health, changing lifestyles and insurances fuelling the preventive healthcare segment. Currently, the diagnostic sector in India is highly fragmented with standalone centres accounting for 45-50% and the organised ones having less than 35% share while the rest are hospital-based diagnostic centres. While the diagnostic industry has always been dominated by unorganised players, major diagnostic chains are slowly disrupting the market by acquiring smaller local labs.

## Opportunities and Demand Drivers – Diagnostic Industry

The medical devices market is expected to reach USD 11 billion by 2022, backed by a rising geriatric population, growth in medical tourism and declining cost of medical services. The urban market is the main revenue stream for the Diagnostic business, which contributes up to 65% of the total revenues of the diagnostics industry. An uptake on leading a healthy lifestyle is giving a proper boost to this segment. On the other hand raising agri-income and non-agri income also helping the rural market to spend towards health and lifestyle. Moreover, slowly and gradually health insurance becomes a part of the age. Nowadays people understand the importance of health insurance which is indirectly contributing to health and diagnostic industry.

Additional three million beds will be needed for India to achieve the target of 3 beds per 1,000 people by 2025. Additional 1.54 million doctors and 2.4 million nurses will be required to meet the growing demand for healthcare. 58,000 job opportunities are expected to be generated in the healthcare sector by 2025. Over USD 200 billion is expected to be spent on medical infrastructure by 2024. Over the years, India has made strategic interventions in National Health Mission and the national disease control programmes to ensure quality and affordable healthcare for all.







*Dr. Lal, SRL, Metropolis, Thyrocare and Medall have national presence apart from their strong regional footholds as mentioned above.*

## The Preventive and Wellness Segment

The preventive healthcare market in India is expected to reach USD 100 Bn industry by 2022 and is witnessing growth at 18% CAGR. Technology is playing a key role of an equaliser in taking preventive healthcare to the second and third waves of demography across geography and class.

Alternate medicines and therapies are undergoing revival and format innovations to appeal to the youth with increasing acceptance among Health Census Individuals and contributing to the 18% CAGR of the rejuvenation segment. This segment also includes yoga, spa/sauna services and wellness tourism and is expected to grow to a USD 20 Bn market by 2022. Health insurance, telemedicine, physiotherapy and mental healthcare have currently low penetration in the country, but technology is playing a game-changing role in each of these sectors to spill over the benefit to the larger mass, these sectors form the wellbeing

assurance segment that is growing at 30% y-o-y and is expected to be USD 6 Bn by 2022.

Moreover, higher literacy levels are expected to increase awareness of preventive and curative healthcare and in turn boost the demand for diagnostic services. Also, the corporate sector is focusing more on the well-being of their employees, promoting them to undergo preventive and wellness tests. This will further support the growth of the preventive and wellness segment and the diagnostic sector as a whole.

## Government Policies

### Pradhan Mantri Jan Arogya Yojana (PMJAY)

As of July 2019, around 125.7 Mn families have enrolled as beneficiaries under Pradhan Mantri Jan Arogya Yojana (PMJAY). The scheme has enrolled 16,085 hospitals, including 8,059 private hospitals and 7,980 public hospitals. It also includes 19 Ayush packages in the treatment scheme. The government has announced an INR 69,000 crore (USD 9.87 billion) outlay for the health sector that is inclusive of INR 6,400 crore (USD 915.72 million) for PMJAY in Union Budget 2020-21.

### Ayushman Bharat

The Government of India may provide more funds for Ayushman Bharat, the world's biggest healthcare scheme, in 2019-20. As of November 2019, about 63.7 lakh people have received free treatment under the Ayushman Bharat - Pradhan Mantri Jan Arogya Yojana.

### Tax incentives

All healthcare education and training services are exempted from service tax. Increase in tax holiday under section 80-IB for private healthcare providers in non-metros for a minimum of 50 bedded hospitals. 250% deduction for approved expenditure incurred on operating technology enables healthcare services such as telemedicine, remote radiology. The artificial heart is exempted from the basic customs duty of 5%. Income tax exemption for 15 years for domestically

manufactured medical technology products. The benefit of section 80-IB has been extended to new hospitals with 100 beds or more that are set up in rural areas; such hospitals are entitled to a 100% deduction on profits for 5 years.

### Union Budget 2019-20

Under the Union Budget 2020-21, the allocation to the Ministry of Health and Family Welfare is INR 65,012 crore (US\$ 9.30 billion) and to the Department of Health Research is INR 2,100 crore (USD 300.47 million). The Government of India allocated INR 34,115 crore (USD 4.88 billion) under the National Health Mission. The Ayushman Bharat - Pradhan Mantri Jan Arogya Yojana (PMJAY), the largest government-funded healthcare programme targeting more than 500 million beneficiaries, was allocated Rs 6,429 crore (USD 919.87 million).

### Outlook on the Diagnostic Industry

India's diagnostics industry has gone through tremendous transformations in the last 2-3 decades. With increasing PE investment flowing in, heightened competition, rapid tech advancements and improved quality regulations, this segment of healthcare is poised for further growth. However, there are some challenges such as pricing pressures, decreasing profitability for certain organisations, lack of highly skilled manpower, dependence on imports and more that can deter this progress.

As there are no entry barriers, a lot of people have entered the business. Local players, with access to funding, are giving tough competition to large diagnostic chains. There is a difference between value and valuation. Earlier everyone believed that diagnostics is a gold mine but have gradually realised that constantly adding value is a tall task. Lack of entry barriers, no set standards and regulations to ensure of quality standards, inability to provide constant value and improving the valuation of the business are reasons why it has become difficult to consolidate the market. The diagnostics industry needs to tackle a lot of aspects such as water issues,

lack of robust tech infrastructure, lack of connectivity, etc to improve their reach and expand their business to underserved areas. The diagnostics industry will get disrupted in the days to come. Technology, volumes, price capping, etc will drive the disruptions

Though a major portion of the diagnostic business is being managed by the so-called unorganized sector, the diagnostic service market is expected to become much more organized and consolidated with a lot of small and independent laboratory players becoming franchisees for the larger players. In terms of services, the market is dominated by pathology services, which account for approximately 70% of the market.

The Healthcare sector in India continues to see a sharp growth driven by increasing incidence of lifestyle diseases, improving purchasing power for the middle class, and improvements in technology and procedures. Radiology, one of the sectors associated with the same is seeing the benefits of the growth.

An in-depth look at the distribution and utilization of the MRI/CT machines across 5 major cities shows that the utilization largely lies between 40-60% with differences noted in micro-markets within the cities. So, with an increasing population while the demand growth will be noted, adding new centres would require a look at the individual.

New growth opportunities will arise from shifting doctor preference from CT to MRI machines, new pockets of residential and commercial development and the growth in the establishment of new multi-specialty hospitals.

### COVID

As mentioned earlier the Indian diagnostic testing industry size is around USD 9 Bn which has been one of the bright spots in the country's healthcare landscape. The sector was doing well with rising consumer awareness on health, prompting them to do more preventive checkups and it stands to gain with the fast-spreading coronavirus pandemic. In a note,

Edelweiss Securities said it prefers diagnostics firms over hospitals in a Covid-19 environment.

The medical devices industry has also taken a hit. The country imports consumables, disposables and capital equipment including orthopedic implants, gloves, syringes, bandages, computed tomography and magnetic resonance imaging devices from China. Due to the current crisis in China, the medical device manufacturers across India are finding it difficult to source important raw materials and electronic components from Chinese factories. Even though some of the factories in China have restored operation, a shortage of some critical raw material still exists. This is adversely affecting the margins and profitability of Indian companies importing medical devices and small components to manufacture finished products. This can also put upward pressure on the prices of medical devices in the short term.

### **Landscape of Diagnostic Industry**

**Strong Brands to benefit:** Unorganized standalone labs are facing challenges in terms of operations due to stringent quality norms and lack of customer faith in their operations.

**Customer to focus on Quality rather than pricing:** Expecting the Indian consumer to be more quality conscious with respect to healthcare thereby benefiting the larger organized diagnostics chains.

**Consumer Connect:** Diagnostics chain with lean Balance Sheet, Strong Consumer Connect & High focus on Quality will gain market share.

**Faster Consolidation and regulatory adoption:** Expect faster consolidation in the industry & positive changes in the regulatory framework.

**Covid-19 capable labs:** Covid-19 will become a new normal test in times to come which will accelerate the market share growth of Large Organized players with ready infrastructure. Consumers will view diagnostics chains as Covid-19 capable labs & Non-Covid-19 labs.

### **Risks and Concerns**

Vijaya Diagnostic Centre operates in an industry that is complex in nature and involves various internal and external risks that can adversely affect the business in terms of its operations and financial performance. Vijaya Diagnostic Centre is committed to managing the risks proactively and efficiently. Future growth is dependent on how the company strategizes to mitigate and reduce this risk.

#### **Accuracy in results**

Operating in a diagnostic industry, it is important for us to maintain precision and provide accurate test results to our clients. Unable to do so can impact the company's revenues and its brand image.

#### **Competition and Pricing**

The barrier to entry being low, there is always a risk of new diagnostic centres entering the market and indulge in aggressive pricing. In such an event, the established diagnostic chains have to compete in the market share at the cost of margins. Trust and historical experience that the patient enjoys towards the brand is an effective antidote and the Company is continuously working towards enhancing the same.

#### **Government policies and Regulation**

Operating in a highly regulated industry, any material changes in the government and other authorities in the healthcare sector can significantly impact the company's performance. Especially at times of epidemics, to improve the access of testing, Government may cap the test prices.

#### **Highly competitive market**

Growth and development in the healthcare industry are simultaneously increasing competition within the healthcare sector. Inability to effectively manage in a cost-effective and efficient manner will pose a challenge to us.



### Internal Control System (Same as Last Year)

An adequate internal control system is in place. The policies and procedures are well documented covering all financial and operating functions. These internal control policies and procedures allow us to maintain proper accounting records with reasonable transparency. We recognize that internal controls need to be improved and strengthened on an ongoing basis and to this end our endeavour is to introduce best practices to keep pace with changing business needs and growth of the business. This strengthens the trustworthiness of our financials, adequately monitoring our operations, and proper use of our assets.

### Discussion on financial performance with respect to operational performance

INR in Mn	FY20*	FY19	Growth
<b>Standalone</b>			
Operational Income	32,866	27,908	17.76%
EBITDA	13,245	9,413	40.71%
EBITDA Margin	40.30%	33.73%	657 Bps
PAT	6,124	4,892	25.18%
PAT Margins	18.63%	17.53%	110 Bps
<b>Consolidated</b>			
Operational Income	33,882	29,259	15.80%
EBITDA	13,262	9,421	40.77%
EBITDA Margin	39.14%	32.20%	694 Bps
PAT	6,278	4,969	26.34%
PAT Margins	18.53%	16.98%	155 Bps

\*FY20 figures are based on IND AS 116.

### Operational and Financial Performance

- **Revenue:** The Company achieved revenue of Rs. 328.65 Cr as against Rs. 279.08 Cr in the previous year which is 18% Growth year on year.
- **EBITDA:** FY20 EBITDA\* -115.70 Cr, +23% Year on year
- Net Profit After Tax was reported at INR 61.24 Crore with a growth of 25%.
- **Footfall:** FY20 Footfall-2.71 Mn +19% year on year
- **Tests:** Q4-1.78 Mn +0.68% YOY and FY20 Tests 7.71 Mn +15% year on year

#### Operational

- Launched 13 Centers – Type D – 9, Type E – 4 and 5 in Pipeline.
- Product trainings initiated to Marketing staff
- 58 new tests were introduced this year with a revenue of approx. 8 Lakhs
- Ready to launch Digital ECG to improve TAT for remote branches
- First Diagnostic centre to offer 3D Mammography with Advanced Technology
- First centre to offer most advanced CBCT in the entire South India.
- First centre to offer USG-ECHO for cardiology in South India.

## BOARD'S REPORT

Dear Members,

The Board of Directors are pleased to present the Company's Eighteenth Annual Report along with the audited financial statements for the financial year ended March 31, 2020.

### 1. FINANCIAL SUMMARY OR HIGHLIGHTS

The performance of the company for the year under review is summarized below:

Particulars	Standalone (Rs. in Lakhs) F. Y.		Consolidated (Rs. in Lakhs) F. Y.	
Income	2019-20	2018-19	2019-20	2018-19
Revenue from Operations	32,865.12	27,907.76	33,882.09	29,258.68
Other Income	1,178.59	863.97	1,536.14	1,035.74
<b>EXPENSES</b>				
Operating Expenses	19,620.19	18,494.48	20,620.14	19,837.39
Finance Cost	1,481.84	436.46	1,538.43	506.39
Depreciation	4,766.63	2,569.37	4,916.94	2,806.23
Share of loss from LLP	-	(230.41)	-	-
<b>Profit before Tax</b>	<b>8,175.05</b>	<b>7,041.01</b>	<b>8,342.72</b>	<b>7,144.41</b>
<b>Tax Expenses:</b>				
Current tax	2,290.00	2,015.00	2,306.36	2,015.00
Taxes of earlier years	(29.12)	11.96	(26.83)	44.46
Deferred tax charge/(credit)	(209.63)	122.27	(214.42)	116.42
<b>Total Tax expense</b>	<b>2,051.25</b>	<b>2,149.23</b>	<b>2,065.11</b>	<b>2,175.88</b>
<b>Profit after Tax</b>	<b>6,123.80</b>	<b>4,891.78</b>	<b>6,277.61</b>	<b>4,968.53</b>
Other Comprehensive Income	(12.92)	(13.96)	(13.19)	(16.18)
<b>Total Comprehensive Income</b>	<b>6,110.88</b>	<b>4,877.82</b>	<b>6,264.42</b>	<b>4,952.35</b>

### FINANCIAL PERFORMANCE REVIEW

#### Standalone

During the year under review, the Company generated an income of Rs. 32,865.12 Lakhs as compared to Rs. 27,907.76 Lakhs in the previous year from the business operations. The operations resulted in a net profit after tax of Rs. 6,123.80 Lakhs as against Rs. 4,891.78 Lakhs in the previous year.

#### Consolidated

The Company achieved consolidated revenue of Rs. 33,882.09 Lakhs as against Rs. 29,258.68 Lakhs in the previous year. The Company has earned a consolidated net profit after tax of Rs. 6,277.61 Lakhs as against Rs. 4,968.53 Lakhs in the previous year.

The Standalone and Consolidated Financial Statements of the Company prepared in accordance with relevant Accounting Standards (AS) and approved by the Board of Directors of the Company forms part of this Annual Report.

#### Business Review

The Company continues to move forward with the following strategy at play:

- Develop online presence together with sharper focus on home collection of samples to drive customer convenience
- Focus on inland laboratories in proximity to existing large centres.
- Widen the tests menu of the Company-58 new tests were introduced this year.
- Continue development of network infrastructure

The Company continues to prioritize volume growth while it continues to build a stronger differentiation around its brand. As the operations grow in size, the underlying emphasis will always be on driving an optimized cost structure in order to deliver consistent growth in margins.

The company had delivered tremendous numbers during the financial year 2020. Footfalls grew by 19 % year on year and Number of tests grew by 15 % year on year.

During the year under review, your Company has further spread across and opened 13 new diagnostic Centers in Telangana and Andhra Pradesh.

#### Awards and accolades

- Ms S. Suprita Reddy, Chief Executive Officer has been awarded "Women Leadership Award in Healthcare" in Healthcare Leadership Awards presented by ABP News.

- Winner of Best Diagnostic Centre of the Year- India from Times Healthcare Achievers 2019.
- Best Diagnostic Service Provider of the Year from Six Sigma Star Healthcare, New Delhi.
- Most Trusted Diagnostic Centre of the year – India from Indo Arab Leaders Summit & Awards.
- Recognized as Top 10 Most Trusted Brands of the Year from Business Sight Magazine.
- Vijaya Diagnostic Kukatpally Centre becomes the First Diagnostic Centre in Andhra Pradesh and Telangana to get NABH (National Accreditation Board for Hospitals & Healthcare Providers) for its Medical Imaging services.

### Dividend

With a view to conserve the resources in long run, the Directors have not recommended any dividend for the year ended 31<sup>st</sup> March, 2020.

### Transfer to General Reserves

During the year under review, no amount has been transferred to the General Reserves of the Company.

### Subsidiary Companies

The Company have 5 subsidiaries (including step down subsidiaries) as on March 31, 2020.

VDC Diagnostics (Karnataka) LLP subsidiary sold Bangalore business under slump sale with effect from 30<sup>th</sup> November, 2019.

There was no material change in the nature of the business carried on by the subsidiaries. During the year under review the Company has not floated any new subsidiary.

As per the provisions of Section 129 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, a separate statement containing the salient features of the financial statements of the subsidiary Companies is prepared in Form AOC-1 and is attached as Annexure – I.

The Company does not have any Associate Company or Joint Venture.

### Share Capital of the Company

During the year under review, 14,13,071, 0.001% Series A Compulsorily Convertible Preference Shares have been converted into 1 fully paid-up Equity Share of Rs. 10/- each and 3005, 001% Series B Compulsory Convertible Preference Shares have been converted into 3,005 fully paid up Equity Shares of Rs.10/- each. Consequent to the conversion, the issued preference share capital of the Company i.e., 0.001% Series A and 001% Series B Compulsory Convertible Preference Share Capital reduced to NIL.

### As on Date

- The Authorized Share Capital of the Company is Rs. 12,05,00,000 (Rupees Twelve Crore Five Lakhs Only) divided into 1,20,50,000 (One Crore Twenty Lakh Fifty Thousand) equity shares of Rs.10 (Rupees Ten Only) each and
- The Paid up Capital of the Company is Rs. 4,53,18,190 (Rupees Four Crore Fifty Three Lakh Eighteen Thousand One Hundred Ninety Only) divided into 45,31,819 (Forty Five Lakh Thirty One Thousand Eight Hundred and Nineteen) equity shares of Rs.10 (Rupees Ten Only) each.

### Directors and key Managerial Personnel

The members of the Company at the general meeting held on 1<sup>st</sup> November, 2014 approved the appointment of Ms. S. Suprita Reddy as a Managing Director for a period of five years with effect from 1<sup>st</sup> November, 2014. As per the provisions of the Companies Act, 2013 the said term expired on 31<sup>st</sup> October, 2019. Ms. S. Suprita Reddy expressed her unwillingness to seek reappointment as Managing Director of the Company owing to her personal reasons.

Ms. S. Suprita Reddy, has been appointed as Chief Executive Officer (CEO) of the Company with effect from November 01, 2019.

At the 17<sup>th</sup> AGM held on 30.09.2019 the members reappointed Dr. S. Surendranath Reddy as an Executive Chairman and Mr. K. Sunil Chandra as an Executive Director for a period of 5 years.

The Board of Directors in their meeting held on November 21, 2019 appointed Mrs. S. Geeta Reddy as an Additional Director and she holds office up to the date of ensuing Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013.

Resolutions seeking approval of the Members for the appointment of Mrs. S. Geeta Reddy as a Director have been incorporated in the notice of the annual general meeting of the Company.

The constitution of the Board as on 31.03.2019:

Dr. Sura Surendranath Reddy	Executive Chairman
Mrs. S. Geeta Reddy	Additional Director
Mr. Sunil Chandra Kondapally	Executive Director
Mr. Nishant Sharma	Nominee Director
Mr. Aditya Vij	Nominee Director

During the year under review Mr. Vijay Gupta resigned as a Company Secretary w.e.f. 3<sup>rd</sup> June, 2019 and Ms. V. Sri Lakshmi was appointed as a Whole Time Company Secretary of the Company w.e.f. 18<sup>th</sup> July, 2019.

### Meetings of Board of Directors

The Company convened minimum one Board Meeting in each quarter as required under the Companies Act, 2013 and ensured the gap between two Board Meetings has not exceeded One Hundred and Twenty Days.



During the Financial Year Five (5) meetings of the Board of Directors were held viz., on April 10, 2019; June 17, 2019; July 25, 2019; November 21, 2019 and January 21, 2020.

### Committees of the Board

#### Corporate Social Responsibility Committee

Dr. S. Surendranath Reddy	Chairman
Ms. Suprita Sura Reddy	Member
Mr. Sunil Chandra Kondapally	Member
Mr. Aditya Vij	Member

#### Nomination and Remuneration Committee

Ms. Suprita Sura Reddy	Chairman
Mr. Sunil Chandra Kondapally	Member
Mr. Aditya Vij	Member

#### Management Committee

Dr. S. Surendranath Reddy	Member
Ms. Suprita Sura Reddy	Member
Mr. Sunil Chandra Kondapally	Member
Mr. Nishant Sharma	Member
Mr. Aman Gandhi	Investor Observer

### Auditors

The members in the 16<sup>th</sup> Annual General Meeting held on September 27, 2018, appointed M/s. B S R & Associates LLP, (Firm Registration No.116231W/W-100024) as the Statutory Auditors of the Company, to hold office for a term of five years from the conclusion of the 16<sup>th</sup> Annual General Meeting (AGM) until the conclusion of the 21<sup>st</sup> AGM of the Company on such remuneration as may be determined by the Board of Directors.

The members may note that the Ministry of Corporate Affairs vide notification dated May 07, 2018, has done away with the requirement of yearly ratification of appointment of Statutory Auditors, at the AGM.

Pursuant to Section 139 of the Companies Act, 2013 the statutory auditors M/s. B S R & Associates LLP, Chartered Accountants have confirmed they are eligible to continue as auditors.

The Notes on financial statements referred to in the Auditor's Report are self-explanatory and do not call for any further comments. The Auditor's Report does not contain any qualification, reservation, adverse remark, or disclaimer.

No fraud has been reported by the Auditor under section 143(2) of the Companies Act, 2013 requiring disclosure in the Board's Report.

### Cost records and cost audit

Pursuant to Section 148(1) of the Companies Act, 2013 the Company is required to maintain cost records as specified by the Central Government and accordingly such accounts and records are made and maintained.

The Cost Audit Report for the financial year 2019-20 given by Mr. N. V.S. Kapardhi, Cost Accountant was approved by the Board of Directors at their meeting held on July 16, 2020.

In compliance with the provisions of Section 148 of the Companies Act, 2013, the Board of Directors of the Company at its meeting held on July 16, 2020 appointed Mr. N. V.S. Kapardhi, Cost Accountant (Membership No.9488) as the Cost Auditor of the Company for the FY 2020-21. In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration of the Cost Auditors has to be ratified by the members. Accordingly, necessary resolution is proposed at the ensuing AGM for ratification of the remuneration payable to the Cost Auditors for F.Y. 2020-21.

### Internal Financial Controls and their adequacy

The Company has in place adequate internal financial controls commensurate with the size, scale and complexity of its operations. The Company has policies and procedures in place for ensuring proper and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds the accuracy and completeness of the accounting records and the timely preparation of reliable financial information.

### Particulars of Loans, Guarantees or Investments

During the period under review the outstanding loans to the subsidiaries (net) aggregates to Rs. 252.41 Lakhs.

The complete details of loans given and corporate guarantees provided as on 31<sup>st</sup> March, 2020 are given in the notes to financial accounts.

The Details of investments as on 31<sup>st</sup> March, 2020 are as under:

S. No	Name of the company where investments was made	Shares / Contribution held as on March 31, 2020 (Rs. in Lakhs)	Shares / Contribution held as on March 31, 2019 (Rs. in Lakhs)
1	C. R. Broadcasting Hyderabad Limited	4.00	4.00
2	Medinova Diagnostic Services Limited	411.06	411.06
3	Doctors Lab Medical Services Private Limited	1.00	1.00
4	VDC Diagnostics(Karnataka) LLP	1,831.29	281.29

\*Contribution in Rupees- Lakhs

### Particulars of Contracts or Arrangements with Related Parties

All related party transactions that were entered into during the financial year were in the ordinary course of the business of the Company and were on an arm's length basis. There were no materially significant related party transactions entered by the Company during the year with the Promoters, Directors, Key Managerial Personnel or other persons which may have a potential conflict with the interest of the Company.

Since all related party transactions entered into by the Company were in the ordinary course of business and were on an arm's length basis, the requirement of furnishing the requisite details in Form AOC-2 is not applicable to the Company.

Details of the transactions with Related Parties are provided in the accompanying financial statements.

#### **Change in nature of business**

There is no change in the nature of business carried on by the Company during the year under review.

#### **Material Changes and Commitments affecting the financial position of the Company**

There are no Material Changes and Commitments affecting the financial position of the Company which occurred between the end of the financial year to which the financial statements relate and the date of this Report.

#### **Deposits**

During the year, the Company has not accepted any public deposits.

#### **Risk Management**

The Company has risk management policy in place which mitigates the risk at appropriate situations and there are no elements of risk, which in the opinion of Board of Directors may threaten the existence of the Company.

#### **Compliance with Secretarial Standards**

The Company has complied with applicable provisions of the Secretarial Standards issued by the Institute of Company Secretaries of India and approved by the Government of India under Section 118(10) of the Companies Act, 2013.

#### **Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo**

The details regarding Energy Conservation, Technology Absorption, Foreign Exchange Earnings and Outgo as required by section 134(3) (m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 are given as Annexure-II.

#### **Extract of Annual Return**

The extract of the Annual Return of the Company in Form MGT-9 for the Financial Year ended 31<sup>st</sup> March, 2020 is given in Annexure- III and forms part of the Boards' Report.

#### **Significant and Material orders**

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in the future.

#### **Corporate Social Responsibility**

The company believes in giving back to society in some measure that is proportionate to its success in business. Corporate Social Responsibility (CSR) aims at balancing the

needs of all stakeholders. The company's CSR initiative goes beyond charity and believes that as a responsible company it should take into account its impact on society as much as creating business impact. An elaborate report on CSR is published in Annexure-IV and forms part of this annual report.

During the COVID-19 pandemic, the company had donated Pulse Oximeters and Sanitizers to the Telangana Police Department. The rest of our CSR initiatives focused on school education, digital literacy, Women Welfare, Welfare Services for the under privileged, and continued to make a considerable impact.

#### **Disclosure as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

The Company has adopted a policy against sexual harassment in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules framed thereunder. The Company has constituted Internal Complaints Committee for redressal of complaints on sexual harassment. During the year, the Company had not received any complaint on sexual harassment and no complaint was pending as on March 31, 2020.

#### **Employee Stock Option Plan**

VDCPL Employee Stock Option Plan 2018 "The Plan" or "ESOP 2018"

The shareholders of the Company approved "VDCPL Employee Stock Option Plan 2018" (ESOP 2018) at the Extraordinary General Meeting held on May 03, 2018 to grant a maximum of 162,500 options to specified categories of employees of the Company. Each option granted and vested under ESOP 2018 shall entitle the holder to acquire one equity share of face value of Rs. 10 each of the Company.

The time and performance based options under Scheme 1 become eligible on an annual basis at 30%, 30%, 20% and 20% over a period of four years and vesting starts from second year. The time and performance based options under Scheme 2 become eligible on an annual basis at 25%, 25%, 25% and 25% over a period of four years and vesting starts from third year. The time based options under Scheme 3 become eligible on an annual basis at 25%, 25%, 25% and 25% over a period of four years and vesting starts from third year. The time based options under Scheme 4 become eligible on annual basis at 100% and vest on second year from the grant date. Vested options can be exercised over a period of ten years from the grant date. The Exercise Price is the fair value of the equity share as on the date of the grant.

The Nomination and Remuneration Committee of the Board of Directors accordingly, granted 54,853 options under three grants of 46,375 , 900 and 7,578 to eligible employees on May 10, 2018, October 31, 2018 and April 01, 2019 respectively, under ESOP 2018 - Scheme 1, Scheme 2, Scheme 3 and Scheme 4.

The summary of grants made during fiscals 2020 and 2019:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Balance at the beginning of the year	13,845	-
Granted during the year	7,578	47,275
Vested/exercisable during the year	-	-
Forfeited during the year	-	33,430
Exercised during the year	-	-
Balance at the end of the year	21,423	13,845

For additional information on the Company's Employee Stock Option Plan 2018, refer to Note 31 of the standalone and Note 29 of the consolidated financial statements in the Annual Report.

Employee wise details of options granted to;

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
(i) key managerial personnel	Nil	Nil
(ii) any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year.	Ms. Sandhya Rani -1,828 Mr. Narasimha Raju-3,00 Ms. Puja Gaur-2,500	Ms. Sandhya Rani-11,195 Mr. Anup-3,500 Mr. Ram Ray-29,930
iii) identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding out-standing warrants and conversions) of the company at the time of grant	Nil	Nil

#### Directors' Responsibility Statement

Pursuant to the requirement under Section 134(5) of the Act, with respect to Directors' Responsibility Statement, the Directors, to the best of their knowledge and ability, hereby confirm that:

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- we have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at

March 31, 2020 and of the profit and loss of the Company for the year ended on that date;

- we have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the annual accounts have been prepared on a going concern basis;
- the Company had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- we have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### Acknowledgement

The Directors place on record their sincere appreciation and thanks for the valuable cooperation and support received from the employees of the Company at all levels, Government Authorities, Company's Bankers, Associates, partners, clients, vendors, customers and Members of the Company and look forward for the same in equal measure in the coming years.

**BY ORDER OF THE BOARD**  
**For VIJAYA DIAGNOSTIC CENTRE PVT. LTD.**

**Place:** Hyderabad  
**Date:** 16<sup>th</sup> July, 2020

**Dr. Sura Suendranath Reddy**  
**Executive Chairman**  
**DIN: 00108599**

## ANNEXURE - I

### FORM NO. AOC-1

Statement containing salient features of the financial statements of subsidiaries as on March 31, 2020

(Amount in lakhs)

Particulars	Subsidiary Company/LLP			Step down Subsidiary Company/LLP	
	Medinova Diagnostic Services Limited	Doctorslab Medical Services Private Limited	VDC Diagnostics (Karnataka) LLP	Namrata Diagnostic Centre Private Limited	Medinova Millennium MRI Services LLP
Capital/Contribution	995.68	1.00	1,950.00	1.00	230.27
Reserves	(1,763.26)	68.32	(1,575.57)	(97.96)	(272.01)
Total Assets	402.15	231.49	463.08	27.77	157.65
Total Liabilities*	1,169.73	162.17	88.63	124.74	199.39
Turnover	549.30	-	305.13	-	230.50
Profit before exceptional items and tax/(Loss)	(26.99)	166.50	184.43	(1.44)	(0.60)
Provision for taxation/deferred tax	2.58	18.64	-	-	(7.37)
Profit/ (Loss) after taxation	(29.57)	147.85	184.43	(1.44)	6.77
Proposed dividend	-	-	-	-	-
No. of Shares	99,81,640	10,000	-	10000	-
Extent of shareholding held by the company (in %)	62.14%	100%	100%	100%	55.07%

\*Total liabilities are exclusive of Capital and Reserves



## ANNEXURE - II

The details regarding Energy Conservation, Technology Absorption, Foreign Exchange Earnings and Outgo as required by section 134(3) (m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 are given as below.

### a) CONSERVATION OF ENERGY

The operations of the Company do not consume high levels of energy. In its endeavour towards conservation of energy the Company ensures optimal use of energy, and avoid wastages.

### b) TECHNOLOGY ABSORPTION

(i) the efforts made towards technology absorption:

- The company is continuously trying to evolve latest technologies and make use of the latest equipment's, diagnostics tools and fully automated systems, analyzers etc., in providing diagnostic services.

Established a full-fledged Molecular Section. All molecular parameters including infectious are being tested and reported from the new section. Oncology parameters launched for CML, Lung Cancer ,and sysytemic diseases like Ankylosing Spondylitis.

- Introduction of automation for manual ELISA procedures
- Installation of Variant of Bio-Rad's for specific testing of Hemoglobinopathies
- Manual ESR replaced with automated equipment Vesmatic 30 & 80
- Installation of 6 part cell counter (DXH800 )with high throughput and better technology
- Installation of Atellica Immunoassay analyzer, Immulite 2000 Immunoassay System and automated analyser SQA Vision
- Continuous up gradation of the LIS and procurement of Data Management System (Middleware)
- In clinical pathology fully automated IRIS from Beckman coulter added for complete urine examination including microscopy.

(ii) the benefits derived like product improvement, cost reduction, product development or import substitution : Cost reduction, Efficiency etc.

(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year):

The Company has not imported any technology during the last three years.

### c) FOREIGN EXCHANGE EARNINGS AND OUTGO:

Activities relating to exports, initiatives taken to increase exports, development of new export market for products and services and export plans: Nil

Foreign exchange earnings and outgo

Sl. No.	Description	2019-20 Rs.	2018-19 Rs.
A	Earnings	Nil	Nil
B	Outgo	1,38,66,394	60,56,232

## ANNEXURE - III

### FORM MGT -9

#### EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March, 2020

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

#### I. REGISTRATION AND OTHER DETAILS:

i.	CIN	U85195TG2002PTC039075
ii	Registration Date	05-06-2002
iii	Name of the Company	Vijaya Diagnostic Centre Private Limited
iv	Category / Sub-Category of the Company	Company Limited by Shares / Indian Non-government Company
v	Address of the Registered Office	3-6-16 & 17, Street No.19, Himayathnagar, Hyderabad - 500029, Telangana, India
vi	Contact Details of the Company	Phone : 040 - 23420422 Email : cs@vijayadiagnostic.in
vii	Whether Listed Company	No
viii	Name, Address and Contact details of Registrar and Transfer Agent, if any	KFin Technologies Private Limited Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032; P: +91 40 6716 160

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

S. No.	Name and Description of main products / services	NIC Code of the product/ Service	% to total turnover of the company
i	Medical Diagnostic Services	86905	100

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name of the Company	CIN/LLPN	Holding/ Subsidiary / Associate	% of shares / contribution held	Section under Companies Act, 2013
1.	Medinova Diagnostic Services Limited	L85110TG1993PLC015481	Subsidiary	62.14	2 (87)
2	Doctorslab Medical Services Private Limited	U85120TG2006PTC081715	Subsidiary	100	2 (87)
3	VDC Diagnostics ( Karnataka) LLP	AAB-7930	Subsidiary	100	2 (87)
4	Namrata Diagnostic Centre Private Limited	U85100TG2007PTC081716	Step down Subsidiary	100	2 (87)
5	Medinova Millennium MRI Services LLP	AAC-9556	Step down Subsidiary	55.07	2(87)

**IV. SHARE HOLDING PATTERN**

(Equity Share Capital Breakup as percentage of total equity)

**i) Category-wise Share Holding**

Category of Shareholders	No. of shares held at the beginning of the year				No of shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/HUF	2719091	0	2719091	60.04	2719091	0	2719091	60	-0.04
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt	0	0	0	0	0	0	0	0	0
d) Bodies Corporate	0	0	0	0	0	0	0	0	0
e) Banks/FI	0	0	0	0	0	0	0	0	0
f) Any Other	0	0	0	0	0	0	0	0	0
(2) Foreign	0	0	0	0	0	0	0	0	0
g) NRIs-Individuals	0	0	0	0	0	0	0	0	0
h) Others-Individuals	0	0	0	0	0	0	0	0	0
i) Bodies -Corp	0	0	0	0	0	0	0	0	0
j) Banks/FI	0	0	0	0	0	0	0	0	0
k) Any Other	0	0	0	0	0	0	0	0	0
<b>Total Shareholding of Promoter (A)= A(1)+(A2)</b>	<b>2719091</b>	<b>0</b>	<b>2719091</b>	<b>60.04</b>	<b>2719091</b>	<b>0</b>	<b>2719091</b>	<b>60</b>	<b>-0.04</b>
<b>B. Public Shareholding</b>									
(1) Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks/FI	0	0	0	0	0	0	0	0	0
c) Central Govt.	0	0	0	0	0	0	0	0	0
d) State Govt.	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital I Funds	0	0	0	0	0	0	0	0	0
i) Others (Specify)	0	0	0	0	0	0	0	0	0
<b>Sub Total (B) (1)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
(2) Non-Institituns									
a) Bodies Corporate									
i) Indian	65224	0	65224	1.44	65332	0	65332	1.44	0
ii) Overseas	1744498	0	1744498	38.52	1747395	0	1747395	38.56	0.04
b) Individuals									
Individual shareholders holding nominal value upto Rs 2 Lakhs	0	0	0	0	0	0	0	0	0
Individual shareholders holding nominal value in excess of Rs.2 Lakhs Others Specify	0	0	0	0	0	0	0	0	0
<b>Sub Total B(2)</b>	<b>1809722</b>	<b>0</b>	<b>1809722</b>	<b>39.96</b>	<b>1812727</b>	<b>0</b>	<b>1812727</b>	<b>40</b>	<b>0.04</b>
<b>Total Public Shareholding B(1)+(B(2)</b>	<b>1809722</b>	<b>0</b>	<b>1809722</b>	<b>39.96</b>	<b>1812727</b>	<b>0</b>	<b>1812727</b>	<b>40</b>	<b>0.04</b>
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
<b>Grand Total (A+B+C)</b>	<b>4528813</b>	<b>0</b>	<b>4528813</b>	<b>100</b>	<b>4531819</b>	<b>0</b>	<b>4531819</b>	<b>100</b>	<b>0.04</b>

## i) Shareholding of Promoters

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% of change in shareholding during the year
		No. of shares	% of total Shares of the company	% Shares Pledged/encumbered to total shares of promoters	No. of shares	% of total Shares of the company	% Shares Pledged/encumbered to total shares of promoters	
1	Dr. S. Surendranath Reddy	2681602	59.21	0	2681603	59.17	0	-0.04%
2	Mrs. S. Geetha Reddy	3307	0.07	0	3307	0.07	0	0
3	Mr. K. Sunil Chandra	30416	0.67	0	30416	0.67	0	0
4	Mrs. S. Suprita Reddy	2525	0.06	0	2525	0.06	0	0
5	Mrs. B. Vishnu Priya	1241	0.03	0	1241	0.03	0	0
	<b>Total</b>	<b>2719091</b>	<b>60.04</b>	<b>NA</b>	<b>2719092</b>	<b>60</b>	<b>NA</b>	<b>-0.04%</b>

## iii) Change in Promoters' shareholding

S. No.	Name	Shareholding			No of shares at the end of FY and percentage	Reason	Cumulative Shareholding	
		No of shares at the beginning of FY and percentage	Increase/(Decrease)	Date of Change			No of shares	% of the total shares of the company
1	Dr. S. Surendranath Reddy	2681602 59.21%	1	10.04.2019	2681603 59.17%	Conversion of .001% Series A Compulsorily Convertible Preference Shares into Equity Shares	2681603	59.17%
2	Mrs. S. Geetha Reddy	3307 0.07%	0	NA	3307 0.07%	No Change		
3	Mr. K. Sunil Chandra	30416 0.67%	0	NA	30416 0.67%			
4	Mrs. S. Suprita Reddy	2525 0.06%	0	NA	2525 0.06%			
5	Mrs. B. Vishnu Priya	1241 0.03%	0	NA	1241 0.03%			

## iv) Shareholding Pattern of Top 10 Shareholders (Other than Directors, Promoters and Holders of GDRs &amp; ADRs):

S. No.	Name	Shareholding			No of shares at the end of FY and percentage	Reason	Cumulative Shareholding	
		No of shares at the beginning of FY and percentage	Increase/(Decrease)	Date of Change			No of shares	% of the total shares of the company
1	Karakoram Limited	1744498 38.52%	2897	10.04.2019	1747395 38.56%	Conversion of 0.001% Series B Compulsorily Convertible Preference Shares to Equity Shares	1747395	38.56%
2	Kedaara Capital Alternative Investment Fund - Kedaara Capital AIF 1	65224 1.44%	108	10.04.2019	65332 1.44%		65332	1.44%



**v) Shareholding of Directors and Key Managerial Personnel**

S. No.	Name of the Director and KMP	Shareholding at the beginning of the year		Change in Shareholding		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	Increase	Decrease	No. of Shares	% of total shares of the Company
Directors							
1	Mr. Nishant Sharma	0	0	0	0	0	0
2	Mr. Aditya Vij	0	0	0	0	0	0
3	Mrs. Geeta Reddy	3307	0.07%	0	0	3307	0.07%
KMPs							
1	Dr. S. Surendranath Reddy	2681602	59.21	1	0	2681603	59.17
2	Mr. K. Sunil Chandra	30416	0.67	0	0	30416	0.67
3	Mrs. S. Suprita Reddy	2525	0.06	0	0	2525	0.06
4	Mrs. S. Sandhya	0	0	0	0	0	0
5	Ms. V. Sri Lakshmi	0	0				
4	Mr. Vijay Gupta	0	0	0	0	0	0

\*\* Mr. Vijay Gupta resigned as a Company Secretary w.e.f. 03.06.2019 and Ms. V. Sri Lakshmi was appointed as a Company Secretary of the Company with effect from 18.07.2019.

**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding / accrued but not due for payment

(Rs. in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	-	-	-	-
i) Principal Amount	3,627.23	-	-	3,627.23
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	13.89	-	-	13.89
<b>Total(i+ii+iii)</b>	<b>3,641.12</b>	<b>-</b>	<b>-</b>	<b>3,641.12</b>
Change in Indebtedness during the financial year				
- Addition	-	-	-	-
- Reduction	(840.27)	-	-	(840.27)
Net Change	(840.27)	-	-	(840.27)
Indebtedness at the end of the financial year				
i) Principal Amount	2,790.00	-	-	2,790.00
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	10.85	-	-	10.85
<b>Total(i+ii+iii)</b>	<b>2,800.85</b>	<b>-</b>	<b>-</b>	<b>2,800.85</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A. Remuneration to Managing Director, Whole-time Directors and/ of Manager:**

(Rs. in Lakhs)

S. No.	Particulars of Remuneration	Dr. S. Surendranath Reddy Executive Chairman	*Mrs. S. Suprita Reddy Managing Director	Mr. K. Sunil Chandra Executive Director
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	180.00	87.50	60.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity			
4	Others	Nil	Nil	Nil
	a) Commission as % of profit			
	<b>Total</b>	<b>180.00</b>	<b>87.50</b>	<b>60.00</b>

\* Ms. S. Suprita Reddy term as Managing Director expired on 31.10.2019 and continued as Chief Executive Officer with effect from 1<sup>st</sup> November, 2019

**B. Remuneration to other directors: NIL****C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD**

(Rs. in Lakhs)

S No.	Particulars of Remuneration	Key Managerial Personnel			
		Chief Executive Officer	Company Secretary		Total Amount
1	Gross Salary	*Ms. S. Suprita Reddy	**V. Sri Lakshmi	**Vijay Gupta	
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	62.50	6.22	1.28	70.00
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission as % of profit	-	-	-	-
	Others, specify	-	-	-	-
	Others, please specify	-	-	-	-
	<b>Total</b>	<b>62.50</b>	<b>6.22</b>	<b>1.28</b>	<b>70.00</b>

**Note:**

\*Ms. S. Suprita Reddy was appointed as Chief Executive Officer of the Company w.e.f. 01.11.2019

\*\*Mr. Vijay Gupta resigned as a Company Secretary w.e.f. 03.06.2019 and Ms. V. Sri Lakshmi was appointed as a Company Secretary of the Company with effect from 18.07.2019.

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:**

There were no material penalties/punishment/compounding of offences for the year ended March 31, 2020.

## ANNEXURE - IV

### Report on CSR Activities

[Pursuant to Section 135 of the Act & Rules made thereunder]

S. No.	Particulars	Remarks
1	Brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and reference to the web-link to the CSR policy and projects or programs.	<ul style="list-style-type: none"> <li>Ensuring environmental sustainability, ecological balance;</li> <li>Eradicating poverty, promoting education, health care and proper sanitation.</li> <li>Promoting gender equality and empowering women</li> <li>Rural development projects</li> <li>Providing free subsidized health care to poor and needy people by organizing various programmes.</li> <li>Measures for the benefit of armed forces veterans, War widows and their dependents</li> </ul> <p>The complete CSR information of the Company, including CSR policy, vision, mission and projects undertaken, is available on the website of the Company - <a href="http://www.vijayadiagnostic.com">http://www.vijayadiagnostic.com</a></p>
2	The Composition of the CSR Committee	Dr. Sura Surendranath Reddy - Chairman
		Ms. Suprita Sura Reddy - Member
		Mr. K. Sunil Chandra - Member
		Mr. Aditya Vij - Member
3	Average net profit of the Company for last three Financial Years (Rs. Lakhs)	Rs 6,101.07 Lakhs
4	Prescribed CSR Expenditure (two percent of the amount as in item 3 above (Rs. Lakhs))	Rs 122.02 Lakhs
5	Details of CSR spent during the Financial Year 2019-20	a) Total amount to be spent for the Financial Year 2019-20 is Rs. 144.69 Lakhs
		b) Amount prescribed for FY has been spent fully during the year and cumulative unspent of CSR amount is Rs 59.32 Lakhs
		c) Manner in which the amount spent during the Financial Year: As per Annexure Provided
6	In case the Company has failed to spend the two percent of the average net profit of the last three Financial Years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board's Report	The cumulative unspent amount of CSR will be spending in due course of time.
7	A responsibility statement by the CSR Committee that the implementation and monitoring of CSR Policy is in compliance with the CSR objectives and Policy of the Company	The implementation and monitoring of CSR Policy, is in compliance with the CSR objectives and policy of the Company.

#### Details of CSR spent during the financial year 2019-2020

S. No.	Details of Activity	Amount Spent (In Rupees)	Cumulative Amount Spent (In Rupees)
1	Contribution for School Building work at Masidbanda School, Serllingampalli, Kondapur, Hyderabad.	8,07,100	<b>8,07,100</b>
2	Contribution of Furniture to Patancheru School Building, Patancheru	64,074	<b>8,71,174</b>
3	Donation to Andhra Pradesh Fishermen Development Welfare Services Association	6,000	<b>8,77,174</b>
4	Donation to Bhumi NGO which educates and mentor children from orphanages, slum and village community centres across India to give them a better future.	3,00,000	<b>11,77,174</b>

S. No.	Details of Activity	Amount Spent (In Rupees)	Cumulative Amount Spent (In Rupees)
5	Donation to Prajwala NGO a pioneering anti-trafficking organization working on the issue of sex trafficking and sex crime. Prajwala NGO has pan India and International operations.	3,00,000	14,77,174
6	Donation of Audio Meter & Laptop to Manasa Institute of Child Health & Disability Studies, Kothapet, Hyderabad which endeavors to promote and strengthen child health and empowerment of persons with disabilities and their families.	9,35,000	24,12,174
7	Donation to Gastroenterology Department, Government General Hospital, Kurnool - Desktop Computer & Printer for the benefit of the Medical Students.	43,500	24,55,674
8	Donation to VENI Rao Foundation which contributes to the Welfare of Senior Citizens.	2,00,000	26,55,674
9	Donation to H R T 8 CHARTIABLE TRUST PROJECT 511 which works for the underprivileged children in Government Schools in Hyderabad and Ranga Reddy Districts	1,50,000	28,05,674
10	Donation to Modern Government Maternity Hospital, Petlaburi, Hyderabad - Bajaj Wall Fans, B.P.Apts-Stand & B.P.Apparatus-Mercury-Diamond Regular BP Apparatus Mercury Elko,Ceiling Fans,Led Tube Lights- and Plastic Chairs.	1,67,571	29,73,245
11	Donation to Sri Uttarandhra Matsyakarula Abhivrudhi Sankshema Seva Sangham for Visakhapatnam port Fishing Harbour Gangammathalli Utsavalu	5,000	29,78,245
12	Sponsorship to Grace Cancer Run - 2019, at Necklace Road, as Diagnostics Partner	5,00,000	34,78,245
13	Donation to Unit Hospital, 1st Bn TSSP, Yousufguda, Hyderabad few lab items like -Anti ABD, Uric Acid, Turbilyte, Falcivax, Tydal,K3 EDTA 2MI Tube & Clot Activator 4MI Tube, VDRL Kit Carbogen 50Test & Deionized Wter 5Ltrs etc., for the benefit of Police Personnel under Aarogya Bhadratha Scheme.	53,857	35,32,102
14	Donation of surveillance cameras Cable Brand, Stands, Media Converter to Hyderabad City Police (Kharkana Police Station).	1,73,800	37,05,902
15	Donation to DM & HO (District Medical and Health Officer) Hyderabad - BS 602 DP Speaker, WP 220 Speaker, Aud Mic, ATS Stands etc.	24,100	37,30,002
16	Contribution to Prime Minter National Relief Fund	1,00,00,000	1,37,30,002
17	Donation to Karimnagar Freedom Fighter Trust School-Karimnagar- Paper Plate making machine.	3,65,000	1,40,95,002
18	Donation to Kondapalli Thathi Reddy Women's College, Gudivada for promotion of Computer Education Desktops Printers, Air Conditioner and Glass Doors.	3,74,000	1,44,69,002
<b>Total Amount Spent</b>		<b>1,44,69,002.00</b> <b>(One Crore Forty Four Lakhs Sixty Nine Thousand and Two Rupees Only)</b>	

BY ORDER OF THE BOARD  
For VIJAYA DIAGNOSTIC CENTRE PVT. LTD.

Place: Hyderabad  
Date: 16<sup>th</sup> July, 2020

Dr. Sura Surendranath Reddy  
Executive Chairman & Chairman of the CSR Committee  
DIN: 00108599



# INDEPENDENT AUDITORS' REPORT

**To the Members of  
Vijaya Diagnostic Centre Private Limited**

## Report on the Audit of the Standalone Financial Statements

### Opinion

We have audited the standalone financial statements of Vijaya Diagnostic Centre Private Limited Company Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2020, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 2020, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

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

### 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 Director's report, but does not include the financial statements and our auditors' report thereon. The Company's Director's report is expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone 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 standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. "When we read the Director's report, if we conclude that there is a material misstatement of this other information, we are required to communicate the matter to those charge with governance."

### Management's Responsibility for the Standalone 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 standalone 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 accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

### Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone 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

### Auditor's Responsibilities for the Audit of the Standalone Financial Statements (continued)

could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone 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 standalone 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 in the standalone financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting 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 standalone 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 standalone financial statements, including the disclosures, and whether the standalone 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### 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 standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid standalone 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 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 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 has disclosed the impact of pending litigations as at 31 March 2020 on its financial position in its standalone financial statements - Refer Note 22 to the standalone financial statements;.
- 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 standalone 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 these financial statements since they do not pertain to the financial year ended 31 March 2020.

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

The provisions of Section 197 of the Act are applicable only to public company. Accordingly, the matter to be included in the Auditors' Report under Section 197(16) is not applicable to the Company.

**For B S R & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 116231W/W-100024

**Sriram Mahalingam**

Partner

Membership No.: 049642

ICAI UDIN: 20049642AAAADJ1017

**Place:** Hyderabad

**Date:** 16 July 2020

## Annexure A to the Independent auditors' report on the standalone financial statements of Vijaya Diagnostic Centre Private Limited for the year ended 31 March 2020

With reference to the Annexure A referred to in Paragraph 1 in Report on Other Legal and Regulatory Requirements of Independent Auditor's Report to the Members of Vijaya Diagnostic Centre Private Limited ("the Company") on the standalone financial statements for the year ended 31 March 2020. We report that:

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, plant and equipment.
- (b) The Company has a regular program of physical verification of its property, plant and equipment by which all property, plant and equipment are verified in a phased manner over a period of three years. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain portion of the property, plant and equipment has been physically verified by the management during the year and no material discrepancies have been noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of records of the Company, the title deeds of immovable properties, as disclosed in Note 4(a) on property, plant and equipment to the standalone financial statements, are held in the name of the Company.
- ii. The inventories have been physically verified by the management during the year at reasonable intervals. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been appropriately dealt with in the books of accounts.
- iii. The Company has granted unsecured loans to the Companies and a Limited Liability Partnership covered in the Register maintained under section 189 of the Companies Act 2013 ("the Act"). In respect of the aforesaid loans,
  - (a) In our opinion, the rate of interest and other terms and conditions on which the loans had been granted to the Companies and a Limited Liability Partnership listed in the Register maintained under section 189 of the Act were not, prima facie, prejudicial to the interest of the Company.
  - (b) In the case of the loans granted to the Companies and a Limited Liability Partnership listed in the Register maintained under section 189 of the Act, the schedule of repayment of principal and payment of interest has been stipulated. However, the same is not due as on 31 March 2020.

(c) There are no overdue amounts in respect of loans granted to the Companies and a Limited Liability Partnership listed in the Register maintained under section 189 of the Act.

- iv. In our opinion and according to information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to grant of loans, investments and guarantees given. Further, there are no security given in respect of which provisions of section 185 and 186 of the Act are applicable.
- v. The Company has not accepted any deposits from the public in accordance with the directives issued by the Reserve Bank of India, provisions of Section 73 to 76 of the Act, any other relevant provisions of the Act and the relevant rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
- vi. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government of India for maintenance of cost records under sub-section (1) of section 148 of the Act, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. However, we have not made a detailed examination of records.
- 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 generally regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Provident fund, Employees' state insurance, Income-tax, Goods and Services tax, Duty of customs, Cess and other material statutory dues were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no dues of Income-tax, Goods and Services tax, which have not been deposited with appropriate authorities on account of any dispute. According to the information and explanations given to us, the following dues of Duty of customs have not been deposited by the Company on account of disputes.



Name of statute	Nature of dues	Amount in lakhs (Rs.)	Period to which the amount relates	Forum where the dispute is pending
Customs Act, 1962	Customs duty, interest and penalty	17.71	FY 2006-2007	CESTAT, West zonal bench, Mumbai

- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to its bankers or financial institutions. The Company does not have any loans or borrowings from Government nor does it have any outstanding dues to debenture holders.
- ix. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments). In our opinion and according to the information and explanations given to us, the term loans taken by the Company and applied during the year were for the purpose for which they were raised.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The provisions of section 197 read with Schedule V to the Act are applicable only to public companies. Accordingly, paragraph 3(xi) of the Order is not applicable to the Company.
- xii. According to the information and explanations given to us and based on our examination of the records of the Company, the Company is not a Nidhi Company prescribed under Section 406 of the Act. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 188 of the Act to extent applicable and details of such transactions have been disclosed in the standalone financial statements as required by the applicable Indian Accounting Standards. Further, the Company is not required to constitute an Audit Committee under section 177 of the Act, and accordingly, to this extent, paragraph 3(xiii) of the said Order is not applicable to the Company.

xiv. According to the information and explanations given to us and based on 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 to the Company.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transaction with the directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

xvi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

**For B S R & Associates LLP**

Chartered Accountants

Firm Registration Number: 116231W/W-100024

**Sriram Mahalingam**

Partner

Membership No.: 049642

ICAI UDIN: 20049642AAAADJ1017

**Place:** Hyderabad

**Date:** 16 July 2020

## **Annexure B to the Independent auditors' report on the standalone financial statements** of Vijaya Diagnostic Centre Private Limited for the year ended 31 March 2020

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

**(Referred to in clause (f) paragraph 2 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 standalone financial statements of Vijaya Diagnostic Centre Private Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the standalone 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 standalone financial statements and such internal financial controls were operating effectively as at 31 March 2020, 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 ("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 standalone 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 standalone 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 & Associates LLP**

Chartered Accountants

Firm Registration Number: 116231W/W-100024

**Sriram Mahalingam**

Partner

Membership No.: 049642

ICAI UDIN: 20049642AAAADJ1017

**Place:** Hyderabad**Date:** 16 July 2020

# Standalone Balance Sheet

as at 31 March 2020

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

Particulars		Notes	As at March 31, 2020	As at March 31, 2019
I	<b>ASSETS</b>			
	<b>Non-current assets</b>			
	(a) Property, plant and equipment	4(a)	13,751.30	13,583.24
	(b) Capital work-in-progress		926.13	270.86
	(c) Right of use assets	4(b)	12,537.71	-
	(d) Other intangible assets	5	103.57	74.33
	(e) Intangible assets under development		36.50	-
	(f) Financial assets			
	(i) Investments	6 (a)	487.35	416.06
	(ii) Loans	6 (c)	538.51	396.55
	(iii) Other financial assets	6 (f)	10.00	9.61
	(g) Non-current tax assets (net)	21 (d)	25.72	25.42
	(h) Deferred tax assets (net)	7	131.57	-
	(i) Other non-current assets	9	640.31	333.49
	<b>Total non-current assets</b>		<b>29,188.67</b>	<b>15,109.56</b>
II	<b>Current assets</b>			
	(a) Inventories	8	269.22	200.98
	(b) Financial assets			
	(i) Investments	6 (a)	5,340.24	6,883.70
	(ii) Trade receivables	6 (b)	857.99	1,040.73
	(iii) Cash and cash equivalents	6 (d)	5,548.53	921.58
	(iv) Bank balances other than (iii) above	6 (e)	5,817.27	4,301.23
	(v) Loans	6 (c)	252.41	308.70
	(vi) Other financial assets	6 (f)	40.14	258.00
	(c) Other current assets	9	211.34	203.54
	<b>Total current assets</b>		<b>18,337.14</b>	<b>14,118.46</b>
	<b>TOTAL ASSETS ( I + II )</b>		<b>47,525.81</b>	<b>29,228.02</b>
I	<b>EQUITY AND LIABILITIES</b>			
	<b>Equity</b>			
	(a) Equity share capital	10 (a)	453.19	452.89
	(b) Instruments entirely equity in nature	10 (b)	-	241.30
	(c) Other Equity	10 (c)	27,296.54	20,903.68
	<b>Total equity attributable to equity holders of the Company</b>		<b>27,749.73</b>	<b>21,597.87</b>
II	<b>Liabilities</b>			
	<b>Non-current liabilities</b>			
	(a) Financial liabilities			
	(i) Borrowings	11 (a)	1,881.37	2,789.99
	(ii) Lease liabilities	4(b)	11,960.97	-
	(iii) Other financial liabilities	11 (c)	87.45	187.27
	(b) Provisions	12	612.27	443.21
	(c) Deferred tax liability, net	7	-	82.41
	(d) Other non-current liabilities	13	11.76	13.66
	<b>Total non-current liabilities</b>		<b>14,553.82</b>	<b>3,516.54</b>
III	<b>Current liabilities</b>			
	(a) Financial liabilities			
	(i) Lease liabilities	4(b)	877.65	-
	(ii) Trade payables	11 (b)		
	Total outstanding dues of micro and small enterprises		3.29	-
	Total outstanding dues of creditors other than micro and small enterprises		1,893.59	1,847.82
	(iii) Other financial liabilities	11 (c)	2,015.08	1,784.92
	(b) Provisions	12	91.04	84.11
	(c) Current tax liabilities (net)	21 (d)	138.92	186.69
	(d) Other current liabilities	13	202.69	210.07
	<b>Total current liabilities</b>		<b>5,222.26</b>	<b>4,113.61</b>
	<b>Total liabilities ( II + III )</b>		<b>19,776.08</b>	<b>7,630.15</b>
	<b>TOTAL EQUITY AND LIABILITIES ( I + II + III )</b>		<b>47,525.81</b>	<b>29,228.02</b>

Corporate Information

Summary of significant accounting policies

The notes referred to above form an integral part of the consolidated financial statements.

1  
2&3

As per our Report of even date attached  
For **B S R & Associates LLP**  
Chartered Accountants  
ICAI Firm registration number: 116231W/ W-100024

For and on behalf of the Board of Directors of  
**Vijaya Diagnostic Centre Private Limited**  
CIN: U85195TG2002PTC039075

**Sriram Mahalingam**  
Partner  
Membership Number: 049642

**Dr. S Surendranath Reddy**  
Executive Chairman  
DIN Number: 00108599

**S Suprita Reddy**  
Chief Executive Officer

**K. Sunil Chandra**  
Executive Director  
DIN Number: 01409332

**V. Sri Lakshmi**  
Company Secretary

Place: Hyderabad  
Date: July 16, 2020

Place: Hyderabad  
Date: July 16, 2020

## Standalone Statement of Profit and Loss

for the year ended 31 March 2020

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

Particulars		Notes	Year ended March 31, 2020	Year ended March 31, 2019
<b>1</b>	<b>Income</b>			
	(a) Revenue from operations	14	32,865.12	27,907.76
	(b) Other income	15	1,178.59	863.97
	<b>Total income</b>		<b>34,043.71</b>	<b>28,771.73</b>
<b>2</b>	<b>Expenses</b>			
	(a) Cost of materials consumed	16	4,251.48	3,856.88
	(b) Employee benefits expense	17	5,956.02	5,031.46
	(c) Finance costs	19	1,481.84	436.46
	(d) Depreciation and amortisation expense	18	4,766.63	2,569.37
	(e) Other expenses	20	9,412.69	9,606.14
	<b>Total expenses</b>		<b>25,868.66</b>	<b>21,500.31</b>
<b>3</b>	<b>Profit before tax and share of loss from LLP [1 - 2]</b>		<b>8,175.05</b>	<b>7,271.42</b>
<b>4</b>	Share of loss from Limited Liability Partnership (LLP), where the Company is a Limited Partner (Refer note 23)		-	(230.41)
<b>5</b>	<b>Profit before tax (PBT)</b>		<b>8,175.05</b>	<b>7,041.01</b>
<b>6</b>	<b>Tax expense</b>			
	(a) Current tax	21	2,290.00	2,015.00
	(b) Deferred tax		(209.63)	122.27
	(c) Tax pertaining to earlier years		(29.12)	11.96
	<b>Total tax expense</b>		<b>2,051.25</b>	<b>2,149.23</b>
<b>7</b>	<b>Profit for the year [5 - 6]</b>		<b>6,123.80</b>	<b>4,891.78</b>
<b>8</b>	<b>Other comprehensive income</b>			
	Items that will not be reclassified to profit or loss			
	(a) Remeasurement of defined benefit obligations		(17.27)	(19.70)
	(b) Income-tax relating to above item	21	4.35	5.74
	<b>Other comprehensive income for the year (net of income tax)</b>		<b>(12.92)</b>	<b>(13.96)</b>
<b>9</b>	<b>Total comprehensive income for the year [7 + 8]</b>		<b>6,110.88</b>	<b>4,877.82</b>
<b>10</b>	<b>Earnings per equity share (face value of Rs. 10 each, fully paid)</b>	24		
	- Basic (in Rs.)		135.13	108.01
	- Diluted (in Rs.)		134.49	107.66

Corporate Information

Summary of significant accounting policies

The notes referred to above form an integral part of the consolidated financial statements.

1

2&3

As per our Report of even date attached  
For **B S R & Associates LLP**  
Chartered Accountants  
ICAI Firm registration number: 116231W/ W-100024

For and on behalf of the Board of Directors of  
**Vijaya Diagnostic Centre Private Limited**  
CIN: U85195TG2002PTC039075

**Sriram Mahalingam**  
Partner  
Membership Number: 049642

**Dr. S Surendranath Reddy**  
Executive Chairman  
DIN Number: 00108599

**S Suprita Reddy**  
Chief Executive  
Officer

**K. Sunil Chandra**  
Executive Director  
DIN Number: 01409332

**V. Sri Lakshmi**  
Company Secretary

Place: Hyderabad  
Date: July 16, 2020

Place: Hyderabad  
Date: July 16, 2020



# Standalone Statement of Changes in Equity

## for the year ended 31 March 2020

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

Particulars	Equity share capital	Cumulative Compulsorily Convertible Preferences Shares (CCPS) (Series A)	Cumulative Compulsorily Convertible Preferences Shares (CCPS) (Series B)	General reserve	Employee share options outstanding account	Securities premium	Retained earnings	Total
Balance as at April 01, 2018	452.89	141.31	99.99	493.20	-	4,915.75	10,594.71	16,697.85
<b>Total comprehensive income for the year ended March 31, 2019</b>								
Profit for the year	-	-	-	-	-	-	4,891.78	4,891.78
Other comprehensive income, net of tax	-	-	-	-	-	-	(13.96)	(13.96)
<b>Total comprehensive income</b>	-	-	-	-	-	-	<b>4,877.82</b>	<b>4,877.82</b>
Share based payment [Refer note 31]	-	-	-	-	22.20	-	-	22.20
<b>Balance as at March 31, 2019</b>	<b>452.89</b>	<b>141.31</b>	<b>99.99</b>	<b>493.20</b>	<b>22.20</b>	<b>4,915.75</b>	<b>15,472.53</b>	<b>21,597.87</b>
Balance as at 1 April 2019								
<b>Total comprehensive income for the year ended March 31, 2020</b>								
Profit for the year	-	-	-	-	-	-	6,123.80	6,123.80
Other comprehensive income, net of tax	-	-	-	-	-	-	(12.92)	(12.92)
<b>Total comprehensive income for the year</b>	-	-	-	-	-	-	<b>6,110.88</b>	<b>6,110.88</b>
Share based payment (Refer note 31)	-	-	-	-	40.98	-	-	40.98
Conversion of CCPS into Equity share capital	0.30	(141.31)	(99.99)	-	-	241.00	-	-
<b>Balance as at March 31, 2020</b>	<b>453.19</b>	<b>-</b>	<b>-</b>	<b>493.20</b>	<b>63.18</b>	<b>5,156.75</b>	<b>21,583.41</b>	<b>27,749.73</b>

As per our Report of even date attached

For **B S R & Associates LLP**

Chartered Accountants

ICAI Firm registration number: 116231W/ W-100024

For and on behalf of the Board of Directors of

**Vijaya Diagnostic Centre Private Limited**

CIN: U85195TG2002PTC039075

**Sriram Mahalingam**

Partner

Membership Number: 049642

Place: Hyderabad

Date: July 16, 2020

**Dr. S Surendranath Reddy**

Executive Chairman

DIN Number: 00108599

**S Suprita Reddy**

Chief Executive Officer

DIN Number: 01409332

**K. Sunil Chandra**

Executive Director

DIN Number: 01409332

**V. Sri Lakshmi**

Company Secretary

Place: Hyderabad

Date: July 16, 2020

## Standalone Statement of Cash Flows

for the year ended 31 March 2020

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

Particulars		Year ended March 31, 2020	Year ended March 31, 2019
<b>A</b>	<b>Cash flow from operating activities</b>		
	<b>Profit for the period (before tax)</b>	<b>8,175.05</b>	<b>7,041.01</b>
	Adjustments for:		
	Depreciation and amortisation expense	4,766.63	2,569.37
	Net (gain)/loss on sale/ retirement of property, plant and equipment	13.26	(36.64)
	Interest income	(424.96)	(287.69)
	Dividend income	-	(12.13)
	Profit on sale of mutual fund investments	(488.00)	(78.47)
	Provision for credit impaired receivables	46.08	120.71
	Employee stock option expense	40.98	22.20
	Fair value movement on financial instruments	(166.23)	(436.48)
	Finance cost	1,341.23	315.25
	Liability no longer required written back	(60.36)	(12.27)
	Share of loss from LLP	-	230.41
	<b>Operating profit before changes in assets and liabilities</b>	<b>13,243.68</b>	<b>9,435.27</b>
	Changes in working capital items:		
	Decrease/(Increase) in trade receivables	136.66	(273.02)
	(Increase)/ decrease in inventories	(68.24)	24.42
	Decrease in other financial assets	37.32	46.96
	Increase in other assets and deposits	(466.61)	(328.93)
	Increase in trade payables	109.42	418.03
	Increase in provisions and other liabilities	102.26	10.69
	Increase in other financial liabilities	80.47	203.33
	<b>Cash generated from operations</b>	<b>13,174.96</b>	<b>9,536.75</b>
	Current taxes paid	(2,308.95)	(1,881.10)
	<b>Net cash inflow from operating activities</b>	<b>10,866.01</b>	<b>7,655.65</b>
<b>B</b>	<b>Cash flows from investing activities</b>		
	Acquisition of property, plant and equipment and CWIP	(4,731.88)	(6,055.61)
	Proceeds from sale of property, plant and equipment	98.46	185.99
	Redemption of debt oriented liquid mutual funds, net	2,197.69	958.28
	Deposits placed having original maturity of more than 3 months, net	(1,516.04)	(4,101.23)
	(Investment)/redemption of margin money deposits	(0.39)	7.01
	Loans given to subsidiaries (net)	(50.75)	(163.58)
	Dividend on mutual funds	-	12.13
	Interest received	572.00	53.01
	<b>Net cash outflow from investing activities</b>	<b>(3,430.91)</b>	<b>(9,104.00)</b>

## Standalone Statement of Cash Flows

for the year ended 31 March 2020

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>C Cash flows from financing activities</b>		
Proceeds from long-term borrowings	-	1,687.67
Repayment of long-term borrowings	(837.23)	(651.92)
Repayment of lease liabilities	(1,675.14)	-
Interest paid	(295.78)	(252.89)
<b>Net cash (outflow)/inflow from financing activities</b>	<b>(2,808.15)</b>	<b>782.86</b>
<b>Net decrease in cash and cash equivalents (A + B + C)</b>	<b>4,626.95</b>	<b>(665.49)</b>
Cash and cash equivalents at the beginning of the financial year	921.58	1,587.07
<b>Cash and cash equivalents at end of the year</b>	<b>5,548.53</b>	<b>921.58</b>

**Note:**

- (a) The above Statement of Cash Flows has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS-7) - Statement of Cash Flows.
- (b) Cash and cash equivalents as per above comprise of the following:

	As at March 31, 2020	As at March 31, 2019
Cash on hand	26.93	80.63
Balances with banks		
- in current accounts	5,521.60	840.95
<b>Total cash and cash equivalents [refer note 6(d)]</b>	<b>5,548.53</b>	<b>921.58</b>

The notes referred to above form an integral part of the standalone financial statements.

As per our Report of even date attached  
For **B S R & Associates LLP**  
Chartered Accountants  
ICAI Firm registration number: 116231W/ W-100024

**Sriram Mahalingam**  
Partner  
Membership Number: 049642

Place: Hyderabad  
Date: July 16, 2020

For and on behalf of the Board of Directors of  
**Vijaya Diagnostic Centre Private Limited**  
CIN: U85195TG2002PTC039075

**Dr. S Surendranath Reddy**  
Executive Chairman  
DIN Number: 00108599

**K. Sunil Chandra**  
Executive Director  
DIN Number: 01409332

Place: Hyderabad  
Date: July 16, 2020

**S Suprita Reddy**  
Chief executive officer

**V. Sri Lakshmi**  
Company Secretary

# Notes to the Standalone Financial Statements

for the year ended 31 March 2020

## 1 Corporate information

Vijaya Diagnostic Centre Private Limited ('the Company') is engaged in the business of providing comprehensive range of diagnostic services spanning pathological investigations, basic and high end radiology, nuclear medicine and related healthcare services.

The Company is a Private Limited Company incorporated and domiciled in India on 05 June 2002 and has its registered office at # 3-6-16 & 17, Street No 19, Himayat Nagar, Hyderabad-500 029, India and the Corporate office at # 6-3-883/F, Ground Floor of Family Planning Association of India, Panjagutta, Hyderabad-500 082, India.

## 2 Basis of preparation and measurement

### (i) Statement of compliance

The standalone financial statements of the Company 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 under the historical cost convention on an accrual basis except for certain financial instruments, equity settled share based payments, which are measured at fair values, notified under the Act and Rules prescribed thereunder.

The standalone financial statements have been prepared on a going concern basis. The accounting policies are applied consistently to all the periods presented in the standalone financial statements except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires change in accounting policy hitherto in use.

The standalone financial statements were approved by the Board of Directors and authorised for issue on July 16, 2020.

### (ii) Functional and presentation currency

These standalone financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All financial information presented in Indian rupees have been rounded-off to two decimal places to the nearest lakhs except share data or as otherwise stated.

### (iii) Basis of measurement

The standalone financial statements have been prepared on the historical cost basis except for the following items:

- Certain financial assets : Measured at fair value or  
and liabilities amortised costs
- Net defined benefit : Fair value of plan assets

- (asset)/ liability less present value of defined benefit obligations
- Borrowings : Amortised cost using effective interest rate method
- Equity settled share : Measured at fair value based payments

### (iv) Use of estimates and judgements

In preparing these standalone financial statements, Management has made 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 those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

#### Judgements

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

- Note 3(K), 20(i) and 28 - lease classification.
- Note 3(K) 20(i) and 28- leases: whether an arrangement contains a lease

#### Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 30 - measurement of defined benefit obligations: key actuarial assumptions;
- Notes 12 - recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 6 (b) - impairment of financial assets;
- Note 4 and Note 5 - determining an asset's expected useful life and the expected residual value at the end of its life
- Note 31 - Employee share based payments, equity settled

### (v) Measurement of fair values

Accounting policies and disclosures require measurement of fair value for both financial and non-financial assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly

## Notes to the Standalone Financial Statements

### for the year ended 31 March 2020

transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs

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).

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 recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in the measuring fair values is included in the following notes:

- **Note 34** - Financial instruments

#### (vi) Current and non-current classification:

The Schedule III to the Act requires assets and liabilities to be classified as either current or non-current. The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

#### Assets

An asset is classified as a current when it is:

- it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
  - it is expected to be realised within twelve months from the reporting date;
  - it is held primarily for the purposes of being traded; or
  - is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.
- All other assets are classified as non current

#### Liabilities

A liability is classified as a current when:

- it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
- it is due to be settled within twelve months from the reporting date;
- it is held primarily for the purposes of being traded;
- Deferred tax assets/liabilities are classified as non-current.
- the Company does not have an unconditional right to defer settlement of liability for atleast twelve months from the reporting date.

All other liabilities are classified as non-current.

#### Operating Cycle

Operating cycle is the time between the acquisition of assets for processing and realisation in cash or cash equivalents. The Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

### 3 Summary of significant accounting policies

#### A. Revenue recognition

##### i) Income from diagnostic services

Revenue from diagnostics services is recognized on amount billed net of discounts/ concessions if any. No element of financing is deemed present as the sales are made primarily on cash and carry basis, however for institutional/ organisational customers a credit period of 30 days is given, which is consistent with market practice. Effective 1 April 2018, the Company has adopted Ind AS 115 "Revenue from contracts with customers". Based on the assessment of the Management, there is no material impact on revenue recognised.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that



## Notes to the Standalone Financial Statements

### for the year ended 31 March 2020

future economic benefits will flow to the entity and when the underlying tests are conducted, samples are processed for requisitioned diagnostic tests. Each service is generally a separate performance obligation and therefore revenue is recognised at a point in time when the tests are conducted, samples are processed. For multiple tests, the Company measures the revenue in respect of each performance obligation at its relative stand alone selling price and the transaction price is allocated accordingly. The price that is regularly charged for a test separately registered is considered to be the best evidence of its stand alone selling price. Revenue contracts are on principal to principal basis and the Company is primarily responsible for fulfilling the performance obligation.

#### ii) *Income from sale of Privilege cards*

The Company operates a discount scheme where certain 'Privilege cards' are sold to the customers against which specified discounts are given on the future diagnostic services availed by the customer for a specified period. The Company recognises revenue from the sale of such cards over the period for which the card is valid. The difference in sale consideration received and revenue recognised is recognised as deferred revenue.

#### B. *Recognition of dividend income, interest income*

Dividend income is recognised in profit or loss on the date on which the Company's right to receive payment is established. Interest income is recognised using the effective interest rate method. Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

#### C. *Borrowing cost*

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

#### D. *Financial instruments*

A financial instrument is any contract that gives

rise to a Financial Asset of one entity and Financial liability or equity instrument of another entity.

#### i) *Initial Recognition and measurement*

Trade receivables are initially recognised when they are originated. Financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

#### ii) *Classification and subsequent measurement*

##### **Financial assets**

All financial assets are initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

**Subsequent measurement:** For the purpose of subsequent measurement, financial assets are categorised as under:

- Amortised cost;
- Fair Value through Other Comprehensive Income (FVOCI) – equity investment; or
- Fair Value through Profit or Loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative

## Notes to the Standalone Financial Statements

### for the year ended 31 March 2020

financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost: These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Equity investments at FVOCI: These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

#### Financial liabilities:

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in statement of profit or 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 or loss.

#### iii) Derecognition

##### Financial assets

A Financial asset is primarily derecognised when the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and

rewards of the transferred assets, the transferred assets are not derecognised.

#### Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

#### iv) Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if there is a currently and 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.

### E. Property, plant and equipment

#### i) Recognition and measurement

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment loss, if any. Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

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 statement of profit or loss during the reporting period in which they are incurred. If an item of property, plant and equipment

## Notes to the Standalone Financial Statements

### for the year ended 31 March 2020

is purchased with deferred credit period from supplier, such asset is recorded at its cash price equivalent value.

#### ii) Depreciation

Depreciation is provided using the Written down value Method ("WDV") over the useful lives of the assets as estimated by the Management based on technical evaluation, which coincide with the useful live prescribed in Schedule II to the Act. Depreciation on additions and deletions are restricted to the period of use. Assets costing below Rs. 5,000 are depreciated in full in the same year. The estimated useful lives of items of property, plant and equipment are as follows:

Asset category	Management estimate of useful life & Useful life as per Schedule II
<b>Buildings</b>	60 years
<b>Plant and equipment:</b>	
- Medical and diagnostic equipments	13 years
- Other equipments	15 years
Electrical equipments	10 years
Furniture and fixtures	10 years
Office equipments	5 years
<b>Computers</b>	
- Servers and networks	6 years
- End user devices such as laptops, etc.	3 years
<b>Vehicles</b>	8 years

In case of Building on leasehold land, the depreciation is charged based on useful life of the building or the lease period whichever is lower. In the case of leased hold building improvements, the depreciation is charged based on useful life of the improvements which is 10 years or lease period including expected renewal period which ever is lower.

Residual value is considered to be 5% on all the assets, as technically estimated by the management.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains or losses arising from disposal of property, plant and equipment which are carried at cost are recognised in the statement of profit and loss.

#### F. Intangible assets

##### i) Recognition and measurement

Intangible assets that are acquired, are recognized at cost initially and carried at cost less accumulated

amortization and accumulated impairment loss, if any. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

##### ii) Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the "written down value" (WDV) method, and is included in depreciation and amortisation in statement of profit and loss.

The estimated useful lives are as follows:

- Software - 5 years

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

#### G. Capital work in progress

Capital work-in-progress is recognized at cost. It comprises of property, plant and equipment that are not yet ready for their intended use at the reporting date.

#### H. Inventories

Inventories comprise of diagnostic kits, reagents, laboratory chemicals and consumables, these are valued at lower of cost and net realizable value. Cost of inventories comprises of all costs of purchase and other costs incurred in bringing the inventories to their present location after adjusting for recoverable taxes, if any. Cost is determined on First-in-First-out basis. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The comparison of cost and net realisable value is made on an item-by-item basis.

#### I. Impairment of assets

##### i) Impairment of financial instruments

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost. At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;

# Notes to the Standalone Financial Statements

## for the year ended 31 March 2020

- a breach of contract;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

The Company measures loss allowances at an amount equal to lifetime expected credit losses.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

### *Measurement of expected credit losses*

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

### *Write-off*

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

### *ii) Impairment of non-financial assets*

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 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 (or an individual asset) 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 pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

The Company's corporate assets (e.g., central office building for providing support to various CGUs) do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss.

In respect of assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has

## Notes to the Standalone Financial Statements

### for the year ended 31 March 2020

been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

#### **J. Employee benefits**

##### **(i) Short-term employee benefits**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services upto the end of the reporting period and are measured on an undiscounted basis at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

##### **(ii) Defined contribution plans**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions towards Government administered provident fund scheme and ESI. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in statement of profit and loss in the periods during which the related services are rendered by employees.

##### **(iii) Defined benefit plans**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liability or asset recognised in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by a qualified actuary using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets.

This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses 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 retained earnings 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.

##### **(iv) Other long-term employee benefits**

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period by a qualified actuary using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in statement of profit and loss.

#### **K. Leases**

Lease contracts entered by the Company majorly pertains for buildings taken on lease to conduct its business in the ordinary course.

##### **Company as a Lessor:**

Leases for which the Company is a lessor are classified as a finance or operating lease. When ever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Rental income from operating leases are recognised on straight line basis over the term of relevant lease.

##### **Company as a Lessee:**

The Company applied Ind AS 116 "Leases" from April 01, 2019 using the modified retrospective approach and has measured the Right of Use Asset at an amount equal to the Lease Liability adjusted for accruals and prepayments recognised in the balance sheet immediately before the date of initial



## Notes to the Standalone Financial Statements

### for the year ended 31 March 2020

application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset equal to the lease liability. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our standalone financial statements for year ended March 31, 2019.

Previously, the Company assessed leases at contract inception whether an arrangement is or contains a lease under Ind AS 17. Under Ind AS 116, the Company assesses whether a contract is or contains a lease based on the definition of lease. On transition to Ind AS 116, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied Ind AS 116 only to contracts that were previously identified as leases. Contracts that were not identified as leases under Ind AS 17 were not reassessed for whether there is a lease. Therefore, the definition of a lease under Ind AS 116 was applied only to contracts entered into or changed on or after April 01, 2019.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at April 01, 2019. Right-of-use assets are measured at their carrying amount as if Ind AS 116 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application.

The Company used the following practical expedients when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17.

- Applied a single discount rate to a portfolio of leases with similar characteristics.

- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term and leases of low value.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

The lease payments for operating leases as per Ind AS 17 Leases, were earlier reported under cash flow from operating activities. The payments for the principal portion of the lease liability and its related interest is classified within financing activities. Payments for short-term leases, leases of low-value assets and variable lease payments not included in the measurement of the lease liability are presented within operating activities.

**Right of use asset:** The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

**Lease Liability:** The Company measures the lease liability at present value of the future lease payments at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate as at the commencement of lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest

## Notes to the Standalone Financial Statements

### for the year ended 31 March 2020

on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

#### **L. Income-tax**

Income-tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to an item recognised directly in equity or in other comprehensive income.

##### **(i) Current tax**

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 reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax 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.

##### **(ii) Deferred tax**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding 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; and
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply 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.

#### **M. Share based payments**

Employees of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments. The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using Black Scholes valuation model. The grant date fair value of options granted to employees is recognised as employee expense with a corresponding increase in employee stock options outstanding account, over the period in which the eligibility conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

#### **N. Provision, contingent liabilities and contingent assets**

A provision is recognised if, as a result of a past event,

## Notes to the Standalone Financial Statements

### for the year ended 31 March 2020

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. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised under finance costs. Expected future operating losses are not provided for.

#### **Contingencies:**

Provision in respect of loss contingencies relating to claims, litigations, assessments, fines and penalties are recognised when it is probable that a liability has been incurred and the amount can be estimated reliably.

#### **Contingent liabilities and contingent assets:**

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote.

Contingent assets has to be recognised in the financial statements in the period in which if it is virtually certain that an inflow of economic benefits will arise. Contingent assets are assessed continually and no such benefits were found for the current financial year.

#### **O. Earnings per share**

Basic Earnings Per Share ('EPS') is computed by dividing the net profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon

conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless issued at a later date. In computing diluted earnings per share, only potential equity shares that are dilutive and that either reduces earnings per share or increases loss per share are included. The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for the share splits.

#### **P. Cash flow statement**

Cash flows are reported using the indirect method, whereby net profit/ (loss) 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 and item of income or expenses associated with investing or financing cash flows. The cash flows from regular revenue generating (operating activities), investing and financing activities of the Company are segregated.

#### **Q. Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### **R. Investments in subsidiaries**

Investments representing equity interest in subsidiaries carried at cost less any provision for impairment. Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable.

#### **S. Events after reporting date**

Where events occurring after the balance sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the balance sheet date of material size or nature are only disclosed.

## Notes to the Standalone Financial Statements

### for the year ended 31 March 2020 (continued)

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

#### 4 (a) Property, plant and equipment

Particulars	Freehold land	Building	Building on leasehold land	Leasehold improvements	Plant and equipment - Medical	Plant and equipment - Others	Electrical equipment	Furniture and fixtures	Office equipment	Computers	Vehicles	Total
<b>A. Gross value (at cost)</b>												
<b>As at April 01, 2018</b>	<b>205.42</b>	<b>617.85</b>	<b>1,255.40</b>	<b>1,124.21</b>	<b>8,711.21</b>	<b>850.64</b>	<b>577.67</b>	<b>563.15</b>	<b>126.50</b>	<b>198.12</b>	<b>196.95</b>	<b>14,427.12</b>
Additions	-	-	-	998.34	3,875.14	312.95	174.02	400.73	27.12	139.68	193.54	6,121.52
Disposals	-	-	-	-	(224.09)	-	(4.48)	-	(1.11)	-	(65.93)	(295.61)
<b>As at March 31, 2019</b>	<b>205.42</b>	<b>617.85</b>	<b>1,255.40</b>	<b>2,122.55</b>	<b>12,362.26</b>	<b>1,163.59</b>	<b>747.21</b>	<b>963.88</b>	<b>152.51</b>	<b>337.80</b>	<b>324.56</b>	<b>20,253.03</b>
Additions	-	-	-	369.93	2,176.70	209.05	193.09	366.69	53.72	120.28	55.02	3,544.48
Disposals	-	-	-	(18.16)	(188.00)	(1.77)	(0.75)	(8.54)	-	(0.28)	(26.12)	(243.62)
<b>As at March 31, 2020</b>	<b>205.42</b>	<b>617.85</b>	<b>1,255.40</b>	<b>2,474.32</b>	<b>14,350.96</b>	<b>1,370.87</b>	<b>939.55</b>	<b>1,322.03</b>	<b>206.23</b>	<b>457.80</b>	<b>353.46</b>	<b>23,553.89</b>
<b>B. Accumulated depreciation</b>												
<b>As at April 01, 2018</b>	-	30.86	218.63	222.82	2,880.02	230.34	209.05	205.91	67.19	115.34	103.13	4,283.29
For the year ended	-	28.59	107.59	384.41	1,453.81	140.65	115.75	133.82	33.83	77.96	56.35	2,532.76
Disposals	-	-	-	-	(108.42)	-	(2.39)	-	(1.05)	-	(34.40)	(146.26)
<b>As at March 31, 2019</b>	-	<b>59.45</b>	<b>326.22</b>	<b>607.23</b>	<b>4,225.41</b>	<b>370.99</b>	<b>322.41</b>	<b>339.73</b>	<b>99.97</b>	<b>193.30</b>	<b>125.08</b>	<b>6,669.79</b>
For the year ended	-	27.27	96.48	459.38	1,958.71	166.44	135.58	211.33	33.96	108.70	66.85	3,264.70
Disposals	-	-	-	(5.76)	(99.27)	(1.07)	(0.57)	(3.49)	-	(0.16)	(21.58)	(131.90)
<b>As at March 31, 2020</b>	-	<b>86.72</b>	<b>422.70</b>	<b>1,060.85</b>	<b>6,084.85</b>	<b>536.36</b>	<b>457.42</b>	<b>547.57</b>	<b>133.93</b>	<b>301.84</b>	<b>170.35</b>	<b>9,802.59</b>
<b>C. Net carrying value (A-B)</b>												
<b>As at March 31, 2020</b>	<b>205.42</b>	<b>531.13</b>	<b>832.70</b>	<b>1,413.47</b>	<b>8,266.11</b>	<b>834.51</b>	<b>482.13</b>	<b>774.46</b>	<b>72.30</b>	<b>155.96</b>	<b>183.11</b>	<b>13,751.30</b>
As at March 31, 2019	205.42	558.40	929.18	1,515.32	8,136.85	792.60	424.80	624.15	52.54	144.50	199.48	13,583.24

**Note:**

1. Refer to note 22 for disclosure of contractual commitments for the acquisition of property, plant and equipment.
2. Refer to note 11(a) for details of property, plant and equipment subject to charge on secured borrowings.
3. Gross value is net of accumulated depreciation of Rs 11,220.13 lakhs as at April 01, 2016 on transition to Ind AS.

#### 4 (b) Right of use assets and Lease Liabilities

**Transition to Ind AS 116 "Leases" w.e.f April 01, 2019:**

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 "Leases" which replaces the existing lease standard, Ind AS 17 "Leases", and other interpretations. Ind AS 116 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 lease accounting model for lessees.

The Company has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases, under modified retrospective transition method, and has not restated comparative information.

## Notes to the Standalone Financial Statements

### for the year ended 31 March 2020 (continued)

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

The Company has elected not to apply the requirements of Ind AS 116 "Leases" to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term except inflation adjustment.

The adoption of this newly issued accounting standard Ind AS 116 "Lease" resulted in recognition of "Right of Use" asset of Rs 12,537.71 Lakhs and a lease liability of Rs 12,838.62 Lakhs as at March 31, 2020. Consequently, the profit before tax for the year ended March 31, 2020 is lower by Rs 713.43 Lakhs.

Ind AS 116 has resulted in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

**(i) Movement in Right of use assets and Lease liabilities is given below:**

	Right of use assets (Buildings)
<b>Due to transition to Ind AS 116 on April 01, 2019</b>	<b>11,011.08</b>
Additions during the year ended March 31, 2020	2,562.14
Disposals during the current year	(51.91)
Prepaid rent reclassified to right of use assets	412.52
<b>Gross amount as at March 31, 2020</b>	<b>13,933.83</b>
Less: Depreciation for the year on right of use assets	1,396.12
<b>Net carrying amount as at March 31, 2020</b>	<b>12,537.71</b>

	Lease Liabilities
<b>Due to transition to Ind AS 116 on April 01, 2019</b>	<b>11,011.08</b>
Additions during the year ended March 31, 2020	2,562.14
Disposals during the current year	(51.91)
Interest expense on lease liabilities	992.45
Lease payments made during the year	(1,675.14)
<b>As at March 31, 2020</b>	<b>12,838.62</b>
Less: Current Lease liabilities	877.65
<b>Non Current Lease liabilities</b>	<b>11,960.97</b>

**(ii) Payments recognised as expenses and income**

	Year ended March 31, 2020
Short term leases and low value assets	72.20
	<b>72.20</b>

**(iii) Contractual maturities of lease liabilities on undiscounted basis**

	As at March 31, 2020
Less than one year	1,944.58
One to five years	8,137.51
More than five years	9,795.54
	<b>19,877.63</b>



## Notes to the Standalone Financial Statements

for the year ended 31 March 2020 (continued)

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

### 5 Other intangible assets

Particulars	Software
<b>A. Gross value (at cost)</b>	
As at April 01, 2018	<b>106.83</b>
Additions	66.84
Disposals	-
As at March 31, 2019	<b>173.67</b>
Additions	91.71
Disposals	-
As at March 31, 2020	<b>265.38</b>
<b>B. Accumulated amortization</b>	
As at April 01, 2018	<b>62.73</b>
For the year ended	36.61
Disposals	-
As at March 31, 2019	<b>99.34</b>
For the year ended	62.47
Deletions	-
As at March 31, 2020	<b>161.81</b>
<b>C. Net carrying value (A-B)</b>	
As at March 31, 2020	<b>103.57</b>
As at March 31, 2019	74.33

### 6 Financial assets

Particulars	As at March 31 2020	As at March 31 2019
<b>(a) Investments</b>		
<b>Non-Current</b>		
<b>A. Trade - Subsidiaries</b>		
<b>Investment in equity instruments - carried at cost or deemed cost, less provision for other than temporary impairment</b>		
<b>Quoted</b>		
Medinova Diagnostic Services Limited	411.06	411.06
[6,202,220 (March 31, 2019: 6,202,220) Equity shares of Rs. 10 each fully paid up]		
<b>Unquoted</b>		
Doctors Lab Medical Services Private Limited	1.00	1.00
[10,000 (March 31, 2019: 10,000 ) equity shares of Rs. 10 each fully paid up]		
<b>Investment in Limited Liability Partnership (LLP)</b>		
<b>Unquoted</b>		
VDC Diagnostics (Karnataka) LLP	1,831.29	281.29
[100% (March 31, 2019: 100%) share in capital contribution]		
Less: Share of loss attributable to the Company	(1,760.00)	(281.29)
<b>Net investment in LLP</b>	<b>71.29</b>	<b>-</b>
<b>Sub-total</b>	<b>483.35</b>	<b>412.06</b>

## Notes to the Standalone Financial Statements

for the year ended 31 March 2020 (continued)

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

Particulars	As at March 31 2020	As at March 31 2019
<b>B. Investment in others - Non-trade</b>		
<b>Investment in equity instruments - carried at FVOCI</b>		
<b>Unquoted</b>		
C.R Broadcasting Hyderabad Limited	4.00	4.00
[40,000 (March 31, 2019: 40,000) equity shares of Rs. 10 each fully paid up]		
<b>Sub-total</b>	<b>4.00</b>	<b>4.00</b>
<b>Total (A+B)</b>	<b>487.35</b>	<b>416.06</b>
Aggregate amount of quoted investments	411.06	411.06
Aggregate amount of unquoted investments	76.29	5.00
Aggregate amount of impairment in value of investments	-	-
Market value of quoted investments	881.96	1,615.68
<b>Current</b>		
<b>Investments at fair value through profit or loss - Quoted</b>		
<b>Mutual Funds</b>		
IDFC Cash Fund Growth - 17,241.08 (March 31, 2019: 17,241.08) units of Rs. 1,000 each	414.10	390.85
IDFC Low Duration Fund Growth - Nil (March 31, 2019: 3,759,508.42) units of Rs. 10 each	-	1,005.53
IDFC Corporate Bond Fund - Nil (March 31, 2019: 4,284,747.15) units of Rs. 10 each	-	551.04
IDFC Ultra Short term fund Growth - Nil (March 31, 2019: 1,905,034.05) units of Rs. 10 each	-	202.03
Birla Sunlife Savings Growth - Nil (March 31, 2019: 123,416.24) units of Rs. 100 each	-	458.81
Birla Sunlife Savings Growth - 465,980.33 (March 31, 2019: 465,980.33) units of Rs. 100 each	1,867.78	1,732.32
Reliance Prime Debt Growth - 2,215,404.46 (March 31, 2019: 2,215,404.46) units of Rs. 10 each	961.60	888.71
HDFC Floating Rate Debt Growth - 3,509,067.43 (March 31, 2019: 3,509,067.43) units of Rs. 10 each	1,241.60	1,147.59
Invesco India Money Market Growth-Nil (March 31, 2019: 9,295.86) units of Rs. 1,000 each	-	201.66
Kotak Money Market Scheme Growth - Nil (March 31, 2019: 3,272.57) units of Rs. 1,000 each	-	101.01
Invesco India Liquid Fund Growth - Nil (March 31, 2019: 7,936.60) units of Rs. 1,000 each	-	204.15
Invesco India Short Term Fund Growth -19,335.13 (March 31, 2019: Nil ) units of Rs. 1,00 each	543.35	-
Invesco India Treasury Advantage Growth - 3,636.37 (March 31, 2019: Nil ) units of Rs. 1,000 each	104.08	-
Invesco India Treasury Advantage Growth - 7,257.83 (March 31, 2019: Nil ) units of Rs. 1,000 each	207.73	-
	<b>5,340.24</b>	<b>6,883.70</b>
Aggregate book value of quoted investments	5,340.24	6,883.70
Aggregate market value of quoted investments	5,340.24	6,883.70

## Notes to the Standalone Financial Statements

for the year ended 31 March 2020 (continued)

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

Particulars	As at March 31 2020	As at March 31 2019
<b>(b) Trade receivables</b>		
<i>(Unsecured)</i>		
<b>Current</b>		
Considered good *	857.99	1,040.73
Credit impaired	165.36	180.87
Less: Allowance for doubtful receivables (expected credit loss allowance)	(165.36)	(180.87)
	<b>857.99</b>	<b>1,040.73</b>
* Include amount receivable from related parties (refer note 32)		
<b>(c) Non-current loans</b>		
<i>(Unsecured, considered good)</i>		
Security deposits *	538.51	396.55
	<b>538.51</b>	<b>396.55</b>
<b>Current loans</b>		
Security deposits	-	35.75
Loans to subsidiaries	252.41	1,751.66
Less: Share of loss from LLP, where the Company is a Limited Partner	-	(1,478.71)
	<b>252.41</b>	<b>308.70</b>
<b>(d) Cash and cash equivalents</b>		
Cash on hand	26.93	80.63
Balances with banks		
- in current accounts	5,521.60	840.95
	<b>5,548.53</b>	<b>921.58</b>
<b>(e) Other bank balances</b>		
<b>Current</b>		
Deposit accounts with remaining maturity of less than 12 months * @	5,817.27	4,301.23
	5,817.27	4,301.23
@ Fixed deposit of Rs 200 lakhs (March 31, 2019: Rs 200 lakhs) under lien.		
* The deposits made with banks comprise of time deposits, which are available at call.		
<b>(f) Other financial assets</b>		
<i>(Unsecured, considered good)</i>		
<b>Non-current</b>		
Balances with bank held as margin money	10.00	9.61
	<b>10.00</b>	<b>9.61</b>
<b>Current</b>		
Interest accrued on bank deposits and others	40.10	220.64
Other receivables	0.04	37.36
	<b>40.14</b>	<b>258.00</b>

## Notes to the Standalone Financial Statements

for the year ended 31 March 2020 (continued)

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

### 7 Deferred tax (liabilities)/assets (net)

Particulars	As at March 31 2020	As at March 31 2019
<b>Deferred tax assets</b>		
On account of decommissioning liability on property, plant and equipment	87.69	87.72
On account of leases	179.56	-
On account of employee retirement benefits	81.13	56.36
On account of credit impaired debts	41.62	52.67
On account of others	46.39	84.90
<b>Sub total (A)</b>	<b>436.39</b>	<b>281.65</b>
<b>Deferred tax liabilities</b>		
On account of fair value gains from mutual funds	233.03	221.22
On account of property, plant and equipment	71.79	142.84
<b>Sub total (B)</b>	<b>304.82</b>	<b>364.06</b>
<b>Deferred tax asset/(liability), net (A+B)</b>	<b>131.57</b>	<b>(82.41)</b>

#### Movement in deferred tax (liabilities)/ assets

On account of	Property, plant and equipment and intangible assets (including decommissioning liability)	Provision for employee benefits	Leases	Fair value of mutual funds	Others	Total
<b>At April 01, 2018</b>	<b>23.11</b>	<b>42.98</b>	<b>-</b>	<b>(94.11)</b>	<b>62.14</b>	<b>34.12</b>
(Charged)/ credited:						
- to profit or loss	(78.23)	7.64	-	(127.11)	75.43	(122.27)
- to OCI	-	5.74	-	-	-	5.74
<b>As at March 31, 2019</b>	<b>(55.12)</b>	<b>56.36</b>	<b>-</b>	<b>(221.22)</b>	<b>137.57</b>	<b>(82.41)</b>
(Charged)/credited:						
- to profit or loss	71.02	20.42	179.56	(11.81)	(49.56)	209.63
- to OCI	-	4.35	-	-	-	4.35
<b>As at March 31, 2020</b>	<b>15.90</b>	<b>81.13</b>	<b>179.56</b>	<b>(233.03)</b>	<b>88.01</b>	<b>131.57</b>

### 8 Inventories

Particulars	As at March 31 2020	As at March 31 2019
<i>(Valued at lower of cost and net realisable value)</i>		
Reagents, chemicals, digital imaging films and consumables	269.22	200.98
	<b>269.22</b>	<b>200.98</b>

### 9 Other assets

*(Unsecured, considered good)*

#### Non-current

Capital advances

Prepaid expenses (Refer Note 4(b))

	411.12	34.53
	229.19	298.96
	<b>640.31</b>	<b>333.49</b>

## Notes to the Standalone Financial Statements

### for the year ended 31 March 2020 (continued)

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

Particulars	As at March 31 2020	As at March 31 2019
<b>Current</b>		
Advances other than capital advances		
-Advance to suppliers	83.65	26.78
-Advance to employees	13.07	1.12
Prepaid expenses	114.62	175.64
	<b>211.34</b>	<b>203.54</b>

## 10 Equity

Particulars	As at March 31 2020	As at March 31 2019
<b>Authorised share capital</b>		
12,050,000 (March 31, 2019: 6,631,868 ) equity shares of Rs. 10 each	1,205.00	663.19
Nil (March 31, 2019: 1,425,000 ) Series A Compulsory convertible preference shares (CCPS) of Rs. 10 each	-	142.50
Nil (March 31, 2019: 12,000) Series B Compulsory convertible preference shares (CCPS) of Rs. 3,327.61 each	-	399.31

### (a) Equity share capital

<b>Issued, subscribed and fully paid up capital</b>		
4,531,819 (March 31, 2019: 4,528,813) equity shares of Rs. 10 each, fully paid-up	453.19	452.89
	<b>453.19</b>	<b>452.89</b>

### i) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting year

	March 31, 2020		March 31, 2019	
	Number of shares	Amount	Number of shares	Amount
Shares outstanding at the beginning of the year	45,28,813	452.89	45,28,813	452.89
Shares issued during the year	3,006	0.30	-	-
<b>Shares outstanding at the end of the year</b>	<b>45,31,819</b>	<b>453.19</b>	<b>45,28,813</b>	<b>452.89</b>

### ii) Terms and rights attached to equity shares

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

### iii) Details of shareholders holding more than 5% shares in the company

	March 31, 2020		March 31, 2019	
	Number of shares	% holding	Number of shares	% holding
<b>Equity Shares:</b>				
Dr S.Surendranath Reddy	26,81,603	59.17%	26,81,602	59.21%
M/s. Karakoram Limited	17,47,395	38.56%	17,44,498	38.52%

As per records the Company including registration of shareholders/ members, the above share holding represents both legal and beneficial ownership of shares.



## Notes to the Standalone Financial Statements

for the year ended 31 March 2020 (continued)

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

- iv) **Aggregate number of bonus shares issued, shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:**

	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016
Allotted as fully paid up equity shares pursuant to contracts without payment being received in cash	Nil	Nil	Nil	Nil	1,46,079

- v) **For details of shares reserved for issue under Employee Stock Option Plan (ESOP) of the Company, refer Note 31.**

**(b) Instruments entirely equity in nature**

	As at March 31 2020	As at March 31 2019
<b>Preference shares</b>		
Series A Compulsory Convertible Preference Shares (CCPS)	-	141.31
Series B Compulsory Convertible Preference Shares (CCPS)	-	99.99
<b>Total preference shares</b>	-	<b>241.30</b>

- i) **Reconciliation of preference shares outstanding at the beginning and at the end of the reporting year:**

	March 31, 2020		March 31, 2019	
	Number of shares	Amount	Number of shares	Amount
<b>Series A CCPS</b>				
Shares outstanding at the beginning of the year	14,13,071	141.31	14,13,071	141.31
Shares issued/(converted) during the year	(14,13,071)	(141.31)	-	-
<b>Shares outstanding at the end of the year</b>	<b>-</b>	<b>-</b>	<b>14,13,071</b>	<b>141.31</b>
<b>Series B CCPS</b>				
Shares outstanding at the beginning of the year	3,005	99.99	3,005	99.99
Shares issued/(converted) during the year	(3,005)	(99.99)	-	-
<b>Shares outstanding at the end of the year</b>	<b>-</b>	<b>-</b>	<b>3,005</b>	<b>99.99</b>

- ii) **Terms and rights attached to Compulsorily convertible preference shares:**

**Series A Compulsorily Convertible Preference Shares (CCPS)**

Series A Preference Shares are cumulative, mandatorily and fully convertible preference shares of Rs. 10 each with 0.001% coupon. Series A preference shares shall be participating preference shares and shall be entitled to participate in any dividend distribution to holders of equity shares on a fully diluted basis. These shares are convertible into equity shares on or before a specified date agreed between the shareholders and till the time these shares are converted, all of Series A preference shares collectively entitled for one vote. These Series A preference shares are converted into equity shares in the current year.

**Series B Compulsorily Convertible Preference Shares (CCPS)**

Series B Preference Shares are cumulative, mandatorily and fully convertible preference shares of Rs. 3,327.61 each with 0.001% coupon. Series B preference shares shall be participating preference shares and shall be entitled to participate in any dividend distribution to holders of equity shares on a fully diluted basis. These shares are convertible into equity shares on the occurrence of the earlier of (i) prior to filing a red herring prospectus in connection with initial public offering (ii) at the option of the preference share holder (iii) expiry of 10 years from the date of issuance. Till the time the aforesaid CCPS are not converted, all of Series B preference Shares shall be entitled to voting rights on a pro-rata basis with the Equity Shares of the Company on a fully diluted basis. These Series B preference shares are converted into equity shares in the current year.

The issue proceeds of Series A CCPS and Series B CCPS have been entirely classified under equity as they are settled with fixed number of entity's own equity instruments and meets the definition of "Equity Instruments" as defined in "Ind AS 32, Financial Instruments: Presentation".

## Notes to the Standalone Financial Statements

for the year ended 31 March 2020 (continued)

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

### iii) Details of shareholders holding more than 5% shares in the company

	March 31, 2020		March 31, 2019	
	Number of shares	% holding	Number of shares	% holding
<b>CCPS Series A</b>				
Dr S.Surendranath Reddy	-	-	13,93,588	98.62%
<b>CCPS Series B</b>				
M/s. Karakoram Limited	-	-	2,897	96.41%

### iv) Aggregate number of bonus shares issued, shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016
Allotted as fully paid up Series A CCPS by way of bonus	Nil	Nil	Nil	14,13,071	Nil
Allotted as fully paid up Series B CCPS by way of bonus	Nil	Nil	Nil	Nil	Nil

### (C) Other equity

Reserves and surplus	As at March 31 2020	As at March 31 2019
(i) General reserve	493.20	493.20
(ii) Employee stock options outstanding	63.18	22.20
(iii) Securities premium account	5,156.75	4,915.75
(iv) Retained earnings	21,583.41	15,472.53
	<b>27,296.54</b>	<b>20,903.68</b>

#### i) General reserve

	As at March 31 2020	As at March 31 2019
Balance at the commencement of the year	493.20	493.20
Add: Movement during the year	-	-
<b>Balance as at the end of the year</b>	<b>493.20</b>	<b>493.20</b>

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.

#### ii) Employee stock options outstanding

	As at March 31 2020	As at March 31 2019
Balance at the commencement of the year	22.20	-
Add: Share options expense for the period	40.98	22.20
<b>Balance as at the end of the year</b>	<b>63.18</b>	<b>22.20</b>

The company has established equity settled share based payment plans for employees of the company, refer note 31 for details on these plans.

## Notes to the Standalone Financial Statements

### for the year ended 31 March 2020 (continued)

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

#### iii) Securities premium

	As at March 31 2020	As at March 31 2019
Balance at the commencement of the year	4,915.75	4,915.75
Add: Movement during the year due to conversion of preference shares	241.00	-
<b>Balance as at the end of the year</b>	<b>5,156.75</b>	<b>4,915.75</b>

Securities premium is used to record the premium on issue of shares. It is utilised in accordance with the provisions of the "Act".

#### iv) Retained earnings

	As at March 31 2020	As at March 31 2019
Balance at the commencement of the year	15,472.53	10,594.71
Add: Profit for the year	6,123.80	4,891.78
Items of other comprehensive income recognised directly in retained earnings		
- Remeasurement of defined benefit obligations (net of tax)	(12.92)	(13.96)
<b>Amount available for appropriations</b>	<b>21,583.41</b>	<b>15,472.53</b>
Less: Appropriations	-	-
<b>Balance as at the end of the year</b>	<b>21,583.41</b>	<b>15,472.53</b>

Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distribution to shareholders.

OCI represents remeasurement of defined employee benefit obligations: Difference between the interest income on plan assets and the return actually achieved, any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments within the plans, are recognised in other comprehensive income and subsequently not reclassified to statement of profit and loss.

<b>Total Other equity (i+ii+iii+iv)</b>	<b>27,296.54</b>	<b>20,903.68</b>
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## 11 Financial liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
<b>(a) Non-Current borrowings</b>		
<b>Secured loans</b>		
Term loans		
- from banks	2,159.81	2,720.64
- from others	630.19	906.59
<b>Sub-total</b>	<b>2,790.00</b>	<b>3,627.23</b>
Less: Current maturities of long term borrowings	908.63	837.24
	<b>1,881.37</b>	<b>2,789.99</b>

#### Note:

##### i. Terms of secured loans from banks:

Term loans from banks are repayable in 36 - 84 equated monthly instalments and carry an interest rate of 8.50% - 10.50% per annum. These loans are secured by exclusive charge on plant and machinery-medical purchased out of the respective loans. Further, the loans from banks to the extent of Rs. 538.27 lakhs (March 31, 2019: 688.18 lakhs) is secured by personal guarantee of directors.

##### ii. Terms of secured loans from others:

Term loans from others are repayable in 36 - 72 equated monthly instalments and carries an interest rate of 7.4% - 9.4% per annum. These loans are secured by exclusive charge on plant and machinery-medical purchased out of the respective

## Notes to the Standalone Financial Statements

### for the year ended 31 March 2020 (continued)

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

loans. (b) Trade payables

Particulars	As at March 31, 2020	As at March 31, 2019
Total outstanding dues of micro and small enterprises (refer note 25)	3.29	-
Total outstanding dues of creditors other than micro and small enterprises *	1,893.59	1,847.82
	<b>1,896.88</b>	<b>1,847.82</b>

\* Includes amount payable to related parties (refer note 32)

#### (c) Other financial liabilities

	As at March 31, 2020	As at March 31, 2019
<b>Other financial liabilities</b>		
<b>Non-current</b>		
Deferred credit - medical equipment	87.45	187.27
	<b>87.45</b>	<b>187.27</b>
<b>Current</b>		
Current maturities of long term borrowings	908.63	837.24
Interest accrued but not due on borrowings	10.85	13.89
Employee payables	702.77	622.30
Deferred credit - medical equipment	143.98	123.20
Capital creditors	248.85	188.29
	<b>2,015.08</b>	<b>1,784.92</b>

## 12 Provisions

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Non-current</b>		
Provision for employee benefits:		
- Gratuity	159.73	65.77
- Compensated absences	104.11	76.19
Others:		
- Decommissioning liability	348.43	301.25
	<b>612.27</b>	<b>443.21</b>
<b>Current</b>		
Provision for employee benefits:		
- Gratuity	35.81	33.39
- Compensated absences	22.71	18.20
Others:		
- Disputed customs duty matters	32.52	32.52
	<b>91.04</b>	<b>84.11</b>

## Notes to the Standalone Financial Statements

### for the year ended 31 March 2020 (continued)

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

#### Note:

#### i. Movement in Provision for others:

	Decommissioning liability	Customs duty*
<b>Carrying amount as at April 01, 2018</b>	244.89	32.52
Add: Unwinding of interest	25.01	-
Add: Provision created during the year	31.35	-
Less: Provision reversed during the year	-	-
<b>Balance as at March 31, 2019</b>	<b>301.25</b>	<b>32.52</b>
<b>Carrying amount as at April 01, 2019</b>	<b>301.25</b>	<b>32.52</b>
Add: Unwinding of interest	30.97	-
Add: Provision created during the year	16.21	-
Less: Provision reversed during the year	-	-
<b>Balance as at March 31, 2020</b>	<b>348.43</b>	<b>32.52</b>

\* Provision of Rs 32.52 lakhs has been made in earlier years towards disputed customs duty matters, the obligation for which may arise on the outcome of the appeals and the quantum whereof will be determined as and when the appeals are disposed off.

### 13 Other liabilities

Non-Current		
Deferred revenue	11.76	13.66
	<b>11.76</b>	<b>13.66</b>
<b>Current</b>		
Deferred revenue	15.69	16.82
Advance from customers	11.01	15.60
Statutory liabilities	175.99	177.65
	<b>202.69</b>	<b>210.07</b>

### 14 Revenue from operations

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Sale of services	32,854.22	27,900.98
Other operating revenue		
- Sale of scrap	10.90	6.78
	<b>32,865.12</b>	<b>27,907.76</b>

### 15 Other income

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Interest income on bank deposits and others	391.46	265.29
Interest income on financial assets carried at amortised cost	33.50	22.40
Dividend income on current investments	-	12.13
Profit on sale of mutual fund investments	488.00	78.47



## Notes to the Standalone Financial Statements

for the year ended 31 March 2020 (continued)

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Fair value gain on financial assets (mutual funds) measured at FVTPL	166.23	436.48
Net gain on sale/retirement of property, plant and equipment	-	36.64
Liability no longer required written back	60.36	12.27
Insurance claim received	28.42	-
Other non-operating income	10.62	0.29
	<b>1,178.59</b>	<b>863.97</b>

### 16 Cost of materials consumed

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Inventory of materials as at the beginning of the year	200.98	225.40
Add: Purchases during the year	4,319.72	3,832.46
Less: Inventory of materials as at the end of the year	(269.22)	(200.98)
	<b>4,251.48</b>	<b>3,856.88</b>

### 17 Employee benefits expense

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Salaries, wages and bonus	5,458.77	4,653.22
Contribution to provident and other funds (refer note 30)	254.96	236.41
Gratuity (refer note 30)	82.38	64.58
Compensated absences	55.86	25.18
Share based payments - equity settled (refer note 31)	40.98	22.20
Staff welfare expenses	63.07	29.87
	<b>5,956.02</b>	<b>5,031.46</b>

### 18 Depreciation and amortisation expense

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation on property, plant and equipment (refer note 4(a))	3,264.70	2,532.76
Amortisation on other intangible assets (refer note 5)	62.47	36.61
Depreciation on Right of use assets * (refer note 4(b))	1,439.46	-
	<b>4,766.63</b>	<b>2,569.37</b>

\* Includes Rs 43.34 lakhs of amortisation of prepaid rent pursuant to implementation of new accounting standard IND AS 116.

### 19 Finance costs

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Interest on borrowings measured at amortised cost	292.74	259.18
Interest expense on deferred credit purchases and decommissioning liability	56.05	56.07
Interest expense on lease liabilities (refer note 4(b))	992.45	-
Bank charges and other borrowing costs	140.60	121.21
	<b>1,481.84</b>	<b>436.46</b>

## Notes to the Standalone Financial Statements

for the year ended 31 March 2020 (continued)

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

### 20 Other expenses

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Power and fuel	1,010.23	856.23
Rent (refer note (i) below)	72.20	1,449.57
Testing charges	77.09	69.77
Samples collection charges	198.61	180.07
Repairs and Maintenance		
a. Building	202.92	110.60
b. Plant and machinery	703.24	635.68
c. Others	168.37	151.25
House keeping expenses	495.71	420.38
Security charges	336.39	267.73
Insurance	26.95	22.19
Rates and taxes	43.76	35.50
Advertisement, publicity and marketing	320.16	349.32
Business promotion expenses	207.93	162.42
Travelling and Conveyance	185.76	160.54
Legal and professional charges	4,784.09	4,176.22
Payment to auditors (refer note (ii) below)	30.90	25.30
Postage and communication	124.43	115.16
Printing and stationery	77.32	82.00
Provision for doubtful receivables	46.08	120.71
Bad debts written off	4.42	-
Advances written off	8.62	-
Net loss on sale/retirement of property, plant and equipment	13.26	-
Corporate social responsibility expenditure (refer note (iii) below)	144.69	90.02
Donations	1.50	1.30
Miscellaneous expenses	128.06	124.18
	<b>9,412.69</b>	<b>9,606.14</b>

#### Notes:

##### i. Rent:

Based on notification by Ministry of Corporate Affairs (MCA), the Company has implemented IND AS 116 "Leases" with effect from April 01, 2019, replacing the IND AS 17 "Leases".

On application of Ind AS 116, the nature of expense has changed from lease rent in previous periods to depreciation cost for the right of use asset, and finance cost for interest accrued on lease liability.

	As per IND AS 116 Leases	As per erstwhile IND AS 17
Rent expense	72.20	1,747.34
Interest expense on lease liabilities	992.45	-
Depreciation expense on right of use assets	1,396.12	-
	<b>2,460.77</b>	<b>1,747.34</b>

## Notes to the Standalone Financial Statements

### for the year ended 31 March 2020 (continued)

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

#### ii. Payment to auditors (inclusive of taxes)

	Year ended March 31, 2020	Year ended March 31, 2019
As auditors		
- Statutory audit fees	29.50	23.60
For reimbursement of expenses	1.40	1.70
	<b>30.90</b>	<b>25.30</b>

#### iii. Details of corporate social responsibility expenditure

	Year ended March 31, 2020	Year ended March 31, 2019
(i) Gross amount required to be spent by the Company during the year	122.02	101.47
(ii) Amount spent during the year (in cash)		
- construction/ acquisition of any asset	-	-
- on purpose other than above	144.69	90.02

## 21 Income-tax expense

	Year ended March 31, 2020	Year ended March 31, 2019
<b>(a) Amount recognised in statement of profit and loss</b>		
Current tax	2,290.00	2,015.00
Deferred tax attributable to temporary differences	(209.63)	122.27
Tax pertaining to earlier years	(29.12)	11.96
<b>Tax expense</b>	<b>2,051.25</b>	<b>2,149.23</b>
<b>(b) Amount recognised in other comprehensive income</b>		
<b>Deferred tax related to items recognised in OCI</b>		
Deferred tax expense/(income) on remeasurements of defined benefit obligations	(4.35)	(5.74)
<b>Income-tax expense/(income) recognised in OCI</b>	<b>(4.35)</b>	<b>(5.74)</b>
<b>(c) Reconciliation of effective tax rate:</b>		
<b>Profit before tax</b>	<b>8,175.05</b>	<b>7,041.01</b>
Enacted tax rate in India*	25.17%	29.12%
<b>Tax expense at enacted rates</b>	<b>2,057.50</b>	<b>2,050.34</b>
<b>Tax effect of:</b>		
Non-deductible expenses		
- Share of (profit)/loss from LLP, where Company is a partner	-	67.10
Tax exempt income	-	(3.54)
Others	22.87	23.37
	2,080.37	2,137.27
Tax pertaining to earlier years	(29.12)	11.96
<b>Income-tax recognised in the statement of profit and loss</b>	<b>2,051.25</b>	<b>2,149.23</b>

\* The Taxation Laws (Amendment) Ordinance, 2019 ('Ordinance') was promulgated on September 20, 2019. The Ordinance has amended the Income Tax Act, 1961 and Finance Act, 2019 to inter-alia provide an option to domestic companies to pay income tax at a reduced tax of 22 percent plus applicable surcharge and cess with certain conditions to be met. The Company has opted for this amendment and tax rate is calculated at 22% plus applicable surcharge and cess.

## Notes to the Standalone Financial Statements

### for the year ended 31 March 2020 (continued)

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

(d) The following table provides the details of income tax assets and income tax liabilities:

	As at March 31, 2020	As at March 31, 2019
Income-tax assets, net	25.72	25.42
Current tax liabilities, net	(138.92)	(186.69)
	<b>(113.20)</b>	<b>(161.27)</b>

	Year ended March 31, 2020	Year ended March 31, 2019
Net current income-tax liability at the beginning of the year	161.27	15.32
Add: Current tax expense	2,290.00	2,015.00
Add: Tax pertaining to earlier years	(29.12)	11.96
Less: Tax paid during the year	(2,308.95)	(1,881.01)
<b>Net income tax liability at the end of the year</b>	<b>113.20</b>	<b>161.27</b>

## 22 Contingent liabilities and commitments (to the extent not provided for)

### Contingent liabilities

	As at March 31, 2020	As at March 31, 2019
Claims against the Company not acknowledged as debts:	-	-
Corporate guarantees to subsidiaries:		
- Medinova Diagnostic Services Limited.	36.01	92.53

The Company based on its legal assessment do not believe that any of the pending claims require a provision as at the balance sheet date, as the likelihood of the probability of an outflow of resources at this point of time is low.

### Capital and commitments

	As at March 31, 2020	As at March 31, 2019
Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances)	1,348.65	74.78

**23** Pursuant to revised guidance note on Division II - Ind AS Schedule III to the Companies Act, 2013 revised in July 2019, as per para 9.4.2, the Company has not recognised share of profit/(loss) from its investment in Limited Liability Partnership (LLP) in the standalone financial statements.

## 24 Earnings per share

	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Earnings for the year</b>		
Net profit for the year attributable to equity shareholders (A)	6,123.80	4,891.78
<b>Shares</b>		
Weighted average number of equity shares for Basic EPS (B)	45,31,819	45,28,813
Add: Effect of dilution		
- On account of Compulsory Convertible Preference Shares (Series A and Series B)	-	3,006
- On account of outstanding employee based share based options	21,423	11,937

## Notes to the Standalone Financial Statements

### for the year ended 31 March 2020 (continued)

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

	For the year ended March 31, 2020	For the year ended March 31, 2019
Weighted average number of equity shares for Diluted EPS (C)	45,53,242	45,43,756
(a) Basic earnings per share of face value of Rs. 10 each (A/B)	135.13	108.01
(b) Diluted earnings per share of face value of Rs. 10 each (A/C)	134.49	107.66

## 25 Dues to micro and small enterprises

The details of Micro, Small and Medium Enterprises as defined under the MSMED Act, 2006.

Particulars	March 31, 2020	March 31, 2019
(a) the principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year;		
- Principal	3.29	-
- Interest	-	-
(b) the amount of interest paid by the buyer in terms of Section 16 of the MSMED Act, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
(c) 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 this MSMED Act;	-	-
(d) the amount of interest accrued and remaining unpaid at the end of the each accounting year; and	-	-
(e) 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 of a deductible expenditure under Section 23 of the MSMED Act.	-	-

**Note:** The list of undertakings covered under MSMED Act was determined by the Company on the basis of information available with the Company and has been relied upon by the auditors.

## 26 Disclosure as per Section 186 of the Companies Act, 2013

The details of loans, guarantees and investments under Section 186 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 are as follows :

- (i) Details of investments made are given in Note 6(a)
- (ii) Details of the loans given by the Company is given in Note 6(c)
- (iii) Details of guarantees given by the Company is given in Note 22

## 27 Segment reporting

### A. Basis for segmentation

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. All operating segment's results are reviewed regularly by the Company's Chairman and CEO to make decisions about resources to be allocated to the segments and assess their performance.

The Chief Operating Decision Maker ("CODM") evaluates the Company's performance and allocates resources based on an analysis of various performance indicators at operational unit level and since there is single operating segment, no segment disclosures of the company is presented. The Company's operations fall within a single business segment "Diagnostic services".



## Notes to the Standalone Financial Statements

### for the year ended 31 March 2020 (continued)

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

#### B. Geographical information

The Company operates within India and therefore there are no assets or liabilities outside India.

#### C. Major customers

Revenue from any single customer of the Company's operating segment does not exceed 10% of the total revenue reported and hence the Management believes that there are no major customers to be disclosed.

### 28 Purchase commitments towards reagent kits

The Company has entered into agreements with certain suppliers for purchase of reagents which include the right to use equipment during the life of the agreement in addition to purchase of minimum committed quantities of reagents every year. These agreements are in substance, cost of reagents and services arrangements provided by the supplier on an annual basis and the minimum purchase commitments therein do not result in more than insignificant penalty on termination of the agreement. The cost of reagents which includes the cost of rental of the equipment is recorded as cost of material consumed.

29 In February 2019, the Honorable Supreme Court of India vide its judgement, clarified the definition and scope of 'Basic Wages' under the Employees' Provident Funds & Miscellaneous Provision Act, 1952. The judgement is silent on the retrospective application and in the absence of any guidelines by the regulatory authorities and considering the practical difficulties, no effect is given for the earlier periods as the same is currently not determinable.

### 30 Employee benefit plans

The Company has following post employment benefit plans:

#### (a) Defined contribution plans

Contributions were made to provident fund (at the rate of 12% of basic salary) and Employee State Insurance in India for the employees of the Company as per the regulations. These contributions are made to registered funds administered by the Government of India. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any other constructive obligation. The expense recognised during the year in the standalone statement of profit and loss towards defined contribution plan is Rs. 254.96 lakhs (March 31, 2019: Rs. 236.41 lakhs).

#### (b) Defined benefit plan

The Company provides for Gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for Gratuity. The amount of Gratuity payable on retirement/ termination is the employee's last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service or part thereof in excess of six months, restricted to a sum of Rs. 20.00 lakhs.

The Gratuity plan is administered through a Gratuity Scheme with Life Insurance Corporation of India ('LIC'). The Company does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

This defined benefit plans expose the Company to actuarial risks, such as longevity risk, interest rate risk and market (investment) risk.

#### i. Reconciliation of the net defined benefit (asset)/liability

The amounts recognised in the balance sheet and the movements in the defined benefit obligation and fair value of plan assets over the year are as follows:

	March 31, 2020			March 31, 2019		
	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount
Opening balance	263.56	164.41	99.16	202.70	133.38	69.32
Current service cost	75.17	-	75.17	59.35	-	59.35
Interest expense/ (income)	19.19	(11.98)	7.21	15.29	(10.06)	5.23
Recognised in statement of profit or loss	94.36	(11.98)	82.38	74.64	(10.06)	64.58

## Notes to the Standalone Financial Statements

for the year ended 31 March 2020 (continued)

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

	March 31, 2020			March 31, 2019		
	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount
<i>Remeasurements</i>						
Return on plan assets, excluding amounts included in interest expense	-	4.29	4.29	-	16.23	16.23
Actuarial (gains)/ losses arising from:						
- Changes in demographic assumptions	0.04	-	0.04	-	-	-
- Changes in financial assumptions	21.25	-	21.25	5.06	-	5.06
- Experience variance (i.e. actual experience vs assumptions)	(8.31)	-	(8.31)	(1.59)	-	(1.59)
<b>Re-measurements recognised in other comprehensive income</b>	<b>12.98</b>	<b>4.29</b>	<b>17.27</b>	<b>3.47</b>	<b>16.23</b>	<b>19.70</b>
Contribution paid to the plan	-	3.27	(3.27)	-	54.45	(54.45)
Benefits paid	(28.42)	(28.42)	-	(17.25)	(17.25)	-
<b>Closing balance</b>	<b>342.48</b>	<b>146.95</b>	<b>195.54</b>	<b>263.56</b>	<b>164.41</b>	<b>99.16</b>

### ii. Plan assets

Plan assets comprises of the following:

	March 31, 2020	March 31, 2019
Funds managed by Life Insurance Corporation of India	100%	100%

### iii. Actuarial assumptions

Principal actuarial assumptions for defined benefit obligation are as follows:

	March 31, 2020	March 31, 2019
Discount rate	6.30%	7.25%
Salary escalation rate	8.00%	8.00%
Attrition rate	10.00% to 15.00%	10.00% to 15.00%

**Discount rate:** The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

**Salary escalation rate:** The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

**Attrition rate:** Represents the Company's best estimate of employee turnover in future (other than on account of retirement, death or disablement) determined considering various factors such as nature of business, retention policy, industry factors, past experience, etc.

### iv. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation and current service cost by the amounts shown below:

	Change in assumption		Increase in assumption			Decrease in assumption		
	March 31, 2020	March 31, 2019		March 31, 2020	March 31, 2019		March 31, 2020	March 31, 2019
Discount rate	1.00%	1.00%	Decrease by	22.34	16.24	Increase by	25.14	18.20
Salary escalation rate	1.00%	1.00%	Increase by	24.46	17.89	Decrease by	22.21	16.28
Attrition rate	50.00%	50.00%	Decrease by	23.59	14.20	Increase by	37.52	19.67

## Notes to the Standalone Financial Statements

### for the year ended 31 March 2020 (continued)

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

The sensitivity analysis presented above may not be representative of the actual change in the projected 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 projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

#### v. Expected contributions to the plan for the next annual reporting period

Expected contribution to post-employment benefit plans for the next year ending March 31, 2021 is Rs. 45.00 lakhs.

#### vi. Maturity profile of the defined benefit liability

The weighted average duration of the defined benefit obligation is 7 years (March 31, 2019 - 6 years). The expected maturity analysis of defined benefit obligation on an undiscounted basis is as follows:

	Less than a year	Between 2-5 years	Between 6-10 years	More than 10 years
31 March 2020	35.81	157.24	160.03	219.85
31 March 2019	33.39	128.59	129.30	176.67

## 31 Share based payments

### VDCPL Employee Stock Option Plan 2018 "The Plan" or "ESOP 2018"

The shareholders of the Company approved "VDCPL Employee Stock Option Plan 2018 (ESOP 2018)" at the Extraordinary General Meeting held on May 03, 2018 to grant a maximum of 162,500 options to specified categories of employees of the Company. Each option granted and vested under ESOP 2018 shall entitle the holder to acquire one equity share of face value of Rs. 10 each of the Company.

The Plan consists of four schemes with various vesting periods from the grant date subject to satisfaction of vesting conditions. The method of settlement under the Plan is by issue of equity shares of the Company and there are no cash settlement alternatives for the employees.

The time and performance based options under Scheme 1 become eligible on an annual basis at 30%, 30%, 20% and 20% over a period of four years and vesting starts from second year. The time and performance based options under Scheme 2 become eligible on an annual basis at 25%, 25%, 25% and 25% over a period of four years and vesting starts from third year. The time based options under Scheme 3 become eligible on an annual basis at 25%, 25%, 25% and 25% over a period of four years and vesting starts from third year. The time based options under Scheme 4 become eligible on annual basis at 100% and vest on second year from the grant date. Vested options can be exercised over a period of ten years from the grant date. The Exercise Price is the fair value of the equity share as on the date of the grant.

The Remuneration Committee of the Board of Directors accordingly, granted 54,853 options under three grants of 46,375, 900 and 7578 to eligible employees on May 10, 2018, October 31, 2018 and April 01, 2019 respectively, under ESOP 2018 - Scheme 1, Scheme 2, Scheme 3 and Scheme 4.

The fair value of equity share options is estimated at the date of grant using Black- Scholes model, taking into account the terms and conditions upon which the share options were granted. Based on the historical trends, 50% of stock options are expected to be vested and exercised, accordingly the total compensation cost recognised in the statement of profit and loss is Rs.40.98 lakhs (March 31, 2019 - 22.20 Lakhs).

#### (A) Details of options granted under ESOP 2018 are as below:

Grant	Grant date	Number of options granted	Number of options outstanding	Exercise Price (in Rs.)	Fair value at grant date (in Rs.)
1st Grant	10-May-18	46,375	12,945	2,200	2,221
2nd Grant	31-Oct-18	900	900	2,339	2,339
3rd Grant	1-Apr-19	7,578	7578	2,369	2,369

## Notes to the Standalone Financial Statements

for the year ended 31 March 2020 (continued)

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

### (B) The movement of stock options during the year (in No's) :

	Year ended March 31, 2020	Year ended March 31, 2019
Balance at the beginning of the year	13,845	-
Granted during the year	7,578	47,275
Vested/exercisable during the year	-	-
Forfeited during the year	-	33,430
Exercised during the year	-	-
Balance at the end of the year	21,423	13,845

### (C) The key assumption used to estimate the fair value of stock option as on grant date:

Grant date	Dividend yield	Risk-free interest rate	Expected life of options granted in years	Expected volatility
10-May-18	0%	7.95%	5.5 Years to 7 Years	21.32%
31-Oct-18	0%	7.84%	5.5 Years to 7 Years	24.95%
1-Apr-19	0%	7.15%	5.5 Years to 7 Years	29.52%

## 32 Related parties

### (a) Details of related parties

Description of relationship	Name of the related parties
Subsidiaries	Medinova Diagnostic Services Limited Doctors Lab Medical Services Private Ltd. VDC Diagnostics (Karnataka) LLP
Step down subsidiaries	Namrata Diagnostic Centre Private Limited
Key Management Personnel (KMP)	Dr. S Surendranath Reddy (Executive Chairman) S Suprita Reddy (Chief Executive Officer), Retired as Managing Director w.e.f October 31, 2019 and appointed as CEO w.e.f November 01, 2019. K Sunil Chandra (Executive Director) S Geetha Reddy (Additional Director w.e.f November 21, 2019)
Enterprise where KMP has significance influence	Vijaya Hospitals Private Limited Summit Nutraceuticals Private Limited Kshetra Agritech Private Limited Trikona Pharmaceuticals Private Limited
Relative of KMP	Trikona Holdings LLP Vijaya Holdings India LLP Vaishnavi Diagnostic Private Limited S Square Properties LLP Park Health Systems Private Limited IFFCO Kisan Sez Limited

## Notes to the Standalone Financial Statements

### for the year ended 31 March 2020 (continued)

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

Description of relationship	Name of the related parties
Relative of KMP	B Vishnu Priya (Wife of K Sunil Chandra) C Damodar Reddy (Husband of S Suprita Reddy) C Rhea Reddy (Daughter of S Suprita Reddy) C Arjun Reddy (Son of S Suprita Reddy) S Suhas Reddy (Son of K Sunil Chandra) S Sushmita Reddy (Daughter of K Sunil Chandra)
Controlled Trust	Vijaya Diagnostic Charitable Trust

#### (b) Details of transactions during the year

	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Rent paid</b>		
Dr. S Surendranath Reddy	383.58	346.60
K Sunil Chandra	76.15	71.81
S Suprita Reddy	43.31	42.10
S Geetha Reddy	241.56	204.42
B Vishnu Priya	1.63	1.44
Vijaya Hospitals Private Limited	97.77	92.64
<b>Rental deposits given, net *</b>		
Dr. S Surendranath Reddy	15.10	50.24
S Suprita Reddy	3.47	1.73
K Sunil Chandra	-	2.75
S Geetha Reddy	-	38.47
<b>Sale of consumables</b>		
VDC Diagnostics (Karnataka) LLP	1.09	3.66
<b>Purchase of consumables</b>		
VDC Diagnostics (Karnataka) LLP	-	1.37
<b>Sale of services</b>		
Medinova Diagnostic Services Limited	19.37	25.75
VDC Diagnostics (Karnataka) LLP	12.05	16.69
Medinova Millennium MRI Services LLP	0.35	3.55
Park Health Systems Private Limited	55.44	165.34
<b>Loans given</b>		
Medinova Diagnostic Services Limited	45.38	20.00
VDC Diagnostics (Karnataka) LLP	69.85	144.97
Doctors Lab Medical Services Private Ltd.	10.04	1.30
<b>Loans recovered</b>		
Medinova Diagnostic Services Limited	4.05	0.00
VDC Diagnostics (Karnataka) LLP	0.96	4.02
Doctors Lab Medical Services Private Ltd.	75.00	-
<b>Conversion of Loan into Investment</b>		
VDC Diagnostics (Karnataka) LLP	1,550.00	-
<b>Interest income</b>		
Medinova Diagnostic Services Limited	5.49	1.33



## Notes to the Standalone Financial Statements

for the year ended 31 March 2020 (continued)

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Remuneration to KMP and their relatives</b>		
Dr. S Surendranath Reddy	180.00	180.00
K Sunil Chandra	60.00	60.00
S Suprita Reddy	150.00	120.00

### (c) Amounts due (to)/ from related parties

	As at March 31, 2020	As at March 31, 2019
<b>Rent payable</b>		
Dr. S Surendranath Reddy	(22.53)	(27.35)
S Suprita Reddy	(2.54)	(3.30)
K Sunil Chandra	(3.97)	(5.12)
Vijaya Hospitals Pvt. Ltd.	(5.71)	(7.62)
S Geetha Reddy	(14.20)	(18.29)
B Vishnu Priya	(0.10)	(0.01)
<b>Rental deposits *</b>		
Vijaya Hospitals Pvt. Ltd.	34.95	34.95
Dr. S Surendranath Reddy	114.14	99.05
S Suprita Reddy	17.35	13.88
K Sunil Chandra	24.76	24.76
S Geetha Reddy	71.77	71.85
B Vishnu Priya	0.72	0.72
<b>Trade receivables</b>		
Medinova Diagnostic Services Limited	99.57	81.72
VDC Diagnostics (Karnataka) LLP	-	92.24
Medinova Millennium MRI Services LLP	3.51	5.57
Park Health Systems Private Limited	10.19	9.11

	As at March 31, 2020	As at March 31, 2019
<b>Share of loss in LLP</b>		
VDC Diagnostics (Karnataka) LLP	(1,760.00)	(1,760.00)
<b>Loans outstanding</b>		
Medinova Diagnostic Services Limited	70.66	28.00
Doctors Lab Medical Services Private Ltd.	97.66	162.62
VDC Diagnostics (Karnataka) LLP	78.59	1,559.71
<b>Interest receivable</b>		
Medinova Diagnostic Services Limited	5.49	1.33
<b>Remuneration payable to KMP</b>		
Dr. S Surendranath Reddy	(9.82)	(12.00)
K Sunil Chandra	(3.48)	(4.90)
S Suprita Reddy	(8.12)	(8.80)
<b>Corporate guarantees outstanding</b>		
Medinova Diagnostic Services Limited	36.01	92.53

\* The amount represents the gross amount given as security deposits to the related parties.

## Notes to the Standalone Financial Statements

### for the year ended 31 March 2020 (continued)

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

**Note:**

All transactions with these related parties are at arm's length basis and resulting outstanding receivables and payables including financial assets and financial liabilities balances are settled in cash. None of the balances are secured. (All the amounts of transactions and balances disclosed in this note are gross and undiscounted.)

### 33 Capital management

The Company's policy is to maintain a stable and strong capital structure with a focus on equity so as to provide returns to shareholders, benefits to other stakeholders, creditors and to sustain future development and growth of the business. In order to maintain the capital structure, the Company monitors the return on capital as well as debt to total equity ratio. The Company aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to all its shareholders. For the purpose of debt to total equity, debt includes its long-term and short-term borrowings. Total equity comprises of issued share capital and all other equity reserves.

	March 31, 2020	March 31, 2019
Total debt	2,790.00	3,627.23
Total equity	27,749.73	21,597.87
<b>Debt equity ratio</b>	<b>0.10</b>	<b>0.17</b>

The Company's bank balances are at Rs 11,365.80 lakhs which are significantly higher than the debt outstanding of Rs 2,790.00 lakhs. Nominal debt is being maintained to establish credit history for any future requirements.

### 34 Financial instruments

#### (A) Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

Particulars	Note	March 31, 2020		March 31, 2019		Fair value level
		Amortised Cost	Fair value	Amortised Cost	Fair value	
<b>Financial assets</b>						
Investments (other than in subsidiary Companies and LLP)						
- in mutual funds - FVTPL	6 (a)	-	5,340.24	-	6,883.70	Level 1
- in equity instruments - FVOCI	6 (a)	-	4.00	-	4.00	Level 3
Trade receivables	6 (b)	857.99	-	1,040.73	-	
Loans	6 (c)	790.92	-	705.25	-	
Cash and cash equivalents	6 (d)	5,548.53	-	921.58	-	
Other bank balances	6 (e)	5,817.27	-	4,301.23	-	
Other financial assets	6 (f)	50.14	-	267.61	-	
<b>Total financial assets</b>		<b>13,064.85</b>	<b>5,344.24</b>	<b>7,236.40</b>	<b>6,887.70</b>	
<b>Financial liabilities</b>						
Borrowings	11 (a)	2,790.00	-	3,627.23	-	
Lease liabilities	4(b)	12,838.62	-	-	-	
Trade payables	11 (b)	1,896.88	-	1,847.82	-	
Other financial liabilities	11 (c)	1,193.90	-	1,134.95	-	
<b>Total financial liabilities</b>		<b>18,719.40</b>	<b>-</b>	<b>6,610.00</b>	<b>-</b>	

## Notes to the Standalone Financial Statements

### for the year ended 31 March 2020 (continued)

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

The fair value of trade receivables, loans, other financial assets, cash and cash equivalents, other bank balances, borrowings, trade payables and other financial liabilities approximate their carrying amount largely due to short-term nature of these instruments. Investments in mutual funds, which are classified as FVTPL are measured using net assets value at the reporting date multiplied by the quantity held. With respect to Corporate guarantees, the management has measured the fair value of such contracts as 'Nil'.

#### (B) Measurement of fair values

##### i. Valuation techniques and significant unobservable inputs

Investment in equity instruments: The fair value of investment in equity instruments approximate to its carrying value. Hence, no fair value gain/ (loss) accounted in OCI.

##### ii. Transfer between Level 1 and 2

There have been no transfers from Level 2 to Level 1 or vice-versa in the current year and no transfers in either direction in previous year.

##### iii. Level 3 fair values

	FVOCI Equity securities	
	March 31, 2020	March 31, 2019
Balance as at the beginning of the year	4.00	4.00
Investment made	-	-
Net change in fair value (unrealised)	-	-
<b>Balance as at the end of the year</b>	<b>4.00</b>	<b>4.00</b>

#### (C) Financial risk management

The Company activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk.

Risk	Exposure arising from	Measurement	Management
Credit risk	Trade receivables, security deposits, bank deposits and loans.	Ageing analysis. Credit score of customers/ entities.	Monitoring the credit limits of customers and obtaining security deposits
Liquidity risk	Borrowings	Cash flow forecasts managed by finance team under the overview of Senior Management.	Working capital management by Senior Management. The excess liquidity is channelised through bank deposits and investment in mutual funds.

The Company's risk management is carried out by the Senior Management under policies approved by the Board of Directors. The Board of Directors provides guiding principles for overall risk management, as well as policies covering specific areas such as credit risk and liquidity risk.

##### i. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and loans.

The Company has no significant concentration of credit risk with any counterparty.

##### **Trade receivables and loans:**

Customer credit risk is managed by the respective department subject to Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on individual credit limits as defined by the Company. Outstanding customer receivables are regularly monitored.

## Notes to the Standalone Financial Statements

### for the year ended 31 March 2020 (continued)

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

#### Expected credit loss (ECL) assessment for individual customers:

As per simplified approach, the Company makes provision of expected credit losses on trade receivable using a provision matrix to mitigate the risk of default payment and make appropriate provision at each reporting date.

The ageing analysis of the receivables has been considered from the date the invoice falls due.

	< 180 days	> 180 days	Provision	Total
March 31, 2020	518.83	504.52	(165.36)	857.99
March 31, 2019	582.48	639.12	(180.87)	1,040.73

Management believes that the unimpaired amounts that are past due by more than 180 days are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk.

#### The movement in the allowance for impairment in respect of trade receivables is as follows:

	March 31, 2020	March 31, 2019
Balance at the beginning of the year	180.87	71.08
Add: Allowance measured at lifetime expected credit loss	46.08	120.71
Less: Amounts written off	61.59	10.92
<b>Balance at the end of the year</b>	<b>165.36</b>	<b>180.87</b>

The Company has an exposure of Rs. 252.41 lakhs as at March 31, 2020 (March 31, 2019: Rs. 272.95 lakhs) for loans given to subsidiaries. Such loans are classified as financial asset measured at amortised cost. The Company did not have any amounts that were past due but not impaired at March 31, 2020 or March 31, 2019. The Company has no collateral in respect of these loans.

Credit risk on cash and cash equivalents, deposits with banks is generally low as the said deposits have been made with the banks who have been assigned high credit rating by credit rating agencies. Investments of surplus funds are made only with approved financial institutions. Investments primarily include investments in subsidiaries and mutual funds. The funds are invested as per "Investment Policy" approved by the Board of Directors and are made only in debt funds with rating of AAA+ and with no exposure of more than 20% to a single fund house.

#### ii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The finance team monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash outflows on trade payables and other financial liabilities and any excess/ short liquidity is managed in the form of current borrowings, bank deposits and investment in mutual funds as per the approved frame work.

#### Exposure to liability risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

	Carrying amount	Total	Contractual cash flows			
			Less than 1 year	1-2 years	2-5 years	More than 5 years
<b>March 31, 2020</b>						
Borrowings (including current maturities of long-term borrowings)	2,790.00	2,790.00	908.63	919.76	961.61	-
Lease liabilities	12,838.62	19,877.63	1,944.58	1,974.12	6,163.40	9,795.54
Trade payables	1,896.88	1,896.88	1,896.88	-	-	-
Deferred capital creditors - on purchase of medical equipments	231.43	253.03	151.69	77.03	24.31	-
Capital creditors	248.85	248.85	248.85	-	-	-
Other financial liabilities	713.62	713.62	713.62	-	-	-
	<b>18,719.40</b>	<b>25,780.01</b>	<b>5,864.25</b>	<b>2,970.91</b>	<b>7,149.32</b>	<b>9,795.54</b>

## Notes to the Standalone Financial Statements

for the year ended 31 March 2020 (continued)

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

	Carrying amount	Total	Contractual cash flows			
			Less than 1 year	1-2 years	2-5 years	More than 5 years
<b>March 31, 2019</b>						
Borrowings (including current maturities of long-term borrowings)	3,627.23	3,627.23	837.24	908.63	1,881.36	-
Trade payables	1,847.82	1,847.82	1,847.82	-	-	-
Deferred capital creditors - on purchase of medical equipments	310.47	357.19	129.41	126.43	101.35	-
Capital creditors	188.29	188.29	188.29	-	-	-
Other financial liabilities	636.19	636.19	636.19	-	-	-
	<b>6,610.00</b>	<b>6,656.72</b>	<b>3,638.95</b>	<b>1,035.06</b>	<b>1,982.71</b>	<b>-</b>

Except for these financial liabilities, it is not expected that cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

### iii. Market risk

Market risk is the risk that results from changes in market prices - such as foreign exchange rates, interest rates and others - will affect the Company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

## 35 Disclosure as per Ind AS 115 - Revenue from contracts with customers

	As at March 31, 2020	As at March 31, 2019
<b>Contract assets</b>		
- Unbilled revenue	-	-
- Trade receivables	1,023.35	1,221.60
<b>Contract liabilities</b>		
- Advances from customers	11.01	15.60
- Contract liability- deferred revenue	27.45	30.48

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.

## 36 Comparative figures

The Comparative figures for the previous year have been re-arranged to conform with the current year presentation of the accounts.

As per our Report of even date attached  
For **B S R & Associates LLP**  
Chartered Accountants  
ICAI Firm registration number: 116231W/ W-100024

**Sriram Mahalingam**  
Partner  
Membership Number: 049642

Place: Hyderabad  
Date: July 16, 2020

For and on behalf of the Board of Directors of  
**Vijaya Diagnostic Centre Private Limited**  
CIN: U85195TG2002PTC039075

**Dr. S Surendranath Reddy**  
Executive Chairman  
DIN Number: 00108599

**K. Sunil Chandra**  
Executive Director  
DIN Number: 01409332

Place: Hyderabad  
Date: July 16, 2020

**S Suprita Reddy**  
Chief executive officer

**V. Sri Lakshmi**  
Company Secretary



# INDEPENDENT AUDITORS' REPORT

**To the Members of  
Vijaya Diagnostic Centre Private Limited**

## Report on the Audit of Consolidated Financial Statements

### Opinion

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

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

### 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 Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub paragraph (a) of the "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

### Other Information

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's

Director's report, but does not include the consolidated financial statements and our auditors' report thereon. The Holding Company's Director's report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. "When we read the Director's report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance."

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

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ("Ind AS") specified under Section 133 of the Act. The respective Management and Board of Directors of the companies/ Designated Partners of the Limited Liability Partnerships included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective management and Board of Directors of the companies/ Designated Partners of the Limited Liability Partnerships included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors/ Designated Partners

either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies/ Designated Partners of Limited Liability Partnerships included in the Group is responsible for overseeing the financial reporting process of each company/ Limited Liability Partnership.

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

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

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

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

disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in paragraph (a) of the 'Other Matters' paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

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

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

#### **Other Matters**

- (a) We did not audit the financial statements of five subsidiaries, whose financial statements reflect total assets of Rs. 1,282.15 lakhs as at 31 March 2020, total revenues of Rs. 1,057.94 lakhs and net cash outflows amounting to Rs. 17.78 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report

in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the audit reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

#### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries as were audited by other auditors, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements;
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
  - c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
  - d) In our opinion, the aforesaid consolidated 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 of the Holding Company as on 31 March 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, incorporated in India, none of the directors of the Group companies, incorporated in India is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act;
  - f) With respect to the adequacy of the internal financial controls with reference to financial statements of

the Holding Company, its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A";

2. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries, as noted in the 'Other Matters' paragraph:
  - i. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2020 on the consolidated financial position of the Group. Refer Note 22 to the consolidated financial statements;
  - ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company or its subsidiary companies incorporated in India during the year ended 31 March 2020; and
  - iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these consolidated financial statements since they do not pertain to the financial year ended 31 March 2020.
3. With respect to the matter to be included in the Auditors' Report under section 197(16):

The provisions of Section 197 of the Act are applicable only to public company. Accordingly, the matter to be included in the Auditors' Report under Section 197(16) is not applicable to the Holding Company

#### For B S R & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 116231W/W-100024

#### Sriram Mahalingam

Partner

Membership No.: 049642

ICAI UDIN: 20049642AAAADL1215

**Place:** Hyderabad

**Date:** 16 July 2020

## **Annexure A to the Independent auditors' report on the consolidated financial statements** of Vijaya Diagnostic Centre Private Limited for the year ended 31 March 2020

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

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

#### **Opinion**

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

In our opinion, the Holding Company and such companies incorporated in India which are its subsidiary companies, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to consolidated financial statements criteria established by the such companies considering the essential components of such 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 respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply

with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

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

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

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

A company's internal financial controls with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

A company's internal financial controls with reference to consolidated financial statements includes those policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

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

**Other Matters**

Our aforesaid reports under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to one subsidiary company, which is incorporated in India, is based on the corresponding report of the auditor of said subsidiary incorporated in India.

**For B S R & Associates LLP**

Chartered Accountants

Firm Registration Number: 116231W/W-100024

**Sriram Mahalingam**

Partner

Membership No.: 049642

ICAI UDIN: 20049642AAAADL1215

**Place:** Hyderabad

**Date:** 16 July 2020



# Consolidated Balance Sheet

as at 31 March 2020

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

Particulars		Notes	As at March 31, 2020	As at March 31, 2019
I	<b>ASSETS</b>			
	<b>Non-current assets</b>			
	(a) Property, plant and equipment	4(a)	13,984.91	14,373.10
	(b) Capital work-in-progress		926.12	270.86
	(c) Right of use assets	4(b)	12,537.71	-
	(d) Other intangible assets	5	103.57	74.63
	(e) Intangible assets under development		36.50	-
	(f) Goodwill on consolidation		533.75	687.99
	(g) Financial assets			
	(i) Investments	6 (a)	4.00	4.00
	(ii) Loans	6 (c)	538.51	422.17
	(iii) Other financial assets	6 (f)	10.00	9.61
	(h) Deferred tax assets, (net)	7	158.14	-
	(i) Non-current tax assets, (net)	21 (d)	69.70	62.54
	(j) Other non-current assets	9	666.16	361.59
	<b>Total non-current assets</b>		<b>29,569.07</b>	<b>16,266.49</b>
II	<b>Current assets</b>			
	(a) Inventories	8	277.32	217.83
	(b) Financial assets			
	(i) Investments	6 (a)	5,467.32	6,883.70
	(ii) Trade receivables	6 (b)	810.67	928.09
	(iii) Cash and cash equivalents	6 (d)	5,556.81	962.09
	(iv) Bank balances other than (iii) above	6 (e)	6,262.30	4,301.23
	(v) Loans	6 (c)	5.73	35.75
	(vi) Other financial assets	6 (f)	48.47	261.43
	(c) Other current assets	9	217.31	207.54
	<b>Total current assets</b>		<b>18,645.93</b>	<b>13,797.66</b>
	<b>TOTAL ASSETS (I + II)</b>		<b>48,215.00</b>	<b>30,064.15</b>
I	<b>EQUITY AND LIABILITIES</b>			
	<b>Equity</b>			
	(a) Equity share capital	10 (a)	453.19	452.89
	(b) Instruments entirely equity in nature	10 (b)	-	241.30
	(c) Other equity	10 (c)	26,979.59	20,429.98
	<b>Equity attributable to owners of Parent Company</b>		<b>27,432.78</b>	<b>21,124.17</b>
	Non-controlling interest		(40.39)	(37.18)
	<b>Total equity</b>		<b>27,392.39</b>	<b>21,086.99</b>
II	<b>Liabilities</b>			
	<b>Non-current liabilities</b>			
	(a) Financial liabilities			
	(i) Borrowings	11 (a)	2,213.30	3,153.45
	(ii) Lease liabilities	4(b)	11,960.97	-
	(iii) Other financial liabilities	11 (c)	87.45	187.27
	(b) Provisions	12	674.03	531.84
	(c) Deferred tax liabilities, (net)	7	-	60.63
	(d) Other non-current liabilities	13	11.76	13.66
	<b>Total non-current liabilities</b>		<b>14,947.51</b>	<b>3,946.85</b>
III	<b>Current liabilities</b>			
	(a) Financial liabilities			
	(i) Borrowings	11 (a)	130.45	195.31
	(ii) Lease liabilities	4(b)	877.65	-
	(iii) Trade payables	11 (b)		
	'total outstanding dues of micro and small enterprises		3.29	-
	'total outstanding dues of creditors other than micro and small enterprises		2,166.18	2,175.62
	(iv) Other financial liabilities	11 (c)	2,237.06	2,043.45
	(b) Provisions	12	103.72	108.03
	(c) Current tax liabilities, net	21 (d)	144.73	186.69
	(d) Other current liabilities	13	212.02	321.21
	<b>Total current liabilities</b>		<b>5,875.10</b>	<b>5,030.31</b>
	<b>Total liabilities (II + III)</b>		<b>20,822.61</b>	<b>8,977.16</b>
	<b>TOTAL EQUITY AND LIABILITIES (I + II + III)</b>		<b>48,215.00</b>	<b>30,064.15</b>

Corporate Information

Summary of significant accounting policies

The notes referred to above form an integral part of the consolidated financial statements.

1  
2&3

As per our Report of even date attached  
For **B S R & Associates LLP**  
Chartered Accountants  
ICAI Firm registration number: 116231W/ W-100024

For and on behalf of the Board of Directors of  
**Vijaya Diagnostic Centre Private Limited**  
CIN: U85195TG2002PTC039075

**Sriram Mahalingam**  
Partner  
Membership Number: 049642

**Dr. S Surendranath Reddy**  
Executive Chairman  
DIN Number: 00108599

**S Suprita Reddy**  
Chief Executive Officer

**K. Sunil Chandra**  
Executive Director  
DIN Number: 01409332

**V. Sri Lakshmi**  
Company Secretary

Place: Hyderabad  
Date: July 16, 2020

Place: Hyderabad  
Date: July 16, 2020

## Consolidated Statement of Profit and Loss

for the year ended 31 March 2020

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

Particulars	Notes	Year ended March 31, 2020	Year ended March 31, 2019
<b>1 Income</b>			
(a) Revenue from operations	14	33,882.09	29,258.68
(b) Other income	15	1,536.14	1,035.74
<b>Total income</b>		<b>35,418.23</b>	<b>30,294.42</b>
<b>2 Expenses</b>			
(a) Cost of materials consumed	16	4,390.58	4,047.84
(b) Employee benefits expense	17	6,240.01	5,388.03
(c) Finance costs	19	1,538.43	506.39
(d) Depreciation and amortisation expense	18	4,916.94	2,806.23
(e) Other expenses	20	9,989.55	10,401.52
<b>Total expenses</b>		<b>27,075.51</b>	<b>23,150.01</b>
<b>3 Profit Before Tax (PBT) [1 - 2]</b>		<b>8,342.72</b>	<b>7,144.41</b>
<b>4 Tax expense</b>	21		
(a) Current tax		2,306.36	2,015.00
(b) Deferred tax, net		(214.42)	116.42
(c) Tax pertaining earlier years		(26.83)	44.46
<b>Total tax expense</b>		<b>2,065.11</b>	<b>2,175.88</b>
<b>5 Profit for the year [3-4]</b>		<b>6,277.61</b>	<b>4,968.53</b>
<b>6 Other comprehensive income</b>			
Items that will not be reclassified to profit or loss			
(a) Remeasurement of the defined benefit obligations		(17.54)	(21.92)
(b) Income-tax relating to above item		4.35	5.74
<b>Other comprehensive income for the year (net of tax)</b>		<b>(13.19)</b>	<b>(16.18)</b>
<b>7 Total comprehensive income for the year [5+6]</b>		<b>6,264.42</b>	<b>4,952.35</b>
Profit for the year attributable to Owners		6,280.72	4,941.06
Profit/(Loss) for the year attributable to Non-controlling interests		(3.11)	27.47
Total comprehensive income attributable to Owners		6,267.63	4,925.48
Total comprehensive income/(loss) attributable to Non-controlling interests		(3.21)	26.87
<b>Earnings per equity share (face value of Rs. 10 each fully paid up)</b>	23		
- Basic (in Rs.)		138.59	109.10
- Diluted (in Rs.)		137.94	108.74

Corporate Information

Summary of significant accounting policies

The notes referred to above form an integral part of the consolidated financial statements.

1  
2&3

As per our Report of even date attached  
For **B S R & Associates LLP**  
Chartered Accountants  
ICAI Firm registration number: 116231W/ W-100024

**Sriram Mahalingam**  
Partner

Membership Number: 049642

Place: Hyderabad  
Date: July 16, 2020

**Dr. S Surendranath Reddy**  
Executive Chairman

DIN Number: 00108599

For and on behalf of the Board of Directors of  
**Vijaya Diagnostic Centre Private Limited**  
CIN: U85195TG2002PTC039075

**S Suprita Reddy**  
Chief Executive  
Officer

**K. Sunil Chandra**  
Executive Director

DIN Number: 01409332

**V. Sri Lakshmi**  
Company Secretary

Place: Hyderabad  
Date: July 16, 2020

## Consolidated Statement of Changes in Equity

for the year ended 31 March 2020

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

Particulars	Equity share capital	Compulsorily Convertible Preferences Shares (CCPS) (Series A)	Compulsorily Convertible Preferences Shares (CCPS) (Series B)	Reserves and Surplus				Total attributable to owners of the Company	Total attributable to Non-controlling interest	Total
				General reserve	Securities premium account	Employee share options outstanding account	Retained earnings			
Balance as at April 01, 2018	452.89	141.31	99.99	493.20	4,915.75	-	10,073.35	16,176.49	(64.05)	16,112.44
<b>Total comprehensive income for the year ended March 31, 2019</b>										
Profit for the year	-	-	-	-	-	-	4,941.06	4,941.06	27.47	4,968.53
Other comprehensive income, net of tax	-	-	-	-	-	-	(15.58)	(15.58)	(0.60)	(16.18)
<b>Total comprehensive income</b>	-	-	-	-	-	-	<b>4,925.48</b>	<b>4,925.48</b>	<b>26.87</b>	<b>4,952.35</b>
Share based payment (Refer Note 29)	-	-	-	-	-	22.20	-	22.20	-	22.20
Balance as at March 31, 2019	452.89	141.31	99.99	493.20	4,915.75	22.20	14,998.83	21,124.17	(37.18)	21,086.99
<b>Total comprehensive income for the year ended March 31, 2020</b>										
Profit for the year	-	-	-	-	-	-	6,280.72	6,280.72	(3.11)	6,277.61
Other comprehensive income, net of tax	-	-	-	-	-	-	(13.09)	(13.09)	(0.10)	(13.19)
<b>Total comprehensive income for the year</b>	-	-	-	-	-	-	<b>6,267.63</b>	<b>6,267.63</b>	<b>(3.21)</b>	<b>6,264.42</b>
Share based payment (Refer Note 29)	-	-	-	-	-	40.98	-	40.98	-	40.98
Conversion of CCPS into Equity share capital	0.30	(141.31)	(99.99)	-	241.00	-	-	-	-	-
Balance at March 31, 2020	453.19	-	-	493.20	5,156.75	63.18	21,266.46	27,432.78	(40.39)	27,392.39

As per our Report of even date attached

For **B S R & Associates LLP**

Chartered Accountants

ICAI Firm registration number: 116231W/ W-100024

For and on behalf of the Board of Directors of

**Vijaya Diagnostic Centre Private Limited**

CIN: U85195TG2002PTC039075

**Sriram Mahalingam**

Partner

Membership Number: 049642

**Dr. S Surendranath Reddy**

Executive Chairman

DIN Number: 00108599

**S Suprita Reddy**

Chief Executive Officer

DIN Number: 01409332

**K. Sunil Chandra**

Executive Director

DIN Number: 01409332

**V. Sri Lakshmi**

Company Secretary

Place: Hyderabad

Date: July 16, 2020

Place: Hyderabad

Date: July 16, 2020

## Consolidated Statement of cash flows

for the year ended March 31, 2020

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

Particulars		Year ended March 31, 2020	Year ended March 31, 2019
<b>A.</b>	<b>Cash flow from operating activities</b>		
	Profit before tax	8,342.72	7,144.41
	Adjustments for:		
	Depreciation and amortisation expense	4,916.94	2,806.23
	Net gain on sale/ retirement of property, plant and equipment	(149.13)	(36.84)
	Profit on slump sale of diagnostic center	(182.15)	-
	Interest income	(426.31)	(286.50)
	Profit on sale of mutual fund investments	(490.21)	(78.47)
	Dividend income	-	(12.13)
	Provision for credit impaired receivables	46.08	120.71
	Fair value movement on financial instruments	(168.10)	(436.48)
	Liabilities no longer required, written back	(73.53)	(173.60)
	Employee stock option expense	40.98	22.20
	Finance cost	1,392.62	378.05
	Bad debts written-off	5.65	3.87
	Advances written-off	8.62	-
	<b>Operating profit before changes in assets and liabilities</b>	<b>13,264.18</b>	<b>9,451.45</b>
	Changes in working capital items:		
	(Increase)/ decrease in inventories	(59.49)	24.32
	(Increase)/ decrease in trade receivables	65.69	(258.77)
	(Increase)/ decrease in other financial assets	(20.40)	(64.41)
	(Increase)/ decrease in other assets	(402.23)	(224.18)
	Increase in trade payables	(6.15)	418.00
	Decrease in provisions and other liabilities	(20.91)	(67.01)
	Increase in other financial liabilities	118.98	282.23
	<b>Cash generated from operations</b>	<b>12,939.67</b>	<b>9,561.63</b>
	Current taxes paid	(2,328.65)	(1,869.16)
	<b>Net cash generated from operating activities (A)</b>	<b>10,611.02</b>	<b>7,692.47</b>
<b>B.</b>	<b>Cash flows from investing activities</b>		
	Acquisition of property, plant and equipment and CWIP	(4,754.69)	(6,103.91)
	Proceeds from sale of property, plant and equipment	1,006.04	191.33
	Redemption of debt oriented liquid mutual funds, (net)	2,074.62	958.28
	Deposits placed having original maturity of more than 3 months, (net)	(1,961.46)	(4,094.21)
	Dividend on mutual funds	-	12.13
	Interest received	573.35	51.82
	<b>Net cash outflow from investing activities (B)</b>	<b>(3,062.14)</b>	<b>(8,984.56)</b>

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>C. Cash flows from financing activities</b>		
Proceeds from long-term borrowings	-	1,687.67
Repayment of long-term borrowings	(893.76)	(946.68)
Proceeds/(Repayments) from/to short-term borrowings, net	(64.86)	191.26
Repayment of lease liabilities	(1,675.14)	-
Interest paid	(320.40)	(289.77)
<b>Net cash (outflow)/inflow from financing activities</b>	<b>(2,954.16)</b>	<b>642.48</b>
<b>Net increase/(decrease) in cash and cash equivalents (A + B + C)</b>	<b>4,594.72</b>	<b>(649.61)</b>
Cash and cash equivalents at the beginning of the financial year	962.09	1,611.70
<b>Cash and cash equivalents at end of the year</b>	<b>5,556.81</b>	<b>962.09</b>

**Note:**

- (a) The above Statement of Cash Flows has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS-7) - Statement of Cash Flows.
- (b) Cash and cash equivalents as per above comprise of the following:

	March 31, 2020	March 31, 2019
Cash on hand	27.25	82.47
Balances with banks		
- in current accounts	5,529.56	879.62
<b>Total cash and cash equivalents (refer note 6(d))</b>	<b>5,556.81</b>	<b>962.09</b>

The notes referred to above form an integral part of the consolidated financial statements.

As per our Report of even date attached  
For **B S R & Associates LLP**  
Chartered Accountants  
ICAI Firm registration number: 116231W/ W-100024

**Sriram Mahalingam**  
Partner  
Membership Number: 049642

Place: Hyderabad  
Date: July 16, 2020

For and on behalf of the Board of Directors of  
**Vijaya Diagnostic Centre Private Limited**  
CIN: U85195TG2002PTC039075

**Dr. S Surendranath Reddy**  
Executive Chairman  
DIN Number: 00108599

**K. Sunil Chandra**  
Executive Director  
DIN Number: 01409332

Place: Hyderabad  
Date: July 16, 2020

**S Suprita Reddy**  
Chief executive officer

**V. Sri Lakshmi**  
Company Secretary



# Notes to Consolidated Financial Statements

for the year ended March 31, 2020

## 1 Corporate information

Vijaya Diagnostic Centre Private Limited ("the Company" or "the Parent Company") together with its subsidiaries (collectively, "the Group") is engaged in the business of providing comprehensive range of diagnostic services spanning pathological investigations, basic and high end radiology, nuclear medicine and related healthcare services.

The Company and its subsidiaries have been incorporated under the provisions of the Indian Companies Act. The Company is domiciled in India, having its registered office located at # 3-6-16 & 17, Street No 19, Himayat Nagar, Hyderabad - 500 029, India and the Corporate office is located at # 6-3-883/F, Ground Floor of Family Planning Association of India, Panjagutta, Hyderabad - 500 082, India.

## 2 Basis of preparation and measurement

### (i) Statement of compliance

These consolidated financial statements (hereinafter referred to as 'consolidated 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 under the historical cost convention on an accrual basis except for certain financial instruments, equity settled share based payments, which are measured at fair values, notified under the Act and Rules prescribed thereunder.

The consolidated financial statements have been prepared on a going concern basis. The accounting policies are applied consistently to all the periods presented in the consolidated financial statements except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires change in accounting policy hitherto in use.

The consolidated financial statements were approved by the Board of Directors and authorised for issue on July 16, 2020.

### (ii) Functional and presentation currency

These consolidated financial statements are presented in Indian Rupees (INR), which is also the Group's functional currency. All financial information presented in Indian rupees have been rounded-off to two decimal places to the nearest lakhs except share data or as otherwise stated.

### (iii) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following items:

- Certain financial assets : Measured at fair value and liabilities

- Net defined benefit (asset)/ liability : Fair value of plan assets less present value of defined benefit obligations
- Borrowings : Amortised cost using effective interest rate method
- Equity settled share based payments : Measured at fair value

### (iv) Use of estimates and judgements

In preparing these consolidated financial statements, Management has made 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 those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

#### Judgements

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

- Note 3(L), 20(i) and 26 - lease classification.
- Note 3(L), 20(i) and 26 - Whether an arrangement contains a lease and lease classification

#### Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 3(G) - Impairment testing for goodwill generated on consolidation;
- Note 4 and Note 5 - determining an asset's expected useful life and the expected residual value at the end of its life;
- Note 6(b) - Impairment of financial assets;
- Note 28 - measurement of defined benefit obligations: key actuarial assumptions
- Notes 12 - recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources

### (v) Measurement of fair values

Accounting policies and disclosures require measurement of fair value for both financial and non-financial assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction

## Notes to the Consolidated Financial Statements

### for the year ended 31 March 2020 (continued)

between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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).

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in the measuring fair values is included in the following notes:

- **Note 32** - Financial instruments

#### (vi) Principles of consolidation

##### a. Subsidiaries

Subsidiaries are entities controlled by the Group. Control is achieved when the Group is exposed, or

has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

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

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

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

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

## Notes to the Consolidated Financial Statements

for the year ended 31 March 2020 (continued)

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Parent Company, i.e. year ended on March 31.

### b. Consolidation procedures:

- a. Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognized in the consolidated financial statements at the acquisition date.
- b. Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
- c. Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognized in assets, such as inventory and property, plant and equipment and intangible assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profit and losses resulting from intragroup transactions.

### c. Non-controlling interests (NCI)

### e. Subsidiaries considered in the consolidated financial statements:

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition.

Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

### d. Loss of control

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it:

- (i) Derecognises the assets (including goodwill) and liabilities of the subsidiary.
- (ii) Derecognises the carrying amount of any non-controlling interests.
- (iii) Derecognises the cumulative translation differences recorded in equity.
- (iv) Recognises the fair value of the consideration received.
- (v) Recognises the fair value of any investment retained.
- (vi) Recognises any surplus or deficit in profit or loss.
- (vii) Reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

S. No.	Name of the entity	Relationship	Country of incorporation	Ownership interest in %	
				March 31, 2020	March 31, 2019
1	Medinova Diagnostic Services Limited	Subsidiary	India	62.14%	62.14%
2	VDC Diagnostic (Karnataka) LLP	Subsidiary	India	100%	100%
3	Doctors lab Diagnostic Centre Private Limited	Subsidiary	India	100%	100%
4	Medinova Millennium MRI Services LLP*	Step down subsidiary	India	55.07%	55.07%
5	Namrata Diagnostic Centre Private Limited**	Step down subsidiary	India	100%	100%

\*Subsidiary of Medinova Diagnostic Services Limited

\*\*Subsidiary of Doctorslab Diagnostic Centre Private Limited

## Notes to the Consolidated Financial Statements

### for the year ended 31 March 2020 (continued)

#### (vii) Current and non-current classification:

The Schedule III to the Act requires assets and liabilities to be classified as either current or non-current. The Group presents assets and liabilities in the balance sheet based on current/ non-current classification.

##### Assets

An asset is classified as a current when it is:

- it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
  - it is expected to be realised within twelve months from the reporting date;
  - it is held primarily for the purposes of being traded; or
  - is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.
- All other assets are classified as non current

##### Liabilities

A liability is classified as a current when:

- it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
- it is due to be settled within twelve months from the reporting date;
- it is held primarily for the purposes of being traded;
- Deferred tax assets/liabilities are classified as non-current.
- the Company does not have an unconditional right to defer settlement of liability for at least twelve months from the reporting date.

All other liabilities are classified as non-current.

##### Operating Cycle

Operating cycle is the time between the acquisition of assets for processing and realisation in cash or cash equivalents. The Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

### 3 Summary of significant accounting policies

#### A. Revenue recognition

##### i) *Income from diagnostic services*

Revenue from diagnostics services is recognized on amount billed net of discounts/ concessions if any. No element of financing is deemed present as the sales are made primarily on cash and carry basis, however for institutional/ organisational customers a credit period of 30 days is given, which is consistent with market practice. Effective April 01, 2018, the Company has adopted IND AS 115 "Revenue from contracts with customers". Based on the assessment

of the Management, there is no material impact on revenue recognised.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when the underlying tests are conducted, samples are processed for requisitioned diagnostic tests. Each service is generally a separate performance obligation and therefore revenue is recognised at a point in time when the tests are conducted, samples are processed. For multiple tests, the Group measures the revenue in respect of each performance obligation at its relative stand alone selling price and the transaction price is allocated accordingly. The price that is regularly charged for a test separately registered is considered to be the best evidence of its stand alone selling price. Revenue contracts are on principal to principal basis and the Group is primarily responsible for fulfilling the performance obligation.

##### ii) *Income from sale of Privilege cards*

The Group operates a discount scheme where certain 'Privilege cards' are sold to the customers against which specified discounts are given on the future diagnostic services availed by the customer for a specified period. The Group recognises revenue from the sale of such cards over the period for which the card is valid. The difference in sale consideration received and revenue recognised is recognised as deferred revenue.

#### B. Recognition of dividend income, interest income

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

Interest income is recognised using the effective interest rate method.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

#### C. Borrowing cost

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their

## Notes to the Consolidated Financial Statements

### for the year ended 31 March 2020 (continued)

intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

#### D. Financial instruments

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

##### i) Initial Recognition and measurement

Financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

##### ii) Classification and subsequent measurement

###### Financial assets

All financial assets are initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

###### Subsequent measurement:

For the purpose of subsequent measurement, financial assets are categorised as under:

- Amortised cost;
- Fair Value through Other Comprehensive Income (FVOCI) - equity investment; or
- Fair Value through Profit or Loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI - equity investment). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost: These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Equity investments at FVOCI: These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

###### Financial liabilities:

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in statement of profit or 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 or loss.

##### iii) Derecognition

###### Financial assets

A Financial asset is primarily derecognised when the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognised on its balance sheet, but

## Notes to the Consolidated Financial Statements

### for the year ended 31 March 2020 (continued)

retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

#### Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

The Group also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

#### Financial Instruments Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if there is a currently and 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.

#### E. Property, plant and equipment

##### i) Recognition and measurement

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment loss, if any. Cost of an

The Group entities, based on technical assessment and management estimate, depreciates certain items of property, plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Act. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. The Group has estimated the following useful lives to provide depreciation on its property, plant and equipment:

Asset category	Useful life estimated by the Management	Useful life as per Schedule II
<b>Buildings</b>	60 years	60 years
<b>Plant and equipment:</b>		
- Medical and diagnostic equipments	5 years - 13 years	13 years
- Other equipments	7 years - 15 years	15 years
Electrical equipments	10 years	10 years
Furniture and fixtures	5 years - 10 years	10 years
Office equipments	3 years - 5 years	5 years
<b>Computers</b>		
- Servers and networks	6 years	6 years
- End user devices such as laptops, etc.	3 years - 5 years	3 years
<b>Vehicles</b>	8 years	8 years

In case of Building on leasehold land, the depreciation is charged based on useful life of the building or the lease period which ever is lower. In the case of leased hold building improvements, the depreciation is charged based on useful life of the improvements which is 10 years or lease period which ever is lower.

item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to statement of profit or loss during the reporting period in which they are incurred. If an item of property, plant and equipment is purchased with deferred credit period from supplier, such asset is recorded at its cash price equivalent value.

##### ii) Depreciation

Depreciation is provided using the Written down value Method ('WDV') over the useful lives of the assets as estimated by the Management Depreciation on additions and deletions are restricted to the period of use. Assets costing below Rs. 5,000 are depreciated in full in the same year.



## Notes to the Consolidated Financial Statements

### for the year ended 31 March 2020 (continued)

Residual value is considered to be 5% on all the assets, as technically estimated by the management.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the statement of profit and loss.

#### F. Intangible assets

##### i) Recognition and measurement

Intangible assets that are acquired, are recognized at cost initially and carried at cost less accumulated amortization and accumulated impairment loss, if any. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

##### ii) Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the "written down value" (WDV) method, and is included in depreciation and amortisation in statement of profit and loss.

The estimated useful lives are as follows:

- Software - 5 years

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

#### G. Goodwill on consolidation

Goodwill acquired in business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated as follows:

Asset category	As at March 31, 2020	As at March 31, 2019
<b>Goodwill on consolidation</b>		
Medinova Diagnostic Services Limited	533.75	533.75
VDC Diagnostic (Karnataka) LLP	-	154.24

The Group's goodwill on consolidation are tested for impairment annually or more frequently if there are indications that goodwill might be impaired.

No impairment on goodwill was recognized during the current year or previous years.

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

#### H. Capital work in progress

Capital work-in-progress is recognized at cost. It comprises of property, plant and equipment that are not yet ready for their intended use at the reporting date.

#### I. Inventories

Inventories comprise of diagnostic kits, reagents, laboratory chemicals and consumables, these are valued at lower of cost and net realizable value. Cost of inventories comprises of all costs of purchase and other costs incurred in bringing the inventories to their present location after adjusting for recoverable taxes, if any. Cost is determined on First-in-First-out

#### J. Impairment of assets

##### i) Impairment of financial instruments

The Group recognises loss allowances for expected credit losses on financial assets measured at amortised cost. At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract;

## Notes to the Consolidated Financial Statements

### for the year ended 31 March 2020 (continued)

- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

The Group measures loss allowances at an amount equal to lifetime expected credit losses.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

#### **Measurement of expected credit losses**

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

#### **Presentation of allowance for expected credit losses in the balance sheet**

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

#### **Write-off**

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case

when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

#### **ii) Impairment of non-financial assets**

The Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows 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 (or an individual asset) 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 pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

The Group's corporate assets (e.g., central office building for providing support to various CGUs) do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss.

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

## Notes to the Consolidated Financial Statements

for the year ended 31 March 2020 (continued)

### K. Employee benefits

#### (i) Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured on an undiscounted basis at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

#### (ii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Group makes specified monthly contributions towards Government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.

#### (iii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liability or asset recognised in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by a qualified actuary using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses 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 retained earnings 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.

#### (iv) Other long-term employee benefits

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period by a qualified actuary using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

#### (v) Share based payments

Employees of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments. The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using Black Scholes valuation model. The grant date fair value of options granted to employees is recognised as employee expense with a corresponding increase in employee stock options reserve, over the period in which the eligibility conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

### L. Leases

Lease contracts entered by the Company majorly pertains for buildings taken on lease to conduct its business in the ordinary course.

## Notes to the Consolidated Financial Statements

### for the year ended 31 March 2020 (continued)

#### Company as a Lessor:

Leases for which the Company is a lessor are classified as a finance or operating lease. When ever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Rental income from operating leases is recognised on straight line basis over the term of relevant lease.

#### Company as a Lessee:

The Company applied Ind AS 116 "Leases" from April 01, 2019 using the modified retrospective approach and has measured the Right of Use Asset at an amount equal to the Lease Liability adjusted for accruals and prepayments recognised in the balance sheet immediately before the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset equal to the lease liability. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our consolidated financial statements for year ended March 31, 2019.

Previously, the Company assessed leases at contract inception whether an arrangement is or contains a lease under Ind AS 17. Under Ind AS 116, the Company assesses whether a contract is or contains a lease based on the definition of lease. On transition to Ind AS 116, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied Ind AS 116 only to contracts that were previously identified as leases. Contracts that were not identified as leases under Ind AS 17 were not reassessed for whether there is a lease. Therefore, the definition of a lease under Ind AS 116 was applied only to contracts entered into or changed on or after April 01, 2019.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the

lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at April 01, 2019. Right-of-use assets are measured at their carrying amount as if Ind AS 116 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application.

The Company used the following practical expedients when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17.

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term and leases of low value.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

The lease payments for operating leases as per Ind AS 17 Leases, were earlier reported under cash flow from operating activities. The payments for the principal portion of the lease liability and its related interest is classified within financing activities. Payments for short-term leases, leases of low-value assets and variable lease payments not included in the measurement of the lease liability are presented within operating activities.

#### Right of use asset:

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated

## Notes to the Consolidated Financial Statements

### for the year ended 31 March 2020 (continued)

useful lives of right-of use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

#### **Lease Liability:**

The Company measures the lease liability at present value of the future lease payments at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate as at the commencement of lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

#### **M. Income-tax**

Income-tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to an item recognised directly in equity or in other comprehensive income.

##### **(i) Current tax**

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 reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax 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.

##### **(ii) Deferred tax**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding 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; and
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Group recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realized. Deferred tax assets – Unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realized.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

#### **N. Provision, contingent liabilities and contingent assets**

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future

## Notes to the Consolidated Financial Statements

### for the year ended 31 March 2020 (continued)

cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised under finance costs. Expected future operating losses are not provided for.

#### **Contingencies:**

Provision in respect of loss contingencies relating to claims, litigations, assessments, fines and penalties are recognised when it is probable that a liability has been incurred and the amount can be estimated reliably.

#### **Contingent liabilities and contingent assets:**

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote.

Contingent assets has to be recognised in the financial statements in the period in which if it is virtually certain that an inflow of economic benefits will arise. Contingent assets are assessed continually and no such benefits were found for the current financial year.

#### **O. Earnings per share**

Basic Earnings Per Share ('EPS') is computed by dividing the net profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless issued at a

later date. In computing diluted earnings per share, only potential equity shares that are dilutive and that either reduces earnings per share or increases loss per share are included. The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for the share splits.

#### **P. Cash flow statement**

Cash flows are reported using the indirect method, whereby net profit/ (loss) 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 and item of income or expenses associated with investing or financing cash flows. The cash flows from regular revenue generating (operating activities), investing and financing activities of the Group are segregated.

#### **Q. Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### **R. Investments**

Investments representing equity interest carried at cost less any provision for impairment. Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable.

#### **S. Events after reporting date**

Where events occurring after the balance sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the balance sheet date of material size or nature are only disclosed.



## Notes to the Consolidated Financial Statements

### for the year ended 31 March 2020 (continued)

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

#### 4(a) Property, plant and equipment

Particulars	Freehold land	Building	Building on leasehold land	Leasehold improvements	Plant and equipment - Medical	Plant and equipment - Others	Electrical equipment	Furniture and fixtures	Office equipment	Computers	Vehicles	Total
<b>A. Gross value (at cost)</b>												
As at April 01, 2018	233.55	719.94	1,416.77	1,116.71	9,196.01	1,727.71	607.29	641.41	132.00	221.76	203.81	16,216.96
Additions	-	-	-	998.50	3,880.67	324.53	174.02	403.34	27.12	141.78	193.54	6,143.50
Disposals	-	-	-	-	(230.52)	(3.86)	(4.48)	-	(1.11)	(0.71)	(65.93)	(306.61)
As at March 31, 2019	233.55	719.94	1,416.77	2,115.21	12,846.16	2,048.38	776.83	1,044.75	158.01	362.83	331.42	22,053.86
Additions	-	-	-	369.93	2,178.69	209.05	193.09	366.69	53.72	120.58	55.02	3,546.77
Disposals	(28.14)	(102.10)	-	(132.32)	(698.83)	(55.90)	(30.38)	(40.11)	(5.50)	(8.10)	(32.98)	(1,134.36)
As at March 31, 2020	205.41	617.84	1,416.77	2,352.82	14,326.02	2,201.53	939.54	1,371.33	206.23	475.31	353.46	24,466.27

<b>B. Accumulated depreciation</b>												
As at April 01, 2018	-	41.85	283.91	213.08	2,671.97	1,071.51	223.72	246.17	71.49	131.41	106.99	5,062.08
For the year ended	-	33.63	107.58	403.58	1,596.23	189.77	121.18	145.79	34.48	81.19	57.36	2,770.79
Disposals	-	-	-	-	(111.85)	(1.95)	(2.39)	-	(1.05)	(0.48)	(34.40)	(152.12)
As at March 31, 2019	-	75.48	391.49	616.66	4,156.35	1,259.33	342.51	391.96	104.92	212.12	129.95	7,680.76
For the year ended	-	28.86	96.48	470.83	2,079.57	170.11	137.62	218.38	34.16	111.13	67.30	3,414.44
Disposals	-	(17.63)	-	(68.65)	(410.02)	(30.41)	(21.62)	(25.78)	(5.12)	(7.72)	(26.89)	(613.84)
As at March 31, 2020	-	86.71	487.97	1,018.84	5,825.90	1,399.03	458.51	584.56	133.96	315.53	170.36	10,481.36

<b>C. Net value (A-B)</b>												
As at March 31, 2020	205.41	531.13	928.80	1,333.98	8,500.12	802.50	481.03	786.77	72.27	159.78	183.10	13,984.91
As at March 31, 2019	233.55	644.46	1,025.28	1,498.55	8,689.81	789.05	434.32	652.79	53.09	150.71	201.47	14,373.10

#### Notes:

1. Refer to note 22 for disclosure of contractual commitments for the acquisition of property, plant and equipment.
2. Refer to note 11 for details of property, plant and equipment subject to charge on secured borrowings.
3. Gross value is net of accumulated depreciation of Rs 12,365.37 lakhs as at April 01, 2016 on transition to Ind AS.

#### 4 (b) Right of use assets and Lease Liabilities

##### Transition to Ind AS 116 "Leases" w.e.f April 01, 2019:

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 "Leases" which replaces the existing lease standard, Ind AS 17 "Leases", and other interpretations. Ind AS 116 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 lease accounting model for lessees.

The Company has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases, under modified retrospective transition method, and has not restated comparative information.

## Notes to the Consolidated Financial Statements

### for the year ended 31 March 2020 (continued)

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

The Company has elected not to apply the requirements of Ind AS 116 "Leases" to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term except inflation adjustment.

The adoption of this newly issued accounting standard Ind AS 116 "Lease" resulted in recognition of "Right of Use" asset of Rs 12,537.71 Lakhs and a lease liability of Rs 12,838.62 Lakhs as at March 31, 2020. Consequently, the profit before tax for the year ended March 31, 2020 is lower by Rs 713.43 Lakhs.

Ind AS 116 has resulted in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

**(i) Movement in Right of use assets and Lease liabilities is given below:**

	Right of use assets (Buildings)
<b>Due to transition to Ind AS 116 on April 01, 2019</b>	<b>11,011.08</b>
Additions during the year ended March 31, 2020	2,562.14
Disposals during the current year	(51.91)
Prepaid rent reclassified to right of use assets	412.52
<b>Gross amount as at March 31, 2020</b>	<b>13,933.83</b>
Less: Depreciation for the year on right of use assets	1,396.12
<b>Net carrying amount as at March 31, 2020</b>	<b>12,537.71</b>

	Lease Liabilities
<b>Due to transition to Ind AS 116 on April 01, 2019</b>	<b>11,011.08</b>
Additions during the year ended March 31, 2020	2,562.14
Disposals during the current year	(51.91)
Interest expense on lease liabilities	992.45
Lease payments made during the year	(1,675.14)
<b>As at March 31, 2020</b>	<b>12,838.62</b>
Less: Current Lease liabilities	877.65
<b>Non Current Lease liabilities</b>	<b>11,960.97</b>

**(ii) Payments recognised as expenses and income**

	Year ended March 31, 2020
Short term leases and low value assets	147.78
	<b>147.78</b>

**(iii) Contractual maturities of lease liabilities on undiscounted basis**

	As at March 31, 2020
Less than one year	1,944.58
One to five years	8,137.51
More than five years	9,795.54
	<b>19,877.63</b>

## Notes to the Consolidated Financial Statements

for the year ended 31 March 2020 (continued)

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

### 5 Other intangible assets

Particulars	Software
<b>A. Gross carrying value (at cost)</b>	
As at April 01, 2018	108.61
Additions	66.84
Disposals	-
As at March 31, 2019	175.45
Additions	91.71
Disposals	(3.23)
As at March 31, 2020	263.93
<b>B. Accumulated amortization</b>	
As at April 01, 2018	65.38
For the year ended March 31, 2019	35.44
Disposals	-
As at March 31, 2019	100.82
Depreciation for the period	62.62
Disposals	(3.08)
As at March 31, 2020	160.36
<b>C. Net carrying value (A-B)</b>	
As at March 31, 2020	103.57
As at March 31, 2019	74.63

### 6 Financial assets

Particulars	As at March 31 2020	As at March 31 2019
<b>(a) Investments - Non trade</b>		
<b>Non-current</b>		
<b>A. Investment in Equity Instruments - carried at FVOCI</b>		
<b>Unquoted</b>		
C.R Broadcasting Hyderabad Limited	4.00	4.00
[40,000 March 31, 2019: 40,000) equity shares of Rs. 10 each fully paid up]		
	4.00	4.00
Aggregate value of unquoted investments	4.00	4.00
Aggregate value of impairment in value of investments	-	-
<b>Current</b>		
Investments at fair value through profit or loss - quoted		
Mutual Funds		
IDFC Cash Fund Growth - 17,241.08 (March 31, 2019: 17,241.08) units of Rs. 1,000 each	414.10	390.85
IDFC Low Duration Fund Growth - Nil (March 31, 2019: 3,759,508.42) units of Rs. 10 each	-	1,005.53
IDFC Corporate Bond Fund - Nil (March 31, 2019: 4,284,747.15) units of Rs. 10 each	-	551.04
IDFC Ultra Short term fund Growth - Nil (March 31, 2019: 1,905,034.05) units of Rs. 10 each	-	202.03
Birla Sunlife Savings Growth - Nil (March 31, 2019: 123,416.24) units of Rs. 100 each	-	458.81

## Notes to the Consolidated Financial Statements

### for the year ended 31 March 2020 (continued)

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

Particulars	As at March 31 2020	As at March 31 2019
Birla Sunlife Savings Growth - 465,980.33 (March 31, 2019: 465,980.33) units of Rs. 100 each	1,867.78	1,732.32
Reliance Prime Debt Growth - 2,215,404.46 (March 31, 2019: 2,215,404.46) units of Rs. 10 each	961.60	888.71
HDFC Floting Rate Debt Growth - 3,509,067.43 (March 31, 2019: 3,509,067.43) units of Rs. 10 each	1,241.60	1,147.59
Invesco India Money Market Growth-Nil (March 31, 2019: 9,295.86) units of Rs. 1,000 each	-	201.66
Kotak Money Market Scheme Growth - Nil (March 31, 2019: 3,272.57) units of Rs. 1,000 each	-	101.01
Invesco India Liquid Fund Growth - Nil (March 31, 2019: 7,936.60) units of Rs. 1,000 each	-	204.15
Invesco India Short Term Fund Growth -19,335.13 (March 31, 2019: Nil ) units of Rs. 1,00 each	543.35	-
Invesco India Treasury Advantage Growth - 3,636.37 (March 31, 2019: Nil ) units of Rs. 1,000 each	104.08	-
Invesco India Treasury Advantage Growth - 7,257.83 (March 31, 2019: Nil ) units of Rs. 1,000 each	207.73	-
IDFC Cash Fund-Growth-Growth 5,290.91 (March 31, 2019: Nil) units of Rs 1,000 each	127.08	-
	<b>5,467.32</b>	<b>6,883.70</b>
Aggregate book value of quoted investments	5,467.32	6,883.70
Aggregate market value of quoted investments	5,467.32	6,883.70
<b>B. Trade receivables (Unsecured) Current</b>		
Considered good *	810.67	928.09
Credit impaired	165.36	180.87
Less: Allowance for doubtful receivables (expected credit loss allowance)	(165.36)	(180.87)
	<b>810.67</b>	<b>928.09</b>
* Includes amount receivable from related parties (refer note 30)		
<b>(c) Non-current loans (Unsecured, considered good)</b>		
Security deposits *	538.51	422.17
	<b>538.51</b>	<b>422.17</b>
* Includes amount receivable from related parties (refer note 30)		
<b>Current loans</b>		
Security deposits *	5.73	35.75
	<b>5.73</b>	<b>35.75</b>
* Includes amount receivable from related parties (refer note 30)		

## Notes to the Consolidated Financial Statements

for the year ended 31 March 2020 (continued)

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

Particulars	As at March 31 2020	As at March 31 2019
<b>(d) Cash and cash equivalents</b>		
Cash on hand	27.25	82.47
Balances with banks		
- in current accounts	5,529.56	879.62
	<b>5,556.81</b>	<b>962.09</b>
<b>(e) Other bank balances</b>		
<b>Current</b>		
Deposit accounts with remaining maturity of less than 12 months * @	6,262.30	4,301.23
	<b>6,262.30</b>	<b>4,301.23</b>
@ Fixed deposit of Rs 200 lakhs (March 31, 2019: Rs 200 lakhs) under lien.		
* The deposits made with banks comprise of time deposits, which are available at call		
<b>(f) Other financial assets</b>		
<i>(Unsecured, considered good)</i>		
<b>Non-current</b>		
Balances with bank held as margin money	10.00	9.61
	<b>10.00</b>	<b>9.61</b>
<b>Current</b>		
Interest accrued on bank deposits and others	40.10	220.64
Other receivables	8.37	40.79
	<b>48.47</b>	<b>261.43</b>

### 7 Deferred tax asset/(liabilities), net

Particulars	As at March 31 2020	As at March 31 2019
<b>Deferred tax assets</b>		
- On account of decommissioning liability on property, plant and equipment	94.60	93.03
- On account of leases	179.56	-
- On account of employee benefits	81.13	56.36
- On account of credit impaired debts	41.62	52.67
- On account of property, plant and equipment	19.22	16.03
- On account of MAT credit entitlement	0.43	0.43
- Others	46.39	84.90
<b>Sub total (A)</b>	<b>462.95</b>	<b>303.42</b>
<b>Deferred tax liabilities</b>		
- On account of fair value gains of mutual funds	233.02	221.21
- On account of property, plant and equipment	71.79	142.84
<b>Sub total (B)</b>	<b>304.81</b>	<b>364.05</b>
<b>Deferred tax asset/(liability), net (A-B)</b>	<b>158.14</b>	<b>(60.63)</b>

## Notes to the Consolidated Financial Statements

for the year ended 31 March 2020 (continued)

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

### Movement in deferred tax assets/ (liabilities)

On account of	Property, plant and equipment including decommissioning liability	Provision for employee benefits	Leases	Fair value of Mutual Funds	Others	Total
<b>As at April 01, 2018</b>	<b>38.59</b>	<b>42.98</b>	<b>-</b>	<b>(94.11)</b>	<b>62.58</b>	<b>50.04</b>
(Charged)/ credited:						
- to profit and loss	(72.38)	7.64	-	(127.10)	75.42	(116.41)
- to OCI	-	5.74	-	-	-	5.74
<b>As at March 31, 2019</b>	<b>(33.79)</b>	<b>56.36</b>	<b>-</b>	<b>(221.21)</b>	<b>138.00</b>	<b>(60.63)</b>
(Charged)/credited:						
- to profit and loss	75.82	20.42	179.56	(11.81)	(49.56)	214.42
- to OCI	-	4.35	-	-	-	4.35
<b>As at March 31, 2020</b>	<b>42.03</b>	<b>81.13</b>	<b>179.56</b>	<b>(233.02)</b>	<b>88.44</b>	<b>158.14</b>

### 8 Inventories

Particulars	As at March 31 2020	As at March 31 2019
<i>(Valued at lower of cost and net realisable value)</i>		
Reagents, chemicals, digital imaging films and consumables	277.32	217.83
	<b>277.32</b>	<b>217.83</b>

### 9 Other assets

*(Unsecured, considered good)*

#### Non-current

Capital advances	411.12	34.53
Advances other than capital advances	25.85	25.85
Prepaid expenses (Refer Note 4(b))	229.19	301.21
	<b>666.16</b>	<b>361.59</b>

Particulars	As at March 31 2020	As at March 31 2019
<b>Current</b>		
Advances other than capital advances		
- Advance to suppliers	83.65	26.78
- Advance to employees	13.07	1.31
Prepaid expenses	120.59	179.45
	<b>217.31</b>	<b>207.54</b>

### 10 Equity

Particulars	As at March 31 2020	As at March 31 2019
<b>Authorised share capital</b>		
12,050,000 (March 31, 2019: 6,631,868 ) equity shares of Rs. 10 each	1,205.00	663.19
Nil (March 31, 2019: 1,425,000 ) Series A Compulsorily convertible preference shares (CCPS) of Rs. 10 each	-	142.50
Nil (March 31, 2019: 12,000) Series B Compulsorily convertible preference shares (CCPS) of Rs. 3,327.61 each	-	399.31



## Notes to the Consolidated Financial Statements

for the year ended 31 March 2020 (continued)

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

### Equity share capital

Particulars	As at March 31 2020	As at March 31 2019
a) <b>Issued, subscribed and fully paid up capital</b>		
4,531,819 (March 31, 2019: 4,528,813) equity shares of Rs. 10 each, fully paid-up	453.19	452.89
	<b>453.19</b>	<b>452.89</b>

### i) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting year

	March 31, 2020		March 31, 2019	
	Number of shares	Amount	Number of shares	Amount
Shares outstanding at the beginning of the year	4,528,813	452.89	4,528,813	452.89
Shares issued during the year	3,006	0.30	-	-
<b>Shares outstanding at the end of the year</b>	<b>4,531,819</b>	<b>453.19</b>	<b>4,528,813</b>	<b>452.89</b>

### ii) Terms and rights attached to equity shares

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

### iii) Details of shareholders holding more than 5% equity shares in the Company

	March 31, 2020		March 31, 2019	
	Number of shares	% holding	Number of shares	% holding
Dr. S Surendranath Reddy	2,681,603	59.17%	2,681,602	59.21%
M/s. Karakoram Limited	1,747,395	38.56%	1,744,498	38.52%

As per records the Company including registration of shareholders/ members, the above share holding represents both legal and beneficial ownership of shares.

### iv) Aggregate number of bonus shares issued, shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016
Allotted as fully paid up equity shares pursuant to contracts without payment being received in cash	Nil	Nil	Nil	Nil	146,079

### v) For details of shares reserved for issue under Employee share based payments (ESOP) of the Company [refer note 29].

### (b) Instruments entirely equity in nature

	As at March 31 2020	As at March 31 2019
<b>Preference shares</b>		
Series A Cumulative Compulsorily Convertible Preference Shares (CCPS)	-	141.31
Series B Cumulative Compulsorily Convertible Preference Shares (CCPS)	-	99.99
<b>Total preference shares</b>	<b>-</b>	<b>241.30</b>

## Notes to the Consolidated Financial Statements

### for the year ended 31 March 2020 (continued)

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

#### i) Reconciliation of preference shares outstanding at the beginning and at the end of the reporting year:

	March 31, 2020		March 31, 2019	
	Number of shares	Amount	Number of shares	Amount
<b>Series A CCPS</b>				
Shares outstanding at the beginning of the year	1,413,071	141.31	1,413,071	141.31
Shares issued/(converted) during the year	(1,413,071)	(141.31)	-	-
<b>Shares outstanding at the end of the year</b>	<b>-</b>	<b>-</b>	<b>1,413,071</b>	<b>141.31</b>
<b>Series B CCPS</b>				
Shares outstanding at the beginning of the year	3,005	99.99	3,005	99.99
Shares issued/(converted) during the year	(3,005)	(99.99)	-	-
<b>Shares outstanding at the end of the year</b>	<b>-</b>	<b>-</b>	<b>3,005</b>	<b>99.99</b>

#### ii) Terms and rights attached to Compulsorily convertible preference shares:

##### *Series A Cumulative Compulsorily Convertible Preference Shares (CCPS)*

Series A Preference Shares are cumulative, mandatorily and fully convertible preference shares of Rs. 10 each with 0.001% coupon. Series A preference shares shall be participating preference shares and shall be entitled to participate in any dividend distribution to holders of equity shares on a fully diluted basis. These shares are convertible into equity shares on or before a specified date agreed between the shareholders. Till the time the aforesaid CCPS are not converted, all of Series A preference shares shall collectively be entitled for one vote. These Series A preference shares are converted into equity shares in the current year.

##### *Series B Cumulative Compulsorily Convertible Preference Shares (CCPS)*

Series B Preference Shares are cumulative, mandatorily and fully convertible preference shares of Rs. 3,327.61 each with 0.001% coupon. Series B preference shares shall be participating preference shares and shall be entitled to participate in any dividend distribution to holders of equity shares on a fully diluted basis. These shares are convertible into equity shares on the occurrence of the earlier of (i) prior to filing a red herring prospectus in connection with initial public offering (ii) at the option of the preference share holder (iii) expiry of 10 years from the date of issuance. Till the time the aforesaid CCPS are not converted, all of Series B preference shares shall be entitled to voting rights on a pro-rata basis with the equity shares of the Company on a fully diluted basis. These Series B preference shares are converted into equity shares in the current year.

The issue proceeds of Series A CCPS and Series B CCPS have been entirely classified under equity as they are settled with fixed number of entity's own equity instruments and meets the definition of "Equity Instruments" as defined in "Ind AS 32, Financial Instruments: Presentation".

#### iii) Details of shareholders holding more than 5% preference shares in the Company

	March 31, 2020		March 31, 2019	
	Number of shares	% holding	Number of shares	% holding
<b>CCPS Series A</b>	-	-	1,393,588	98.62%
Dr. S Surendranath Reddy				
<b>CCPS Series B</b>	-	-	2,897	96.41%
M/s. Karakoram Limited				

## Notes to the Consolidated Financial Statements

for the year ended 31 March 2020 (continued)

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

- iv) **Aggregate number of bonus shares issued, shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:**

	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016
Allotted as fully paid up Series A CCPS by way of bonus	Nil	Nil	Nil	1,413,071	Nil
Allotted as fully paid up Series B CCPS by way of bonus	Nil	Nil	Nil	Nil	Nil

### (C) Other equity

Reserves and surplus	March 31, 2020	March 31, 2019
General reserve	493.20	493.20
Employee share options outstanding	63.18	22.20
Securities premium	5,156.75	4,915.75
Retained earnings	21,266.46	14,998.83
	<b>26,979.59</b>	<b>20,429.98</b>

#### i) General reserve

	March 31, 2020	March 31, 2019
Balance at the commencement of the year	493.20	493.20
Less: Movement during the year	-	-
<b>Balance as at the end of the year</b>	<b>493.20</b>	<b>493.20</b>

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.

#### ii) Employee share options outstanding

	March 31, 2020	March 31, 2019
Balance at the commencement of the year	22.20	-
Add: Share options expense for the period	40.98	22.20
<b>Balance as at the end of the year</b>	<b>63.18</b>	<b>22.20</b>

The Company has established equity settled share based payment plan for employees of the Company. [refer note 29 for details]

#### iii) Securities premium

	March 31, 2020	March 31, 2019
Balance at the commencement of the year	4,915.75	4,915.75
Add: Movement during the year due to conversion of preference shares	241.00	-
<b>Balance as at the end of the year</b>	<b>5,156.75</b>	<b>4,915.75</b>

Securities premium is used to record the premium on issue of shares. It is utilised in accordance with the provisions of the "Act".

## Notes to the Consolidated Financial Statements

### for the year ended 31 March 2020 (continued)

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

#### iv) Retained earnings

	As at March 31 2020	As at March 31 2019
Balance at the commencement of the year	14,998.83	10,073.35
Add: Profit for the year	6,280.72	4,941.06
Items of other comprehensive income recognised directly in retained earnings		
- Remeasurement of defined benefit plans, net of tax	(13.09)	(15.58)
<b>Amount available for appropriations</b>	<b>21,266.46</b>	<b>14,998.83</b>
Less: Appropriations	-	-
<b>Balance as at the end of the year</b>	<b>21,266.46</b>	<b>14,998.83</b>

Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distribution to shareholders.

OCI represents Re-measurement on defined employee benefit obligations: Difference between the interest income on plan assets and the return actually achieved, any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments within the plans, are recognised in other comprehensive income and subsequently not reclassified to statement of profit and loss.

<b>Total Other equity (i+ii+iii+iv)</b>	<b>26,979.59</b>	<b>20,429.98</b>
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## 11 Financial liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
<b>(a) Borrowings</b>		
<b>Non-Current</b>		
<b>Secured loans</b>		
Term loans		
- from banks	2,195.82	2,813.18
- from others	630.19	906.59
<b>Unsecured loans</b>		
Loan from directors	327.45	327.45
	<b>3,153.46</b>	<b>4,047.22</b>
Less: Current maturities of long-term borrowings	940.16	893.77
	<b>2,213.30</b>	<b>3,153.45</b>

#### Note:

##### i. Terms of secured loans from banks:

'Term loans from banks are repayable in 36 - 84 equated monthly installments and carry an interest rate of 8.50% - 10.50% per annum. These loans are secured by exclusive charge on plant & machinery medical equipments purchased out of the respective loans. Further, the loans from banks to the extent of Rs.574.28 lakhs (March 31, 2019: 780.71 lakhs) is secured by personal guarantee of directors and loans taken by subsidiaries amounting to Rs. 36.01 lakhs (March 31, 2019: 92.53 lakhs) is further secured by corporate guarantee given by the Parent Company.

##### ii. Terms of secured loans from others:

Term loans from others are repayable in 36 - 72 equated monthly installments and carries an interest rate of 7.40% - 9.40% per annum. These loans are secured by exclusive charge on plant & machinery medical equipments purchased out of the respective loans.

##### iii. Terms of unsecured loan from directors

Loan from directors are repayable after 12 months from balance sheet date and carry an interest rate of 8.00% per annum.

## Notes to the Consolidated Financial Statements

for the year ended 31 March 2020 (continued)

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Current</b>		
<b>Secured</b>		
Cash credit - from bank	130.45	195.31
	<b>130.45</b>	<b>195.31</b>

**Note:**

- i. Cash credit from bank is repayable on demand and carries an interest rate of 10% to 11% per annum. The cash credit facility is secured by way of hypothecation of trade receivables and inventory of the respective entities in the Group and fixed deposit given by the Group.

**(b) Trade payables**

Particulars	As at March 31, 2020	As at March 31, 2019
Total outstanding dues of micro and small enterprises (refer note 24)	3.29	-
Total outstanding dues of creditors other than micro and small enterprises*	2,166.18	2,175.62
	<b>2,169.47</b>	<b>2,175.62</b>

\* Includes amount payable to related parties (refer note 30)

**(c) Other financial liabilities**

	As at March 31, 2020	As at March 31, 2019
<b>Non-current</b>		
Deferred credit - medical equipment	87.45	187.27
	<b>87.45</b>	<b>187.27</b>
<b>Current</b>		
Current maturities of long term borrowings	940.16	893.77
Interest accrued but not due on borrowings	132.53	112.27
Employee payables	771.54	707.65
Deferred credit - medical equipment	143.98	123.20
Capital creditors	248.85	188.12
Other payables	-	18.44
	<b>2,237.06</b>	<b>2,043.45</b>

## 12 Provisions

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Non-current</b>		
Provision for employee benefits:		
- Gratuity	190.08	103.77
- Compensated absences	107.30	81.58
Others:	376.65	346.49
- Decommissioning liability	<b>674.03</b>	<b>531.84</b>

## Notes to the Consolidated Financial Statements

for the year ended 31 March 2020 (continued)

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Current</b>		
Provision for employee benefits:		
- Gratuity	44.09	51.44
- Compensated absences	27.11	24.07
Others:		
- Disputed customs duty matters	32.52	32.52
	<b>103.72</b>	<b>108.03</b>

### Note:

#### i. Movement in Provision for others:

	Decommissioning liability	Customs duty*
<b>Carrying amount as at April 01, 2018</b>	285.99	32.52
Add: Unwinding of interest expense	29.16	-
Add: Provision created during the year	31.34	-
Less: Provision reversed during the year	-	-
<b>Balance as at March 31, 2019</b>	<b>346.49</b>	<b>32.52</b>
<b>Carrying amount as at April 01, 2019</b>	<b>346.49</b>	<b>32.52</b>
Add: Unwinding of interest expense	34.43	-
Add: Provision created during the year	16.21	-
Less: Provision reversed during the year	(20.48)	-
<b>Balance as at March 31, 2020</b>	<b>376.65</b>	<b>32.52</b>

\* Provision of Rs. 32.52 lakhs has been made in earlier years towards disputed customs duty matters, the obligation for which may arise on the outcome of the appeals and the quantum whereof will be determined as and when the appeals are disposed-off.

## 13 Other liabilities

	As at March 31, 2020	As at March 31, 2019
<b>Non-Current</b>		
Deferred-revenue	11.76	13.66
	<b>11.76</b>	<b>13.66</b>
<b>Current</b>		
Deferred revenue	15.69	16.82
Advance from customers	11.01	15.59
Advance received	-	100.00
Statutory liabilities	185.32	188.80
	<b>212.02</b>	<b>321.21</b>



## Notes to the Consolidated Financial Statements

### for the year ended 31 March 2020 (continued)

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

#### 14 Revenue from operations

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Sale of services	33,867.93	29,246.49
<b>Other operating revenue</b>		
- Sale of scrap	10.90	6.78
- Income from franchise	3.26	5.41
	<b>33,882.09</b>	<b>29,258.68</b>

#### 15 Other income

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Interest income on bank deposits and others	392.81	264.10
Interest income on other financial assets measured at amortised cost	33.50	22.40
Dividend income on current investments	-	12.13
Profit on sale of mutual fund investments	490.21	78.47
Fair value gain on financial assets (mutual funds) measured at FVTPL	168.10	436.48
Net gain on sale/ retirement of property, plant and equipment	149.13	36.84
Profit on slump sale, (net of acquisition goodwill of Rs 154.24 lakhs) [Refer note 33]	182.15	-
Liabilities no longer required written back	73.53	173.60
Insurance claim received	28.42	-
Other non operating income	18.29	11.72
	<b>1,536.14</b>	<b>1,035.74</b>

#### 16 Cost of materials consumed

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Inventory of materials as at the beginning of the year	217.83	242.14
Add: Purchases during the year	4,453.39	4,023.53
Less: Inventories of materials as at the end of the year	(277.32)	(217.83)
Less: Transfer on account of slump sale	(3.32)	-
	<b>4,390.58</b>	<b>4,047.84</b>

#### 17 Employee benefits expense

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Salaries, wages and bonus	5,713.09	4,972.17
Contribution to provident and other funds	271.42	257.94
Gratuity [refer note 28]	89.27	72.83
Compensated absences	57.86	27.50
Share based payments - equity settled [refer note 29]	40.98	22.20
Staff welfare expenses	67.39	35.39
	<b>6,240.01</b>	<b>5,388.03</b>

## Notes to the Consolidated Financial Statements

for the year ended 31 March 2020 (continued)

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

### 18 Depreciation and amortisation expense

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation on property, plant and equipment [refer note 4(a)]	3,414.86	2,770.79
Amortisation on other intangible assets [refer note 5]	62.62	35.44
Depreciation on right of use assets * [refer note 4(b)]	1,439.46	-
	<b>4,916.94</b>	<b>2,806.23</b>

\* Includes Rs 43.34 lakhs of amortization of prepaid rent pursuant to implementation of new accounting standard IND AS 116.

### 19 Finance costs

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Interest on borrowings measured at amortised cost	340.66	317.87
Interest expense on deferred credit purchases and decommissioning liability	59.51	60.18
Interest expense on lease liabilities (refer note 4(b))	992.45	-
Bank charges and other borrowing costs	145.81	128.34
	<b>1,538.43</b>	<b>506.39</b>

### 20 Other expenses

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Power and fuel	1,071.93	928.86
Rent [refer note (i) below]	147.78	1,553.43
Testing charges	88.96	75.17
Sample collection charges	198.61	189.60
Repairs and maintenance		
- Buildings	202.92	110.60
- Plant and equipments	767.57	747.17
- Others	181.27	163.23
House keeping expenses	510.15	432.88
Security charges	342.65	281.28
Insurance	28.76	24.40
Rates and taxes	52.86	40.52
Advertisement, publicity and marketing	324.69	363.85
Business promotion	207.93	163.18
Travelling and conveyance	197.74	168.33
Legal and professional fees	5,070.25	4,544.35
Payment to auditors [refer note (ii) below]	30.90	25.30
Postage and communication	137.85	130.89
Printing and stationery	80.98	87.03
Provision for doubtful receivables	46.08	120.71
Bad debts written off	5.65	3.87
Advances written-off	8.62	-
Corporate social responsibility expenditure [refer note (iii) below]	144.69	90.02
Donations	1.50	1.30
Miscellaneous expenses	139.21	155.55
	<b>9,989.55</b>	<b>10,401.52</b>

# Notes to the Consolidated Financial Statements

## for the year ended 31 March 2020 (continued)

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

### Notes:

#### i. Rent:

Based on notification by Ministry of Corporate Affairs (MCA), the Company has implemented IND AS 116 "Leases" with effect from April 01, 2019, replacing the IND AS 17 "Leases".

On application of Ind AS 116, the nature of expense has changed from lease rent in previous periods to depreciation cost for the right of use asset, and finance cost for interest accrued on lease liability.

	As per Ind AS 116 "Leases"	As per erstwhile Ind AS 17
Rent expense	147.78	1,822.92
Interest expense on lease liabilities	992.45	-
Depreciation expense on right of use assets	1,396.12	-
	<b>2,536.35</b>	<b>1,822.92</b>

#### ii. Payment to auditors (inclusive of taxes)

	Year ended March 31, 2020	Year ended March 31, 2019
As auditors		
- Statutory audit fees	29.50	23.60
For reimbursement of expenses	1.40	1.70
	<b>30.90</b>	<b>25.30</b>

#### iii. Details of Corporate social responsibility expenditure

	Year ended March 31, 2020	Year ended March 31, 2019
(i) Gross amount required to be spent by the Group during the year	122.02	101.47
(ii) Amount spent during the year (in cash)		
- construction/ acquisition of any asset	-	-
- on purpose other than above	144.69	90.02

## 21 Income-tax expense

	Year ended March 31, 2020	Year ended March 31, 2019
<b>(a) Amount recognised in statement of profit and loss</b>		
Current tax	2,306.36	2,015.00
Deferred tax attributable to temporary differences	(214.42)	116.42
Tax pertaining to earlier years	(26.83)	44.46
<b>Tax expense</b>	<b>2,065.11</b>	<b>2,175.88</b>
<b>(b) Amount recognised in other comprehensive income</b>		
<b>Deferred tax related to items recognised in OCI</b>		
Deferred tax expense/(income) on remeasurements of defined benefit obligations	(4.35)	(5.74)
<b>Income-tax expense/(income) recognised in OCI</b>	<b>(4.35)</b>	<b>(5.74)</b>
<b>(c) Reconciliation of effective tax rate:</b>		
<b>Profit before tax</b>	<b>8,342.72</b>	<b>7,144.41</b>
Enacted tax rate in India*	25.17%	29.12%
<b>Tax expense at enacted rates</b>	<b>2,099.70</b>	<b>2,080.45</b>

## Notes to the Consolidated Financial Statements

### for the year ended 31 March 2020 (continued)

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

	Year ended March 31, 2020	Year ended March 31, 2019
<b>Tax effect of:</b>		
Non-deductible expenses	11.25	10.20
Unrecognised deferred taxes	46.42	68.69
Tax exempt income	-	(3.54)
Others	(65.43)	(24.38)
	2,091.94	2,131.42
Tax pertaining to earlier years	(26.83)	44.46
<b>Income-tax recognised in the statement of profit and loss</b>	<b>2,065.11</b>	<b>2,175.88</b>

\* The Taxation Laws (Amendment) Ordinance, 2019 ('Ordinance') was promulgated on September 20, 2019. The Ordinance has amended the Income Tax Act, 1961 and Finance Act, 2019 to inter-alia provide an option to domestic companies to pay income tax at a reduced tax of 22 percent plus applicable surcharge and cess with certain conditions to be met. The Group has opted for this amendment and tax rate is calculated at 22% plus applicable surcharge and cess.

(d) The following table provides the details of income tax assets and income tax liabilities:

	As at March 31, 2020	As at March 31, 2019
Income-tax assets, (net)	69.70	62.54
Current tax liabilities, (net)	(144.73)	(186.69)
	<b>(75.03)</b>	<b>(124.15)</b>

	Year ended March 31, 2020	Year ended March 31, 2019
Net income-tax liability at the beginning of the year	(124.15)	66.15
Less: Current income tax expense	(2,306.36)	(2,015.00)
Less: Tax pertaining to earlier years	26.83	(44.46)
Add: Tax paid during the year	2,328.65	1,869.16
<b>Net income tax liability as at the end of the year</b>	<b>(75.03)</b>	<b>(124.15)</b>

## 22 Contingent liabilities and commitments (to the extent not provided for)

### Contingent liabilities

	As at March 31, 2020	As at March 31, 2019
Claims against the Company not acknowledged as debts:		
Demand for Provident Fund for the year 1998-2001 [refer note (i) below]	5.61	5.61

### Notes:

- i. Provident fund matter relates to the years 1998-2001 towards interest and provident fund.

The Group based on its legal assessment do not believe that any of the pending claims require a provision as at the balance sheet date, as the likelihood of the probability of an outflow of resources at this point of time is low.

### Capital and other commitments

	As at March 31, 2020	As at March 31, 2019
Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances)	1,348.65	74.78

## Notes to the Consolidated Financial Statements

### for the year ended 31 March 2020 (continued)

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

#### 23 Earnings per share

	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Earnings for the year</b>		
Net profit for the year (A)	6,280.72	4,941.06
<b>Shares</b>		
Weighted average number of equity shares for Basic EPS (B)	4,531,819	4,528,813
Add: Effect of dilution:		
- On account of Compulsory Convertible Preference Shares (Series A and Series B)	-	3,006
- On account of Outstanding employee share based options	21,423	11,937
Weighted average number of equity shares for Diluted EPS (C)	4,553,242	4,543,756
<b>(a) Basic earnings per share of face value of Rs. 10 each (A/B)</b>	<b>138.59</b>	<b>109.10</b>
<b>(b) Diluted earnings per share of face value of Rs. 10 each (A/C)</b>	<b>137.94</b>	<b>108.74</b>

#### 24 Dues to micro and small enterprises

Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

Particulars	March 31, 2020	March 31, 2019
(a) the principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year;		
- Principal	3.29	-
- Interest	-	-
(b) the amount of interest paid by the buyer in terms of Section 16 of the MSMED Act, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
(c) 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 this MSMED Act;	-	-
(d) the amount of interest accrued and remaining unpaid at the end of the each accounting year; and	-	-
(e) 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 of a deductible expenditure under Section 23 of the MSMED Act.	-	-

**Note:** The list of undertakings covered under MSMED Act was determined by the Group on the basis of information available with the Group and has been relied upon by the auditors.

#### 25 Segment reporting

##### A. Basis for segmentation

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, and for which discrete financial information is available. All operating segments results are reviewed regularly by the Group's Chairman and CEO to make decisions about resources to be allocated to the segments and assess their performance.

The Chief Operating Decision Maker ("CODM") evaluates the Group's performance and allocates resources based on an analysis of various performance indicators at operational unit level and since there is single operating segment, no segment disclosures of the Group is presented. The Group's operations fall within a single business segment "Diagnostic services".

## Notes to the Consolidated Financial Statements

### for the year ended 31 March 2020 (continued)

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

#### B. Geographical information

The Group operates within India and therefore there is no assets or liabilities outside India.

#### C. Major customers

Revenue from any single customer of the Group's operating segment does not exceed 10% of the total revenue reported and hence the Management believes that there are no major customers to be disclosed.

### 26 Purchase commitments towards reagent kits

The Company has entered into agreements with certain suppliers for purchase of reagents which include the right to use equipment during the life of the agreement in addition to purchase of minimum committed quantities of reagents every year. These agreements are in substance, cost of reagents and services arrangements provided by the supplier on an annual basis and the minimum purchase commitments therein do not result in more than insignificant penalty on termination of the agreement. The cost of reagents which includes the cost of rental of the equipment is recorded as cost of material consumed.

- 27 In February 2019, the Honorable Supreme Court of India vide its judgement, clarified the definition and scope of 'Basic Wages' under the Employees' Provident Funds & Miscellaneous Provision Act, 1952. The judgement is silent on the retrospective application and in the absence of any guidelines by the regulatory authorities and considering the practical difficulties, no effect is given for the earlier periods as the same is currently not determinable.

### 28 Employee benefit plans

The Group has following post employment benefit plans:

#### (a) Defined contribution plans

Contributions were made to provident fund (at the rate of 12% of basic salary) and Employee State Insurance in India for the employees of the Group as per the regulations. These contributions are made to registered funds administered by the Government of India. The obligation of the Group is limited to the amount contributed and it has no further contractual nor any other constructive obligation. The expense recognised during the year in the consolidated statement of profit and loss towards defined contribution plan is Rs.271.42 lakhs (March 31, 2019: Rs. 257.94 lakhs)

#### (b) Defined benefit plan

The Group provides for Gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for Gratuity. The amount of Gratuity payable on retirement/ termination is the employee's last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service or part thereof in excess of six months, restricted to a sum of Rs. 20.00 lakhs.

The Gratuity plan of the Parent Company is administered through a Gratuity Scheme with Life Insurance Corporation of India ('LIC'). The Parent Company does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments. The Gratuity plans of subsidiaries are unfunded.

This defined benefit plans expose the Group to actuarial risks, such as longevity risk, interest rate risk and market (investment) risk.

#### i. Reconciliation of the net defined benefit (asset)/ liability

The amounts recognised in the balance sheet and the movements in the defined benefit obligation and fair value of plan assets over the year are as follows:

	March 31, 2020			March 31, 2019		
	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount
Opening balance	319.96	164.75	155.21	252.10	133.37	118.73
Current service cost	78.57	-	78.57	64.30	-	64.30
Interest expense/ (income)	22.68	(11.98)	10.70	19.02	(10.49)	8.53
Recognised in statement of profit or loss	101.25	(11.98)	89.27	83.32	-10.49	72.83



## Notes to the Consolidated Financial Statements

for the year ended 31 March 2020 (continued)

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

	March 31, 2020			March 31, 2019		
	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount
<i>Remeasurements</i>						
Return on plan assets, excluding amounts included in interest expense		4.29	4.29	-	16.23	16.23
Actuarial (gains)/ losses arising from:						
- Changes in demographic assumptions	0.04	-	0.04	-	-	-
- Changes in financial assumptions	23.09	-	23.09	6.10	-	6.10
- Experience variance (i.e. actual experience vs assumptions)	(9.88)	-	(9.88)	(0.41)	-	(0.41)
<b>Re-measurements recognised in other comprehensive income</b>	<b>13.25</b>	<b>4.29</b>	<b>17.54</b>	<b>5.69</b>	<b>16.23</b>	<b>21.92</b>
Contribution paid to the plan	-	3.26	(3.26)	-	55.00	(55.00)
Benefits paid	(53.01)	(28.42)	(24.59)	(21.15)	(17.88)	(3.27)
<b>Closing balance</b>	<b>381.45</b>	<b>147.28</b>	<b>234.17</b>	<b>319.96</b>	<b>164.75</b>	<b>155.21</b>

### ii. Plan assets

Plan assets comprises of the following:

	March 31, 2020	March 31, 2019
Funds managed by Life Insurance Corporation of India	100%	100%

### iii. Actuarial assumptions

Principal actuarial assumptions for defined benefit obligation are as follows:

	March 31, 2020	March 31, 2019
Discount rate	6.30%	7.25%
Salary escalation rate	6.00% to 8.00%	6.00% to 8.00%
Attrition rate	10.00% to 15.00%	10.00% to 15.00%

**Discount rate:** The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

**Salary escalation rate:** The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

**Attrition rate:** Represents the Group's best estimate of employee turnover in future (other than on account of retirement, death or disablement) determined considering various factors such as nature of business, retention policy, industry factors, past experience, etc.

### iv. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation and current service cost by the amounts shown below:

			Impact on defined benefit obligation					
	Change in assumption		Increase in assumption			Decrease in assumption		
	March 31, 2020	March 31, 2019		March 31, 2020	March 31, 2019		March 31, 2020	March 31, 2019
Discount rate	1.00%	1.00%	Decrease by	23.67	18.14	Increase by	26.56	24.53
Salary escalation rate	1.00%	1.00%	Increase by	25.86	19.89	Decrease by	23.55	19.45
Attrition rate	50.00%	50.00%	Decrease by	23.86	14.78	Increase by	37.87	24.30

## Notes to the Consolidated Financial Statements

### for the year ended 31 March 2020 (continued)

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

The sensitivity analysis presented above may not be representative of the actual change in the projected 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 projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the consolidated balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

#### v. Expected contributions to the plan for the next annual reporting period

Expected contribution to post-employment benefit plans for the next year ending March 31, 2021 is Rs. 45 lakhs.

#### vi. Maturity profile of the defined benefit liability

The weighted average duration of the defined benefit obligation is 7 years (March 31, 2019: 6 years). The expected maturity analysis of defined benefit obligation on an undiscounted basis is as follows:

	Less than a year	Between 2-5 years	Between 6-10 years	More than 10 Years
March 31, 2020	44.08	185.75	169.11	221.77
March 31, 2019	51.44	161.99	145.15	182.83

## 29 Share based payments

### VDCPL Employee Stock Option Plan 2018 "The Plan" or "ESOP 2018"

The shareholders of the Company approved " VDCPL Employee Stock Option Plan 2018 (ESOP 2018) at the Extraordinary General Meeting held on May 03, 2018 to grant a maximum of 162,500 options to specified categories of employees of the Company. Each option granted and vested under ESOP 2018 shall entitle the holder to acquire one equity share of face value of Rs. 10 each of the Company.

The Plan consists of four schemes with various vesting periods from the grant date subject to satisfaction of vesting conditions. The method of settlement under the Plan is by issue of equity shares of the Company and there are no cash settlement alternatives for the employees.

The time and performance based options under Scheme 1 become eligible on an annual basis at 30%, 30%, 20% and 20% over a period of four years and vesting starts from second year. The time and performance based options under Scheme 2 become eligible on an annual basis at 25%, 25%, 25% and 25% over a period of four years and vesting starts from third year. The time based options under Scheme 3 become eligible on an annual basis at 25%, 25%, 25% and 25% over a period of four years and vesting starts from third year. The time based options under Scheme 4 become eligible on annual basis at 100% and vest on second year from the grant date. Vested options can be exercised over a period of ten years from the grant date. The Exercise Price is the fair value of the equity share as on the date of the grant.

The Remuneration Committee of the Board of Directors accordingly, granted 54,853 options under three grants of 46,375 900 and 7,578 to eligible employees on May 10, 2018, October 31, 2018 and April 01, 2019 respectively, under ESOP 2018 - Scheme 1, Scheme 2, Scheme 3 and Scheme 4.

The fair value of equity share options is estimated at the date of grant using Black- Scholes model, taking into account the terms and conditions upon which the share options were granted. Based on the historical trends, 50% of stock options are expected to be vested and exercised, accordingly the total compensation cost recognised in the statement of profit and loss is Rs.40.98 lakhs (March 31, 2019 - Rs 22.20 Lakhs).

#### (A) Details of options granted under ESOP 2018 are as below:

Grant	Grant date	Number of options granted	Number of options outstanding	Exercise Price (in INR)	Fair value at grant date (in INR)
1st Grant	10-May-18	46,375	12,945	2,200	2,221
2nd Grant	31-Oct-18	900	900	2,339	2,339
3rd Grant	1-Apr-19	7,578	7,578	2,369	2,369

## Notes to the Consolidated Financial Statements

for the year ended 31 March 2020 (continued)

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

### (B) The movement of stock options during the year (in No's) :

	March 31, 2020	March 31, 2019
Balance at the beginning of the year	13,845	-
Granted during the year	7,578	47,275
Vested/exercisable during the year	-	-
Forfeited during the year	-	33,430
Exercised during the year	-	-
Balance at the end of the year	21,423	13,845

### (C) The key assumption used to estimate the fair value of stock option as on grant date:

Grant date	Dividend yield	Risk-free interest rate	Expected life of options granted in years	Expected volatility
10-May-18	0%	7.95%	5.5 Years to 7 Years	21.32%
31-Oct-18	0%	7.84%	5.5 Years to 7 Years	24.95%
1-Apr-19	0%	7.15%	5.5 Years to 7 Years	29.52%

## 30 Related parties

### (a) Details of related parties

Description of relationship	Name of the related parties
Key Management Personnel (KMP)	Dr. S Surendranath Reddy (Executive Chairman) S Suprita Reddy (Chief Executive Officer), Retired as Managing Director w.e.f October 31, 2019 and appointed as CEO w.e.f November 01, 2019. K Sunil Chandra (Executive Director) S Geetha Reddy (Additional Director w.e.f November 21, 2019)
Enterprise where KMP has Significance Influence	Vijaya Hospitals Private Limited Summit Nutracueticals Private Limited Kshetra Agritech Private Limited Trikona Pharmaceuticals Private Limited Trikona Holdings LLP Vijaya Holdings India LLP Vaishnavi Diagnostic Private Limited S Square Properties LLP Park Health Systems Private Limited IFFCO Kisan Sez Limited
Relative of KMP	B Vishnu Priya (Wife of K Sunil Chandra) C Damodar Reddy (Husband of S Suprita Reddy) C Rhea Reddy (Daughter of S Suprita Reddy) C Arjun Reddy (Son of S Suprita Reddy) S Suhas Reddy (Son of K Sunil Chandra) S Sushmita Reddy (Daughter of K Sunil Chandra)
Controlled Trust	Vijaya Diagnostic Charitable Trust

## Notes to the Consolidated Financial Statements

for the year ended 31 March 2020 (continued)

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

### (b) Details of transactions during the year

	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Rent paid</b>		
Dr. S Surendranath Reddy	383.58	346.60
K Sunil Chandra	76.15	71.81
S Suprita Reddy	43.31	42.10
S Geetha Reddy	241.56	204.42
B Vishnu Priya	1.63	1.44
Vijaya Hospitals Private Limited	97.77	92.64
<b>Rental deposits given, net *</b>		
Dr. S Surendranath Reddy	15.10	50.24
S Suprita Reddy	3.47	1.73
K Sunil Chandra	-	2.75
S Geetha Reddy	-	38.47
<b>Sale of services</b>		
Park Health Systems Private Limited	55.44	165.34
<b>Interest expense</b>		
Dr. S Surendranath Reddy	22.80	22.80
K Sunil Chandra	3.40	3.40
<b>Remuneration to KMP and their relatives</b>		
Dr. S Surendranath Reddy	180.00	180.00
K Sunil Chandra	60.00	60.00
S Suprita Reddy	150.00	120.00

### (c) Amounts due (to)/ from related parties

	As at March 31, 2020	As at March 31, 2019
<b>Rent payable</b>		
Dr. S Surendranath Reddy	(22.53)	(27.35)
S Suprita Reddy	(2.54)	(3.30)
K Sunil Chandra	(3.97)	(5.12)
Vijaya Hospitals Private Limited	(5.71)	(7.62)
S Geetha Reddy	(14.20)	(18.29)
B Vishnu Priya	(0.10)	(0.01)
<b>Rental deposits *</b>		
Vijaya Hospitals Pvt. Ltd.	34.95	34.95
Dr. S Surendranath Reddy	114.14	99.05
S Suprita Reddy	17.35	13.88
K Sunil Chandra	24.76	24.76
S Geetha Reddy	71.77	71.85
B Vishnu Priya	0.72	0.72
<b>Trade receivables</b>		
Park Health Systems Private Limited	10.19	9.11

## Notes to the Consolidated Financial Statements

for the year ended 31 March 2020 (continued)

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

	As at March 31, 2020	As at March 31, 2019
<b>Loans outstanding</b>		
Dr. S Surendranath Reddy	(285.00)	(285.00)
K Sunil Chandra	(42.45)	(42.45)
<b>Interest payable</b>		
Dr. S Surendranath Reddy	(110.72)	(90.20)
K Sunil Chandra	(10.74)	(7.68)
<b>Remuneration payable to KMP</b>		
Dr. S Surendranath Reddy	(9.82)	(12.00)
K Sunil Chandra	(3.48)	(4.90)
S Suprita Reddy	(8.12)	(8.80)

\* The amount represents the gross amount given as security deposits given to the related parties.

**Note:**

All transactions with these related parties are at arm's length basis and resulting outstanding receivables and payables including financial assets and financial liabilities balances are settled in cash. None of the balances are secured. (All the amounts of transactions and balances disclosed in this note are gross and undiscounted.)

### 31 Capital management

The Group's policy is to maintain a stable and strong capital structure with a focus on equity so as to provide returns to shareholders, benefits to other stakeholders, creditors and to sustain future development and growth of the business. In order to maintain the capital structure, the Group monitors the return on capital as well as debt to total equity ratio. The Group aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to all its shareholders. For the purpose of debt to total equity, debt includes its long-term and short-term borrowings. Total equity comprises of issued share capital and all other equity reserves.

	March 31, 2020	March 31, 2019
Total debt	3,283.91	4,242.53
Total equity	27,392.39	21,086.99
<b>Debt equity ratio</b>	<b>0.12</b>	<b>0.20</b>

The Group's bank balances are at Rs 11,819.11 lakhs which are significantly higher than the debt outstanding of Rs 3,283.91 lakhs. Nominal debt is being maintained to establish credit history for any future requirements.

### 32 Financial instruments

#### (A) Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

Particulars	Note	March 31, 2020		March 31, 2019		Fair value level
		Amortised Cost	Fair value	Amortised Cost	Fair value	
<b>Financial assets</b>						
Investments						
- in mutual funds - FVTPL	6 (a)	-	5,467.32	-	6,883.70	Level 1
- in equity instruments - FVOCI	6 (a)	-	4.00	-	4.00	Level 3
Trade receivables	6 (b)	810.67	-	928.09	-	

## Notes to the Consolidated Financial Statements

### for the year ended 31 March 2020 (continued)

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

Particulars	Note	March 31, 2020		March 31, 2019		Fair value level
		Amortised Cost	Fair value	Amortised Cost	Fair value	
Loans	6 (c)	544.24	-	457.92	-	
Cash and cash equivalents	6 (d)	5,556.81	-	962.09	-	
Other bank balances	6 (e)	6,262.30	-	4,301.23	-	
Other financial assets	6 (f)	58.47	-	271.04	-	
<b>Total financial assets</b>		<b>13,232.49</b>	<b>5,471.32</b>	<b>6,920.37</b>	<b>6,887.70</b>	
<b>Financial liabilities</b>						
Borrowings	11 (a) and 11 (c)	3,283.91	-	4,242.53	-	
Lease liabilities	4(b)	12,838.62	-	-	-	
Trade payables	11 (b)	2,169.47	-	2,175.62	-	
Other financial liabilities	11 (c)	1,384.35	-	1,336.95	-	
<b>Total financial liabilities</b>		<b>19,676.35</b>	<b>-</b>	<b>7,755.10</b>	<b>-</b>	

The fair value of trade receivables, loans, other financial assets, cash and cash equivalents, other bank balances, borrowings, trade payables and other financial liabilities approximate their carrying amount largely due to short-term nature of these instruments. Investments in mutual funds, which are classified as FVTPL are measured using net assets value at the reporting date multiplied by the quantity held.

#### (B) Measurement of fair values

##### i. Valuation techniques and significant unobservable inputs

Investment in equity instruments: The fair value of investment in equity instruments approximate to its carrying value. Hence, no fair value gain/ (loss) is accounted in OCI.

##### ii. Transfer between Level 1 and 2

There have been no transfers from Level 2 to Level 1 or vice-versa in the current financial year and no transfers in either direction in the last financial year.

##### iii. Level 3 fair values

There have been no transfers from Level 2 to Level 1 or vice-versa in the current financial year and no transfers in either direction in the last financial year.

	FVOCI Equity securities	
	March 31, 2020	March 31, 2019
Balance as at the beginning of the year	4.00	4.00
Investment made	-	-
Net change in fair value (Unrealised)	-	-
<b>Balance as at the end of the year</b>	<b>4.00</b>	<b>4.00</b>



## Notes to the Consolidated Financial Statements

### for the year ended 31 March 2020 (continued)

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

#### (C) Financial Risk Management

The Group activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk.

Risk	Exposure arising from	Measurement	Management
Credit Risk	Trade receivables, security deposits, bank deposits and loans.	Ageing analysis. Credit score of customers/entities.	Monitoring the credit limits of customers and obtaining security deposits.
Liquidity Risk	Borrowings	Cash flow forecasts managed by finance team under the overview of Senior Management.	Working capital management by Senior Management. The excess liquidity is channelised through bank deposits and investment in mutual funds.

#### i. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and loans.

The Group has no significant concentration of credit risk with any counterparty.

#### **Trade receivables and loans**

Customer credit risk is managed by the respective department subject to Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on individual credit limits as defined by the Group. Outstanding customer receivables are regularly monitored.

#### **Expected credit loss (ECL) assessment for individual customers:**

As per simplified approach, the Group makes provision of expected credit losses on trade receivable using a provision matrix to mitigate the risk of default payment and make appropriate provision at each reporting date.

The ageing analysis of the receivables has been considered from the date the invoice falls due.

	Less than 180 days	More than 180 days	Provision	Total
March 31, 2020	538.91	437.12	(165.36)	810.67
March 31, 2019	616.74	492.22	(180.87)	928.09

Management believes that the unimpaired amounts that are past due by more than 180 days are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk.

#### **The movement in the allowance for impairment in respect of trade receivables is as follows:**

	March 31, 2020	March 31, 2019
Balance at the beginning of the year	180.87	71.08
Add: Allowance measured at lifetime expected credit loss	46.08	120.71
Less: Amounts written off	61.59	10.92
<b>Balance at the end of the year</b>	<b>165.36</b>	<b>180.87</b>

Credit risk on cash and cash equivalents, deposits with banks is generally low as the said deposits have been made with the banks who have been assigned high credit rating by credit rating agencies. Investments of surplus funds are made only with approved financial institutions. Investments primarily include investments in mutual funds. The funds are invested as per "Investment Policy" approved by the Board of Directors and are made only in debt funds with rating of AAA+ and with no exposure of more than 20% to a single fund house.

## Notes to the Consolidated Financial Statements

### for the year ended 31 March 2020 (continued)

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

#### ii. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The finance team monitors rolling forecasts of the Group's liquidity position and cash and cash equivalents on the basis of expected cash outflows on trade payables and other financial liabilities and any excess/ short liquidity is managed in the form of current borrowings, bank deposits and investment in mutual funds as per the approved frame work.

#### Exposure to liability risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

	Carrying amount	Total	Contractual cash flows			
			Less than 1 year	1-2 years	2-5 years	More than 5 years
<b>March 31, 2020</b>						
Borrowings (including current maturities of long-term borrowings)	3,283.91	3,283.91	1,070.61	922.59	1,290.71	-
Lease liabilities	12,838.62	19,877.63	1,944.58	1,974.12	6,163.40	9,795.54
Trade payables	2,169.47	2,169.47	2,169.47	-	-	-
Deferred payment liabilities - on purchase of medical equipments	231.43	253.03	151.69	77.03	24.31	-
Capital creditors	248.85	248.85	248.85	-	-	-
Other financial liabilities	904.07	904.07	904.07	-	-	-
	<b>19,676.35</b>	<b>26,736.96</b>	<b>6,489.27</b>	<b>2,973.74</b>	<b>7,478.42</b>	<b>9,795.54</b>
<b>March 31, 2019</b>						
Borrowings (including current maturities of long-term borrowings)	4,242.53	4,242.53	1,089.07	940.16	2,213.30	-
Trade payables	2,175.62	2,175.62	2,175.62	-	-	-
Deferred payment liabilities - on purchase of medical equipments	310.47	357.19	129.41	126.43	101.35	-
Capital creditors	188.12	188.12	188.12	-	-	-
Other financial liabilities	838.36	838.36	838.36	-	-	-
	<b>7,755.10</b>	<b>7,801.82</b>	<b>4,420.58</b>	<b>1,066.59</b>	<b>2,314.65</b>	<b>0.00</b>

Except for these financial liabilities, it is not expected that cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

#### iii. Market risk

Market risk is the risk that results from changes in market prices - such as foreign exchange rates, interest rates and others - will affect the Group's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

## Notes to the Consolidated Financial Statements

### for the year ended 31 March 2020 (continued)

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

#### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in Market interests rate. The Group's main interest rate risk arises from short-term borrowings with variable rates, which exposes the Group to cash flow interest rate risk. The exposure of the Group's borrowing to interest rate changes at the end of the reporting period are as follows:

Particulars	As at March 31, 2020	As at March 31, 2019
Cash credit - from banks	130.45	195.31

#### Sensitivity

Particulars	Impact on profit and loss	
	March 31, 2020	March 31, 2019
1% increase in interest rate	(1.30)	(1.95)
1% decrease in interest rate	1.30	1.95

The interest rate sensitivity is based on the closing balance of loans from banks.

- 33** During the current year, VDC Diagnostics (Karnataka) LLP, subsidiary sold its business of Bangalore diagnostic centre under slump sale arrangement with effect from November 30, 2019. All the assets and liabilities pertaining to this Bangalore diagnostic centre were transferred to buyer pursuant to slump sale arrangement.

#### 34 Disclosure as per Ind AS 115 - Revenue from contracts with customers

	As at March 31, 2020	As at March 31, 2019
<b>Contract assets</b>		
- Unbilled revenue	-	-
- Trade receivables	976.03	1,108.96
<b>Contract liabilities</b>		
- Advances from customers	11.01	15.59
- Contract liability- deferred revenue	27.45	30.48

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.

#### 35 Additional information as required under para 2 of General Instruction for the preparation of Consolidated Financial Statements of Schedule III to the Act.

S No	Name of Company	March 31, 2020				March 31, 2019			
		Net assets, i.e., total assets minus total liabilities		Share in profit/ (loss)		Net assets, i.e., total assets minus total liabilities		Share in profit/ (loss)	
		Amount	As % of consolidated net assets	Amount	As % of consolidated profit/(loss)	Amount	As % of consolidated net assets	Amount	As % of consolidated profit/(loss)
	<b>Parent</b>								
	Vijaya Diagnostics Centre Private Limited	27,749.73	101.30%	6,110.88	97.55%	21,597.87	102.42%	4,877.82	98.50%

## Notes to the Consolidated Financial Statements

for the year ended 31 March 2020 (continued)

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

S No	Name of Company	March 31, 2020				March 31, 2019			
		Net assets, i.e., total assets minus total liabilities		Share in profit/ (loss)		Net assets, i.e., total assets minus total liabilities		Share in profit/ (loss)	
		Amount	As % of consolidated net assets	Amount	As % of consolidated profit/(loss)	Amount	As % of consolidated net assets	Amount	As % of consolidated profit/(loss)
	<b>Subsidiaries (including step down subsidiaries)</b>								
1	Medinova Diagnostic Services Limited	(754.64)	-2.75%	(22.17)	-0.35%	(732.48)	-3.47%	50.37	1.02%
2	VDC Diagnostic (Karnataka) LLP	374.43	1.37%	184.43	2.94%	(1,360.20)	-6.45%	(231.87)	-4.68%
3	Doctors Lab Diagnostic Centre Private Limited	69.32	0.25%	147.85	2.36%	(78.53)	-0.37%	(5.60)	-0.11%
4	Medinova Millennium MRI Services LLP	(14.26)	-0.05%	2.32	0.04%	(16.57)	-0.08%	3.48	0.07%
5	Namrata Diagnostic Centre Private Limited	(96.96)	-0.35%	(1.44)	-0.02%	(95.63)	-0.45%	(2.22)	-0.04%
	Non-controlling interest in all subsidiaries	(40.39)	-0.15%	(3.21)	-0.05%	(37.18)	-0.18%	26.87	0.54%
	<b>Total</b>	<b>27,287.23</b>	<b>99.62%</b>	<b>6,418.66</b>	<b>102.46%</b>	<b>19,277.28</b>	<b>91.42%</b>	<b>4,718.85</b>	<b>95.29%</b>
	Consolidation adjustments	105.16	0.38%	(154.24)	-2.46%	1,809.71	8.58%	233.50	4.71%
	<b>Net amount</b>	<b>27,392.39</b>	<b>100.00%</b>	<b>6,264.42</b>	<b>100.00%</b>	<b>21,086.99</b>	<b>100.00%</b>	<b>4,952.35</b>	<b>100.00%</b>

### Note:

The disclosure as above represents separate information for each of the consolidated entities before elimination of inter-company transactions. The net impacts on elimination of inter company transactions/ profits/ Consolidation adjustments have been disclosed separately. Based on the group structure, the Management is of the view that the above disclosure is appropriate under requirements of the Act.

### 36 Comparative figures

The Comparative figures for the previous year have been re-arranged to conform with the current year presentation of the accounts.

As per our Report of even date attached  
For **B S R & Associates LLP**  
Chartered Accountants  
ICAI Firm registration number: 116231W/ W-100024

**Sriram Mahalingam**  
Partner  
Membership Number: 049642

Place: Hyderabad  
Date: July 16, 2020

For and on behalf of the Board of Directors of  
**Vijaya Diagnostic Centre Private Limited**  
CIN: U85195TG2002PTC039075

**Dr. S Surendranath Reddy**  
Executive Chairman  
DIN Number: 00108599

**K. Sunil Chandra**  
Executive Director  
DIN Number: 01409332

Place: Hyderabad  
Date: July 16, 2020

**S Suprita Reddy**  
Chief executive officer

**V. Sri Lakshmi**  
Company Secretary





## **Vijaya Diagnostic Centre Private Limited**

### **Registered Office**

3-6-16 & 17, Street No. 19, Himayat Nagar, Hyderabad, Telangana-500029

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