

July 6, 2021

National Stock Exchange of India
Limited Exchange Plaza,
Plot No. C/1, G Block,
Bandra Kurla Complex Bandra (E)
Mumbai – 400 051.

Bombay Stock Exchange Limited
Corporate Relationship Department
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai- 400001

Sub: Submission of Annual Report for Financial Year 2020-21

Dear Sir/Madam,

Pursuant to the provisions of Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the Annual Report of the Company for the Financial Year 2020-21.

We request you to please take the same on record.

Thanking You,

Yours Faithfully,

For **Dr. Lal PathLabs Limited**



Rajat Kalra
Company Secretary and Legal Head



Encl: As above



ENABLING

HEALTHIER

LIVES

Annual Report
2020- 2021

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FACTS ABOUT US

Dr. Lal PathLabs Limited ('LPL') continues to build upon its robust infrastructure, which spans across India and International. We have a vast network that comprises of a National Reference Laboratory in New Delhi, a Reference Laboratory in Kolkata and 229 other clinical laboratories.

Further, we continue to build our Patient Service Network with 3,705 Patient Service Centers and 9,247 Pick-up Points, which are backed by a 3,996 strong manpower, that enables greater efficiency as well as prompt service & reach to our customers.



We possess:

- An exhaustive range of Pathology, Radiology and Cardiology tests
- Over 7 decades of experience in the world of diagnostics
- A strong well-respected brand, trusted by over 20 millions customers
- A specialized and super specialized menu of tests which are mainly from high-end Molecular Diagnostics, Cytogenomics, Transplant Immunology, Transmission Electron Microscopy & more.

Our major focus this year has been to make available esoteric technologies to treating physicians especially in the field of oncopathology.

To this end Dr. Lal PathLabs Limited joined hands with a leading US based multinational and launched comprehensive precision oncology biomarkers like MI profile.

With the promise of precision medicine becoming a reality, molecular profiling has become standard of care for many cancer types and is required for certain personalized therapies.

Also on the immunochemistry markers front, we introduced markers that help in identifying the patients who can be benefited by novel immunotherapies in multiple cancers.

As a leader in servicing the histopathology needs of medical community the Company introduced an expert panel in histopath department to diagnose & specify cancer subtypes at clinical level. It offers more precise, organ specific diagnosis from the experts.

Other than oncopathology many other relevant disease segments also got a focus this year for new test/ panel /tech type introductions.

In physician & gastro segments new cost effective allergy panel with 107 allergens and Stomach health panel were launched to fill a need for low cost allergy panel as well as for proactive stomach health – a one of kind first line non-invasive test for diagnosis of indigestion affecting 30 % of Indian population.

In the last financial year due to COVID pandemic, lot of informational activities were done on social media platforms. We have organized disease specific webinars with key KOLs on COVID testing & usage for both doctors and consumers, breast cancer diagnosis month, renal transplant testing solutions through such webinar events.

Launch of Pregnancy NUs portal for pregnant women to provide an insight on pregnancy journey and facilitate the trimester wise booking of tests in the comfort of their home.

Overall we have successfully launched 85+ tests & panels in various therapy areas to diagnose and monitor the disease progression before it becomes unmanageable, thus leading to an effective handholding of patients.

FROM THE CHAIRMAN'S DESK

Dear Shareholders,

We are glad to have concluded the fiscal year 2021 on a positive note marked by robust recovery trends in our non-COVID business and also maintaining the track record of providing the best quality diagnostics services to our patients. Notably, we exited the year with complete revenue recovery while reverting to the pre-COVID level growth trajectory. Though medicine has become more evidence based with the infrastructure still developing, India remains considerably disadvantaged when it comes to accuracy and availability of reliable diagnostic tests. This is due to fragmented presence of unorganized players that lack the technology and desired skill sets to deliver the level of quality required. At Dr. Lal PathLabs, we have deployed the best digital infrastructure and highly skilled manpower to offer a wide variety of services with the state-of-the-art diagnostics at affordable prices.

The year gone by has witnessed a devastating impact from COVID-19 pandemic for India and across the globe. While the disruptions were quite intense initially due to lockdown, they became better during the latter part of the year marked by the return of near normalcy conditions. As the country navigates through the second wave of the pandemic, strong and reliable brands like Dr. Lal PathLabs have led by example in COVID testing. We are better prepared for this surge and have earmarked separate teams to ensure quality and efficiency as the caseloads rise significantly across major metros in the country. We also expanded our reach into several key pockets of West and South India to augment our brand and drive volumes. While doing so, we have enhanced our services for home collections for COVID testing and leveraged our digital assets to boost online bookings. Our three main laboratories, including the National Reference Lab at Delhi, the Regional Reference Lab at Kolkata and Central Lab at Indore continue to be the hubs for COVID testing, while we added 14 more labs to increase our tooth-to-tail-ratio. Our endeavor is to conduct highly specialized molecular and allied tests at these labs now and later, once COVID testing volumes decline.

We have seen a noticeable shift in consumer preference towards efficient diagnostic chains, especially this year on account of COVID-19 pandemic. By virtue of providing excellence to the scale of our operations, we were able to offer quick turnaround time for key tests with accurate results thereby cementing our position as the leading diagnostics player in the country.

While the Government spending on healthcare is still low in India, it is making progress through various initiatives. In the Union Budget FY 2021-22, the Finance Minister announced that under the Pradhan Mantri Aatmanirbhar Swasth Bharat Yojana, an outlay of over ₹ 64,000 crore over the next six years will be allocated towards ramping up various primary, secondary and



tertiary level care institutions in the health system. The budget also aims to improve rural and urban health and wellness centers (HWC) and upgrade district hospitals infrastructure. It also gives due recognition to the establishment of a diagnostics oriented Integrated Public Health Laboratories Portal that incorporates real-time data to detect new outbreaks and facilitate early action. All these initiatives, once incorporated, will significantly boost the healthcare testing infrastructure in the country.

Our business is primarily driven by patient volumes and test mix, that includes the diagnostics for the ever growing life style diseases thus making us a leading player in the control of non-communicable diseases. Our three main labs continue to work efficiently having developed robust economies of scale. We are also in the process of setting up new reference labs in Mumbai and Bangalore, i.e. in West and South India, in our bid to further penetrate into these territories. These labs will be similar to the Kolkata Reference Lab in terms of capabilities but will be less capital intensive and modular in nature. We believe that there is vast opportunity in the organized diagnostics space and our expanding infrastructure will certainly help in realizing this opportunity.

Finally, I would like to deeply thank all our stakeholders, including investors, associates, vendors, customers and employees who have been with us for past many years and have supported our growth journey. We promise to keep bringing high quality and accurate diagnostics in an accessible and affordable way to everyone in India.

Warm regards,

A handwritten signature in black ink, appearing to read 'Arvind Lal'.

(Hon'y) Brig. Dr. Arvind Lal, Padma Shri
Executive Chairman

A WORD FROM MANAGING DIRECTOR

Dear Shareholders,

FY20-21 has been a difficult and a milestone year for humanity with many of us bearing the brunt of the inclement pandemic at a personal level. While economy and operations were disrupted due to lock downs but given the essential nature of our services, we continued to serve our patients in this hour of crisis. The teams showed resilience and flexibility underlining continuity of service delivery.

While the first half was adversely impacted but we regained momentum during the second half of the fiscal year consequent to relaxation of the most stringent of restrictions.

Our response has been consistent with the objective of serving the patient community through dedication, compassion and empathy. In the first phase, we stood shoulder-to-shoulder with our countrymen, pioneering testing capability in the private domain to diagnose the COVID-19 virus. From a single lab at Rohini, Delhi we could ramp up the network to 14 labs nationally by the end of year and as required, this process of addition will continue. Prodded by the mandated curbs on movement or hesitation, patients demonstrated preference for home collection of samples. Established national networks like DLPL could step in and meet this need. We also simultaneously augmented our digital presence, revamped our apps in order to make the patient experience more seamless. These enhancements will continue to get implemented by dedicated teams.

We are proud of our teams and how they have risen to the occasion, often going above and beyond their call off duty. During this hour, it was also our moral responsibility to ensure that our employees and their family members felt safe and protected. We supported them in every manner possible in the discharge of their duties. We rolled out initiatives to boost morale and ensured that their welfare requirements were being taken care of. All these initiatives have strengthened our bond with patients, employees and broader stakeholder community. At the end of the day, the brand is nothing but the people behind it.

While the contribution from Delhi-NCR region reduced to approx. 35% during the year, we still remain a very dominant player there given our reach and scale advantages. This underscores better realizations and thereby steady margins. During FY21, our rest of India segment demonstrated smart gains, with growth of 26.4% and higher contribution of approx. 65% to sales as compared to 60% last year. This was a result of our successful geographical diversification strategy as well as the pattern of the pandemic as it gave rise to samples across States. Other areas in North India like UP, Punjab, J&K and Haryana contributed another 29.4% while the East contributed 16.7%, supported by the Kolkata Reference Lab. West and South brought up the rest, however both regions have recorded gains in sampling YoY on account of the pandemic.

Aided by the revival in non-COVID segment and supplemented by COVID testing, revenues for FY21 enhanced by 19% YoY. PAT increased by 30%, with profitability back at pre-COVID levels. During the year under review, we served 20.3 million patients, having processed 49.7 million samples. Our bundled test offering 'SwasthFit' continued contributing to volume recovery despite challenges on ground due to COVID-led disruptions. The share of 'SwasthFit' to Non-COVID revenue has increased to 17% and we believe this will



further improve as patients and the broader community have been sensitized by the pandemic on the merits of preventive and wellness testing.

Our hub-and-spoke model of laboratories, collection centres and pick-up points, spread across PAN-India forms the backbone of our operations. Notwithstanding the challenges and disruptions witnessed this year, we added 15 labs, 600 collection center and 2,200 PUPs in FY21. Overall, we have 231 clinical labs, 3,705 patient service centers and 9,247 pickup-up points as on March 31, 2021. We are also on track to very soon commission the new reference labs at Mumbai and Bengaluru, dovetailing the traction shown by the Western and Southern markets.

Our strategy has been to expand into newer territories organically while not being averse to inorganic opportunities. We continue to follow a cluster city approach where we identify potential clusters and accordingly deploy our infrastructure and expertise to extend the network. There is still merit in acquiring and scaling up bottom-of-pyramid laboratories that are run well. And through PathLab Unifiers, we have made multiple small-lab acquisitions, which has served to strengthen target clusters while expanding the brand's footprint. With many smaller unorganized players struggling to keep pace during the pandemic, it is but natural for national chains like ours to occupy the space so vacated. We have also collaborated with various hospitals and nursing homes in conducting tests for samples collected by them.

I would like to thank all our stakeholders who have been with us for all these years, our Board of Directors for their guidance and to numerous investors, vendors, employees for their continued support. Lastly, I would like to thank all our patients for putting their faith in us and giving us a chance to service them.

Warm Regards,

Dr. Om Prakash Manchanda
Managing Director

BOARD OF DIRECTORS



(Hony) Brig. Dr. Arvind Lal
Executive Chairman



Dr. Om Prakash Manchanda
Managing Director



Dr. Vandana Lal
Executive Director



Mr. Sunil Varma
Lead Independent Director



Dr. Saurabh Srivastava
Independent Director



Mrs. Somya Satsangi
Independent Director



Mr. Harneet Singh Chandhoke
Independent Director



Mr. Anoop Mahendra Singh
Independent Director



Mr. Rahul Sharma
Non-Executive Director



Dr. Archana Lal Erdmann
Non-Executive Director

CORPORATE INFORMATION

Chief Executive Officer

Mr. Bharath U

Chief Financial Officer

Mr. Ved Prakash Goel

Company Secretary

Mr. Rajat Kalra

Corporate Office

12th Floor, Tower B, SAS Tower,
Medicity, Sector-38, Gurugram -122 001
Ph: + 91 – 124 – 3016 – 500
Fax: +91 – 124 – 4234 – 468

Registered Office

Block E, Sector - 18, Rohini,
New Delhi – 110 085
Ph: + 91 – 11 – 3983 – 5050

Email ID

cs@lalpathlabs.com

Website

www.lalpathlabs.com

Registrar & Share Transfer Agent

Link Intime India Private Limited
Noble Heights, 1st Floor
Plot NH2, C-1 Block LSC,
Near Savitri Market, Janakpuri,
New Delhi-110058
Ph: +91 – 11 – 4941 – 1000
Fax: +91 – 11 – 4141 – 0591

Auditors

Deloitte Haskins & Sells LLP ,
Chartered Accountants, 7th Floor,
Building 10, Tower B. DLF Cyber City
Complex , DLF City Phase-II,
Gurugram -122002, Haryana, India

DIRECTOR'S REPORT

Dear Members,

Your Directors have pleasure in presenting the 27th Annual Report on the business and operations of your Company along with the audited statement of accounts for the year ended March 31, 2021.

FINANCIAL RESULTS

The Financial performance of your Company for the year ended March 31, 2021 is summarized below:

Particulars	(in ₹ million)			
	Year ended March 31, 2021 (Consolidated)	Year ended March 31, 2020 (Consolidated)	Year ended March 31, 2021 (Standalone)	Year ended March 31, 2020 (Standalone)
Total Income	16,325.99	13,854.02	15,418.22	13,312.07
Total Expenses	12,381.90	10,748.99	11,677.79	10,284.56
Profit/(Loss) before Tax (PBT)	3,944.09	3,105.03	3,740.43	3,027.51
Profit/(Loss) after Tax (PAT)	2,964.79	2,275.87	2,801.06	2,231.80

FINANCIAL PERFORMANCE

I. CONSOLIDATED PERFORMANCE

During the year under review, the consolidated income of the Company increased to ₹ 16,325.99 million compared to ₹ 13,854.02 million in the previous year, registering growth of 18%. Net profit after tax for the group increased to ₹ 2,964.79 million from ₹ 2,275.87 million representing a growth of 30%.

II. STANDALONE PERFORMANCE

During the year under review, the standalone income of the Company increased to ₹ 15,418.22 million compared to ₹ 13,312.07 million in the previous year, registering growth of 16%. The standalone profit after tax for the year increased by 26% to ₹ 2,801.06 million compared to ₹ 2,231.80 million in the previous year.

CONSOLIDATED ACCOUNTS

The consolidated financial statements of your Company for the Financial Year 2020-21, are prepared in compliance with applicable provisions of the Companies Act, 2013 ("the Act"), Indian Accounting Standards and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). The consolidated financial statements have been prepared on the basis of audited financial statements of the Company and its Subsidiaries, as approved by their respective Board of Directors.

DIVIDEND

During the Financial Year, your Company declared and paid dividends as under:

Date of Declaration	Dividend Type	Dividend Per Share (face value of ₹ 10/- each)
November 6, 2020	1 st Interim Dividend	₹ 6
January 29, 2021	2 nd Interim Dividend	₹ 6

In addition, your Directors are pleased to recommend dividend of ₹ 8/- per equity share of face value of ₹ 10/- each as Final Dividend for the Financial Year 2020-21, for approval of the shareholders at the ensuing Annual General Meeting ("AGM") of the Company.

If approved by the shareholders, the total dividend for the Financial Year shall be ₹ 20/- per equity share of face value of ₹ 10/- each.

The Dividend Distribution Policy of the Company is attached herewith as **Annexure 1** and forms an integral part of this Annual Report.

The said policy is also available at the website of the Company at: <https://www.lalpathlabs.com/pdf/brochures/Dividend-Distribution-Policy.pdf>.

TRANSFER TO RESERVES

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

AMALGAMATION

The Board of Directors of your Company in their meeting on February 3, 2020, approved a Scheme of Amalgamation ("the Scheme") between Dr. Lal PathLabs Limited (the Company/Transferee Company) and APL Institute of Clinical Laboratory & Research Private Limited, a wholly owned subsidiary of the Company (Transferor Company), having its Registered Office in Ahmedabad, subject to requisite approvals under Section 230 to 232 of the Companies Act, 2013.

The Hon'ble New Delhi Bench of National Company Law Tribunal ("Hon'ble Tribunal" or "NCLT") vide its order dated January 29, 2021 dispensed convening meeting of Equity Shareholders and Unsecured Creditors of the Company.

Transferor Company is in the process of filing the Second Motion Petition with NCLT.

The appointed date for the Scheme, if approved, shall be April 01, 2020 and the Scheme shall be effective from the date on which certified copies of the order of National Company Law Tribunal, Principal bench, New Delhi and National Company Law Tribunal, Ahmedabad, sanctioning the Scheme, is filed with the respective Registrar of Companies.

SHARE CAPITAL

During the Financial Year 2020-21, there was no change in the authorised, subscribed, issued and paid-up equity share capital of the Company. As on March 31, 2021, the paid-up share capital of the Company stood at ₹ 83,34,48,770/- divided into 8,33,44,877 equity shares of ₹ 10/- each.

EMPLOYEES STOCK OPTION PLAN / SCHEME

During the year under review, there has been no material change in the ESOP-2010 and RSU-2016 Scheme(s) of the Company and these Schemes continue to be in compliance with relevant/applicable ESOP Regulations/Guidelines.

Further the details required to be provided under the SEBI (Share Based Employee Benefits) Regulations, 2014 are disclosed on the website of the Company and can be accessed at <https://www.lalpathlabs.com/pdf/Disc-under-reg-14-2021-Website.pdf>.

SUBSIDIARIES

A report on the performance and financial position of each of the subsidiaries for the financial year ended March 31, 2021 in prescribed form AOC -1 as per the Companies Act, 2013 is set out in **Annexure 2** and forms an integral part of this Annual Report.

The annual accounts of the subsidiaries shall also be made available to the Members of the Company/Subsidiary Companies seeking such information at any point of time. The annual accounts of the subsidiaries are available on the website of the Company at www.lalpathlabs.com.

The Company has formulated a policy for determining material subsidiaries. The said policy is also available on the website of the Company at: <https://www.lalpathlabs.com/pdf/Policy-for-determining-Material-Subsidiaries.pdf>.

During the year under review:

- Company's Wholly Owned Subsidiary viz M/s PathLabs Unifiers Private Limited acquired 70% equity stake in M/s Chanre Laboratory Private Limited (Chanre) consequent upon which Chanre became step down subsidiary of the Company.
- Dr. Lal PathLabs International B.V, a Company incorporated in Netherlands, subsidiary of the Company was wound up.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION

No material changes and commitments, other than disclosed as part of this report, affecting the financial position of the Company have occurred between March 31, 2021 and the date of the report.

PUBLIC DEPOSITS

During the Financial Year 2020-21, your Company has not accepted any deposit within the meaning of Section 73 and 74 of the Companies Act, 2013 read together with the Companies (Acceptance of Deposits) Rules, 2014.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in the prescribed format and annexed herewith as **Annexure 3** to this Annual Report.

The statement containing particulars of employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate annexure forming part of this report. Further, the Annual Report and the accounts are being sent to the members excluding the aforesaid annexure. In terms of Section 136 of the Act, any shareholder

interested in obtaining a copy thereof may write to the Company Secretary of the Company at cs@lalpathlabs.com.

AUDIT COMMITTEE

The composition of Audit Committee has been detailed in the Corporate Governance Report, forming part of this Annual Report.

All recommendations made by the Audit Committee have been accepted by the Board of Directors.

DIRECTORS

I. Retirement by rotation and subsequent re-appointment

Dr. Vandana Lal (DIN: 00472955), Whole-time Director of the Company is liable to retire by rotation at the ensuing Annual General Meeting ("AGM") pursuant to the provisions of Section 152 of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and being eligible offers herself for reappointment. Appropriate resolution for her re-appointment is being placed for the approval of the shareholders of the Company at the ensuing AGM.

A brief profile of Dr. Vandana Lal and other related information is detailed in the Notice convening the 27th AGM of your Company.

The Board considered said re-appointment in the interest of the Company and hence recommended the same to the shareholders for approval.

II. Declaration of Independence from Independent Directors

Your Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed under the provisions of Companies Act, 2013 read with the Schedules and Rules issued thereunder as well as SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In the opinion of the Board, Independent Directors fulfil the conditions specified in Companies Act, 2013 read with the Schedules and Rules issued thereunder as well as SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are independent from Management.

KEY MANAGERIAL PERSONNEL

In accordance with the provisions of Sections 2(51), 203 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the following were the Key Managerial Personnel of the Company as on March 31, 2021

1. (Hony) Brig. Dr. Arvind Lal – Executive Chairman
2. Dr. Om Prakash Manchanda – Managing Director
3. Dr. Vandana Lal – Whole time Director
4. Mr. Bharath U - Chief Executive Officer
5. Mr. Ved Prakash Goel - Chief Financial Officer; and
6. Mr. Rajat Kalra - Company Secretary and Legal Head

ANNUAL EVALUATION OF BOARD'S PERFORMANCE

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out annual evaluation of (i) its own

performance; (ii) Individual Directors Performance; (iii) Chairman of the Board; and (iv) Performance of all Committees of Board for the Financial Year 2020-21.

A structured questionnaire was prepared after taking into consideration the inputs received from Nomination and Remuneration Committee, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance. A separate exercise was carried out to evaluate the performance of individual Directors, who were evaluated on parameters such as level of engagement and contribution, independence of judgment, safeguarding the interest of the Company and its minority shareholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Non - Independent Directors and Chairman of the Board was carried out by the Independent Directors.

The Directors expressed their satisfaction with the evaluation process.

Further, the evaluation process confirms that the Board and its Committees continue to operate effectively and the performance of the Directors is satisfactory.

REMUNERATION POLICY

In compliance with the provision of Section 178 of the Companies Act, 2013, the Board has, on the recommendation of the Nomination & Remuneration Committee of the Company, framed a policy for selection and appointment of Directors, Key Managerial Personnel, Senior Management and their remuneration.

The Nomination and Remuneration Policy is set out as **Annexure 4** and forms an integral part of this Annual Report and can also be accessed at the website of the Company at the following web link: https://www.lalpathlabs.com/pdf/brochures/Nomination_and_Remuneration_Policy_may.pdf.

NUMBER OF MEETINGS OF THE BOARD AND ITS COMMITTEES

The Board met 5 (Five) times during the Financial Year 2020-21. The details of the meetings of the Board are given in the Corporate Governance Report, which forms an integral part of this Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Companies Act, 2013, the Directors confirm that:

- in the preparation of the annual accounts for the Financial Year ended March 31, 2021, the applicable accounting standards and Schedule III of the Companies Act, 2013, have been followed and there are no material departures from the same;
- the Directors 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 your Company as at March 31, 2021 and of the profit/loss of the Company for the Financial Year ended March 31, 2021;
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 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;
- proper internal financial controls laid down by the Directors were followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

AUDITORS AND AUDITORS' REPORT

I. Statutory Auditors

The shareholders in the 23rd AGM, approved the appointment of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W - 100018), as the Statutory Auditors, for a period of five (5) years i.e. from the conclusion of the 23rd AGM held on July 20, 2017 till the conclusion of 28th AGM of the Company.

The Statutory Auditors M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, have confirmed that they have not been disqualified to act as Statutory Auditors of the Company and that their continuation is within the ceiling limit as prescribed under Section 141 of Companies Act, 2013 / relevant statute.

The Statutory Auditors of the Company have not reported any fraud as specified under the second proviso of Section 143(12) of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) for the time being in force).

The Auditors' Report for the Financial Year ended March 31, 2021, does not contain any qualification, reservation or adverse remark.

Further, the Auditors' Report being self-explanatory does not call for any further comments from the Board of Directors.

II. Maintenance of Cost Records and Cost Auditors

In terms of the Section 148 of the Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2014, the Company is required to maintain cost accounting records and get them audited every year. Accordingly, such accounts and records were made and maintained for the financial year 2020-21.

The Board of Directors on the basis of recommendations from Audit Committee has appointed M/s A.G. Agarwal & Associates, Cost and Management Accountants, as Cost Auditors of the Company for the Financial Year 2021-22 at a fee of ₹ 70,000/- (Rupees Seventy Thousand only) plus applicable taxes and out of pocket expenses subject to the ratification of the said fees by the shareholders at the ensuing AGM.

III. Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company had appointed M/s PDS & Co., Company Secretaries ("Secretarial Auditors") to conduct the Secretarial Audit of your Company for the Financial Year 2020-21.

The Secretarial Audit Report for the Financial Year ended March 31, 2021 is annexed herewith as **Annexure 5** and forms an integral part of this Annual Report. The Secretarial Audit Report is self explanatory and does not contain any qualification, reservation or adverse remark.

ANNUAL RETURN

The Annual Return of the Company in Form MGT- 7 in accordance with Section 92(3) of the Companies Act, 2013 is available on the website of the Company at <https://www.lalpathlabs.com/investor/shareholder-information.aspx>.

RELATED PARTY TRANSACTIONS

In compliance with the requirements of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, your Company has formulated a Policy on Related Party Transactions which is also available on Company's website at <https://www.lalpathlabs.com/pdf/Policy-on-Related-Party-Transactions.pdf>.

The Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and Related Parties. All Related Party Transactions are placed before the Audit Committee for review and approval. Prior omnibus approval is obtained for Related Party Transactions which are of repetitive nature and / or entered in the Ordinary Course of Business and are at Arm's Length.

All related party transaction entered during the year were in Ordinary Course of the Business and on Arm's Length basis. No Material Related Party Transaction, i.e. transaction exceeding ten percent of the annual consolidated turnover as per the last audited financial statements, was entered during the year by your Company. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3)(h) of the Companies Act, 2013 in Form AOC-2 is not applicable.

LOANS AND INVESTMENTS

Details of Loans, Guarantees given and Investments made by the Company during Financial Year 2020-21 within the meaning of Section 186 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 and Schedule V of the SEBI Listing Regulation, are set out in Note 49 to the Standalone Financial Statements of the Company.

RISK MANAGEMENT

Your Company recognizes that risk is an integral part of business and is committed to managing the risks in a proactive and efficient manner. Your Company periodically assesses risk elements in the internal and external environment, along with the cost of treating such risk elements and incorporates risk treatment plans in its strategy, business and operational plans. As on the date of this report, the Company does not foresee any critical risk, which threatens its existence.

Your Company, through its Risk Management Policy, strives to contain impact and likelihood of the risks within the risk appetite as agreed from time to time with the Board of Directors. The Company has a Risk Management Committee to identify elements of risk in different areas of operations; the details of the Risk Management Committee are included in the Corporate Governance Report.

VIGIL MECHANISM

Your Company has a Vigil Mechanism in place as required under Section 177 of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015. More details in this regard have been outlined in the Corporate Governance Report annexed to this report and are also available under Investor Section on the Company's website www.lalpathlabs.com.

CORPORATE SOCIAL RESPONSIBILITY

For your Company, Corporate Social Responsibility (CSR) means the integration of social, environmental and economic concerns in its business operations. CSR involves operating Company's business in a manner that meets or exceeds the ethical, legal, commercial and public expectations. In alignment with vision of the Company, through its CSR initiative, your Company will enhance value creation in the society through its services, conduct and initiatives, so as to promote sustained growth for the society.

The Board of Directors of your Company has further formulated and adopted a policy on Corporate Social Responsibility which can be accessed at: <https://www.lalpathlabs.com/pdf/brochures/CSR-Policy.pdf>.

The CSR Policy of your Company outlines the Company's philosophy for undertaking socially useful programs through the creation of a CSR Trust for welfare and sustainable development of the community at large as part of its duties as a responsible corporate citizen.

The composition of CSR committee and disclosure as per Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended, is annexed as **Annexure 6** and forms an integral part of this Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report ('MDA') gives details of the overall industry structure, developments, performance and state of affairs of the Company's business and other material developments during the Financial Year. MDA is set out as **Annexure 7** and forms an integral part of this Annual Report.

BUSINESS RESPONSIBILITY REPORT

The Business Responsibility Report ('BRR') provides a detailed overview of initiatives taken by your Company from environmental, social and governance perspectives. BRR is set out as **Annexure 8** and forms an integral part of this Annual Report.

CORPORATE GOVERNANCE REPORT

In compliance with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate report on Corporate Governance along with a certificate from the Practicing Company Secretary on its compliance, is set out as **Annexure 9** and forms an integral part of this Annual Report.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place an Anti-Sexual Harassment Policy in compliance with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The Company has complied with the provisions relating to the constitution of Internal Complaints Committee (ICC) as specified under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The Company conducts sessions for employees to build awareness amongst employees about the Policy and the provisions of Prevention of Sexual Harassment of Women at Workplace Act.

Status of Complaints under the sexual harassment of women at Workplace (prevention, prohibition and redressal) Act, 2013 during the Financial Year 2020-21 as detailed below:

Particulars	No. of Complaints
Compliant pending at beginning of Financial Year	1
Complaint received during Financial Year	6
Compliant resolved during Financial Year	5
Compliant pending at end of Financial Year	2*

* Investigation was underway for remaining 2 (two) complaints as on March 31, 2021

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo as stipulated under Section 134 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, is set out hereunder:

I. Conservation of Energy and Technology Absorption

- Maintaining power factor (PF) upto .99 (unity). Maintaining upto- 0.9994 at majority of the locations
- Major overhauling (D-check) of 750X2 DG set for better performance & reduce the carbon emission
- LED lights installed for energy saving at 14 locations throughout the year
- 868 Water saving reducer are in place at 194 locations across the country in our lab and office locations
- ETP – Effluent Treatment Plant installed at 50 labs across the Nation to treat the liquid waste of labs, to keep environment clean
- Load reduction done for 2 locations to save the energy
- Installed R32 refrigerant operated air conditioning systems which helps in conserving Ozone layer
- Automatic phase sequence corrector panel installed in 14 locations to save the Diesel consumption
- Current installed capacity of solar power plants are 50KW & 10KW in National reference lab Rohini, Delhi and 50KW in Reference lab, Kolkata.
- De-scaling of Chillers are being done semi-annual for better efficiency & save the energy

- RO waste water recycling has helped in saving approx. 10KL of water per day

II. Foreign exchange earnings and outgo

Particulars	Amount (In ₹ Million)
Foreign Exchange Earnings	143.11
Foreign Exchange Outgo	105.26

INTERNAL FINANCIAL CONTROLS

Your Company has in place an adequate internal financial control framework with reference to financial and operating controls thereby ensuring orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of accounting records, and timely preparation of reliable financial information.

During Financial Year 2020-21, such controls were tested and no reportable material weakness in the design or operation was observed.

The Directors have in the Directors Responsibility Statement confirmed the same to this effect.

DISCLOSURE RELATED TO INSOLVENCY AND BANKRUPTCY

During the financial year under review, there is no application made and/or no proceeding pending under the Insolvency and Bankruptcy Code, 2016.

SIGNIFICANT/MATERIAL ORDERS PASSED BY THE REGULATORS

There are no significant/material orders passed by the Regulators or Courts or Tribunals impacting the going concern status of your Company and its operations in future.

COMPLIANCE OF SECRETARIAL STANDARDS

The Company has duly complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Meetings of the Board of Directors (SS-1) and Shareholders (SS-2).

APPRECIATION

Your Directors wish to convey their gratitude and place on record their appreciation for all the employees at all levels for their hard work, solidarity, cooperation and dedication during the year. Your Directors sincerely convey their appreciation to customers, shareholders, vendors, bankers, business associates, regulatory and government authorities for their continued support.

For and on behalf of Board of Directors

(Hony) Brig. Dr. Arvind Lal
Executive Chairman
DIN: 00576638

Place: New Delhi
Date: May 21, 2021

Policy on Dividend Distribution

Annexure - 1

1. Introduction

Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Regulations") notified on July 08, 2016 provides for top five hundred listed entities based on market capitalization (calculated as on March 31 of every financial year) to formulate a dividend distribution policy.

Considering that the Company is amongst the top 500 listed entities based on Market Capitalization, the Board of Directors of Dr. Lal PathLabs Limited ("Company") have adopted this policy on Dividend Distribution.

2. Objectives & Scope

This Policy lays down the broad framework which will act as a guiding principle for the purpose of declaring or recommending dividend during or for any financial year, by the Company.

Through this policy, the Company shall endeavour to bring a transparent and consistent approach to its dividend pay-out plans.

The Policy, however, is not an alternative to the decision making process of the Board for recommending Dividend and the Board may take into consideration other factors as well in addition to the ones enumerated in this policy.

3. Definitions

- 3.1. **"Act"** shall mean the Companies Act, 2013 including the Rules made thereunder, as amended from time to time.
- 3.2. **"Applicable Laws"** shall mean the Companies Act, 2013 and Rules made thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; as amended from time to time and such other act, rules or regulations which provides for the distribution of dividend.
- 3.3. **"Company"** shall mean Dr. Lal PathLabs Limited.
- 3.4. **"Board" or "Board of Directors"** shall mean Board of Directors of the Company.
- 3.5. **"Dividend"** shall mean Dividend as defined under Companies Act, 2013.
- 3.6. **"Policy or this Policy"** shall mean the Policy on Dividend Distribution.
- 3.7. **"SEBI Regulations"** shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 together with the circulars issued thereunder, including any statutory modification(s) or re-enactment(s) thereof for the time being in force.

4. Parameters for declaration of Dividend

In line with the philosophy stated above, the Board of Directors shall consider the following parameters for declaration of dividend:

4.1 Financial Parameters

- Consolidated Net operating profit after tax;
- Working Capital requirements;
- Capital expenditure requirements;

- Likelihood of crystallization of contingent liabilities, if any;
- Resources required to fund acquisition of brands/business(es);
- Cash flow required to meet contingencies;
- Outstanding borrowings;

4.2 Internal Factors

- Potential opportunities available for growth/expansion
- Past Dividend Trends;
- Expectation of major shareholders;
- Prudential requirements for cash conservation

4.3 External Factors

- Prevailing legal requirements, regulatory conditions or restrictions laid down under applicable laws including tax laws;
- Dividend Pay-out ratios of Companies in similar industries
- Economic Environment

Post consideration of the above factors, the Board shall take an informed decision about the dividend pay-out ratio and shall strive to maintain the same in the range of 10% - 70% of the Profit after Tax (PAT) on Standalone Financials for the concerned Financial Year.

5. Circumstances under which the shareholders may or may not expect dividend:

The Shareholders of the Company may expect dividend only if the Company is having surplus funds after providing for all expenses, depreciation, other non-cash charges etc. and complying all other statutory requirements of the Applicable Law.

The Board shall consider the factors mentioned under Clause 4 above and before determination of any dividend payout, analyze the prospective opportunities and threats, viability of the option of dividend payout or retention etc. The Board shall not recommend dividend if they are of the opinion that it is financially not prudent to do so.

6. Utilization of retained earnings

The Board may retain its earnings in order to make better use of the available funds and increase the value of the stakeholders in the long run. The decision of utilization of the retained earnings of the Company shall be based on the following factors:

- Market expansion plan;
- Product/Service expansion plan;
- Modernization plan;
- Diversification of business;
- Long term strategic plans;
- Replacement of capital assets;
- Where the cost of debt is expensive;
- Such other criteria as the Board may deem fit from time to time.

7. Provision with regard to various classes of shares

The holders of the equity shares of the Company, as on the record date, are entitled to receive dividends. Since the Company has issued only one class of equity shares with equal voting rights, all the members of the Company shall be entitled to receive the same amount of dividend per share. The policy shall be suitably revisited at the time of issuance of any new class of shares depending upon the nature and guidelines prevailing thereon.

8. Amendment(s)

- The Board of Directors may review or amend this policy, in whole or in part, from time to time, as it may deem fit.
- In case of any amendment(s) issued by the relevant authorities, not being consistent with the provisions laid

down under this Policy, then such amendment(s) shall be treated as part of this Policy and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s).

- In case of any clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then this Policy shall be read along with such clarification(s), circular(s) so issued, from the effective date as laid down under such clarification(s), circular(s) etc.

9. Disclosures

The Company shall disclose this policy in its Annual Report & website.

FORM AOC-1

(Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries / associate companies / joint ventures

(All amounts in ₹ Million)

S. No.	Name of Subsidiary	Date on which subsidiary was acquired	Country of Incorporation	Reporting Currency	Closing exchange rate against Indian Rupee as on Mar 31, 2021	% of Holding	Capital	Other Equity	Total Assets	Total Liabilities	Investments (in subsidiaries)	Turnover	Profit/ (loss) before taxation	Provision for taxation	Profit/ (loss) after taxation	Proposed dividend
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	
1	Paliwal Diagnostics Private Limited	14/08/2008	India	₹	1	80%	0.16	251.02	295.07	43.89	-	347.00	112.51	26.99	85.52	-
2	Paliwal Medicare Private Limited	14/08/2008	India	₹	1	80%	0.10	66.32	69.93	3.51	-	49.00	7.35	1.71	5.64	-
3	APL Institute of Clinical Laboratory & Research Private Limited	27/02/2014	India	₹	1	100%	0.10	17.18	33.44	16.16	-	42.60	4.25	0.98	3.27	-
4	Dr.Lal Ventures Private Limited	10/12/2018	India	₹	1	100%	10.00	(3.32)	12.26	5.58	-	23.20	(2.10)	(0.53)	(1.57)	-
5	PathLabs Unifilers Private Limited	12/12/2018	India	₹	1	100%	695.77	112.62	906.47	98.08	700.26	50.08	(13.95)	(6.56)	(7.39)	-
6	APRL PathLabs Private Limited	13/11/2019	India	₹	1	70%	0.63	67.35	83.82	15.84	-	86.98	21.69	4.54	17.15	-
7	Centrapath Labs Private Limited	07/08/2019	India	₹	1	70%	6.27	542.20	618.97	70.50	-	281.80	97.63	12.35	85.28	-
8	Chanre Laboratory Private Limited	25/01/2021	India	₹	1	70%	1.67	175.23	204.60	27.70	-	21.59	1.93	0.53	1.40	-
9	Dr.Lal PathLabs International B.V.	20/03/2014	Netherlands	*	-	-	-	-	-	-	-	-	-	-	-	-
10	Dr.Lal PathLabs Nepal Private Limited	23/08/2016	Nepal	**	0.61950	100%	25.05	1.79	45.63	18.79	-	60.11	3.49	(0.19)	3.68	-
11	Dr.Lal Path Labs Bangladesh Pvt Ltd.	16/10/2017	Bangladesh	***	0.84836	71.83%	31.90	(3.39)	70.71	42.20	-	51.16	(2.73)	0.11	(2.84)	-
12	Dr.Lal PathLabs Kenya Private Limited	06/08/2019	Kenya	****	0.70535	100%	46.17	(11.34)	36.82	1.99	-	-	10.37	-	(10.37)	-

* Functional Currency is EUR

** Functional Currency is NPR

*** Functional Currency is BDT

**** Functional Currency is KSH

Notes:

a. Dr. Lal PathLabs International BV, Netherlands was liquidated on October 20, 2020.

b. The Board of Directors of the Company in their meeting held on 3 February, 2020 have approved the "Scheme of Amalgamation" of APL Institute of Clinical Laboratory & Research Private Limited (APL), a wholly owned subsidiary, with the Company w.e.f. 1 April, 2020 (the appointed date). As per the said scheme the undertaking of this company shall stand transferred to and vested in the Company on a going concern basis without any further act, deed of matter. The scheme of amalgamation is subject to approval by the National Company Law Tribunal and other statutory approvals.

c. The reporting period for all the subsidiaries is March 31, 2021.

Annexure - 3

Disclosures pertaining to remuneration under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the year ended March 31, 2021.

- A. The ratio of the remuneration paid to each director during the year to the median remuneration of the employees of the Company for the Financial Year:

S. No.	Name of the Director	Designation	Ratio of Remuneration to the median remuneration of the employees
1.	(Hony) Brig. Dr. Arvind Lal	Executive Chairman	68:1
2.	Dr. Vandana Lal	Executive Director	54:1
3.	Dr. Archana Lal Erdmann	Non-Executive Director	4:1
4.	Dr. Om Prakash Manchanda ¹	Managing Director	107:1 ²
5.	Mr. Rahul Sharma	Non-Executive Director	4:1
6.	Dr. Saurabh Srivastava	Independent Non-Executive Director	5:1
7.	Mr. Sunil Varma	Independent Non-Executive Director	9:1
8.	Mr. Anoop Mahendra Singh	Independent Non-Executive Director	5:1
9.	Mr. Harneet Singh Chandhoke	Independent Non-Executive Director	4:1
10.	Mrs. Somya Satsangi	Independent Non-Executive Director	5:1

¹Dr. Om Prakash Manchanda was re-designated as Managing Director w.e.f. April 1, 2020.

²Does not include a non-cash (stock related) perk of ₹ 14,10,40,230/- on exercise of Stock options.

- B. The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer and Company Secretary, in the Financial Year:

S. No.	Name of the Director	Designation	% Increase in Remuneration in the Financial Year
1.	(Hony) Brig. Dr. Arvind Lal	Executive Chairman	Nil
2.	Dr. Vandana Lal	Executive Director	Nil
3.	Dr. Archana Lal Erdmann	Non-Executive Director	Nil
4.	Dr. Om Prakash Manchanda ¹	Managing Director	Nil
5.	Mr. Rahul Sharma	Non-Executive Director	Nil
6.	Dr. Saurabh Srivastava	Independent Non-Executive Director	Nil
7.	Mr. Sunil Varma	Independent Non-Executive Director	Nil
8.	Mr. Anoop Mahendra Singh	Independent Non-Executive Director	Nil
9.	Mr. Harneet Singh Chandhoke	Independent Non-Executive Director	Nil
10.	Mrs. Somya Satsangi	Independent Non-Executive Director	Nil
11.	Mr. Bharath U	Chief Executive Officer	15
12.	Mr. Ved Prakash Goel	Chief Financial Officer	15
13.	Mr. Rajat Kalra	Company Secretary	12

¹Dr. Om Prakash Manchanda was re-designated as Managing Director w.e.f. April 1, 2020.

- C. Percentage increase in the median remuneration of employees in the Financial Year:
The average percentage increase in the median remuneration of employees in the Financial Year is **6.12%**.
- D. Number of permanent employees on the rolls of the Company:
The number of permanent employees on the rolls of the Company as of March 31, 2021 is **3,996**
- E. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last Financial Year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:
The average percentile increase in the managerial remuneration has been 4.37% while for other it is about 3.69%. This is based on the Remuneration Policy of the Company that rewards people differently based on their contribution and also ensures that external market competitiveness and internal relativities are taken care of.
- F. Affirmation that the remuneration is as per the Remuneration Policy of the Company:
It is hereby confirmed that the remuneration is as per the Nomination and Remuneration Policy of the Company.

For and on behalf of Board of Directors

Place: New Delhi
Date: May 21, 2021

(Hony) Brig. Dr. Arvind Lal
Executive Chairman
DIN: 00576638

Nomination and Remuneration Policy

Annexure - 4

1. Introduction

In terms of Section 178 of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, this policy on nomination and remuneration of Directors, Key Managerial Personnel (KMP), Senior Management and other employees of the Company has been formulated by the Board of Directors on the recommendation of Nomination and Remuneration Committee of the Company. This policy shall act as a guideline for determining, inter-alia, qualifications, positive attributes and independence of a Director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, Key Managerial Personnel, Senior Management and other employees.

2. Policy Objective

- a. To lay down criteria for identifying persons who are qualified to become Directors and who may be appointed in Key Managerial and Senior Management positions and to recommend to the Board their appointment and removal.
- b. To lay down criteria to carry out evaluation of every Director/KMP/Senior Management Personnel and other employees performance.
- c. To formulate criteria for determining qualification, positive attributes and Independence of a Director;
- d. To recommend to the Board a policy, relating to remuneration of directors, key managerial personnel and other employees. While recommending such policy the Nomination and Remuneration Committee shall ensure:
 - i. The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully.
 - ii. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
 - iii. Remuneration of Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.
- e. To formulate a Board Diversity Policy.
- f. To recommend to the Board, all remuneration, in whatever form, payable to Senior Management

3. Definitions

- a. **"Board of Directors"** means the "Board of Directors" of Dr. Lal PathLabs Limited, as constituted from time to time.
- b. **"Company"** means Dr. Lal PathLabs Limited.
- c. **"Independent Director"** means a Director of the Company, not being a Managing or Whole-Time Director or a Nominee Director and who is neither a Promoter nor belongs to the Promoter Group of the Company and who satisfies the criteria of independence as prescribed under the provisions of the Companies Act 2013 (including the rules

prescribed thereunder) and the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

- d. **"Key Managerial Personnel"** or KMP means key managerial personnel as defined under the Companies Act, 2013 & in relation to the Company means:-
 - I. Chief Executive Officer or the Managing Director or the Manager;
 - II. Company Secretary;
 - III. Whole Time Director;
 - IV. Chief Financial Officer; and
 - V. Such other officer as may be prescribed
- e. **"Nomination & Remuneration Committee"** means "Nomination & Remuneration Committee" constituted by the Board of Directors of the Company from time to time under the provisions of the Companies Act 2013 (including the rules prescribed thereunder) and the Listing Obligations and Disclosure Requirements with the Stock Exchanges.
- f. **"Other employees"** means all the employees other than Directors, KMPs and the Senior Management Personnel.
- g. **"Policy"** means the Nomination & Remuneration Policy.
- h. **"Senior Management Personnel"** means, the personnel of the Company who are members of its core management team excluding Board of Directors, comprising of all members of management one level below the Chief Executive Officer/Managing Director/Whole Time Director (including chief executive officer, in case he is not part of the board) and shall specifically include Company Secretary and Chief Financial Officer.

In the Company's context, it covers the KMP's and any appointees at the "CxO" Level.

4. Constitution

- a. The Board shall determine the membership of the Nomination & Remuneration Committee.
- b. The Committee shall comprise of at least three non-executive directors, of which not less than one-half shall be independent directors.
- c. Chairman of the committee shall be an Independent Director.
- d. The Company Secretary shall act as Secretary to the committee.

5. Policy

This policy is divided into three parts:

5.1 Appointment & Removal

- a. **Criteria for identifying persons who are qualified to be appointed as a Director / KMP / Senior Management Personnel / Other Employees of the Company:**
 - i. The Committee shall consider the ethical standards of integrity and probity, qualification, expertise and

experience of the person for appointment as Director, KMP or at Senior Management level and accordingly recommend to the Board his / her appointment.

- ii. The Committee should ensure that the person so appointed as Director/ Independent Director/ KMP/ Senior Management Personnel shall not be disqualified under the Companies Act, 2013, rules made thereunder, Listing Agreement or any other applicable enactment for the time being in force.
- iii. The Director/ Independent Director/ KMP/ Senior Management Personnel shall be appointed as per the procedure laid down under the provisions of the Companies Act, 2013, rules made thereunder, Listing Agreement or any other applicable enactment for the time being in force.
- iv. The other employees shall be appointed and removed as per the policy and procedure of the Company.

b. Term / Tenure:

The Term / Tenure of the Directors shall be governed as per provisions of the Companies Act, 2013 and rules made thereunder and Listing agreement as amended from time to time.

The Term/Tenure of the KMP's/Senior Management Personnel and other employees shall be as per the Companies prevailing policy.

c. Removal:

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations or any other reasonable ground, the Committee may recommend to the Board for removal of a Director, KMP or a Senior Management Personnel.

The removal of other employees shall be as per the Company's prevailing policy.

d. Retirement:

The director, KMP, senior management personnel & other employees shall retire as per the relevant provisions of the Companies Act, 2013 along with the rules made thereunder and the prevailing policy of the Company, as may be applicable.

The BOD, however, will have the discretion to retain, subject to regulatory approval, if applicable, the Director, KMP, Senior Management Personnel in the same position/remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

5.2 Remuneration

The level and composition of remuneration to be paid to the Managing Director, Whole-Time Director(s), Non-Executive Director(s), KMP's, Senior Management Personnel and other employees shall be reasonable and sufficient to attract, retain and motivate directors, KMP's, Senior Management and

other employees of the quality required to run the Company successfully. The relationship of remuneration to performance should be clear and meet appropriate performance benchmarks. The remuneration should also involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

1. Whole Time Director(s)/ Managing Director

The Whole Time Director(s)/ Managing Director shall be eligible for remuneration as may be approved by the Shareholders of the Company on the recommendation of the Committee and the Board of Directors. The break-up of the pay scale, performance bonus and quantum of perquisites shall be decided and approved by the Board on the recommendation of the Committee and shall be within the overall remuneration approved by the shareholders and Central Government, wherever required.

While recommending the remuneration payable to Whole Time Director(s)/ Managing Director, the Nomination and Remuneration Committee shall, inter alia, have regard to the following matters:

- Financial and operating performance of the Company
- Relationship between remuneration and performance
- Industry/ sector trends for the remuneration paid to executive directorate

Annual Increments to the Whole Time Director(s)/ Managing Director shall be within the slabs approved by the Shareholders. Increments shall be recommended by the Nomination and Remuneration Committee to the Board of Directors at times it desires to do so but preferably on an annual basis.

2. Non-Executive / Independent Directors

i) Remuneration / Commission:

The remuneration / commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company and the Act.

ii) Sitting Fee:

The Non- Executive / Independent Directors may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed Rupees One Lakh per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

iii) Commission:

Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Act.

iv) Stock Options:

An Independent Director shall not be entitled to any stock option of the Company.

3. Senior Management Personnel / KMPs

The Remuneration to be paid to Senior Management Personnel / KMP's shall be based on the experience, qualification, expertise of the related personnel as well as the prevailing market conditions and shall be decided by the Board on the recommendation of Nomination and Remuneration Committee and consonance with the limits, if any prescribed under the Companies Act, 2013 and rules made thereunder or any other applicable enactment for the time being in force.

4. Other Employees

The power to decide structure of remuneration for other employees has been delegated to the Managing Director of the Company who shall decide the same in consultation with the Chief Human Resource Officer of the Company.

5.3 Evaluation

1. Criteria for evaluation of Directors:

As members of the Board, the performance of the individual Directors as well as the performance of the entire Board and its Committees is required to be formally evaluated annually.

Section 178(2) of the Companies Act, 2013 also mandates the Nomination and Remuneration Committee to carry out

evaluation of every Director's performance.

In developing the methodology to be used for evaluation, on the basis of best standards and methods meeting international parameters, the Board / Committee may take the advice of an Independent Professional Consultant.

2. Criteria for evaluating performance of Key Managerial Personnel and Senior Management Personnel:

The performance evaluation of KMP's and Senior Management Personnel shall be done by their respective reporting heads based on the KRA's given to them at the beginning of the year.

3. Criteria for evaluating performance of Other Employees:

The performance evaluation of other employees shall be done as per Company's Policy.

6. Disclosures

This Policy shall be disclosed on the website of the Company.

7. Amendment(s)

The Board of Directors may review or amend this policy, in whole or in part, from time to time, after taking into account the recommendations from the Nomination & Remuneration Committee.

Secretarial Audit Report for the Financial Year Ended March 31, 2021

*[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To
The Members
Dr. Lal PathLabs Limited
Block E, Sector-18, Rohini
New Delhi-110085

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Dr. Lal PathLabs Limited** (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended March 31, 2021 ("Audit Period") complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minutes' books, forms and returns filed and other records maintained by the Company for the Financial Year ended on March 31, 2021 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable during audit period:-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not applicable to the Company during the Audit Period)**;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client to the extent of securities issued;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the Company during the Audit Period)**
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **(Not applicable to the Company during the Audit Period)**
- (vi) The other laws, as informed and certified by the management of the Company which are specifically applicable to the Company based on their sectors/ industry are:
 1. The Clinical Establishments (Registration and Regulation) Act, 2010 and rules made thereunder;
 2. The Preconception and Pre-Natal Diagnostic Techniques (Prohibition of Sex Selection) Act, 1994 and rules made thereunder;
 3. The Atomic Energy Act, 1962 and rules made there under;
 4. Bio Medical Waste (Management and Handling) Rules, 1988, as amended up to date.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India.
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors for the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that:

The Board of Directors has approved the scheme of Amalgamation between Dr. Lal PathLabs Limited ("Transferee Company") and APL Institute of Clinical Laboratory & Research Private Limited ("Transferor Company"), a wholly owned subsidiary of the Transferee Company with effect from April 01, 2020 ("Appointed Date") under

Sections 230-232 and other applicable provisions, if any, of the Companies Act, 2013.

The Company had filed the first motion petition with NCLT, New Delhi on October 28, 2020 and APL Institute of Clinical Laboratory & Research Private Limited ("Transferor Company") also filed its first motion petition with NCLT, Ahmedabad.

**For PDS & CO.
Company Secretaries**

**Prashant Kumar Balodia
(Partner)**

Membership No. 6047

Certificate of Practice No. 6153

UDIN: F006047C000352140

Date: May 21, 2021

Place: Delhi

Note: This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

Annexure A

To
The Members
Dr. Lal PathLabs Limited
Block E, Sector-18, Rohini
New Delhi-110085

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of Financial Records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on random test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For PDS & CO.
Company Secretaries**

**Prashant Kumar Balodia
(Partner)**

Membership No. 6047

Certificate of Practice No. 6153

Date: May 21, 2021

Place: Delhi

Annual Report on CSR Activities

Annexure - 6

1. Brief outline on CSR Policy of the Company.

Dr. Lal PathLabs Ltd. conducts its CSR activity through its CSR arm - Lal PathLabs Foundation for the benefit of the society and community in which the Company operates. Company envisions to build a healthy nation and improve lives of the community through preventive healthcare initiatives. Under the CSR initiatives, company largely works in areas such as:

- Vocational education programs in the healthcare delivery for Phlebotomists, Technicians and other similar vocations.
- Promoting access to healthcare including awareness programs for healthier and hygienic living etc.

The complete CSR information of the company including CSR Policy, vision, mission and projects undertaken is available on the website of the Company - www.lalpathlabs.com.

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	(Hony) Brig. Dr. Arvind Lal	Chairman	2	2
2	Dr. Om Prakash Manchanda	Managing Director	2	2
3	Mr. Harneet Singh Chandhoke	Independent Director	2	2
4	Mr. Sunil Varma	Independent Director	2	2

3. Provide the weblink where composition of CSR Committee, CSR Policy and CSR Projects approved by the Board are disclosed on website of the Company.

www.lalpathlabs.com.

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report). **Not Applicable**

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:

(₹ in millions, otherwise as stated)

Sl. No.	Financial Year	Amount available for set-off from preceding financial years	Amount required to be setoff for the financial year, if any
Not Applicable			

6. Average net profit of the company as per section 135(5): ₹ **2871.05 Million**

7. (a) Two percent of average net profit of the company as per section 135(5): ₹ **57.42 Million**

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: **Not Applicable**

(c) Amount required to be set off for the financial year, if any: **Not Applicable**

(d) Total CSR obligation for the financial year (7a+7b- 7c). : ₹ **57.42 Million**

8. (a) CSR amount spent or unspent for the financial year: (₹ in millions, otherwise as stated)

Total Amount Spent for the Financial Year		Amount Unspent	
Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)	
Amount	Date of transfer	Name of the Fund	Date of transfer
57.42		Not Applicable	

(b) Details of CSR amount spent against ongoing projects for the financial year:

(₹ in millions, otherwise as stated)										
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
SL No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project	Project duration	Amount allocated for the project FY 2020-21	Amount spent in the current financial year	Amount transferred to Unspent CSR Account for the project as per Section 135 (6)	Mode of Implementation – Direct (Yes/No)	Mode of Implementation – Through Implementing Agency (IA)
				State	District					Name Registration Number
1.	Skill development project for unemployed youths in the area of Healthcare	Employment enhancing skill development	No	Madhya Pradesh - Bhopal, Indore and Jabalpur	October 2019 – September 2021	26.10	26.10*	Not Applicable	No	Lal PathLabs Foundation CSR Registration No – CSR00001226
				Uttar Pradesh - Varanasi, Gorakhpur, Lucknow						
				Rajasthan – Jaipur and Udaipur						
2	Project on awareness Generation and prevention on Non Communicable Diseases	Promoting Preventive Healthcare	No	Assam - Kamroop	1 st October 2019 to 31 st December 2020	2.38	2.38	Not Applicable	No	Lal PathLabs Foundation CSR Registration No – CSR00001226
3	Skill Development training in phlebotomy services	Employment enhancing skill development	No	Uttar Pradesh - Meerut and Kanpur	15 th December 2019 - 31 st March 2021	3.82	3.82	Not Applicable	No	Lal PathLabs Foundation CSR Registration No – CSR00001226
Total						32.30	32.30			

*Due to COVID, Implementation Agency (IA) has not been able to implement certain project activities and the unspent amount lying with IA would be utilized as per the approved project and defined M&E

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(₹ in millions, otherwise as stated)								
(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project		Amount spent for the project (in Million)**	Mode of Implementation –Direct (Yes/No)	Mode of Implementation - Through Implementing Agency
				State	District			
1	Donation to PM CARES fund for COVID Relief	Contribution for COVID Relief	No	Delhi		10.00	Yes	Not Applicable
2	Support to fight against COVID 19	Promoting preventive healthcare	No	Karnataka	- Bengaluru	2.01	No	Lal PathLabs Foundation CSR Registration No – CSR000001226
3	Support to fight against COVID 19	Promoting preventive healthcare	No	Maharashtra	- Mumbai	1.91	No	Lal PathLabs Foundation CSR Registration No – CSR000001226
4	Support to fight against COVID 19	Promoting preventive healthcare	No	Haryana	- Yamuna Nagar, Ambala and Panchkula	2.10	No	Lal PathLabs Foundation CSR Registration No – CSR000001226
5	Support to fight against COVID 19	Promoting preventive healthcare	No	Tamil Nadu	- Chennai	1.85	No	Lal PathLabs Foundation CSR Registration No – CSR000001226
6	Support to fight against COVID 19	Promoting preventive healthcare	Yes	Delhi		2.50	No	Lal PathLabs Foundation CSR Registration No – CSR000001226
7	Health Education in Schools in Delhi	Promoting preventive healthcare	Yes	Delhi		2.75	No	Lal PathLabs Foundation CSR Registration No – CSR000001226
8	Donation to PM CARES fund for COVID Relief	Contribution for COVID Relief	No	Delhi		2.0	No	Lal PathLabs Foundation CSR Registration No – CSR000001226
Total						25.12		

**Rounded off figures

(d) Amount spent in Administrative Overheads: Nil

(e) Amount spent on Impact Assessment, if applicable: **Not Applicable. However, as a best practise company undertakes impact assessment of its few projects.**

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹ 57.42 Million

(g) Excess amount for set off, if any:

S. No	Particular	Amount (₹ Million)
(i)	Two percent of average net profit of the company as per section 135(5)	57.42
(ii)	Total amount spent for the Financial Year	57.42
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Not Applicable
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Not Applicable
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Not Applicable

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6)	Amount spent in the reporting Financial Year	(₹ in millions, otherwise as stated)		
				Amount transferred to any fund specified under Schedule VII as per section 135(6), if any		Amount remaining to be spent in succeeding financial Years
				Name of the Fund	Amount	
Not Applicable						

9. (b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

Sl. No.	(1)	(2) Project ID	(3) Name of the Project	(4) Financial Year in which the project was commenced	(5) Project duration	(6) Total amount allocated for the project	(7) Amount spent on the project in the reporting Financial Year	(8) Cumulative amount spent at the end of reporting Financial Year	(9) Status of the project – Completed / Ongoing
1			Skill development project for unemployed youths in the area of Healthcare	October 2019	October 2019 – March 2021	12.69	5.76	12.69	Completed
2			Project on awareness Generation and prevention on Non-Communicable Diseases	October 2019	October 2019 - December 2020	5.15	2.38	5.15	Completed
Total						17.84	8.14	17.84	

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details).

Not Applicable

- (a) Date of creation or acquisition of the capital asset(s).
- (b) Amount of CSR spent for creation or acquisition of capital asset.
- (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.
- (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).
11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5). **Not Applicable**

(Hony) Brig. Dr. Arvind Lal
Chairman of CSR Committee
DIN: 00576638

Date: May 21, 2021
Place: New Delhi

Dr. Om Prakash Manchanda
Managing Director
DIN: 02099404

Date: May 21, 2021
Place: Gurugram

Management Discussion and Analysis

Annexure - 7

Industry structure and developments

Indian healthcare industry comprising manufacturing and marketing of pharmaceuticals and active ingredients, hospital chains, insurance companies and diagnostic outfits, stands at an estimated USD 194 Bn, while expected to reach USD 372 Bn by 2022. [Source: IBEF research]

India has one of the lowest per capita expenditures on healthcare. However, in recent years, various policies have been devised to overcome this statistic. This year's union budget was a blessing for the Indian healthcare industry with the Government increasing the overall outlay to health and wellbeing by 135% to ₹ 2.25 trillion. [Source: Economic Times] The allocation of ₹ 350 Bn towards COVID-19 vaccination was also a welcome and necessary step.

India offers a highly fragmented diagnostics services landscape with less than 20% of the ~USD 9 Bn+ industry represented by organised chains. The industry is estimated to grow at CAGR of 10%+ in next 10 years and expected to assume a size of ~USD 24-25 Bn. [Source: B&K

Securities report]

The total number of diagnostic laboratories in the country are approx 100,000 and a fraction of these are duly accredited by recognised standards/boards. Growth in the sector is being driven by the following factors;

- Rising prevalence of evidence based treatment
- Expanding share of preventive care given higher proportion chronic ailments detected
- Improvement in healthcare coverage through public spending
- Higher penetration of healthcare insurance
- Preventive and wellness testing going up

While standalone diagnostic centres account for nearly 47% of the industry capacity, national organised chains like Dr. Lal PathLabs (DLPL) account for ~16% share. However, through scale, investment in technology, and superior service orientation the organised chains are gaining a larger share of the incremental growth in diagnostic services. The rest of the industry is comprised of laboratories in hospitals.

Diagnostics can be further classified as pathology based and radiology/imaging based offerings. The organised, branded, national chains exclusively offer pathology based solutions predominantly. Radiology and imaging based set-ups being capital intensive are spread out far and thin and are primarily associated with hospital establishments.

Healthcare and well-being have attained sharper focus during the past year, in line with the prevalent COVID-19 pandemic. Consumers have been sensitised to the overall need to maintain good health and hygiene. For the organised diagnostics industry, the COVID-19 pandemic has translated into a persisting, alternate segment of testing. Given the evolution of the COVID-19 infection in the population it can be surmised that the combined impact of the additional testing due to the virus and its variants and the emphasis on better tracking of personal healthcare will bring in higher volume growth in the interim to the diagnostics sector.

The manner in which patients interact with healthcare brands has undergone a change during the pandemic. In the B2C segment, there is higher requirement for rendering services at the doorstep along with higher adoption of online formats to access those services. In

line with the popularity of e-commerce and other aggregator formats, the patient community has come to expect brand differentiation through service. For larger organised chains like DLPL the transition to new requirements, which are more structural in nature, has been seamless. With a sharp focus on development of robust technology enabled back-end, DLPL was geared for smoother integration of online and offline approaches. Further deployment and development of capability at the franchise level has allowed a calibrated scale-up on the home collection aspect for the brand.

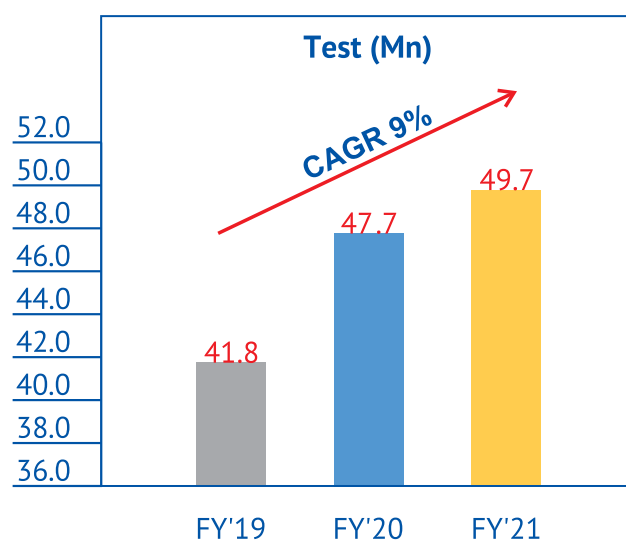
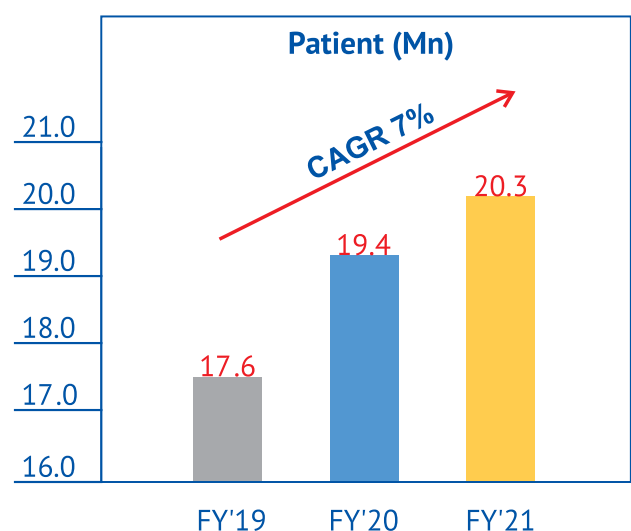
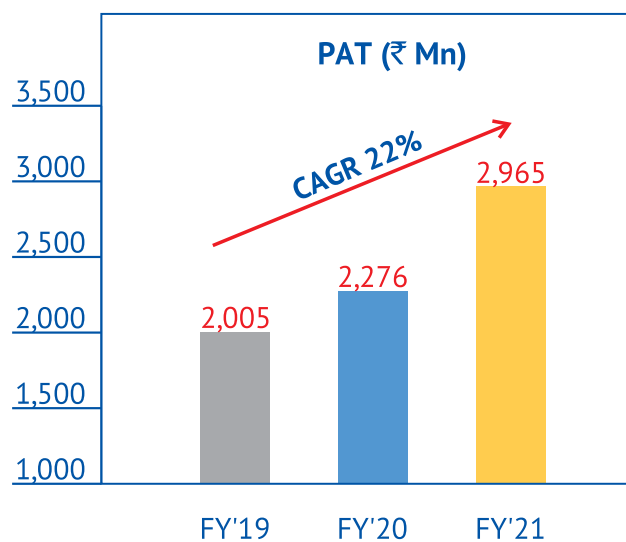
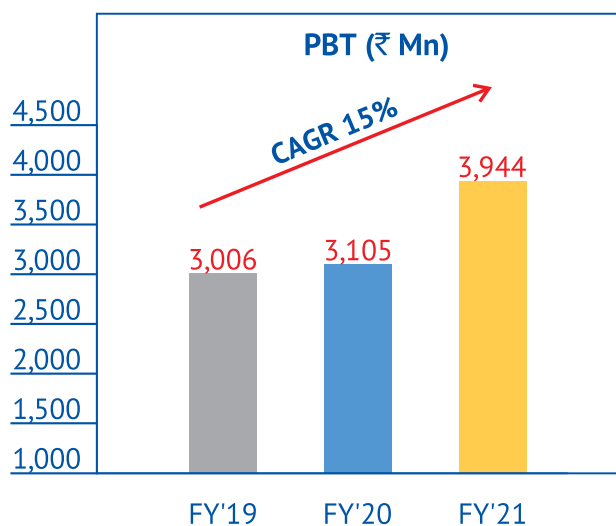
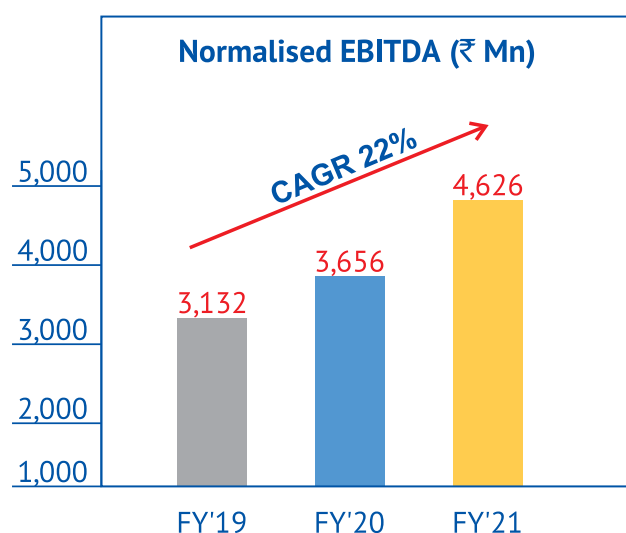
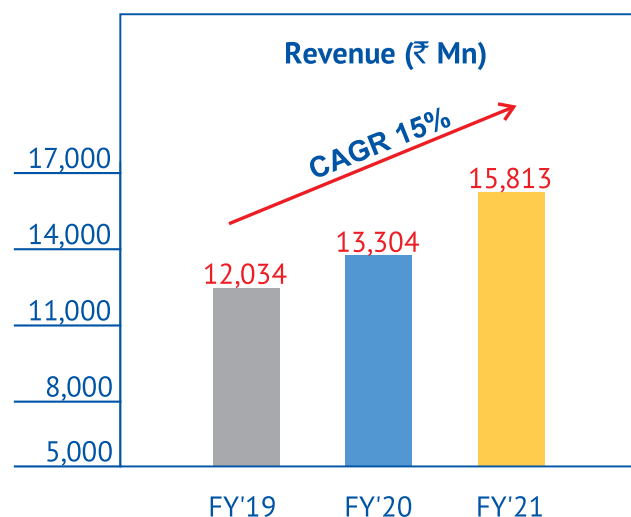
On the other hand, there is growing preference for B2B clients to choose organised players on account of the depth and variety of their test menu and superior assurance of quality, turnaround timelines and reliability of service. The consistent investments made by DLPL, has allowed a seamless flow of samples, both COVID-19 and non-COVID-19 related, between originators and the laboratories. The diagnostics industry has seen a surge of samples coming its way, elevating operating volumes across the board.

During the year DLPL has strategically assimilated smaller, city based laboratories as part of its expansion agenda. Together with continued focus on organic growth of the hub and spoke model, the company is also pursuing M&A opportunities where appropriate.

Diagnostics remains the keystone of healthcare service delivery, as treatment for both acute and chronic conditions cannot begin without accurate diagnoses. The key drivers of growth for the organised diagnostic sector in the coming years will be as follows:

- **Accessibility of healthcare facilities** through wider network and improved infrastructure availability
- **Rise in income level and urbanisation.** As the economy expands the proportion of spending allocated to healthcare too will rise. On a base of ~480 Mn for the urban population, the incremental private spends on testing can be expected to be large
- **Higher proportion of elderly** within the population. The share of those above 65 years (at ~90 Mn as at end CY20) will increase, giving rise to elevated requirement for chronic care
- **Wider penetration of organised health coverage** across the board. Insurance backed and publicly funded healthcare schemes will become the mainstay of the diagnostics industry as the economy develops. Incentives from the Government too will play a role to encourage higher preventive testing amongst the population
- **Bundled offerings/healthcare packages**, from the established chains, will carve out a niche segment that prioritises preventive and well-being based check ups
- **Consolidation of the unorganised players** will be a key feature, constantly shaping the diagnostics sector where scale and technology will play a crucial role in growth
- **Third party aggregators opening up additional channels** through the online route. Diagnostic chains will evolve a model to co-opt their presence with their own online set-ups
- **Continual brand building initiatives** from the organised sector will create more opportunities to formalise patient interactions with the diagnostics space
- **Rising incidence of infectious diseases** that have public health importance like COVID-19, Swine Flu, Dengue etc

Financial and Operational highlights



Financial and Operational highlights**Revenue**

The year ended March 31, 2021 saw the company's consolidated revenues deliver 18.9% growth to ₹ 15,813 Mn (the non-COVID-19 business declined by 2.8%). This followed 4.4% improvement in patient volumes. COVID-19 RT-PCR/Antibody and COVID-19 allied tests (such as IL6 and D Dimer) revenue for the year ended March 31, 2021 is ₹ 2,542 Mn and ₹ 344 Mn respectively.

Particulars	FY20	FY21					Growth Total
	Total	COVID-19	Allied Tests	COVID-19 & Allied	Non-COVID-19	Total	
Revenue (₹ Mn)	13,304	2,542	344	2,886	12,927	15,813	18.9%

The company's non COVID-19 revenue recovered up to 97.2% of last year's base, with robust 17% growth witnessed in the second half of the year. This was achieved on the basis of continuous focus on non COVID-19 business through B2B expansion, franchise network growth and expanding home collection to provide door step availability to patients. On the other hand, COVID-19 revenues were driven through ramping up capacities and availability quickly from one lab in April'20 to 14 labs by March'21 and collaborations with Government agencies to augment testing capability.

Costs

Given its emphasis on cost prudence and enhanced efficiencies the company could maintain margin trends. Total cost increased 15.2% year on year at a rate lower than the revenue growth rate. The major items of cost pertain to the cost of reagents and chemicals, personnel costs, fees to collection centres, costs associated with logistics, information technology and infrastructure. These items have primarily remained in line with the growth of the operations.

EBITDA

Consolidated Normalised EBITDA (post elimination of impact of stock based compensation, CSR cost and Ind AS 116) gave growth of 26.5% in FY21. Normalised EBITDA margins (post elimination of impact of stock based compensation, CSR cost and Ind AS 116) came in at 29.3%.

PBT and PAT

The PBT for the year came in at ₹ 3,944 Mn while PAT showed 30.3% growth over the previous year at ₹ 2,965 Mn. PAT margins were at

18.8%. Diluted EPS increased 28.8% to ₹ 35.25 per equity share of ₹ 10 each.

Cash and Bank

The company's consolidated Cash and Cash Equivalents increased from ₹ 7,443 Mn as at FY20 end to ₹ 9,859 Mn at the end of FY21. This was the result of strong operating cash flow of ₹ 4,632 Mn before working capital changes. Cash outflow towards capital expenditure during the year stood at ₹ 634 Mn from ₹ 464 Mn last year. Other Income which includes interest and dividend on mutual funds stood lower at ₹ 513 Mn from ₹ 550 Mn previously.

Key Financial Ratios

In accordance with the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015, the Company is required to give details of significant changes (change of 25% or more as compared to the immediately previous financial year) in key financial ratios.

The company has identified the following ratios as key financial Ratios:

Particulars	FY 2021	FY 2020
Revenue growth (%)	18.9%	10.6%
Patient growth (%)	4.4%	10.3%
Sample growth (%)	4.2%	14.2%
Basic EPS (₹)	35.33	27.42
Diluted EPS (₹)	35.25	27.37
Inventory Turnover Ratio (times)	9.3	5.2

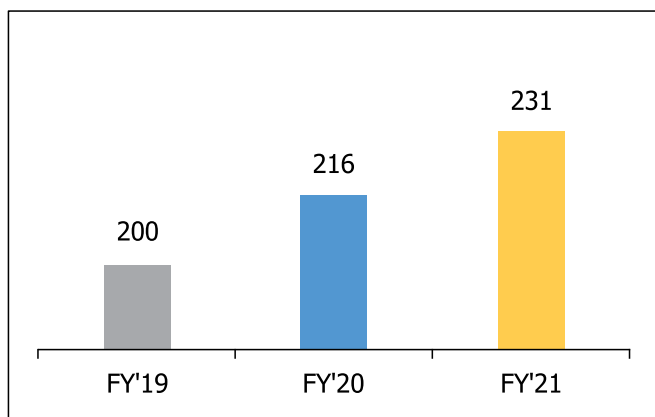
Revenue has increased faster than volume due to the effect of COVID-19 which has led to higher revenue per patient. The inventory turnover ratio has increased due to lower inventory as at the end of March 2021.

The details of Return on Net worth are given below:

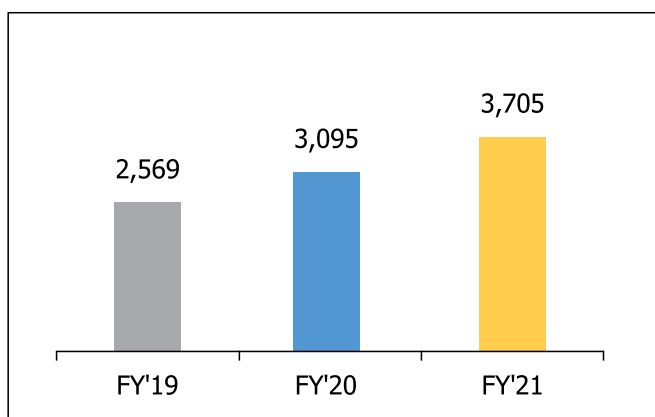
Particulars	FY 2021	FY 2020
Return on Net Worth (%)	25.5%	22.7%

Return on Net Worth is computed by dividing the Net Profit After Tax for the year by average net worth. Net Profit After Tax has increased from ₹ 2,276 Mn in FY 2020 to ₹ 2,965 Mn in FY 2021. Return on Net Worth in FY 2021 has increased in line with the higher Profit After Tax as compared to FY 2020.

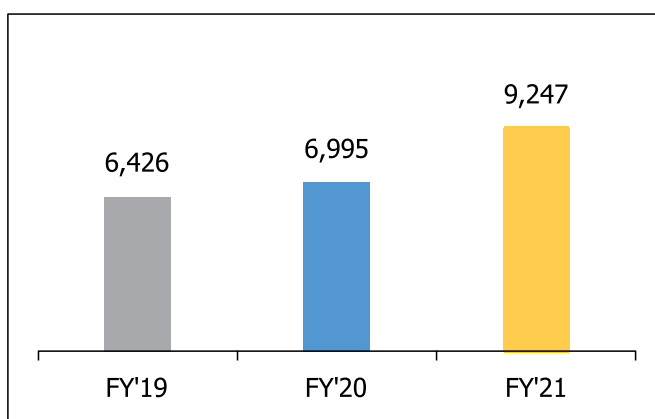
Operational Performance



Number of Labs



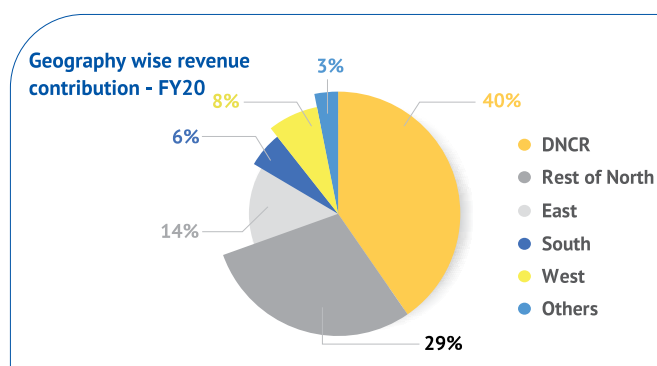
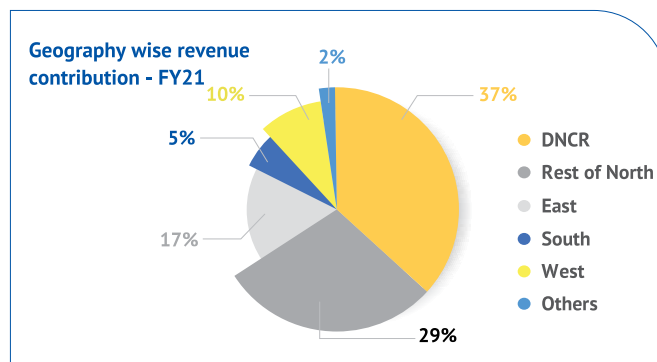
Number of PSCs



Number of PUPs

The year under review saw a build-up in network scale with the net count of laboratories having increased to 231, an addition of 15 laboratories. The number of Patient Service Centres (PSCs) grew by 610 to 3,705 as at end of FY'21. The number of Pick Up Points also increased by 2,252 to 9,247.

Geography wise break up of business



Response to COVID-19 pandemic

The company enjoys the trust of over 20 Mn patients and we strive every day to live up-to their expectations. When the pandemic struck in 2020, DLPL built a state-of-the-art facility for COVID-19 testing to cater to the stringent demands of COVID-19 testing in a matter of just two weeks. DLPL was one of the first laboratories in India to get approval for COVID-19 testing from ICMR under the license DRLAL001.

The journey started with the challenge of setting up testing labs, training the clinical, scientific and technical teams, and getting all necessary precautions/SOPs in place. Special challenge was on procurement of reagent kits as Government agencies were approving the kits and availability was low. We started procuring kits from different sources and transported the first set from Pune to Mumbai and then to Delhi even under lockdown to commence testing.

We collaborated with State Governments in the early stages to fulfil their testing needs. In April 2020, we started with one or two states. Later we also collaborated with other State Governments across the country to enable high volume COVID-19 testing.

While all of this was happening, DLPL got an opportunity to collaborate with prestigious National Mission Vande Bharat led by Honourable Prime Minister of India and managed by the Ministry of Home Affairs (MHA). DLPL successfully performed COVID-19 testing on pilots and crew members of Air India flying to get people back home wherein we set up a sampling facility near the Delhi Airport and managed to release reports well within required turnaround

times to enable the crew to fly safely under guidelines set by ICMR, MHA and those by destination countries.

Parallel to helping State Governments, we started offering tests for our hospital clients and even patients directly. To make testing safe and comfortable for patients, we created a team of phlebotomists dedicatedly working on collection of COVID-19 samples from homes.

This is when we started to expand our operations to cater to more patients across the country. Not just our home collection vertical, our vast network of collection centres was also involved to offer home sample collection to cater to growing demand of RT-PCR tests. We strengthened the home collection team to cater to the demand by 2.5x from April to July.

DLPL also took many initiatives to support COVID-19 related efforts through Lal PathLabs foundation. Please refer to the CSR section of this report.

Outlook

With their superior execution capabilities organised diagnostic chains like DLPL are expected to deliver higher than industry growth in the coming years since their model emphasises robust unit economics, low capital intensity and targets higher return on invested capital. Thus, while maintaining core market leadership such chains will tend to deliver gains in non-core markets as well. Whereas conversion from unorganised to organised will be a persistent theme in urban markets, in the rural geographies the emphasis will be on capacity creation and utilisation of testing infrastructure of the larger established clusters. Concurrently higher spends on healthcare post the COVID-19 pandemic and the large under-tapped population are both expected to underline sampling momentum.

Organised players including DLPL will seek to chart growth by focusing on branding efforts, growing their reach and accessibility to patients and the scope of tests offered. For DLPL, the objective will be to maintain its leading position in the Delhi-NCR geography while building robust growth in Rest of North and East through established infrastructure. The South and West represent attractive opportunities to expand both through organic and inorganic means. Emphasis is clearly on volume growth and the company has maintained margins thus far through better productivity and efficiencies despite holding onto pricing for several consecutive years. The higher share of B2C samples, increased penetration in the B2B segment, greater bundled testing, and better overall test mix are all factors that will shape and support profitable growth.

The coming years will feature higher incidence of online enabled delivery of healthcare services, with high amenability for diagnostics as well. Companies like DLPL will benefit from sustained investments in core technology platforms, owned Apps and online branding. Partnerships with third party aggregators and backing capacity build-up in home collection will give the organised industry a further advantage.

Strategy for growth

The chief aspects of DLPL's strategy include the strengthening of existing operations as well as inorganic through M&A. Strengthening the current operation involved augmentation of the test menu offering, addition to management/outourcing capabilities of hospital-based labs and pursuit of geographic expansion. Customer service with

emphasis on quality of interactions, accuracy in reporting, shorter turnaround times, and measures to enhance patient convenience, will all be a priority.

In addition to offering advanced testing, efforts will also be directed towards comprehensive management of chronic and acute illnesses through a solution-centric approach by using advanced analytics and technology. Moreover, in order to enhance its presence in West and South the company is seeking to set up reference labs with a lower cost footprint that will bring an inflection to volume of sample collection in key markets.

DLPL seeks to implement its growth agenda through the following initiatives:

- Deep network capability through hub and spoke arrangement of laboratories and PSCs
- Dedicated home collection and walk-in reach through growing scale of PSCs
- Commensurate online presence through own app/website and collaboration with third party aggregators
- Deploy specialised business development teams to broaden the ambit of B2B sampling
- Comprehensive test menu, meeting requirement of wider routine testing and augmented portfolio of specialised testing/solutions
- Enhanced offering of bundled testing, offering better value to patients
- Targeting bottom-of-pyramid laboratories that can be scaled up to drive presence in under-penetrated geographies
- Consider larger regional sized acquisitions
- Pursue cluster approach to develop momentum for sampling with target geographies, ex Delhi-NCR
- Focusing on niches through patient/test segmentation
- Selectively scale up hospital laboratory management options
- Inorganic growth strategy to expand in non-core markets, i.e. West and South India region through acquisitions and strategic partnerships in addition to the organic efforts. A separate legal entity named PathLabs Unifiers Private Limited was incorporated for the said purpose. Over the past two years, we have acquired seven labs in India under this subsidiary.

Opportunities and Threats

In keeping with the size of the population there is an extensive requirement for quality diagnostics around the country. While the metros and cities tend to be better served, the proportion of unorganised players nationwide is high, paving the way for the organised players to gain market share.

The COVID-19 pandemic has put the spotlight on convenience above all, with demand for home collection of samples rising exponentially. As has been demonstrated organised chains are better poised to respond to such evolving aspects of the industry in a cost effective fashion. The pandemic has allowed regional and Private Equity backed players to take in significantly higher number of samples due

to higher demand for COVID-19 and associated testing. These chains seek to cast themselves as larger, national players, where they will face the same challenges as the established players.

Third party aggregators too have scaled up presence through online platforms and some are constituting a lab-based set-up as well. As they invest deeper into infrastructure, they will have to contend with the same hurdles and impediments as the organised industry, chiefly creating scale of capability and continuity of sample inflow.

Risk and concerns

Regulatory oversight and intervention

The testing infrastructure across the nation is bound by Central and State statute. During times of epidemics/pandemics where the common good of the population is at stake the regulator does step-in to mandate pricing for prescribed procedures/tests. Such interventions are transient in nature and are instituted with a view to ameliorate the healthcare needs of the patient community.

Given its scale and infrastructure DLPL is better placed to absorb evolving regulation relative to the unorganised players. Case in point being the ongoing COVID-19 pandemic where the company has collaborated with government agencies to augment testing apparatus and capability for the nation at large.

Multi-pronged competition

Fragmentation being a key feature of the diagnostics sector, competition from the unorganised players is rampant. Regional and city-based networks that have drawn investment from Private Equity players too have primarily resorted to pricing cuts as a means to build presence. Through combination of capability and experience DLPL has consistently withstood these challenges.

Third party aggregator platforms, originally established as

pharmacies have been branching out into diagnostics. Once again pricing is being used as a lever, in addition to convenience through online channels and home collection. DLPL has made sustained investments to augment its capabilities on both counts.

Capacity building

In order to densify presence DLPL adds new laboratories to its existing set-up, whereas the patient facilitation centres are erected through the franchisee route. In light of the COVID-19 pandemic the need for ramping up home collection has become more acute. DLPL shall continue to follow an asset light approach to strengthen its footprint in the field.

Evolving technologies

An internal panel of qualified professionals continually evaluates the latest innovation in diagnostics and their suitability for commercialisation across the DLPL network.

Other risk factors

DLPL's IPO prospectus issued in December 2015 enlists additional risk factors. These also hold true today and the company continually reviews them regularly.

Inorganic growth through acquisitions

- DLPL has maintained the strategy to expand in non-core markets, i.e. West and South India region through tuck-in acquisitions and strategic partnerships in addition to the organic efforts which continue in parallel.
- A separate legal entity named PathLabs Unifiers Private Limited was created in December 2018 for the said purpose. Over the past two years, PathLabs Unifiers Private Limited has acquired seven labs in India.

Business Responsibility Report

Annexure - 8

Pursuant to Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors presents the Business Responsibility Report of the Company for the Financial Year ended on March 31, 2021.

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

Corporate Identity Number (CIN) of the Company	L74899DL1995PLC065388
Name of the Company	DR. LAL PATHLABS LIMITED ("the Company/we/our")
Registered Address	Block E, Sector-18, Rohini, New Delhi – 110085
Website	www.lalpathlabs.com
E-mail id	cs@lalpathlabs.com
Financial Year reported	April 1, 2020 - March 31, 2021
Sector(s) that the Company is engaged in (industrial activity code-wise)	Health Activities Section: Q Division: 86 Group: 869 Class: 8690 Sub-Class: 86905
List three key products/services that the Company manufactures/ provides (as mentioned in balance sheet)	The Company provides Diagnostic Services in the area of Pathology and Radiology.
Total number of locations where business activity is undertaken by the Company:	
Number of International Locations	The Company has operations in Nepal, Bangladesh and Kenya.
Number of National Locations	The Company has 231 Laboratories across India.
Markets served by the Company - Local/State/National/International	India, Nepal, Bangladesh and Kenya. Besides the above, the Company also receives samples from International Locations like Bhutan, Sri Lanka, Myanmar, Malaysia, Tanzania, Nigeria, Brunei, Saudi Arabia, Maldives, Ethiopia, Ghana, Uganda, Qatar, Kuwait, UAE, Malawi, Zambia, Sierra Leone, Oman and Mauritius for testing in India.

SECTION B: FINANCIAL DETAILS OF THE COMPANY

Paid up Capital (₹ Million)	833.45
Total Income (₹ Million)	15,418.22
Total profit after taxes (₹ Million)	2,801.06
Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	The Company's total spending on CSR for the Financial Year 2020-21 is ₹ 57.42 million which is 2% of PAT.
List of activities in which expenditure as stated above has been incurred	Please refer to the "Annual Report on CSR Activities" attached as annexure to the Board Report, forming part of the Annual Report.

SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company/ Companies?

Yes, as on March 31, 2021, the Company has Eleven (11) Subsidiary Companies, the details of the same have been provided in another section of the Annual Report.

2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)

Given the current size and scale of operations, subsidiary companies as of now do not participate in BR initiative of the Company.

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]

No other entity participates in the BR initiatives of the Company. However, the Company encourages its suppliers, distributors, etc. to adopt BR initiatives and follow good business practices.

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR

a) Details of the Director/Director responsible for implementation of the BR policy/policies

The CSR Committee consisting of the following Directors is responsible for the implementation of the BR Policy:

S. No.	Name of the Director	DIN	Designation
1.	(Hony) Brig. Dr. Arvind Lal	00576638	Executive Chairman
2.	Dr. Om Prakash Manchanda	02099404	Managing Director
3.	Mr. Sunil Varma	01020611	Lead Independent Director
4.	Mr. Harneet Singh Chandhoke	02758084	Independent Director

b) Details of the BR Head

DIN	Not Applicable
Name	Mr. Manoj Garg
Designation	Chief Human Resource Officer
Telephone number	+ 91-124-3016-500
e-mail id	manoj.garg@lalpathlabs.com

2. Principle-wise(as per National Voluntary Guidelines [NVGs]) BR Policy/policies

The NVGs on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These are as follows:

P1 - Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

P2 - Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

P3 - Businesses should promote the well-being of all employees.

P4 - Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

P5 - Businesses should respect and promote human rights.

P6 - Business should respect, protect and make efforts to restore the environment.

P7 - Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

P8 - Businesses should support inclusive growth and equitable development.

P9 - Businesses should engage with and provide value to their customers and consumers in a responsible manner.

(a) Details of compliance

S. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/ policies for	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national / international standards? If yes, specify?* (50 words)	Y	Y	Y	Y	Y	Y	Y	Y	Y
4.	Has the policy being approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5.	Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online?	https://www.lalpathlabs.com/pdf/brochures/Business-Responsibility-Policy.pdf								

S. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the Company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	N	N	N	N	N	N	N	N	N

*The policies formulated by the Company are materially in compliance with all mandatory/applicable laws, rules, regulations, guidelines and standards.

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: Not Applicable

S. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The Company has not understood the Principles									
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3.	The Company does not have financial or manpower resources available for the task									
4.	It is planned to be done within next 6 months									
5.	It is planned to be done within the next 1 year									
6.	Any other reason (please specify)									

3. Governance related to BR

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company.

Corporate Social Responsibility Committee of the Company oversees the Business Responsibility Performance on an Annual basis.

(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

Business Responsibility Report is published annually as part of the Company's Annual Report. The Annual Report of the Company for the Financial Year 2020-21 can be viewed at: <https://www.lalpathlabs.com/investor/annual-reports.aspx>.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1

1. Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/ No. Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

The Policy covers only the Company. However the Company shall impress upon other entities in the value chain and its subsidiaries to follow such policy.

In January 2020, the Company had rolled out its new vision and values. Our new vision "Be the most trusted Healthcare Partner, enabling healthier lives" clearly state the ambition of becoming 'most trusted' partner. One important element of building Trust is to do business with high standard of Ethics & Integrity. We have five corporate values and out of which one is 'Ethics and Integrity'. We ensure to maintain our corporate reputation through strong ethics and compliance culture wherever we conduct business. In past one year we have done workshop with 3200+ employees on our Vision, Mission and Values. These workshops were aimed at creating understanding and gaining commitment from employees on our vision and values, Ethics & Integrity being one of the important one. Various communication, employee activities, leadership forums and recognition scheme have repeatedly propagated the importance of 'Ethics & Integrity' as an important value to be followed by all employees in our business dealings.

We are committed to being a good corporate citizen and doing the right things. Our comprehensive Code of Conduct ("CoC") and corporate values outline the expected standards of ethical conduct applicable to all our employees, Board of Directors and those acting on behalf of the Company (such as vendors, suppliers, consultants, agents, etc. and their employees). The CoC covers anti-bribery and anti-corruption laws of various jurisdictions in which it operates. The CoC is reviewed periodically to update any change in law, change in organisation structure or any other reason which may have an impact on the contents of the CoC, viz. any prevailing trend, social or political factors etc. The Company has well designed training modules on Code of conduct and POSH which are an integral part of the employee induction program. All new employees hired in Dr. Lal PathLabs are required to read, understand and agree the Code of Conduct policy during their on-boarding process.

The Company also has a Whistle Blower Policy, which allows employees and stakeholders to bring to the attention of the management, promptly and directly, any unethical behaviour, suspected fraud or irregularity in the Company practices, which is not in line with the organization CoC. All the complaints received under the Whistle Blower Policy are reported to the Audit Committee. We believe that good governance practices contribute to better results for stakeholders. We maintain governance principles, policies and practices that support management accountability.

2. How many stakeholder complaints have been received in the past Financial Year and what percentage was satisfactorily resolved by the management?

No material complaints were received during the Financial Year 2020-21 relating to ethics, bribery or corruption.

Principle 2

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

The Company provides Diagnostic Services, which has no social or environmental concerns/risks/opportunities. However, as a corporate citizen, the Company is conscious about its moral responsibilities.

- Effluent Treatment Plants (ETP's), wet-dry segregation and autoclaves for proper disposal and treatment of Bio-Medical Wastes are installed at its Laboratories.
- The Company has replaced 100% collection plastic bags used for sample vacutainer storage with biodegradable bags to pledge its support toward the Clean India Mission.
- The Company had introduced 10 electric bikes in their fleet for sample collection in an initiative to prevent carbon emission last year. The organization helped logistics third party workforce vendors, to partner with a company providing electric bikes. In FY 2020-21, 4 more bikes were added in the fleet. The program is dependent on charging infrastructure and mileage of the electric bike. Currently the charging infrastructure is limited (public charging stations) and mileage is in the range of 70-100 KMs on single charge. With the improvement in the electrical charging infrastructure and the mileage, the Company will

further add more electric bikes in its fleet in the coming years.

- Automatic Power Factor Corrector Panel are installed around 9 Locations, wherein required.
- Descaling done of DG Sets radiator to improve the smoke quality so that it does not deplete the ozone layer, increase the efficiency of DG set and save fuel as well.
- Water conservation is another important initiative taken by Dr. Lal PathLabs. 868 Water saving reducer at 194 locations across the country in our lab and office locations are installed. This is a small effort to conserve water in daily use. The reducer provides almost 50% water saving compared to a normal tap. On annual basis, this continue to help us conserve almost 30 Lac litres of water.
- Data centre virtualization is in place to prevent heat and CO2 emission, which causes global warming.
- Company has in place e-billing and e-payment receipt to reduce paper usage and conserve the environment. This is leading to approx. saving of 40 million paper every year.
- This year company has moved to e-agreements and e-on-boarding of the channel partners. This is a small step to save paper in the regular business operations.
- Solar panel usage and rainwater harvesting continues in large sites of National reference lab, Delhi and reference lab, Kolkata.
- In national reference lab, this year, at various locations drinking water fountains were installed. This has helped in complete removal of plastic glass usage from the site, catering to approx. 400 employees.
- At national reference lab, Rohini, RO wastewater recycling has helped in saving approx. 10KL of water per day.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

Not Applicable, since the Company is a service provider.

3. Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

The Company maintains a healthy relationship with its vendors/suppliers. The Company has in place a system of vendor selection which, besides a host of other factors, also lays emphasis on technical, financial, infrastructural capability and ethical practices of the vendor.

4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?(a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

The Company strives to procure goods and services from local supply chain partners which may include large, midsize or small scale industries who meets our quality, cost and technological

expectations. Further while hiring workforce for its laboratories, preference is given to eligible local candidates.

5. Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

Not Applicable, since the Company is a service provider. However, the Company has entered into agreements with authorized vendors for disposal of bio-medical wastes generated during sample collection and testing of bio-medical samples and RO water recycling.

Principle 3

Total number of employees	3,996
Total number of employees hired on temporary/contractual/casual basis	1,877
Number of permanent women employees	869
Number of permanent employees with disabilities	9
Do you have an employee association that is recognized by management	Yes
What percentage of your permanent employees is members of this recognized employee association?	2.81%

Details of the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment, are as follows:

No.	Category	No of complaints filed during the Financial Year 2020-21	No of complaints pending as on end of the Financial Year 2020-21
1.	Child labour/forced labour/involuntary labour	0	0
2.	Sexual harassment	6	2
3.	Discriminatory employment	0	0

What percentage of your under mentioned employees were given safety & skill upgradation training in the last year?

Category	Percentage (%)
(a) Permanent Employees	84%
(b) Permanent Women Employees	83%
(c) Casual/Temporary/Contractual Employees	42%
(d) Employees with Disabilities	100%

Principle 4

1. Has the Company mapped its internal and external stakeholders?

Dr. Lal PathLabs approach towards responsible and sustainable business practices involves regular engagement with its internal and external stakeholders. This practice helps the Company measure its performance based on the value it brings to its stakeholders and to prioritize key sustainability issues in terms of relevance to its business and stakeholders, including society and environment. It is the prime responsibility of the

organization to engage stakeholders (internal and external) in an efficient and an effective manner. This not only helps in identifying opportunities but also in assessing emerging risks which may increase in magnitude at a later stage in future. The Company's major stakeholders that affect or are affected by its business include –

- Employees
- Customers
- Investors & Shareholders
- Contractors, vendors and suppliers
- Government and regulating authorities
- Local communities etc.

The Company has defined specific roles and responsibilities of key departments to engage and address the concerns, monitor and ensure that they are addressed in a timely and efficient manner. All engagement must be conducted in a transparent manner with honesty, integrity and openness; in compliance with local and international laws and in accordance with Dr. Lal PathLabs values.

2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders?

At Dr. Lal PathLabs, we believe that as a responsible organisation, we must focus on integrating in the business model a program for serving the community where we operate. As we grow in our operations and in the country, it is essential that we achieve such growth in a responsible manner which incorporates the needs of our community and specially those who are disadvantaged, vulnerable and marginalised. We are conducting programmes structured in a way to create an impact on disadvantaged, vulnerable and marginalised sector of the society. Our CSR programme focusses in the areas of Skill Development of Paramedics (more specifically DMLT and Phlebotomy Technicians), Public Health, with specific focus on non-communicable disease, rapid response to the pandemics and by creating employment opportunities among the skilled unemployed youths and upskilling the unskilled, especially from the rural and remote areas.

3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so?

At Dr. Lal PathLabs Ltd, we build lasting bonds with all our stakeholders, internal and external, through meaningful deliberations. The Company has identified stakeholders who are directly and indirectly affected by its operations and have developed targeted engagement mechanisms for each of them. The Company from time to time has implemented various initiatives for socio-economically disadvantaged sections of the society.

The Company is running a DMLT institute to train the marginalised section of society. During the financial year 2020-21 we enrolled total 100+ candidates, trained 68, certified 64 and successfully placed 30 candidates.

To bridge the gap of skilled work force in paramedics in India and provide opportunity to unemployed, Lal PathLabs Foundation cautiously started its flagship program named "Academy for Laboratory Medicine" where we are running Phlebotomy Technician Training Centers in collaboration with implementing partners - 'Institute of Livelihood Research and Training' (brand name B Able) and Sambhav Foundation (brand name LabourNet). These centres are affiliated and candidates are being certified by NSDC - HSSC. Candidates who are 12th passed with science background can get enrolled for this short term Phlebotomy Technician course. After training and certification, we provide placement assistance. Objectives of this flagship programme is to train unemployed rural youths in Phlebotomy Technician and connect them with available job opportunities. We had total 10 Phlebotomy Technician Training Centers during financial year 2020-21 in Lucknow, Varanasi, Gorakhpur Kanpur and Meerut (UP), Bhopal, Jabalpur and Indore (MP) and Jaipur and Udaipur (Rajasthan). We are able to successfully train and certify 1000+ candidates and place approx 75% of the certified candidates, till March 2021.

In one of the CSR program Non-Formal Education (NFE) project was taken-up in Kanpur and Kanpur Rural (UP), where supporting 130 NFEs, called Ekal Vidyalaya, to impart informal primary education to children in remote and tribal areas. This program help in making them able to be enrolled in formal schools mostly from class fourth to sixth. This program has impacted approx. 25-30 people in each of the NFE. In case if any of these children, due to their family circumstances, are not able to get admission in formal government schools, in such cases Ekal Vidyalaya focus is to make these children able to live their life smoothly by learning basic alphabets, numerical and providing them opportunity to learn about some livelihood options.

COVID 19 pandemic has affected the lives, livelihood and more specifically health systems around the world. To cope up with this unprecedented pandemic and to provide access to healthcare especially to the more vulnerable sections of society; civil societies, corporates, institutions and individuals came forward to join the shoulder with Government to support and to fight against the pandemic collectively. Lal PathLabs Foundation realized that the COVID-19 pandemic made the social disparities more evident as people from the vulnerable communities were largely dependent on the government health services for the testing and treatment. Therefore, Lal PathLabs Foundation donated ₹ 1.2 Crore directly to the PM CARES fund and also supported the state government of Delhi, Maharashtra, Tamil Nadu, Karnataka and Haryana by providing various testing equipment and tools as per their need and requirements. We engaged local expert NGOs to coordinate and collaborate with state health department to identify the need and provided support accordingly. We provided total equipment and testing kits of around ₹ 70 lacs.

Principle 5

1. **Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**

At present, our policy is applicable only to the Company. However, the Company shall strive to encourage its business partners and third parties with whom it conducts business to

abide by this policy. The Company's commitment to follow the basic principles of human rights is reflected in the checks and balances within the HR processes. The commitment to human rights is embedded in the 'Code of Conduct', adopted by the Company. All employees are sensitized to human rights as part of their orientation program.

2. **How many stakeholder complaints have been received in the past Financial Year and what percent was satisfactorily resolved by the management?**

The Company did not receive any complaint during the financial year, in respect of violation of human rights. Our Company constantly seeks to understand the needs of the consumer and bring in technology to ensure that the consumer are kept informed and engaged with the services. The consumer can reach us through our National Customer Care number. Consumer can also reach us through digital medium like E Mail, Website, mobile app etc. We have enabled various social listening tools like Twitter, Facebook and LinkedIn to reach out to our external stakeholders. A Pre-Analytical Team constantly works to train staff and anticipate errors that can happen country-wide to maintain quality. To generate consumer awareness on basic health check-up various marketing campaigns and affordable packages are made available.

Principle 6

1. **Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others?**

The Policy covers only the Company. However, the Company shall support its value chain and subsidiary companies to adopt this principle.

2. **Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc?**

The Company doesn't have any specific program or initiatives to address such issue. However, during the course of business, it undertakes various steps like installing R32 refrigerant operated air conditioning systems which have no impact on ozone depletion, installed 50KW & 10KW of Solar Rooftop panels for generation of natural energy at National reference, Rohini Delhi, replaced conventional lighting with LED for energy saving, IT data centre virtualization to reduce cost and carbon footprint. For water conservation, all water coolers were replaced with water fountain to eliminate use of plastic glass in our National Reference lab, rainwater harvesting is done in our Kolkata reference lab and recycling of RO waste water in national reference lab helps in saving 10,000 litres of water every day. The Company has introduced e-bike as pilot in the logistics fleet of the Company with the help of the logistics partner.

3. **Does the Company identify and assess potential environmental risks?**

The Company continuously seeks to improve its environmental performance by promoting use of energy efficient environment friendly data centre technologies, use of renewable energy, Liquid waste management via Effluent treatment plant and Hypo chloride disinfection of liquid waste and Autoclave microbial waste before disposal.

4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

No

5. Has the Company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy etc.? If yes, please give hyperlink for web page etc.

Yes, for details please refer 'Conservation of Energy, Technology Absorption' para in the Board's Report for the Financial Year 2020-21 which can be accessed at <https://www.lalpathlabs.com/investor/annual-reports.aspx>.

6. Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the Financial Year being reported?

Yes

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

NIL

Principle 7

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

1. Federation of Indian Chamber of Commerce and Industry ('FICCI')
2. Confederation of Indian Industry ('CII')
3. Healthcare Federation of India ('NATHEALTH').

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/ No; If yes, specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

The Company does not engage in influencing Regulatory Policy. However the Company practices pro-active advocacy not for securing certain benefits for industry, but for advocating certain best practices for the benefit of society at large.

Principle 8

1. Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

Dr. Lal PathLabs Ltd, is a socially responsible organization with focus on integrating our business model with the program for serving the community where we operate. In principle, we believe that we can achieve our growth in responsible manner and also address the needs of the community. Our focus is to extend support for the sustainable development of the community especially those who are below poverty line in the country. Lal PathLabs Foundation is the CSR arm of Dr. Lal PathLabs Ltd and its subsidiary companies, wherein we envision building a Healthy Nation by improving lives of the community through

high quality and preventive healthcare initiatives. In order to make an impact on the underprivileged section of our society, Lal PathLabs Foundation decided to focus our CSR initiatives in the areas of Skill Development of Paramedics (more specifically DMLT and Phlebotomy Technicians), Public Health, with specific focus on non-communicable disease, rapid response to the pandemics, adolescence healthcare. Also focus is on creating employment opportunities among the skilled unemployed youths and upskilling the unskilled, especially from the rural and remote areas.

The CSR vision and mission of the foundation is developed to carry out impactful and focused CSR activities for the Lal PathLabs Foundation

Our CSR vision - We envision to build a healthy nation and improve lives of the community through high quality and preventive health care initiatives.

Our CSR mission- To ensure improved health and well-being of communities by promoting preventing healthcare and investing in programs, partnerships and ideas that spreads awareness, take preventive action and diagnostic measures for community we serve. We work in the areas of:

- a. Non- communicable diseases
- b. Adolescent healthcare
- c. Public healthcare initiatives
- d. Water and sanitation
- e. Creating employment opportunities in healthcare

Lal PathLabs Foundation works closely with different stakeholder like NGOs, and the Government to achieve the outlaid intents for the communities we serve.

The Company has a Corporate Social Responsibility Policy ("CSR Policy") which can be accessed on our website at <https://www.lalpathlabs.com/pdf/brochures/CSR-Policy.pdf>

The Company believes that the business must strengthen their capability to fulfill stakeholder aspirations through greater engagement. At Dr. Lal PathLabs Ltd, we build lasting bonds with all our stakeholders both internal and external, through meaningful deliberations. This process helps us review our actions, rethink our roadmap, redress grievances and recognize new avenues of growth. The Company has identified stakeholders who directly and indirectly affected by its operations and have developed targeted engagement mechanisms for each of them. The Company from time to time has implemented various initiatives for socio-economically disadvantaged sections of the society. Under our CSR initiatives, we have moved from random and spontaneous projects to well designed, defined, structured and focused projects to optimize the impact. We have initiated projects with sustainable approach in the area of non-communicable disease, employment generation in healthcare and many others.

The Company focuses on bringing quality healthcare to all unserved citizens regardless of geographic location or economic status. Dr. Lal PathLabs Ltd aspires to be one of the most reputed healthcare company in India and also be recognized as a socially responsible corporate delivering superior and sustainable value

to all our customers, business partners, shareholders, employees and host communities.

The CSR Policy lays down the guidelines and framework for the implementation, monitoring, reporting, disclosure, evaluation and assessment of projects, programs and CSR initiatives. The objective of the policy is:

- i. Establishing guidelines for compliance with the provisions of laws/regulations to dedicate a percentage of Company's profits for social projects.
- ii. Ensuring the implementation of CSR initiatives in letter and spirit through appropriate procedures and reporting.
- iii. Creating opportunities for employees to participate in socially responsible initiatives.

The Company works primarily through its CSR Foundation, namely, Lal PathLabs Foundation towards carrying out its Corporate Social Responsibility (CSR) activities as covered by the CSR Policy of the Company.

The Board of Directors of the Company has constituted a Corporate Social Responsibility Committee to frame, monitor and execute the CSR activities of the Company as per its CSR Policy. Some of the key initiatives taken up last year are:

Skill Development in the field of Paramedics:

Skill development in healthcare is a key focus area for us. Lal PathLabs Foundation is helping in the skilling and employment of the unemployed rural youths, through well-established training centers and focused projects, in the area of paramedics. Key initiatives taken are as follows:

1. **Diploma in Medical Laboratory Technology:** India has requirement of having a trained healthcare workforce due to the large population base and geography. Keeping it in mind and being a leading diagnostic company in the country, Lal PathLabs Foundation, started skill development projects in paramedics and healthcare services in various part of the country, preferably in tier II & III cities, exclusively focusing on Phlebotomy Technician Training and Diploma in Medical Laboratory Technology (DMLT). The need of the project is to provide affordable and quality health diagnostic solutions intermediaries in rural and remote areas of India. These trained DMLT and Phlebotomists would act as a link between the rural patients and the pathology laboratories, diagnostic centres, hospitals and doctors. This is being done by providing dignified and sustainable livelihoods to rural youths and bridging the gap of trained paramedical health staff in rural and remote part of the country.

Lal PathLabs Foundation is running DMLT course in Gurugram (Haryana) and Kolkata (West Bengal). The project known as "Institute of Laboratory Medicine" offers specialized course in laboratory technology. The institute is affiliated to the Indian Medical Association (IMA) for DMLT course. We are providing quality and standard training as per norms laid down by the IMA to unemployed underprivileged youths. Candidates with 10+2 passed with science background want to make their career in allied health services are the ideal for the course. Objective of the project is to get

hands on learning experience in world-class state-of-the-art laboratory with automated equipment that conforms to the highest international standard. Lal PathLabs Institute of Laboratory Medicine owes its origin to Dr. Lal PathLabs Ltd., India's leading and the most reputed diagnostic chain, that has been giving its customers a reason to smile for over 70 years, through deliverance of highly accurate and advanced pathology solutions. During the financial year 2020-21 we enrolled total 100+ candidates, trained 68, certified 64 and successfully placed 30 candidates.

2. Short Term Phlebotomy Technician Certification Course:

To bridge the gap of skilled work force in paramedics in India, Lal PathLabs Foundation cautiously started flagship program named "Academy for Laboratory Medicine" where we are running Phlebotomy Technician Training Centers in collaboration with implementing partners - 'Institute of Livelihood Research and Training' (brand name B Able) and Sambhav Foundation (brand name LabourNet). These centres affiliated and candidates are certified by NSDC - HSSC. Candidates who are 12th passed with science background are enrolled for this short-term Phlebotomy Technician course. After training and certification, placement assistance is provided to them. Objectives of this flagship programme is to train unemployed rural youths in Phlebotomy Technician, connect them with available job opportunities in their local geographical areas. This course aims to provide dignified and sustainable livelihood. In addition, it is to bridge the gap of skilled workforce in paramedics, raise healthcare awareness and benefits of early diagnostics, quality and affordable health diagnostic solution in rural community at every doorstep by linking pathology labs, diagnostic centres, hospitals and doctors.

We had total 10 Phlebotomy Technician Training Centres during financial year 2020-21 in Lucknow, Varanasi, Gorakhpur, Kanpur and Meerut in UP; Bhopal, Jabalpur and Indore in MP; Jaipur and Udaipur in Rajasthan. We were able to successfully train 1000+ candidates and place approx. 75% of the certified candidates until March 2021.

Healthcare Initiatives:

Healthcare is another important focus area for Lal PathLabs Foundation. Some of the key initiatives taken in this area are as follow:

1. **Non Communicable Diseases (NCDs) Management:** India is experiencing a rapid health transition with a rising burden of Non Communicable Diseases (NCDs). NCDs cause significant morbidity and mortality both in urban and rural population, with considerable loss in potentially productive years (aged 35–64 years) of life. Burden of Non-Communicable Diseases (NCDs) and resultant morbidity and mortality is expected to increase unless massive efforts are made to prevent and control NCDs and their risk factors. Based on available evidence, cancer, diabetes, hypertension, cardiovascular disease, stroke, chronic obstructive pulmonary disease, kidney disease, mental disorders and trauma are leading cause of morbidity, disability and mortality in India.

Following the WHO Global action plan for the prevention and control of NCDs 2013– 2020, India became the first country to set national targets and specific indicators to measure progress towards preventing and controlling NCDs. Meeting India's stated target of a 25% reduction in premature mortality from NCDs by 2025 will require a multi-faceted approach designed to improve clinical care, strengthen community level knowledge of NCDs, and ultimately improve patient outcomes.

Lal PathLabs Foundation, in close coordination with state and district health departments did projects, implemented by MAMTA and VHAI. These projects are titled 'Project Arogya' and focus on community based intervention on Non-Communicable Diseases' Prevention and Control in Lucknow (UP), Kamroop (Assam), Shimla (Himachal Pradesh) and Patna and Vaishali (Bihar). Objectives of these projects was to sensitize, educate and empower target population about their health & wellbeing and risk factors associated with NCDs. In addition, it aims to motivate them to adopt healthy lifestyle and food habits through behaviour change communication. It help them in developing health responsible behaviour to make them aware about common risk factors for NCDs. Program help them in getting proper screening and treatment at local government health facilities and strengthen the relationship between Community and Government Health System.

Under this initiative, we reached out to approximately two million populations for awareness generation, more than 3.3 lacs of screenings were done. Also, one lac were covered for testing, referral and follow up for treatment and life management conducted.

2. **COVID 19 Health System Support:** COVID 19 pandemic has affected the lives, livelihood and more specifically health systems around the world. To cope up with this unprecedented pandemic and to provide access to healthcare especially to the more vulnerable sections of society; civil societies, corporates, institutions and individuals came forward to join the shoulder with Government to support and to fight against the pandemic collectively.

Lal PathLabs Foundation realized that the COVID-19 pandemic made the social disparities more evident as people from the vulnerable communities were largely dependent on the government health services for the testing and treatment. Therefore, LPL Foundation donated ₹ 1.2 Crore directly to the PM CARES fund and supported to the state government of Delhi, Maharashtra, Tamilnadu, Karnataka and Haryana by providing various testing equipment and tools as per their need and requirements. We engaged local expert NGOs to coordinate and collaborate with state health department to identify the need and provided support accordingly. We provided total equipment and testing kits of around ₹ 70 lacs.

Other Key Initiatives

Apart from the flagship program - Skill Development in Paramedics, realizing the diverse need of the society, Lal PathLabs Foundation also trying to support and contribute to various other causes as per need and requirements.

Some projects, we supported during financial year 2020-21 are as follow:

1. Non-Formal Education (NFE) project was taken up on the area of Kanpur and Kanpur Rural (UP), where 130 NFEs, called Ekal Vidyalaya were supported. The initiative imparted informal primary education to children in remote and tribal areas. It helped the community children get enrolled in formal schools mostly from class fourth to sixth. In case if any of these children, due to their family circumstances, are not able to get admission in formal government schools, in such cases Ekal Vidyalaya focus is to make these children able to live their life smoothly by learning basic alphabets, numerical and providing them opportunity to learn about some livelihood options. Approx 25-30 employees are impacted in each NFE.
2. Research project was initiated to impart Comprehensive School Health Program to class six students in 3 schools in Delhi and to train the teachers at these schools on how to implement the Health Education Curriculum. This program mentored these teachers continuously so they excel in curriculum implementation. Approx 500+ students were covered in this initiative.
3. A Research project done with an objective of creating a Sustainable Tourism Framework for North East Region (NER) in India to enable tourism to play a major role in development of North East India without ecological or cultural erosion.

For Dr. Lal PathLabs, CSR initiatives are not just charity driven initiative but based on the fundamental belief that the Company must play an indispensable role alongside government, civil society and communities to solve complex development challenges of the country of skilling youths to fill the gap of trained paramedical staff in rural areas, non-communicable disease and spreading healthcare awareness. The Company believes in creating value for the stakeholders and continuously contribute towards building capacities and creating resources for the marginalized people of the society. The CSR philosophy of Dr. Lal PathLabs seeks to empower the communities across various domains through an integrated and holistic approach so that they are able to realize their full potential and enjoy a healthier and happier life.

2. **Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/ any other organization?**

Lal PathLabs Foundation, the CSR arm of the Company, has managed all the CSR projects. Some of the major projects are implemented directly by LPL Foundation's through Foundation's own team while rest of the projects are implemented by NGOs partners under close supervision of the Foundation.

3. **Have you done any impact assessment of your initiative?**

The initiatives undertaken are reviewed by the CSR Committee, constituted by the Board. The CSR operation team ensures proper and frequent monitoring of all the projects. In addition, LPL Foundation continues to engage KPMG as consulting agency to provide technical assistance on financial, legal,

program compliance and assessment of the CSR projects. Foundation also conducted financial audit for three of the projects by external independent auditors. Although, Company is not required to conduct impact assessment of CSR projects, but as a good governance practice, Company has conducted impact assessment of a few projects.

4. What is your company's direct contribution to community development projects-Amount in ₹ and the details of the projects undertaken.

Please refer to the "Report on CSR Activities" attached as annexure to the Board's Report, forming part of the Annual Report.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community?

The Company undertakes its CSR activities after assessing the needs of the location and the community. It involves the respective Government departments, various stakeholders and community at large in different programmes to ensure that needs of the community are met at large.

Principle 9

1. What percentage of customer complaints/consumer cases are pending as on the end of Financial Year?

There are no material consumer cases/customer complaints outstanding as at the end of Financial Year.

2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/ No/N.A. /Remarks (additional information)

Not Applicable.

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of Financial Year?

None

4. Did your company carry out any consumer survey/ consumer satisfaction trends?

Yes. In 2020-21, we have initiated Digital way of capturing customer's feedback, thus we introduced NPS (Net Promoter Score). After each transaction at touchpoints like walk-in by customer at our labs & centers, home collection and contact centre, we send a feedback link to customer's registered mobile number, where they can rate whether they want to promote Dr. Lal PathLabs to their family and friends based on an overall experience. Based on the response from the customers, we capture Promoters, Passives and Detractors. We keep a repository of these feedbacks and share insights with respective teams. If a customer has rated us as detractor, our customer experience team speaks to the customer to resolve their concern. This ensures that we close end to end loop based on the customer feedback.

Report on Corporate Governance

Annexure - 9

I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance is an insight into the management of affairs of the Company. It implies governance with the highest standards of professionalism, integrity, accountability, fairness, transparency, social responsiveness and business ethics for efficient and ethical conduct of business.

For your Company, Corporate Governance is more than a set of processes and compliances. It doesn't practice Corporate Governance as an act of Compliance but with the Spirit of Governance. Your Company believes in good corporate governance practices, as they are important for meeting its obligations towards shareholders and other stakeholders.

The Company's Corporate Governance philosophy is based on the following principles:

- Appropriate size and composition of the Board with each Director bringing in expertise in a different area;
- Systematic information flow to the Directors to enable them to effectively discharge their fiduciary duties;
- Ethical business conduct by the Management and Employees;
- Appropriate systems and processes for internal controls on all operations; and
- Timely and accurate disclosure of all material, operational and financial information to the stakeholders.

II. BOARD OF DIRECTORS

Your Company has an optimum mix of Executive, Non-Executive and Independent Directors which is essential to effectuate the two main functions of the Board viz. Governance and Management.

As on March 31, 2021, the Board of Directors of your Company comprised of 10 directors out of which 3 were Executive, 2 Non-Executive and 5 Independent Directors.

The names and categories of Directors on the Board during the Financial Year 2020-21, their attendance at Board Meetings held during the Financial Year 2020-21 and at the last Annual General Meeting and the number of Directorship and Committees Chairmanship/ Membership held by them as on March 31, 2021 are given hereunder:

Name of Director	Category#	Attendance Particulars			No. of other Directorships and Committee Memberships/ Chairmanships			Name of the Listed Companies where Company's Director is also a Director	
		Board Meetings	Last AGM held on 30.07.2020	Other Directorships*	Committee Memberships**	Committee Chairmanships**			
		Held	Attended						
(Hony) Brig. Dr. Arvind Lal ¹ (DIN: 00576638)	Chairman & PED	5	5	Yes	11	1	Nil	-	-
Dr. Vandana Lal (DIN: 00472955)	PED	5	5	Yes	3	Nil	Nil	-	-
Dr. Archana Lal Erdmann (DIN: 08432506)	PNE	5	5	Yes	1	Nil	Nil	-	-
Dr. Om Prakash Manchanda ² (DIN: 02099404)	ED	5	5	Yes	3	Nil	Nil	-	-
Mr. Rahul Sharma (DIN: 00956625)	NE	5	5	Yes	1	Nil	Nil	-	-
Mr. Anoop Mahendra Singh (DIN: 01963056)	IDNE	5	5	Yes	Nil	Nil	Nil	-	-
Mr. Harneet Singh Chandhoke (DIN: 02758084)	IDNE	5	5	Yes	Nil	Nil	Nil	-	-
Mr. Sunil Varma (DIN: 01020611)	IDNE	5	5	Yes	1	Nil	Nil	-	-
Dr. Saurabh Srivastava (DIN: 00380453)	IDNE	5	4	No	6	2	Nil	1. Newgen Software Technologies Limited 2. Info Edge (India) Limited	1. IDNE 2. IDNE
Mrs. Somya Satsangi (DIN : 07275574)	IDNE	5	5	Yes	Nil	Nil	Nil	-	-

PED - Promoter Executive Director, PNE- Promoter Non -Executive Director, ED - Executive Director, NE - Non-Executive Director, IDNE - Independent Non-Executive Director.

* Excludes Foreign Companies and Companies under Section 8 of the Companies Act, 2013.

** For the purpose of considering the limit of Committee Memberships and Chairmanships of a Director, Audit Committee and Stakeholders Relationship Committee of other Indian Public Companies have only been considered.

¹ (Hony) Brig. Dr. Arvind Lal was re-designated as Executive Chairman w.e.f. April 1, 2020.

² Dr. Om Prakash Manchanda was re-designated and appointed as Managing Director w.e.f. April 1, 2020.

Number of Board Meetings

During the Financial Year 2020-21, five (5) meetings of the Board of Directors were held and the maximum time gap between two consecutive meetings did not exceed one hundred and twenty (120) days.

Date(s) on which meeting(s) were held

- 1 May 18, 2020
- 2 July 31, 2020
- 3 November 06, 2020
- 4 January 29, 2021
- 5 March 31, 2021

None of our Directors are related to each other, except (Hony) Brig. Dr. Arvind Lal & Dr. Vandana Lal, who are husband & wife and Dr. Archana Lal Erdmann who is the daughter of (Hony) Brig. Dr. Arvind Lal and Dr. Vandana Lal.

The number of directorships, chairmanships and committee memberships of each director is in compliance with the relevant provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The shareholding of Non-Executive Directors as on March 31, 2021 is as follows:

Name of Directors	Nature of Directorship	No. of Equity Shares held
Dr. Archana Lal Erdmann	Non-Executive Director (Promoter Group)	18,43,751
Mr. Rahul Sharma ¹	Non-Executive Director	NIL
Mrs. Somya Satsangi	Independent Director	NIL
Mr. Anoop Mahendra Singh	Independent Director	NIL
Mr. Harneet Singh Chandhoke	Independent Director	NIL
Mr. Sunil Varma	Lead Independent Director	NIL
Dr. Saurabh Srivastava	Independent Director	NIL

¹Mr. Rahul Sharma, holds 1,41,983 fully vested stock options granted to him @ ₹ 311.30 in February 2015 under the ESOP 2010 Plan of the Company.

Familiarisation Programme for the Independent Directors

The Directors are provided with necessary documents, reports and internal policies to enable them to familiarize with the Company's procedures and practices. Further, periodic presentations are made at the Board and Committee Meetings, on business and performance updates of the Company, global business environment, business strategy and risks involved. Quarterly updates on relevant statutory changes are provided to the Directors in the Board Meetings.

The details of Familiarisation Programme are disclosed on the website of the Company and can be accessed at <https://www.lalpathlabs.com/pdf/Familiarization-Programme-for-Independent-Directors.pdf>.

Core skills/expertise/competencies of Board of Directors

In context of your Company's business, the Board of Directors have identified the following:

- i. Core skills/expertise/competencies for it to function effectively
- ii. Directors who possess such core skills/expertise/competencies

S. No	Skills/Expertise/Competencies	Brief Descriptions	Directors who possess these Skills/ Expertise/Competencies
1	Communication and relationship Skills	Ability to communicate expectations and concerns in a constructive manner and develop meaningful interpersonal relationships with other Board members and executive management.	1. (Hony) Brig. Dr. Arvind Lal 2. Dr. Vandana Lal 3. Dr. Archana Lal Erdmann 4. Dr. Om Prakash Manchanda
2	Commitment and Engagement	Commitment to the Company, its culture, values and people; displaying a commitment to the Board and the role individual Directors play in ensuring overall Board effectiveness.	5. Mr. Rahul Sharma 6. Mr. Anoop Mahendra Singh 7. Mr. Harneet Singh Chandhoke 8. Mr. Sunil Varma 9. Dr. Saurabh Srivastava 10. Mrs. Somya Satsangi

S. No	Skills/Expertise/Competencies	Brief Descriptions	Directors who possess these Skills/Expertise/Competencies
3	Board and Governance skills	Experience and knowledge of Board governance practices. Clear understanding of roles and responsibilities of the Board of a Company and responsibilities as a Director of the Company.	1. (Hony) Brig. Dr. Arvind Lal 2. Dr. Vandana Lal 3. Dr. Om Prakash Manchanda 4. Mr. Rahul Sharma 5. Mr. Anoop Mahendra Singh 6. Mr. Harneet Singh Chandhoke 7. Mr. Sunil Varma 8. Dr. Saurabh Srivastava 9. Mrs. Somya Satsangi
4	Specialized Industry and Environmental Knowledge	Specialized knowledge of the industry and environment(s) in which the Company is doing business. Ability to assess and manage strategic and operational risks including but not limited to regulatory and legal risks.	1. (Hony) Brig. Dr. Arvind Lal 2. Dr. Vandana Lal 3. Dr. Archana Lal Erdmann 4. Dr. Om Prakash Manchanda 5. Mr. Anoop Mahendra Singh
5	Finance, Accounting and Financial Reporting and management of financial risk	In depth understanding of financial reporting and the accounting and control practices required to manage financial risks	1. (Hony) Brig. Dr. Arvind Lal 2. Dr. Om Prakash Manchanda 3. Mr. Rahul Sharma 4. Mr. Anoop Mahendra Singh 5. Mr. Sunil Varma 6. Dr. Saurabh Srivastava 7. Mrs. Somya Satsangi
6	Information Technology	Information Technology expertise with knowledge of current and emerging technologies.	1. Dr. Vandana Lal 2. Dr. Archana Lal Erdmann 3. Mr. Rahul Sharma 4. Mr. Anoop Mahendra Singh 5. Mr. Sunil Varma 6. Dr. Saurabh Srivastava 7. Mrs. Somya Satsangi

Confirmation of Independence

The Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 149 of the Companies Act, 2013.

In the opinion of the Board, the independent directors fulfil the conditions of independence criteria as specified in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are independent from the management.

III. AUDIT COMMITTEE

Your Company has a duly constituted Audit Committee and its composition meets the requirements of Section 177 of the Companies Act, 2013 and Regulation 18 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

All members of the Committee are financially literate and have accounting or related financial management expertise.

During the Financial Year 2020-21, four (4) meetings of Audit Committee were held on May 18, 2020, July 31, 2020, November 6, 2020 and January 29, 2021.

The composition of the Audit Committee and the attendance details of the members are given below:-

Name of Member	#Category	Position	No. of meetings attended
Mr. Sunil Varma	IDNE	Chairman	4
Dr. Om Prakash Manchanda ¹	ED	Member	3
Dr. Saurabh Srivastava	IDNE	Member	3
Mr. Anoop Mahendra Singh	IDNE	Member	4
Mrs. Somya Satsangi ²	IDNE	Member	1

#IDNE – Independent Non-Executive Director, ED - Executive Director.

¹Dr. Om Prakash Manchanda stepped down as member of the Committee effective November 6, 2020.

²Mrs. Somya Satsangi was inducted as a member of the Committee effective November 6, 2020.

Mr. Rajat Kalra, Company Secretary of the Company, is the Secretary of the Committee.

In addition to the members of Audit Committee, these meetings are also attended by Chief Financial Officer, Chief Executive Officer, Internal and Statutory Auditors and other executives considered necessary for providing inputs to the Committee.

Terms of reference

The brief terms of reference, inter-alia, includes the following:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
3. Approval of payment to statutory auditors for any other services rendered by them;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - (i) Matters required to be included in the Director's Responsibility Statement to be included in the Director's Report in terms of clause I of sub-section 3 of Section 134 of the Companies Act, 2013;
 - (ii) Changes, if any, in accounting policies and practices and reasons for the same;
 - (iii) Major accounting entries involving estimates based on the exercise of judgment by the management of the Company;
 - (iv) Significant adjustments made in the financial statements arising out of audit findings;
 - (v) Compliance with listing and other legal requirements relating to financial statements;
 - (vi) Disclosure of any related party transactions; and
 - (vii) Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditor's independence and performance and effectiveness of audit process;
8. Formulating a policy on related party transactions, which shall include materiality of related party transactions;
9. Approval or any subsequent modification of transactions of the Company with related parties;
10. Scrutiny of inter-corporate loans and investments;
11. Valuation of undertakings or assets of the Company, wherever it is necessary;
12. Evaluation of internal financial controls and risk management systems;
13. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
14. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
15. Discussion with internal auditors of any significant findings and follow up there on;
16. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
17. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
18. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
19. To review the functioning of the whistle blower mechanism;
20. Approval of the appointment of the Chief Financial Officer of the Company after assessing the qualifications, experience and background, etc. of the candidate;
21. Overseeing the vigil mechanism including to whom directors and employee shall report in case of any concern;
22. Reviewing the utilization of loans and/ or advances from/ investment by the holding Company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision; and
23. Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc.
24. Carrying out any other function as mentioned in the terms of reference of the Audit Committee.

IV. NOMINATION & REMUNERATION COMMITTEE

Your Company has a duly constituted Nomination and Remuneration Committee and its composition meets the requirements of Section 178 of the Companies Act, 2013 and Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the Financial Year 2020-21, two (2) meetings of Nomination and Remuneration Committee were held on May 15, 2020 and July 31, 2020.

The composition of the Nomination and Remuneration Committee and the attendance details of the members are given below:-

Name of Member	#Category	Position	No. of meetings attended
Mr. Anoop Mahendra Singh	IDNE	Chairman	2
Mr. Harneet Singh Chandhoke	IDNE	Member	2
Mr. Rahul Sharma	NE	Member	2
Dr. Saurabh Srivastava	IDNE	Member	1
Mr. Sunil Varma	IDNE	Member	2

#IDNE - Independent Non-Executive Director; NE - Non-Executive Director

Mr. Rajat Kalra, Company Secretary of the Company, is the Secretary of the Committee.

Terms of Reference

The terms of reference of the Nomination & Remuneration Committee, inter alia, includes the following:

- (i) Identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with a prescribed criteria, recommend to the Board their appointment and removal.
- (ii) Lay down the evaluation criteria for performance evaluation of Independent Directors and the Board.
- (iii) Carry out evaluation of every Director's performance and also the performance of the Board.
- (iv) Formulation of the criteria for determining the qualifications, positive attributes and independence of a Director.
- (v) Recommending to the Board a policy, relating to the remuneration of directors, key managerial personnel and other employees. While formulating the policy, the committee must ensure that:
 - a. The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully.
 - b. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
 - c. Remuneration of Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.
- (vi) Devise a policy on Board diversity.

(vii) Perform such functions as are required to be performed by the Compensation Committee under the SEBI (Share Based Employee Benefits) Regulations, 2014.

(viii) Framing suitable policies and procedures to ensure that there is no violation of securities laws, as amended from time to time, including SEBI (Prohibition of Insider Trading) Regulations, 2015 and Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003 by the Company and its employees, as applicable.

(ix) Recommend to the Board, all remuneration, in whatever form, payable to Senior Management.

(x) Perform such other activities as may be delegated by the Board of Directors and/or statutorily prescribed under any law to be attended to by such Committee.

Performance evaluation

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Board has carried out the annual evaluation of (i) its own performance; (ii) Individual Directors Performance (Including Independent Directors); (iii) Chairman of the Board; and (iv) Performance of all Committees of the Board, for the Financial Year 2020-21.

A structured questionnaire was prepared after taking into consideration inputs received from the Nomination and Remuneration Committee, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance. A separate exercise was carried out to evaluate the performance of individual Directors, who were evaluated on parameters such as level of engagement and contribution, independence of judgment, safeguarding the interest of the Company and its minority shareholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Non Independent Directors and Chairman was carried out by the Independent Directors.

The Directors expressed their satisfaction with the evaluation process.

V. STAKEHOLDERS RELATIONSHIP COMMITTEE

Your Company has a duly constituted Stakeholders Relationship Committee and its composition meets the requirements of Section 178 of the Companies Act, 2013 and Regulation 20 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the Financial Year 2020-21, two (2) meetings of Stakeholders Relationship Committee were held on May 15, 2020 and January 29, 2021.

The composition of the Stakeholders Relationship Committee and the attendance details of the members are given below:

Name of Member	#Category	Position	No. of meetings attended
Dr. Saurabh Srivastava	IDNE	Chairman	2
Dr. Om Prakash Manchanda	ED	Member	2
Mr. Rahul Sharma	NE	Member	1
Mr. Sunil Varma	IDNE	Member	2

#IDNE - Independent Non-Executive Director; ED - Executive Director; NE - Non-Executive Director

Mr. Rajat Kalra, Company Secretary of the Company is the Secretary of the Committee.

Terms of Reference:-

The Committee supervises the systems of redressal of Investor Grievances and ensures cordial investor relations. Committee's terms of reference are provided herein below:

- Redressal of all security holders' and investors' grievances such as complaints related to transfer of shares, including non-receipt of share certificates and review of cases for refusal of transfer/transmission of shares and debentures, non-receipt of balance sheet, non-receipt of declared dividends, non-receipt of annual reports, etc. and assisting with quarterly reporting of such complaints.
- Giving effect to all transfer/transmission of shares and debentures, dematerialization of shares and re-materialization of shares, split and issue of duplicate/consolidated share certificates, compliance with all the requirements related to shares, debentures and other securities from time to time.
- Overseeing the performance of the registrars and transfer agents of our Company and to recommend measures for overall improvement in the quality of investor services.
- Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.
- Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.
- Review of measures taken for effective exercise of voting rights by shareholders.
- Carrying out such other functions as may be specified by the Board from time to time.

Compliance Officer

Mr. Rajat Kalra, Company Secretary and Legal Head is the Compliance Officer of the Company. His contact details are as follows:

Dr. Lal PathLabs Limited

12th Floor, Tower-B, SAS Tower, Medicity,
Sector-38, Gurugram - 122001
Ph: +91 124 3016500
Fax: +91 124 4234468
E-mail: cs@lalpathlabs.com

The details of shareholders' complaints received and resolved during the Financial Year ended March 31, 2021 are given in the table below:

Particulars	No. of Complaints
Number of Shareholders' complaints outstanding as at April 1, 2020	6
Number of shareholders' complaints received during the Financial Year	432
Number of shareholders' complaints resolved to the satisfaction of shareholders during the Financial Year	438
Number of pending shareholders' complaints as at March 31, 2021	0

VI. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Your Company has a duly constituted Corporate Social Responsibility Committee and its composition meets the requirements of Section 135 of the Companies Act, 2013.

During the Financial Year 2020-21, two (2) meeting of Corporate Social Responsibility Committee were held on May 15, 2020 and March 31, 2021.

The composition of the Corporate Social Responsibility Committee and the attendance details of the members as on March 31, 2021 are given below:-

Name of Member	#Category	Position	No. of meetings attended
(Hony) Brig. Dr. Arvind Lal		Chairman & PED	2
Mr. Harneet Singh Chandhoke	IDNE	Member	2
Dr. Om Prakash Manchanda	ED	Member	2
Mr. Sunil Varma	IDNE	Member	2

#PED - Promoter Executive Director; IDNE - Independent Non-Executive Director; ED - Executive Director

Mr. Rajat Kalra, Company Secretary of the Company, is the Secretary of the Committee.

Terms of Reference:-

The terms of reference of the Corporate Social Responsibility Committee, inter alia, includes the following:

- (i) Formulate and Recommend to the Board, a CSR Policy indicating the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013.
- (ii) Recommend the amount of expenditure to be incurred on the CSR activities referred in Schedule VII.
- (iii) Monitor the CSR Policy of the Company from time to time.
- (iv) Such other activities as the Board of Directors may determine from time to time.

VII. RISK MANAGEMENT COMMITTEE

Your Company has duly constituted a Risk Management Committee in compliance of Regulation 21 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the Financial Year 2020-21, two (2) meetings of Risk Management Committee were held on May 15, 2020 and November 6, 2020.

The composition of the Risk Management Committee as on March 31, 2021 is given below:

Name of Member	#Category	Position	No. of meetings attended
Mrs. Somya Satsangi	IDNE	Chairperson	2
Mr. Anoop Mahendra Singh	IDNE	Member	2
Mr. Rahul Sharma	NE	Member	2
Mr. Sunil Varma	IDNE	Member	2
Mr. Bharath U ¹	CEO	Member	2
Mr. Munender Soperna	CIO	Member	2

#IDNE - Independent Non-Executive Director; NE - Non-Executive Director, CEO - Chief Executive Officer, CIO - Chief Information Officer.

¹ Mr. Bharath U was re-designated as Chief Executive Officer w.e.f. April 1, 2020.

Mr. Rajat Kalra, Company Secretary of the Company, is the Secretary of the Committee.

Terms of Reference:-

The terms of reference of the Risk Management Committee, includes the following:

- (i) Implementation of Risk Management Systems and Framework.
- (ii) Reviewing and approving the Company's financial and risk management policies.
- (iii) Risk assessment and minimization procedures.
- (iv) To promote Enterprise-wide Risk Management and obtain comfort based on adequate and appropriate evidence that the Management of the Company ensures the implementation and effective functioning of the entire risk management process.
- (v) To review the Company's cyber security and other information technology risks, controls and procedures, including the Company's plans to mitigate cyber security risks and to respond to data breaches.
- (vi) To review and reassess the adequacy of this charter periodically and recommend any proposed changes to the Board for approval from time to time.
- (vii) Such other activities as the Board may determine from time to time.

VIII. REMUNERATION OF DIRECTORS

The table below gives details of Remuneration of Directors for the Financial Year ended March 31, 2021.

(Amount in ₹)

Name of Director	Salary & Perquisites	Performance Linked Incentive	Commission	Contribution towards Provident Fund	Sitting Fees	Severance Fee	Service Contract	Notice Period	Total
(Hony) Brig. Dr. Arvind Lal	2,36,34,324	-	-	6,10,860	-	None, unless otherwise agreed by Board of Directors	2 years	3 months	2,42,45,184
Dr. Vandana Lal	1,89,02,760	-	-	4,89,816	-	None, unless otherwise agreed by Board of Directors	5 years	3 months	1,93,92,576
Dr. Archana Lal Erdmann	-	-	10,00,000	-	2,50,000	-	-	-	12,50,000
Dr. Om Prakash Manchanda ¹	3,06,72,648	57,00,000	-	17,74,488	-	None, unless otherwise agreed by Board of Directors	5 years	3 months	3,81,47,136
Mr. Rahul Sharma	-	-	10,00,000	-	5,00,000	-	-	-	15,00,000
Mr. Harneet Singh Chandhoke	-	-	10,00,000	-	5,00,000	-	-	-	15,00,000
Mr. Sunil Varma	-	-	12,50,000	-	18,00,000	-	-	-	30,50,000
Dr. Saurabh Srivastava	-	-	12,50,000	-	5,50,000	-	-	-	18,00,000
Mr. Anoop Mahendra Singh	-	-	12,50,000	-	7,00,000	-	-	-	19,50,000
Mrs. Somya Satsangi	-	-	12,50,000	-	4,50,000	-	-	-	17,00,000

¹Does not include a non-cash (stock related) perk of ₹ 14,10,40,230/- on exercise of Stock options.

Dr. Om Prakash Manchanda also holds certain stock options granted under Dr. Lal PathLabs Employees Restricted Stock Unit Plan 2016 of the Company. The details of the same as on March 31, 2021 are as under:

Grant Date	No. of options granted	Grant Price for the options (in ₹)	Vesting Details	
			No. of options vested/to be vested	Vesting Date
July 29, 2016	82,677*	10	20,152	July 28, 2017
			20,669	July 28, 2018
			20,669	July 28, 2019
			20,670	July 28, 2020
August 7, 2017	83,066**	10	12,460	August 06, 2018
			16,613	August 06, 2019
			24,920	August 06, 2020
			29,073	August 06, 2021
August 10, 2018	83,332**	10	12,500	August 09, 2019
			16,666	August 09, 2020
			25,000	August 09, 2021
			29,166	August 09, 2022
August 13, 2019	83,341**	10	12,501	August 12, 2020
			16,668	August 12, 2021
			25,002	August 12, 2022
			29,170	August 12, 2023
July 31, 2020	42,000**	10	10,500	July 30, 2021
			10,500	July 30, 2022
			10,500	July 30, 2023
			10,500	July 30, 2024

*50% of the stock options shall vest on the date of vesting and the balance of upto 50% shall vest on the basis of Company Performance Factor to be determined by the Nomination and Remuneration Committee for every Financial Year. The vested options can be exercised over a period of 5 years from the date of vesting.

**25% of the stock options shall vest on the date of vesting and the balance upto 75% shall vest on the basis of Company Performance Factor and Individual Performance to be determined by the Nomination and Remuneration Committee for every Financial Year. The vested options can be exercised over a period of 5 years from the date of vesting.

Criteria for making payments to Non-Executive Directors

The criteria for making payments to Non-Executive Directors is defined in the Nomination and Remuneration Policy of the Company, annexed to this Annual Report.

IX. GENERAL BODY MEETINGS

Details of Annual General Meetings held during the last three years are as under:

Financial Year	Date	Venue	No. of Special Resolutions set out at the AGM
2019-20	July 30, 2020 at 10:30 A.M.	Meeting convened through Video Conferencing	1. Re-designate (Hony) Brig. Dr. Arvind Lal (DIN: 00576638) by appointing him as Executive Chairman and Whole-Time Director of the Company, for a period of two (2) years commencing from April 01, 2020. 2. Payment of remuneration to Mr. Rahul Sharma (DIN: 00956625), Non-Executive Director, for the financial year 2020-21 exceeding fifty percent of the total remuneration payable to all Non-Executive Directors
2018-19	August 12, 2019 at 10:30 AM	Air Force Auditorium, Subroto Park, New Delhi - 110 010	Nil
2017-18	August 13, 2018 at 10:30 AM	Air Force Auditorium, Subroto Park, New Delhi - 110 010	1. Re-appointment of Mr. Arun Duggal (DIN: 00024262) as an Independent Director of the Company for a term of Five (5) years. 2. Re-appointment of Mr. Anoop Mahendra Singh (DIN: 01963056) as an Independent Director of the Company for a term of Five (5) years. 3. Re-appointment of Mr. Harneet Singh Chandhoke (DIN: 02758084) as an Independent Director of the Company for a term of Five (5) years. 4. Re-appointment of Mr. Sunil Varma (DIN: 01020611) as an Independent Director of the Company for a term of Five (5) years. 5. Re-appointment of Dr. Saurabh Srivastava (DIN: 00380453) as an Independent Director of the Company for a term of Five (5) years

POSTAL BALLOT

During the Financial Year 2020-21, pursuant to Section 110 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 (including any statutory amendment(s) or re-enactment(s) made thereunder), your Company has not passed any special resolution through postal ballot:

As on date of this report, none of the business proposed to be transacted at the ensuing Annual General Meeting requires passing of special resolution through postal ballot.

X. MEANS OF COMMUNICATION

The quarterly/half-yearly/yearly results are intimated to the Stock Exchanges immediately after the Board Meeting at which they are approved. The results of the Company are also published in at least one national newspaper (usually Financial Express) and one regional newspaper (usually Jansatta) having wide circulation.

The results along with presentations made by the Company to Analysts/Investors are also posted on the website of the Company viz. www.lalpathlabs.com. The Company's website also displays all official news releases.

The Company organizes investor conference calls to discuss its financial results every quarter, where investor queries are answered by the Executive Management of the Company. The transcripts of the conference calls are posted on our website and be submitted to Stock Exchanges as per applicable requirement.

All price sensitive information and matters that are material to shareholders are disclosed to the Stock Exchanges, where the securities of the Company are listed.

XI. GENERAL SHAREHOLDER INFORMATION

a. Corporate Identification Number: L74899DL1995PLC065388

b. Annual General Meeting:

The 27th Annual General Meeting of the Company is scheduled to be held as under:-

Date and Time July 29, 2021 at 10:30 am IST

Venue The Company is conducting meeting through VC / OAVM pursuant to the MCA Circular dated January 13, 2021 read with May 5, 2020 and thus venue requirements are not applicable for this AGM. For details please refer to the Notice of this AGM.

c. Financial Year

The Company follows Financial Year from April 1 to March 31. The Current Financial Year of the Company is April 1, 2021 to March 31, 2022.

d. Final Dividend Payment: On or before August 23, 2021.

e. Listing on Stock Exchanges:

Name of Stock Exchange	Security Code/ Symbol	Address
BSE Limited	539524	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001
National Stock Exchange of India Limited	LALPATHLAB	Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051

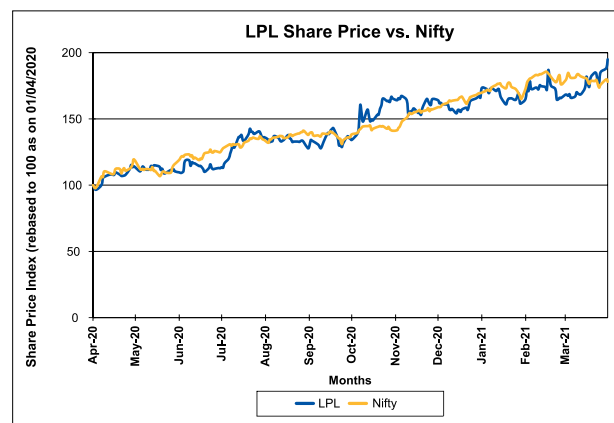
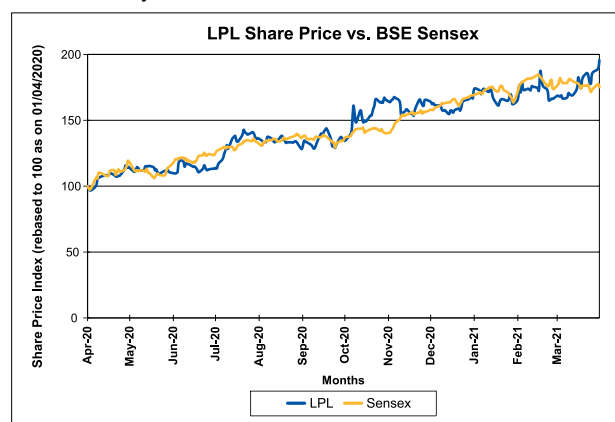
Listing fees for the Financial Year 2020-21 & 2021-22 have been paid to both the Stock Exchanges.

f. Market Price Data & Share price performance:

The monthly High & Low Share price during each month of the last Financial Year is as below:

Month	BSE Limited		National Stock Exchange (NSE)	
	(In ₹ Per Share)			
	High	Low	High	Low
Apr-20	1675.00	1305.20	1,680.00	1,305.00
May-20	1618.00	1500.00	1,619.00	1,500.00
Jun-20	1690.35	1510.00	1,691.00	1,510.00
Jul-20	2029.85	1542.80	2,029.00	1,543.10
Aug-20	1948.00	1751.85	1,942.00	1,750.00
Sep-20	2009.40	1740.60	2,010.00	1,736.60
Oct-20	2395.00	1848.75	2,394.70	1,840.00
Nov-20	2375.95	2095.50	2,377.80	2,093.00
Dec-20	2345.00	2106.05	2,343.20	2,108.00
Jan-21	2454.20	2207.50	2,460.00	2,206.90
Feb-21	2626.30	2162.00	2,626.00	2,198.15
Mar-21	2735.00	2286.50	2,736.00	2,286.00

g. Company's equity share price comparison with BSE Sensex and S&P CNX Nifty:



h. Registrar and Share Transfer Agent:

Link Intime India Private Limited
Noble Heights, 1st Floor,
Plot NH 2, C-1 Block LSC,
Near Savitri Market, Janakpuri,
New Delhi - 110058,
+91 11 49411000 | Fax: +91 11 4141 0591

i. Share Transfer System:

SEBI has mandated that, effective April 1, 2019, no share can be transferred in physical mode. Hence, the Company has stopped accepting any fresh lodgement of transfer of shares in physical form. The Company had sent communication to the shareholders encouraging them to dematerialise their holding in the Company. The communication, inter alia, contained procedure for getting the shares dematerialised. Shareholders holding shares in physical form are advised to avail the facility of dematerialisation. The Company obtains from a Company Secretary in practice, half yearly certificate of compliance with the share transfer formalities as required under Regulation 40(9) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and files a copy of the same with the Stock Exchanges.

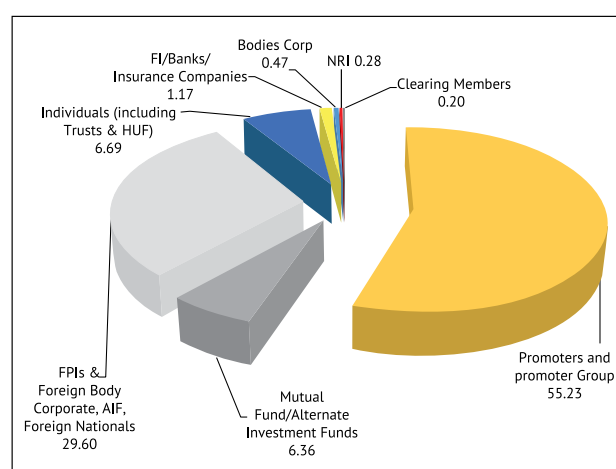
j. Distribution of shareholding as on March 31, 2021:

a) Distribution of Shareholding

Slab	Shareholders		No. of Shares	
	Number	% to total	Shares	% to total
1 - 500	69,380	98.20	23,48,653	2.82
501 - 1,000	547	0.77	3,90,729	0.47
1,001 - 2,000	253	0.36	3,52,847	0.42
2,001 - 3,000	86	0.12	2,11,799	0.25
3,001 - 4,000	39	0.06	1,35,227	0.16
4,001 - 5,000	31	0.04	1,43,032	0.17
5,001 - 10,000	88	0.12	6,15,186	0.74
10,001 - Above	229	0.33	7,91,47,404	94.97
Total	70,653	100.00	8,33,44,877	100.00

b) Categories of Equity Shareholders as on March 31, 2021

S. No.	Category	No of Shares held	% of Share holding
1	Promoter and Promoter Group	4,60,31,135	55.23
2	Mutual Fund/Alternate Investment Funds	53,00,760	6.36
3	FPI, FII & Foreign Company (including Foreign National)	2,46,69,745	29.60
4	Individuals (including Trusts & HUF)	55,73,967	6.69
5	Financial Institutions/Banks/ Insurance Companies	9,71,452	1.17
6	Bodies Corporate	3,95,995	0.47
7	Non - Resident Indians	23,27,75	0.28
8	Clearing Members	1,69,048	0.20
Total		8,33,44,877	100.00

Graphic presentation of the Shareholding pattern as on March 31, 2021**k. Dematerialisation of Shares and Liquidity**

The shares of the Company are compulsorily traded in dematerialized form. All equity shares except 1 (One) have been dematerialized as on March 31, 2021. The equity shares of the Company are actively traded at BSE & NSE.

l. Outstanding GDRs/ ADRs/ Warrants or Convertible Instruments

No GDRs/ ADRs/Warrants or Convertible Instruments has been issued by the Company.

m. Commodity price risk or foreign risk and hedging activities.

The Company does not have commodity price risk nor does the Company engage in hedging activities.

n. Plant Locations

The Company does not have any manufacturing or processing plants.

o. Address for Correspondence

Registered Office	Corporate Office
Dr. Lal PathLabs Limited Block E, Sector-18, Rohini, New Delhi-110085 Ph: +91-11-39835050 E-mail: cs@lalpathlabs.com	Dr. Lal PathLabs Limited 12th Floor, Tower-B, SAS Tower, Medicity, Sector-38, Gurugram - 122001 Ph: +91 124 3016500 Fax: +91 124 4234468 E-mail: cs@lalpathlabs.com

Your Company has also designated cs@lalpathlabs.com as an exclusive email ID for investors for the purpose of registering their complaints and the same has been displayed on Company's website also.

p. List of Credit Ratings

Following is the list of credit ratings obtained by the Company from CRISIL during the Financial Year 2020-21.

Total Bank Loan Facilities Rated	₹ 60 Crore
Long - Term Rating	CRISIL AA-/Stable (Reaffirmed)
Short - Term Rating	CRISIL A1+ (Reaffirmed)

There was no revision in credit ratings during the Financial Year 2020-21.

XII. DISCLOSURES**a. Related Party Transactions (RPTs)**

The Company has not entered into any materially significant transactions with the related parties that may have potential conflict with the interests of the Company at large. Transactions with related parties are being disclosed in Note 38 to the Standalone Financial Statements of the Company forming part of the Annual Report and are transacted after obtaining applicable approval(s), wherever required. The Audit Committee and the Board of Directors of the Company have formulated the Policy on dealing with RPTs which can be accessed at the Company's website through the following link:

<https://www.lalpathlabs.com/pdf/Policy-on-Related-Party-Transactions.pdf>

b. Non-Compliances by the Company

During the last three years, there were no strictures or penalties imposed on the Company either by the Stock Exchanges or SEBI, or any other statutory authority for non-compliance of any matter related to capital markets except a notice from NSE dated November 27, 2018 regarding delayed disclosure of Postal Ballot Voting Results and thereby levying a fine of ₹ 10,000/-.

The result were to be submitted within 48 hours of closure of Postal Ballot and apparently there was inadvertent delay of few minutes by the Company in such submission.

c. Vigil Mechanism and Whistle Blower Policy

The Company is committed to conduct its business in accordance with applicable laws, rules and regulations. The Company promotes ethical behaviour in its operations and has a Vigil mechanism which is overseen through the Audit Committee. Under the Vigil Mechanism, employees and stakeholders are free to report violations of applicable laws and regulations and the Code of Conduct. During the year under review, no employee was denied access to the Audit Committee.

The policy on Vigil Mechanism and Whistle Blower Policy has been posted on the website of the Company and can be accessed through the following link: <https://www.lalpathlabs.com/pdf/Whistle-Blower-Policy.pdf>

d. Details of compliance with mandatory requirements on Corporate Governance under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

The Company has complied with the mandatory requirements on Corporate Governance under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

e. Subsidiary Companies

Your Company does not have any material subsidiary Company in terms of Regulation 16(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Board of Directors of the Company have formulated a policy for determining "material" subsidiaries. The said Policy has been placed on the website of the Company and can be accessed through the following link:

<https://www.lalpathlabs.com/pdf/Policy-for-determining-Material-Subsidiaries.pdf>

f. Practicing CS Certification

A certificate from a Company Secretary in Practice that as on March 31, 2021, none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of Company by the Securities and Exchange Board of India/Ministry of Corporate Affairs or any such statutory authority is annexed to this Report as **Annexure - A**.

g. Statutory Auditor Fee

The total fee paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm / network entity of which Statutory Auditor is a Part, for all the services during the Financial Year 2020 -21 is ₹ 17.14 million.

h. Disclosure under the sexual harassment of women at Workplace (prevention, prohibition and redressal) Act, 2013

In compliance of the terms of the sexual harassment of women at Workplace (prevention, prohibition and redressal)

Act, 2013 and rules made thereunder, the Company has in place a policy to prevent and deal with sexual harassment at workplace.

Status of Complaints under the sexual harassment of women at Workplace (prevention, prohibition and redressal) Act, 2013 during the Financial Year 2020-21 is detailed below:

Particulars	Number of Complaint
Compliant pending at beginning of Financial Year	1
Complaint received during Financial Year	6
Compliant resolved during Financial Year	5
Compliant pending at end of Financial Year	2*

*Investigation was underway for remaining 2 (two) complaints as on March 31, 2021

i. Detail of compliance with the corporate governance requirements specified in Regulations 17 to 27 and clause (b) to (i) of sub - regulation (2) of Regulation 46 of SEBI (Listing Regulations and Disclosure Requirements) Regulations, 2015.

The Company is in compliance with the applicable corporate governance requirements specified in Regulations 17 to 27 and clause (b) to (i) of Regulation 46(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, securities of the Company have not been suspended for trading at any point of time during the financial year ended March 31, 2021.

j. Disclosures with respect to demat suspense account/unclaimed suspense account.

There are no shares which are lying in demat suspense account/unclaimed suspense account.

k. Insider Trading

In terms of the SEBI (Prohibition of Insider Trading) Regulations 2015 ('PIT Regulations'), the Company has a comprehensive Code of Conduct for regulating, monitoring and reporting of trading by Insiders. The said Code lays down guidelines which provide for the procedure to be followed and disclosures whilst dealing with shares of the Company. Further, in terms of the PIT Regulations, the Company has in place a Code of Practices and Procedures of Fair Disclosures of Unpublished Price Sensitive Information.

L. Board Procedures

The Board meets at least once in a quarter to review financial results and operations of the Company. In addition to the above, the Board also meets as and when necessary to address specific issues concerning the businesses of your Company. The tentative annual calendar of Board Meetings for the ensuing year is decided in advance by the Board.

The Board Meetings are governed by a structured Agenda. The Agenda along with detailed explanatory notes and

supporting material are circulated in advance before each meeting to all the Directors for facilitating effective discussion and decision making. The Board has access to any information within your Company which includes the information as specified in Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

m. Independent Directors' Meeting

In accordance with the provisions of Schedule IV (Code for Independent Directors) of the Companies Act, 2013 and Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a meeting of the Independent Directors of the Company was held on May 15, 2020 without the presence of Non-Independent Directors and where in all Independent Directors were present in person.

The Company Secretary was an invitee to the said meeting and facilitated the conduct of the meeting.

n. Non- mandatory requirements:

The Company has adopted the following non-mandatory requirements on Corporate Governance:-

i. Board

Since your Company did not have a Non-Executive Chairman during the Financial Year 2020-21, hence, the requirement of maintaining a Chairman's Office was not applicable to the Company.

ii. Shareholder Rights

The quarterly and half yearly financial results of your Company are published in widely circulated newspapers.

iii. Audit qualifications

There was no audit qualification on your Company's financial statements, during the year under review.

iv. Reporting of Internal Auditor

The Internal Auditors of the Company i.e. M/s Grant Thornton India LLP directly reports to the Audit Committee of the Company.

XIII. CODE OF CONDUCT

The Board of Directors has laid down a Code of Conduct, which is applicable to all Directors and Senior Management personnel of the Company. The Code has also been posted on the website of the Company.

All Board Members and Senior Management Executives have affirmed compliance with the Code of Conduct for the Financial Year 2020-21.

An annual declaration signed by the Chief Executive Officer of the Company affirming compliance to the Code by the Board of Directors and the Senior Management is annexed to this Report as **Annexure - B**. The Code of Conduct is available on website of the Company and can be accessed through the following link:

<https://www.lalpathlabs.com/pdf/brochures/Code-of-Conduct-for-Directors-and-Senior-Management.pdf>

XIV. CEO/ CFO CERTIFICATION

In compliance with Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a certificate from Chief Executive Officer and Chief Financial Officer of the Company to the Board of Directors as specified in Part B of Schedule II of the said regulations is annexed to this Report as **Annexure - C**.

XV. COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

In compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a certificate on Corporate Governance issued by Company Secretary in Practice is annexed to this Report as **Annexure - D**.

XVI. SHAREHOLDERS SATISFACTION SURVEY

The Company invites feedback from all Shareholders on various service areas that it continually works on.

The feedback in the form of a questionnaire is attached along with Notice of convening 27th Annual General Meeting.

Shareholders are requested to fill up the "**Shareholders Satisfaction Survey**" form and provide their valuable feedback by emailing the same at cs@lalpathlabs.com through their registered e-mail ID or sending the signed copy at the Corporate Office of the Company at 12th Floor, Tower B, SAS Tower, Medicity, Sector-38, Gurugram – 122001.

Annexures to Report on Corporate Governance for the Financial Year Ended March 31, 2021

Annexure - A

CERTIFICATE UNDER SCHEDULE V OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

The Members
Dr. Lal PathLabs Limited
Block E, Sector-18, Rohini
New Delhi-110085

Based on the disclosures/declarations received from Directors appointed on the Board of Dr. Lal PathLabs Limited ("the Company"), we hereby certify that as on March 31, 2021, none of the Directors on the Board of Company have been debarred or disqualified from being appointed or continuing as director of the Company by Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority.

For PDS & CO.
Company Secretaries

Prashant Kumar Balodia
(Partner)
Membership No. 6047

Date: May 21, 2021
Place: Delhi

Certificate of Practice No. 6153
UDIN: F006047C000352129

Annexure - B

DECLARATION - COMPLIANCE WITH THE CODE OF CONDUCT

In accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I, Bharath U, Chief Executive Officer of the Company, hereby declare that the Board Members and the Senior Management Personnel have affirmed compliance with the Code of Conduct of the Company for the year ended March 31, 2021.

Date: May 21, 2021
Place: Gurugram

Bharath U
Chief Executive Officer

Annexure - C

CEO AND CFO CERTIFICATION

The Board of Directors,
Dr. Lal PathLabs Limited

We, the undersigned to the best of our knowledge and belief, certify that:

- a) We have reviewed financial statements and the cash flow statement for the Financial Year 2020-21 and that to the best of our knowledge and belief:
 - I. these statements do not contain any materially untrue statement or omit any material factor contain statements that might be misleading.
 - II. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit committee :
 - 1) significant changes in the internal control over financial reporting during this year;
 - 2) significant changes in the accounting policies this year and that the same have been disclosed in the notes to the financial statements; and
 - 3) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control systems over financial reporting.

Bharath U
Chief Executive Officer

Ved Prakash Goel
Chief Financial Officer

Date: May 21, 2021
Place: Gurugram

Annexure - D

CORPORATE GOVERNANCE CERTIFICATE

To
The Members
Dr. Lal PathLabs Limited

We have examined the compliance of conditions of Corporate Governance by Dr. Lal PathLabs Limited ("the Company"), for the Financial Year ended March 31, 2021 as stipulated under the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

The compliance of regulations of Corporate Governance is the responsibility of the management of the Company. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the regulations of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated under the Listing Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For PDS & CO.
Company Secretaries

Prashant Kumar Balodia
(Partner)
Membership No. 6047

Date: May 21, 2021
Place: Delhi

Certificate of Practice No. 6153
UDIN: F006047C000352206

STANDALONE FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To The Members of Dr. Lal PathLabs Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Dr. Lal PathLabs Limited ("the Company"), which comprise the Balance Sheet as at 31 March, 2021, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2021, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be the key audit matter to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	Revenue recognition – Reliance on information technology and system for controls over pricing master file We identified reliance on information technology and system for controls over pricing master file as a key audit matter due to a likelihood of material misstatement in revenue recognition, resulting from unauthorised alterations to the pricing master file, on account of high volume of patient transactions. Refer to note 2.3 and note 26 to the standalone financial statements.	Principal audit procedures performed: • Obtained an understanding of and assessed and tested the design, implementation and operating effectiveness of relevant internal controls relating to authorisation of alterations to the pricing master file. • Tested the controls around the access rights to the price masters by involving information technology specialists. • Tested the automated controls for auto pick of the prices defined in the system based on the tests selected. • Tested the reports of changes in the pricing master files for completeness and accuracy by involving information technology specialists and for the selected samples of alterations during the year, verified that the changes were authorised. • Selected samples of the invoices and verified the billed price in respect thereof, to the underlying agreements.

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Director's Report including annexures to Director's Report, Business Responsibility Report and Report on Corporate Governance, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.
- 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 during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is 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 financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility 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 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 financial 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 system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

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 auditor's 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 Section 143(3) of the Act, based on our audit we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity 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, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2021 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 over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "ANNEXURE A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended 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 on its financial position in its standalone financial statements - Refer note 36 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 - Refer note 50 to the standalone financial statements.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company- Refer note 51 to the standalone financial statements.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "ANNEXURE B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & Sells LLP

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)

Jitendra Agarwal

Partner

(Membership No. 87104)

(UDIN: 21087104AAAADW6986)

Place: Delhi

Date: 21 May, 2021

“ANNEXURE A” TO THE INDEPENDENT AUDITOR’S REPORT

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

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of **Dr. Lal PathLabs Limited** (“the Company”) as of 31 March, 2021 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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. 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.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 over financial reporting was 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting 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 control over financial reporting 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 Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2021, based on the criteria for internal financial control over financial reporting 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.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm’s Registration No. 117366W/W-100018)

Jitendra Agarwal
(Partner)
(Membership No. 87104)
(UDIN: 21087104AAAADW6986)

Place: New Delhi
Date: 21 May, 2021

“ANNEXURE B” TO THE INDEPENDENT AUDITOR’S REPORT

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

- (i) In respect of its property, plant and equipment:
 - (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 program of verification of property, plant and equipment to cover all the items in a phased manner over a period of two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain property, plant and equipment were physically verified by the Management during the year and no material discrepancies were noticed on such verification.
 - (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed/ lease deeds/ occupancy certificate provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold and the building constructed on leasehold land disclosed as property, plant and equipment in the financial statements, are held in the name of the Company as at the balance sheet date.
- (ii) In our opinion, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public. The Company does not have any unclaimed deposits and accordingly the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 are not applicable to the Company.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013 related to running of laboratories for carrying out pathological investigations. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and

maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

- (vii) According to the information and explanations given to us, and the records of the Company examined by us, in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees’ State Insurance, Income-tax, Customs Duty, Goods and Services Tax, Cess and other material statutory dues applicable to it to the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees’ State Insurance, Income-tax, Customs Duty, Goods and Services Tax, Cess and other material statutory dues in arrears as at 31 March, 2021 for a period of more than six months from the date they became payable.
 - (c) There are no dues of Income Tax, Service Tax, Goods and Service Tax and Customs Duty as on 31 March, 2021 on account of disputes.

According to the information and explanations given to us, the Company’s operations did not give rise to any Sales Tax, Excise Duty and Value Added Tax.

- (viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of CARO 2016 is not applicable to the Company.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or associate company, as applicable, or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Place: New Delhi
Date: 21 May, 2021

Jitendra Agarwal
Partner
(Membership No. 87104)
(UDIN:21087104AAAADW6986)

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STANDALONE BALANCE SHEET

AS AT 31 MARCH, 2021

(in ₹ million, unless otherwise stated)

Particulars	Notes	As at 31 March, 2021	As at 31 March, 2020
Assets			
1. Non-current assets			
(a) Property, plant and equipment	3a	1,432.71	1,467.19
(b) Capital work-in-progress	3a	55.14	103.00
(c) Right-of-use assets	3b	1,398.70	1,302.89
(d) Goodwill	4	10.80	10.80
(e) Other intangible assets	5	158.47	184.38
(f) Intangible assets under development	5	34.78	9.94
(g) Financial assets			
(i) Investments	6	1,204.03	938.83
(ii) Loans	7	0.70	0.26
(iii) Other financial assets	8	54.16	131.32
(h) Non-current tax assets (net)	9	205.34	171.67
(i) Deferred tax assets (net)	10	269.15	221.81
(j) Other non-current assets	11	13.79	13.15
Total non-current assets		4,837.77	4,555.24
2. Current assets			
(a) Inventories	12	389.37	550.01
(b) Financial assets			
(i) Investments	13	502.14	1,588.91
(ii) Trade receivables	14	635.37	502.52
(iii) Cash and cash equivalents	15a	2,316.65	1,892.43
(iv) Bank balances other than (iii) above	15b	6,569.68	3,599.51
(v) Loans	16	7.92	9.04
(vi) Other financial assets	17	365.13	326.38
(c) Other current assets	18	106.74	155.31
Total current assets		10,893.00	8,624.11
Total assets		15,730.77	13,179.35
Equity and liabilities			
1. Equity			
(a) Equity share capital	19	833.45	833.45
(b) Other equity	20	11,337.40	9,329.37
Total equity		12,170.85	10,162.82
2. Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Other financial liabilities	21	1,037.42	903.60
Total non-current liabilities		1,037.42	903.60
Current liabilities			
(a) Financial liabilities			
(i) Trade payables	22		
Total outstanding dues of micro enterprises and small enterprises		70.60	62.03
Total outstanding dues of creditors other than micro enterprises and small enterprises		1,285.12	1,065.42
sub-total		1,355.72	1,127.45
(ii) Other financial liabilities	23	738.92	698.47
(b) Provisions	24	158.75	144.24
(c) Current tax liabilities (net)	9	49.09	1.67
(d) Other current liabilities	25	220.02	141.10
Total current liabilities		2,522.50	2,112.93
Total liabilities		3,559.92	3,016.53
Total Equity and liabilities		15,730.77	13,179.35
See accompanying notes to the Standalone Financial Statements	1-52		

In terms of our report of even date attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Jitendra Agarwal
Partner

Place: New Delhi
Date: 21 May, 2021

For and on behalf of the Board of Directors of
Dr. Lal PathLabs Limited

(Hony) Brig. Dr. Arvind Lal
(DIN: 0576638)
[Executive Chairman]
Place: New Delhi
Date: 21 May, 2021

Ved Prakash Goel
[Chief Financial Officer]
Place: Gurugram
Date: 21 May, 2021

Bharath U
[Chief Executive Officer]
Place: Gurugram
Date: 21 May, 2021

Dr. Om Prakash Manchanda
(DIN: 02099404)
[Managing Director]
Place: Gurugram
Date: 21 May, 2021

Rajat Kalra
[Company Secretary]
Place: New Delhi
Date: 21 May, 2021

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2021

(in ₹ million, unless otherwise stated)			
Particulars	Notes	Year ended 31 March, 2021	Year ended 31 March, 2020
1. Income			
(a) Revenue from operations	26	14,905.55	12,735.98
(b) Other income	27	512.67	576.09
Total income		15,418.22	13,312.07
2. Expenses			
(a) Cost of materials consumed	28	3,739.00	2,868.68
(b) Employee benefits expense	29	2,574.38	2,320.65
(c) Finance costs	30	148.25	146.60
(d) Depreciation and amortisation expense	31	697.79	680.08
(e) Fees to collection centers/channel partners		2,007.08	1,696.46
(f) Other expenses	32	2,511.29	2,572.09
Total expenses		11,677.79	10,284.56
3. Profit before tax		3,740.43	3,027.51
4. Tax expense			
(a) Current tax	33	984.31	802.45
(b) Deferred tax	10	(44.94)	(6.74)
Total tax expense		939.37	795.71
5. Profit for the year (A)		2,801.06	2,231.80
6. Other comprehensive income			
Items that will not be reclassified to profit or loss		(9.53)	(14.90)
- Remeasurement of the defined benefit obligations			
- Income tax in relation to items that will not be reclassified to profit or loss	10	2.40	4.29
Total other comprehensive income/ (loss) (B)		(7.13)	(10.61)
7. Total comprehensive income for the year (A+B)		2,793.93	2,221.19
8. Earnings per equity share	34		
- Basic earnings per share (Face value of ₹ 10 each)		33.93	27.09
- Diluted earnings per share (Face value of ₹ 10 each)		33.85	27.04
See accompanying notes to the Standalone Financial Statements	1-52		

In terms of our report of even date attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Jitendra Agarwal
Partner

Place: New Delhi
Date: 21 May, 2021

For and on behalf of the Board of Directors of
Dr. Lal PathLabs Limited

(Hony) Brig. Dr. Arvind Lal
(DIN: 0576638)
[Executive Chairman]
Place: New Delhi
Date: 21 May, 2021

Ved Prakash Goel
[Chief Financial Officer]
Place: Gurugram
Date: 21 May, 2021

Bharath U
[Chief Executive Officer]
Place: Gurugram
Date: 21 May, 2021

Dr. Om Prakash Manchanda
(DIN: 02099404)
[Managing Director]
Place: Gurugram
Date: 21 May, 2021

Rajat Kalra
[Company Secretary]
Place: New Delhi
Date: 21 May, 2021

STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2021

(in ₹ million, unless otherwise stated)

Particulars	Notes	Year ended 31 March, 2021	Year ended 31 March, 2020
Cash flows from operating activities			
Profit for the year		2,801.06	2,231.80
Adjustments for :			
Tax expense		939.37	795.71
Interest income		(426.75)	(438.13)
Dividend income on current investments		-	(6.81)
Dividend income from a subsidiary company		(16.00)	(40.59)
Gain on sale or fair valuation of investments		(43.70)	(79.33)
Surrender value of keyman insurance policy		(5.42)	(5.31)
Sundry balances written back		(5.27)	(1.39)
(Profit)/Loss on disposal / discard of property, plant and equipment		1.77	(1.49)
Expense recognised in respect of employee share based compensation		203.74	166.37
Finance cost		148.25	146.60
Depreciation and amortisation expense		697.79	680.08
Provision for impairment of trade receivables and advances		39.39	42.33
Bad debts and advances written off (net)		0.62	7.67
Security deposits amortisation		6.09	3.25
Remeasurement of the defined benefit obligation		(9.53)	(14.90)
Operating profit before working capital and other changes		4,331.41	3,485.86
Changes in working capital:			
Adjustment for (increase)/decrease in operating assets:			
(Increase)/decrease in inventories		160.64	(271.93)
(Increase) in trade receivables		(172.86)	(21.56)
Decrease in loans		0.68	0.10
(Increase)/decrease in other financial assets		(23.17)	7.55
(Increase)/decrease in other assets		48.09	(42.61)
Adjustment for increase/(decrease) in operating liabilities:			
Increase in trade payables		233.54	357.12
Increase in other financial liabilities		32.97	54.39
Increase in provisions		14.51	13.24
Increase in other liabilities		78.92	29.38
Cash generated from operations		4,704.73	3,611.54
Income taxes paid		(971.16)	(891.66)
Net cash generated from operating activities (a)		3,733.57	2,719.88

STANDALONE CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 MARCH, 2021

(in ₹ million, unless otherwise stated)

Particulars	Notes	Year ended 31 March, 2021	Year ended 31 March, 2020
Cash flows from investing activities			
Payments for purchase of property, plant and equipment		(280.47)	(437.96)
Proceeds from disposal of property, plant and equipment		0.81	9.09
Payments for purchase of other intangible assets		(69.69)	(56.04)
Dividend received from a subsidiary company		16.00	40.59
Interest received		385.46	398.07
Net cash outflow for investment in subsidiaries		(265.20)	(615.10)
Payments for purchase of investments in mutual funds		(3,553.29)	(5,384.42)
Proceeds from sale of investments in mutual funds		4,683.77	5,698.40
Bank deposits placed with the banks		(8,500.32)	(5,258.51)
Bank deposits with banks encashed		5,631.01	5,206.80
Fixed deposits encashed with the body corporates		-	204.36
Net cash used in investing activities (b)		(1,951.92)	(194.72)
Cash flows from financing activities			
Proceeds from exercise of share options		1.49	1.66
Repayment of application money received at the time of IPO		(0.01)	-
Repayment of lease liability		(219.83)	(192.82)
Interest paid on lease liability		(148.02)	(146.14)
Interest paid		(0.23)	(0.46)
Dividend paid on equity shares including dividend tax		(990.83)	(1,534.45)
Net cash used in financing activities (c)		(1,357.43)	(1,872.21)
Net increase in cash and cash equivalents (a+b+c)		424.22	652.95
Cash and cash equivalents at the beginning of the year	15a	1,892.43	1,239.48
Cash and cash equivalents at the end of the year	15a	2,316.65	1,892.43
Components of cash and cash equivalents			
Cash on hand		12.26	7.36
Balance with scheduled banks:			
-on current accounts		101.15	31.31
-on cash credit accounts		66.12	43.03
-deposits with maturity of less than 3 months		2,137.12	1,810.73
Cash and cash equivalents in Cash Flow Statement	15a	2,316.65	1,892.43
See accompanying notes to the Standalone Financial Statements	1-52		

In terms of our report of even date attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Jitendra Agarwal
Partner

Place: New Delhi
Date: 21 May, 2021

For and on behalf of the Board of Directors of
Dr. Lal PathLabs Limited

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[Managing Director]
Place: Gurugram
Date: 21 May, 2021

Rajat Kalra
[Company Secretary]
Place: New Delhi
Date: 21 May, 2021

STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH, 2021

a. Equity share capital

(in ₹ million, unless otherwise stated)	
Particulars	Amount
Balance as at 1 April, 2019	833.42
Equity share capital issued against share options	0.03
Balance as at 31 March, 2020	833.45
Equity share capital issued against share options	-
Balance as at 31 March, 2021	833.45

b. Other equity

(in ₹ million, unless otherwise stated)							
Particulars	Reserves and surplus						
	Capital reserve	Capital redemption reserve account	Securities premium	General reserve	Share options outstanding account	Treasury shares	Retained earnings
Balance as at 1 April, 2019	(33.00)	4.45	927.62	523.90	280.39	(277.65)	7,049.22
Profit for the year	-	-	-	-	-	-	2,231.80
Other comprehensive income/ (loss) for the year, net of income tax	-	-	-	-	-	-	(10.61)
Total comprehensive income for the year	-	-	-	-	-	-	2,221.19
Movement during the year on account of issue of equity shares	-	-	0.33	-	-	-	-
Payments of dividends (Refer to note 20)	-	-	-	-	-	-	(1,534.77)
Share options exercised during the year (Refer to note 20 and 45)	-	-	-	82.83	(117.93)	36.42	-
Employee share based compensation expense (Refer to note 29)	-	-	-	-	166.37	-	-
Balance as at 31 March, 2020	(33.00)	4.45	927.95	606.73	328.83	(241.23)	7,735.64
Profit for the year	-	-	-	-	-	-	2,801.06
Other comprehensive income/ (loss) for the year, net of income tax	-	-	-	-	-	-	(7.13)
Total comprehensive income for the year	-	-	-	-	-	-	2,793.93
Movement during the year on account of issue of equity shares	-	-	-	-	-	-	-
Payments of dividends (Refer to note 20)	-	-	-	-	-	-	(991.13)
Share options exercised during the year (Refer to note 20 and 45)	-	-	-	94.86	(134.57)	41.20	-
Employee share based compensation expense (Refer to note 29)	-	-	-	-	203.74	-	-
Balance as at 31 March, 2021	(33.00)	4.45	927.95	701.59	398.00	(200.03)	9,538.44
See accompanying notes to the Standalone Financial Statements	1-52						

In terms of our report of even date attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Jitendra Agarwal
Partner

Place: New Delhi
Date: 21 May, 2021

For and on behalf of the Board of Directors of
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[Managing Director]
Place: Gurugram
Date: 21 May, 2021

Rajat Kalra
[Company Secretary]
Place: New Delhi
Date: 21 May, 2021

NOTE TO THE STANDALONE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Dr. Lal PathLabs Limited ("the Company") is a public company domiciled in India and incorporated on 14 February, 1995 under the provisions of the Companies Act, 1956. The Company is engaged in the business of running laboratories for carrying out pathological investigations of various branches of bio-chemistry, hematology, histopathology, microbiology, electrophoresis, immuno-chemistry, immunology, virology, cytology, and other pathological and radiological investigations.

The equity shares of the Company are listed on The National Stock Exchange of India and Bombay Stock Exchange.

The registered address and principal place of business of the Company is Block E, Sector-18, Rohini, New Delhi- 110085.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

The Standalone Financial Statements comply in all material aspects with Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 (the Act) read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

2.2 Basis of preparation and presentation

These Standalone Financial Statements have been prepared on the accrual and going concern basis, and the historical cost convention except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- a) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- b) Level 2 inputs are inputs that are observable, either directly or indirectly, other than quoted prices included within level 1 for the asset or liability.
- c) Level 3 inputs are unobservable inputs for the asset or liability reflecting significant modifications to observable related market data or Company's assumptions about pricing by market participants.

2.3 Revenue recognition

The Company's revenue is primarily generated from business of running laboratories for carrying out pathological investigations of various branches of bio-chemistry, haematology, histopathology, microbiology, electrophoresis, immuno-chemistry, immunology, virology, cytology, and other pathological and radiological investigations for customers through various arrangements.

Effective 1 April, 2018, the Company had adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative catch-up transition method, applied to contracts that were not completed as of April 1, 2018. The effect on adoption of Ind AS 115 had been insignificant.

Revenue is measured based on the consideration specified in a contract with a customer. Revenue is recognised at a point in time when the Company satisfies performance obligations by transferring the promised services to its customers. Generally, each test represents a separate performance obligation for which revenue is recognised when the test report is generated i.e. when the performance obligation is satisfied.

For allocating the transaction price, the Company has measured the revenue in respect of each performance obligation of a contract at its relative standalone selling price. The price that is regularly charged for a test when registered separately is the best evidence of its standalone selling price.

The Company has assessed that it is primarily responsible for fulfilling the performance obligation and has no agency relationships. Accordingly the revenue has been recognised at the gross amount and fees to collection centers/channel partners has been recognised as an expense.

Revenues in excess of invoicing are classified as contract assets (referred to as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (referred to as "unearned revenue"). Refer to note 26.

The Company disaggregates revenue from contracts with customers by geography.

2.4 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

2.4.1 The Company as lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the 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 a straight-line basis over the term of the relevant lease.

2.4.2 The Company as lessee

On April 1, 2019, The Company had adopted Ind AS 116 "Leases" using the modified retrospective approach by applying the standard to all leases existing at the date of initial application.

The Company also elected to use the recognition exemption for lease contracts that, at the commencement date, have a lease term of twelve months or less and do not contain a purchase option ("short-term leases") and lease contracts for which the underlying asset is of low value other than land. ("low value assets").

The standard defines a lease as a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves use of an identified assets, (ii) the Company has substantially all the economic benefits from the use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

The Company as a lessee

The Company determines whether an arrangement is a lease at contract inception by establishing if the contract conveys the right to control the use of identified asset for a period of time in exchange for consideration. On commencement date, it recognises a right-of-use asset (ROU) and a corresponding lease liability for all lease arrangements in which it is a lessee, except for short term leases and low value assets. For these short-term and low value leases, the Company recognises the lease payments on straight-line basis over the term of the lease.

The ROU assets are initially recognised at cost, which comprises the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the inception date of the lease along with any initial direct costs, restoration obligations and lease incentives received.

The ROU assets are measured at cost less any accumulated depreciation and accumulated impairment losses, if any. The right-of-use assets are depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use assets.

The lease liability is initially measured at present value of the future lease payments over the lease term. The lease payments are discounted using the interest rate implicit in the lease, if it is not readily determinable, using the incremental borrowing rate. For leases with similar characteristics, the Company, on a lease by lease basis, adopts either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole.

The interest cost on lease liability (computed using effective interest method), is expensed in the Statement of Profit and Loss.

ROU assets and lease liability includes the options to extend / terminate the lease before the end of the lease term when it is reasonably certain that this option will be exercised.

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract in accordance with Ind AS 116 and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease

component and the aggregate stand-alone price of the non-lease components.

Lease payments have been classified as financing cash flows.

2.5 Functional and presentation currency

Items included in the Standalone Financial Statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Standalone Financial Statements are presented in Indian rupee (₹), which is the Company's functional and presentation currency.

2.6 Employee benefits

Employee benefits include provident fund, gratuity and compensated absences.

2.6.1 Defined contribution plan

Employee benefit under defined contribution plan comprising of provident fund is recognised based on the amount of obligation of the Company to contribute to the plan. The provident fund contribution is paid to provident fund authorities. The amounts are expensed during the year.

2.6.2 Defined benefit plan

The Company's gratuity plan is a defined benefit plan. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the projected unit credit method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the prevailing market yields on government securities as at the balance sheet date.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in Statement of Profit and Loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and
- Net interest expense or income; and
- Re-measurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The Company has taken various policies with insurer managed funds to meet its obligation towards gratuity. The Company contributes all ascertained liabilities to a gratuity fund administered through a separate trust which is governed by board of trustees. The board of trustee comprises of the officers of the Company. Liability with respect to the gratuity plan is determined based on an actuarial valuation done by an independent actuary.

The gratuity benefit obligation recognised in the standalone Balance Sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under:

- a. In case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- b. In case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the obligation as at the Balance Sheet date.

2.7 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.7.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Effective April 1, 2019, the Company has adopted Appendix C to Ind AS 12 – Income taxes, which clarifies how to apply the

recognition and measurement requirements in Ind AS 12 when there is uncertainty over income tax treatments.

2.7.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets include Minimum Alternate Tax ('MAT') paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the Balance Sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with asset will be realised.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.7.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.8 Property, plant and equipment

2.8.1 Property, plant and equipment acquired separately

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation less accumulated impairment, if any.

The cost of Property, plant and equipment (PPE) comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable

expenditure on making the asset ready for its intended use, other incidental expenses, present value of decommissioning costs (where there is a legal or constructive obligation to decommission) and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use.

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. The other repairs and maintenance of revenue nature are charged to profit or loss during the reporting period in which they are incurred.

Property, plant and equipment are tested for impairment whenever events or changes in circumstances indicate that an asset may be impaired. If an impairment loss is determined, the remaining useful life of the asset is also subject to adjustment. If the reasons for previously recognised impairment losses no longer exists, such impairment losses are reversed and recognised in income. Such reversal shall not cause the carrying amount to exceed the amount that would have resulted had no impairment taken place during the preceding periods.

2.8.2 Depreciation methods, estimated useful lives and residual value

Depreciation on furniture and fixtures is calculated using the straight-line method on a pro-rata basis from the month in which each asset is put to use to allocate their cost, net of their residual values, over their estimated useful lives.

Depreciation on all other property, plant and equipment is provided using the Written Down Value (WDV) Method at the rates computed based on the useful lives of the assets estimated by the management.

Leasehold improvements are depreciated over the useful lives of the assets or the unexpired lease period, whichever, is lower.

Estimated useful life of assets are as follows which is based on technical evaluation of the useful lives of the assets:

Building	30 years
Plant and equipment	13-15 years
Computers	3 years
Furniture and fixtures	5 years
Vehicles	8-10 years

The asset's residual values, estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets purchased during the year costing ₹ 5,000 or less are depreciated at the rate of 100%.

Freehold land/Leasehold land in the nature of perpetual lease is not amortised.

2.8.3 Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill such as trademark, non-compete fee and customer relationship are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Significant estimates are required to be made in determining the value of these intangible assets as per Ind AS 103. These valuations are conducted by independent valuation experts. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

2.8.4 Deemed cost on transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of its property, plant and equipment recognised as at 1 April 2016, measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

2.8.5 Derecognition of tangible asset

A tangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of a tangible asset, is measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in profit or loss when the asset is derecognised.

2.9 Intangible assets

2.9.1 Intangible assets acquired separately

Trademarks and softwares are carried at cost which is incurred and stated in the relevant license agreement with the technical knowhow provider less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight line basis over their estimated useful lives. The estimated useful lives and amortisation method are reviewed at end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

2.9.2 Amortisation methods and useful lives

Trademarks and softwares are amortised on a straight line basis over its estimated useful life i.e. 5 years. An intangible asset is derecognised when no future economic benefits are expected from use.

2.9.3 Deemed cost on transition to Ind AS

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as of 1 April, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

2.9.4 Derecognition of intangible asset

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, is measured as the difference between

the net disposal proceeds and the carrying amount of the asset, and are recognised in profit or loss when the asset is derecognised.

2.10 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.11 Inventories

Inventories comprise of reagents, chemicals, surgical and laboratory supplies and stores and others and are valued at lower of cost and net realisable value. Cost is determined on moving weighted average basis.

2.12 Provisions, contingent liability and contingent asset

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Contingent assets are disclosed in the Standalone Financial Statements by way of notes to accounts when an inflow of economic benefits is probable.

Contingent liabilities are disclosed in the Standalone Financial Statements by way of notes to accounts, unless possibility of an outflow of resources embodying economic benefit is remote.

2.13 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Statement of Profit and Loss.

2.14 Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Financial instruments that meet the following conditions are subsequently measured at amortised cost (except for financial assets that are designated as at fair value through profit or loss on initial recognition):

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

Financial instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for financial assets that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and

- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss (FVTPL).

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees, transaction costs and other premiums or discounts that form an integral part of the effective interest rate) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for financial instruments other than those financial assets classified as at Fair Value Through Profit and Loss. Interest income is recognised in profit or loss and is included in the "Other income" line item.

Financial instruments that do not meet the amortised cost criteria or fair value through other comprehensive income (FVTOCI) are measured at fair value through profit or loss (FVTPL).

2.14.1 Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

2.14.2 Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost using the effective interest method if these financial assets are held within a business whose objective is to hold these assets in order 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.

2.14.3 Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both selling financial assets and collecting contractual cash flows, 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.

2.14.4 Financial assets at fair value through profit or loss ('FVTPL')

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition.

2.14.5 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.

2.14.6 Foreign exchange gain and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in Statement of Profit and Loss except for those which are designated as hedging instruments in a hedging relationship. Further change in the carrying amount of investments in equity instruments at fair value through other comprehensive income relating to changes in foreign currency rates are recognised in other comprehensive income.

Effective April 1, 2018, the Company has adopted Appendix B to Ind AS 21-Foreign Currency Transactions and Advance Consideration which clarifies the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income when an entity has received or paid advance consideration in a foreign currency. The effect on account of adoption of this amendment was insignificant.

2.14.7 Impairment of financial assets

The Company assesses at each Balance Sheet date whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to 12 month expected credit losses or at an amount equal to lifetime expected losses, if the credit risk on the financial asset has increased significantly since initial recognition.

2.14.8 Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the Statement of Profit and Loss.

2.14.9 Income recognition

Interest Income: Interest income from a financial asset is recognised using the effective interest rate method. 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.

Income from units in Mutual Funds/ Dividend from subsidiary: Dividend from units in mutual funds/ dividend from subsidiary companies is recognised when the Company's right to receive payment is established by the reporting date. Income on investment made in the units of fixed maturity plans of mutual funds is recognised based on the yield earned and to the extent of reasonable certainty.

2.15 Financial liabilities and equity instruments

2.15.1 Classification of debt or equity

Debt and equity instruments issued by a Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.15.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

2.15.3 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest rate method or at fair value through profit or loss.

2.15.4 Foreign exchange gains or losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income' in the line-item 'Net foreign exchange gains/(losses)' except where capitalised as part of borrowing cost.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period.

Effective April 1, 2018, the Company has adopted Appendix B to Ind AS 21- Foreign Currency Transactions and Advance Consideration which clarifies the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income when an entity has received or paid advance consideration in a foreign currency. The effect on account of adoption of this amendment was insignificant.

2.15.5 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the Statement of Profit and Loss.

2.16 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Company's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2.17 Share-based payment arrangements

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 45.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects

the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

2.18 Earnings per share

Basic earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares 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.

2.19 Operating cycle

The Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

2.20 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit for the year is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows are segregated into operating, investing and financing activities.

2.21 Dividends

Final dividends on shares are recorded on the date of approval by the shareholders of the Company.

2.22 Use of estimates and judgements

The preparation of Standalone Financial Statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these Standalone Financial Statements and the reported amount of revenues and expenses for the years presented. Actual results may differ from the estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting

policies that have the most significant effect on the amounts recognised in the Standalone Financial Statements are included in the following notes:

Accounting of reagent rental equipments

The Company has entered into agreements with certain suppliers for purchase of reagent. As part of the agreement, the Company has the right to use equipment supplied by the suppliers free of charge subject to purchase of minimum committed quantities of reagents.

The cost of reagents which includes the cost of rental of the equipment is recorded as cost of material consumed.

Carrying amount of investments in subsidiaries

Determining whether the carrying amount of investments in subsidiaries is recoverable involves significant estimates as these investments are in unlisted companies with fair values not readily available. The Company reviews the investments for impairment to assess whether the carrying amount is recoverable based on a number of factors including profitability, net asset value, liquidity and working capital (Refer to note 6).

Useful lives of property, plant and equipment

The Company reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. There is no such change in the useful life of the assets (Refer to note 3).

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, an impairment loss may arise (Refer to note 4).

Defined benefit obligations

Key assumptions related to life expectancies, salary increases and withdrawal rates (Refer to note 43).

2A. New standards/amendments that are not yet effective and have not been early adopted:

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, 2019 notifies new standard or amendments to the standards. There is no such new notification which would be applicable from April 1, 2021.

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3b: Right-of-use-assets

(in ₹ million, unless otherwise stated)

	Right-of-use land	Right-of-use buildings	Total
Gross carrying value			
Balance as at 1 April, 2019	-	-	-
Transition impact of Ind AS 116	158.58	-	158.58
Additions	1.68	1,450.04	1,451.72
Disposals	-	(26.16)	(26.16)
Balance as at 31 March, 2020	160.26	1,423.88	1,584.14
Additions	-	421.51	421.51
Disposals	-	(33.70)	(33.70)
Balance as at 31 March, 2021	160.26	1,811.69	1,971.95
Accumulated depreciation			
Balance as at 1 April, 2019	-	-	-
Elimination on disposals of assets	-	(3.91)	(3.91)
Depreciation expense	1.64	283.52	285.16
Balance as at 31 March, 2020	1.64	279.61	281.25
Elimination on disposals of assets	-	-	-
Depreciation expense	1.64	290.37	292.01
Balance as at 31 March, 2021	3.28	569.98	573.26
Net carrying value			
Balance as at 1 April, 2019	-	-	-
Transition impact of Ind AS 116	158.58	-	158.58
Additions	1.68	1,450.04	1,451.72
Disposals	-	(22.25)	(22.25)
Depreciation expense	(1.64)	(283.52)	(285.16)
Balance as at 31 March, 2020	158.62	1,144.27	1,302.89
Additions	-	421.51	421.51
Disposals	-	(33.70)	(33.70)
Depreciation expense	(1.64)	(290.37)	(292.01)
Balance as at 31 March, 2021	156.98	1,241.72	1,398.70

4. Goodwill

(Refer to note 2.16)

(in ₹ million, unless otherwise stated)

	As at 31 March, 2021	As at 31 March, 2020
Cost or deemed cost	10.80	10.80
Accumulated impairment loss	-	-
	10.80	10.80
	Year ended 31 March, 2021	Year ended 31 March, 2020
Cost or deemed cost		
Balance at the beginning of year	10.80	10.80
Additions on account of acquisitions	-	-
	10.80	10.80
Accumulated impairment loss		
Balance at the beginning of year	-	-
Impairment losses recognised in the year	-	-
	-	-

The Company had, in the earlier years purchased the business of “Dr.Bhanudas Yashwant Shinagare” engaged in the business of providing pathological diagnostics services in Pune, on a going concern basis for a purchase consideration of ₹ 15.00 million (including goodwill of ₹ 10.80 million).

Impairment of goodwill

For the purpose of impairment testing, goodwill has been allocated to the cash generating unit – ‘Labs CGU’. The recoverable amount of cash-generating units is determined based on a value in use calculation which uses cash flow projections based on financial forecasts covering a five-year period, and a discount rate of 14.50% per annum (as at 31 March, 2020: 11.50% per annum).

Cash flow projections during the forecast period are based on the same expected gross margins and inflation throughout the forecast period. The cash flows beyond that five-year period have been extrapolated using a steady growth rate of 10% per annum (as at March 31, 2020: 10% per annum;), which is the projected long-term average growth rate for Labs CGU. The directors believe that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit. Based on impairment testing as above, the management believes that the recoverable amounts of goodwill are higher than their respective carrying amounts and hence no amounts are required to be recorded for impairment in the carrying amounts of goodwill.

5. Other intangible assets

(in ₹ million, unless otherwise stated)

	As at 31 March, 2021	As at 31 March, 2020	
Carrying amounts of :			
Computer software	155.86	184.38	
Trademarks	2.61	-	
	158.47	184.38	
Intangible assets under development	34.78	9.94	
	193.25	194.32	
	Computer software	Trademarks	Total
<u>Cost or deemed cost</u>			
Balance as at 1 April, 2019	375.75	11.16	386.91
Additions	46.10	-	46.10
Disposals	-	-	-
Balance as at 31 March, 2020	421.85	11.16	433.01
Additions	41.95	2.90	44.85
Disposals	-	-	-
Balance as at 31 March, 2021	463.80	14.06	477.86
<u>Accumulated amortisation</u>			
Balance as at 1 April, 2019	172.10	9.18	181.28
Amortisation expense	65.37	1.98	67.35
Elimination on disposals of assets	-	-	-
Balance as at 31 March, 2020	237.47	11.16	248.63
Amortisation expense	70.47	0.29	70.76
Elimination on disposals of assets	-	-	-
Balance as at 31 March, 2021	307.94	11.45	319.39
<u>Carrying amount</u>			
Balance as at 1 April, 2019	203.65	1.98	205.63
Additions	46.10	-	46.10
Amortisation expense	(65.37)	(1.98)	(67.35)
Balance as at 31 March, 2020	184.38	-	184.38
Additions	41.95	2.90	44.85
Amortisation expense	(70.47)	(0.29)	(70.76)
Balance as at 31 March, 2021	155.86	2.61	158.47

Financial assets (non-current)**6. Investments**

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2021	As at 31 March, 2020
In Shares (unquoted)		
In subsidiary companies		
12,800 (31 March, 2020: 12,800) equity shares of ₹ 10 each fully paid up in Paliwal Diagnostics Private Limited.	129.48	129.48
8,000 (31 March, 2020: 8,000) equity shares of ₹ 10 each fully paid up in Paliwal Medicare Private Limited.	52.18	52.18
10,000 (31 March, 2020: 10,000) equity shares of ₹ 10 each fully paid up in APL Institute of Clinical Laboratory & Research Private Limited.	72.35	72.35
400,000 (31 March, 2020: 400,000) equity shares of NPR 100 each fully paid up in Dr Lal PathLabs Nepal Private Limited.	25.05	25.05
276,811 (31 March, 2020: 276,811) equity shares of BDT 100 each fully paid up in Dr. Lal PathLabs Bangladesh Private Limited (Refer to note 38)	42.67	42.67
1,000,000 (31 March, 2020: 1,000,000) equity shares of ₹ 10 each fully paid up in Dr. Lal Ventures Private Limited (Refer to note 39)	10.00	10.00
6,95,76,923 (31 March, 2020: 60,000,000) equity shares of ₹ 10 each fully paid up in PathLabs Unifiers Private Limited (Refer to note 39)	825.00	600.00
68,478 (31 March, 2020: 9,880) equity shares of KES 1000 each fully paid up in Dr. Lal PathLabs Kenya Private Limited (Refer to note 40)	47.30	7.10
	1,204.03	938.83
Aggregate carrying value of unquoted investments	1,204.03	938.83
Aggregate amount of impairment in value of investments	-	-

7. Loans

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Loans to employees (unsecured, considered good)*	0.70	0.26
Total	0.70	0.26

*includes loan given to related parties, refer to note 38

8. Other financial assets

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Security deposits	20.10	-
Surrender value of keyman insurance policy	33.93	30.39
Non-current bank balances	0.13	100.70
Interest accrued on loans, fixed deposits and others	-	0.23
Total	54.16	131.32

9. Non-current tax assets/Current tax liabilities (net)

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Tax assets		
Taxes paid (net)	205.34	171.67
Tax liabilities		
Income tax payable (net)	(49.09)	(1.67)
Total	156.25	170.00

10. Deferred tax assets

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Deferred tax assets	278.62	229.53
Deferred tax liabilities	(9.47)	(7.72)
Total	269.15	221.81

(in ₹ million, unless otherwise stated)

2020-21	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing Balance
Deferred tax assets on:				
Property, plant and equipment	96.82	31.27	-	128.09
Goodwill	11.13	(11.13)	-	-
Short-term provisions- compensated absences	23.75	3.90	-	27.65
Short-term provisions- gratuity	12.56	(2.65)	2.40	12.31
Provision for impairment of trade receivables and advances	40.60	12.08	-	52.68
Disallowed expenditure	44.67	13.22	-	57.89
Deferred tax liabilities on:				
Surrender value of keyman insurance policy	(7.65)	(0.89)	-	(8.54)
Fair valuation gains on mutual funds	(0.07)	(0.86)	-	(0.93)
Total	221.81	44.94	2.40	269.15

(in ₹ million, unless otherwise stated)

2019-20	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing Balance
Deferred tax assets on:				
Property, plant and equipment	87.46	9.36	-	96.82
Goodwill	21.85	(10.72)	-	11.13
Short-term provisions- compensated absences	26.54	(2.79)	-	23.75
Short-term provisions- gratuity	19.24	(10.97)	4.29	12.56
Provision for impairment of trade receivables and advances	48.15	(7.55)	-	40.60
Disallowed expenditure	40.75	3.92	-	44.67
Deferred tax liabilities on:				
Surrender value of keyman insurance policy	(15.43)	7.78	-	(7.65)
Fair valuation gains on mutual funds	(17.78)	17.71	-	(0.07)
Total	210.78	6.74	4.29	221.81

11. Other non-current assets

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Capital advances	12.31	12.15
Advances to related parties (corpus)	0.24	0.24
Others	1.24	0.76
Total	13.79	13.15

12. Inventories

(At lower of cost and net realisable value)

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Reagents, chemicals, surgicals and laboratory supplies	381.58	546.14
Stores and others	7.79	3.87
Total	389.37	550.01

The Company's business does not involve any conversion process for materials. Reagents and chemicals are used to conduct various pathology and radiology tests and are consumed in the process. The mode of valuation of inventories has been stated in note 2.11.

Financial assets (current)**13. Investments**

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Investment in mutual funds (unquoted) carried at fair value through profit or loss		
UTI Money Market Fund Regular Growth 34,834.99 (31 March, 2020: Nil) units of ₹ 1,000 each	82.73	-
UTI Money Market Fund Direct Growth 2,174.77 (31 March, 2020: Nil) units of ₹ 1,000 each	5.21	-
ICICI Prudential Money Market Fund Direct Plan Growth 3,11,953.12 (31 March, 2020: Nil) units of ₹ 100 each	92.11	-
Invesco India Liquid Fund Direct Plan Growth 14,217.07 (31 March, 2020: Nil) units of ₹ 1,000 each	40.18	-
Mahindra Manulife Liquid Fund Direct Growth 52,661.88 (31 March, 2020: Nil) units of ₹ 1,000 each	70.42	-
Kotak Liquid Fund Direct Growth 16,904.70 (31 March, 2020: Nil) units of ₹ 1,000 each	70.31	-
SBI Liquid Fund Direct Plan Growth 18,708.59 (31 March, 2020: Nil) units of ₹ 1,000 each	60.27	-
SBI Liquid Fund Direct Plan Growth 18,708.59 (31 March, 2020: Nil) units of ₹ 1,000 each	80.91	-
UTI Overnight Fund Direct Growth Nil (31 March, 2020: 52,909.92) units of ₹ 1,000 each	-	144.66
ICICI Prudential Overnight Fund Direct Plan Growth Nil (31 March, 2020: 944,817.33) units of ₹ 100 each	-	101.79
Axis Overnight Fund Direct Growth Nil (31 March, 2020: 103,614.48) units of ₹ 1,000 each	-	109.37
Axis Overnight Fund Regular Growth Nil (31 March, 2020: 137,343.91) units of ₹ 1,000 each	-	144.87
Invesco India Overnight Fund Regular Growth Nil (31 March, 2020: 118,964.52) units of ₹ 1,000 each	-	120.15
Mahindra Overnight Fund Direct Growth Nil (31 March, 2020: 96,843.12) units of ₹ 1,000 each	-	100.06
Kotak Overnight Fund Direct Plan Growth Nil (31 March, 2020: 331,561.67) units of ₹ 1,000 each	-	353.40
SBI Overnight Fund Regular Growth Nil (31 March, 2020: 18,786.15) units of ₹ 1,000 each	-	60.58
SBI Overnight Fund Direct Plan Growth Nil (31 March, 2020: 70,867.28) units of ₹ 1,000 each	-	230.58
HDFC Overnight Fund Direct Plan Growth Option Nil (31 March, 2020: 75,256.53) units of ₹ 1,000 each	-	223.45
Total	502.14	1,588.91

14. Trade receivables

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Trade receivables		
Secured, considered good	141.44	105.70
Unsecured, considered good	493.93	396.82
Credit impaired	197.78	158.39
	833.15	660.91
Less: Allowance for doubtful debts (expected credit loss allowance)	(197.78)	(158.39)
Total	635.37	502.52

The average credit period from service is 0-60 days. No interest is charged on the trade receivables for the amount overdue above the credit period. There are no customers who represent more than 5% of the total balance of trade receivables.

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The provision matrix at the end of the reporting period is as follows.

(in ₹ million, unless otherwise stated)

Age of receivables	As at 31 March, 2021	As at 31 March, 2020
0-90 days	598.75	462.13
90-180 days	140.36	55.63
180-360 days	45.74	63.11
More than 360 days	48.30	80.04
Total	833.15	660.91

Movement in the expected credit loss allowance

	Year ended 31 March, 2021	Year ended 31 March, 2020
Balance at beginning of the year	158.39	132.43
Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	39.39	25.96
Balance at end of the year	197.78	158.39

The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

Ageing

	Expected Credit loss(%)
0-90 days	3-6%
90-180 days	17-29%
180-360 days	34-56%
More than 360 days	61-100%

15a: Cash and cash equivalents

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Balances with banks		
- in current accounts	101.15	31.31
- in cash credit accounts*	66.12	43.03
Deposit with maturity of less than 3 months	2,137.12	1,810.73
Cash on hand	12.26	7.36
Total	2,316.65	1,892.43

*secured by first charge on the current assets of the Company, both present and future.

15b: Bank balances other than cash and cash equivalents

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Balance in unclaimed dividend accounts	0.82	0.52
Balance in escrow account*	1.43	1.44
Deposit with banks held as margin money deposits against guarantees	10.81	14.51
Deposit with maturity of 3-12 months	6,556.62	3,583.04
Total	6,569.68	3,599.51

*Escrow account includes application money recieved at the time of IPO.

16. Loans

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Loans to employees	7.92	9.04
Total	7.92	9.04

*includes loan given to related parties, refer to note 38

17. Other financial assets

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Deposit with others	135.27	128.59
Interest accrued on deposits	229.86	197.79
Total	365.13	326.38

18. Other current assets

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Balances with government authorities	3.88	3.04
Advances to suppliers	17.98	52.66
Other advances	4.70	8.00
Prepaid expenses	59.99	63.69
Prepaid rent	20.19	27.92
Total	106.74	155.31

19. Equity share capital

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Equity share capital	833.45	833.45
Authorised		
107,950,000 equity shares of ₹ 10 each (as at 31 March, 2020: 107,950,000 equity shares of ₹ 10 each)*	1,079.50	1,079.50
Issued, subscribed and fully paid-up		
83,344,877 equity shares of ₹ 10 each (as at 31 March, 2020: 83,344,877 equity shares of ₹ 10 each)	833.45	833.45
Refer notes below		

- (i) The reconciliation of the number of shares outstanding and the amount of share capital as at 31 March, 2021 and 31 March, 2020 is set out below:

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2021		As at 31 March, 2020	
	Number of shares	Amount	Number of shares	Amount
Equity share capital				
At the beginning of the year	83,344,877	833.45	83,341,610	833.42
Issued during the year		-	3,267	0.03
Others				
Outstanding at the end of the year	83,344,877	833.45	83,344,877	833.45

- (ii) Details of shares held by shareholders holding more than 5% of shares:

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2021		As at 31 March, 2020	
	Number of shares	% Holding	Number of shares	% Holding
(i) Dr Arvind Lal	26,415,443	31.69%	26,980,443	32.37%
(ii) Dr Vandana Lal	16,082,327	19.30%	16,684,422	20.02%

- (iii) Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share, (Previous year ₹ 10 per share). Each holder of equity shares is entitled to one vote per equity share. The Company declares and pays dividends in Indian Rupees. The final dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

- (iv) Proposed dividends on equity shares

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Proposed dividend on equity shares for the year ended on 31 March 2021: ₹ 8 per share (31 March 2020: Nil)	666.76	-
Dividend distribution tax on proposed dividend	-	-
	666.76	-

- (v) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date including the current year:

Particulars	As at 31 March, 2021	As at 31 March, 2020
	No. of Shares	No. of Shares
Bonus equity shares of ₹ 10 each issued by the Company	-	-
Bonus preference shares of ₹ 10 each issued by the Company	-	-
Equity shares of ₹ 10 each issued on conversion of preference shares	-	26,632,320

In addition, the Company had issued the following equity shares for ₹ 10 each after considering issue of bonus shares and sub-division of shares of ₹ 100 each into ₹ 10 each:

Particulars	As at 31 March, 2021	As at 31 March, 2020
	No. of Shares	No. of Shares
Issued directly on exercise of options granted under the Employee Share Option Plan, 2005 and 2010.	667,880	2,083,037
Issued to Dr. Lal Employee welfare Trust under the Employee Share Option Plan, 2005 and 2010.	-	1,136,997

(vi) Share options granted under the Company's employee share options plans

- (a) The shareholders of the Company approved 'Dr. Lal PathLabs Private Limited Employee Stock Option Plan 2010' ("ESOP 2010") at the Annual General Meeting held on 20 August, 2010 to grant a maximum of 3,808,960 options (after considering bonus shares issued during the previous year and subdivision of shares of ₹ 100 each into 10 shares of ₹ 10 each) to specified categories of employees of the Company. Each option granted and vested under the ESOP 2010 shall entitle the holder to acquire 1 equity share of ₹ 10 each. As per resolution passed on 21 August, 2015, the Company approved to cease further grants under the ESOP 2010. Refer to note 45 for details of options granted, vested and issued under the ESOP 2010.
- (b) The shareholders of the Company approved 'Dr. Lal PathLabs Employees Restricted Stock Unit Plan 2016' ("RSU 2016") at the Annual General Meeting held on 28 July, 2016 to grant a maximum of 1,244,155 Restricted Stock Units ("RSUs") to key employees and directors of the Company. Each RSU granted and vested shall entitle the holder to acquire 1 equity share of ₹ 10 each. Refer to note 45 for details of RSUs granted, vested and issued under RSU 2016.

20. Other equity**(in ₹ million, unless otherwise stated)**

Particulars	As at 31 March, 2021	As at 31 March, 2020
General reserve	701.59	606.73
Securities premium	927.95	927.95
Share option outstanding account	398.00	328.83
Retained earnings	9,538.44	7,735.64
Capital redemption reserve account	4.45	4.45
Treasury shares	(200.03)	(241.23)
Capital reserve	(33.00)	(33.00)
Total	11,337.40	9,329.37

(i) General reserve**(in ₹ million, unless otherwise stated)**

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Balance at the beginning of the year	606.73	523.90
Addition on share options exercised*	94.86	82.83
Balance at the end of the year	701.59	606.73

*Represents difference between the employee share based compensation cost booked and the average cost of equity shares issued under the share options scheme to the eligible employees.

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 general reserve will not be reclassified subsequently to profit or loss.

(ii) Securities premium**(in ₹ million, unless otherwise stated)**

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Balance at the beginning of the year	927.95	927.62
Additions during the year	-	0.33
Balance at the end of the year	927.95	927.95

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

(iii) Share option outstanding account**(in ₹ million, unless otherwise stated)**

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Balance at the beginning of the year	328.83	280.39
Compensation options granted during the year	203.74	166.37
Options exercised	(134.57)	(117.93)
Balance at the end of the year	398.00	328.83

The above relates to share options granted by the Company under its employee share option plans. Upon exercise of the share options by the employees, the proportionate cost of shares exercised is transferred to General reserves after adjusting the cost of related treasury shares. Further information about share based payments to employees is set out in Note 45.

(iv) Retained earnings (in ₹ million, unless otherwise stated)

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Balance at the beginning of the year	7,735.64	7,049.22
Profit for the year	2,801.06	2,231.80
Remeasurement of defined benefit obligation, net of income tax	(7.13)	(10.61)
Less: Appropriations		
Final dividend on equity shares ₹ 3.50 per share for the year ended 31 March 2019	-	(288.33)
Tax on final equity dividend*	-	(56.55)
Interim dividend on equity shares ₹ 12.00 per share (Previous year ₹ 12 per share)	(991.13)	(989.25)
Tax on interim equity dividend**	-	(200.64)
Balance at the end of the year	9,538.44	7,735.64

*Tax on final equity dividend paid during the previous year is after adjusting corporate dividend tax of ₹ 3.41 million paid by a subsidiary company on dividend paid to the Company during the previous year.

**Tax on interim equity dividend paid during the previous year is after adjusting corporate dividend tax of ₹ 4.93 million paid by a subsidiary company on dividend paid to the Company during the previous year.

The amount that can be distributed by the Company as dividends to its equity shareholders is determined based on requirements of Companies Act, 2013. Refer Note 19(iv) for details of equity dividend declared.

(v) Capital redemption reserve account (in ₹ million, unless otherwise stated)

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Balance at the beginning of the year	4.45	4.45
Additions during the year	-	-
Balance at the end of the year	4.45	4.45

The Company in the previous years had bought back its equity shares and as per requirement of erstwhile section 77 of Companies Act, 1956, nominal value of the shares so purchased was transferred to the capital redemption reserve account.

(vi) Treasury shares (in ₹ million, unless otherwise stated)

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Balance at the beginning of the year	(241.23)	(277.65)
Change during the year	41.20	36.42
Balance at the end of the year	(200.03)	(241.23)

During the year ended 31 March, 2012, the Company had constituted Dr. Lal PathLabs Employee Welfare Trust ("EWT Trust") to acquire, hold and allocate/transfer equity shares of the Company to eligible employees from time to time on the terms and conditions specified under respective plans. The financial statements of the EWT Trust have been included in the financial statements of the Company, in accordance with the requirements of Ind AS.

Equity shares of the Company purchased from employees and primary market from time to time in the earlier years and held by EWT as at 31 March, 2021 aggregated to 721,036 equity shares (31 March, 2020: 869,557 equity shares) of face value ₹ 10 each.

(vii) Capital reserve (in ₹ million, unless otherwise stated)

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Balance at the beginning of the year	(33.00)	(33.00)
Balance at the end of the year	(33.00)	(33.00)

On approval of the Scheme of Amalgamation between the Company (Transferee Company) and its wholly owned subsidiary, by the name of Delta Ria and Pathology Private Limited (Transferor Company) by the Hon'ble New Delhi Bench and Hon'ble Ahmedabad Bench of the National Company Law Tribunal on 23 October 2018 and 11 December 2018 respectively, the difference between the carrying value of investments in the books of account of the Transferee Company and the amount of the net assets of Transferor Company has been adjusted in Capital reserve as stipulated in the scheme.

21. Other financial liabilities - non current

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Lease liability	1,037.42	903.60
Total	1,037.42	903.60

22. Trade payables

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Total outstanding dues of micro enterprises and small enterprises	70.60	62.03
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,285.12	1,065.42
Total	1,355.72	1,127.45

Trade payables are non- interest bearing and are normally settled within a period of 30 days.

Based on the information available with the Company, the balance due to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 is ₹ 70.60 million (₹ 62.03 million on 31 March, 2020) and no interest has been paid or is payable during the year under the terms of the MSMED Act, 2006.

Disclosure under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED)

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2021	As at 31 March, 2020
a. Amounts payable to suppliers under MSMED (suppliers) as on last day		
Principal	70.60	62.03
Interest due thereon	-	-
b. Payments made to suppliers beyond the appointed day during the year		
Principal	-	-
Interest due thereon	-	-
c. Amount of interest due and payable for delay in payment (which have been paid but beyond the appointed day during the year) but without adding the interest under MSMED	-	-
d. Amount of interest accrued and remaining unpaid as on last day	-	-
e. Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

23. Other financial liabilities - current

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Lease Liability	376.26	345.42
Payable towards capital goods	42.41	64.13
Share application money refundable	1.43	1.44
Security deposits received	317.54	286.48
Other payables	1.28	1.00
Total	738.92	698.47

24. Provisions

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Provision for employee benefits		
- Provision for compensated absences	109.86	94.36
- Provision for gratuity (Refer note 43)	48.89	49.88
Total	158.75	144.24

25. Other current liabilities

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Advances from customers	84.42	72.35
Statutory dues	50.19	55.42
Unearned revenue	85.40	11.69
Deferred revenue- security deposits	-	1.64
Total	220.02	141.10

26. Revenue from operations

(in ₹ million, unless otherwise stated)

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Sale of services	14,904.72	12,733.99
Other operating revenues	0.83	1.99
Total	14,905.55	12,735.98

Revenue disaggregation as per geography has been included in segment information (Refer to note 37).

- (i) The Company generates its entire revenue from contracts with customers for the services at a point in time. The Company is engaged mainly in the business of running laboratories for carrying out pathological investigations of various branches of bio-chemistry, hematology, histopathology, microbiology, electrophoresis, immuno-chemistry, immunology, virology, cytology, other pathological and radiological investigations.

- (ii) Transaction price allocated to the remaining performance obligations

The Company has applied practical expedient in Ind AS 115 and has accordingly not disclosed information about remaining performance obligations which are part of the contracts that have original expected duration of one year or less and where the Company has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the entity's performance completed to date.

- iii) **Disclosure of contract balances**

(in ₹ million, unless otherwise stated)

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Trade receivables (Refer to note 14)	635.37	502.52
Advances from customers (Refer to note 25)	84.42	72.35
Unearned revenue (Refer to note 25)	85.40	11.69
Total	805.19	586.56

- iv) **Movement in contract liabilities during the year:**

(in ₹ million, unless otherwise stated)

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Balance at beginning of the year	11.69	12.38
Add: Addition during the year	85.40	11.69
Less: Deletion during the year	(11.69)	(12.38)
Balance at end of the year	85.40	11.69

27. Other income

(in ₹ million, unless otherwise stated)

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
a) Interest income from		
- Bank deposits (at amortised cost)	417.30	428.68
- Others	9.45	9.45
b) Dividend income from		
- Dividends from investments (at FVTPL)	-	6.81
- Dividend income from a subsidiary company	16.00	40.59
c) Others		
- Gain on sale or fair valuation of investments (at FVTPL)	43.70	79.33
- Surrender value of keyman insurance policy (at FVTPL)	5.42	5.31
- Sundry balances written back	5.27	1.39
- Profit on disposal of property, plant and equipment (net)	-	1.49
- Miscellaneous non operating income	15.53	3.04
Total	512.67	576.09

28. Cost of materials consumed

(in ₹ million, unless otherwise stated)

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Inventories at the beginning of the year	546.14	268.25
Add : Purchases	3,574.44	3,146.57
Less : Inventories at the end of the year	(381.58)	(546.14)
Total	3,739.00	2,868.68

29. Employee benefits expense

(in ₹ million, unless otherwise stated)

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Salaries, wages and bonus	2,183.93	1,957.44
Employee share based compensation	203.74	166.37
Contribution to provident and other funds	103.91	105.04
Gratuity expense	39.49	35.23
Staff welfare expenses	43.31	56.57
Total	2,574.38	2,320.65

30. Finance costs

(in ₹ million, unless otherwise stated)

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Interest on lease liability	148.02	146.14
Interest others (Including ₹ 0.19 million (31 March 2020: ₹ Nil) on TDS)	0.23	0.46
Total	148.25	146.60

31. Depreciation and amortisation expense

(in ₹ million, unless otherwise stated)

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Depreciation of property, plant and equipment	335.02	327.57
Depreciation of right-of-use assets	292.01	285.16
Amortisation of intangible assets	70.76	67.35
Total	697.79	680.08

32. Other expenses

(in ₹ million, unless otherwise stated)

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Electricity and water charges	171.76	156.53
Rent	126.64	131.04
Rates and taxes	10.24	7.70
Insurance	53.58	44.03
Repairs and maintenance		
- Building	26.92	23.56
- Plant and equipment	83.45	90.11
- Others	213.86	194.70
Advertisement and sales promotion	301.81	331.69
Travelling and conveyance	261.96	313.18
Postage and courier	424.02	410.17
Communication costs	59.41	67.00
Commission to directors	9.41	9.29
Printing and stationery	83.50	95.67
Retainership fees to technical consultants	108.28	119.19
Director sitting fees	5.61	5.19
Legal and professional charges	124.73	137.74
Laboratory test charges	53.78	53.56
Payment to auditors (Refer note below)	10.53	9.74
Donation other than to political parties	0.11	0.43
Corporate social responsibility expense (Refer note 42)	57.42	52.28
Loss on disposal / discard of property, plant and equipment (net)	1.77	-
Provision for impairment of trade receivables and advances	39.39	42.33
Bad debts / advances written off (net)	0.62	7.67
Miscellaneous expenses	282.49	269.29
Total	2,511.29	2,572.09
Note:		
(i) Payments to the auditors comprise *		
As auditors:		
Audit fees	6.74	5.76
Limited review	1.77	1.77
Tax audit fees	0.44	0.44
Others	0.65	1.14
Reimbursement of expenses	0.93	0.63
Total	10.53	9.74

*including indirect taxes

33. Income tax

The Company is subject to Indian Income Tax Act, 1961. The Company is assessed for tax on taxable profits determined for each fiscal year beginning on 1 April and ending on 31 March.

Statutory income taxes are assessed based on book profits prepared under generally accepted accounting principles in India ("Indian GAAP") adjusted in accordance with the provisions of the (Indian) Income tax Act, 1961. Such adjustments generally relate to depreciation of property, plant and equipment, disallowances of certain provisions and accruals, deduction for tax holidays and similar exemptions, the use of tax losses carried forward and retirement benefit costs. Statutory income tax is charged at 22% (2019-20: 22%) plus a surcharge and education cess. The combined Indian statutory tax rate for the fiscal year 2019-20 and for the fiscal year 2020-21 was 25.168%.

Income tax returns submitted by companies are regularly subjected to a comprehensive review and challenge by the tax authorities.

33.1: Income tax recognised in Statement of Profit And Loss

	(in ₹ million, unless otherwise stated)	
	Year ended 31 March, 2021	Year ended 31 March, 2020
Current tax		
In respect of the current year	1,039.39	847.11
In respect of the prior years	(55.08)	(44.66)
	984.31	802.45
Deferred tax		
In respect of the current year	(82.98)	(112.58)
In respect of the prior years	38.04	105.84
	(44.94)	(6.74)
Total income tax expenses recognised in the current year	939.37	795.71

The income tax expense for the year can be reconciled to the accounting profit as follows:

	(in ₹ million, unless otherwise stated)	
	Year ended 31 March, 2021	Year ended 31 March, 2020
Profit before tax	3,740.43	3,027.51
Statutory tax rate	25.168%	25.168%
Income tax expenses calculated at 25.168%	941.39	761.96
Effect of change in tax rate	-	58.97
Effect of expenses that are not deductible in determining taxable profit	13.63	5.13
Tax difference on account of deduction under chapter VI-A	(12.77)	(12.77)
Non taxable income	-	(11.93)
Adjustments recognised in the current year in relation to taxes of previous years	(17.04)	2.21
Deferred tax on defined benefit obligation recognised in OCI	(2.40)	(4.29)
Income taxable at different rate	4.03	0.43
Effect of reversal of deferred tax on goodwill	11.13	-
Others	1.40	(4.00)
Income tax expenses recognised in profit or loss	939.37	795.71

33.2: Income tax recognised in other comprehensive income

	(in ₹ million, unless otherwise stated)	
	Year ended 31 March, 2021	Year ended 31 March, 2020
Deferred tax		
Arising on income and expenses recognised in other comprehensive income		
Remeasurement of defined benefit obligation	2.40	4.29
	2.40	4.29

34. Earnings per equity share

(in ₹ million, unless otherwise stated)

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Profit for the year - (in ₹ million)	2,801.06	2,231.80
Number of equity shares	83,344,877	83,344,877
Weighted average number of equity shares outstanding during the year	83,344,877	83,342,128
Weighted average shares held with the "Dr. Lal PathLabs Employee Welfare Trust"	801,945	945,937
Dilutive impact of share options outstanding	197,749	155,458
Basic earnings per share of ₹ 10 each	33.93	27.09
Diluted earnings per share of ₹ 10 each	33.85	27.04
Face value per share - (in ₹)	10	10

34.1 Reconciliation of weighted average number of ordinary shares used a denominator in calculating basic and diluted earnings per share

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Weighted average number of shares for calculating basic earnings per share	82,542,932	82,396,191
Add : share options outstanding	197,749	155,458
Weighted average number of shares for calculating dilutive earnings per share	82,740,681	82,551,649

35. Capital and other commitments

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	75.74	85.77
Other Commitments*	-	-

* The Company has other commitments, for purchases/sales orders which are issued after considering requirements per operating cycle for purchase/sale of goods and services and employee benefits, in the normal course of business.

36. Contingent liabilities

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2021	As at 31 March, 2020
i) Claims against the Company not acknowledged as debts*	116.08	104.25
b) Other claims against the Company not acknowledged as debts		

* Based on the discussions with the solicitor/ expert opinions taken/status of the case, the management believes that the Company has strong chances of success in above mentioned cases and hence no provision there against is considered necessary at this point in time as the likelihood of liability devolving on the Company is less than probable.

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37. Segment Reporting

The Company is engaged solely in the business of running laboratories for carrying out pathological investigations of various branches of bio-chemistry, hematology, histopathology, microbiology, electrophoresis, immuno-chemistry, immunology, virology, cytology, other pathological and radiological investigations.

The Board of Directors of the Company, which has been identified as being the chief operating decision maker (CODM), evaluates the Company's performance, allocates resources based on the analysis of the various performance indicators of the Company as a single unit. Therefore there is no reportable segment for the Company, in accordance with the requirements of Indian Accounting Standard 108- 'Operating Segments', notified under the Companies (Indian Accounting Standard) Rules, 2015.

Information about geographical areas

- a) The Company is domiciled in India. The amount of its revenue from operations from external customers broken down by location of customers is tabulated below:

Particulars	(in ₹ million, unless otherwise stated)	
	Year ended 31 March, 2021	Year ended 31 March, 2020
India	14,762.44	12,558.73
Outside India	143.11	177.25
Total	14,905.55	12,735.98

- b) The Company's non-current assets (excluding financial assets, deferred tax assets and certain other non-current assets) broken down by location of customers is tabulated below:

Particulars	(in ₹ million, unless otherwise stated)	
	As at 31 March, 2021	As at 31 March, 2020
India	3,308.25	3,262.02
Outside India	-	-
Total	3,308.25	3,262.02

- c) **Information about major customers**

No single customer contributed more than 10% or more to the Company's revenue during the years ended 31 March, 2021 and 31 March, 2020.

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38. Related Party Disclosures

I. Names of related parties and related party relationship

a. Related parties where control exists

Subsidiaries held directly

- 1 Paliwal Diagnostics Private Limited
- 2 Paliwal Medicare Private Limited
- 3 Dr. Lal PathLabs International B.V. (liquidated on 20 October, 2020)
- 4 APL Institute of Clinical Laboratory & Research Private Limited
- 5 Dr. Lal PathLabs Nepal Private Limited
- 6 Dr. Lal PathLabs Bangladesh Private Limited
- 7 PathLabs Unifiers Private Limited
- 8 Dr. Lal Ventures Private Limited
- 9 Dr. Lal Pathlabs Kenya Private Limited (incorporated on 6 August, 2019)

Subsidiaries held indirectly

- 1 Centrapath Labs Private Limited (w.e.f 7th August, 2019)
- 2 APRL PathLabs Private Limited (w.e.f 13 November, 2019)
- 3 Chanre Laboratory Private Limited (w.e.f 25 January, 2021)

b. Entities in which key managerial personnel can exercise significant influence

- 1 Central Clinical Laboratory
- 2 Eskay House HUF - Dr. Arvind Lal
- 3 New Delhi Centre for Sight Limited
- 4 Lal PathLabs Foundation (formerly Dr. Lal PathLabs Welfare Trust)

c. Key managerial personnel

- 1 (Hony) Brig. Dr. Arvind Lal - Chairman and Managing Director upto 31 March, 2020 (Executive Chairman w.e.f 1 April, 2020)
- 2 Dr. Vandana Lal - Director
- 3 Dr. Om Prakash Manchanda - Chief Executive Officer upto 31 March, 2020 (Managing Director w.e.f 1 April, 2020)
- 4 Mr. Ved Prakash Goel - Chief Financial Officer
- 5 Mr. Rajat Kalra - Company Secretary
- 6 Mr. Bharath U - Chief Executive Officer (w.e.f 1 April, 2020)
- 7 Harneet Singh Chandhoke - Independent Director
- 8 Saurabh Srivastava - Independent Director
- 9 Sunil Varma - Independent Director
- 10 Anoop Singh - Independent Director
- 11 Somya Satsangi - Independent Director
- 12 Rahul Sharma - Director
- 13 Dr. Archana Lal Erdmann - Director

d. Relatives of key management personnel

- 1 Mr. Anjaneya Lal
(Son of (Hony) Brig. Dr. Arvind Lal and Dr. Vandana Lal)

e. Other related parties

- 1 Dr. Lal PathLabs Limited Group Gratuity Trust (formerly Dr. Lal Pathlabs Private Limited Group Gratuity Trust)
(Trust to manage and administer gratuity liability of the Company)

II. Transactions/Outstanding balances with related parties during the year

Particulars	Subsidiaries	Entities in which KMP can exercise significant influence	Key Management Personnel	Relatives of key management personnel	Other related parties	(Figures in bracket relates to previous year) (In ₹ million, unless otherwise stated)	
						Grand Total	
A. Transactions during the year							
i. Sale of services							
Paliwal Diagnostics Private Limited	34.28 (8.76)	- (-)	- (-)	- (-)	- (-)	34.28 (8.76)	
Dr. Lal PathLabs Nepal Private Limited	29.42 (23.54)	- (-)	- (-)	- (-)	- (-)	29.42 (23.54)	
Dr. Lal PathLabs Bangladesh Private Limited	9.68 (23.51)	- (-)	- (-)	- (-)	- (-)	9.68 (23.51)	
Lal PathLabs Foundation (formerly Dr. Lal PathLabs Welfare Trust)	- (-)	- (-)	- (-)	- (-)	- (0.31)	- (0.31)	
PathLabs Unifilers Private Limited	3.53 (1.13)	- (-)	- (-)	- (-)	- (-)	3.53 (-)	
APRL PathLabs Private Limited	1.02 (0.34)	- (-)	- (-)	- (-)	- (-)	1.02 (0.34)	
Centrapath Labs Private Limited	3.15 (0.56)	- (-)	- (-)	- (-)	- (-)	3.15 (0.56)	
Dr. Lal Ventures Private Limited	4.77 (-)	- (-)	- (-)	- (-)	- (-)	4.77 (-)	
Chanre Laboratory Private Limited	0.09 (-)	- (-)	- (-)	- (-)	- (-)	0.09 (-)	
Total	81.17 (57.84)	- (-)	- (-)	- (-)	- (0.31)	81.17 (58.15)	
ii. Laboratory test charges							
Paliwal Diagnostics Private Limited	19.38 (13.59)	- (-)	- (-)	- (-)	- (-)	19.38 (13.59)	
APRL PathLabs Private Limited	1.76 (0.05)	- (-)	- (-)	- (-)	- (-)	1.76 (0.05)	
New Delhi Centre for Sight Limited	- (-)	- (0.02)	- (-)	- (-)	- (-)	- (0.02)	
Total	21.14 (13.64)	- (0.02)	- (-)	- (-)	- (-)	19.38 (13.66)	
iii. Sale of property, plant and equipment							
Dr. Lal Ventures Private Limited	- (2.69)	- (-)	- (-)	- (-)	- (-)	- (2.69)	
Total	(2.69)	(-)	(-)	(-)	(-)	(2.69)	
iv. Purchase of property, plant and equipment							
Dr. Vandana Lal	- (-)	- (-)	- (7.50)	- (-)	- (-)	- (7.50)	
Total	-	(-)	(7.50)	(-)	(-)	(7.50)	

(Figures in bracket relates to previous year)
(in ₹ million, unless otherwise stated)

Particulars	Subsidiaries	Entities in which KMP can exercise significant influence	Key Management Personnel	Relatives of key management personnel	Other related parties	Grand Total
v. Compensation of Key Managerial Personnel and their relatives						
The remuneration of key managerial personnel during the year was as follows:						
- Short term employee benefits	- (-)	- (-)	113.39 (92.98)	2.10 (2.18)	- (-)	115.49 (95.16)
- Post employment benefits*	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
- Share based payments to employees**	- (-)	- (-)	172.74 (113.21)	- (-)	- (-)	172.74 (113.21)
Total	- (-)	- (-)	286.13 (206.19)	2.10 (2.18)	- (-)	288.23 (208.37)
vi. Reimbursement of expenses						
APL Institute of Clinical Laboratory & Research Private Limited	- (0.58)	- (-)	- (-)	- (-)	- (-)	- (0.58)
PathLabs Unifiers Private Limited	- (0.07)	- (-)	- (-)	- (-)	- (-)	- (0.07)
APRL PathLabs Private Limited	- (0.30)	- (-)	- (-)	- (-)	- (-)	- (0.30)
Total	- (0.95)	- (-)	- (-)	- (-)	- (-)	- (0.95)
vii. Contribution to Fund						
Lal PathLabs Foundation	- (-)	- (-)	- (-)	- (-)	47.42 (52.28)	47.42 (52.28)
(formerly Dr. Lal PathLabs Welfare Trust)						
Dr. Lal PathLabs Limited Group Gratuity Trust	- (-)	- (-)	- (-)	- (-)	50.00 (56.60)	50.00 (56.60)
(formerly Dr. Lal PathLabs Private Limited Group Gratuity Trust)						
Total	- (-)	- (-)	- (-)	- (-)	97.42 (108.88)	97.42 (108.88)
viii. Rent						
Dr. Vandana Lal	- (-)	- (-)	0.70 (0.76)	- (-)	- (-)	0.70 (0.76)
Central Clinical Laboratory	- (-)	- (0.29)	- (-)	- (-)	- (-)	- (0.29)
Total	- (-)	- (0.29)	0.70 (0.76)	- (-)	- (-)	0.70 (1.05)
ix. Professional fees						
Dr. Archana Lal Erdmann	- (-)	- (-)	- (-)	- (0.53)	- (-)	- (0.53)
Total	- (-)	- (-)	- (-)	(0.53) (0.53)	- (-)	- (0.53)

(Figures in bracket relates to previous year)
(in ₹ million, unless otherwise stated)

Particulars	Subsidiaries	Entities in which KMP can exercise significant influence	Key Management Personnel	Relatives of key management personnel	Other related parties	Grand Total
x. Dividend paid						
(Hony) Brig. Dr. Arvind Lal	-	-	316.99	-	-	316.99
	(-)	(-)	(415.25)	(-)	(-)	(415.25)
Dr. Vandana Lal	-	-	192.99	-	-	192.99
	(-)	(-)	(256.50)	(-)	(-)	(256.50)
Dr. Om Prakash Manchanda	-	-	17.70	-	-	17.70
	(-)	(-)	(22.53)	(-)	(-)	(22.53)
Mr. Bharath U	-	-	0.17	-	-	0.17
	(-)	(-)	(0.12)	(-)	(-)	(0.12)
Mr. Ved Prakash Goel	-	-	0.23	-	-	0.23
	(-)	(-)	(0.26)	(-)	(-)	(0.26)
Dr. Archana Lal Erdmann	-	-	-	22.13	-	22.13
	(-)	(-)	(-)	(30.83)	(-)	(30.83)
Mr. Anjaneya Lal	-	-	-	20.28	-	20.28
(Son of Dr. Arvind Lal and Dr. Vandana Lal)	(-)	(-)	(-)	(26.19)	(-)	(26.19)
Eskay House HUF - Dr. Arvind Lal	-	-	-	-	-	-
Mr. Rajat Kalra	(-)	(5.89)	(-)	(-)	(-)	(5.89)
	(-)	(5.89)	(-)	(-)	(-)	(5.89)
Total	(-)	(5.89)	528.09	42.41	(-)	570.50
			(694.66)	(57.02)		(757.57)
xi. Dividend received						
Paliwal Diagnostics Private Limited	16.00	-	-	-	-	16.00
	(40.59)	(-)	(-)	(-)	(-)	(40.59)
Total	16.00	-	-	-	-	16.00
	(40.59)	(-)	(-)	(-)	(-)	(40.59)
xii. Investment in equity shares						
Dr. Lal PathLabs Ventures Private Limited	-	-	-	-	-	-
	(9.00)	(-)	(-)	(-)	(-)	(9.00)
PathLabs Unifiers Private Limited	225.00	-	-	-	-	225.00
	(599.00)	(-)	(-)	(-)	(-)	(599.00)
Dr. Lal PathLabs Kenya Private Limited	40.21	-	-	-	-	40.21
	(7.10)	(-)	(-)	(-)	(-)	(7.10)
Total	265.21	-	-	-	-	265.21
	(615.10)	(-)	(-)	(-)	(-)	(615.10)
xiii. Share options exercised***						
Dr. Om Prakash Manchanda	-	-	0.71	-	-	0.71
	(-)	(-)	(0.83)	(-)	(-)	(0.83)
Mr. Bharath U	-	-	0.14	-	-	0.14
	(-)	(-)	(0.09)	(-)	(-)	(0.09)
Mr. Rajat Kalra	-	-	0.01	-	-	0.01
	(-)	(-)	(-)	(-)	(-)	(-)
	(-)	-	0.86	-	-	0.86
	(-)	(-)	(0.92)	(-)	(-)	(0.92)

(Figures in bracket relates to previous year)
(in ₹ million, unless otherwise stated)

Particulars	Subsidiaries	Entities in which KMP can exercise significant influence	Key Management Personnel	Relatives of key management personnel	Other related parties	Grand Total
xiv. Issue of equity shares****						
Mr. Ved Prakash Goel	-	-	-	-	-	-
	(-)	(-)	(0.36)	(-)	(-)	(0.36)
	-	-	-	-	-	-
	(-)	(-)	(0.36)	(-)	(-)	(0.36)
xv. Sitting fees						
Dr. Archana Lal Erdmann	-	-	-	0.25	-	0.25
	(-)	(-)	(-)	(0.10)	(-)	(0.10)
Anoop Mahendra Sigh	-	-	0.70	-	-	0.70
	(-)	(-)	(0.75)	(-)	(-)	(0.75)
Harneet Singh Chandhoke	-	-	0.50	-	-	0.50
	(-)	(-)	(0.45)	(-)	(-)	(0.45)
Ms. Somya Satsangi	-	-	0.45	-	-	0.45
	(-)	(-)	(0.40)	(-)	(-)	(0.40)
Rahul Sharma	-	-	0.50	-	-	0.50
	(-)	(-)	(0.65)	(-)	(-)	(0.65)
Saurabh Srivastava	-	-	0.55	-	-	0.55
	(-)	(-)	(0.75)	(-)	(-)	(0.75)
Sunil Varma	-	-	1.80	-	-	1.80
	(-)	(-)	(1.30)	(-)	(-)	(1.30)
	-	-	4.50	0.25	-	4.75
	(-)	(-)	(4.30)	(0.10)	(-)	(4.40)
xvi. Commission to Directors						
Dr. Archana Lal Erdmann	-	-	-	1.00	-	1.00
	(-)	(-)	(-)	(0.87)	(-)	(0.87)
Anoop Mahendra Singh	-	-	1.25	-	-	1.25
	(-)	(-)	(1.25)	(-)	(-)	(1.25)
Harneet Singh Chandhoke	-	-	1.00	-	-	1.00
	(-)	(-)	(1.00)	(-)	(-)	(1.00)
Ms. Somya Satsangi	-	-	1.25	-	-	1.25
	(-)	(-)	(1.25)	(-)	(-)	(1.25)
Rahul Sharma	-	-	1.00	-	-	1.00
	(-)	(-)	(1.00)	(-)	(-)	(1.00)
Saurabh Srivastava	-	-	1.25	-	-	1.25
	(-)	(-)	(1.25)	(-)	(-)	(1.25)
Sunil Varma	-	-	1.25	-	-	1.25
	(-)	(-)	(1.25)	(-)	(-)	(1.25)
	-	-	7.00	1.00	-	8.00
	(-)	(-)	(7.00)	(0.87)	(-)	(7.87)

(Figures in bracket relates to previous year)
(in ₹ million, unless otherwise stated)

Particulars	Subsidiaries	Entities in which KMP can exercise significant influence	Key Management Personnel	Relatives of key management personnel	Other related parties	Grand Total
B. Outstanding balances at the year end						
i. Other non-current assets						
Other advances*****						
Lal PathLabs Foundation	-	-	-	-	0.10	0.10
(formerly Dr. Lal PathLabs Welfare Trust)	(-)	(-)	(-)	(-)	(0.10)	(0.10)
Dr. Lal PathLabs Limited Group Gratuity Trust	-	-	-	-	0.14	0.14
(formerly Dr. Lal PathLabs Private Limited Group Gratuity Trust)	(-)	(-)	(-)	(-)	(0.14)	(0.14)
Total	-	-	-	-	0.24	0.24
	(-)	(-)	(-)	(-)	(0.24)	(0.24)
ii. Trade receivables						
Dr. Lal PathLabs Nepal Private Limited	13.16	-	-	-	-	13.16
31 March, 2021	(7.39)	(-)	(-)	(-)	(-)	(7.39)
31 March, 2020	26.62	-	-	-	-	26.62
Dr. Lal PathLabs Bangladesh Private Limited	(18.81)	(-)	(-)	(-)	(-)	(18.81)
31 March, 2021	-	-	-	-	-	-
APRL PathLabs Private Limited	(0.17)	(-)	(-)	(-)	(-)	(0.17)
31 March, 2021	-	-	-	-	-	-
Centrapath Labs Private Limited	(0.80)	(-)	(-)	(-)	(-)	(0.80)
31 March, 2021	-	-	-	-	-	-
Dr. Lal Ventures Private Limited	(3.28)	(-)	(-)	(-)	(-)	(3.28)
31 March, 2021	-	-	-	-	-	-
PathLabs Unifiers Private Limited	(0.08)	(-)	(-)	(-)	(-)	(0.08)
31 March, 2021	39.78	-	-	-	-	39.78
Total	(30.53)	(-)	(-)	(-)	(-)	(30.53)
iii. Loans						
Mr. Ved Prakash Goel	-	-	1.23	-	-	1.23
31 March, 2021	(-)	(-)	(1.83)	(-)	(-)	(1.83)
31 March, 2020	-	-	1.23	-	-	1.23
31 March, 2021	(-)	(-)	(1.83)	(-)	(-)	(1.83)
iv. Other financial assets						
Particulars						
Security deposits						
Eskay House HUF - Dr. Arvind Lal	-	-	-	-	-	-
31 March, 2021	(-)	(0.64)	(-)	(-)	(-)	(0.64)
31 March, 2020	-	-	-	-	-	-
Total	(-)	(0.64)	(-)	(-)	(-)	(0.64)

(Figures in bracket relates to previous year)
(in ₹ million, unless otherwise stated)

Particulars	Subsidiaries	Entities in which KMP can exercise significant influence	Key Management Personnel	Relatives of key management personnel	Other related parties	Grand Total
v. Trade payables						
Central Clinical Laboratory	-	-	-	-	-	-
31 March, 2021						
31 March, 2020	(-)	(0.09)	(-)	(-)	(-)	(0.09)
Paliwal Diagnostics Private Limited	-	-	-	-	-	-
31 March, 2021						
31 March, 2020	(0.36)	(-)	(-)	(-)	(-)	(0.36)
APL Institute of Clinical Laboratory & Research Private Limited	-	-	-	-	-	-
31 March, 2021						
31 March, 2020	(0.08)	(-)	(-)	(-)	(-)	(0.08)
APRL PathLabs Private Limited	-	-	-	-	-	-
31 March, 2021						
31 March, 2020	(0.05)	(-)	(-)	(-)	(-)	(0.05)
Total						
31 March, 2021	-	-	-	-	-	-
31 March, 2020	(0.49)	(0.09)	(-)	(-)	(-)	(0.58)

*The remuneration to the key managerial personnel and their relatives does not include the provision made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

**Excludes share based expenses accounted for during the year related to RSU Plan, 2016

*** Shares directly issued to the employees by the EWT Trust @ ₹ 10.00 (Previous year @ ₹ 10) per equity share of ₹ 10/- each.

**** Shares directly issued to the employees by the Company @ ₹ 110.80 per equity share of ₹ 10/- each.

***** Represents contribution towards corpus fund. Amount is included in advance recoverable under other non-current assets.

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39. During the year ended 31 March 2021, the Company has made a further investment of ₹ 225.00 million in its wholly owned subsidiary Company, PathLabs Unifiers Private Limited, through subscription of additional 9,576,923 equity shares (1,500,000 equity shares of ₹ 10 each at a premium of ₹ Nil per share and 8,076,923 equity shares of ₹ 10 each at a premium of ₹ 26 per share).

Subsequent to the year ended 31 March 2021, the Company has made a further investment of ₹ 45.00 million in its wholly owned subsidiary Company, PathLabs Unifiers Private Limited, through subscription of additional 1,730,769 equity shares of ₹ 10 each at a premium of ₹ 26 per share.

During the previous year ended 31 March 2020, the Company had made a further investment of ₹ 599.00 million and ₹ 9.00 million in its wholly owned subsidiary Companies, PathLabs Unifiers Private Limited and Dr. Lal Ventures Private Limited, respectively through subscription of additional equity shares.

40. During the year ended 31 March, 2021, the Company has made a further investment of ₹ 40.00 million (KES 59 million) in its wholly owned subsidiary, Dr. Lal PathLabs Kenya Private Limited, through subscription of additional equity shares of 58,598 shares of KES 1,000.

During the previous year ended 31 March 2020, the Company had formed a new wholly owned foreign subsidiary, "Dr. Lal PathLabs Kenya Private Limited" in Kenya. The Company had subscribed to equity share capital amounting to KES 10 million (₹ 7.10 million) consisting of 9,880 shares of KES 1,000

41. The Board of Directors of the company in their meeting held on 3 February, 2020 had approved the "Scheme of Amalgamation" of APL Institute of Clinical Laboratory & Research Private Limited (APL), a wholly owned subsidiary, with the Company w.e.f. 1 April, 2020 (the appointed date). As per the said scheme the undertaking of this company shall stand transferred to and vested in the Company on a going concern basis without any further act, deed of matter. The scheme of amalgamation is subject to approval by the National Company Law Tribunal and other statutory approvals.

42. In light of Section 135 of the Companies Act, 2013, the Company has incurred expenses on Corporate Social Responsibility (CSR) aggregating to ₹ 57.42 Million (Previous year ₹ 52.28 Million) for CSR activities.

(in ₹ million, unless otherwise stated)

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
a) Gross amount required to be spent by the Company during the year	57.42	52.28
b) Amount spent during the year on the following in cash		
i. Construction/ acquisition of any asset	Nil	Nil
ii. On purpose other than (i) above	57.42*	52.28*

* The Company has contributed ₹ 47.42 Million (Previous year ₹ 52.28 Million) to "Lal PathLabs Foundation" which is carrying out Corporate Social Responsibility (CSR) activities on behalf of the Company, as mentioned in Schedule VII of Companies Act, 2013.

43. Employee benefit plans

43.1 Defined contribution plans

The Company operates defined contribution retirement benefit plans for all its qualifying employees. Where employees leave the plans prior to full vesting of the contributions, the contributions payable by the Company are reduced by the amount of forfeited contributions.

Employee benefit under defined contribution plan comprising of provident fund is recognised based on the amount of obligation of the Company to contribute to the plan. The contribution is paid to Provident Fund authorities which is expensed during the year.

The total expense recognised in profit or loss of ₹ 92.04 million (for the year ended 31 March, 2020: ₹ 90.75 million) represents contributions payable to provident fund by the Company at rates specified in the rules of the plans. As at 31 March, 2021, contributions of ₹ 16.05 million (as at 31 March, 2020: ₹ 15.63 million) due in respect of the reporting period had not been paid over to the plans. The amounts were paid subsequent to the end of the respective reporting periods.

43.2 Defined benefit plans

Gratuity: The Company operates a funded gratuity benefit plan. Gratuity liability arises on retirement, withdrawal, resignation, and death of an employee. The aforesaid liability is calculated on the basis of 15 days salary for each completed year of service, subject to a maximum of ₹ 2.00 million. Vesting occurs upon completion of 4.5 years of service.

The present value of the defined benefit obligation and the related current service cost are measured using the Projected Unit Credit method with actuarial valuations being carried out at each balance sheet date.

43.3 The Company is exposed to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. When there is a deep market for such bonds; if the return on plan assets is below this rate, it will create a plan deficit. Currently, for these plans, investments are made in Insurer managed funds.
Interest risk	A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

43.4 Actuary assumptions - Gratuity:

Date of Valuation	Refer note below	As at 31 March, 2021	As at 31 March, 2020
Discount rate (per annum)	1	6.94%	6.70%
Rate of salary increase (per annum)	2	10-12%	9-12%
Rate of return (per annum)	3	6.94%	6.70%
Retirement age		60 years	60 years
Attrition rate		5-13.77%	2-14%
Mortality table		Indian Assured Lives Mortality (2012-2014)	Indian Assured Lives Mortality (2012-2014)

Notes:

1. The discount rate is based on the prevailing market yield of India Government securities as at the balance sheet date for the estimated term of obligations.
2. The estimate of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.
3. The expected return is based on the expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

43.5 Amounts recognised in the financial statements before allocation in respect of these defined benefit plan are as follows:

(in ₹ million, unless otherwise stated)		
Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Service cost :		
Current service cost	35.63	30.70
Past service cost and (gain)/loss from settlements	-	-
Net interest expense	3.86	4.53
Components of defined benefit costs recognised in employee benefit expenses	39.49	35.23
Remeasurement on the net defined benefit liability:		
Return on plan assets (excluding amounts included in net interest expense)	(1.66)	(1.79)
Actuarial (gains)/losses arising from changes in demographic assumptions	0.81	2.95
Actuarial (gains)/losses arising from changes in financial assumptions	9.93	17.59
Actuarial (gains)/losses arising from experience adjustments	0.45	(3.85)
Components of remeasurement	9.53	14.90
Total	49.02	50.13

43.6 Movements in the present value of the defined benefit obligation are as follows:

Particulars	(in ₹ million, unless otherwise stated)	
	Year ended 31 March, 2021	Year ended 31 March, 2020
Opening defined benefit obligation	225.01	174.32
Current service cost	35.63	30.70
Interest cost	15.58	13.34
Remeasurement (gains)/losses:		
Actuarial gains and losses arising from changes in demographic assumptions	0.81	2.95
Actuarial gains and losses arising from changes in financial assumptions	9.93	17.59
Actuarial gains and losses arising from experience adjustments	0.45	(3.85)
Past service cost, including losses/(gains) on curtailments	-	-
Benefits paid	(11.23)	(10.04)
Closing defined benefit obligation	276.18	225.01

43.7 The amount included in the Standalone Balance sheet arising from the entity's obligation in respect of its defined benefit plan is as follows :

Particulars	(in ₹ million, unless otherwise stated)	
	As at 31 March, 2021	As at 31 March, 2020
Present value of funded defined benefit obligation	276.18	225.01
Fair value of plan assets	227.29	175.13
Net liability arising from defined benefit obligation	48.89	49.88

43.8 Movements in the fair value of the plan assets are as follows :

Particulars	(in ₹ million, unless otherwise stated)	
	Year ended 31 March, 2021	Year ended 31 March, 2020
Opening fair value of plan assets	175.13	119.29
Interest income	11.73	8.82
Remeasurement gain (loss):		
Return on plan assets (excluding amounts included in net interest expense)		
Actuarial gain/ (loss) on plan assets	1.66	1.79
Contributions from the employer	50.00	56.60
Benefits paid	(11.23)	(11.37)
Closing fair value of plan assets	227.29	175.13

Expected contribution in respect of Gratuity for next year will be ₹ 48.89 million (For the year ended 31 March, 2020 ₹ 49.88 million)

43.9 The fair value of the plan assets at the end of the reporting period for each category, are as follows.

Particulars	(in ₹ million, unless otherwise stated)	
	As at 31 March, 2021	As at 31 March, 2020
Insurer managed funds	227.29	175.13

43.10 Sensitivity analysis

Below is the sensitivity analysis determined for significant actuarial assumptions for the determination of defined benefit obligations and based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period while holding all other assumptions constant.

Particulars	(in ₹ million, unless otherwise stated)	
	As at 31 March, 2021	As at 31 March, 2020
Discount rate		
- Impact due to increase of 100 basis points	(20.94)	(14.90)
- Impact due to decrease of 100 basis points	22.04	16.94
Salary increase		
- Impact due to increase of 100 basis points	19.44	13.78
- Impact due to decrease of 100 basis points	(17.79)	(13.23)
Withdrawal Rate		
- Impact due to 25% increase	(7.35)	(6.90)
- Impact due to 25% decrease	8.42	8.18

44. Financial instruments

(a) Capital management

The Company's objectives when managing capital is to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders.

In order to maintain or adjust the capital structure, the Company adjusts the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Company has investments in fixed deposits with banks and in mutual fund schemes wherein underlying portfolio is spread across securities issued by different issuers having different credit ratings. The credit risk of investments in debt mutual fund schemes is managed through investment policies and guidelines requiring adherence to stringent credit control norms based on external credit ratings.

The Company has no outstanding debt as at the end of reporting periods. Accordingly, the Company has not calculated gearing ratio as at 31 March, 2021 and 31 March, 2020.

(b) Financial risk management objective and policies

This section gives an overview of the significance of financial instruments for the Company and provides additional information on the balance sheet. Details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2.

Financial assets and liabilities:

The accounting classification of each category of financial instruments, and their carrying amounts, are set out below:

As at 31 March, 2021

Financial assets	(in ₹ million, unless otherwise stated)				
	FVTPL	FVTOCI	Amortised cost	Total	Carrying value
Investments	502.14	-	-	502.14	502.14
Trade receivables	-	-	635.37	635.37	635.37
Cash and cash equivalents	-	-	2,316.65	2,316.65	2,316.65
Bank balances other than cash and cash equivalents above	-	-	6,569.68	6,569.68	6,569.68
Loans	-	-	8.62	8.62	8.62
Other financial assets	33.93	-	385.36	419.29	419.29
Total	536.07	-	9,915.68	10,451.75	10,451.75
Financial liabilities	(in ₹ million, unless otherwise stated)				
	FVTPL	FVTOCI	Amortised cost	Total	Carrying value
Trade payables	-	-	1,355.72	1,355.72	1,355.72
Other financial liabilities	-	-	1,776.34	1,776.34	1,776.34
Total	-	-	3,132.06	3,132.06	3,132.06

As at 31 March, 2020

(in ₹ million, unless otherwise stated)

Financial assets	FVTPL	FVTOCI	Amortised cost	Total	Carrying value
Investments	1,588.91	-	-	1,588.91	1,588.91
Trade receivables	-	-	502.52	502.52	502.52
Cash and cash equivalents	-	-	1,892.43	1,892.43	1,892.43
Bank balances other than cash and cash equivalents above	-	-	3,599.51	3,599.51	3,599.51
Loans	-	-	9.30	9.30	9.30
Other financial assets	30.39	-	427.31	457.70	457.70
Total	1,619.30	-	6,431.07	8,050.37	8,050.37
Financial liabilities	FVTPL	FVTOCI	Amortised cost	Total	Carrying value
Trade payables	-	-	1,127.45	1,127.45	1,127.45
Other financial liabilities	-	-	1,602.07	1,602.07	1,602.07
Total	-	-	2,729.52	2,729.52	2,729.52

Investment in subsidiaries are financial assets, however they are not included in the above table, since they are measured at cost.

(c) Fair value measurement

This note provides information about how the Company determines fair values of various financial assets.

(in ₹ million, unless otherwise stated)

Financial assets	Fair value		Fair value hierarchy	Valuation technique(s) and key input(s)
	As at 31 March, 2021	As at 31 March, 2020		
Current investments:				
Investment in mutual funds*	502.14	1,588.91	Level II	NAV declared by respective Asset Management Companies.
Surrender value of keyman insurance policy	33.93	30.39	Level II	Surrender value declared by insurance companies

* Short-term marketable securities not traded in active markets are determined by reference to quotes from the financial institutions; for example: Net asset value (NAV) for investments in mutual funds declared by mutual fund house.

Fair value of financial assets and financial liabilities that are not measured at fair value

Management considers that the carrying amounts of financial assets and financial liabilities recognised in the Standalone Financial Statements, except note no. 6, are at approximate of their fair values.

(d) Risk management framework

The Company's business is subject to several risks and uncertainties including financial risks. The Company's documented risk management policies act as an effective tool in mitigating the various financial risks to which the business is exposed to in the course of their daily operations. The risk management policies cover areas such as liquidity risk, interest rate risk, counterparty and concentration of credit risk and capital management. Risks are identified through a formal risk management programme with active involvement of senior management personnel and business managers. The Company's risk management process is in line with the corporate policy. Each significant risk has a designated 'owner' within the Company at an appropriate senior level. The potential financial impact of the risk and its likelihood of a negative outcome are regularly updated.

The risk management process is coordinated by the Management Assurance function and is regularly reviewed by the Company's Audit Committee. The overall internal control environment and risk management programme including financial risk management is reviewed by the Audit Committee on behalf of the board.

The risk management framework aims to:

- improve financial risk awareness and risk transparency
- identify, control and monitor key risks
- identify risk accumulations
- provide management with reliable information on the Company's risk situation
- improve financial returns

Treasury management

The Company's treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyses exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

Treasury management focuses on capital protection, liquidity maintenance and yield maximisation.

Financial risk

The Company's Board of Directors approves financial risk policies comprising liquidity, foreign currency, interest rate and counterparty credit risk. The Company does not engage in the speculative treasury activity but seeks to manage risk and optimise interest through proven financial instruments.

(i) Liquidity risk

The Company requires funds for short-term operational needs and has been rated by CRISIL Limited (CRISIL) for its banking facilities.

The Company remains committed to maintaining a healthy liquidity, gearing ratio and strengthening the balance sheet. The maturity profile of the Company's financial liabilities and realisability of financial assets based on the remaining period from the date of balance sheet to the contractual maturity date is given in the table below. The figures reflect the contractual cash obligation of the Company.

(in ₹ million, unless otherwise stated)					
As at 31 March, 2021					
	<1 year	1-3 Years	3-5 Years	> 5 Years	Total
<u>Non-current</u>					
Other non current financial liabilities	-	658.74	484.35	586.83	1,729.92
<u>Current</u>					
Trade payables	1,355.72	-	-	-	1,355.72
Other current financial liabilities	738.92	-	-	-	738.92
Total	2,094.64	658.74	484.35	586.83	3,824.56
(in ₹ million, unless otherwise stated)					
As at 31 March, 2020					
	<1 year	1-3 Years	3-5 Years	> 5 Years	Total
<u>Non-current</u>					
Other non current financial liabilities	-	456.13	277.88	169.59	903.60
<u>Current</u>					
Trade payables	1,127.45	-	-	-	1,127.45
Other current financial liabilities	698.47	-	-	-	698.47
Total	1,825.92	456.13	277.88	169.59	2,729.52

As at 31 March, 2021, the Company had access to funding facilities of ₹ 200 million (entire amount not drawn) as set out below:

	(in ₹ million, unless otherwise stated)		
	Total Facility	Drawn	Undrawn
Secured cash credit facility at variable rate of interest, reviewed annually and payable at call	200.00	-	200.00
Total	200.00	-	200.00

As at 31 March, 2020, the Company had access to funding facilities of ₹ 100 million (entire amount not drawn) as set out below:

	(in ₹ million, unless otherwise stated)		
	Total Facility	Drawn	Undrawn
Secured cash credit facility at variable rate of interest, reviewed annually and payable at call	100.00	-	100.00
Total	100.00	-	100.00

(ii) **Interest rate risk**

Fixed rate financial assets are largely interest bearing fixed deposits held by the Company. The returns from these financial assets are linked to bank rate notified by Reserve Bank of India as adjusted on periodic basis. The Company does not charge interest on overdue trade receivables. Trade payables are non interest bearing and are normally settled up to 30 days terms. Mutual fund investments have debt securities as underlying assets and are exposed to floating interest rates.

The exposure of the Company's financial assets as at 31 March, 2021 to interest rate risk is as follows:

	(in ₹ million, unless otherwise stated)			
	Floating rate	Fixed rate	Non interest bearing	Total
Non-current				
Loans	-	-	0.70	0.70
Other financial assets	-	0.13	54.03	54.16
	-	0.13	54.73	54.86
Current				
Investments	502.14	-	-	502.14
Trade receivables	-	-	635.37	635.37
Cash and cash equivalents	-	2,137.12	179.53	2,316.65
Bank balances other than cash and cash equivalents above	-	6,567.43	2.25	6,569.68
Loans	-	-	7.92	7.92
Other financial assets	-	-	365.13	365.13
	502.14	8,704.55	1,190.20	10,396.89
Total	502.14	8,704.68	1,244.93	10,451.75
Range of interest rate applicable	6.00% - 8.00% p.a.			

The exposure of the Company's financial liabilities as at 31 March, 2021 to interest rate risk is as follows:

	(in ₹ million, unless otherwise stated)			
	Floating rate	Fixed rate	Non interest bearing	Total
Non-current				
Other financial liabilities	-	-	1,037.42	1,037.42
	-	-	1,037.42	1,037.42
Current				
Trade payables	-	-	1,355.72	1,355.72
Other financial liabilities	-	-	738.92	738.92
	-	-	2,094.64	2,094.64
Total	-	-	3,132.06	3,132.06

The exposure of the Company's financial assets as at 31 March, 2020 to interest rate risk is as follows:

	(in ₹ million, unless otherwise stated)			
	Floating rate	Fixed rate	Non interest bearing	Total
Non-current				
Loans	-	-	0.26	0.26
Other financial assets	-	100.70	30.62	131.32
	-	100.70	30.88	131.58
Current				
Investments	1,588.91	-	-	1,588.91
Trade receivables	-	-	502.52	502.52
Cash and cash equivalents	-	1,810.73	81.70	1,892.43
Bank balances other than cash and cash equivalents above	-	3,597.55	1.96	3,599.51
Loans	-	-	9.04	9.04
Other financial assets	-	-	326.38	326.38
	1,588.91	5,408.28	921.60	7,918.79
Total	1,588.91	5,508.98	952.48	8,050.37
Range of interest rate applicable		5.00% - 7.95% p.a.		

The exposure of the Company's financial liabilities as at 31 March, 2020 to interest rate risk is as follows:

	(in ₹ million, unless otherwise stated)			
	Floating rate	Fixed rate	Non interest bearing	Total
Non-current				
Other financial liabilities	-	-	903.60	903.60
	-	-	903.60	903.60
Current				
Trade payables	-	-	1,127.45	1,127.45
Other financial liabilities	-	-	698.47	698.47
	-	-	1,825.92	1,825.92
Total	-	-	2,729.52	2,729.52

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates at the end of the reporting period. For floating rate assets, the analysis is prepared assuming the amount of the assets balance at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

	(in ₹ million, unless otherwise stated)	
Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Impact on profit or loss for the year for increase in interest rate	43.52	27.54
Impact on profit or loss for the year for decrease in interest rate	(43.52)	(27.54)

(iii) **Credit risk**

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and after obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company is exposed to credit risk for receivables, cash and cash equivalents, bank balances other than cash and cash equivalents, investments and loans.

Credit risk management considers available reasonable and supportable forward-looking information including indicators like external credit rating (as far as available), macro-economic information (such as regulatory changes, government directives, market interest rate).

Only high rated banks are considered for placement of deposits. Bank balances are held with reputed and creditworthy banking institutions.

For short-term investments, counterparty limits are in place to limit the amount of credit exposure to any one counterparty. Defined limits are in place for exposure to individual counterparties in case of mutual funds schemes.

None of the Company's cash equivalents are past due or impaired. Regarding trade and other receivables, the Company has accounted for impairment based on expected credit losses method as at 31 March, 2021 and 31 March, 2020 based on expected probability of default.

(iv) **Price risks**

The sensitivity of profit or loss in respect of investments in mutual funds at the end of the reporting period for +/-5% change in net asset value is presented below:

Profit before tax for the year ended 31 March, 2021 would increase/decrease by ₹ 25.11 million (for the year ended 31 March, 2020 would increase/ decrease by ₹ 79.45 million) as a result of the changes in net asset value of investment in mutual funds.

45. Share based payments**45.1 Employee Share Option Plan-2010****45.1.1 Details of employee share based plan of the Company**

The shareholders of the Company approved 'Dr. Lal PathLabs Private Limited Employee Stock Option Plan 2010' ("ESOP 2010") at the Annual General Meeting held on 20 August, 2010 to grant a maximum of 3,808,960 options to specified categories of employees of the Company. Each option granted and vested under the ESOP 2010 shall entitle the holder to acquire 1 equity share of ₹ 10 each. The Company had granted 3,730,340 options till the year ended 31 March, 2015, all of which have all been vested as at 31 March 2019. As per resolution passed on 21 August, 2015, the Company approved to cease any further grants under the ESOP 2010.

The following ESOP 2010 tranches were in existence during the current year:

Grant date	Number	Expiry date	Exercise price (in ₹)	Fair Value at grant date (in ₹)
1 September, 2010	2,972,160	Refer Note 1 below	110.80	168.92
23 January, 2015	162,180	Refer Note 1 below	311.30	490.42

Note 1: All options vest after 48-60 months from date of grant subject to satisfaction of vesting conditions. The exercise period is five years from the date on which the Company's shares were listed on a recognised stock exchange in India or a period of 10 years from date of respective vesting, whichever period ends later. Options not exercised within exercise period lapses.

45.1.2 Fair value of share options granted in the year

There were no options granted during the years ended 31 March, 2021 and 31 March, 2020.

45.1.3 Movements in share options during the year

The reconciliation of share options outstanding at the beginning and end of the year:

Particulars	2020-21		2019-20	
	Number of options	Weighted average exercise price (in ₹)	Number of options	Weighted average exercise price (in ₹)
Balance at beginning of year	141,983	311.30	145,250	306.79
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	3,267	110.80
Expired during the year	-	-	-	-
Balance at end of year	141,983	311.30	141,983	311.30

45.1.4 Share options exercised during the year

No share options were exercised during the year.

45.1.5 Share options outstanding at the end of the year

The share options outstanding at the end of the year has a weighted average exercise price of ₹ 311.30 (as at 31 March, 2020: ₹ 311.30) and a weighted average remaining contractual life of years 6.13 (as at 31 March, 2020: 7.13 years)

45.2 Restricted Share Option Plan

45.2.1 Details of employee share based plan of the Company

The shareholders of the Company approved 'Dr. Lal PathLabs Employees Restricted Stock Unit Plan 2016' ('RSU 2016') at the Annual General Meeting held on 28 July, 2016 to grant a maximum of 1,244,155 Restricted Stock Units ("RSUs") to key employees and directors of the Company. Each RSU granted and vested shall entitle the holder to acquire 1 equity share of ₹ 10 each. Under RSU 2016, for the performance year 2016-17, options of ₹ 10 each granted to eligible employees is 225,000 out of which 6,225 options were forfeited on non satisfaction of vesting conditions. For the performance year 2017-18, options of ₹ 10 each granted to eligible employees is 225,716 and 9,602 options were forfeited on non satisfaction of vesting conditions. Further, for the performance year 2018-19, options of ₹ 10 each granted to eligible employees is 219,132 and 28,498 options were forfeited on non satisfaction of vesting conditions. Further, for the performance year 2019-20, options of ₹ 10 each granted to eligible employees is 213,841 and 27,631 options were forfeited on non satisfaction of vesting conditions.

Further, for the performance year 2020-21, options of ₹ 10 each granted to eligible employees is 112,200 and 12,468 options were forfeited on non satisfaction of vesting conditions. The Company has accounted for the expense of options proportionately for the period under employee cost on the basis of weighted average fair value.

The following share- based payment arrangements were in existence during the current and prior years:

Option series	Number	Grant date	Expiry date	Exercise Price (in ₹)	Fair Value at grant date (in ₹)
Series 1	203,400	29 July, 2016	Refer Note 1 below	10.00	943.00
Series 2	3,600	1 August, 2016	Refer Note 1 below	10.00	953.59
Series 3	8,000	21 September, 2016	Refer Note 1 below	10.00	1,182.34
Series 4	10,000	10 October, 2016	Refer Note 1 below	10.00	1,030.56
Series 5	214,716	7 August, 2017	Refer Note 1 below	10.00	795.15
Series 6	11,000	8 February, 2018	Refer Note 1 below	10.00	854.73
Series 7	210,132	10 August, 2018	Refer Note 1 below	10.00	908.45
Series 8	9,000	6 November, 2018	Refer Note 1 below	10.00	855.73
Series 9	213,841	13 August, 2019	Refer Note 1 below	10.00	1,045.81
Series 10	112,200	31 July, 2020	Refer Note 1 below	10.00	1,811.83

Note 1: All options vest after 1 year but within 4 years of date of grant subject to satisfaction of vesting conditions. The exercise period is five years from the date of respective vesting or such other shorter period as may be decided by the Nomination and Remuneration Committee from time to time. Options not exercised within the exercise period lapse.

45.2.2 Fair value of share options granted in the year

The fair value of the options, calculated by an external valuer, was estimated on the date of grant using the Black-Scholes model with the following significant assumptions:

Option Series	Series 1	Series 2	Series 3	Series 4	Series 5	Series 6	Series 7	Series 8	Series 9	Series 10
Grant date share price	961.75	972.50	1,201.35	1,049.65	814.25	873.40	939.45	886.75	1,086.45	1,881.05
Exercise price (in ₹)	10	10	10	10	10	10	10	10	10	10
Expected volatility	31.58%	31.58%	31.58%	31.58%	31.48%	21.71%	22.33%	25.66%	31.79%	32.28%
Option life	6-9 Years	6-9 Years	6-9 Years	6-9 Years	6-9 Years	6-9 Years	6-9 Years	6-9 Years	6-9 Years	6-9 Years
Dividend yield	0.18%	0.18%	0.15%	0.17%	0.22%	0.20%	0.35%	0.37%	0.41%	0.53%
Risk-free interest rate	7.32%-7.36%	7.29%-7.35%	6.90%-7.18%	6.76%-6.96%	6.65%-6.96%	7.73%-8.03%	7.99%-8.19%	7.92%-8.01%	6.69%-6.98%	5.65%-5.96%

45.2.3 Movements in share options during the year

The following reconciles the share options outstanding at the beginning and end of the year:

Particulars	2020-21		2019-20	
	Number of options	Weighted average exercise price (in ₹)	Number of options	Weighted average exercise price (in ₹)
Balance at beginning of year	603,601	10.00	548,656	10.00
Granted during the year	112,200	10.00	213,841	10.00
Forfeited during the year	12,468	10.00	27,631	10.00
Exercised during the year	148,521	10.00	131,265	10.00
Expired during the year	-	-	-	-
Balance at end of year	554,812	10.00	603,601	10.00

45.2.4 Share options exercised during the year

The following share options were exercised during the year.

Option series	Number exercised	Exercise date	Share price at exercise date
Series 1	39,306	Various dates	1,931.3*
Series 2	88	7 March, 2021	1,671.73
Series 3	-	-	-
Series 4	2,500	Various dates	2,200.08*
Series 5	45,442	Various dates	2,118.73*
Series 6	2,250	Various dates	2,362.22*
Series 7	34,081	Various dates	1,935.31*
Series 8	1,800	Various dates	2,169.28
Series 9	23,054	Various dates	1,913.63*
Series 10	-	-	-

*weighted average share price during the period

45.2.5 Share options outstanding at the end of the year

The share options outstanding at the end of the year has a weighted average exercise price of ₹ 10 (as at 31 March, 2020: ₹ 10) and a weighted average remaining contractual life of 5.96 years (as at 31 March, 2020: 6.37 years)

46. Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" to its leases using the modified retrospective approach with the option to measure the right-of-use asset at an amount equal to the lease liability (i.e. as per para C8(c) (ii) of Ind AS 116), adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application.

The Company has applied this standard to land leases and building leases etc. to evaluate whether these contracts contains lease or not. Based on evaluation of the terms and conditions of the arrangements, the Company has evaluated such arrangements to be leases. Under this standard, all lease contracts, with limited exceptions, are recognised in the financial statements by way of right-of-use assets and corresponding lease liabilities.

When measuring lease liabilities, the weighted average discount rate used to calculate the lease liability in the opening balance under Ind AS 116 on April 1, 2019 was 11.25%.

On transition, the adoption of the new standard had resulted in reclassification of ₹ 81.41 million from property, plant and equipment to right-of-use assets, reclassification of ₹ 76.35 million from prepaid rent- Other non-current assets to right-of-use assets, reclassification of ₹ 0.82 million from prepaid rent- Other current assets to right-of-use assets, reclassification of ₹ 12.17 million from Payment obligation- leasehold land- Other financial liabilities - non current to lease liabilities and reclassification of ₹ 1.53 million from Payment obligation- leasehold land- Other financial liabilities - current to lease liabilities. There had been no impact on the retained earnings on initial application of the standard.

The Company recognises a lease liability measured at the present value of the remaining lease payments. The right-of-use assets are recognised at cost, which comprises the amount of the measurement of the lease liability adjusted for any lease payments made at or before the inception date of the lease

The Company has cash outflows for lease of underlying assets amounting to ₹ 395.23 (31 March, 2020: 371.56 million) out of which rent charges is amounting to ₹ 27.38 million (31 March, 2020: 32.60 million) which includes rentals for short term lease and low value lease.

Payments recognised as an expenses

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Short term lease	27.38	32.60
Low value assets	-	-

Details of lease liability:

The following is the movement in lease liabilities during the year:

(in ₹ million, unless otherwise stated)

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Balance as at beginning of the year	1,249.02	-
Transition impact of Ind AS 116	-	13.70
Additions	421.51	1,451.72
Finance cost accrued during the period	148.02	146.14
Payment/adjustment of lease liabilities	(367.85)	(338.96)
Derecognition of lease liability	(37.02)	(23.58)
Balance as at end of the year	1,413.68	1,249.02
Current	376.26	345.42
Non-current	1,037.42	903.60

The table below provides details regarding the contractual maturities of lease liabilities on undiscounted basis:

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Less than one year	376.26	345.42
One to five years	1,143.09	1021.09
More than five years	586.83	485.87
Total	2,106.18	1852.38

Details of right-of-use asset:

The following is the movement in right-of-use asset during the year ended:

(in ₹ million, unless otherwise stated)

Particulars	Land	Buildings
As at 1 April, 2019	-	-
Transition impact of Ind AS 116	158.58	-
Additions	1.68	1,450.04
Deletions	-	(22.25)
Depreciation expense	(1.64)	(283.52)
As at 31 March, 2020	158.62	1,144.27
Additions	-	421.51
Deletions	-	(33.70)
Depreciation expense	(1.64)	(290.37)
As at 31 March, 2021	156.98	1,241.72

47. In February 2019, the Hon'ble Supreme Court of India vide its judgment and subsequent dismissal of the review petition in August 2019 had ruled in respect of compensation for the purpose of Provident Fund contribution under the Employee's Provident Fund Act. The Company has assessed possible outcomes of the judgment on determination of provident fund contributions and based on the legal opinion obtained and current evaluation, the Company believes it is not probable that certain components paid by the Company will be subject to payment of Provident Fund due to the Supreme Court order. The Company will continue to monitor and evaluate its position based on future events and developments.
48. The Indian Parliament has approved the Code on Social Security, 2020 ('the Code') which, inter alia, deals with employee benefits during employment and post-employment. The Code has been published in the Gazette of India. The effective date of the Code is yet to be notified and the rules for quantifying the financial impact are also yet to be issued. In view of this, the impact of the change, if any, will be assessed and recognised post notification of the relevant provisions.
49. Disclosure pursuant to section 186 of the Companies Act 2013:

Sr. No.	Nature of the transaction (loans given/ Investment made/ guarantee given/ security provided)	As at 31 March, 2021	As at 31 March, 2020
1	Loan and advances	-	-
2	Other advances	-	-
3	Guarantees	-	-
4	Investments in fully paid equity instruments and current investments	Refer Note 6 and 13	Refer Note 6 and 13

50. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
51. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
52. The Standalone Financial Statements were approved by the Board of Directors and authorised for issue on 21 May, 2021.

For and on behalf of the Board of Directors of
Dr. Lal PathLabs Limited

(Hony) Brig. Dr. Arvind Lal
(DIN: 0576638)
[Executive Chairman]
Place: New Delhi
Date: 21 May, 2021

Ved Prakash Goel
[Chief Financial Officer]
Place: Gurugram
Date: 21 May, 2021

Bharath U
[Chief Executive Officer]
Place: Gurugram
Date: 21 May, 2021

Dr. Om Prakash Manchanda
(DIN: 02099404)
[Managing Director]
Place: Gurugram
Date: 21 May, 2021

Rajat Kalra
[Company Secretary]
Place: New Delhi
Date: 21 May, 2021

CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To The Members of Dr. Lal PathLabs Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Dr. Lal PathLabs Limited ("the Parent") and its subsidiaries, (the Parent and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31 March, 2021, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial statements of the subsidiaries referred to in the Other Matters section below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS"), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March, 2021, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143 (10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the sub-paragraphs (a) of the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a

separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	Revenue recognition – Reliance on information technology and system for controls over pricing master file We identified reliance on information technology and system for controls over pricing master file as a key audit matter due to a likelihood of material misstatement in revenue recognition, resulting from unauthorised alterations to the pricing master file, on account of high volume of patient transactions. Refer to notes 2.3 and 28 to the consolidated financial statements.	The principal audit procedures performed by us as the Parent Company auditor's and the procedures performed by the Other Auditors, as reported by them, have been provided below: • Obtained an understanding of and assessed and tested the design, implementation and operating effectiveness of relevant internal controls relating to authorisation of alterations to the pricing master file. • Tested the controls around the access rights to the price masters by involving information technology specialists. • Tested the automated controls for auto pick of the prices defined in the system based on the tests selected. • Tested the reports of changes in the pricing master files for completeness and accuracy by involving information technology specialists and for the selected samples of alterations during the year, verified that the changes were authorised. • Selected samples of the invoices and verified the billed price in respect thereof, to the underlying agreements.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Director's Report including annexures to Director's Report, Business Responsibility Report and Report on Corporate Governance, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.
- 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, compare with the financial statements of the subsidiaries audited by the other auditors, to the extent it relates to these entities and,

- in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries, is traced from their financial statements audited by the other auditors.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies 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; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the respective entities 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 either intends to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibility 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 financial 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 Parent has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group 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 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 the 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 the financial statements of such entities or business activities included in the consolidated financial statements of which we are the independent auditors. For the other entities or business activities included in the consolidated financial statements, which have been audited by the 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.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Parent and such other entities 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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.

Other Matters

We did not audit the financial statements of four subsidiaries whose financial statements reflect total assets of ₹ 187 million as at 31 March, 2021, total revenues of ₹ 156 million and net cash inflows amounting to ₹ 29 million 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 subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements above 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 the reports of the other auditors on the separate financial statements of the subsidiaries referred to in the Other Matters section above 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, returns 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 Cash Flow Statement and the Consolidated Statement of Changes in Equity 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 Parent/ Holding Company as on 31 March, 2021 taken on record by the Board of Directors of the Company and the report of the statutory auditor of its subsidiary company incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31 March, 2021 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 over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "ANNEXURE A" which is based on the auditors' reports of the Parent and subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

- i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group - Refer note 38 to the consolidated financial statements.
- ii) The Group did not have any material foreseeable losses on long-term contracts including derivative contracts - Refer note 65 to the consolidated financial statements.
- iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Parent and its subsidiary companies, incorporated in India. - Refer note 66 to the consolidated financial statements.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Place: New Delhi
Date: 21 May, 2021

Jitendra Agarwal
Partner
(Membership No. 87104)
(UDIN:21087104AAAADX7465)

“ANNEXURE A” TO THE INDEPENDENT AUDITOR’S REPORT

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

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended 31 March, 2021, we have audited the internal financial controls over financial reporting of **Dr. Lal PathLabs Limited** (hereinafter referred to as “Parent”) and its subsidiary companies, which are companies incorporated in India, as of that date.

Management’s Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies 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 (ICAI). 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.

Auditor’s Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent and its subsidiary companies which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 over financial reporting was 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary company, which is a company incorporated in India, 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 system over financial reporting of the Parent and its subsidiary companies, which are companies incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting 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 control over financial reporting 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 Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors referred to in the Other Matters paragraph below, the Parent and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2021, based on the criteria for internal financial control over financial reporting established by the respective companies 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.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to one subsidiary company, which is a company incorporated in India, is based solely on the corresponding report of the auditors of such company incorporated in India.

Our opinion is not modified in respect of the above matters.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm’s Registration No. 117366W/W-100018)

Jitendra Agarwal
Partner

Place: New Delhi

Date: 21 May, 2021

(Membership No. 87104)

(UDIN:21087104AAAADX7465)

CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH, 2021

(in ₹ million, unless otherwise stated)			
Particulars	Notes	As at 31 March, 2021	As at 31 March, 2020
Assets			
1. Non-current assets			
(a) Property, plant and equipment	3a	1,575.84	1,572.50
(b) Capital work-in-progress	3a	61.34	103.87
(c) Right-of-use assets	3b	1,482.88	1,344.65
(d) Goodwill	4	853.60	772.26
(e) Other intangible assets	5	560.30	440.76
(f) Intangible assets under development	5	34.78	9.94
(g) Financial assets			
(i) Loans	6	0.70	0.26
(ii) Other financial assets	7	67.80	145.07
(h) Non-current tax assets (net)	8	228.94	185.52
(i) Deferred tax assets (net)	9	280.23	228.50
(j) Other non-current assets	10	15.19	13.27
Total non-current assets		5,161.60	4,816.60
2. Current assets			
(a) Inventories	11	425.58	569.60
(b) Financial assets			
(i) Investments	12	593.03	1,642.75
(ii) Trade receivables	13	667.01	513.88
(iii) Cash and cash equivalents	14	2,442.98	1,967.20
(iv) Bank balances other than (iii) above	15	6,817.30	3,723.96
(v) Loans	16	9.31	9.06
(vi) Other financial assets	17	379.45	337.07
(c) Other current assets	18	117.04	162.94
Total current assets		11,451.70	8,926.46
Total assets		16,613.30	13,743.06
Equity and liabilities			
1. Equity			
(a) Equity share capital	19	833.45	833.45
(b) Other equity	20	11,617.14	9,494.63
Equity attributable to owners of the Company		12,450.59	10,328.08
Non-controlling interests	21	309.56	212.19
Total equity		12,760.15	10,540.27
2. Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	22	1.19	-
(ii) Other financial liabilities	23	1,101.56	929.72
(b) Deferred tax liabilities (net)	9	7.55	-
Total non-current liabilities		1,110.30	929.72
Current liabilities			
(a) Financial liabilities			
(i) Trade payables	24	76.18	63.69
Total outstanding dues of micro enterprises and small enterprises		1,365.10	1,113.66
Total outstanding dues of creditors other than micro enterprises and small enterprises		1,441.28	1,177.35
sub-total		1,441.28	1,177.35
(ii) Other financial liabilities	25	842.99	791.58
(b) Provisions	26	172.17	153.58
(c) Current tax liabilities (net)	8	49.44	1.89
(d) Other current liabilities	27	236.97	148.67
Total current liabilities		2,742.85	2,273.07
Total liabilities		3,853.15	3,202.79
Total Equity and liabilities		16,613.30	13,743.06
See accompanying notes to the Consolidated Financial Statements	1-68		

In terms of our report of even date attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Jitendra Agarwal
Partner

Place: New Delhi
Date: 21 May, 2021

For and on behalf of the Board of Directors of
Dr. Lal PathLabs Limited

(Hony) Brig. Dr. Arvind Lal
(DIN: 0576638)
[Executive Chairman]
Place: New Delhi
Date: 21 May, 2021

Ved Prakash Goel
[Chief Financial Officer]
Place: Gurugram
Date: 21 May, 2021

Bharath U
[Chief Executive Officer]
Place: Gurugram
Date: 21 May, 2021

Dr. Om Prakash Manchanda
(DIN: 02099404)
[Managing Director]
Place: Gurugram
Date: 21 May, 2021

Rajat Kalra
[Company Secretary]
Place: New Delhi
Date: 21 May, 2021

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2021

(in ₹ million, unless otherwise stated)			
Particulars	Notes	Year ended 31 March, 2021	Year ended 31 March, 2020
1. Income			
(a) Revenue from operations	28	15,812.66	13,303.57
(b) Other income	29	513.33	550.45
Total income		16,325.99	13,854.02
2. Expenses			
(a) Cost of materials consumed	30	3,972.61	2,987.04
(b) Employee benefits expense	31	2,737.02	2,426.37
(c) Finance costs	32	160.03	153.12
(d) Depreciation and amortisation expense	33	771.98	728.10
(e) Fees to collection centers/channel partners		2,042.83	1,729.85
(f) Other expenses	34	2,697.43	2,724.51
Total expenses		12,381.90	10,748.99
3. Profit before tax		3,944.09	3,105.03
4. Tax expense			
(a) Current tax	35	1,021.14	838.12
(b) Deferred tax	9	(41.84)	(8.96)
Total tax expense		979.30	829.16
5. Profit for the year (A)		2,964.79	2,275.87
6. Other comprehensive income			
Items that will not be reclassified to profit or loss		(9.24)	(17.17)
- Remeasurement of the defined benefit obligations			
- Income tax in relation to items that will not be reclassified to profit or loss		2.34	4.92
Items that may be reclassified to profit or loss		(1.16)	1.17
- Exchange differences on translation of foreign operations			
- Income tax in relation to the items that will be reclassified to profit or loss		-	-
Total other comprehensive income/ (loss) (B)		(8.06)	(11.08)
7. Total comprehensive income for the year (A+B)		2,956.73	2,264.79
Profit for the year attributable to:			
- Owners of the Company		2,916.21	2,259.41
- Non-controlling interests		48.58	16.46
		2,964.79	2,275.87
Other comprehensive income/ (loss) for the year attributable to:			
- Owners of the Company		(7.80)	(11.23)
- Non-controlling interests		(0.26)	0.15
		(8.06)	(11.08)
Total comprehensive income for the year attributable to:			
- Owners of the Company		2,908.41	2,248.18
- Non-controlling interests		48.32	16.61
		2,956.73	2,264.79
8. Earnings per equity share	36		
- Basic earnings per share (Face value of ₹ 10 each)		35.33	27.42
- Diluted earnings per share (Face value of ₹ 10 each)		35.25	27.37
See accompanying notes to the Consolidated Financial Statements	1-68		

In terms of our report of even date attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Jitendra Agarwal
Partner

Place: New Delhi
Date: 21 May, 2021

For and on behalf of the Board of Directors of
Dr. Lal PathLabs Limited

(Hony) Brig. Dr. Arvind Lal
(DIN: 0576638)
[Executive Chairman]
Place: New Delhi
Date: 21 May, 2021

Ved Prakash Goel
[Chief Financial Officer]
Place: Gurugram
Date: 21 May, 2021

Bharath U
[Chief Executive Officer]
Place: Gurugram
Date: 21 May, 2021

Dr. Om Prakash Manchanda
(DIN: 02099404)
[Managing Director]
Place: Gurugram
Date: 21 May, 2021

Rajat Kalra
[Company Secretary]
Place: New Delhi
Date: 21 May, 2021

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2021

(in ₹ million, unless otherwise stated)			
Particulars	Notes	Year ended 31 March, 2021	Year ended 31 March, 2020
Cash flows from operating activities			
Profit for the year		2,964.79	2,275.87
Adjustments for :			
Tax expense		979.30	829.16
Interest income		(438.75)	(448.93)
Dividend income on current investments		-	(6.81)
Gain on sale or fair valuation of investments		(47.29)	(83.15)
Surrender value of keyman insurance policy		(5.42)	(5.31)
Sundry balances written back		(5.27)	(1.39)
(Profit)/Loss on disposal/discard of property, plant and equipment		1.74	(1.49)
Expense recognised in respect of employee share based compensation		203.74	166.37
Finance cost		160.03	153.12
Depreciation and amortisation expense		771.98	728.10
Provision for impairment of trade receivables and advances		48.87	47.52
Bad debts and advances written off (net)		2.39	11.65
Security deposits amortisation		6.09	3.25
Remeasurement of the defined benefit obligation		(9.24)	(17.17)
Exchange differences on translation of foreign operations		(1.16)	1.17
Operating profit before working capital changes		4,631.80	3,651.96
Changes in working capital:			
Adjustment for (increase)/decrease in operating assets:			
(Increase)/decrease in inventories		144.02	(284.25)
(Increase) in trade receivables		(204.39)	(40.82)
(Increase)/decrease in loans		(0.69)	0.09
(Increase)/decrease in other financial assets		(27.79)	4.38
(Increase)/decrease in other assets		45.42	(48.98)
Adjustment for increase/(decrease) in operating liabilities:			
Increase in trade payables		269.20	380.74
Increase in other financial liabilities		34.05	56.88
Increase in provisions		18.59	19.78
Increase in other liabilities		88.30	33.85
Cash generated from operations		4,998.51	3,773.63
Income taxes paid		(1,017.01)	(934.73)
Net cash generated by operating activities (a)		3,981.50	2,838.90

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2021

(in ₹ million, unless otherwise stated)

Particulars	Notes	Year ended 31 March, 2021	Year ended 31 March, 2020
Cash flows from investing activities			
Payments for purchase of property, plant and equipment		(355.64)	(471.28)
Proceeds from disposal of property, plant and equipment		4.16	6.76
Payments for purchase of other intangible assets		(240.26)	(324.87)
Interest received		396.18	408.16
Payments for business purchase on slump sale basis*		(31.50)	(263.93)
Net cash outflow for investment in subsidiaries		-	(13.66)
Payments for purchase of investments in mutual funds		(3,823.56)	(5,589.72)
Proceeds from sale of investments in mutual funds		4,920.57	5,884.73
Bank deposits placed with the banks		(8,756.59)	(5,435.32)
Bank deposits with banks encashed		5,766.48	5,333.65
Fixed deposits with the body corporates encashed		-	204.36
Net cash used in investing activities (b)		(2,120.16)	(261.12)
Cash flows from financing activities			
Proceeds from exercise of share options		1.49	1.66
Repayment of application money received at the time of IPO		(0.01)	-
Proceeds from issue of preference shares		1.50	-
Interest paid		(2.81)	(0.46)
Repayment of lease liability		(235.27)	(200.26)
Interest paid on lease liability		(155.63)	(150.37)
Dividend paid on equity shares including dividend tax		(994.83)	(1,555.02)
Net cash used in financing activities (c)		(1,385.56)	(1,904.45)
Net increase in cash and cash equivalents (a+b+c)		475.78	673.33
Cash and cash equivalents at the beginning of the year	14	1,967.20	1,293.87
Cash and cash equivalents at the end of the year	14	2,442.98	1,967.20
Components of cash and cash equivalents			
Cash on hand		14.91	8.31
Balance with scheduled banks:			
- on current accounts		180.50	69.50
- on cash credit accounts		66.12	43.03
- deposits with maturity of less than 3 months		2,181.45	1,846.36
Cash and cash equivalents in Cash Flow Statement	14	2,442.98	1,967.20
*Value of assets and liabilities acquired on business purchase through slump sale have been included in movement of respective assets and liabilities			
See accompanying notes to the Consolidated Financial Statements	1-68		

In terms of our report of even date attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Jitendra Agarwal
Partner

Place: New Delhi
Date: 21 May, 2021

For and on behalf of the Board of Directors of
Dr. Lal PathLabs Limited

(Hony) Brig. Dr. Arvind Lal
(DIN: 0576638)
[Executive Chairman]
Place: New Delhi
Date: 21 May, 2021

Ved Prakash Goel
[Chief Financial Officer]
Place: Gurugram
Date: 21 May, 2021

Bharath U
[Chief Executive Officer]
Place: Gurugram
Date: 21 May, 2021

Dr. Om Prakash Manchanda
(DIN: 02099404)
[Managing Director]
Place: Gurugram
Date: 21 May, 2021

Rajat Kalra
[Company Secretary]
Place: New Delhi
Date: 21 May, 2021

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH, 2021

a. Equity share capital

Particulars	(in ₹ million, unless otherwise stated) Amount
Balance as at 1 April, 2019	833.42
Equity share capital issued against share options	0.03
Balance as at 31 March, 2020	833.45
Equity share capital issued against share options	-
Balance as at 31 March, 2021	833.45

b. Other equity

Particulars	Reserves and Surplus							(in ₹ million, unless otherwise stated)		
	Capital reserve	Capital redemption reserve account	Securities premium	General reserve	Share options outstanding account	Treasury shares	Retained earnings	Other comprehensive income	Attributable to owners of the Company	Non-controlling interests
Balance as at 1 April, 2019	(33.00)	4.45	927.62	531.71	280.39	(277.65)	7,188.62	(0.60)	8,621.54	54.83
Profit for the year	-	-	-	-	-	-	2,259.41	-	2,259.41	16.46
Other comprehensive income/ (loss) for the year, net of income tax	-	-	-	-	-	-	(12.40)	1.17	(11.23)	0.15
Total comprehensive income for the year	-	-	-	-	-	-	2,247.01	1.17	2,248.18	16.61
Movement during the period on account of issue of equity shares	-	-	0.33	-	-	-	-	-	0.33	-
Payments of dividends (Refer note 20)	-	-	-	-	-	-	(1,543.11)	-	(1,543.11)	(12.23)
Share options exercised during the year (refer note 20 and 60)	-	-	-	82.83	(117.93)	36.42	-	-	1.32	-
Employee share based compensation expense (Refer note 30)	-	-	-	-	166.37	-	-	-	166.37	-
Non-controlling interests arising on the acquisition of subsidiary Centraph Labs Private Limited (Refer note 21)	-	-	-	-	-	-	-	-	-	137.52
Non-controlling interests arising on the acquisition of subsidiary APRL PathLabs Private Limited (Refer note 21)	-	-	-	-	-	-	-	-	-	15.46
Balance as at 31 March, 2020	(33.00)	4.45	927.95	614.54	328.83	(241.23)	7,892.52	0.57	9,494.63	212.19
Profit for the year	-	-	-	-	-	-	2,916.21	-	2,916.21	48.58
Other comprehensive income/ (loss) for the year, net of income tax	-	-	-	-	-	-	(6.64)	(1.16)	(7.80)	(0.26)
Total comprehensive income for the year	-	-	-	-	-	-	2,909.57	(1.16)	2,908.41	48.32
Payments of dividends (Refer note 20)	-	-	-	-	-	-	(991.13)	-	(991.13)	(4.00)
Share options exercised during the year (refer note 20 and 60)	-	-	-	94.86	(134.57)	41.20	-	-	1.49	-
Employee share based compensation expense (Refer note 30)	-	-	-	-	203.74	-	-	-	203.74	-
Non-controlling interests arising on the acquisition of subsidiary Chanre Laboratory Private Limited (Refer note 21)	-	-	-	-	-	-	-	-	-	52.65
Equity component of preference share capital	-	-	-	-	-	-	-	-	-	0.40
Balance as at 31 March, 2021	(33.00)	4.45	927.95	709.40	398.00	(200.03)	9,810.96	(0.59)	11,617.14	309.56
See accompanying notes to the Consolidated Financial Statements	1-68									11,926.70

In terms of our report of even date attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

For and on behalf of the Board of Directors of
Dr. Lal PathLabs Limited

Jitendra Agarwal
Partner

Place: New Delhi
Date: 21 May, 2021

(Hon'y) Brig. Dr. Arvind Lal
(DIN: 0576638)
[Executive Chairman]
Place: New Delhi
Date: 21 May, 2021

Ved Prakash Goel
[Chief Financial Officer]
Place: Gurugram
Date: 21 May, 2021

Dr. Om Prakash Manchanda
(DIN: 02099404)
[Managing Director]
Place: Gurugram
Date: 21 May, 2021

Rajat Kalra
[Company Secretary]
Place: New Delhi
Date: 21 May, 2021

Bharath U
[Chief Executive Officer]
Place: Gurugram
Date: 21 May, 2021

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Dr. Lal PathLabs Limited ("the Company") is a public company domiciled in India and incorporated on 14 February, 1995 under the provisions of the Companies Act, 1956. The Company is engaged in the business of running laboratories for carrying out pathological investigations of various branches of bio-chemistry, hematology, histopathology, microbiology, electrophoresis, immuno-chemistry, immunology, virology, cytology, and other pathological and radiological investigations.

The equity shares of the Parent Company are listed on The National Stock Exchange of India and Bombay Stock Exchange.

The registered address and principal place of business of the Parent Company is Block E, Sector-18, Rohini, New Delhi-110085.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

The Consolidated Financial Statements comply in all material aspects with Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 (the Act) read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

2.2 Basis of preparation and presentation

These Consolidated Financial Statements have been prepared on the accrual and going concern basis, and the historical cost convention except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- a) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- b) Level 2 inputs are inputs that are observable, either directly or indirectly, other than quoted prices included within level 1 for the asset or liability.
- c) Level 3 inputs are unobservable inputs for the asset or liability reflecting significant modifications to observable related market data or Group's assumptions about pricing by market participants.

2.3 Revenue recognition

The Group's revenue is primarily generated from business of running laboratories for carrying out pathological investigations of various branches of bio-chemistry, haematology, histopathology, microbiology, electrophoresis, immuno-chemistry, immunology, virology, cytology, and other pathological and radiological investigations for customers through various arrangements.

Effective 1 April, 2018, the Group had adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative catch-up transition method, applied to contracts that were not completed as of April 1, 2018. The effect on adoption of Ind AS 115 had been insignificant.

Revenue is measured based on the consideration specified in a contract with a customer. Revenue is recognised at a point in time when the Group satisfies performance obligations by transferring the promised services to its customers. Generally, each test represents a separate performance obligation for which revenue is recognised when the test report is generated i.e. when the performance obligation is satisfied.

For allocating the transaction price, the Group has measured the revenue in respect of each performance obligation of a contract at its relative standalone selling price. The price that is regularly charged for a test when registered separately is the best evidence of its standalone selling price.

The Group has assessed that it is primarily responsible for fulfilling the performance obligation and has no agency relationships. Accordingly the revenue has been recognised at the gross amount and fees to collection centers/channel partners has been recognised as an expense.

Revenues in excess of invoicing are classified as contract assets (referred to as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities, referred to as "unearned revenue". Refer to note 28.

The Group disaggregates revenue from contracts with customers by geography.

2.4 Leasing

On April 1, 2019, The Group had adopted Ind AS 116 "Leases" using the modified retrospective approach by applying the standard to all leases existing at the date of initial application. The Group also elected to use the recognition exemption for lease contracts that, at the commencement date, have a lease term of twelve months or less and do not contain a purchase option ("short-term leases") and lease contracts for which the underlying asset is of low value other than land. ("low value assets").

The standard defines a lease as a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves use of an identified assets, (ii) the Group has substantially all the economic benefits from the use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset.

2.4.1 The Group as a lessee

The Group determines whether an arrangement is a lease at contract inception by establishing if the contract conveys the right to control the use of identified asset for a period of time in exchange for consideration. On commencement date, it recognises a right-of-use asset (ROU) and a corresponding lease liability for all lease arrangements in which it is a lessee, except for short term leases and low value assets. For these short-term and low value leases, the Group recognises the lease payments on straight-line basis over the term of the lease.

The right-of-use asset are initially recognised at cost, which comprises the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the inception date of the lease along with any initial direct costs, restoration obligations and lease incentives received.

The right-of-use assets are measured at cost less any accumulated depreciation and accumulated impairment losses, if any. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or its useful life.

The lease liability is initially measured at present value of the future lease payments over the lease term. The lease payments are discounted using the interest rate implicit in the lease, if it is not readily determinable, using the incremental borrowing rate. For leases with similar characteristics, the Group, on a lease by lease basis, adopts either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole.

The interest cost on lease liability (computed using effective interest method), is expensed in the statement of profit and loss.

Right-of-use assets and lease liability includes the options to extend / terminate the lease before the end of the lease term when it is reasonably certain that this option will be exercised.

The Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract in accordance with Ind AS 116 and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Lease payments have been classified as financing cash flows.

2.4.2 The Group as lessor

Leases for which the Group is a lessor is classified as a finance or operating lease. Whenever the terms of the 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 a straight-line basis over the term of the relevant lease.

2.5 Functional and presentation currency

Items included in the Consolidated Financial Statements

are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Consolidated Financial Statements are presented in Indian rupee (₹), which is the Group's functional and presentation currency.

2.6 Employee benefits

Employee benefits include provident fund, gratuity and compensated absences.

2.6.1 Defined contribution plan

Employee benefit under defined contribution plan comprising of provident fund is recognised based on the amount of obligation of the Group to contribute to the plan. The provident fund contribution is paid to provident fund authorities. The amounts are expensed during the year.

2.6.2 Defined benefit plan

The Group's gratuity plan is a defined benefit plan. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the projected unit credit method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the prevailing market yields on government securities as at the balance sheet date.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in Statement of Profit and Loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and
- Net interest expense or income; and
- Re-measurement

The Group presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The Parent Company has taken various policies with insurer managed funds to meet its obligation towards gratuity. The Parent Company contributes all ascertained liabilities to a gratuity fund administered through a separate trust which is governed by board of trustees. The board of trustee comprises of the officers of the Parent Company. Liability with respect to

the gratuity plan is determined based on an actuarial valuation done by an independent actuary.

The gratuity benefit obligation recognised in the Consolidated Balance Sheet represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under:

- a. In case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- b. In case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the obligation as at the Balance Sheet date.

2.7 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.7.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. Effective April 1, 2019, the Group has adopted Appendix C to Ind AS 12 – Income taxes, which clarifies how to apply the recognition and measurement requirements in Ind AS 12 when there is uncertainty over income tax treatments.

2.7.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the

computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets include Minimum Alternate Tax ('MAT') paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the Balance Sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with asset will be realised.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.7.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.8 Property, plant and equipment

2.8.1 Property, plant and equipment acquired separately

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation less accumulated impairment, if any.

The cost of Property, plant and equipment (PPE) comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses, present value of decommissioning costs (where there is a legal or constructive obligation to decommission) and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use.

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. The other repairs and maintenance of revenue nature are charged to profit or loss during the reporting period in which they are incurred.

Property, plant and equipment are tested for impairment whenever events or changes in circumstances indicate that an asset may be impaired. If an impairment loss is determined, the remaining useful life of the asset is also subject to adjustment. If the reasons for previously recognised impairment losses no longer exists, such impairment losses are reversed and recognised in income. Such reversal shall not cause the carrying amount to exceed the amount that would have resulted had no impairment taken place during the preceding periods.

2.8.2 Depreciation methods, estimated useful lives and residual value

Depreciation on furniture and fixtures is calculated using the straight-line method on a pro-rata basis from the month in which each asset is put to use to allocate their cost, net of their residual values, over their estimated useful lives.

Depreciation on all other property, plant and equipment is provided using the Written Down Value (WDV) Method at the rates computed based on the useful lives of the assets estimated by the management.

Leasehold improvements are depreciated over the useful lives of the assets or the unexpired lease period, whichever, is lower.

Estimated useful life of assets are as follows which is based on technical evaluation of the useful lives of the assets:

Building	30 years
Plant and equipment	13-15 years
Computers	3 years
Furniture and fixtures	5 years
Vehicles	8-10 years

The assets residual values, estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets purchased during the year costing ₹ 5,000 or less are depreciated at the rate of 100%.

Freehold land is not amortised.

2.8.3 Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill such as trademark, non-compete fee and customer relationship are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Significant estimates are required to be made in determining the value of these intangible assets as per Ind AS 103. These valuations are conducted by independent valuation experts. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost

less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

2.8.4 Deemed cost on transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of its property, plant and equipment recognised as at 1 April 2016, measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

2.8.5 Derecognition of tangible assets

A tangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal.

Gains or losses arising from derecognition of a tangible asset, is measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in profit or loss when the asset is derecognised.

2.9 Intangible assets

2.9.1 Intangible assets acquired separately

Trademarks, computer software, customer relationship and non-compete agreement fees are carried at cost which is incurred and stated in the relevant license agreement with the technical knowhow provider less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight line basis over their estimated useful life. The estimated useful lives and amortisation method are reviewed at end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Estimated useful life of intangible assets are as follows

Trademark & Patent-	5-17 years
Customer relationship –	11 - 12 years
Non compete agreement fees -	5 years
Computer software –	5 years

2.9.2 Amortisation methods and useful lives

Trademarks and softwares are amortised on a straight line basis over its estimated useful life i.e. 5 years. An intangible asset is derecognised when no future economic benefits are expected from use.

2.9.3 Deemed cost on transition to Ind AS

For transition to Ind AS, the Group has elected to continue with the carrying value of all of its intangible assets recognised as of 1 April, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

2.9.4 Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

2.10 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.11 Inventories

Inventories comprise of reagents, chemicals, surgical and laboratory supplies and stores and others and are valued at lower of cost and net realisable value. Cost is determined on moving weighted average basis.

2.12 Provisions, contingent liability and contingent asset

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a

provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Contingent assets are disclosed in the Consolidated Financial Statements by way of notes to accounts when an inflow of economic benefits is probable.

Contingent liabilities are disclosed in the Consolidated Financial Statements by way of notes to accounts, unless possibility of an outflow of resources embodying economic benefit is remote.

2.13 Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Statement of Profit and Loss.

2.14 Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Financial instruments that meet the following conditions are subsequently measured at amortised cost (except for financial assets that are designated as at fair value through profit or loss on initial recognition):

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

Financial instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for financial assets that are designated as at fair value through profit or loss on initial recognition):

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

All other financial assets are subsequently measured at fair value through profit or loss (FVTPL).

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees, transaction costs and other premiums or discounts that form an integral part of the effective interest rate) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for financial instruments other than those financial assets classified as at Fair Value Through Profit and Loss. Interest income is recognised in profit or loss and is included in the "Other income" line item.

Financial instruments that do not meet the amortised cost criteria or fair value through other comprehensive income (FVTOCI) are measured at fair value through profit or loss (FVTPL).

2.14.1 Cash and cash equivalents

The Group considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

2.14.2 Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost using the effective interest method if these financial assets are held within a business whose objective is to hold these assets in order 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.

2.14.3 Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both selling financial assets and collecting contractual cash flows, 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.

2.14.4 Financial assets at fair value through profit or loss (FVTPL)

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition.

2.14.5 Foreign exchange gain and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in Statement of Profit and Loss except for those which are designated as hedging instruments in a hedging relationship. Further change in the carrying amount of investments in equity instruments at fair value through other comprehensive income relating to changes in foreign currency rates are recognised in other comprehensive income.

Effective April 1, 2018, the Company has adopted Appendix B to Ind AS 21- Foreign Currency Transactions and Advance Consideration which clarifies the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income when an entity has received or paid advance consideration in a foreign currency. The effect on account of adoption of this amendment was insignificant.

2.14.6 Impairment of financial assets

The Group assesses at each Balance Sheet date whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Group recognises lifetime expected losses for trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to 12 month expected credit losses or at an amount equal to lifetime expected losses, if the credit risk on the financial asset has increased significantly since initial recognition.

2.14.7 Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the Statement of Profit and Loss.

2.14.8 Interest

Interest income from a financial asset is recognised using the effective interest rate method. 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.

2.14.9 Income from units in mutual funds

Dividend from units in mutual funds is recognised when the Group's right to receive payment is established by the reporting date. Income on investment made in the units of fixed maturity plans of mutual funds is recognised based on the yield earned and to the extent of reasonable certainty.

2.15 Financial liabilities and equity instruments

2.15.1 Classification of debt or equity

Debt and equity instruments issued by a Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.15.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

2.15.3 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest rate method or at fair value through profit or loss.

2.15.4 Foreign exchange gains or losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income' in the line-item 'Net foreign exchange gains/(losses)' except where capitalised as part of borrowing cost.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period.

Effective April 1, 2018, the Company has adopted Appendix B to Ind AS 21-Foreign Currency Transactions and Advance Consideration which clarifies the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income when an entity has received or paid advance consideration in a foreign currency. The effect on account of adoption of this amendment was insignificant.

2.15.5 Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the Statement of Profit and Loss.

2.16 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2.17 Share-based payment arrangements

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 60.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

2.18 Earnings per share

Basic earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares 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.

2.19 Operating cycle

The Group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

2.20 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit for the year is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows are segregated into operating, investing and financing activities.

2.21 Dividends

Final dividends on shares are recorded on the date of approval by the shareholders of the Group.

2.22 Use of estimates and judgements

The preparation of Consolidated Financial Statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these Consolidated Financial Statements and the reported amount of revenues and expenses for the years presented. Actual results may differ from the estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the Consolidated Financial Statements are included in the following notes:

Accounting of reagent rental equipments

The Company has entered into agreements with certain suppliers for purchase of reagent. As part of the agreement, the Company has the right to use equipment supplied by the suppliers free of charge subject to purchase of minimum committed quantities of reagents.

The cost of reagents which includes the cost of rental of the equipment is recorded as cost of material consumed.

Carrying amount of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, an impairment loss may arise (Refer to note 4).

Useful lives of property, plant and equipment

The Group reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. There is no such change in the useful life of the assets (Refer to note 3).

Defined benefit obligations

Key assumptions related to life expectancies, salary increases and withdrawal rates (Refer to note 40).

2.23 Basis of consolidation and equity accounting

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date the control ceases.

The Group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balance and unrealised gains on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Non-controlling interests in the results and equity of subsidiaries are shown separately in the Consolidated Statement of Profit and Loss, Consolidated Statement of Change in Equity and Consolidated Balance Sheet respectively.

The following subsidiary companies have been considered in the preparation of the Consolidated Financial Statements:

S. No.	Name of the Company
1	Paliwal Diagnostics Private Limited
2	Paliwal Medicare Private Limited
3	APL Institute of Clinical Laboratory & Research Private Limited
4	Dr Lal PathLabs Nepal Private Limited
5	Dr Lal PathLabs Bangladesh Pvt Ltd
6	Dr. Lal PathLabs International B.V (liquidated on 20 October, 2020)
7	Dr. Lal Ventures Private Limited
8	PathLabs Unifiers Private Limited
9	Centrapath Labs Private Limited (w.e.f. 7 August, 2019)
10	APRL Pathlabs Private Limited (w.e.f 13 November, 2019)
11	Dr. Lal PathLabs Kenya Private Limited (w.e.f. 6 August, 2019)
12	Chanre Laboratory Private Limited (w.e.f 25 January, 2021)

2.24 Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, 2019 notifies new standard or amendments to the standards. There is no such new notification which would be applicable from 1 April, 2021.

3a: Property, plant and equipment

(In ₹ million, unless otherwise stated)

	As at 31 March, 2021	As at 31 March, 2020
Carrying amounts of :		
Freehold land	109.57	109.57
Leasehold land	-	-
Freehold buildings	19.35	15.74
Leasehold buildings	340.48	380.26
Plant and equipment	791.86	714.13
Computers	87.50	126.92
Furniture and fixtures	26.64	26.92
Vehicles	17.04	24.75
Leasehold improvements	183.40	174.21
	1,575.84	1,572.50
	61.34	103.87
Capital work-in-progress	1,637.18	1,676.37

	Freehold land	Leasehold land	Freehold buildings	Leasehold buildings	Plant and equipment	Computers	Furniture and fixtures	Vehicles	Leasehold improvements	Total
Cost or deemed cost										
Balance as at 1 April, 2019	109.57	81.41	10.11	502.81	994.21	238.81	64.54	26.53	321.71	2,349.70
Additions	-	-	8.03	1.07	251.96	69.06	3.94	21.57	29.11	384.74
Additions on account of slump sale purchase	-	-	-	-	20.30	1.16	4.97	0.05	-	26.48
Transition impact of Ind AS 116 (Refer to note 41)	-	(81.41)	-	-	-	-	-	-	-	(81.41)
Disposals	-	-	-	(1.56)	(18.83)	(3.26)	(3.70)	(9.35)	(11.30)	(48.00)
Foreign currency translation reserve	-	-	-	-	0.85	0.02	0.02	-	0.08	0.97
Balance as at 31 March, 2020	109.57	0.00	18.14	502.32	1,248.49	305.79	69.77	38.80	339.60	2,632.48
Additions	-	-	3.61	-	273.97	24.90	12.00	-	61.03	375.51
Additions on account of slump sale purchase	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	(14.52)	(0.96)	(0.80)	-	(11.80)	(28.08)
Foreign currency translation reserve	-	-	-	-	(0.36)	0.02	(0.01)	-	-	(0.35)
Balance as at 31 March, 2021	109.57	0.00	21.75	502.32	1,536.62	331.67	82.56	38.80	412.43	3,035.72
Accumulated depreciation										
Balance as at 1 April, 2019	-	-	0.93	79.86	393.10	101.80	33.34	14.53	124.99	748.55
Depreciation expense	-	-	1.47	42.20	158.07	79.44	13.21	6.60	51.70	352.69
Elimination on disposals of assets	-	-	-	-	16.94	2.37	3.70	7.08	11.30	41.39
Foreign currency translation reserve	-	-	-	-	0.13	-	-	-	-	0.13
Balance as at 31 March, 2020	-	-	2.40	122.06	534.36	178.87	42.85	14.05	165.39	1,059.98
Depreciation expense	-	-	-	39.78	190.98	63.94	12.28	7.71	51.11	365.79
Elimination on disposals of assets	-	-	-	-	9.75	0.56	0.80	-	11.07	22.18
Foreign currency translation reserve	-	-	-	-	0.13	-	-	-	-	0.13
Balance as at 31 March, 2021	-	-	2.40	161.84	715.72	242.25	54.32	21.76	205.43	1,403.72
Carrying amount										
Balance as at 1 April, 2019	109.57	81.41	9.18	422.95	601.11	137.01	31.20	12.00	196.72	1,601.15
Additions	-	-	8.03	1.07	251.96	69.06	3.94	21.57	29.11	384.74
Additions on account of slump sale purchase	-	-	-	-	20.30	1.16	4.97	0.05	-	26.48
Transition impact of Ind AS 116 (Refer to note 41)	-	(81.41)	-	-	-	-	-	-	-	(81.41)
Disposals	-	-	-	(1.56)	(1.89)	(0.89)	-	(2.27)	-	(6.61)
Depreciation expense	-	-	(1.47)	(42.20)	(158.07)	(79.44)	(13.21)	(6.60)	(51.70)	(352.69)
Foreign currency translation reserve	-	-	-	-	0.72	0.02	0.02	-	0.08	0.84
Balance as at 31 March, 2020	109.57	-	15.74	380.26	714.13	126.92	26.92	24.75	174.21	1,572.50
Additions	-	-	3.61	-	273.97	24.90	12.00	-	61.03	375.51
Additions on account of slump sale purchase	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	(4.77)	(0.40)	0.00	-	(0.73)	(5.90)
Depreciation expense	-	-	-	(39.78)	(190.98)	(63.94)	(12.28)	(7.71)	(51.11)	(365.79)
Foreign currency translation reserve	-	-	-	-	(0.49)	0.02	(0.01)	-	-	(0.48)
Balance as at 31 March, 2021	109.57	-	19.35	340.48	791.86	87.50	26.64	17.04	183.40	1,575.84

3b: Right-of-use assets

(in ₹ million, unless otherwise stated)

	Right-of-use land	Right-of-use buildings	Total
Gross carrying value			
Balance as at 1 April, 2019	-	-	-
Transition impact of Ind AS 116	158.58	-	158.58
Additions	1.68	1,502.17	1,503.85
Disposals	-	26.16	26.16
Balance as at 31 March, 2020	1.68	1,476.01	1,636.27
Additions	-	482.22	482.22
Disposals	-	(33.68)	(33.68)
Balance as at 31 March, 2021	1.68	1,924.55	2,084.81
Accumulated depreciation			
Balance as at 1 April, 2019	-	-	-
Depreciation expense	1.64	293.89	295.53
Elimination on disposals of assets	-	3.91	3.91
Balance as at 31 March, 2020	1.64	289.98	291.62
Depreciation expense	1.64	308.67	310.31
Elimination on disposals of assets	-	-	-
Balance as at 31 March, 2021	3.28	598.65	601.93
Net carrying value			
Balance as at 1 April, 2019	-	-	-
Transition impact of IND AS 116	158.58	-	158.58
Additions	1.68	1,502.17	1,503.85
Disposals	-	(22.25)	(22.25)
Depreciation expense	(1.64)	(293.89)	(295.53)
Balance as at 31 March, 2020	156.62	1,186.03	1,344.65
Additions	-	482.22	482.22
Disposals	-	(33.68)	(33.68)
Depreciation expense	(1.64)	(308.67)	(310.31)
Balance as at 31 March, 2021	156.98	1,325.90	1,482.88

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4. Goodwill

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Cost or deemed cost	853.60	772.26
Accumulated impairment loss	-	-
	853.60	772.26

(in ₹ million, unless otherwise stated)

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Cost or deemed cost		
Balance at the beginning of year	772.26	279.74
Additions on account of acquisitions/ business combinations*	81.50	492.05
Foreign currency translation reserve	(0.16)	0.47
Balance at the end of the year	853.60	772.26

(in ₹ million, unless otherwise stated)

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Balance at the beginning of year	-	-
Impairment losses recognised in the year	-	-
Balance at the end of the year	-	-

*Notes

Goodwill amounting to ₹ 81.50 million (31 March, 2021: ₹ 492.05 million) comprises:

(i) Goodwill on account of acquisitions

During the current year ended 31 March, 2021, the Group had purchased the following businesses engaged in the business of providing pathological diagnostics services, on a going concern basis:

(in ₹ million, unless otherwise stated)

Name of the entity in the Group	Particulars	Purchase consideration	Goodwill
Parent			
PathLabs Unifiers Private Limited	Bindish Diagnostic Laboratory LLP	38.86	17.80
	Total	38.86	17.80
Indian subsidiaries			
Chanre Laboratory Private Limited	Business of Chanre Diagnostic Services Private Limited	5.50	2.26
	Proprietorship in the name of Chanre Diagnostics Laboratory	169.50	9.30
	Total	175.00	11.56
	Grand Total	213.86	29.36

During the previous year ended 31 March, 2020, the Group had purchased the following businesses engaged in the business of providing pathological diagnostics services, on a going concern basis:

(in ₹ million, unless otherwise stated)			
Name of the entity in the Group	Particulars	Purchase consideration	Goodwill
Parent			
PathLabs Unifers Private Limited	Bawankar Pathology	52.00	47.69
	Shree Computerised Pathology Laboratory	40.97	32.57
	Modern Diagnostics & Modern Lab	34.74	20.32
	Total	127.71	100.58
Indian subsidiaries			
Centra Pathlabs Private Limited	Central Lab	423.12	173.21
	Business of Vineeta Kothari	27.31	22.16
	Total	450.43	195.37
APRL Pathlabs Private Limited	Amins Pathology Referral Laboratory	51.32	31.54
	Total	51.32	31.54
	Grand Total	629.46	327.49

Refer note 49 to 57

(ii) Goodwill on account of business combinations

During the current year, PathLabs Unifers Private Limited (wholly owned subsidiary), as approved in the Board of Directors meetings, held on 01 November, 2021 had acquired 70% equity stake in "Chanre Laboratory Private Limited" engaged in the business of providing pathological diagnostics services, on a going concern basis through purchase and subscription for a total consideration of ₹ 175 million.

During the previous year ended 31 March, 2020, the Parent Company, as approved in the Board of Directors meetings, held on 7 August, 2019 and 1 October, 2019 had acquired 70% equity stake in "Centrapath labs Private Limited" and "APRL Pathlabs Private Limited" respectively engaged in the business of providing pathological diagnostics services, on a going concern basis through purchase and subscription for a total consideration of ₹ 469.01 million and ₹ 52.50 million respectively.

(in ₹ million, unless otherwise stated)		
Name of indian subsidiaries	As at 31, March 2021	As at 31, March 2020
Centra Pathlabs Private Limited	148.12	148.12
APRL Pathlabs Private Limited	16.44	16.44
Chanre Laboratory Private Limited	52.14	-
Total	216.70	164.56

Refer note 55

Impairment of goodwill

For the purpose of impairment testing, goodwill has been allocated to cash generating units (CGU) – Labs. The recoverable amount of cash-generating units is determined based on a value in use calculation which uses cash flow projections based on financial forecasts covering a five-year period, and a discount rate of 10-11.50% per annum (as at 31 March, 2020: 11.50% per annum).

Cash flow projections during the forecast period are based on the same expected gross margins and inflation throughout the forecast period. The cash flows beyond that five-year period have been extrapolated using a steady growth rate of 5-15% per annum (as at March 31, 2020: 10-17% per annum), which is the projected long-term average growth rate for Labs CGU. The directors believe that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit. Based on impairment testing as above, the management believes that the recoverable amounts of goodwill are higher than their respective carrying amounts and hence no amounts are required to be recorded for impairment in the carrying amounts of goodwill.

5. Other intangible assets

(in ₹ million, unless otherwise stated)

	As at 31 March, 2021	As at 31 March, 2020
Carrying amounts of :		
Computer software	156.64	184.63
Customer relationships	184.23	98.96
Non-compete agreements	8.74	7.56
Trademarks	210.69	149.61
	560.30	440.76
Intangible assets under developments	34.78	9.94
	595.08	450.70

	Computer software	Customer relationships (Refer note below)	Non-compete agreements (Refer note below)	Trademarks (Refer note below)	Total
Cost or deemed cost					
Balance as at 1 April, 2019	376.01	-	-	11.16	387.17
Additions	46.12	-	-	-	46.12
Additions on account of slump sale purchase	0.18	104.61	8.39	155.60	268.78
Disposals	(0.17)	-	-	-	(0.17)
Foreign currency translation reserve	-	-	-	-	-
Balance as at 31 March, 2020	422.14	104.61	8.39	166.76	701.90
Additions	42.51	0.03	-	2.90	45.44
Additions on account of slump sale purchase	0.23	95.74	2.91	71.10	169.98
Disposals	-	-	-	-	-
Foreign currency translation reserve	-	-	-	-	-
Balance as at 31 March, 2021	464.88	200.38	11.30	240.76	917.32
Accumulated amortisation					
Balance as at 1 April, 2019	172.25	-	-	9.18	181.43
Amortisation expense	65.43	5.65	0.83	7.97	79.88
Elimination on disposals of assets	(0.17)	-	-	-	(0.17)
Foreign currency translation reserve	-	-	-	-	-
Balance as at 31 March, 2020	237.51	5.65	0.83	17.15	261.14
Amortisation expense	70.73	10.50	1.73	12.92	95.88
Eliminated on disposals of assets	-	-	-	-	-
Foreign currency translation reserve	-	-	-	-	-
Balance as at 31 March, 2021	308.24	16.15	2.56	30.07	357.02
Carrying amount					
Balance as at 1 April, 2019	203.76	-	-	1.98	205.74
Additions	46.12	-	-	-	46.12
Additions on account of slump sale purchase	0.18	104.61	8.39	155.60	268.78
Disposals	-	-	-	-	-
Amortisation expense	(65.43)	(5.65)	(0.83)	(7.97)	(79.88)
Balance as at 31 March, 2020	184.63	98.96	7.56	149.61	440.76
Additions	42.51	0.03	-	2.90	45.44
Additions on account of slump sale purchase	0.23	95.74	2.91	71.10	169.98
Disposals	-	-	-	-	-
Amortisation expense	(70.73)	(10.50)	(1.73)	(12.92)	(95.88)
Balance as at 31 March, 2021	156.64	184.23	8.74	210.69	560.30

Note:

During the current year, the Group had acquired other intangible assets as given below comprising customer relationships, non compete fees and trademarks on account of the purchase of the following businesses engaged in the business of providing pathological diagnostics services, on a going concern basis for a purchase consideration aggregating to ₹ 213.86 million

(in ₹ million, unless otherwise stated)					
Name of the entity in the Group	Particulars	Purchase consideration	Customer relationships	Non-compete agreements	Trademarks
Parent					
PathLabs Unifers Private Limited					
	Bindish Diagnostic Laboratory LLP	38.86	6.07	0.47	11.79
	Total (i)	38.86	6.07	0.47	11.79
Indian subsidiaries					
Chanre Laboratory Private Limited					
	Chanre Diagnostic Services Private Limited	5.50	0.55	0.04	2.12
	Chanre Diagnostics Laboratory	169.50	89.12	2.40	57.19
	Total (ii)	175.00	89.67	2.44	59.31
	Total (i+ii)	213.86	95.74	2.91	71.10

During the previous year, the Group had acquired other intangible assets as given below comprising customer relationships, non compete fees and trademarks on account of the purchase of the following businesses engaged in the business of providing pathological diagnostics services, on a going concern basis for a purchase consideration aggregating to ₹ 629.46 million

(in ₹ million, unless otherwise stated)					
Name of the entity in the Group	Particulars	Purchase consideration	Customer relationships	Non-compete agreements	Trademark
Parent					
PathLabs Unifers Private Limited					
	Bawankar Pathology	52.00	-	-	-
	Shree Computerised Pathology Laboratory	40.97	-	0.63	6.09
	Modern Diagnostics & Modern Lab	34.74	-	0.56	7.57
	Total (i)	127.71	-	1.19	13.66
Indian subsidiaries					
Centra Pathlabs Private Limited					
	Central Lab	423.12	104.61	4.53	127.68
	Business of Vineeta Kothari	27.31	-	0.32	3.90
	Total (ii)	450.43	104.61	4.85	131.59
APRL Pathlabs Private Limited					
	Amins Pathology Referral Laboratory	51.32	-	2.35	10.35
	Total (iii)	51.32	-	2.35	10.35
	Total (i+ii+iii)	629.46	104.61	8.39	155.60

Refer note 49 to 57

Financial assets (non-current)

6. Loans

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Loans to employees (unsecured, considered good)*	0.70	0.26
Total	0.70	0.26

*Includes loan given to related parties (refer note 61)

7. Other financial assets

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Security deposits	27.79	5.49
Surrender value of keyman insurance policy	33.93	30.39
Non-current bank balances	5.80	108.74
Interest accrued on loans, fixed deposits and others	0.28	0.45
Total	67.80	145.07

8. Non-current tax assets/ Current tax liabilities (net)

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Tax assets		
Taxes paid (net)	228.94	185.52
Tax liabilities		
Income tax payable (net)	(49.44)	(1.89)
Total	179.50	183.63

9. Deferred tax balances

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Deferred tax assets	280.23	268.43
Deferred tax liabilities	(7.55)	(39.93)
Total	272.68	228.50

(in ₹ million, unless otherwise stated)

2020-21	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
Deferred tax assets on:				
Property, plant and equipment	99.96	34.32	-	134.28
Goodwill	11.13	(11.13)	-	-
Short-term provisions- compensated absences	24.48	4.36	-	28.84
Short-term provisions- gratuity	14.54	(1.86)	2.34	15.02
Provision for impairment of trade receivables and advances	42.44	14.44	-	56.88
Disallowed expenditure	44.67	15.18	-	59.85
Others	31.21	(18.20)	-	13.01
Deferred tax liabilities on:				
Property, plant and equipment	(32.20)	7.09	-	(25.11)
Surrender value of keyman insurance policy	(7.65)	(0.89)	-	(8.54)
Fair valuation gains on mutual funds	(0.08)	(1.47)	-	(1.55)
Total	228.50	41.84	2.34	272.68

(in ₹ million, unless otherwise stated)				
2019-20	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
Deferred tax assets on:				
Property, plant and equipment	89.20	10.76	-	99.96
Goodwill	21.85	(10.72)	-	11.13
Short-term provisions- compensated absences	26.63	(2.15)	-	24.48
Short-term provisions- gratuity	19.98	(10.36)	4.92	14.54
Provision for impairment of trade receivables and advances	45.52	(3.08)	-	42.44
Disallowed expenditure	40.75	3.92	-	44.67
Others	4.60	26.61	-	31.21
Deferred tax liabilities on:				
Property, plant and equipment	-	(32.20)	-	(32.20)
Surrender value of keyman insurance policy	(15.43)	7.78	-	(7.65)
Fair valuation gains on mutual funds	(18.48)	18.40	-	(0.08)
Total	214.62	8.96	4.92	228.50

10. Other non-current assets

(in ₹ million, unless otherwise stated)		
Particulars	As at 31 March, 2021	As at 31 March, 2020
Capital advances	13.71	12.27
Advances to related parties (refer note 61)	0.24	0.24
Others	1.24	0.76
Total	15.19	13.27

Financial assets (current)**11. Inventories**

(in ₹ million, unless otherwise stated)		
Particulars	As at 31 March, 2021	As at 31 March, 2020
Reagents, chemicals, surgicals and laboratory supplies	417.09	565.30
Stores and others	8.49	4.30
Total	425.58	569.60

The Company's business does not involve any conversion process for materials. Reagents and chemicals are used to conduct various pathology and radiology tests and are consumed in the process. The mode of valuation of inventories has been stated in note 2.11.

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12. Investments

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2021	As at 31 March, 2020
UTI Money Market Fund - Regular Growth 34,834.99 (31 March, 2020: Nil) units of ₹ 1,000 each	82.73	-
UTI Money Market Fund - Direct Growth 2,174.77 (31 March, 2020: Nil) units of ₹ 1,000 each	5.21	-
HDFC Liquid Fund - Direct Plan Growth Option 4,578.37 (31 March, 2020: Nil) units of ₹ 1,000 each	18.52	-
Invesco India Liquid Fund - Direct Plan Growth 14,217.07 (31 March, 2020: Nil) units of ₹ 1,000 each	40.18	-
Mahindra Manulife Liquid Fund - Direct Growth 52,661.88 (31 March, 2020: Nil) units of ₹ 1,000 each	70.42	-
Kotak Liquid Fund - Direct Growth 16,904.70 (31 March, 2020: Nil) units of ₹ 1,000 each	70.31	-
SBI Liquid Fund - Direct Plan Growth 18,708.59 (31 March, 2020: Nil) units of ₹ 1,000 each	60.27	-
SBI Liquid Fund - Direct Growth Fund 4,880.12 (31 March, 2020: Nil) units of ₹ 1,000 each	15.64	-
HDFC Money Market Fund - Direct Plan Growth Option 18,083.82 (31 March, 2020: Nil) units of ₹ 1,000 each	113.39	5.03
ICICI Prudential Money Market Fund - Direct Plan Growth 393,785.66 (31 March, 2020: 10,786.84) units of ₹ 100 each	116.36	3.01
UTI Overnight Fund - Direct Growth Nil (31 March, 2020: 52,909.92) units of ₹ 1,000 each	-	144.65
ICICI Prudential Overnight Fund - Direct Plan Growth Nil (31 March, 2020: 944,817.33) units of ₹ 100 each	-	101.79
Axis Overnight Fund - Direct Growth Nil (31 March, 2020: 103,614.48) units of ₹ 1,000 each	-	109.37
Axis Overnight Fund - Regular Growth Nil (31 March, 2020: 137,343.91) units of ₹ 1,000 each	-	144.87
Invesco India Overnight Fund - Regular Growth Nil (31 March, 2020: 118,964.52) units of ₹ 1,000 each	-	120.15
Mahindra Overnight Fund - Direct Growth Nil (31 March, 2020: 96,843.12) units of ₹ 1,000 each	-	100.06
Kotak Overnight Fund - Direct Plan Growth Nil (31 March, 2020: 331,561.67) units of ₹ 1,000 each	-	353.40
SBI Overnight Fund - Regular Growth Nil (31 March, 2020: 18,786.15) units of ₹ 1,000 each	-	60.58
SBI Overnight Fund - Direct Plan Growth Nil (31 March, 2020: 78,188.20) units of ₹ 1,000 each	-	254.40
HDFC Overnight Fund - Direct Plan Growth Option Nil (31 March, 2020: 83,852.39) units of ₹ 1,000 each	-	245.44
Total	593.03	1,642.75

13. Trade receivables

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Trade receivables		
Secured, considered good	141.44	105.70
Unsecured, considered good	525.57	408.18
Credit impaired	215.34	166.47
Subtotal	882.35	680.35
Less: Allowance for doubtful debts (expected credit loss allowance)	(215.34)	(166.47)
Total	667.01	513.88

The average credit period from service is 0-60 days. No interest is charged on the trade receivables for the amount overdue above the credit period. There are no customers who represent more than 5% of the total balance of trade receivables.

The Group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The provision matrix at the end of the reporting period is as follows.

(in ₹ million, unless otherwise stated)		
Age of receivables	As at 31 March, 2021	As at 31 March, 2020
0-90 days	662.98	492.51
90-180 days	108.39	34.94
180-360 days	53.75	71.68
More than 360 days	57.23	81.22
Total	882.35	680.35

Movement in the expected credit loss allowance	Year ended 31 March, 2021	Year ended 31 March, 2020
Balance at beginning of the year	166.47	135.44
Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	48.87	31.03
Balance at end of the year	215.34	166.47

The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

Ageing	Expected Credit loss(%)
0-90 days	3-6%
90-180 days	17-29%
180-360 days	34-56%
More than 360 days	61-100%

14. Cash and cash equivalents

(in ₹ million, unless otherwise stated)		
Particulars	As at 31 March, 2021	As at 31 March, 2020
Balances with banks		
- in current accounts	180.50	69.50
- in cash credit accounts*	66.12	43.03
Deposit with maturity of less than 3 months	2,181.45	1,846.36
Cash on hand	14.91	8.31
Total	2,442.98	1,967.20

*secured by first charge on the current assets of the Parent Company, both present and future.

15. Bank balances other than cash and cash equivalents

(in ₹ million, unless otherwise stated)		
Particulars	As at 31 March, 2021	As at 31 March, 2020
Balance in unclaimed dividend accounts	0.82	0.52
Balance in escrow account*	1.43	1.44
Deposit with banks held as margin money deposits against guarantees	10.81	14.51
Deposit with maturity of 3-12 months	6,804.24	3,707.49
Total	6,817.30	3,723.96

*Escrow account includes application money recieved at the time of IPO.

16. Loans

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Loans to employees	9.31	9.06
Total	9.31	9.06

17. Other financial assets

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Deposit with others	143.56	134.46
Interest accrued on deposits	235.89	202.61
Total	379.45	337.07

18. Other current assets

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Balances with government authorities	4.00	3.16
Advances to suppliers	20.62	53.59
Other advances	10.73	13.48
Prepaid expenses	61.50	64.79
Prepaid rent	20.19	27.92
Total	117.04	162.94

19. Equity share capital

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Equity share capital	833.45	833.45
Authorised		
107,950,000 equity shares of ₹ 10 each (as at 31 March, 2020: 107,950,000, equity shares of ₹ 10 each)*	1,079.50	1,079.50
Issued, subscribed and fully paid-up		
83,344,877 equity shares of ₹ 10 each (as at 31 March, 2020: 83,344,877 equity shares of ₹ 10 each)	833.45	833.45

Refer notes below

- (i) The reconciliation of the number of shares outstanding and the amount of share capital as at 31 March, 2021 and 31 March, 2020 is set out below:

(Amount in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2021		As at 31 March, 2020	
	Number of shares	Amount	Number of shares	Amount
Equity share capital				
At the beginning of the year	83,344,877	833.45	83,341,610	833.42
Issued during the year	-	-	3,267	0.03
Outstanding at the end of the year	83,344,877	833.45	83,344,877	833.45

(ii) Details of shares held by shareholders holding more than 5% of shares:

Particulars	As at 31 March, 2021		As at 31 March, 2020	
	Number of shares	% Holding	Number of shares	% Holding
(i) Dr Arvind Lal	26,415,443	31.69%	26,980,443	32.37%
(ii) Dr Vandana Lal	16,082,327	19.30%	16,684,422	20.02%

(iii) Terms/ rights attached to equity shares

The Parent Company has only one class of equity shares having par value of ₹ 10 per share, Previous year (₹ 10 per share). Each holder of equity shares is entitled to one vote per equity share. The Group declares and pays dividends in Indian Rupees. The final dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

(iv) Proposed dividends on equity shares

(Amount in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Proposed dividend on equity shares for the year ended on 31 March 2021: ₹ 8 (31 March 2020: ₹ Nil per share)	666.76	-
	666.76	-

(v) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date including the current year:

Particulars	As at 31 March, 2021	As at 31 March, 2020
	No. of shares	No. of shares
Bonus equity shares of ₹ 10 each issued by the Company	-	-
Bonus preference shares of ₹ 10 each issued by the Company	-	-
Equity shares of ₹ 10 each issued on conversion of preference shares	-	26,632,320

In addition, the Parent Company had issued the following equity shares for ₹ 10 each after considering issue of bonus shares and sub-division of shares of ₹ 100 each into ₹ 10 each:

Particulars	As at 31 March, 2021	As at 31 March, 2020
	No. of shares	No. of shares
Issued directly on exercise of options granted under the Employee Share Option Plan, 2005 and 2010.	667,880	2,083,037
Issued to Dr. Lal Employee welfare Trust under the Employee Share Option Plan, 2005 and 2010.	-	1,136,997

(vi) Share options granted under the Company's employee share options plans

- The shareholders of the Parent Company approved 'Dr. Lal PathLabs Private Limited Employee Stock Option Plan 2010' ("ESOP 2010") at the Annual General Meeting held on 20 August, 2010 to grant a maximum of 3,808,960 (after considering bonus shares issued during the previous year and subdivision of shares of ₹ 100 each into 10 shares of ₹ 10 each) options to specified categories of employees of the Parent Company. Each option granted and vested under the ESOP 2010 shall entitle the holder to acquire 1 equity share of ₹ 10 each. As per resolution passed on 21 August, 2015, the Parent Company approved to cease further grants under the ESOP 2010. Refer note 60 for details of options granted, vested and issued under the ESOP 2010.
- The shareholders of the Parent Company approved 'Dr. Lal PathLabs Employees Restricted Stock Unit Plan 2016' ("RSU 2016") at the Annual General Meeting held on 28 July, 2016 to grant a maximum of 1,244,155 Restricted Stock Units ("RSUs") to key employees and directors of the Parent Company. Each RSU granted and vested shall entitle the holder to acquire 1 equity share of ₹ 10 each. Refer note 60 for details of RSUs granted, vested and issued under RSU 2016.

20. Other equity

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2021	As at 31 March, 2020
General reserve	709.40	614.54
Securities premium	927.95	927.95
Share options outstanding account	398.00	328.83
Retained earnings	9,810.96	7,892.52
Capital redemption reserve account	4.45	4.45
Treasury shares	(200.03)	(241.23)
Foreign currency translation reserve	(0.59)	0.57
Capital reserve	(33.00)	(33.00)
Total	11,617.14	9,494.63

(i) General reserve (in ₹ million, unless otherwise stated)

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Balance at the beginning of the year	614.54	531.71
Addition on share options exercised*	94.86	82.83
Balance at the end of the year	709.40	614.54

*Represents difference between the employee share based compensation cost booked and the average cost of equity shares issued under the share options scheme to the eligible employees.

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 general reserve will not be reclassified subsequently to profit or loss.

(ii) Securities premium (in ₹ million, unless otherwise stated)

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Balance at the beginning of the year	927.95	927.62
Additions during the year	-	0.33
Balance at the end of the year	927.95	927.95

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

(iii) Share options outstanding account (in ₹ million, unless otherwise stated)

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Balance at the beginning of the year	328.83	280.39
Compensation options granted during the year	203.74	166.37
Options exercised	(134.57)	(117.93)
Balance at the end of the year	398.00	328.83

The above relates to share options granted by the Parent Company to its employee share option plans. Upon exercise of the share options by the employees of the Parent Company, the proportionate cost of shares exercised is transferred to General Reserves after adjusting the cost of related treasury shares. Further information about share based payments to employees is set out in Note 60.

(iv) Retained earnings (in ₹ million, unless otherwise stated)

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Balance at the beginning of the year	7,892.52	7,188.62
Profit for the year	2,916.21	2,259.41
Remeasurement of defined benefit obligation, net of income tax	(6.64)	(12.40)
Less: Appropriations		
Final dividend on equity shares ₹ 1.70 per share for the year ended 31 March 2019	-	(288.33)
Tax on final equity dividend*	-	(56.55)
Interim dividend on equity shares ₹ 2.50 per share (Previous year ₹ 1.50 per share)	(991.13)	(989.25)
Tax on interim equity dividend**	-	(208.98)
Balance at the end of the year	9,810.96	7,892.52

*Tax on final equity dividend paid during the previous year is after adjusting corporate dividend tax of ₹ 3.41 million paid by a subsidiary company on dividend paid to the Parent Company during the previous year.

**Tax on interim equity dividend paid during the previous year is after adjusting corporate dividend tax of ₹ 4.93 million paid by a subsidiary company on dividend paid to the Parent Company during the previous year.

The amount that can be distributed by the Group as final dividends to its equity shareholders is determined based on requirements of Companies Act, 2013. Refer Note 19(iv) for details of equity dividend declared.

(v) Capital redemption reserve account (in ₹ million, unless otherwise stated)

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Balance at the beginning of the year	4.45	4.45
Additions during the year	-	-
Balance at the end of the year	4.45	4.45

The Parent Company in the previous years had bought back its equity shares and as per requirement of erstwhile section 77 of Companies Act, 1956, nominal value of the shares so purchased was transferred to capital redemption reserve account.

(vi) Treasury shares (in ₹ million, unless otherwise stated)

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Balance at the beginning of the year	(241.23)	(277.65)
Change during the year	41.20	36.42
Balance at the end of the year	(200.03)	(241.23)

During the year ended 31 March, 2012, the Parent Company had constituted Dr. Lal PathLabs Employee Welfare Trust "EWT Trust" to acquire, hold and allocate/transfer equity shares of the Parent Company to eligible employees from time to time on the terms and conditions specified under respective plans. The financial statements of the EWT Trust have been included in the financial statements of the Parent Company in accordance with the requirements of the Ind AS.

Equity shares of the Parent Company purchased from employees and secondary market from time to time in the earlier years and held by EWT as at 31 March, 2021 aggregated to 721,036 equity shares (31 March, 2020: 869,557 equity shares) of face value ₹ 10 each.

(vii) Foreign currency translation reserve (in ₹ million, unless otherwise stated)

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Balance at the beginning of the year	0.57	(0.60)
Change during the year	(1.16)	1.17
Balance at the end of the year	(0.59)	0.57

Exchange differences relating to the translation of the results and the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. ₹) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve.

(viii) Capital reserve (in ₹ million, unless otherwise stated)

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Balance at the beginning of the year	(33.00)	(33.00)
Balance at the end of the year	(33.00)	(33.00)

On approval of the Scheme of Amalgamation between the Parent Company (Transferee Company) and its wholly owned subsidiary, by the name of Delta Ria and Pathology Private Limited (Transferor Company) by the Hon'ble New Delhi Bench and Hon'ble Ahmedabad Bench of the National Company Law Tribunal on 23 October 2018 and 11 December 2018 respectively, the difference between the carrying value of investments in the books of account of the Transferee Company and the amount of the net assets of Transferor Company has been adjusted in Capital reserve as stipulated in the scheme.

21. Non-controlling interests

(in ₹ million, unless otherwise stated)

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Balance at beginning of the year	212.19	54.83
Share of profit for the year	48.32	16.61
Dividend	(4.00)	(12.23)
Equity component of Preference Share Capital	0.40	-
Non-controlling interests on further subscription/acquisition in/of Centrapath Labs Private Limited	-	137.52
Non-controlling interests on further subscription/acquisition in/of APRL PathLabs Private Limited	-	15.46
Non-controlling interests on further subscription/acquisition in/of Chanre Laboratory Private Limited	52.65	-
Balance at the end of the year	309.56	212.19

Details of non-wholly owned subsidiaries that have non-controlling interests

The table below shows details of non-wholly owned subsidiaries of the Group that have non-controlling interests:

(in ₹ million, unless otherwise stated)

Name of subsidiary	Place of incorporation and operation	Proportion of ownership interests and voting rights held by non- controlling interests		Profit/ (loss) allocated to non- controlling interests	
		31 March, 2021	31 March, 2020	31 March, 2021	31 March, 2020
Paliwal Diagnostics Private Limited	India	20.00%	20.00%	17.00	17.93
Paliwal Medicare Private Limited	India	20.00%	20.00%	1.13	1.44
Centrapath Labs Private Limited	India	30.00%	30.00%	25.64	1.37
APRL PathLabs Private Limited	India	30.00%	30.00%	5.19	(0.65)
Chanre Laboratory Private Limited	India	30.00%	-	0.42	-
Dr. Lal PathLabs Bangladesh Pvt. Ltd.	Bangladesh	28.17%	28.17%	(1.06)	(3.48)
Total				48.32	16.61

(in ₹ million, unless otherwise stated)

Name of subsidiary	Accumulated non-controlling interests	
	31 March, 2021	31 March, 2020
Paliwal Diagnostics Private Limited	50.27	37.27
Paliwal Medicare Private Limited	13.29	12.16
Centrapath Labs Private Limited	164.53	138.89
APRL PathLabs Private Limited	20.40	14.81
Chanre Laboratory Private Limited	53.07	-
Dr. Lal PathLabs Bangladesh Pvt. Ltd.	8.00	9.06
Total	309.56	212.19

Paliwal Diagnostics Private Limited

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Non-current assets	70.02	70.44
Current assets	225.05	152.99
Non-current liabilities	3.01	4.60
Current liabilities	40.88	32.67
Equity attributable to owners of the Company	200.91	148.89
Non-controlling interests	50.27	37.27

(in ₹ million, unless otherwise stated)

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Income	356.23	338.58
Expenses	270.71	247.54
Profit/ (loss) for the year	85.52	91.04
Profit/ (loss) attributable to owners of the Company	68.42	72.83
Profit/ (loss) attributable to the non-controlling interests	17.10	18.21
Profit/ (loss) for the year	85.52	91.04
Other comprehensive income attributable to owners of the Company	(0.40)	(1.11)
Other comprehensive income attributable to the non-controlling interests	(0.10)	(0.28)
Other comprehensive income for the year	(0.50)	(1.39)
Total comprehensive income attributable to owners of the Company	68.02	71.72
Total comprehensive income attributable to the non-controlling interests	17.00	17.93
Total comprehensive income for the year	85.02	89.65
Dividends paid to non-controlling interests	4.00	12.23
Net cash inflow/ (outflow) from operating activities	94.69	91.76
Net cash inflow/ (outflow) from investing activities	(67.30)	(15.53)
Net cash inflow/ (outflow) from financing activities	(25.06)	(65.82)
Net cash inflow/ (outflow)	2.33	10.41

Paliwal Medicare Private Limited

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Non-current assets	14.55	16.26
Current assets	55.38	48.04
Non-current liabilities	-	-
Current liabilities	3.51	3.52
Equity attributable to owners of the Company	53.13	48.62
Non-controlling interests	13.29	12.16

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(in ₹ million, unless otherwise stated)

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Income	51.39	49.87
Expenses	45.75	42.67
Profit/ (loss) for the year	5.64	7.20
Profit/ (loss) attributable to owners of the Company	4.51	5.76
Profit/ (loss) attributable to the non-controlling interests	1.13	1.44
Profit/ (loss) for the year	5.64	7.20
Other comprehensive income/(loss) attributable to owners of the Company	-	-
Other comprehensive income attributable to the non-controlling interests	-	-
Other comprehensive income/(loss) for the year	-	-
Total comprehensive income attributable to owners of the Company	4.51	5.76
Total comprehensive income attributable to the non-controlling interests	1.13	1.44
Total comprehensive income for the year	5.64	7.20
Dividends paid to non-controlling interests	-	-
Net cash inflow/ (outflow) from operating activities	6.09	7.56
Net cash inflow/ (outflow) from investing activities	(5.22)	(10.14)
Net cash inflow/ (outflow) from financing activities	-	-
Net cash inflow/ (outflow)	0.87	(2.58)

Centrapath Labs Private Limited

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Non-current assets	476.13	439.84
Current assets	142.84	35.72
Non-current liabilities	24.34	-
Current liabilities	46.16	12.57
Equity attributable to owners of the Company	383.94	324.10
Non-controlling interests	164.53	138.89

(in ₹ million, unless otherwise stated)

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Income	283.55	81.04
Expenses	198.27	76.46
Profit/ (loss) for the year	85.28	4.58
Profit/ (loss) attributable to owners of the Company	59.70	3.21
Profit/ (loss) attributable to the non-controlling interests	25.58	1.37
Profit/ (loss) for the year	85.28	4.58
Other comprehensive income/(loss) attributable to owners of the Company	0.14	-
Other comprehensive income attributable to the non-controlling interests	0.06	-
Other comprehensive income/(loss) for the year	0.20	-
Total comprehensive income attributable to owners of the Company	59.84	3.21
Total comprehensive income attributable to the non-controlling interests	25.64	1.37
Total comprehensive income for the year	85.48	4.58
Dividends paid to non-controlling interests	-	-
Net cash inflow/ (outflow) from operating activities	115.17	3.78
Net cash inflow/ (outflow) from investing activities	(103.64)	(459.50)
Net cash inflow/ (outflow) from financing activities	(2.56)	458.41
Net cash inflow/ (outflow)	8.97	2.69

APRL Pathlabs Private Limited

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Non-current assets	46.77	49.65
Current assets	37.05	7.13
Non-current liabilities	3.95	-
Current liabilities	11.89	7.43
Equity attributable to owners of the Company	47.58	34.55
Non-controlling interests	20.40	14.81

(in ₹ million, unless otherwise stated)

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Income	87.19	19.79
Expenses	70.04	21.96
Profit/ (loss) for the year	17.15	(2.17)
Profit/ (loss) attributable to owners of the Company	12.00	(1.52)
Profit/ (loss) attributable to the non-controlling interests	5.15	(0.65)
Profit/ (loss) for the year	17.15	(2.17)
Other comprehensive income/(loss) attributable to owners of the Company	0.10	-
Other comprehensive income attributable to the non-controlling interests	0.04	-
Other comprehensive income/(loss) for the year	0.14	-
Total comprehensive income attributable to owners of the Company	12.10	(1.52)
Total comprehensive income attributable to the non-controlling interests	5.19	(0.65)
Total comprehensive income for the year	17.29	(2.17)
Dividends paid to non-controlling interests	-	-
Net cash inflow/ (outflow) from operating activities	18.21	(0.24)
Net cash inflow/ (outflow) from investing activities	(17.55)	(51.00)
Net cash inflow/ (outflow) from financing activities	5.00	51.52
Net cash inflow/ (outflow)	5.66	0.28

Chanre Laboratory Private Limited

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2021
Non-current assets	183.97
Current assets	20.63
Non-current liabilities	12.68
Current liabilities	15.02
Equity attributable to owners of the Company	123.83
Non-controlling interests	53.07

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(in ₹ million, unless otherwise stated)

Particulars	Year ended 31 March, 2021
Income	21.59
Expenses	20.19
Profit/ (loss) for the year	1.40
Profit/ (loss) attributable to owners of the Company	0.98
Profit/ (loss) attributable to the non-controlling interests	0.42
Profit/ (loss) for the year	1.40
Other comprehensive income/(loss) attributable to owners of the Company	-
Other comprehensive income attributable to the non-controlling interests	-
Other comprehensive income/(loss) for the year	-
Total comprehensive income attributable to owners of the Company	0.98
Total comprehensive income attributable to the non-controlling interests	0.42
Total comprehensive income for the year	1.40
Dividends paid to non-controlling interests	-
Net cash inflow/ (outflow) from operating activities	(1.39)
Net cash inflow/ (outflow) from investing activities	(168.73)
Net cash inflow/ (outflow) from financing activities	175.06
Net cash inflow/ (outflow)	4.94

Dr. Lal PathLabs Bangladesh Pvt. Ltd.

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Non-current assets	36.22	35.99
Current assets	34.49	23.34
Non-current liabilities	-	-
Current liabilities	42.20	27.05
Equity attributable to owners of the Company	20.51	23.22
Non-controlling interests	8.00	9.06

(in ₹ million, unless otherwise stated)

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Income	51.78	45.64
Expenses	54.62	59.51
Profit/ (loss) for the year	(2.84)	(13.87)
Profit/ (loss) attributable to owners of the Company	(2.04)	(9.96)
Profit/ (loss) attributable to the non-controlling interests	(0.80)	(3.91)
Profit/ (loss) for the year	(2.84)	(13.87)
Other comprehensive income attributable to owners of the Company	(0.67)	1.09
Other comprehensive income attributable to the non-controlling interests	(0.26)	0.43
Other comprehensive income for the year	(0.93)	1.52
Total comprehensive income attributable to owners of the Company	(2.71)	(8.87)
Total comprehensive income attributable to the non-controlling interests	(1.06)	(3.48)
Total comprehensive income for the year	(3.77)	(12.35)
Dividends paid to non-controlling interests	-	-
Net cash inflow/ (outflow) from operating activities	15.15	(2.74)
Net cash inflow/ (outflow) from investing activities	8.57	(10.58)
Net cash inflow/ (outflow) from financing activities	(5.71)	1.04
Net cash inflow/ (outflow)	18.01	(12.28)

22. Financial liabilities: Borrowings - non-current (Unsecured)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Liability component of preference share capital issued by APRL PathLabs Private Limited		
Liability Component		
150,000 0.01% non-cumulative, non-convertible, redeemable preference shares having face value of ₹ 10 each	1.19	-
Total	1.19	-

Note:**Terms/ rights attached to equity shares**

A subsidiary (APRL PathLabs Private Limited) has one class of preference shares having par value of ₹ 10 per share. These non-convertible redeemable preference shares (NCRPS) are redeemable at par, in one or more tranches, after a minimum period of three years and a maximum period of 20 years from the date of allotment. The NCRPS shall not be convertible into equity shares. The NCRPS shall carry non-cumulative dividend right.

23. Other financial liabilities - non current

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Lease liability	1,101.56	929.72
Total	1,101.56	929.72

24. Trade payables

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Total outstanding dues of micro enterprises and small enterprises	76.18	63.69
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,365.10	1,113.66
Total	1,441.28	1,177.35

Note:

Trade payables are non-interest bearing and are normally settled upto 30 days terms.

Based on the information available with the Group, the balance due to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 is ₹ 76.18 million (₹ 63.69 million on 31 March, 2020) and no interest has been paid or is payable during the year under the terms of the MSMED Act, 2006.

Disclosure under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED)

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2021	As at 31 March, 2020
a. Amounts payable to suppliers under MSMED (suppliers) as on last day		
Principal	76.18	63.69
Interest due thereon	-	-
b. Payments made to suppliers beyond the appointed day during the year		
Principal	-	-
Interest due thereon	-	-
c. Amount of interest due and payable for delay in payment (which have been paid but beyond the appointed day during the year) but without adding the interest under MSMED	-	-
d. Amount of interest accrued and remaining unpaid as on last day	-	-
e. Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.		

25. Other financial liabilities - current

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Lease liability	402.10	363.99
Payable towards capital goods	43.55	64.77
Creditors against business purchase	66.25	65.78
Share application money refundable	1.43	1.44
Security deposits received	328.38	294.60
Other payables	1.28	1.00
Total	842.99	791.58

26. Provisions

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Provision for employee benefits		
- Provision for compensated absences	117.72	100.03
- Provision for gratuity (Refer note 40)	54.45	53.55
Total	172.17	153.58

27. Other current liabilities

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Advances from customers	84.93	72.40
Statutory dues	56.58	61.21
Unearned revenue	95.46	13.42
Deferred revenue- security deposits	-	1.64
Total	236.97	148.67

28. Revenue from operations

(in ₹ million, unless otherwise stated)

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Sale of services	15,811.83	13,301.58
Other operating revenues	0.83	1.99
Total	15,812.66	13,303.57

Revenue disaggregation as per geography has been included in segment information (Refer note 39).

- (i) The Group generates its entire revenue from contracts with customers for the services at a point in time. The Group is engaged mainly in the business of running laboratories for carrying out pathological investigations of various branches of bio-chemistry, hematology, histopathology, microbiology, electrophoresis, immuno-chemistry, immunology, virology, cytology, other pathological and radiological investigations.
- (ii) Transaction price allocated to the remaining performance obligations
The Group has applied practical expedient in Ind AS 115 and has accordingly not disclosed information about remaining performance obligations which are part of the contracts that have original expected duration of one year or less and where the Group has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the entity's performance completed to date.

iii) Disclosure of contract balances

(in ₹ million, unless otherwise stated)

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Trade receivables (Refer note 13)	667.01	513.88
Advances from customers (Refer note 27)	84.93	72.40
Unearned revenue (Refer note 27)	95.46	13.42
Total	847.40	599.70

iv) Movement in contract liabilities during the year:

(in ₹ million, unless otherwise stated)

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Balance at beginning of the year	13.42	12.41
Add: Addition during the year	95.46	13.42
Less: Deletion during the year	(13.42)	(12.41)
Balance at end of the year	95.46	13.42

29. Other income

(in ₹ million, unless otherwise stated)

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
a) Interest income from		
- Bank deposits (at amortised cost)	429.25	439.19
- Income-tax refund	0.04	0.29
- Others	9.46	9.45
b) Dividend from investments (at FVTPL)	-	6.81
c) Others		
- Gain on sale or fair valuation of investments (at FVTPL)	47.29	83.15
- Surrender value of keyman insurance policy (at FVTPL)	5.42	5.31
- Sundry balances written back	5.27	1.39
- Profit on disposal of property, plant and equipment (net)	-	1.49
- Miscellaneous non operating income	16.60	3.37
Total	513.33	550.45

30. Cost of materials consumed

(in ₹ million, unless otherwise stated)

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Inventories at the beginning of the year	565.30	274.92
Add : Purchases	3,824.40	3,277.42
Less : Inventories at the end of the year	(417.09)	(565.30)
Total	3,972.61	2,987.04

31. Employee benefits expense

(in ₹ million, unless otherwise stated)

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Salaries, wages and bonus	2,328.46	2,052.71
Employee share based compensation	203.74	166.37
Contribution to provident and other funds	108.21	111.72
Gratuity expense	42.48	36.45
Staff welfare expenses	54.13	59.12
Total	2,737.02	2,426.37

32. Finance costs

(in ₹ million, unless otherwise stated)

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Interest on lease liability	155.63	150.37
Interest on delayed payment of income tax	-	0.07
Interest others (Including ₹ 0.19 million (31 March 2020: 0.07 million) on TDS)	0.23	0.46
Interest on business purchase	4.09	2.22
Unwinding of discount on liability component of preference share capital	0.08	-
Total	160.03	153.12

33. Depreciation and amortisation expense

(in ₹ million, unless otherwise stated)

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Depreciation of property, plant and equipment	365.79	352.69
Depreciation of right-of-use assets	310.31	295.53
Amortisation of intangible assets	95.88	79.88
Total	771.98	728.10

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34. Other expenses

(in ₹ million, unless otherwise stated)

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Electricity and water charges	186.24	167.43
Rent	148.36	150.89
Rates and taxes	13.64	9.00
Insurance	54.24	44.42
Repairs and maintenance		
- Building	26.92	23.56
- Plant and equipment	89.44	92.80
- Others	221.47	198.70
Advertisement and sales promotion	307.21	341.54
Travelling and conveyance	274.78	320.47
Postage and courier	434.29	418.03
Communication costs	64.04	70.40
Commission to directors	9.41	9.29
Printing and stationery	91.47	103.89
Retainership fees to technical consultants	150.32	159.43
Director sitting fees	5.79	5.19
Legal and professional charges	151.64	154.86
Laboratory test charges	40.58	44.37
Payment to auditors (Refer note below)	17.14	15.15
Donation other than to political parties	0.11	0.43
Corporate social responsibility expense (Refer note 48)	59.25	53.65
Loss on disposal / discard of property, plant and equipment (net)	1.74	-
Provision for impairment of trade receivables and advances	48.87	47.52
Bad debts / advances written off (net)	2.39	11.65
Miscellaneous expenses	298.09	281.84
Total	2,697.43	2,724.51
Note		
(i) Payment to the auditors comprise *		
As auditors:		
Audit fees	12.69	10.23
Limited review	1.77	1.77
Tax audit fee	0.86	0.8
Others	0.65	1.37
Reimbursement of expenses	1.16	0.98
Total	17.14	15.15

* including indirect taxes, amount paid for audit of subsidiary companies and ₹ 0.70 million (31 March, 2020: ₹ 0.54 million) paid to other auditor of subsidiary companies

35. Income tax

Overview of Direct tax regime

The Group is subject to Indian Income Tax Act, 1961. The Group is assessed for tax on taxable profits determined for each fiscal year beginning on 1 April and ending on 31 March.

Statutory income taxes are assessed based on book profits prepared under generally accepted accounting principles in India ("Indian GAAP") adjusted in accordance with the provisions of the (Indian) Income tax Act, 1961. Such adjustments generally relate to depreciation of property, plant and equipment, disallowances of certain provisions and accruals, deduction for tax holidays and similar exemptions, the use of tax losses carried forward and retirement benefit costs. Statutory income tax is charged at 22% plus a surcharge and education cess. The combined Indian statutory tax rate for the fiscal year 2020-21 and 2019-20 is 25.168 %.

Income tax returns submitted by companies are regularly subjected to a comprehensive review and challenge by the tax authorities.

35.1: Income tax recognised in Statement of Profit And Loss

	(in ₹ million, unless otherwise stated)	
	Year ended 31 March, 2021	Year ended 31 March, 2020
Current tax		
In respect of the current year	1,075.62	883.42
In respect of the prior years	(54.48)	(45.30)
	1,021.14	838.12
Deferred tax		
In respect of the current year	(79.88)	(114.80)
In respect of the prior years	38.04	105.84
	(41.84)	(8.96)
Total income tax expenses recognised in the current year	979.30	829.16

The income tax expense for the year can be reconciled to the accounting profit as follows:

	Year ended 31 March, 2021	Year ended 31 March, 2020
Profit before tax	3,944.09	3,105.03
Statutory tax rate	25.168%	25.168%
Income tax expenses calculated at 25.168%	992.65	781.47
Effect of differential tax rate	-	58.97
Effect of expenses that are not deductible in determining taxable profit	14.30	5.04
Tax difference on account of deduction under Chapter VI-A	(12.77)	(12.77)
Non taxable income	-	(1.71)
Adjustments recognised in relation to current year in relation to previous years	(16.44)	1.57
Deferred tax on defined benefit obligation recognised in OCI	(2.34)	(4.92)
Income taxable at different rate	3.90	0.43
Others	-	1.08
Income tax expenses recognised in Statement of Profit or Loss	979.30	829.16

35.2. Income tax recognised in other comprehensive income

	Year ended 31 March, 2021	Year ended 31 March, 2020
Deferred tax		
Arising on income and expenses recognised in other comprehensive income		
Remeasurement of defined benefit obligation	(2.34)	(4.92)
	(2.34)	(4.92)

36. Earnings per equity share

(in ₹ million, unless otherwise stated)

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Profit for the year - (in ₹ million)	2,916.21	2,259.41
Number of equity shares	83,344,877	83,344,877
Weighted average number of equity shares outstanding during the year	83,344,877	83,342,128
Weighted average shares held with the "Dr. Lal PathLabs Employee Welfare Trust"	801,945	945,937
Dilutive impact of options outstanding	197,749	155,458
Basic earnings per share of ₹ 10 each	35.33	27.42
Diluted earnings per share of ₹ 10 each	35.25	27.37
Face value per share -(in ₹)	10	10

36.1: Reconciliation of weighted average number of ordinary shares used a denominator in calculating basic and diluted earnings per share

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Weighted average number of shares for calculating basic earnings per share	82,542,932	82,396,191
Add : share options outstanding	197,749	155,458
Weighted average number of shares for calculating dilutive earnings per share	82,740,681	82,551,649

37. Capital and other commitments

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	82.16	94.43
Other Commitments*	-	-

* The Group has other commitments, for purchases/sales orders which are issued after considering requirements per operating cycle for purchase/sale of goods and services and employee benefits, in the normal course of business.

38. Contingent liabilities

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2021	As at 31 March, 2020
i) Claims against the Company not acknowledged as debts*	118.85	104.28

* Based on the discussions with the solicitor/ expert opinions taken/status of the case, the management believes that the Group has strong chances of success in above mentioned cases and hence no provision there against is considered necessary at this point in time as the likelihood of liability devolving on the Group is less than probable.

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39. Segment reporting

The Group is engaged solely in the business of running laboratories for carrying out pathological investigations of various branches of bio-chemistry, hematology, histopathology, microbiology, electrophoresis, immuno-chemistry, immunology, virology, cytology, other pathological and radiological investigations.

The Board of Directors, which has been identified as being the chief operating decision maker (CODM), evaluates the Group's performance, allocates resources based on the analysis of the various performance indicators of the Group as a single unit. Therefore there is no reportable segment for the Group, in accordance with the requirements of Indian Accounting Standard 108- 'Operating Segments', notified under the Companies (Indian Accounting Standard) Rules, 2015.

Information about geographical areas

- a) The Group is domiciled in India. The amount of its revenue from operations from external customers broken down by location of customers is tabulated below:

Particulars	(in ₹ million, unless otherwise stated)	
	Year ended 31 March, 2021	Year ended 31 March, 2020
India	15,708.64	13,173.64
Outside India	104.02	129.93
Total	15,812.66	13,303.57

- b) The Company's non-current assets (excluding financial assets, deferred tax assets and certain other non-current assets) broken down by location of customers is tabulated below:

Particulars	(in ₹ million, unless otherwise stated)	
	As at 31 March, 2021	As at 31 March, 2020
India	4,738.74	4,395.47
Outside India	72.65	46.30
Total	4,811.39	4,441.77

c) Information about major customers

No single customer contributed more than 10% or more to the Group's revenue during the years ended 31 March, 2021 and 31 March, 2020.

40. Employee benefit plans

40.1 Defined contribution plans

The Group operates defined contribution retirement benefit plans for all its qualifying employees. Where employees leave the plans prior to full vesting of the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

Employee benefit under defined contribution plan comprising of provident fund is recognised based on the amount of obligation of the Group to contribute to the plan. The contribution is paid to Provident Fund authorities which is expensed during the year.

The total expense recognised in Statement of Profit or Loss of ₹ 100.29 million (for the year ended 31 March, 2020: ₹ 95.54 million) represents contributions payable to provident fund by the Group at rates specified in the rules of the plans. As at 31 March, 2021, contributions of ₹ 18.85 million (as at 31 March, 2020: ₹ 17.03 million) due in respect of the reporting period had not been paid over to the plans. The amounts were paid subsequent to the end of the respective reporting periods.

40.2 Defined benefit plans

Gratuity: The Group operates both funded and unfunded gratuity benefit plan. Gratuity liability arises on retirement, withdrawal, resignation, and death of an employee. The aforesaid liability is calculated on the basis of 15 days salary for each completed year of service, subject to a maximum of ₹ 2.00 million. Vesting occurs upon completion of 4.5 years of service.

The present value of the defined benefit obligation and the related current service cost are measured using the Projected Unit Credit method with actuarial valuations being carried out at each balance sheet date.

40.3 The Group is exposed to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. When there is a deep market for such bonds; if the return on plan assets is below this rate, it will create a plan deficit. Currently, for these plans, investments are made in Insurer managed funds.

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

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

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

40.4 Actuary assumptions - Gratuity:

Date of Valuation	Refer note below	As at 31 March, 2021	As at 31 March, 2020
Discount rate	1	4.85%- 6.97%	5.74-6.78%
Rate of salary increase	2	10-12%	9-12%
Rate of return	3	6.94%	6.70%
Retirement age		60 years	60.00
Attrition rate		5-35.19%	0.10-20%
Mortality table		Indian Assured Lives Mortality (2012-2014)	Indian Assured Lives Mortality (2012-2014)

Notes:

- The discount rate is based on the prevailing market yield of India Government securities as at the balance sheet date for the estimated term of obligations.
- The estimate of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.
- The expected return is based on the expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

40.5 Amounts recognised in the financial statements before allocation in respect of these defined benefit plan are as follows:

(in ₹ million, unless otherwise stated)		
Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Service cost :		
Current service cost	37.91	31.43
Net interest expense	4.57	5.02
Components of defined benefit costs recognised in employee benefit expenses	42.48	36.45
Remeasurement on the net defined benefit liability:		
Return on plan assets (excluding amounts included in net interest expense)	(1.66)	(1.79)
Actuarial (gains)/losses arising from changes in demographic assumptions	(1.37)	1.33
Actuarial (gains)/losses arising from changes in financial assumptions	10.96	21.10
Actuarial (gains)/losses arising from experience adjustments	1.31	(3.47)
Components of remeasurement	9.24	17.17
Total	51.72	53.62

40.6 Movements in the present value of the defined benefit obligation are as follows:

(in ₹ million, unless otherwise stated)

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Opening defined benefit obligation	228.68	176.91
Current service cost	37.91	31.43
Interest cost	15.99	13.54
Remeasurement (gains)/losses:		
Actuarial gains and losses arising from changes in demographic assumptions	(1.37)	1.33
Actuarial gains and losses arising from changes in financial assumptions	10.96	21.10
Actuarial gains and losses arising from experience adjustments	1.31	(3.47)
Past service cost, including losses/(gains) on curtailments	(0.43)	(0.04)
Benefits paid	(11.31)	(12.12)
Closing defined benefit obligation	281.74	228.68

40.7 The amount included in the Consolidated Balance Sheet arising from the entity's obligation in respect of its defined benefit plan is as follows :

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Present value of funded defined benefit obligation	281.74	228.68
Fair value of plan assets	(227.29)	(175.13)
Funded status	-	-
Net liability arising from defined benefit obligation	54.45	53.55

40.8 Movements in the fair value of the plan assets are as follows :

(in ₹ million, unless otherwise stated)

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Opening fair value of plan assets	175.13	119.29
Interest income	11.73	8.82
Remeasurement gain (loss):		
Return on plan assets (excluding amounts included in net interest expense)	-	-
Actuarial gain/ (loss) on plan assets	1.66	1.79
Contributions from the employer	50.00	56.60
Benefits paid	(11.23)	(11.37)
Closing fair value of plan assets	227.29	175.13

Parent Company expected to contribute ₹ 48.89 million to gratuity fund in the next year (For the year ended 31 March, 2020 ₹ 49.88 million).

40.9 The fair value of the plan assets at the end of the reporting period for each category, are as follows.

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Insurer managed funds	227.29	175.13

40.10 Sensitivity analysis

Below is the sensitivity analysis determined for significant actuarial assumptions for the determination of defined benefit obligations and based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period while holding all other assumptions constant.

Particulars	(in ₹ million, unless otherwise stated)	
	As at 31 March, 2021	As at 31 March, 2020
Discount rate		
- Impact due to increase of 100 basis points	(21.36)	(15.40)
- Impact due to decrease of 100 basis points	22.58	17.58
Salary increase		
- Impact due to increase of 100 basis points	19.90	14.33
- Impact due to decrease of 100 basis points	(18.23)	(13.72)
Withdrawal Rate		
- Impact due to 25% increase	(8.05)	(7.26)
- Impact due to 25% decrease	9.40	8.63

41. Lease arrangements

Effective April 1, 2019, the Group adopted Ind AS 116 "Leases" to its leases using the modified retrospective approach with the option to measure the right-of-use asset at an amount equal to the lease liability (i.e. as per para C8(c) (ii) of Ind AS 116), adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application.

The Group has applied this standard to land leases and building leases etc. to evaluate whether these contracts contains lease or not. Based on evaluation of the terms and conditions of the arrangements, the Company has evaluated such arrangements to be leases. Under this standard, all lease contracts, with limited exceptions, are recognised in the financial statements by way of right-of-use assets and corresponding lease liabilities.

When measuring lease liabilities, the weighted average discount rate used to calculate the lease liability in the opening balance under Ind AS 116 on April 1, 2019 was 11.25%.

On transition, the adoption of the new standard had resulted in reclassification of ₹ 81.41 million from property, plant and equipment to right-of-use assets, reclassification of ₹ 76.35 million from prepaid rent- Other non-current assets to right-of-use assets, reclassification of ₹ 0.82 million from prepaid rent- Other current assets to right-of-use assets, reclassification of ₹ 12.17 million from Payment obligation- leasehold land- Other financial liabilities - non current to lease liabilities and reclassification of ₹ 1.53 million from Payment obligation- leasehold land- Other financial liabilities - current to lease liabilities. There had been no impact on the retained earnings on initial application of the standard.

The Group recognises a lease liability measured at the present value of the remaining lease payments. The right-of-use assets are recognised at cost, which comprises the amount of the measurement of the lease liability adjusted for any lease payments made at or before the inception date of the lease

The Company has cash outflows for lease of underlying assets amounting to ₹ 421.72 million for the year ended March 31, 2021 out of which rent charges is amounting to ₹ 30.82 million which includes rentals for short term lease and low value lease.

Payments recognised as an expenses

Particulars	(in ₹ million, unless otherwise stated)	
	As at 31 March, 2021	As at 31 March, 2020
Short term lease	30.82	32.60
Low value assets	-	-

Details of lease liability:

The following is the movement in lease liabilities during the year:

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Balance at beginning of the year	1,293.71	-
Transition impact of Ind AS 116	-	13.70
Additions	482.24	1,503.85
Finance cost accrued during the period	155.63	150.37
Payment/adjustment of lease liabilities	(390.90)	(350.63)
Derecognition of lease liability	(37.02)	(23.58)
Balance at end of the year	1,503.66	1,293.71
Current	402.10	363.99
Non-current	1101.56	929.72

The table below provides details regarding the contractual maturities of lease liabilities on undiscounted basis:

Particulars	As at 31 March, 2021	As at 31 March, 2020
Less than one year	397.30	360.35
One to five years	1,203.42	1,053.12
More than five years	631.21	498.73
Total	2,231.93	1,912.20

Details of right-of-use asset (ROU):

The following is the movement in ROU asset during the year:

Particulars	Land	Buildings
As at 1 April, 2019	-	-
Transition impact of Ind AS 116	158.58	-
Additions	1.68	1,502.17
Deletions	-	(22.25)
Amortisation expense	(1.64)	(293.89)
As at 31 March, 2020	158.62	1,186.03
Additions	-	482.22
Deletions	-	(33.68)
Amortisation expense	(1.64)	(308.67)
As at 31 March, 2021	156.98	1,325.90

42. The Board of Directors of the Parent Company and its wholly owned subsidiary Company 'APL Institute of Clinical Laboratory & Research Private Limited' (APL), in their respective meetings held on 3 February, 2020 had approved the "Scheme of Amalgamation" of APL with the Parent Company w.e.f. 1 April, 2020 (the appointed date). As per the said scheme the undertaking of APL shall stand transferred to and vested in the Parent Company on a going concern basis without any further act, deed of matter. The scheme of amalgamation is subject to approval by the National Company Law Tribunal and other statutory approvals.
43. During the previous year ended 31 March 2020, PathLabs Unifiers Private Limited (wholly owned subsidiary), as approved in their Board of Directors meeting, held on 13 November, 2019, had acquired 70% equity stake in "APRL PathLabs Private Limited", engaged in the business of providing pathological diagnostics services, on a going concern basis through purchase and subscription of 44,338 equity shares of ₹ 10/- each for a total consideration of ₹ 52.50 million.
44. During the previous year ended 31 March, 2020, PathLabs Unifiers Private Limited (wholly owned subsidiary), as approved in their Board of Directors meeting, held on 7 August, 2019, had acquired 70% equity stake in "Centrapath Labs Private Limited", engaged in the business of providing pathological diagnostics services, on a going concern basis through purchase and subscription of 439,145 equity shares of ₹ 10/- each for a total consideration of ₹ 469.01 million.

45. During the year ended 31 March, 2021, the Parent Company has made a further investment of ₹ 40 million (KES 59 million) in its wholly owned subsidiary, Dr. Lal PathLabs Kenya Private Limited, through subscription of additional 58,598 equity shares of KES 1,000 each.

During the previous year ended 31 March 2020, the Parent Company had formed a new wholly owned foreign subsidiary, "Dr. Lal PathLabs Kenya Private Limited" in Kenya. The Parent Company had subscribed to equity share capital amounting to KES 10 million (₹ 7.10 million) consisting of 9,880 equity shares of KES 1,000 each.

46. During the current year, PathLabs Unifiers Private Limited (wholly owned subsidiary), as approved in the Board of Directors meeting, held on 25 January, 2021, has acquired 70% equity stake in Chanre Laboratory Private Limited, engaged in the business of providing pathological diagnostics services, on a going concern basis through purchase and subscription of 116,666 equity shares of ₹ 10 each for a total consideration of ₹ 175 million.

47. During the year ended 31 March 2021, the Parent Company has made a further investment of ₹ 225.00 million in its wholly owned subsidiary Company, PathLabs Unifiers Private Limited, through subscription of additional 9,576,923 equity shares (1,500,000 equity shares of ₹ 10 each at a premium of ₹ Nil per share and 8,076,923 equity shares of ₹ 10 each at a premium of ₹ 26 per share).

Subsequent to the year ended 31 March 2021, the Parent Company has made a further investment of ₹ 45.00 million in its wholly owned subsidiary Company, PathLabs Unifiers Private Limited, through subscription of additional 1,730,769 equity shares of ₹ 10 each at a premium of ₹ 26 per share.

During the previous year ended 31 March 2020, the Parent Company had made a further investment of ₹ 599.00 million and ₹ 9.00 million in its wholly owned subsidiary Companies, PathLabs Unifiers Private Limited and Dr. Lal Ventures Private Limited, respectively through subscription of additional equity shares.

48. In light of Section 135 of the Companies Act, 2013, the Group has incurred expenses on Corporate Social Responsibility (CSR) aggregating to ₹ 58.92 Million (Previous year ₹ 53.65 Million) for CSR activities.

(in ₹ million, unless otherwise stated)

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
a) Gross amount required to be spent by the Group during the year	59.25	53.65
b) Amount spent during the year on the following in cash		
i. Construction/ acquisition of any asset	Nil	Nil
ii. On purpose other than (i) above	58.92*	53.65*

*The Group has contributed ₹ 48.92 Million (Previous year ₹ 53.65 Million) to "Lal PathLabs Foundation" which is carrying out Corporate Social Responsibility (CSR) activities on behalf of the Company, as mentioned in Schedule VII of Companies Act, 2013.

Subsequent to the year end ₹ 0.33 million is transferred to PM Cares Fund

49. During the current year, PathLabs Unifiers Private Limited (wholly owned subsidiary) has purchased the business of "Bindish Diagnostic Laboratory LLP" engaged in the business of providing pathological diagnostics services in the state of Gujarat, on a going concern basis for a purchase consideration of ₹ 38.86 million (including goodwill of ₹ 17.80 million).

Detailed breakup of assets and liabilities acquired is as under:

(in ₹ million, unless otherwise stated)

Particulars	As at 1 December, 2020
Identifiable assets	
Current assets (excluding cash and cash equivalents)	0.78
Property, plant and equipment	1.95
Intangible assets	
- Trademarks	11.79
- Non-compete agreements	0.47
- Customer relationships	6.07
Total assets	(A) 21.06
Identifiable liabilities	
Current liabilities	-
Total liabilities	(B) -
Net identifiable assets acquired (A-B)	(C) 21.06
Initial consideration	38.86
Total purchase consideration*	(D) 38.86
Goodwill on acquisition	(D-C) 17.80

* Contingent consideration of upto ₹ 5 million is payable on achievement of pre-determined business target. As at 31 March, 2021, Management has estimated that the target will be achieved, basis which the amount has been considered in the purchase consideration.

50. During the current year, 'Chanre Laboratory Private Limited' has purchased the business of "Chanre Diagnostics Services Private Limited" engaged in the business of providing pathological diagnostics services in Bengaluru, on a going concern basis for a purchase consideration of ₹ 5.50 million (including goodwill of ₹ 2.26 million).

Detailed breakup of assets and liabilities acquired is as under:

(in ₹ million, unless otherwise stated)

Particulars		As at 25 January, 2021
Identifiable assets		
Current assets (excluding cash and cash equivalents)		0.20
Property, plant and equipment		0.33
Intangible assets		
- Trademarks		2.12
- Non-compete agreements		0.04
- Customer relationships		0.55
Total assets	(A)	3.24
Identifiable liabilities		
Current liabilities		-
Total liabilities	(B)	-
Net identifiable assets acquired (A-B)	(C)	3.24
Initial consideration		5.50
Total purchase consideration	(D)	5.50
Goodwill on acquisition	(D-C)	2.26

51. During the current year, 'Chanre Laboratory Private Limited' has purchased the business of "Chanre Diagnostics Laboratory" engaged in the business of providing pathological diagnostics services in Bengaluru, on a going concern basis for a purchase consideration of ₹ 169.50 million (including goodwill of ₹ 9.30 million).

Detailed breakup of assets and liabilities acquired is as under:

(in ₹ million, unless otherwise stated)

Particulars		As at 25 January, 2021
Identifiable assets		
Current assets (excluding cash and cash equivalents)		6.28
Property, plant and equipment		5.21
Intangible assets		
- Trademarks		57.19
- Non-compete agreements		2.40
- Customer relationships		89.12
Total assets	(A)	160.20
Identifiable liabilities		
Current liabilities		-
Total liabilities	(B)	-
Net identifiable assets acquired (A-B)	(C)	160.20
Initial consideration		169.50
Total purchase consideration (D)	(D)	169.50
Goodwill on acquisition	(D-C)	9.30

52. During the previous year ended 31 March, 2020, PathLabs Unifiers Private Limited (wholly owned subsidiary) had purchased the business of "Bawankar Pathology" engaged in the business of providing pathological diagnostics services in Bhandara, on a going concern basis for a purchase consideration of ₹ 52.00 million (including goodwill of ₹ 47.69 million).

Detailed breakup of assets and liabilities acquired is as under:

(in ₹ million, unless otherwise stated)

Particulars		As at 1 April, 2019
Identifiable assets		
Current assets (excluding cash and cash equivalents)		0.47
Property, plant and equipment		3.84
Intangible assets		-
Total assets	(A)	4.31
Identifiable liabilities		
Current liabilities		-
Total liabilities	(B)	-
Net identifiable assets acquired (A-B)	(C)	4.31
Initial consideration		52.00
Total purchase consideration	(D)	52.00
Goodwill on acquisition	(D-C)	47.69

53. During the previous year ended 31 March, 2020, PathLabs Unifiers Private Limited (wholly owned subsidiary) had purchased the business of "Shree Computerised Pathology Laboratory" engaged in the business of providing pathological diagnostics services in the state of Maharashtra, on a going concern basis for a purchase consideration of ₹ 40.97 million (including goodwill of ₹ 32.57 million).

Detailed breakup of assets and liabilities acquired is as under:

(in ₹ million, unless otherwise stated)

Particulars		As at 29 February, 2020
Identifiable assets		
Current assets		0.30
Property, plant and equipment		1.39
Intangible assets		
- Trademarks		6.09
- Non-compete agreements		0.62
Total assets	(A)	8.40
Identifiable liabilities		
Current liabilities		-
Total liabilities	(B)	-
Net identifiable assets acquired (A-B)	(C)	8.40
Initial consideration		40.97
Total purchase consideration*	(D)	40.97
Goodwill on acquisition	(D-C)	32.57

54. During the previous year ended 31 March, 2020, PathLabs Unifiers Private Limited (wholly owned subsidiary) had purchased the business of "Modern Diagnostics & Modern Lab" engaged in the business of providing pathological diagnostics services in the state of Maharashtra, on a going concern basis for a purchase consideration of ₹ 34.74 million (including goodwill of ₹ 20.32 million).

Detailed breakup of assets and liabilities acquired is as under:

(in ₹ million, unless otherwise stated)

Particulars		As at 29 February, 2020
Identifiable assets		
Current assets (excluding cash and cash equivalents)		1.01
Property, plant and equipment		5.94
Intangible assets		
- Trademarks		7.57
- Non-compete agreements		0.56
- Customer relationships		
Total assets	(A)	15.08
Identifiable liabilities		
Current liabilities		0.66
Total liabilities	(B)	0.66
Net identifiable assets acquired (A-B)	(C)	14.42
Initial consideration		34.74
Total purchase consideration	(D)	34.74
Goodwill on acquisition	(D-C)	20.32

55. During the previous year ended 31 March, 2020, Centrapath Labs Private Limited had purchased the business of "Central Lab" engaged in the business of providing pathological diagnostics services in Madhya Pradesh, on a going concern basis for a purchase consideration of ₹ 423.12 million* (including goodwill of ₹ 173.21 million).

Detailed breakup of assets and liabilities acquired is as under:

(in ₹ million, unless otherwise stated)

Particulars		As at 6 August, 2019
Identifiable assets		
Current assets (excluding cash and cash equivalents)		4.03
Property, plant and equipment		9.06
Intangible assets		
- Trademarks		127.68
- Non-compete agreements		4.53
- Customer relationships		104.61
Total assets	(A)	249.91
Identifiable liabilities		
Current liabilities		-
Total liabilities	(B)	-
Net identifiable assets acquired (A-B)	(C)	249.91
Initial consideration		424.09
Adjustment of working capital		(0.97)
Contingent consideration*		-
Total purchase consideration	(D)	423.12
Goodwill on acquisition	(D-C)	173.21

* Contingent consideration of ₹ 4.93 million was payable on achievement of pre-determined business target. As at 31 March, 2021, management confirms that these targets were not met.

56. During the previous year ended 31 March, 2020, Centrapath Labs Private Limited had purchased the business of "Vineeta Kothari" engaged in the business of providing pathological diagnostics services in Madhya Pradesh, on a going concern basis for a purchase consideration** of ₹ 27.32 million (including goodwill of ₹ 22.16 million).

Detailed breakup of assets and liabilities acquired is as under:

(in ₹ million, unless otherwise stated)

Particulars	As at 6 August, 2019
Identifiable assets	
Current assets (excluding cash and cash equivalents)	0.54
Property, plant and equipment	0.40
Intangible assets	
- Trademarks	3.90
- Non-compete agreements	0.32
Total assets	(A) 5.16
Identifiable liabilities	
Current liabilities	-
Total liabilities	(B) -
Net Identifiable assets acquired (A-B)	(C) 5.16
Initial consideration	27.07
Adjustment of working capital	0.25
Contingent consideration**	-
Total purchase consideration	(D) 27.32
Goodwill on acquisition	(D-C) 22.16

** Contingent consideration of ₹ 0.31 million was payable on achievement of pre-determined business target. As at 31 March, 2021, management confirms that these targets were not met.

57. During the previous year ended 31 March, 2020, APRL PathLabs Private Limited had purchased the business of "Amins Pathology Referral Laboratory" engaged in the business of providing pathological diagnostic services in Vadodara, on a going concern basis for a purchase consideration of ₹ 51.32 million (including goodwill of ₹ 31.54 million).

Detailed breakup of assets and liabilities acquired is as under:

(in ₹ million, unless otherwise stated)

Particulars	As at 4 November, 2019
Identifiable assets	
Current assets (excluding cash and cash equivalents)	4.75
Property, plant and equipment	6.08
Intangible assets	
- Trademarks	10.35
- Non-compete agreements	2.35
Total assets	(A) 23.53
Identifiable liabilities	
Current liabilities	3.75
Total liabilities	(B) 3.75
Net Identifiable assets acquired (A-B)	(C) 19.78
Initial consideration	51.32
Total purchase consideration	(D) 51.32
Goodwill on acquisition	(D-C) 31.54

58. Financial instruments

(a) Capital management

The Group's objectives when managing capital is to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders.

In order to maintain or adjust the capital structure, the Group adjusts the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Group has investments in fixed deposits with banks, corporates and in mutual fund schemes wherein underlying portfolio is spread across securities issued by different issuers having different credit ratings. The credit risk of investments in debt mutual fund schemes is managed through investment policies and guidelines requiring adherence to stringent credit control norms based on external credit ratings.

The Group has no outstanding debt as at the end of reporting period. Accordingly, the Group has not calculated gearing ratio as at 31 March, 2021.

(b) Financial risk management objective and policies

This section gives an overview of the significance of financial instruments for the Group and provides additional information on the balance sheet. Details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2.

Financial assets and liabilities:

The accounting classification of each category of financial instruments, and their carrying amounts, are set out below:

As at 31 March, 2021 (in ₹ million, unless otherwise stated)

Financial assets	FVTPL	FVTOCI	Amortised cost	Total	Carrying value
Investments	593.03	-	-	593.03	593.03
Trade receivables	-	-	667.01	667.01	667.01
Cash and cash equivalents	-	-	2,442.98	2,442.98	2,442.98
Bank balances other than cash and cash equivalents above	-	-	6,817.30	6,817.30	6,817.30
Loans	-	-	10.01	10.01	10.01
Other financial assets	33.93	-	413.32	447.25	447.25
	626.96	-	10,350.62	10,977.58	10,977.58

Financial liabilities	FVTPL	FVTOCI	Amortised cost	Total	Carrying value
Trade payables	-	-	1,441.28	1,441.28	1,441.28
Other financial liabilities	-	-	1,944.55	1,944.55	1,944.55
	-	-	3,385.83	3,385.83	3,385.83

As at 31 March, 2020 (in ₹ million, unless otherwise stated)

Financial assets	FVTPL	FVTOCI	Amortised cost	Total	Carrying value
Investments	1,642.75	-	-	1,642.75	1,642.75
Trade receivables	-	-	513.88	513.88	513.88
Cash and cash equivalents	-	-	1,967.20	1,967.20	1,967.20
Bank balances other than cash and cash equivalents above	-	-	3,723.96	3,723.96	3,723.96
Loans	-	-	9.32	9.32	9.32
Other financial assets	30.39	-	451.75	482.14	482.14
	1,673.14	-	6,666.11	8,339.25	8,339.25

Financial liabilities	FVTPL	FVTOCI	Amortised cost	Total	Carrying value
Trade payables	-	-	1,177.35	1,177.35	1,177.35
Other financial liabilities	-	-	1,721.30	1,721.30	1,721.30
	-	-	2,898.65	2,898.65	2,898.65

(c) Fair value measurement**(in ₹ million, unless otherwise stated)**

This note provides information about how the Group determines fair values of various financial assets.

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	31 March, 2021	31 March, 2020		
Current investment:				
Investment in mutual funds*	593.03	1,642.75	Level II	NAV declared by respective Asset Management Companies.
Surrender value of keyman insurance policy	33.93	30.39	Level II	Surrender value declared by Insurance Companies.

* Short-term marketable securities not traded in active markets are determined by reference to quotes from the financial institutions; for example: Net asset value (NAV) for investments in mutual funds declared by mutual fund house.

Fair value of financial assets and financial liabilities that are not measured at fair value

Management considers that the carrying amounts of financial assets and financial liabilities recognised in the Consolidated Financial Statements are at their approximate fair values.

(d) Risk management framework

The Group's businesses are subject to several risks and uncertainties including financial risks. The Group's documented risk management policies act as an effective tool in mitigating the various financial risks to which the business is exposed to in the course of their daily operations. The risk management policies cover areas such as liquidity risk, interest rate risk, counterparty and concentration of credit risk and capital management. Risks are identified through a formal risk management programme with active involvement of senior management personnel and business managers. The Group's risk management process is in line with the Corporate policy. Each significant risk has a designated 'owner' within the Group at an appropriate senior level. The potential financial impact of the risk and its likelihood of a negative outcome are regularly updated.

The risk management process is coordinated by the Management Assurance function and is regularly reviewed by the Company's Audit Committee. The overall internal control environment and risk management programme including financial risk management is reviewed by the Audit Committee on behalf of the Board.

The risk management framework aims to:

- improve financial risk awareness and risk transparency
- identify, control and monitor key risks
- identify risk accumulations
- provide management with reliable information on the Group's risk situation
- improve financial returns

Treasury management

The Group's treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyses exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

Treasury management focuses on capital protection, liquidity maintenance and yield maximisation.

Financial risk

The Group has approved financial risk policies comprising liquidity, foreign currency, interest rate and counterparty credit risk. The Group does not engage in the speculative treasury activity but seeks to manage risk and optimise interest through proven financial instruments.

(i) **Liquidity risk**

The Group requires funds for short-term operational needs and the parent company has been rated by CRISIL Limited (CRISIL) for its banking facilities in line with Basel II norms.

The Group remains committed to maintaining a healthy liquidity, gearing ratio, and strengthening the balance sheet. The maturity profile of the Group's financial liabilities and realisability of financial assets based on the remaining period from the date of balance sheet to the contractual maturity date is given in the table below. The figures reflect the contractual cash obligation of the Group.

As at 31 March, 2021

(in ₹ million, unless otherwise stated)

	<1 year	1-3 Years	3-5 Years	> 5 Years	Total
<u>Non-current</u>					
Other non current financial liabilities	-	693.93	515.66	631.79	1,841.38
<u>Current</u>					
Trade payables	1,441.28	-	-	-	1,441.28
Other current financial liabilities	842.99	-	-	-	842.99
Total	2,284.27	693.93	515.66	631.79	4,125.65

As at 31 March, 2020

(in ₹ million, unless otherwise stated)

	<1 year	1-3 Years	3-5 Years	> 5 Years	Total
<u>Non-current</u>					
Other non current financial liabilities	-	473.02	282.76	173.94	929.72
<u>Current</u>					
Trade payables	1,177.35	-	-	-	1,177.35
Other current financial liabilities	791.58	-	-	-	791.58
Total	1,968.93	473.02	282.76	173.94	2,898.65

As at 31 March, 2021, the Group had access to funding facilities of ₹ 200 Million (entire amount not drawn) as set out below:

(in ₹ million, unless otherwise stated)

	Total Facility	Drawn	Undrawn
Unsecured cash credit facility at variable rate of interest, reviewed annually and payable at call	200.00	-	200.00
Total	200.00	-	200.00

(ii) **Interest rate risk**

Fixed rate financial assets are largely interest bearing fixed deposits held by the Group. The returns from these financial assets are linked to bank rate notified by Reserve Bank of India as adjusted on periodic basis. The Company does not charge interest on overdue trade receivables. Trade payables are non interest bearing and are normally settled up to 30 days terms. Mutual fund investments have debt securities as underlying assets and are exposed to floating interest rates.

The exposure of the Group's financial assets as at 31 March, 2021 to interest rate risk is as follows:

	(in ₹ million, unless otherwise stated)			
	Floating rate	Fixed rate	Non interest bearing	Total
Non-current				
Loans	-	-	0.70	0.70
Other financial assets	-	6.08	61.72	67.80
	-	6.08	62.42	68.50
Current				
Investments	593.03	-	-	593.03
Trade receivables	-	-	667.01	667.01
Cash and cash equivalents	-	2,181.45	261.53	2,442.98
Bank balances other than cash and cash equivalents above	-	6,815.05	2.25	6,817.30
Loans	-	-	9.31	9.31
Other financial assets	-	235.89	143.56	379.45
	593.03	9,232.39	1,083.66	10,909.08
Total	593.03	9,238.47	1,146.08	10,977.58
Range of interest rate applicable	4.40% - 7.95% p.a.			

The exposure of the Group's financial liabilities as at 31 March, 2021 to interest rate risk is as follows:

	(in ₹ million, unless otherwise stated)			
	Floating rate	Fixed rate	Non interest bearing	Total
Non-current				
Other financial liabilities	-	-	1,101.56	1,101.56
	-	-	1,101.56	1,101.56
Current				
Trade payables	-	-	1,441.28	1,441.28
Other financial liabilities	-	66.25	776.74	842.99
	-	66.25	2,218.02	2,284.27
Total	-	66.25	3,319.58	3,385.83

The exposure of the Group's financial assets as at 31 March, 2020 to interest rate risk is as follows:

	(in ₹ million, unless otherwise stated)			
	Floating rate	Fixed rate	Non interest bearing	Total
Non-current				
Loans	-	-	0.26	0.26
Other financial assets	-	109.19	35.88	145.07
	-	109.19	36.14	145.33
Current				
Investments	1,642.75	-	-	1,642.75
Trade receivables	-	-	513.88	513.88
Cash and cash equivalents	-	1,846.36	120.84	1,967.20
Bank balances other than cash and cash equivalents above	-	3,722.00	1.96	3,723.96
Loans	-	-	9.06	9.06
Other financial assets	-	202.61	134.46	337.07
	1,642.75	5,770.97	780.20	8,193.92
Total	1,642.75	5,880.16	816.34	8,339.25
Range of interest rate applicable	5.25% - 7.75% p.a.			

The exposure of the Group's financial liabilities as at 31 March, 2020 to interest rate risk is as follows:

	(in ₹ million, unless otherwise stated)			
	Floating rate	Fixed rate	Non interest bearing	Total
Non-current				
Other financial liabilities	-	-	929.72	929.72
	-	-	929.72	929.72
Current				
Trade payables	-	-	1,177.35	1,177.35
Other financial liabilities	-	65.78	725.80	791.58
	-	65.78	1,903.15	1,968.93
Total	-	65.78	2,832.87	2,898.65

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates at the end of the reporting period. For floating rate assets, the analysis is prepared assuming the amount of the assets balance at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

	(in ₹ million, unless otherwise stated)	
Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Impact on profit or loss for the year for increase in interest rate	44.96	28.31
Impact on profit or loss for the year for decrease in interest rate	(44.96)	(28.31)

(iii) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and after obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group is exposed to credit risk for receivables, cash and cash equivalents, bank balances other than cash and cash equivalents.

Credit risk management considers available reasonable and supportable forward-looking information including indicators like external credit rating (as far as available), macro-economic information (such as regulatory changes, government directives, market interest rate).

The Group makes sales to its customers which have high credit rating.

Only high rated banks are considered for placement of deposits. Bank balances are held with reputed and creditworthy banking institutions.

For short-term investments, counterparty limits are in place to limit the amount of credit exposure to any one counterparty. Defined limits are in place for exposure to individual counterparties in case of mutual funds schemes.

None of the Group's cash equivalents are past due or impaired. Regarding trade and other receivables, the Company has accounted for impairment based on expected credit losses method as at 31 March, 2020 based on expected probability of default.

(iv) Price risks

The sensitivity of profit or loss in respect of investments in mutual funds at the end of the reporting period for +/-5% change in net asset value is presented below:

Profit before tax for the year ended 31 March, 2021 would increase/decrease by ₹ 29.65 million (for the year ended 31 March, 2020 would increase/ decrease by ₹ 82.14 million) as a result of the changes in net asset value of investment in mutual funds.

59. Business combinations**59.1 Subsidiaries acquired**

Year ended 31 March, 2021

(in ₹ million, unless otherwise stated)

Particulars	Principal activity	Date of acquisition	Proportion of voting interest acquired (%)	Consideration transferred
Chanre Laboratory Private Limited	Pathology	25-Jan-21	70%	175.00

Year ended 31 March, 2020

(in ₹ million, unless otherwise stated)

Particulars	Principal activity	Date of acquisition	Proportion of voting interest acquired (%)	Consideration transferred
Centrapath Labs Private Limited	Pathology	7-Aug-19	70%	469.01
APRL PathLabs Private Limited	Pathology	13-Nov-19	70%	52.50

59.2 Consideration transferred

(in ₹ million, unless otherwise stated)

Particulars	Chanre Laboratory Private Limited	Centrapath Labs Private Limited	APRL PathLabs Private Limited
Cash paid/payable	175.00	469.01	52.50
	175.00	469.01	52.50

59.3 Assets acquired and liabilities recognised at the date of acquisition

(in ₹ million, unless otherwise stated)

	Chanre Laboratory Private Limited	Centrapath Labs Private Limited	APRL PathLabs Private Limited
Current assets	6.99	12.54	4.95
Non-current assets	168.52	445.87	50.32
Current liabilities	-	-	(3.75)
	175.51	458.41	51.52
Fair value of identifiable net assets acquired @ 70%	122.86	320.89	36.06

59.4 Goodwill arising on acquisition

(in ₹ million, unless otherwise stated)

	Chanre Laboratory Private Limited	Centrapath Labs Private Limited	APRL PathLabs Private Limited
Consideration transferred/transferrable	175.00	469.01	52.50
Less: fair value of identifiable net assets acquired	122.86	320.89	36.06
	52.14	148.12	16.44

59.5 Net cash outflow on acquisition of subsidiaries

(in ₹ million, unless otherwise stated)

	Year ended 31 March, 2021	Year ended 31 March, 2020
Consideration paid in cash	175.00	521.51
Less: Cash and cash equivalent balances acquired	-	-
	175.00	521.51

60 Share based payments

60.1 Employee Share Option Plan-2010

60.1.1 Details of employee share based plan of the Parent Company

The shareholders of the Parent Company approved 'Dr. Lal PathLabs Private Limited Employee Stock Option Plan 2010' ("ESOP 2010") at the Annual General Meeting held on 20 August, 2010 to grant a maximum of 3,808,960 options to specified categories of employees of the Parent Company. Each option granted and vested under the ESOP 2010 shall entitle the holder to acquire 1 equity share of ₹ 10 each. The Parent Company had granted 3,730,340 options till the year ended 31 March, 2015, all of which have all been vested as at 31 March 2019. As per resolution passed on 21 August, 2015, the Parent Company approved to cease any further grants under the ESOP 2010.

The following ESOP 2010 tranches were in existence during the current year:

Grant date	Number	Expiry date	Exercise price (in ₹)	Fair value at grant date (in ₹)
1 September, 2010	2,972,160	Refer Note 1 below	110.80	168.92
23 January, 2015	162,180	Refer Note 1 below	311.30	490.42

Note 1: All options vest after 48-60 months from date of grant subject to satisfaction of vesting conditions. The exercise period is five years from the date on which the Parent Company's shares were listed on a recognised stock exchange in India or a period of 10 years from date of respective vesting, whichever period ends later. Options not exercised within exercise period lapses.

60.1.2 Fair value of share options granted in the year

There were no options granted during the years ended 31 March, 2021 and 31 March, 2020.

60.1.3 Movements in share options during the year

The reconciliation of share options outstanding at the beginning and end of the year:

Particulars	2020-21		2019-20	
	Number of options	Weighted average exercise price (in ₹)	Number of options	Weighted average exercise price (in ₹)
Balance at beginning of year	141,983	311.30	145,250	306.79
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	3,267	110.80
Expired during the year	-	-	-	-
Balance at end of year	141,983	311.30	141,983	311.30

60.1.4 Share options exercised during the year

No share options were exercised during the year.

60.1.5 Share options outstanding at the end of the year

The share options outstanding at the end of the year has a weighted average exercise price of ₹ 311.30 (as at 31 March, 2020: ₹ 311.30) and a weighted average remaining contractual life of years 6.13 (as at 31 March, 2020: 7.13 years)

Note 60.2 Restricted Share Option Plan

60.2.1 Details of employee share based plan of the Parent Company

The shareholders of the Parent Company approved 'Dr. Lal PathLabs Employees Restricted Stock Unit Plan 2016' ('RSU 2016') at the Annual General Meeting held on 28 July, 2016 to grant a maximum of 1,244,155 Restricted Stock Units ("RSUs") to key employees and directors of the Parent Company. Each RSU granted and vested shall entitle the holder to acquire 1 equity share of ₹ 10 each. Under RSU 2016, for the performance year 2016-17, options of ₹ 10 each granted to eligible employees is 225,000 out of which 6,225 options were forfeited on non satisfaction of vesting conditions. For the performance year 2017-18, options of ₹ 10 each granted to eligible employees is 225,716 and 9,602 options were forfeited on non satisfaction of vesting conditions. Further, for the performance year 2018-19, options of ₹ 10 each granted to eligible employees is 219,132 and 28,498 options were forfeited on non satisfaction of vesting conditions. Further, for the performance year 2019-20, options of ₹ 10 each granted to eligible employees is 213,841 and 27,631 options were forfeited on non satisfaction of vesting conditions.

Further, for the performance year 2020-21, options of ₹ 10 each granted to eligible employees is 112,200 and 12,468 options were forfeited on non satisfaction of vesting conditions. The Company has accounted for the expense of options proportionately for the period under employee cost on the basis of weighted average fair value.

The following share- based payment arrangements were in existence during the current and prior years:

Option series	Number	Grant date	Expiry date	Exercise Price (in ₹)	Fair Value at grant date (in ₹)
Series 1	203,400	29 July, 2016	Refer Note 1 below	10.00	943.00
Series 2	3,600	1 August, 2016	Refer Note 1 below	10.00	953.59
Series 3	8,000	21 September, 2016	Refer Note 1 below	10.00	1,182.34
Series 4	10,000	10 October, 2016	Refer Note 1 below	10.00	1,030.56
Series 5	214,716	7 August, 2017	Refer Note 1 below	10.00	795.15
Series 6	11,000	8 February, 2018	Refer Note 1 below	10.00	854.73
Series 7	210,132	10 August, 2018	Refer Note 1 below	10.00	908.45
Series 8	9,000	6 November, 2018	Refer Note 1 below	10.00	855.73
Series 9	213,841	13 August, 2019	Refer Note 1 below	10.00	1,045.81
Series 10	112,200	31 July, 2020	Refer Note 1 below	10.00	1,811.83

Note 1: All options vest after 1 year but within 4 years of date of grant subject to satisfaction of vesting conditions. The exercise period is five years from the date of respective vesting or such other shorter period as may be decided by the Nomination and Remuneration Committee from time to time. Options not exercised within the exercise period lapse.

60.2.2 Fair value of share options granted in the year

The fair value of the options, calculated by an external valuer, was estimated on the date of grant using the Black-Scholes model with the following significant assumptions:

Option Series	Series 1	Series 2	Series 3	Series 4	Series 5	Series 6	Series 7	Series 8	Series 9	Series 10
Grant date share price	961.75	972.50	1,201.35	1,049.65	814.25	873.40	939.45	886.75	1,086.45	1,881.05
Exercise price (in ₹)	10	10	10	10	10	10	10	10	10	10
Expected volatility	31.58%	31.58%	31.58%	31.58%	31.48%	21.71%	22.33%	25.66%	31.79%	32.28%
Option life	6-9 Years	6-9 Years	6-9 Years	6-9 Years	6-9 Years	6-9 Years	6-9 Years	6-9 Years	6-9 Years	6-9 Years
Dividend yield	0.18%	0.18%	0.15%	0.17%	0.22%	0.20%	0.35%	0.37%	0.41%	0.53%
Risk-free interest rate	7.32%-7.36%	7.29%-7.35%	6.90%-7.18%	6.76%-6.96%	6.65%-6.96%	7.73%-8.03%	7.99%-8.19%	7.92%-8.01%	6.69%-6.98%	5.65%-5.96%

60.2.3 Movements in share options during the year

The following reconciles the share options outstanding at the beginning and end of the year:

Particulars	2020-21		2019-20	
	Number of options	Weighted average exercise price (in ₹)	Number of options	Weighted average exercise price (in ₹)
Balance at beginning of year	603,601	10.00	548,656	10.00
Granted during the year	112,200	10.00	213,841	10.00
Forfeited during the year	12,468	10.00	27,631	10.00
Exercised during the year	148,521	10.00	131,265	10.00
Expired during the year	-	-	-	-
Balance at end of year	554,812	10.00	603,601	10.00

60.2.4 Share options exercised during the year

The following share options were exercised during the year.

Option series	Number exercised	Exercise date	Share price at exercise date
Series 1	39,306	Various dates	1,931.3*
Series 2	88	3-7-2020	1,671.73
Series 3	-	Various dates	-
Series 4	2,500	Various dates	2,200.08*
Series 5	45,442	Various dates	2,118.73*
Series 6	2,250	Various dates	2,362.22*
Series 7	34,081	Various dates	1,935.31*
Series 8	1,800		2,169.28
Series 9	23,054	Various dates	1,913.63*
Series 10	-	-	-

*weighted average share price during the year.

60.2.5 Share options outstanding at the end of the year

The share options outstanding at the end of the year has a weighted average exercise price of ₹ 10 (as at 31 March, 2020: ₹ 10) and a weighted average remaining contractual life of 5.96 years (as at 31 March, 2020: 6.37 years)

61. Related Party Disclosures

I. Names of related parties and related party relationship

a. Key managerial personnel of the Parent Company

- (Hony) Brig. Dr. Arvind Lal - Chairman and Managing Director upto 31 March, 2020 (Executive Chairman w.e.f 1 April, 2020)
- Dr. Vandana Lal - Director
- Dr. Om Prakash Manchanda - Chief Executive Officer upto 31 March, 2020 (Managing Director w.e.f 1 April, 2020)
- Mr. Ved Prakash Goel - Chief Financial Officer
- Mr. Rajat Kalra - Company Secretary
- Mr. Bharath U - Chief Executive Officer (w.e.f 1 April, 2020)
- Harneet Singh Chandhoke - Independent Director
- Saurabh Srivastava - Independent Director
- Sunil Varma - Independent Director
- Anoop Singh - Independent Director
- Somya Satsangi - Independent Director
- Rahul Sharma - Director
- Dr. Archana Lal Erdmann - Director

b. Relatives of key management personnel

- Mr. Anjaneya Lal
(Son of (Hony) Brig. Dr. Arvind Lal and Dr. Vandana Lal)

c. Entities in which key managerial personnel can exercise significant influence

- Central Clinical Laboratory
- Eskay House HUF - Dr. Arvind Lal
- New Delhi Centre for Sight Limited
- Lal Pathlabs Foundation (formerly Dr. Lal PathLabs Welfare Trust)

d. Other related parties

- Dr. Lal Pathlabs Limited Group Gratuity Trust (formerly Dr. Lal Pathlabs Private Limited Group Gratuity Trust)
(Trust to manage and administer gratuity liability of the Parent Company)

II. Transactions/Outstanding balances with related parties during the year

Particulars	(Figures in bracket relates to previous year) (in ₹ million, unless otherwise stated)			
	Entities in which key managerial personnel can exercise significant influence	Key Management Personnel	Relatives of key management personnel	Other related parties
A. Transactions during the year				Grand Total
i. Sale of services				
Lal Pathlabs Foundation (formerly Dr. Lal PathLabs Welfare Trust)	-	-	-	-
Total	(-)	(-)	(-)	(0.31)
ii. Laboratory test charges				
New Delhi Centre for Sight Limited	-	-	-	-
Total	(0.02)	(-)	(-)	(0.02)
iii. Purchase of property, plant and equipment				
Dr. Vandana Lal	-	-	-	-
Total	(-)	(7.50)	(-)	(7.50)
iv. Compensation of Key Managerial Personnel and their relatives				
The remuneration of key managerial personnel during the year was as follows:				
- Short term employee benefits	-	113.39	2.10	-
	(-)	(92.98)	(2.18)	(-)
- Post employment benefits*	-	-	-	-
	(-)	(-)	(-)	(-)
- Share based payments to employees**	-	172.74	-	-
	(-)	(113.21)	(-)	(-)
Total	-	286.13	2.10	288.23
	(-)	(206.19)	(2.18)	(-)
v. Contribution to Fund				
Lal Pathlabs Foundation (formerly Dr. Lal PathLabs Welfare Trust)	-	-	-	48.92
Dr. Lal Pathlabs Limited Group Gratuity Trust (formerly Dr. Lal Pathlabs Private Limited Group Gratuity Trust)	-	(-)	(-)	(53.58)
Total	-	-	-	50.00
	(-)	(-)	(-)	(56.60)
vi. Rent				
Dr. Vandana Lal	-	0.70	-	-
	(-)	(0.76)	(-)	(-)
Central Clinical Laboratory	-	-	-	-
	(0.29)	(-)	(-)	(-)
Total	-	0.70	-	0.70
	(0.29)	(0.76)	(-)	(-)

(Figures in bracket relates to previous year) (in ₹ million, unless otherwise stated)					
Particulars	Entities in which key managerial personnel can exercise significant influence	Key Management Personnel	Relatives of key management personnel	Other related parties	Grand Total
vii. Professional fees					
Dr. Archana Lal Erdmann	-	-	-	-	-
	(-)	(-)	(0.53)	(-)	(0.53)
Total	(-)	(-)	(0.53)	(-)	(0.53)
viii. Dividend paid					
(Hony) Brig. Dr. Arvind Lal	-	316.99	-	-	316.99
	(-)	(415.25)	(-)	(-)	(415.25)
Dr. Vandana Lal	-	192.99	-	-	192.99
	(-)	(256.50)	(-)	(-)	(256.50)
Dr. Om Prakash Manchanda	-	17.70	-	-	17.70
	(-)	(22.53)	(-)	(-)	(22.53)
Mr. Bharath U	-	0.17	-	-	0.17
	(-)	(0.12)	(-)	(-)	(0.12)
Mr. Ved Prakash Goel	-	0.23	-	-	0.23
	(-)	(0.26)	(-)	(-)	(0.26)
Dr. Archana Lal Erdmann	-	-	22.13	-	22.13
	(-)	(-)	(30.83)	(-)	(30.83)
Mr. Anjaneya Lal	-	-	20.28	-	20.28
(Son of Dr. Arvind Lal and Dr. Vandana Lal)	(-)	(-)	(26.19)	(-)	(26.19)
Eskay House HUF- Dr. Arvind Lal	-	-	-	-	-
	(5.89)	(-)	(-)	(-)	(5.89)
Mr. Rajat Kalra	-	0.01	-	-	0.01
	(-)	(-)	(-)	(-)	(-)
Total	(5.89)	528.09	42.41	(-)	570.50
	(-)	(694.66)	(57.02)	(-)	(757.57)
ix. Share options exercised***					
Dr. Om Prakash Manchanda	-	0.71	-	-	0.71
	(-)	(0.83)	(-)	(-)	(0.83)
Mr. Bharath U	-	0.14	-	-	0.14
	(-)	(0.09)	(-)	(-)	(0.09)
Mr. Rajat Kalra	-	0.01	-	-	0.01
	(-)	(-)	(-)	(-)	(-)
Total	(-)	0.86	(-)	(-)	0.86
	(-)	(0.92)	(-)	(-)	(0.92)
x. Issue of equity Shares****					
Mr. Ved Prakash Goel	-	-	-	-	-
	(-)	(0.36)	(-)	(-)	(0.36)
Total	(-)	(0.36)	(-)	(-)	(0.36)

(Figures in bracket relates to previous year)
(in ₹ million, unless otherwise stated)

Particulars	Entities in which key managerial personnel can exercise significant influence	Key Management Personnel	Relatives of key management personnel	Other related parties	Grand Total
xi. Sitting fees					
Dr. Archana Lal Erdmann	-	-	0.25 (0.10)	-	0.25 (0.10)
Anoop Mahendra Sigh	(-)	(-)	(-)	(-)	0.70 (0.75)
Harneet Singh Chandhoke	-	0.70 (0.75)	-	-	0.50 (0.45)
Ms. Somya Satsangi	(-)	0.50 (0.45)	(-)	(-)	0.45 (0.40)
Rahul Sharma	-	0.45 (0.40)	-	(-)	0.50 (0.65)
Saurabh Srivastava	(-)	0.50 (0.65)	(-)	(-)	0.55 (0.75)
Sunil Varma	-	0.55 (0.75)	-	(-)	1.80 (1.30)
	(-)	1.80 (1.30)	(-)	(-)	4.75 (4.40)
	-	4.50 (4.30)	0.25 (0.10)	-	
xii. Sitting fees					
Dr. Archana Lal Erdmann	-	-	1.00 (0.87)	-	1.00 (0.87)
Anoop Mahendra Sigh	(-)	(-)	(-)	(-)	1.25 (1.25)
Harneet Singh Chandhoke	-	1.25 (1.25)	-	-	1.00 (1.00)
Ms. Somya Satsangi	(-)	1.00 (1.00)	(-)	(-)	1.25 (1.25)
Rahul Sharma	-	1.25 (1.25)	-	(-)	1.00 (1.00)
Saurabh Srivastava	(-)	1.00 (1.00)	(-)	(-)	1.25 (1.25)
Sunil Varma	-	1.25 (1.25)	-	(-)	1.25 (1.25)
	(-)	1.25 (1.25)	(-)	(-)	8.00 (7.87)
	-	7.00 (7.00)	1.00 (0.87)	-	

(Figures in bracket relates to previous year)
(in ₹ million, unless otherwise stated)

Particulars	Entities in which key managerial personnel can exercise significant influence	Key Management Personnel	Relatives of key management personnel	Other related parties	Grand Total
B. Outstanding balances at the year end					
i. Other non-current assets					
Other advances*****					
Lal PathLabs Foundation	31 March, 2021	-	-	0.10	0.10
(formerly Dr. Lal PathLabs Welfare Trust)	31 March, 2020	(-)	(-)	(0.10)	(0.10)
Dr. Lal Pathlabs Limited Group Gratuity Trust	31 March, 2021	-	-	0.14	0.14
(formerly Dr. Lal Pathlabs Private	31 March, 2020	(-)	(-)	(0.14)	(0.14)
Limited Group Gratuity Trust)					
Total	31 March, 2021	-	-	0.24	0.24
	31 March, 2020	(-)	(-)	(0.24)	(0.24)
ii. Loans					
Mr. Ved Prakash Goel	31 March, 2021	1.23	-	-	1.23
	31 March, 2020	(1.83)	(-)	(-)	(1.83)
	31 March, 2021	1.23	-	-	1.23
	31 March, 2020	(1.83)	(-)	(-)	(1.83)
iii. Other financial assets					
Security deposits					
Eskay House HUF - Dr. Arvind Lal	31 March, 2021	-	-	-	-
	31 March, 2020	(0.64)	(-)	(-)	(0.64)
Total	31 March, 2021	-	-	-	-
	31 March, 2020	(0.64)	(-)	(-)	(0.64)
iv. Trade payables					
Central Clinical Laboratory	31 March, 2021	-	-	-	-
	31 March, 2020	(0.09)	(-)	(-)	(0.09)
Total	31 March, 2021	-	-	-	-
	31 March, 2020	(0.09)	(-)	(-)	(0.09)

*The remuneration to the key managerial personnel and their relatives does not include the provision made for gratuity and leave benefits, as they are determined on an actuarial basis for the Parent Company as a whole.

**Excludes share based expenses accounted for during the year related to RSU Plan, 2016

*** Shares directly issued to the employees by the EWT Trust @ ₹ 10.00 (Previous year @ ₹ 10) per equity share of ₹ 10 each.

**** Shares directly issued to the employees by the Company @ ₹ 110.80 per equity share of ₹ 10 each.

***** Represents contribution towards corpus fund. Amount is included in advance recoverable under other non-current assets.

62. Subsidiaries

Details of the Group's subsidiaries at the end of the reporting period are as follows.

Name of subsidiary	Principal activity	Country of incorporation and operation	Proportion of ownership interest and voting power held by the Group	
			As at 31 March, 2021	As at 31 March, 2020
Paliwal Diagnostic Private Limited	Diagnostics	India	80.00	80.00
Paliwal Medicare Private Limited	Diagnostics	India	80.00	80.00
APL Institute of Clinical Laboratory & Research Private Limited	Diagnostics	India	100.00	100.00
Dr Lal Ventures Private Limited	Diagnostics	India	100.00	100.00
PathLabs Unifiers Private Limited	Diagnostics	India	100.00	100.00
APRL Pathlabs Private Limited	Diagnostics	India	70.00	70.00
Centrapath Labs Private Limited	Diagnostics	India	70.00	70.00
Chanre Laboratory Private Limited	Diagnostics	India	70.00	-
Dr. Lal PathLabs Bangladesh Pvt. Ltd.	Diagnostics	Bangladesh	71.83	70.00
Dr Lal PathLabs Nepal Private Limited	Diagnostics	Nepal	100.00	100.00
Dr. Lal PathLabs International B.V.*	Diagnostics	Netherland	-	-
Dr. Lal PathLabs Kenya Private Limited	Diagnostics	Kenya	100.00	100.00

*The company is liquidated during the current year

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Disclosure as required by Schedule III of the Companies Act, 2013 on Consolidated Financial Statements as on 31st March, 2021

As at and for the year ended 31 March, 2021

Name of the entity in the Group	(in ₹ million, unless otherwise stated)					
	Net assets, i.e., total assets minus total liabilities		Share in profit		Share in other comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit	Amount	As % of consolidated other comprehensive income/ (loss)	Amount
					As % of consolidated total comprehensive income	Amount
Parent	98%	12,170.85	96%	2,801.06	(91)%	(7.13)
Indian subsidiaries						
Paliwal Diagnostics Private Limited	2%	251.18	3%	85.52	(6)%	(0.50)
Paliwal Medicare Private Limited	1%	66.42	-	5.64	-	-
APL Institute of Clinical Laboratory & Research Private Limited	-	17.28	-	3.27	2%	0.18
Dr Lal Ventures Private Limited	-	6.68	-	(1.57)	-	0.03
PathLabs Unifilers Private Limited	6%	808.39	-	(7.39)	2%	0.16
Centrapath Labs Private Limited	4%	548.47	3%	85.28	3%	0.20
APRL Pathlabs Private Limited	1%	67.98	1%	17.15	2%	0.14
Chanre Laboratory Private Limited	1%	176.90	-	1.40	-	-
Overseas subsidiaries						
Dr Lal PathLabs Nepal Private Limited	-	26.84	-	3.68	3%	0.27
Dr. Lal PathLabs Bangladesh Pvt. Ltd.	-	28.51	-	(2.84)	(12)%	(0.93)
Dr. Lal PathLabs Kenya Private Limited	-	34.83	-	(10.37)	(6)%	(0.50)
Non controlling interest in subsidiaries	(2)%	(309.56)	(2)%	(48.58)	3%	0.26
Adjustments on consolidation	(11)%	(1,444.18)	(1)%	(16.04)	-	0.02
Total	100%	12,450.59	100%	2,916.21	100%	(7.80)
					100%	2,908.41

As at and for the year ended 31 March, 2020

Name of the entity in the Group	(in ₹ million, unless otherwise stated)					
	Net assets, i.e., total assets minus total liabilities		Share in profit		Share in other comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit	Amount	As % of consolidated total comprehensive income	Amount
Parent						
Dr. Lal PathLabs Limited	99%	10,162.82	99%	2,231.80	99%	2,221.19
Indian subsidiaries						
Paliwal Diagnostics Private Limited	2%	186.16	4%	91.04	4%	89.65
Paliwal Medicare Private Limited	1%	60.78	-	7.20	-	7.20
APL Institute of Clinical Laboratory & Research Private Limited	-	13.83	-	2.02	-	1.74
Dr. Lal Ventures Private Limited	-	8.22	-	(1.50)	-	(1.50)
PathLabs Unifiers Private Limited	6%	590.62	-	(8.63)	-	(8.63)
Centrapath Labs Private Limited	4%	462.99	-	4.58	-	4.58
APRL Pathlabs Private Limited	-	49.35	-	(2.17)	-	(2.17)
Overseas subsidiaries						
Dr. Lal PathLabs Nepal Private Limited	-	22.89	-	6.50	-	6.15
Dr. Lal PathLabs Bangladesh Pvt. Ltd.	-	32.28	1%	(13.87)	-	(12.35)
Dr. Lal PathLabs International B.V.	-	-	-	-	-	-
Dr. Lal PathLabs Kenya Private Limited	-	6.46	-	(0.50)	-	(0.47)
Non controlling interest in subsidiaries	(2)%	(212.19)		(16.46)	(1)%	(16.61)
Adjustments on consolidation	(10)%	(1,056.13)	(2)%	(40.60)	2%	(40.60)
Total	100%	10,328.08	100%	2,259.41	100%	2,248.18

63. The Indian Parliament has approved the Code on Social Security, 2020 ('the Code') which, inter alia, deals with employee benefits during employment and post-employment. The Code has been published in the Gazette of India. The effective date of the Code is yet to be notified and the rules for quantifying the financial impact are also yet to be issued. In view of this, the impact of the change, if any, will be assessed and recognised post notification of the relevant provisions.
64. In February 2019, the Hon'ble Supreme Court of India vide its judgment and subsequent dismissal of the review petition in August 2019 has ruled in respect of compensation for the purpose of Provident Fund contribution under the Employee's Provident Fund Act. The Company and its subsidiary Paliwal Diagnostics Private Limited (PDPL) have assessed possible outcomes of the judgment on determination of provident fund contributions and based on the legal opinion obtained and current evaluation and believe that it is not probable that certain components paid will be subject to payment of Provident Fund due to the Supreme Court order. The Company and PDPL will continue to monitor and evaluate this position based on future events and developments.
65. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
66. There were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the Parent and its subsidiary companies incorporated in India.
67. Disclosure pursuant to section 186 of the Companies Act 2013:

Sr. No.	Nature of the transaction (loans given/ Investment made/ guarantee given/ security provided)	As at 31 March, 2021	As at 31 March, 2020
1	Loan and advances	-	-
2	Other advances	-	-
3	Guarantees	-	-
4	Current investments	Refer Note 12	Refer Note 12

68. The Consolidated Financial Statements were approved by the Board of Directors and authorised for issue on 21 May, 2021.

For and on behalf of the Board of Directors of
Dr. Lal PathLabs Limited

(Hony) Brig. Dr. Arvind Lal
(DIN: 0576638)
[Executive Chairman]
Place: New Delhi
Date: 21 May, 2021

Dr. Om Prakash Manchanda
(DIN: 02099404)
[Managing Director]
Place: Gurugram
Date: 21 May, 2021

Ved Prakash Goel
[Chief Financial Officer]
Place: Gurugram
Date: 21 May, 2021

Rajat Kalra
[Company Secretary]
Place: New Delhi
Date: 21 May, 2021

Bharath U
[Chief Executive Officer]
Place: Gurugram
Date: 21 May, 2021

NOTICE



DR. LAL PATHLABS LIMITED

Corporate Identity Number: L74899DL1995PLC065388
Regd. Office: Block-E, Sector-18, Rohini, New Delhi – 110085
Corporate Office: 12th Floor, Tower B, SAS Tower,
Medicity, Sector-38, Gurugram - 122001
Website: www.lalpathlabs.com; E-Mail cs@lalpathlabs.com
Phone: +91 124 3016500 | Fax: +91 124 4234468

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the twenty-seventh (27th) Annual General Meeting ("AGM") of the members of Dr. Lal PathLabs Limited ("the Company") will be held on Thursday, July 29, 2021 at 10:30 A.M. IST through Video Conferencing/Other Audio Visual Means ("VC/OAVM") facility, to transact the following businesses:

ORDINARY BUSINESSSES:

1. To receive, consider and adopt the Audited Standalone Financial Statements of the Company for the Financial Year ended March 31, 2021, the reports of the Auditors and Board of Directors thereon and the Audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2021 and the report of the Auditors thereon.
2. To declare dividend of ₹ 8/- per equity share for the Financial Year ended March 31, 2021.
3. To appoint a Director in the place of Dr. Vandana Lal (DIN: 00472955), who retires by rotation and being eligible offers herself for re-appointment.

SPECIAL BUSINESSSES:

4. To consider and if thought fit, to pass with or without modifications the following resolution as a **Special Resolution**:
"RESOLVED THAT pursuant to the approval of the Nomination & Remuneration Committee and Board of Directors in their meetings held on May 20, 2021 and May 21, 2021, respectively and pursuant to the provisions of Sections 197, 198 and all other applicable provisions of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any amendment(s) thereto or re-enactment(s) thereof for the time being in force) and such other approval/permissions of any regulatory bodies, if any, as may be required, approval of the Shareholders be and is hereby accorded for increase in the limit of Managerial Remuneration specified under Section 197(1) and 197(1)(ii)(A) of the Companies Act, 2013, to enable Mr. Rahul Sharma (DIN: 00956625), Non-Executive Director of the Company to exercise the Stock Options granted to him under the ESOP Plan 2010 of the Company, on such terms and conditions as mentioned in the explanatory statement to this notice, for a period of 5 years commencing from January 01, 2022.

RESOLVED FURTHER THAT pursuant to the approval of the Nomination & Remuneration Committee and Board of Directors and pursuant to Regulation 17(6)(ca) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and such other approval/

permissions of any regulatory bodies, if any, as may be required, approval of the Shareholders be and is hereby accorded for payment of remuneration, in the nature of Commission or perquisites arising as a result of exercise of vested Stock Options granted to Mr. Rahul Sharma (DIN: 00956625), Non-Executive Director of the Company, exceeding fifty percent of the total remuneration payable to all Non-Executive Directors of the Company for the Financial Year 2021-22.

RESOLVED FURTHER THAT the Board of Directors (including any Committee thereof) and/or the Company Secretary of the Company be and are hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution."

5. To consider and if thought fit, to pass with or without modifications the following resolution as a **Special Resolution**:

"RESOLVED THAT in partial modification of earlier resolution passed by the Shareholders of the Company on October 10, 2018, pursuant to the provisions of Section 197 and 198 of the Companies Act, 2013 and any other applicable provisions of the Companies Act, 2013 (hereinafter referred as 'Act') (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), approval of the Shareholders be and is hereby accorded to increase the limit of the amount of Commission that can be paid to Non-Executive Directors of the Company, to a maximum of ₹ 20,00,000/- (Rupees Twenty Lakhs only) per annum per Director beginning from Financial Year 2021-22 onwards.

RESOLVED FURTHER THAT all the other terms and conditions of the shareholder's resolution dated October 10, 2018 shall remain the same.

RESOLVED FURTHER THAT Directors of the Company be and is hereby authorized to do all acts, deeds or things as may be considered necessary, desirable or expedient to give effect to this resolution."

6. To consider and if thought fit, to pass with or without modifications the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and any other applicable provisions/statute as may be applicable from time to time, the Company hereby ratifies the remuneration of ₹ 70,000/- (Rupees

Seventy Thousand only) plus applicable taxes and out of pocket expenses payable to M/s. A.G. Agarwal & Associates (Firm Registration No. 000531), Cost and Management Accountants, appointed as Cost Auditors of the Company for the Financial Year 2021-22.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.”

By Order of the Board
For **Dr. Lal PathLabs Limited**

Rajat Kalra
Company Secretary
Membership No: A-16947

Place: New Delhi
Date: May 21, 2021

Notes:

1. An Explanatory statement pursuant to Section 102(1) of the Companies Act, 2013 relating to Special Business(es) to be transacted at the AGM is annexed hereto.
2. In view of the COVID-19 pandemic, the Ministry of Corporate Affairs (“MCA”) has vide its circular dated January 13, 2021, read with circulars dated April 8, 2020, April 13, 2020 and May 5, 2020 (collectively referred to as “MCA Circulars”) permitted the holding of the Annual General Meeting (“AGM”) through VC/OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 (“Act”) and MCA Circulars, the AGM of the Company is being held through VC/OAVM. The facility of VC/OAVM and also casting votes by a member using remote e-Voting as well as venue e-Voting system on the date of the AGM will be provided by CDSL.
3. Company is providing two way teleconferencing facility or webex for the ease of participation of the members. Participants i.e. members, directors, auditors and other eligible persons to whom this notice is being circulated are allowed to submit their queries/questions etc. before the general meeting in advance on the e-mail address of the company at cs@lalpathlabs.com.
4. As the AGM is being held through VC/OAVM, the facility for appointment of Proxy by the Members is not available for this AGM and hence the Proxy Form and Attendance Slip including Route Map are not annexed to this Notice. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and cast their votes through e-Voting.
5. Institutional/Corporate Shareholders are required to send a scanned copy of its Board or governing body Resolution/ Authorization etc., authorizing its representative to attend the AGM through VC/OAVM on its behalf and to vote through e-Voting/remote e-Voting. The said Resolution/Authorization shall be sent to Scrutinizer by email at pbalodia@gmail.com and to CDSL by email at helpdesk.evoting@cdslindia.com with a copy marked to cs@lalpathlabs.com.
6. Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
7. Relevant documents referred to in the accompanying Notice and the statement pursuant to Section 102(1) of the Companies Act, 2013 shall be available for inspection through electronic mode, basis the request being sent on cs@lalpathlabs.com.

The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act, Register of Contracts or Arrangements in which directors are interested under Section 189 of the Act and the Certificate from Auditors of the Company certifying that the ESOP Scheme of the Company are being implemented in accordance with, the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 will be made available electronically for inspection by the members during the AGM.
8. In compliance with the MCA Circulars and SEBI Circular dated January 15, 2021, Notice of the AGM along with the Annual Report 2020-21 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/Depositories and no physical copy of the same would be dispatched. Members may note that the Notice and Annual Report 2020-21 will also be available on the Company's website www.lalpathlabs.com, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and on the website of CDSL at www.evotingindia.com.
9. The shareholders at the 23rd AGM, approved the appointment of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W – 100018), as the Statutory Auditors, for a period of five (5) years i.e. from the conclusion of the 23rd AGM till the conclusion of 28th AGM of the Company subject to ratification of the appointment by the shareholders at every Annual General Meeting.

However, pursuant to the notification dated May 07, 2019, issued by the Ministry of Corporate Affairs, the requirement for ratification of Statutory Auditors at every Annual General Meeting has been done away with and hence no such resolution is being put forth at this AGM.

The Statutory Auditors M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, have confirmed that they have not been disqualified to act as Statutory Auditors of the Company and that their continuation is within the maximum company ceiling limit as prescribed under Section 141 of Companies Act, 2013/ relevant statute.
10. The Final dividend on equity shares as recommended by the Directors of the Company for the financial year ended March 31, 2021, if declared at the AGM, will be paid on or before Monday, August 23, 2021 to those members whose names appear in the Register of Members as on Thursday, July 22, 2021. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as at the close of business hours on Thursday, July 22, 2021 as per the details furnished by the depositories viz. National Securities Depository Limited (NSDL)/ Central Depository Services (India) Limited (CDSL) for the purpose as on that date.
11. Pursuant to SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations/ LODR), the Company is required to maintain bank details of

its Members for the purpose of payment of Dividend etc. Members are requested to register/update their bank details with the Company in case shares are held in physical form and with their Depository Participants where shares are held in dematerialized mode, to enable expeditious credit of the dividend to their bank accounts electronically.

12. Members who have not encashed their Dividend amount/warrants/IPO refund till date are requested to do so. Details of unclaimed dividend amount/ IPO refund amounts is available on the website of the Company and can be accessed at <https://www.lalpathlabs.com/investor/unclaimed-unpaid-amount.aspx>.
13. The Securities and Exchange Board of India (SEBI) vide its notification dated November 30, 2018 mandated that, except in case of transmission or transposition, securities of listed companies can be transferred only in dematerialised form w.e.f. April 1, 2019. In view of this and to avail various benefits of dematerialisation, members are advised to dematerialise shares held by them in physical form.
14. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company/Registrar and Share Transfer Agent (RTA).
15. Pursuant to Section 72 of the Companies Act, 2013, members are entitled to make a nomination in respect of shares held by them. Members desirous of making a nomination, pursuant to Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014, are requested to send their requests in Form No. SH-13 to the RTA of the Company. Further, members desirous of cancelling/varying nomination pursuant to Rule 19(9) of the Companies (Share Capital and Debentures) Rules, 2014, are requested to send their requests in Form No. SH-14 to the RTA of the Company. These forms will be made available on request.
16. Additional information, pursuant to Regulation 36(3) of the SEBI Listing Regulations and Secretarial Standard for General Meetings (SS-2) in respect of director(s) recommended for re-appointment is annexed with this AGM Notice.
17. Members can also provide their feedback on the Shareholders Services of the Company by filling the **"Shareholders Satisfaction Survey"** attached to this notice and emailing the same at cs@lalpathlabs.com through their registered e-mail ID or sending the signed copy at the Corporate Office of the Company at 12th Floor, Tower B, SAS Tower, Medicity, Sector-38, Gurugram – 122001.

Your feedback will help the Company in improving its Shareholders Service Standards.

Instructions for remote e-Voting and attending AGM through VC/OAVM are as under:

A. VOTING THROUGH ELECTRONIC MEANS

1. In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as substituted by the Companies (Management and Administration) Amendment Rules, 2015 ("Amended Rules 2015") and Regulation 44 of SEBI Listing Regulations, the Shareholders are provided with the facility of voting through electronic means ("remote e-Voting") on all the resolutions set forth in this notice, through remote e-Voting services provided by Central Depository Services (India) Limited ("CDSL").
2. The facility for e-Voting will also be made available during the AGM and the Shareholders attending the AGM who have not cast their vote by remote e-Voting shall be eligible to vote through the e-Voting system during the AGM. The Shareholders who have cast their vote by remote e-Voting may also attend the AGM but shall not be entitled to cast their vote again.
3. The remote e-Voting period commences on Sunday, July 25, 2021 at 9:00 A.M. and ends on Wednesday, July 28, 2021 at 5:00 P.M. During this period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on Thursday, July 22, 2021 ("the cut-off date") may cast their vote electronically. The remote e-Voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
4. The voting rights of the Shareholders shall be in proportion to the paid-up value of their shares in the equity capital of the Company as on the cut-off date i.e. Thursday, July 22, 2021 and a person who is not a Member as on the cut-off date should treat this Notice for information purpose only. In case of joint holders, only such joint holder who is named first in the order of names will be entitled to vote.
5. The Board of Directors of the Company has appointed M/s PDS & Co., Company Secretaries, as Scrutinizer to scrutinize the remote e-Voting process and e-Voting during the AGM in a fair and transparent manner.

The Instructions for shareholders for e-Voting and joining virtual meeting are as under:

Pursuant to SEBI Circular SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual Shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised

to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

In order to increase the efficiency of the voting process, all the demat account holders, by way of a single login credential, through their demat accounts/websites of Depositories/Depository Participants, able to cast their vote without having to register again with the e-Voting service providers (ESPs), thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-Voting process.

Pursuant to above SEBI Circular, login method for e-Voting and joining virtual meetings for Individual shareholders holding securities in Demat mode is given below:

Type of Shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL	1) Users who have opted for CDSL Easi/Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi/Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on Login icon and select New System Myeasi. 2) After successful login the Easi/Easiest user will be able to see the e-Voting option for eligible companies where the e-Voting is in progress as per the information provided by company. On clicking the e-Voting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there are also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly. 3) If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration 4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN from e-Voting link available on www.cdslindia.com home page or click on https://evoting.cdslindia.com/Evoting/EvotingLogin. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.

Type of Shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL	1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS Portal" or click at https://eservices.nsdl.com/SecureWeb/IdasDirectReg.jsp 3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting
Individual Shareholders (holding securities in demat mode) login through their Depository Participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Members who are unable to retrieve User ID/Password are advised to use Forget User ID and Forget Password option available at above mentioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 and 022-23058542-43.
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30

Log in method for e-Voting and joining Virtual meeting for Physical Shareholders and Shareholders other than Individual holding in Demat form:

- The Shareholders should log on to the e-Voting website www.evotingindia.com
- Click on "Shareholders".
- Now Enter your User ID
 - For CDSL: 16 digit beneficiary ID,
 - For NSDL: 8 Character DP ID followed by 8 Digit Client ID,
 - Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- Next enter the Image Verification as displayed and Click on Login.
- If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- If you are a first time user follow the steps given below:

For Physical Shareholders and other than Individual Shareholders holding shares in Demat.	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number send by Company/RTA or Contact Company/RTA.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. If both the details are not recorded with the depository or the Company please enter the member id / folio number in the Dividend Bank details field.

- After entering these details appropriately, click on "SUBMIT" tab.
- Shareholders holding shares in physical form will then directly reach the Company selection screen. However, Shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is also to be used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-Voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- For Shareholders holding shares in physical form, the details can be used only for e-Voting on the resolutions contained in this Notice.
- Click on the EVSN for Dr. Lal PathLabs Limited on which you choose to vote.
- On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- You can also take out print of the votes cast by clicking on "Click here to print" option on the Voting page.
- If Demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- Note for Non – Individual Shareholders and Custodians - For Remote e-Voting only
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the

Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

- Alternatively, Non Individual Shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer (pbalodia@gmail.com) and to the Company (cs@lalpathlabs.com), if voted from individual tab & not uploaded same in the CDSL e-Voting system for the scrutinizer to verify the same.

B. INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM AND E-VOTING DURING AGM ARE AS UNDER:

- The procedure for attending AGM and e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-Voting.
- The link for VC/OAVM to attend the AGM will be available where the EVSN of the Company i.e Dr. Lal PathLabs Limited will be displayed after successful login as per the instructions mentioned above for remote e-Voting.
- Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be able to vote at the AGM.
- Facility of joining the AGM through VC/OAVM shall be opened 30 minutes before the time scheduled for the AGM and shall be kept open throughout the proceedings of AGM. The facility will be available for Members on first come first served basis.
- For better experience, we recommend that you join the AGM with high-speed wired internet connectivity. This prevents WiFi dropouts and speed issues.
- Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast 10 days prior to AGM mentioning their name, demat account number/folio number, email id, mobile number at cs@lalpathlabs.com. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.
- Only those Shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolution(s) through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
- If any votes are cast by the Shareholders through e-Voting available during the AGM and if the same Shareholders have not participated in the meeting through VC/OAVM

facility, then the votes cast by such Shareholders shall be considered invalid as the facility of e-Voting during the meeting is available only to the Shareholders attending the meeting.

Process for those Shareholders whose Email/Mobile No. are not registered with the Company/Depositories

For Physical Shareholders	Send a letter to the Company at cs@lalpathlabs.com providing Folio No., Name of shareholder, scanned copy of the share certificate (front and back), Self attested copy of PAN Card and self attested copy of any one document from Aadhar Card, Driving License, Election Identity Card and Passport for registering email address/Mobile No.
For Demat shareholders	Please update your email address and mobile no. with your respective Depository Participant (DP)
For Individual Demat shareholders	Please update your email address and mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting and joining virtual meetings through Depository

In case you have any queries or issues regarding attending AGM and e-Voting, from the CDSL e-Voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact at 022- 23058738 and 022-23058542/43.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futorex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43.

Declaration of Results

- The Scrutinizer shall provide, not later than two working days of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or in his absence, a person authorised by him in writing who shall countersign the same and declare the result of the voting forthwith.
- The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.lalpathlabs.com and on the website of CDSL at www.evotingindia.com immediately after the result declared by the Chairman or any other person authorized by the Chairman and the same shall be communicated to BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed.
- The recorded transcript of the proceeding of AGM shall be placed on the Company's website at www.lalpathlabs.com and the same also be in safe custody of the Company.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO. 4

The Shareholders vide their resolution dated December 19, 2016 approved increasing the limit of Managerial Remuneration under Section 197(1) and Section 197(1)(ii)(A) to enable Mr. Rahul Sharma, Non-Executive Director to exercise the Stock Options granted to him under ESOP 2010 Scheme of the Company, for a period of 5 years from January 1, 2017 and such period is ending on December 31, 2021.

It may be noted that Mr. Sharma has not exercised any such vested Stock Options till date and the approval of shareholders is therefore sought for another period of 5 years starting from January 01, 2022 to enable Mr. Sharma to exercise such options.

Further, in case of exercise of options by Mr. Sharma, value of perquisite arising therefrom coupled with his annual Director commission for the Financial Year 2021-22 may result in his remuneration exceeding 50% (Fifty percent) of the total remuneration payable to all Non-Executive Directors of the Company and accordingly as per provisions of Regulation 17(6)(ca) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, approval of shareholders is also sought for the same.

In view of the above, the Nomination & Remuneration Committee and Board of Directors of the Company in their meetings held on May 20, 2021 and May 21, 2021 respectively, approved the proposal for seeking consent of shareholders for payment of remuneration to Mr. Sharma as above.

Accordingly, approval of the Members is sought by way of a Special Resolution to pay such remuneration to Mr. Sharma, as set out at item no. 4 of this AGM Notice.

Except Mr. Rahul Sharma, Non-Executive Director of the Company and his relatives (to the extent of their shareholding, if any), none of other Directors and/or KMP's or their relatives are concerned or interested, financially or otherwise, in the resolution set out at item no. 4 of this AGM Notice.

The Board recommends the resolution set forth in Item No. 4 for the approval of members by way of a special resolution.

ITEM NO. 5

The Shareholders of the Company on October 10, 2018 through Postal Ballot approved payment of commission to Non-executive Directors of the Company subject to a maximum of ₹ 10,00,000/- (Rupees Ten Lakhs only) per annum per Director, if he/she is not a Chairperson of any Board Committee and an additional ₹ 2,50,000/- (Rupees Two Lakhs Fifty Thousand only) per annum for each Board Committee in which any such Director is a Chairperson, over a period of 5 (five) Years beginning from August 21, 2018.

In view of increased role and responsibilities of the Non-Executive Directors, post listing of the Company, the Board of Directors in their meeting on May 21, 2021 recommended modification of the resolution passed on October 10, 2018, to the members for increasing the limit of Commission payable to Non-Executive Directors subject to a maximum of ₹ 20,00,000/- (Rupees Twenty Lakhs only) per annum per Director to make it more commensurate with their increased role, responsibilities and duties.

Accordingly, approval of the Members is sought to pay such commission by way of a Special Resolution as set out in the Resolution at Item No. 5 of this AGM Notice.

Except (Hony) Brig. Dr. Arvind Lal, Dr. Vandana Lal, Dr. Archana Lal Erdmann, Mr. Sunil Varma, Dr. Saurabh Srivastava, Mr. H.S. Chandhoke, Mr. Anoop Mahendra Singh, Mr. Rahul Sharma and Mrs. Somya Satsangi, Directors of the Company and their relatives (to the extent of their Shareholding), none of other Director and/or KMP or their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of this AGM Notice.

The Board recommends the resolution under Item No. 5 for approval of the members as a Special Resolution.

ITEM NO. 6

The Board of Directors of the Company in their meeting held on May 21, 2021, on recommendation by the Audit Committee, appointed M/s. A.G. Agarwal & Associates (Firm Registration Number: 000531), Cost and Management Accountants, as the Cost Auditors for the Financial Year 2021-22 at a remuneration of ₹ 70,000/- (Rupees Seventy thousand only) plus applicable taxes and out of pocket expenses.

As per Section 148 of Companies Act, 2013 and applicable rules thereunder, the remuneration payable to the cost auditors is to be ratified by the members of the Company.

The Board considers the remuneration payable to the Cost Auditors as fair and recommends the resolution contained in Item no. 6 of the accompanying notice for approval of the members as an Ordinary Resolution.

None of the Directors or KMP's or their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 6 of this AGM Notice.

By Order of the Board
For **Dr. Lal PathLabs Limited**

Date: May 21, 2021
Place: New Delhi

Rajat Kalra
Company Secretary
Membership No: A-16947

Brief Profile of Directors pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard for General Meetings (SS-2) are as mentioned below:

Particulars	Dr. Vandana Lal	Mr. Rahul Sharma
DIN	00472955	00956625
Date of Birth	November 18, 1956	September 14, 1960
Date of First Appointment to the Board	February 14, 1995	July 22, 2005
Brief Resume, Age and Nature of Expertise in specific functional areas	Dr. Vandana Lal, aged about 65 Years, is a promoter of Dr. Lal PathLabs Limited, she holds a bachelor's degree in medicine and surgery from the University of Delhi and a doctorate degree in medicine (pathology) from the University of Delhi. She has over 38 years of experience in the field of pathology. Dr. Vandana Lal is also trained in Quality Assurance and spearheads the quality implementation process in all the laboratories of Dr Lal PathLabs Limited. She is the head of Clinical Research Services being the Chief Technical Officer since 2007, playing a pivotal role in conception, planning, construction, execution & operationalizing the Clinical trials division. She also heads the Research & Development wing of Dr. Lal PathLabs Limited by monitoring development of new tests and methods. She is the Executive Director of Dr. Lal PathLabs Limited since 1995. Her job profile includes expansion of activities of the laboratory with assistance in planning and execution of new projects for the Company; overall charge of all the technical departments ensuring accuracy, quality assurance, quality control & compliance to standards laid down by the accreditation bodies like CAP, NABL & ISO.	Mr. Rahul Sharma, aged about 60 years, is a Non-Executive Director on our Board. He studied Mathematics at the University of Delhi and commerce at the Kakatiya University. He has about 27 years of experience in the field of human resources. Mr. Rahul is presently the Partner of HYRD, Singapore (wholly owned subsidiary of the Trakinvest Group), a technology enabled end-to-end recruiting solutions and on-boarding platform. He has over 27 years of experience covering the human resources sector and executive recruiting. Previously he was a Partner at Executive Access, a leading executive search firm in Asia. He joined the firm in 1993 and was a key senior member of the firm's Asia Pacific Banking and Finance executive recruiting and consulting practice. Prior to Executive Access, he was with State Bank of India. He joined the bank as a Probationary Officer in 1987 and went onto manage a variety of portfolios in India and Japan. His sporting achievements in cricket include representing Delhi in the Ranji Trophy and also captaining and representing Hong Kong in One Day Internationals. He has been a Director on the Company's Board since 2005, and is a member of Nomination and Remuneration Committee, Stakeholders Relationship Committee and Risk Management Committee.
Shareholding in the Company either directly or in form of beneficial interest for any other person	1,60,82,327 Equity Shares	NIL <i>(Mr. Rahul Sharma, holds 1,41,983 fully vested stock options granted to him @ ₹ 311.30 in February 2015 under the ESOP 2010 Plan of the Company.)</i>
Relationship with other Directors & KMP's	Spouse of (Hony) Brig. Dr. Arvind Lal, Executive Chairman and Mother of Dr. Archana Lal Erdmann, Non-Executive Director of the Company.	None
No. of Meetings of the Board attended during the year	5 (Five) Meetings	5 (Five) Meetings
Directorships held in other Companies (Excluding Foreign Companies)	- Archana Pharmaceuticals Private Limited - Kalmatia Sangam Travels Private Limited - APL Institute of Clinical Laboratory and Research Private Limited	Chimes Aviation Private Limited
Membership /Chairmanship of Committees of other companies	None	None
Terms and conditions of appointment/ re-appointment and Remuneration sought to be paid/last drawn	Terms and conditions of re-appointment: Same as approved by the Shareholders in the Annual General Meeting held on July 30, 2020 Remuneration last drawn: As mentioned in the Corporate Governance Report	Remuneration sought to be paid: As per the details provided in Item No. 4 of this AGM Notice Remuneration last drawn: As mentioned in the Corporate Governance Report

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DR. LAL PATHLABS LIMITED

Corporate Identity Number: L74899DL1995PLC065388
Regd. Office: Block-E, Sector-18, Rohini, New Delhi – 110085
Corporate Office: 12th Floor, Tower B, SAS Tower,
Medicity, Sector-38, Gurugram - 122001
Website: www.lalpathlabs.com; E-Mail cs@lalpathlabs.com
Phone: +91 124 3016500 | Fax: +91 124 4234468

SHAREHOLDER SATISFACTION SURVEY

Dear Member,

As part of our constant endeavour to improve shareholder service, we seek your feedback on this Shareholder's Satisfaction Survey. Please spare a few minutes of your valuable time to fill this questionnaire.

Name of Sole/First Shareholder :

DP ID & Client ID/Folio Number :

Email ID :

Kindly rate your responses on specified service areas listed below on the following scale:

S.No	Area	Rating				
		5	4	3	2	1
1.	Overall Service Rating of RTA					
2.	Response to queries/grievances by Company/RTA					
3.	Receipt of various documents from the Company i.e. Annual Report, ECS Intimation etc.					
4.	Quality of disclosures to Stock Exchanges/on Company's Website					
5.	Quality and content of Annual Report					
5- Excellent ; 4-Very Good ; 3-Good ; 2-Satisfactory; 1-Need Improvement						

Do you have any grievance which has not been addresses so far : Yes ☐ No ☐

If yes, please provide a brief summary of the grievance.

.....
.....

Any suggestions for improving the quality of Investor Services

.....

(SIGNATURE OF THE MEMBER)

THANK YOU FOR YOUR SUPPORT. YOUR FEEDBACK IS IMPORTANT TO US.

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OUR NETWORK

**Widespread National Footprint
with a Network of 231 Labs,
3,705 Patient Service Centers
and 9,247 Pick-up-Points.
The trust over 20 million customers.**





Corporate Office

12th Floor, Tower B,
SAS Tower, Medicity, Sector - 38,
Gurugram - 122001, Haryana.

Registered Office

Block - E, Sector - 18, Rohini,
New Delhi - 110085

 **0124 - 3016500**

 **0124 - 42344668**

 **www.lalpathlabs.com**