

The background of the cover is a grayscale photograph of a laboratory. Several technicians in white lab coats are working at biosafety cabinets. The room is filled with scientific equipment, including pipettes, racks, and storage units. A large yellow circle is superimposed over the lower half of the image, containing the title text.

# ANNUAL REPORT

— 2016-17

Dr. Lal PathLabs has a country wide robust infrastructure network which reaches out to patients all over India. Our network comprises of a National Reference Lab at New Delhi and 188 clinical laboratories, 1759 patient service centres, 5021 pickup points and 4265 employees which enables wide reach and prompt diagnostic service access for patients.

We have also enabled patient's access to home collection booking, payment of tests and storage of historical reports via our app available on Android as well as iOS. The "book a test" facility on the app is now functional in 40 cities across the country.

Dr Lal Pathlabs has

- An exhaustive range of tests with over 1110 test panels, 2028 pathology tests and 1561 radiology and cardiology tests
- Over 6 decades of experience in the world of diagnostics
- Trust of over 13 million patients
- A range of specialty tests which are promoted mainly from high-end Molecular diagnostics, Cytogenetics, Flow Cytometry, Immunohistochemistry and Microbiology departments
- In the year 2016-17, recognizing the growing trend of health awareness, launched it's preventive testing packages under the brand name of "Swasth Plus" panels
- During the year also expanded its specialty test portfolio in Neurology segment catering to clinical needs for infectious and auto immunity based diseases diagnosis. Other launches in different segments include
  - Single Antigen bead testing platform launched for detection of early signs of graft failure.
  - Chromosomal Microarray, a revolutionary technology, launched for detecting abnormalities of chromosome number (trisomy, monosomy, etc.), including Down's syndrome. This high end test platform can be utilized for Prenatal as well as post-natal identification of many genetic abnormalities.
  - Oncology is another focus area for test launches. High end diagnostics based on PCR were developed in house for Blood disorders. Key launches were tests like JAK 2, V617F REFLEX TO JAK 2, EXON 12, MUTATION DETECTION & many panels with CALR and MPL Profiles.
  - For Diabetes patients **Glycemark Test** was launched that can identify patients who may need therapy changes despite a "good" HbA1c.



## Corporate Information

### Company Secretary

Mr. Rajat Kalra

### Auditors

S.R Batliboi & Co. LLP  
Chartered Accountants,  
3rd & 6th Floors, Worldmark-1  
IGI Airport Hospitality District,  
Aerocity, New Delhi - 110 037

### Registrar & Share Transfer Agent

Link Intime India Private Limited  
44 Community Centre, 2nd Floor,  
Naraina Industrial Area, Phase I,  
Near PVR, Naraina, New Delhi - 110 028  
Ph.: +91 - 11 - 4141 - 0592  
Fax: +91 - 11 - 4141 - 0591

### Corporate Office

12<sup>th</sup> Floor, Tower B, SAS Tower, Medicity,  
Sector - 38, Gurgaon - 122 001, Haryana  
Ph.: +91 - 124 - 3016 - 500  
Fax: +91 - 124 - 4234 - 468  
[www.lalpathlabs.com](http://www.lalpathlabs.com)

### Registered Office

Block E, Sector - 18, Rohini,  
New Delhi - 110 085  
Ph.: +91 - 11 - 3024 - 4149  
Fax: +91 - 11 - 2788 - 2134

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Dear Shareholders,

Quality, Accuracy and Trust are the three guiding principles on which this business was established and I am proud to state that with all the changing dynamics of the sector, these continue to govern our business and are even more relevant to us than before.

Every action taken by the Company is aimed at expanding our ability to cater to the needs of an ever evolving healthcare and diagnostics sector. Our mission is to be pioneers in this space and introduce new trends and techniques that will enable us to refine and drive healthcare improvement. Infact we believe that ours is the only Company today that offers the most comprehensive range of tests in our industry, which span from basic routine tests to many complex esoteric tests.

Built on an integrated platform which is supported by technology, we wish to help our patients with the best quality of diagnostic services. Superior quality with timely delivery is a strategic imperative for us, and to accomplish this, we employ a unique systems-based approach for our business execution. We recognize that in today's day and age in order to create a prominent change and shift, the incorporation of technology is critical. We have consistently utilized this tool to create a competitive advantage which enables us to stay relevant and deliver results faster and with high levels of accuracy.

Going ahead our strategy positions us well to work on our passion of creating meaningful transformation and awareness in this industry. We are optimistic that given our brand equity, ability to leverage scale and domain knowledge, we will be able to capture the latent potential in the market as we widen our reach. We will seek to expand our presence opportunistically with the support of our well-seasoned hub and spoke model.

Lastly, I would like to extend my sincere gratitude to all stakeholders who have given us unwavering support in this exciting growth journey. I would like to thank the members of the Board for their insights and advice which have greatly contributed to the advancement of the Company.

Warm Regards

A handwritten signature in black ink, reading "Anil Lal".

Chairman & Managing Director



Dear Shareholders,

As a leading diagnostic services company, I am pleased to share with you an encouraging performance with 15% increase in our revenues and 16% in earnings after tax.

I can confidently state that we have been able to enhance the level of healthcare services. For the Financial Year ended March 31, 2017, both the number of patients tested at 13.3 million and the number of samples processed at 29.3 million have shown healthy growth YoY. As a consumer facing brand we continued to register a higher proportion of walk in patients as opposed to contribution from the institutionalized segment.

Our operation comprises 189 clinical laboratories, 1,759 patient service centres (PSCs) and 5,021 pickup points (PUPs) as of March 31, 2017. This relates to a strengthening of our offering not only in terms of addition to the chain of company owned laboratories, additional PSCs and growth in our PUPs but also in terms of offering a wider range of tests to offer accurate diagnosis. As at the end of FY2017 Dr. Lal PathLabs (DLPL) offered 1,110 test panels, 2,028 pathology tests and 1,561 tests pertaining to radiology and cardiology.

We have stayed true to our strategy of carefully creating capacity across the system while fully utilising available and existing resources. The development of our Kolkata regional reference laboratory is proceeding per plan with the civil works largely completed. The patient pool from the Eastern and North Eastern states of the country will be able to access the DLPL brand more conveniently as a result. As you would be aware, that outside of Delhi NCR region we are witnessing consistent improvement in growth trackers from the Eastern and Central states.

DLPL's focus on the Southern and Western states is underlined by a focused city approach where we are building both presence and visibility in centres identified for growth and which include cities such as Pune and Bengaluru. We continue to look at suitable opportunities to fill our gaps to accelerate this expansion.

We continue to make progress in Hospital Lab Management segment. This segment is one of the Company's building blocks. In FY 18, a renewed thrust shall be given to this segment.

Further, although the impact of demonetisation in Q3 FY 17 and surge in volumes from the epidemics in Q2 FY17 we saw in North last year have both dissipated to a large extent, our execution has not wavered. We are course correcting in the immediate term and there is a greater emphasis on tightening costs and processes in order to bring out better efficiencies that can contribute to the bottom line on a sustainable basis.

Our confidence in the model and the opportunity at large is driving us to expand our scale at an optimal pace as we implement our strategic vision of being able to bring our brand uniformly to patients across the country.

I would like to specially offer my appreciation to our Board for its continued guidance and for giving us the benefit of their rich experience.

I would also like to extend our gratitude to the innumerable investors, employees, vendors and patients for placing their trust in the DLPL brand. As a growing organisation I am optimistic about delivering a performance that is commensurate with our position as a leading component of the diagnostics space.

Warm Regards



CEO & Whole-time Director





**(Hony) Brig. Dr. Arvind Lal**  
Chairman & Managing Director



**Dr. Vandana Lal**  
Executive Director



**Dr. Om Prakash Manchanda**  
CEO & Whole-time Director



**Mr. Rahul Sharma**  
Non-Executive Director



**Mr. Arun Duggal**  
Independent Director



**Mr. Anoop Mahendra Singh**  
Independent Director



**Mr. Sunil Varma**  
Independent Director



**Harneet Singh Chandhoke**  
Independent Director



**Dr. Saurabh Srivastava**  
Independent Director

Dear Members,

Your Directors have pleasure in presenting the 23<sup>rd</sup> Annual Report on the business and operations of your Company along with the audited statement of accounts for the year ended 31<sup>st</sup> March, 2017.

## FINANCIAL RESULTS

The Financial performance of your Company for the year ended 31<sup>st</sup> March, 2017 is summarized below:

Particulars	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2017	Year ended March 31, 2016
	₹ (in Lakhs)	₹ (in Lakhs)	₹ (in Lakhs)	₹ (in Lakhs)
	Consolidated	Consolidated	Standalone	Standalone
Total Revenue	91,856.7	79,634.9	88,924.2	77,131.3
Total Expenses	67,583.5	58,159.8	65,278.3	56,155.3
Total Income before Interest, Tax & Depreciation	24,273.2	21,475.1	23,645.9	20,976.0
Profit/(Loss) before Tax (PBT)	23,329.8	20,071.6	22,290.4	19,175.3
Profit/(Loss) after Tax (PAT)	15,519.4	13,322.9	14,720.9	12,575.1

## RESULT OF OPERATIONS

During the year under review, the consolidated income from operations of the Company increased to ₹ 91,856.7 Lakhs compared to ₹ 79,634.9 Lakhs in the previous year, registering growth of 15.3%. Net profit after tax for the group increased to ₹ 15,519.4 Lakhs from ₹ 13,322.9 Lakhs representing a growth of 16.5%.

During the year under review, the standalone income from operations of the Company increased to ₹ 88,924.2 Lakhs compared to ₹ 77,131.3 Lakhs in the previous year, registering growth of 15.3%. The standalone profit after tax for the year increased by 17.1% to ₹ 14,720.9 Lakhs compared to ₹ 12,575.1 Lakhs in the previous year.

## DIVIDEND

During the Financial Year, your Company declared and paid an interim dividend of ₹ 1.30/- per equity share of the face value of ₹ 10/-. In addition, your Directors are pleased to recommend a dividend of ₹ 1.70/- per equity share as final dividend for the Financial Year 2016-17, for approval of the shareholders at the ensuing Annual General Meeting ("AGM") of the Company.

If approved by the members, the total dividend for the Financial Year shall be ₹ 3/- per equity share.

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

## TRANSFER TO RESERVES

Your Company proposes to transfer an amount of ₹ 1,450 Lakhs to the General Reserve.

## SCHEME OF AMALGAMATION

The Board of Directors of the Company in their meeting held on May 12, 2017, approved a Scheme of Amalgamation of Delta Ria & Pathology Private Limited, a wholly owned subsidiary of the Company with the Company, subject to requisite approvals under Section 230 to 232 of the Companies Act, 2013.

The Company shall now proceed to file an petition Application before the National Company Law Tribunal, Principal Bench, New Delhi and National Company Law Tribunal, Ahmedabad for approval of the Scheme of Amalgamation.

The appointed date for the Scheme, if approved, shall be April 01, 2017 and the Scheme shall be effective from the date on which certified copies of the order of National Company Law Tribunal, Principal, New Delhi and National Company Law Tribunal, Ahmedabad, sanctioning the Scheme, is filed with the Registrar of Companies, NCT of Delhi & Haryana at Delhi and Registrar of Companies, Madhya Pradesh at Gwalior.

## CHANGES IN SHARE CAPITAL

### a. Increase/Reclassification of Authorized Share Capital

The Shareholders in their previous Annual General Meeting held on July 28, 2016 re-classified 1,91,39,675 0.01% Compulsorily Convertible Preference Shares of ₹ 10/- each forming part of the Authorised Share Capital of the Company into equivalent number of equity shares of face value ₹ 10/- each.

The Authorized Share Capital also got increased by ₹ 3,90,00,000/- (39,00,000 equity shares of ₹ 10/- each) pursuant to the Scheme of Amalgamation of Sanya Chemicals Limited, Amolak Diagnostic Private Limited, Medex Healthcare Private Limited, Medicave Diagnostic Centre Private Limited and Medicave Medical Systmes Private Limited with the Company

### b. Increase in Paid up Equity Share Capital

During the year under review, the Company allotted 3,89,187 Equity Shares of ₹ 10/- each under the Employee Stock Option Scheme 2010 of the Company.

## EMPLOYEES STOCK OPTION PLAN / SCHEME

During the year under review, there has been no material change in the ESOP-2010/ESPS-2015/RSU-2016 Scheme(s) of the Company and these Schemes continue to be in compliance with relevant/applicable ESOP Regulations/clauses.

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/investor/quarterly-results.aspx>.

## CONSOLIDATED ACCOUNTS

The consolidated financial statements of your Company for the

Financial Year 2016-17, are prepared in compliance with applicable provisions of the Companies Act, 2013, Accounting Standards and Listing Regulations as prescribed by the Securities and Exchange Board of India (SEBI). The consolidated financial statements have been prepared on the basis of audited financial statements of the Company and its subsidiary Companies, as approved by their respective Board of Directors.

## SUBSIDIARIES

A report on the performance and financial position of each of the subsidiaries, associates and joint venture companies 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 also available for inspection for any Member during business hours at the Registered Office of the Company and subsidiary companies and have also been uploaded on the website of the Company ([www.lalpathlabs.com](http://www.lalpathlabs.com)).

## MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis forms an integral part of this Annual Report and 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.

## BUSINESS RESPONSIBILITY REPORT

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

## 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, 2017 and the date of the report.

## PUBLIC DEPOSITS

During the Financial Year 2016-17, your Company has not accepted any deposit within the meaning of Sections 73 and 74 of the Companies Act, 2013 read together with the Companies (Acceptance of Deposits) Rules, 2014.

## 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, forms an integral part of this Annual Report.

## PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act 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 Report.

The statement containing particulars of employees as required under Section 197(12) of the Act 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 Report and the accounts are being sent to the members excluding the aforesaid annexure. In terms of Section 136 of the Act, the said annexure is open for inspection at the Registered Office of the Company till the date of the ensuing Annual General Meeting. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary.

## 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 has been accepted by the Board of Directors.

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year under review, following changes occurred in the position of Directors/ Key Managerial Personnel of the Company:

### I. Resignation(s):

Mr. Sandeep Singhal and Mr. Naveen Wadhera resigned as Nominee Directors with effect from October 07 and November 30, 2016 respectively. Dr. Murugan Rajaram Pandian resigned as an Independent Director with effect from February 14, 2017.

The Board places on record its appreciation for the services rendered by them during their tenure with the Company.

### II. Retirement(s):

Dr. Om Prakash Manchanda, CEO & Whole Time Director is liable to retire by rotation at the ensuing 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 himself for reappointment. Brief profile of the Director and other related information has been detailed in the Notice convening the 23<sup>rd</sup> AGM of your Company.

## 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 are the Key Managerial Personnel of the Company:

1. (Hony) Brig. Dr. Arvind Lal - Chairman and Managing Director
2. Dr. Om Prakash Manchanda - CEO and Whole Time Director
3. Dr. Vandana Lal - Whole Time Director
4. Mr. Dilip Bidani - Chief Financial Officer; and
5. Mr. Rajat Kalra - Company Secretary

## 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 performance evaluation of its own performance, the Directors individually as well as the evaluation of all Committees of the Board for the Financial Year 2016-17. A structured



questionnaire was prepared after taking into consideration inputs received from the Directors, 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 was carried out by the Independent Directors.

The directors expressed their satisfaction with the evaluation process.

#### REMUNERATION POLICY

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 Policy is set out as Annexure 4 and forms an integral part of this Annual Report.

#### NUMBER OF MEETINGS OF THE BOARD AND ITS COMMITTEES & DETAILS OF ATTENDANCE

The details of the meetings of the Board of Directors and its Committees and attendance by Directors/Members, convened during the Financial Year 2016-17 are given in the Corporate Governance Report, which forms an integral part of this Annual Report.

#### DECLARATION OF INDEPENDENCE

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.

#### DIRECTORS' RESPONSIBILITY STATEMENT

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

- a) in the preparation of the annual accounts for the Financial Year ended 31<sup>st</sup> March, 2016, the applicable accounting standards and Schedule III of the Companies Act, 2013, have been followed and there are no material departures from the same;
- b) 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 31<sup>st</sup> March, 2017 and of the profit and loss of the Company for the Financial Year ended 31<sup>st</sup> March, 2017;
- c) 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;
- d) the annual accounts have been prepared on a 'going concern' basis;
- e) 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
- f) the Directors had 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 Members are informed that M/s S.R. Batliboi & Co., LLP, Chartered Accountants are Statutory Auditors of the Company since 2005-06 and are required to retire by rotation at the conclusion of the ensuing Annual General Meeting (AGM).

As per the provisions of the Companies Act, 2013, an audit firm functioning as auditor of the Company for ten years or more after the commencement of provisions of Section 139(2) of the Act, may be appointed in the same Company for further period of three years from April 1, 2014. As maximum statutory tenure of M/s S.R. Batliboi & Co., LLP to continue as auditors is about to end and hence they are not eligible to be considered for re-appointment at the ensuing AGM of the Company.

The Board of Directors, therefore, on the recommendation of Audit Committee have appointed M/s. Deloitte Haskins & Sells, Chartered Accountants (Firm Registration No. 117366W/W100018) as statutory auditors of the Company for a period of five (5) years, subject to the approval of the members at the AGM.

The appointment of M/s. Deloitte Haskins & Sells, Chartered Accountants, if approved by the members of the Company, will take effect from the conclusion of the ensuing AGM.

They have confirmed their eligibility to the effect that their appointment, if made, would be within the prescribed limit under the Act and that they are not disqualified for appointment.

A resolution proposing appointment of M/s. Deloitte Haskins & Sells, Chartered Accountants, Chartered Accountants as Statutory Auditors of the Company pursuant to Section 139 of the Companies Act, 2013, forms part of the Notice for the ensuing AGM.

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

During the period under review, no incident of frauds was reported by the Statutory Auditors pursuant to Section 143(12) of the Companies Act 2013.

##### II. 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. The Board appointed M/s A.G. Agarwal & Associates, Cost Accountants, as cost auditors of the Company for the Financial Year 2017-18 at a fee of ₹ 50,000 (Rupees Fifty Thousand only) plus applicable taxes and out of pocket expenses subject to the ratification of the said fees by the shareholders at the ensuing Annual General Meeting.

## III. Secretarial Audit

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 has appointed M/s Sanjay Grover & Associates, Company Secretaries ("Statutory Auditors") to conduct the Secretarial Audit of your Company. The Secretarial Audit Report is annexed herewith as Annexure 5 and forms an integral part of this Annual Report.

The Statutory Auditors have made an observation in their Report dated May 12, 2017 for the Financial Year 2016-17. The particulars of such observation and the management response to that is as under:

### Observation:

*During the audit period, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards, to the extent applicable, as mentioned above except that the Company has paid remuneration to (Hony) Brig. Dr. Arvind Lal (Chairman & Managing Director) and Dr. Vandana Lal (Whole-time Director) during the audit period which is yet to be approved by members of the Company.*

### Management Response:

The shareholders of the Company in their Annual General Meeting held on July 28, 2016 approved increase in the remuneration as specified u/s 197(1) of the Companies Act, 2013 of Dr. Om Prakash Manchanda, CEO & Whole Time Director, for exercise of vested stock options granted to him under the Employee Stock Option Plan. The Central Government vide its e-mail/letter dated January 09, 2017, also approved increase in such remuneration to Dr. Manchanda.

The Secretarial Auditors of the Company M/s Sanjay Grover and Associates are of the opinion that the total remuneration paid to Dr. Om Prakash Manchanda, as per the said Central Government approval, for the Financial Year 2016-17 (including perk value arising due to exercise of stock options) exceeds the limits of Managerial Remuneration specified u/s 197(1) of the Companies Act, 2013 and therefore, approval of the shareholders shall also be required under Section II of Part II of Schedule V for payment of remuneration to the other two Executive Directors i.e. (Hony) Brig. Dr. Arvind Lal, Chairman and Managing Director and Dr. Vandana Lal, Whole Time Director.

The Board of Directors of the Company in their meeting on May 12, 2017 took note of the observation of Secretarial Auditor and in the interest of governance agreed seeking such additional approval from the shareholders, even though the Board Members were aware that the Company has been legally opined that no further approval is required.

Accordingly, the Notice of the Annual General Meeting contains the requisite resolutions for payment of remuneration to (Hony) Brig. Dr. Arvind Lal & Dr. Vandana Lal, for approval by the Members.

Besides the above, the Secretarial Auditor Report is self-explanatory does not call for any further comments from the Board of Directors.

## EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in Form MGT- 9 in accordance with Section 92(3) of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, are set out herewith as Annexure 6 and forms an integral part of this Annual Report.

## RELATED PARTY TRANSACTIONS

In line 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/investor/policies-and-programs.aspx>. 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 on a quarterly basis for transactions which are of repetitive nature and / or entered in the Ordinary Course of Business and are at Arm's Length.

All Related Party Transactions entered during the year were in Ordinary Course of the Business and on Arm's Length basis. No Material Related Party Transactions, i.e. transactions exceeding ten percent of the annual consolidated turnover as per the last audited financial statements, were 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 and Investments covered under the provisions of Section 186 of the Companies Act, 2013 is included in Note 12 of the Notes to the Financial Statements.

## 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 risks in the internal and external environment, along with the cost of treating risks and incorporates risk treatment plans in its strategy, business and operational plans. As on the date of this report, the Company don't 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.

## 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. No matter was reported during the year under review. 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 web-site ([www.lalpathlabs.com](http://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 that society has of businesses. In alignment with vision of the Company, through its CSR initiatives, your Company will enhance value creation in the society through its services, Conduct & initiatives, so as to promote sustained growth for the society.

The Board of your Company has constituted the CSR Committee to help the Company to frame, monitor and execute the CSR activities of the Company. The constitution of the CSR Committee consists of (Hony) Brig. Dr. Arvind Lal (Chairman and Managing Director), Dr. Om Prakash Manchanda (CEO & Whole Time Director) and Mr. Harneet Singh Chandhoke (Independent Director).

The Board of your Company has further formulated and adopted a policy on Corporate Social Responsibility. 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 & sustainable development of the community at large as part of its duties as a responsible corporate citizen.

The disclosure as per Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed as Annexure 7 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 Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment.

During the period under review, six complaints were received by the ICC and the same were disposed of.

#### **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) up to .99 (unity).
- Contract electricity demand of the building moderated biannually in accordance with operational demand. Leading to reduction of fixed charges during lean period.
- Recycling of RO waste water and treated lab waste as part of water conservation.
- Post reports of energy Audit of Lab ,chiller load is directed to two of the more efficient chillers.
- Descaling done of chillers to improve efficiency and retuned the evaporator pressure drop and condenser water flow to maximize efficiency of chillers.

- Replaced cooling tower fills and eliminator to improve efficiency of cooling tower.
- Reduction in number of chillers operational during off peak hours, and switching on only cooling water pump to maintain set temperature.
- Installing split AC in areas which are operating extended hours to avoid the running of entire floor AHU.
- All utilities functions are operated during off peak hours, this gives advantage of off peak hours Tariff rebate extended by NDPL.
- Optimizing operations of two elevators during peak and off time.
- During winters when the load demand is reduced, we proactively shut down one of the transformer alternately to save transformer loss.
- LED lights change from conventional lights for energy saving exercise.

##### **II. Foreign exchange earnings and outgo**

The information on Foreign Exchange earnings is included in Note 42 & outgo in Note 40 of the Notes to the Financial Statements.

#### **DETAILS ON INTERNAL FINANCIAL CONTROLS RELATED TO FINANCIAL STATEMENTS**

Your Company has in place an adequate internal financial control framework with reference to financial and operating controls.

During Financial Year 2016-17, such controls were tested and no reportable material weakness in the design or operation was observed.

The directors have in the Directors Responsibility Statement under paragraph (e) confirmed the same to this effect.

#### **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.

#### **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**

Place : New Delhi  
Dated : May 12, 2017

**(Hony) Dr. Brig. Arvind Lal**  
**Chairman & Managing Director**  
**DIN: 00576638**

## Annexure - 1 to Board's Report

## POLICY ON DIVIDEND DISTRIBUTION

**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 as on 31st March 2016, 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 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 they 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.



## Annexure - 2 to Board's Report

## 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 ₹)

S. No.	Name of Subsidiary	Country	Reporting Currency	Closing exchange rate against Indian Rupee as on Mar 31, 2017	% of Holding	Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Interim dividend
(1)		(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
1	Paliwal Diagnostics Private Limited	India	INR	1	80%	1,60,000	8,57,21,554	10,21,14,295	1,62,32,741	-	21,83,90,452	5,28,24,917	1,81,94,433	3,46,30,484	1,66,17,141
2	Paliwal Medicare Private Limited	India	INR	1	80%	1,00,000	3,38,08,288	3,58,95,059	19,86,771	-	3,75,26,648	1,36,96,615	47,51,709	89,44,906	-
3	APL Institute of Clinical Laboratory & Research Private Limited	India	INR	1	100%	1,00,000	1,22,66,784	1,95,72,132	72,05,348	-	5,10,50,240	27,01,977	8,85,816	18,16,161	-
4	Delta Ria Pathology Private Limited	India	INR	1	100%	4,11,000	13,16,507	25,99,354	8,71,847	-	40,09,722	7,80,666	4,36,820	3,43,846	-
5	Dr. Lal Pathlabs Nepal Private Limited	Nepal	NPR	0.624268	100%	2,50,48,532	(20,54,030)	2,53,71,681	23,77,179	-	45,79,528	(19,78,916)	-	(19,78,916)	-

**Notes:**

- a. Dr. Lal PathLabs International B.V., incorporated on March 20, 2014, is yet to commence its operations. No Investments have been made by the Company.
- b. The reporting period for all the subsidiaries is March 31, 2017.

## For and on behalf of the Board of Directors

**(Hony) Brig. Dr. Arvind Lal**  
 Chairman & Managing Director  
 DIN: 00576638

**Dr. Om Prakash Manchanda**  
 CEO & Whole Time Director  
 DIN: 02099404

Place : New Delhi  
 Date : May 12, 2017

**Dilip Bidani**  
 Chief Financial Officer

**Rajat Kalra**  
 Company Secretary  
 Membership No.: A-16947

## Annexure - 3 to Board's Report

### 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, 2017.

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, 2017.

A. The ratio of the remuneration of each director to the median remuneration of the employees of the company for the Financial Year:

S. No.	Name of the Director	Category	Ratio of Remuneration to the median remuneration of the employees
1.	(Hony) Brig. Dr. Arvind Lal	Executive Director	87:1
2.	Dr. Vandana Lal	Executive Director	70:1
3.	Dr. Om Prakash Manchanda	Executive Director & Chief Executive Officer	136:1
4.	Mr. Rahul Sharma	Non-Executive Director	-
5.	Mr. Sandeep Singhal* (Nominee of Westbridge Crossover Fund, LLC)	Non-Executive Director	-
6.	Mr. Naveen Wadhera* (Nominee of Wagner Limited)	Non-Executive Director	-
7.	Mr. Arun Duggal	Independent Non-Executive Director	7:1
8.	Dr. Saurabh Srivastava	Independent Non-Executive Director	7:1
9.	Mr. Sunil Varma	Independent Non-Executive Director	6:1
10.	Mr. Anoop Mahendra Singh	Independent Non-Executive Director	4:1
11.	Mr. Harneet Singh Chandhoke	Independent Non-Executive Director	5:1
12.	Dr. Murugan Rajaram Pandian*	Independent Non-Executive Director	4:1

\*Mr. Sandeep Singhal and Mr. Naveen Wadhera, Nominee Directors, resigned from the Company w.e.f. October 07 and November 30, 2016 respectively. Dr. Murugan Rajaram Pandian, Independent Director resigned from the Company w.e.f. February 14, 2017.

Note: The Non-Executive Directors are not entitled to any remuneration.

B. The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, in the Financial Year:

S. No.	Name of the Director	Category	% Increase in Remuneration in the Financial Year
1.	(Hony) Brig. Dr. Arvind Lal	Executive Director	10%
2.	Dr. Vandana Lal	Executive Director	10%
3.	Dr. Om Prakash Manchanda	Executive Director & Chief Executive Officer	10%
4.	Mr. Rahul Sharma	Non-Executive Director	-
5.	Mr. Sandeep Singhal* (Nominee of Westbridge Crossover Fund, LLC)	Non-Executive Director	-
6.	Mr. Naveen Wadhera* (Nominee of Wagner Limited)	Non-Executive Director	-
7.	Mr. Arun Duggal	Independent Non-Executive Director	-
8.	Dr. Saurabh Srivastava	Independent Non-Executive Director	-
9.	Mr. Sunil Varma	Independent Non-Executive Director	-
10.	Mr. Anoop Mahendra Singh	Independent Non-Executive Director	-
11.	Mr. Harneet Singh Chandhoke	Independent Non-Executive Director	-
12.	Dr. Murugan Rajaram Pandian*	Independent Non-Executive Director	-
13.	Mr. Dilip Bidani	Chief Financial Officer	10%
14.	Mr. Rajat Kalra	Company Secretary	10.5%

\*Mr. Sandeep Singhal and Mr. Naveen Wadhera, Nominee Directors, resigned from the Company w.e.f. October 07 and November 30, 2016 respectively. Dr. Murugan Rajaram Pandian, Independent Director resigned from the Company w.e.f. February 14, 2017.

## C. Percentage increase in the median remuneration of employees in the Financial Year:

The percentage increase in the median remuneration of employees in the Financial Year is 6.88.

## 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, 2017 is 3,746.

## E. Explanation on the relationship between average increase in remuneration and company performance:

The average annual increment given to employees was 10.94%. The average increase in remuneration is closely linked to and driven by achievement of annual corporate goals and overall business, financial and operational performance of the Company.

## F. Comparison of the remuneration of the Key Managerial Personnel against the performance of the company:

The total remuneration (excluding the perk value of stock based compensation of Dr. Om Prakash Manchanda) paid to Key Managerial Personnel constituted approximately 5.55% of the net profits of the year.

## G. Variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current Financial Year and previous Financial Year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current Financial Year and previous Financial Year:

The Company had allotted shares under its IPO in December, 2015 at the price of ₹ 550 per equity share. The market quotations/price of the shares of the Company as at 31 March, 2017 on NSE was ₹ 967.55 per equity share i.e. higher by 75.92% as compared to the IPO price.

Particulars	As at March 31, 2017	As at March 31, 2016	Variation (%)
Closing Share Price on NSE (in ₹)	967.55	923.30	4.79
Market Capitalization (in ₹ Cr)	8,037.07	7,663.57	5.27
P/E Ratio	54.55	60.31	(9.72)

## H. 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:

Average percentile increase in the salaries of employees other than the managerial personnel is <b>11.00%</b>	Average percentile increase in managerial personnel is <b>10.00%</b>	Not Applicable as Managerial Remuneration increase % is lower
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## I. Comparison of the each remuneration of the Key Managerial Personnel against the performance of the company:

Name of the KMP	Remuneration of KMP as % of total Revenue	Remuneration of KMP as % of Net Profit
Dr. Arvind Lal Chairman & Managing Director	0.23	1.38
Dr. Vandana Lal Whole Time Director	0.18	1.10
Dr. Om Prakash Manchanda CEO & Whole Time Director	*0.34%	*2.05%
Mr. Dilip Bidani Chief Financial Officer	0.13%	0.77%
Mr. Rajat Kalra Company Secretary	0.03	0.19%

\*excluding the perk value of stock based compensation

## J. The key parameters for any variable component of remuneration availed by the directors:

The variable component of remuneration of the Executive Director(s) comprises of annual performance bonus and long term incentives in the form of stock/cash options, which is linked to achievement of corporate KPIs & individual goals.

## K. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year:

Not Applicable

## L. 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.

## Annexure - 4 to Board's Report

## NOMINATION AND REMUNERATION POLICY

## 1. Introduction

In terms of Section 178 of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 with the Stock Exchanges, 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 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's /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.

## 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 and KMPs, comprising of all members of management one level below the Executive Directors including the functional heads.

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 present composition of the Committee is:

1.	Mr. Arun Duggal	Chairman	Non-Executive Independent Director
2.	Mr. Harneet Singh Chandhoke	Member	Non-Executive Independent Director
3.	Mr. Saurabh Srivastava	Member	Non-Executive Independent Director
4.	Mr. Rahul Sharma	Member	Non-Executive Director

- e. 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 ₹ 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 CEO & Whole Time Director in consultation with the Managing Director of the Company 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 CEO & Whole Time 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 Independent Professional Consultant(s).

**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 in the Annual Report as part of the Board's report therein.

**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.

## Annexure - 5 to Board's Report

### SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2017

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
**Dr. Lal PathLabs Limited**  
(CIN: L74899DL1995PLC065388)  
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.

**We report that:**

- a) 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.
- b) 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 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.
- c) We have not verified the correctness and appropriateness of the financial statements of the Company.
- d) Wherever required, we have obtained the Management representation about the compliances of laws, rules, regulations and standards and happening of events etc.
- e) The compliance of the provisions of the corporate and other applicable laws, rules, regulations and standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
- f) 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.

Based on our verification of the Company's books, papers, minutes 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 on 31<sup>st</sup> March, 2017 ("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, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended on 31<sup>st</sup> March, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (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 there under 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'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The 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, 2009;
  - (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;
  - (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;
  - (g) \*The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
  - (h) \*The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; and
  - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

\*No event took place under these regulations during the audit period.

We have also examined compliance with the applicable clauses of the Secretarial Standards on Meetings of the Board of Directors and on General Meetings issued by the Institute of Company Secretaries of India.

During the Audit period, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards, to the extent applicable, as mentioned above *except that the Company has paid remuneration to (Hony) Brig. Dr. Arvind Lal (Chairman & Managing Director) and Dr. Vandana Lal (Whole-time Director) during the audit period which is yet to be approved by members of the Company.*

We further report that the Company has not spent the requisite amount during the Financial Year towards Corporate Social Responsibility as required in terms of Section 135 of the Act.

(vi) The Company is a provider of diagnostic and related healthcare tests services in India. Following are the laws which are specifically applicable to the Company:-

- The Clinical Establishments (Registration and Regulation) Act, 2010 and rules made thereunder;
- The Preconception and Pre-Natal Diagnostic Techniques (Prohibition of Sex Selection) Act, 1994 and rules made thereunder;
- The Atomic Energy Act 1962 and rules made there under;
- Bio Medical Waste (Management and Handling) Rules, 1988, as amended up to date.

We have checked the compliance management system of the Company to obtain reasonable assurance about the adequacy of systems in place to ensure compliance of specifically applicable laws and this verification was done on test basis. In our opinion and to the best of our information and according to explanations given to us, we believe that the compliance management system of the Company seems adequate to ensure compliance of laws specifically applicable to the Company

**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 audit period were carried out in compliance with the provisions of the Act.

Adequate notices were given to all directors to schedule 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 for meaningful participation at the meeting.

Board decisions are carried out with unanimous consent and therefore, no dissenting views were required to be captured and recorded as part of the minutes.

**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, standards and guidelines.

**We further report that** during the audit period, Members of the Company at the Annual General Meeting held on July 28, 2016 accorded their approval vide special resolution to the implementation of 'Dr. Lal PathLabs Employees Restricted Stock Unit Plan 2016' to create and grant from time to time, in one or more tranches, not exceeding 12,44,155 (Twelve Lakh Forty Four Thousand One Hundred and Fifty Five) Options to such person(s) who are in permanent employment of the Company.

For **Sanjay Grover & Associates**

Company Secretaries

Firm Registration No.: P2001DE052900

**Sanjay Grover**

Managing Partner

CP No.: 3850

New Delhi  
May 12, 2017

## Annexure - 6 to Board's Report

## Form No. MGT-9

## EXTRACT OF ANNUAL RETURN

As on the Financial Year ended on March 31, 2017

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

## I. REGISTRATION AND OTHER DETAILS:

CIN	L74899DL1995PTC065388
Registration Date	14th Feb, 1995
Name of the Company	Dr. Lal PathLabs Limited
Category / Sub-Category of the Company	Public Company Limited by Shares
Address of the Registered office and contact details	Block E, Sector - 18, Rohini, New Delhi - 110085 Tel.: +91 -11-3024-4149; Fax: +91-11-2788-2134; Website - www.lalpathlabs.com Email: cs@lalpathlabs.com
Whether listed company	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	Link intime (India) Private Limited 44, Community Centre, 2nd Floor, Naraina Industrial Area, Phase – I, Near PVR Naraina, New Delhi - 110028 Tel.: +91 11 4141 0592, Fax No.: +91 11 4141 0591, Website - www.linkintime.co.in Email: delhi@linkintime.co.in

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All business activities contributing 10% or more of total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	Provider of Diagnostic and related healthcare tests and services	869	100%

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

S. No.	Name & address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable section
1.	Paliwal Diagnostics Private Limited 117/H-1/02, Pandu Nagar, Kanpur, Uttar Pradesh - 208 025	U26914UP1997PTC022257	Subsidiary	80%	2(87)
2.	Paliwal Medicare Private Limited 117/H-1/02, Pandu Nagar, Kanpur, Uttar Pradesh - 208 025	U85110U2006PTC031606	Subsidiary	80%	2(87)
3.	APL Institute of Clinical Laboratory & Research Private Limited A-103-104, Aasthan Complex, Ahmedabad, Gujarat - 380 015	U73100GJ2011PTC065333	Subsidiary	100%	2(87)
4.	Delta Ria Pathology Private Limited 77, Motia Talab, Near Tajul Masjid, Bhopal, Madhya Pradesh - 462 001	U85110MP1993PTC007849	Subsidiary	100%	2(87)
5.	Dr. Lal PathLabs Nepal Private Limited K.M.C. No. 4, Chandol, Kathmandu, Nepal	–	Subsidiary	100%	2(87)

## IV. SHAREHOLDING PATTERN (Equity share capital breakup as percentage of total equity)

## i. Category Wise Share Holding

S. Category of No. Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% Of total shares	Demat	Physical	Total	% Of total shares	
<b>(A) PROMOTER AND PROMOTER GROUP</b>									
<b>(1) INDIAN</b>									
(a) Individual /HUF	4,85,16,165	—	4,85,16,165	58.63	4,83,65,226	—	*4,83,65,226	58.22	(0.41)
(b) Central Government/ State Government(s)	—	—	—	—	—	—	—	—	—
(c) Bodies Corporate	—	—	—	—	—	—	—	—	—
(d) Financial Institutions/ Banks	—	—	—	—	—	—	—	—	—
(e) Others	—	—	—	—	—	—	—	—	—
<b>Sub-Total A(1)</b>	<b>4,85,16,165</b>	<b>—</b>	<b>4,85,16,165</b>	<b>58.63</b>	<b>4,83,65,226</b>	<b>—</b>	<b>*4,83,65,226</b>	<b>58.22</b>	<b>(0.41)</b>
<b>(2) FOREIGN</b>									
(a) Individuals (NRIs/ Foreign Individuals)	—	—	—	—	—	—	—	—	—
(b) Bodies Corporate	—	—	—	—	—	—	—	—	—
(c) Institutions	—	—	—	—	—	—	—	—	—
(d) Qualified Foreign Investor	—	—	—	—	—	—	—	—	—
(e) Others	—	—	—	—	—	—	—	—	—
<b>Sub-Total A(2)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total A=A(1)+A(2)</b>	<b>4,85,16,165</b>	<b>—</b>	<b>4,85,16,165</b>	<b>58.63</b>	<b>4,83,65,226</b>	<b>—</b>	<b>*4,83,65,226</b>	<b>58.22</b>	<b>(0.41)</b>
<b>(B) PUBLIC SHAREHOLDING</b>									
<b>(1) INSTITUTIONS</b>									
(a) Mutual Funds /UTI	50,82,781	—	50,82,781	6.14	49,85,645	—	49,85,645	6.00	(0.14)
(b) Financial Institutions / Banks	3,341	—	3,341	0.00	3,51,731	—	3,51,731	0.42	0.42
(c) Central Government / State Government(s)	—	—	—	—	—	—	—	—	—
(d) Venture Capital Funds	—	—	—	—	—	—	—	—	—
(e) Insurance Companies	—	—	—	—	—	—	—	—	—
(f) Foreign Institutional Investors	19,80,188	—	19,80,188	2.39	8,22,891	—	8,22,891	0.99	(1.40)
(g) Foreign Venture Capital Investors	—	—	—	—	—	—	—	—	—
(h) Qualified Foreign Investor	—	—	—	—	—	—	—	—	—
(i) Others	—	—	—	—	—	—	—	—	—
Foreign Portfolio Investor	30,82,664	—	30,82,664	3.73	74,82,751	—	74,82,751	9.01	5.28
<b>Sub-Total B(1)</b>	<b>1,01,48,974</b>	<b>—</b>	<b>1,01,48,974</b>	<b>12.27</b>	<b>1,36,43,018</b>	<b>—</b>	<b>1,36,43,018</b>	<b>16.42</b>	<b>4.15</b>
<b>(2) NON-INSTITUTIONS</b>									
(a) Bodies Corporate	4,71,044	—	4,71,044	0.57	19,91,694	—	19,91,694	2.40	1.83
(b) Individuals	—	—	—	—	—	—	—	—	—
(i) Individuals holding nominal share capital upto ₹ 1 lakh	7,91,635	8	7,91,643	0.96	17,97,353	8	17,97,361	2.16	1.20



S. Category of No. Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% Of total shares	Demat	Physical	Total	% Of total shares	
(ii) Individuals holding nominal share capital in excess of ₹1 lakh	19,41,249	–	19,41,249	2.35	9,06,498	–	9,06,498	1.09	(1.26)
(c) Others									
Foreign Company	1,91,41,275	–	1,91,41,275	23.13	1,44,19,671	–	1,44,19,671	17.36	(5.77)
Employee Welfare Trust	15,48,903	–	15,48,903	1.87	15,43,668	–	15,43,668	1.86	(0.01)
Trust	1,000	–	1,000	0.00	0	–	0	0.00	0.00
Hindu Undivided Family	63,790	–	63,790	0.08	97,641	–	97,641	0.12	0.04
Non Resident Indians (Non Repat)	24,517	–	24,517	0.03	57,344	–	57,344	0.07	0.04
Non Resident Indians (Repat)	13,272	–	13,272	0.02	95,407	–	95,407	0.11	0.09
Clearing Member	81,165	–	81,165	0.1	1,48,656	–	1,48,656	0.18	0.08
(d) Qualified Foreign Investor	–	–	–	–	–	–	–	–	–
<b>Sub-Total B(2)</b>	<b>2,40,77,850</b>	<b>8</b>	<b>2,40,77,858</b>	<b>29.1</b>	<b>2,10,57,932</b>	<b>8</b>	<b>2,10,57,940</b>	<b>25.35</b>	<b>(3.75)</b>
<b>Total B=B(1)+B(2) :</b>	<b>3,42,26,824</b>	<b>8</b>	<b>3,42,26,832</b>	<b>41.37</b>	<b>3,47,00,950</b>	<b>8</b>	<b>3,47,00,958</b>	<b>41.78</b>	<b>0.41</b>
<b>Total (A+B)</b>	<b>8,27,42,989</b>	<b>8</b>	<b>8,27,42,997</b>	<b>100</b>	<b>8,30,66,176</b>	<b>8</b>	<b>8,30,66,184</b>	<b>100</b>	<b>–</b>
<b>(C) SHARES HELD BY CUSTODIANS, AGAINST WHICH DEPOSITORY RECEIPTS HAVE BEEN ISSUED</b>									
(1) PROMOTER AND PROMOTER GROUP	–	–	–	–	–	–	–	–	–
(2) PUBLIC	–	–	–	–	–	–	–	–	–
<b>GRAND TOTAL (A+B+C) :</b>	<b>8,27,42,989</b>	<b>8</b>	<b>8,27,42,997</b>	<b>100</b>	<b>8,30,66,176</b>	<b>8</b>	<b>8,30,66,184</b>	<b>100</b>	<b>–</b>

\*Includes 1,00,000 (One Lakh) Equity Shares sold by Dr. Archana Lal (Part of Promoter Group) in the open market on March 31, 2017. These shares however were not debited from her Demat Account on March 31, 2017.

## ii. Shareholding of Promoter and Promoter Group:

S. Shareholders Name No.	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1 (Hony) Brig. Dr. Arvind Lal	2,69,72,884	32.60	0.00	2,69,72,884	32.47	0.00	(0.13)
2 Dr. Vandana Lal	1,59,31,893	19.25	0.00	1,59,31,893	19.18	0.00	(0.07)
3 Eskay House (HUF)	16,81,774	2.03	0.00	16,81,774	2.02	0.00	(0.01)
4 Dr. Archana Lal	22,40,000	2.71	0.00	*20,89,061	2.51	0.00	(0.19)
5 Mr. Anjaneya Lal	16,89,614	2.04	0.00	16,89,614	2.03	0.00	(0.01)
<b>Total</b>	<b>4,85,16,165</b>	<b>58.63</b>	<b>0.00</b>	<b>4,83,65,226</b>	<b>58.22</b>	<b>0.00</b>	<b>(0.41)</b>

\*Includes 1,00,000 (One Lakh) Equity Shares sold by Dr. Archana Lal (Part of Promoter Group) in the open market on March 31, 2017. These shares however were not debited from her Demat Account on March 31, 2017.

**iii. Change in Promoter and Promoter Group Shareholding**

S. No.	Shareholders Name	Date	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	(Hony) Brig. Dr. Arvind Lal	01.04.2016	2,69,72,884	32.60	2,69,72,884	32.60
	At the end of the year	31.03.2017	–	–	2,69,72,884	32.47
2.	Dr. Vandana Lal	01.04.2016	1,59,31,893	19.25	1,59,31,893	19.25
	At the end of the year	31.03.2017	–	–	1,59,31,893	19.18
3.	Eskay House (HUF)	01.04.2016	16,81,774	2.03	16,81,774	2.03
	At the end of the year	31.03.2017	–	–	16,81,774	2.02
4.	Dr. Archana Lal	01.04.2016	22,40,000	2.71	22,40,000	2.71
	Sold in open market	20.03.2017 to 21.03.2017	(1,02,118)	0.12	21,37,882	2.57
	Sold in open market	23.03.2017 to 24.03.2017	(22,836)	0.03	21,15,046	2.55
	Sold in open market	28.03.2017 to 29.03.2017	(25,250)	0.03	20,89,796	2.52
	Sold in open market	30.03.2017	(735)	0.00	*20,89,061	2.51
	At the end of Year	31.03.2017	–	–	20,89,061	2.51
5.	Mr. Anjaneya Lal	01.04.2016	16,89,614	2.04	16,89,614	2.04
	At the end of the year	31.03.2017	–	–	16,89,614	2.03

\*Includes 1,00,000 (One Lakh) Equity Shares sold by Dr. Archana Lal (Part of Promoter Group) in the open market on March 31, 2017. These shares however were not debited from her Demat Account on March 31, 2017.

**iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)**

S. No.	Shareholders Name	Date	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Westbridge, Crossover Fund LLC	01.04.2016	1,06,41,846	12.86	1,06,41,846	12.86
	(Transfer Sell)	27.01.2017	(1,84,760)	0.22	1,04,57,086	12.59
	(Transfer Sell)	03.03.2017	(16,62,850)	2.00	87,94,236	10.59
	(Transfer Sell)	17.03.2017	(1,84,042)	0.22	86,10,194	10.37
	(Transfer Sell)	24.03.2017	(9,22,800)	1.11	76,87,394	9.25
	At the end of the year	31.03.2017	–	–	76,87,394	9.25
2.	Wagner Limited	01.04.2016	76,09,459	9.20	76,09,459	9.20
	(Transfer Sell)	17.02.2017	(14,45,260)	1.74	61,64,199	7.42
	(Transfer Sell)	24.03.2017	(75,000)	0.09	60,89,199	7.33
	At the end of the year	31.03.2017	–	–	60,89,199	7.33
3.	Dr. Lal PathLabs Employee Welfare Trust	01.04.2016	15,48,903	1.87	15,48,903	1.87
	Transfer (Sold)	31.03.2017	*(5,235)	0.01	15,48,903	1.87
	At the end of the year	31.03.2017	–	–	15,43,668	1.86
4	SBI Mutual Fund	01.04.2016	45,42,678	5.49	45,42,678	5.49
	(Transfer Sell)	08.04.2016	(9,122)	0.01	45,33,556	5.48
	(Transfer Sell)	15.04.2016	(1,20,878)	0.15	44,12,678	5.33
	(Transfer Sell)	13.05.2016	(4,858)	0.01	44,07,820	5.33
	(Transfer Sell)	27.05.2016	(23,000)	0.03	43,84,820	5.30

S. No.	Shareholders Name	Date	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	(Transfer Sell)	03.06.2016	(46,682)	0.06	43,38,138	5.24
	(Transfer Sell)	10.06.2016	(20,559)	0.02	43,17,579	5.22
	(Transfer Sell)	17.06.2016	(13,005)	0.02	43,04,574	5.20
	(Transfer Buy)	30.06.2016	16,564	0.02	43,21,138	5.22
	(Transfer Sell)	29.07.2016	(1,04,486)	0.13	42,16,652	5.09
	(Transfer Sell)	05.08.2016	(42,907)	0.05	41,73,745	5.04
	(Transfer Sell)	26.08.2016	(560)	0.00	41,73,185	5.04
	(Transfer Sell)	31.08.2016	(26,304)	0.03	41,46,881	5.01
	(Transfer Sell)	02.09.2016	(40,000)	0.05	41,06,881	4.96
	(Transfer Sell)	09.09.2016	(70,500)	0.09	40,36,381	4.88
	(Transfer Sell)	23.09.2016	(86,371)	0.10	39,50,010	4.77
	(Transfer Sell)	11.11.2016	(2,15,000)	0.26	37,35,010	4.51
	(Transfer Sell)	18.11.2016	(1,85,000)	0.22	35,50,010	4.29
	(Transfer Sell)	25.11.2016	(32,684)	0.04	35,17,326	4.25
	(Transfer Sell)	02.12.2016	(9,809)	0.01	35,07,517	4.24
	(Transfer Sell)	23.12.2016	(40,191)	0.05	34,67,326	4.19
	(Transfer Sell)	06.01.2017	(50,000)	0.06	34,17,326	4.13
	(Transfer Sell)	13.01.2017	(1,65,000)	0.20	32,52,326	3.92
	(Transfer Sell)	27.01.2017	(4,74,639)	0.57	27,77,687	3.34
	(Transfer Sell)	10.02.2017	(43,655)	0.05	27,34,032	3.29
	(Transfer Buy)	17.02.2017	9,10,000	1.10	36,44,032	4.39
	(Transfer Sell)	24.02.2017	(1,739)	0.00	36,42,293	4.38
	(Transfer Sell)	03.03.2017	(8,975)	0.01	36,33,318	4.37
	(Transfer Sell)	24.03.2017	(3,308)	0.00	36,30,010	4.37
	At the end of the year	31.03.2017	—	—	36,30,010	4.37
5.	Kotak Mahindra Old Mutual Life Insurance Limited	01.04.2016	—	—	—	—
	(Transfer Buy)	17.02.2017	84,551	0.10	84,551	0.10
	(Transfer Buy)	24.02.2017	1,23,336	0.15	2,07,887	0.25
	(Transfer Buy)	03.03.2017	3,51,583	0.42	5,59,470	0.67
	(Transfer Buy)	24.03.2017	1,50,000	0.18	7,09,470	0.85
	At the end of the year	31.03.2017	—	—	7,09,470	0.85
6.	Steadview Capital Mauritius Limited	01.04.2016	6,15,000	0.74	6,15,000	0.74
	(Transfer Buy)	08.07.2016	50,000	0.06	6,65,000	0.80
	At the end of the year	31.03.2017	—	—	6,65,000	0.80
7.	Sanjeevini Investment Holdings	01.04.2016	8,89,970	1.08	8,89,970	1.08
	(Transfer Sell)	27.01.2017	(15,240)	0.02	8,74,730	1.05
	(Transfer Sell)	03.03.2017	(1,38,836)	0.17	7,35,894	0.89
	(Transfer Sell)	17.03.2017	(15,616)	0.02	7,20,278	0.87
	(Transfer Sell)	24.03.2017	(77,200)	0.09	6,43,078	0.77
	At the end of the year	31.03.2017	—	—	6,43,078	0.77
8.	Wasatch International Growth Fund	01.04.2016	—	—	—	—
	(Transfer Buy)	18.11.2016	26,815	0.03	26,815	0.03
	(Transfer Buy)	25.11.2016	7,329	0.01	34,144	0.04
	(Transfer Buy)	23.12.2016	24,913	0.03	59,057	0.07

S. No.	Shareholders Name	Date	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	(Transfer Buy)	30.12.2016	7,730	0.01	66,787	0.08
	(Transfer Buy)	27.01.2016	5,27,694	0.64	5,94,481	0.72
	At the end of the year	31.03.2017	—	—	5,94,481	0.72
9.	Hsbc Global Investment Funds - Asia Ex Japan Equity Smaller Companies	01.04.2016	—	—	—	—
	(Transfer Buy)	10.03.2017	4,21,382	0.51	4,21,382	0.51
	(Transfer Buy)	24.03.2017	1,20,000	0.14	5,41,382	0.65
	At the end of the year	31.03.2017	—	—	5,41,382	0.65
10.	India Whizdom Fund	01.04.2016	—	—	—	—
	(Transfer Buy)	17.02.2017	2,50,000	0.30	2,50,000	0.30
	(Transfer Buy)	25.03.2017	1,76,300	0.51	4,26,300	0.51
	(Transfer Buy)	31.03.2017	15,000	0.53	4,41,300	0.53
	At the end of the year	31.03.2017	—	—	4,41,300	0.53

\* These shares were transferred to the demat account of eligible employees on May 06, 2017.

**v. Shareholding of Director's & KMP's**

S. No.	Shareholders Name	Date	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	(Hony) Brig. Dr. Arvind Lal	01.04.2016	2,69,72,884	32.60	2,69,72,884	32.60
	At the end of the year	31.03.2017	—	—	2,69,72,884	32.47
2.	Dr. Vandana Lal	01.04.2016	1,59,31,893	19.25	1,59,31,893	19.25
	At the end of the year	31.03.2017	—	—	1,59,31,893	19.18
3.	Dr. Om Prakash Manchanda	01.04.2016	11,73,594	1.42	11,73,594	1.42
	ESOP Allotment	01.04.2016	66,000	0.08	12,39,594	1.50
	Sold in open market	03-05-2016	(1,92,177)	0.23	10,47,417	1.27
	Sold in open market	14-06-2016 to 17-06-2016	(1,08,628)	0.13	9,38,789	1.13
	Sold in open market	30-06-2016	(49,534)	0.06	8,89,255	1.07
	ESOP Allotment	29.07.2016	34,000	0.04	9,23,255	1.12
	Sold in open market	04-08-2016 to 08-08-2016	(33,213)	0.04	8,90,042	1.08
	Sold in open market	16-08-2016 to 18-08-2016	(21,831)	0.03	8,68,211	1.05
	Sold in open market	06-09-2016 to 08-09-2016	(67,339)	0.03	8,00,872	0.97
	Sold in open market	08-11-2016	(1,00,000)	0.12	7,00,872	0.85
	Sold in open market	13-12-2016 to 15-12-2016	(23,000)	0.03	6,77,872	0.82
	ESOP Allotment	11.01.2017	2,85,000	0.34	9,62,872	1.16
	Sold in open market	08-02-2017 to 10-02-2017	(46,308)	0.06	9,16,564	1.10
	Sold in open market	16-02-2017 to 20-02-2017	(42,800)	0.05	8,73,764	1.05

S. No.	Shareholders Name	Date	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Sold in open market	01-03-2017 to 03-03-2017	(72,872)	0.09	8,00,892	0.96
	Sold in open market	14-03-2017 to 16-03-2017	(85,565)	0.10	7,15,327	0.86
	Sold in open market	29-03-2017 to 30-03-2017	(50,000)	0.06	6,65,327	0.80
	Transfer (Buy)	31.03.2017	*2,163	0.00	6,67,490	0.80
	At the end of the Year	31.03.2017	—	—	6,67,490	0.80
4.	Mr. Rahul Sharma	01.04.2016	20,197	0.02	20,197	0.02
	At the end of the year	31.03.2017	—	—	20,197	0.02
5.	Mr. Arun Duggal	01.04.2016	Nil	Nil	Nil	Nil
	At the end of the year	31.03.2017	—	—	Nil	Nil
6.	Mr. Anoop Mahendra Singh	01.04.2016	Nil	Nil	Nil	Nil
	At the end of the year	31.03.2017	—	—	Nil	Nil
7.	Mr. Harneet Singh Chandhoke	01.04.2016	Nil	Nil	Nil	Nil
	At the end of the year	31.03.2017	—	—	Nil	Nil
8.	Mr. Sunil Varma	01.04.2016	Nil	Nil	Nil	Nil
	At the end of the year	31.03.2017	—	—	Nil	Nil
9.	Dr. Saurabh Srivastava	01.04.2016	Nil	Nil	Nil	Nil
	At the end of the year	31.03.2017	—	—	Nil	Nil
10.	Mr. Dilip Bidani	01.04.2016	15,280	0.02	15,280	0.02
	Transfer (Buy)	31.03.2017	*649	0.00	15,929	0.02
	At the end of the year	31.03.2017	—	—	15,929	0.02
11.	Mr. Rajat Kalra	01.04.2016	Nil	Nil	Nil	Nil
	At the end of the year	31.03.2017	—	—	Nil	Nil

\* These shares were transferred from Employee welfare trust to the demat account of eligible employees on May 06, 2017.

## V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtness at the beginning of the Financial Year</b>				
i. Principal Amount	—	—	—	—
ii. Interest due but not paid	—	—	—	—
iii. Interest accrued but not due	—	—	—	—
<b>Total (i + ii + iii)</b>	—	—	—	—
<b>Change in Indebtedness during the Financial Year</b>				
• Addition	—	—	—	—
• Reduction	—	—	—	—
<b>Net Change</b>	—	—	—	—
<b>Indebtedness at the end of the Financial Year</b>				
i. Principal Amount	—	—	—	—
ii. Interest due but not paid	—	—	—	—
iii. Interest accrued but not due	—	—	—	—
<b>Total (i + ii + iii)</b>	—	—	—	—



## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

## A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

S. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount (in ₹)
		(Hony) Brig. Dr. Arvind Lal (Chairman & MD)	Dr. Vandana Lal (WTD)	Dr. Om Prakash Manchanda (CEO & WTD)	
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2,02,41,672	1,62,34,656	3,01,26,413	6,66,02,741
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	—	—	29,89,51,630	29,89,51,630
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	—	—	—	—
2.	Stock Option (No of options granted)	—	—	82,677	—
3.	Sweat Equity	—	—	—	—
4.	Commission	—	—	—	—
	- As a % of profit	—	—	—	—
	- others, specify...	—	—	—	—
5.	Others, please specify (Performance Linked Incentive)	—	—	—	—
	Total (A)	2,02,41,672	1,62,34,656	32,90,78,043	36,55,54,371
	Ceiling as per the Act		10% of net profits of the Company		

## B. Remuneration to other Directors:

## 1. Independent Directors

Particulars of Remuneration	Name of Directors						Total Amount (in ₹)
	Mr. Arun Duggal	Mr. Anoop Mahendra Singh	Mr. Harneet Singh Chandhoke	Mr. Sunil Varma	Dr. Saurabh Srivastava	*Dr. Murugan Rajaram Pandian	
Fee for attending Board & Committee Meetings	6,50,000	3,00,000	5,00,000	4,50,000	8,00,000	1,50,000	28,50,000
Commission	10,00,000	7,50,000	7,50,000	10,00,000	10,00,000	7,50,000	52,50,000
Others, please specify	—	—	—	—	—	—	—
Total (1)	16,50,000	10,50,000	12,50,000	14,50,000	18,00,000	9,00,000	81,00,000

\*Dr. Murugan Rajaram Pandian resigned as Independent Director with effect from February 14, 2017

## 2. Non – Executive Directors

Particulars of Remuneration	Name of Directors			Total Amount (in ₹)
	Mr. Rahul Sharma	<sup>1</sup> Mr. Sandeep Singhal	<sup>1</sup> Mr. Naveen Wadhera	
Fee for attending Board & Committee Meetings	—	—	—	—
Commission	—	—	—	—
Others, please specify	—	—	—	—
Total (2)	—	—	—	—
Total Managerial Remuneration(1+2)		81,00,000		
Ceiling as per the Act		1% of net profits of the Company		

<sup>1</sup>Mr. Sandeep Singhal and Mr. Naveen Wadhera resigned as Nominee Directors with effect from October 07 and November 30, 2016 respectively.

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTG:**

S. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount (in ₹)
		Mr. Dilip Bidani, Chief Financial Officer	Mr. Rajat Kalra, Company Secretary	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,13,46,846	27,28,292	1,40,75,138
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	9,94,355	—	9,94,355
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	—	—	—
2.	Stock Option (No. of options granted during the year)	11,000	1,800	—
3.	Sweat Equity	—	—	—
4.	Commission	—	—	—
	- As a % of profit	—	—	—
	- others, specify...	—	—	—
5.	Others, please specify (Performance Linked Incentive)	—	—	—
	Total	1,23,41,201	27,28,292	1,50,69,493

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

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fee imposed	Authority (RD/ NCLT/Court)	Appeal made if any (give details)
<b>A. Company</b>					
Penalty	—	—	—	—	—
Punishment	—	—	—	—	—
Compounding	—	—	—	—	—
<b>B. Directors</b>					
Penalty	—	—	—	—	—
Punishment	—	—	—	—	—
Compounding	—	—	—	—	—
<b>C. Other Officers in Default</b>					
Penalty	—	—	—	—	—
Punishment	—	—	—	—	—
Compounding	—	—	—	—	—

## Annexure - 7 to Board's Report

## Report on CSR Activities

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

S. No.	Particulars	Remarks			
1.	Brief outline of the Company’s CSR policy, including overview of projects or programs proposed to be undertaken and reference to the web-link to the CSR policy and projects or programs.	The CSR Policy spells out the Company’s philosophy towards its social responsibilities and lays down the guidelines, framework and mechanism relating to the implementation, monitoring, reporting, disclosure, evaluation and assessment of projects, programs and activities forming part of the Company’s CSR.  The complete CSR policy of the company is available on the website of the company <a href="http://www.lalpathlabs.com">www.lalpathlabs.com</a>			
2.	The Composition of the CSR Committee	S. No.	Name	Position	Status
		1.	(Hony) Brig. Dr. Arvind Lal	Chairman and Managing Director	Chairman
		2.	Dr. Om Prakash Manchanda	CEO and Whole Time Director	Member
		3.	Mr. Harneet Singh Chandhoke	Independent Director	Member
3.	Average net profit of the Company for last three Financial Years	₹ 1,35,28,71,311			
4.	Prescribed CSR Expenditure (two percent of the amount as in item 3 above)	₹ 2,70,57,426			
5.	Details of CSR spent during the Financial Year	a.	Total amount to be spent for the Financial Year: ₹ 2,70,57,426		
		b.	Amount unspent if any: ₹ 83,07,941		
		c.	Manner in which the amount spent during the Financial Year is detailed below: As per Annexure attached		
6.	In case the Company has failed to spend the two percent of the average net profit of the last three Financial Years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report	During the year under review, the Company identified Preventive Healthcare and Education as part of its CSR initiative The Company’s initiatives usually involve setting the foundation of programs at a small scale to learn from on-ground realities and then putting an enhanced sustainable model to ensure maximum benefit to the community. For this reason, during the year, the Company’s spend on the CSR activities has been less than the limits prescribed under Companies Act, 2013. The CSR activities are scalable which coupled with new initiatives that may be considered in future, the Company will endeavor to spend on CSR activities in accordance with the prescribed limits.			
7.	A responsibility statement by the CSR Committee that the implementation and monitoring of CSR Policy is in compliance with the CSR objectives and Policy of the Company	The implementation and monitoring of CSR Policy, is in compliance with the CSR objectives and policy of the Company.			

For &amp; on Behalf of the Board

Date: May 12, 2017  
Place: New Delhi

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

Dr. Om Prakash Manchanda  
CEO & Whole Time Director  
DIN: 02099404

							(Amount in ₹)
S. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) State and District where projects or programs was undertaken	Amount Outlay (budget project or programs wise	Amount Spent on projects or programs	Cumulative expenditure upto the reporting period	Amount Spent Direct or through the Implementing Agency
					Direct Expenditure	Overheads	
1	Donation to CSR Trust*	Healthcare, Empowerment of Women, Child Awareness, Education etc.	Delhi, Varanasi, Gurgaon	1,87,46,855	1,87,46,855	-	1,87,46,855
2	Donation for a Medical Camp	Healthcare and Medical Facilities	Varanasi	2,630	2,630	-	2,630 Directly
<i>* Projects completed by CSR Trust is as follows</i>							
a.	Rotary Blood Bank Camp	Healthcare	Delhi	1,00,000	1,00,000	-	1,00,000
b.	CSR Conclave	Healthcare	Delhi	1,00,000	1,00,000	-	1,00,000
c.	Pryas Research and Healthcare Centre for Dengue Awareness for Govt School Children	Healthcare, Child Welfare	Delhi	2,95,623	2,95,623	-	2,95,623
d.	Student Medical Education	Healthcare, Education	Gurgaon	31,86,747	31,86,747	-	31,86,747
e.	Varanasi Medical Camp	Healthcare	Varanasi	48,22,855	48,22,855	-	48,22,855

### Industry structure and developments

The healthcare industry saw a renewed interest and investments growth during the year. The Union government has also increased its allocation for Healthcare and Family Welfare by over ₹ 9000 cr<sup>1</sup> and the importance of this sector is well understood. The growth in the industry is expected to continue at 12-14%<sup>2</sup> as per industry estimates. Within the healthcare sector it is estimated that diagnostics including imaging based diagnostic services would grow at 16-17% over the next couple of years. The Indian healthcare market is estimated to touch USD 280 bn by 2020<sup>3</sup> and with improved budgetary allocations by the Union Government we expect this trajectory to continue into the future as well. Within this market the diagnostics market is estimated to be around USD 12 bn by 2020. It is also pertinent to note that the focus on affordable healthcare is increasing and the Governments both at Centre and State level are taking initiatives in this direction to make healthcare both accessible and affordable.

The growth in the industry is being driven by various factors including:

- Increase in evidence-based treatments
- Wide gap between demand-supply
- Changing disease profiles and drug resistance
- Increase in health insurance coverage
- Need for greater health coverage as population and life expectancy increases
- Rising income levels make quality healthcare services more affordable
- Demand for lifestyle diseases-related healthcare services
- Increase in preventive health check ups
- Mobile and digital based delivery systems

The healthcare market in India broadly comprises the following:

**Healthcare delivery market (hospitals)** – as per CRISIL Research estimates, the Indian healthcare delivery market stands at ₹ 3,800 billion as of 2014-2015.

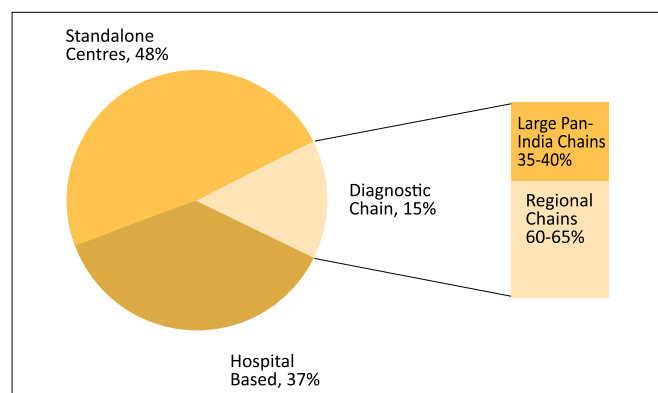
**Pharmaceutical industry** – as per CRISIL Research's estimates, the Indian pharmaceutical market, which comprises the domestic demand for formulations, stands at ₹ 746 billion as of 2014-2015.

**Healthcare insurance industry** – The health insurance premium market stands at ₹ 175 billion as of 2013-2014, based on the report of the Insurance Regulatory and Development Authority ("IRDA").

**Diagnostics industry** – as per CRISIL Research's estimates, the Indian diagnostics industry currently stands at ₹ 377 billion as of 2014-2015.

As is the case with most sectors, the diagnostic industry has a pre-dominance of the unorganized players in the absence of stringent regulations and low entry barriers. Diagnostic chains command about 15% share. Within this pie large nationwide chains, such as Dr Lal PathLabs enjoy a 35-40% share. There are multiple formats in which diagnostic business can operate; firstly as 'standalone centres' offering basic testing, 'hospital based centres' –where some of the work may yet get outsourced to third-party laboratories and lastly

'diagnostic chains' – which have an all-India network and offer a complete suite of services.



Diagnostic chains prefer a hub-and-spoke approach in order to reach out to a wider audience. A typical arrangement will have any combination of a Reference Laboratory, Satellite Laboratories and Collection Centres or Patient Service Centres

Diagnostics essay the role of an intermediary, bearing information that can be used for correct diagnosis and treatment. It gets broadly classified into imaging diagnostics or radiology – that identifies anatomical and physiological changes in the body and pathology services – that involves testing of samples of blood, urine, stools and other fluids etc from the body.

Typically pathology services account for the larger share within diagnostics, given it has gained prominence as the preferred mode for testing a number of conditions. Within pathology it is the biochemistry related tests that represent a greater share – these pertain to determination of changes in chemical composition of body fluids in response to underlying disease. Given the rising prevalence of chronic conditions like diabetes and cardio-vascular problems a far greater number of tests are getting prescribed and consequently blood sugar and lipid profile tests have come to occupy a dominant share within the diagnostics industry.

Thus we see significant growth potential in the industry in the near future

### Opportunities and Threats

While there is optimism around the opportunity for growth in the diagnostics industry, there are number of emerging competitors both in the form of organized and unorganized players mostly at the regional level. Some regional competitors are also emerging as national players. There is also the emergence of aggregators who are offering digital shopping platforms for healthcare services. This leads not only into intensified competition but also results in competitive pricing pressures and margin erosion.

### Outlook

The diagnostics industry is witnessing a great deal of visibility and interest with more organized players driving regional growth. This is also resulting in gradual shift of the market from unorganized to more organized players thereby driving quality and efficiency

<sup>1</sup> Union Budget 2017 allocation of ₹ 48,853 cr for 2017-18 vs ₹ 39,688 cr RE 2016-17

<sup>2</sup> Crisil Research

<sup>3</sup> IBEF Healthcare Study April 2017

standards. This sector has also attracted investments further fuelling competition but at the same time improving industry standards. India still has large rural markets which are either under serviced or not serviced at all by diagnostics and this provides the opportunity for growth in under penetrated areas although at significantly lower price points. In the urban markets too there are pockets of growth opportunities given the overall awareness on health care and health attitudes.

## Risk and concerns

### Competition and pricing

As mentioned earlier, the intensified competition poses a risk of pricing pressures and margin dilution. Being a fragmented industry with low barriers to entry, if we are unable to maintain our brand equity and succumb to pricing pressures in our relatively weaker markets, we would find it difficult to maintain and grow market shares. Pricing control also poses a risk particularly in times of epidemics wherein state governments impose pricing restrictions in the larger interest of society. We have seen such instances recently in the wake of the dengue and chikungunya epidemics. With renewed focus on providing affordable healthcare solutions, the government machinery is also active in pursuing this objective aggressively.

Technology and digital platforms from aggregators are also posing a new competitive threat from the demand generation side offering pricing options to retail customers. While this may pose a revenue risk initially, in the longer term we believe the diagnostic chains offering better quality will command a price premium.

Healthcare in general and diagnostics in particular is also attracting the attention of investors who are making significant investments in

the sector looking for quick gains by capturing market shares through pricing initiatives particularly in the 'B to B' segment.

### Slow network expansion

As part of our growth strategy, we plan to construct and open several new clinical laboratories, including regional reference laboratories and patient service centers in India. Our new Reference lab in Kolkata is slated for launch in September 2017. The significant capital investments necessary to construct clinical laboratories, particularly regional reference laboratories — due to their size, is likely to have a material impact on our results of operations during the period of their construction and the initial post-opening period, during which each clinical laboratory is being fully integrated into our network with added cost of infrastructure. Further, slower integration may also cause further margin pressure and therefore we need to ensure that costs are controlled and do not mount rapidly despite inflationary trends.

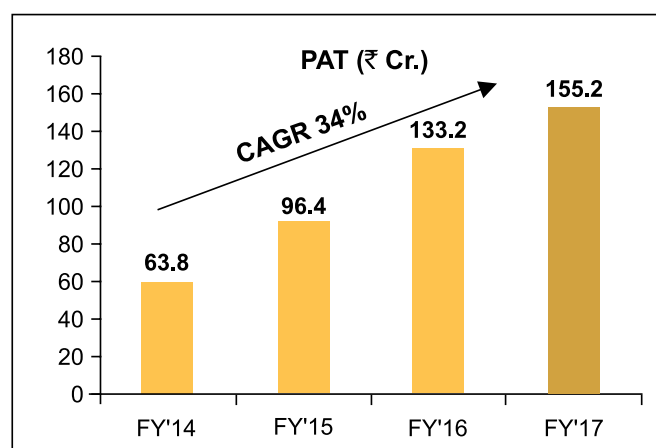
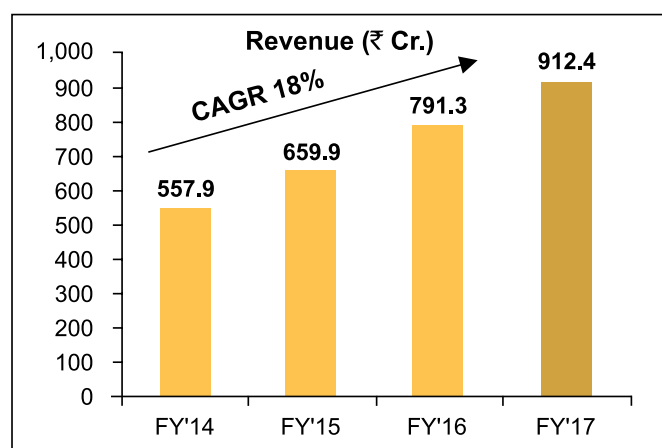
### New Technologies

Technology adaptation has been one of our strengths and we have successfully rolled out new tests on contemporary technology platforms in the past. With continuous availability of new technologies, we need to remain competitive by ensuring swift adoption and adaptation of such new technologies with focus on benefits and returns.

### Other risk factors

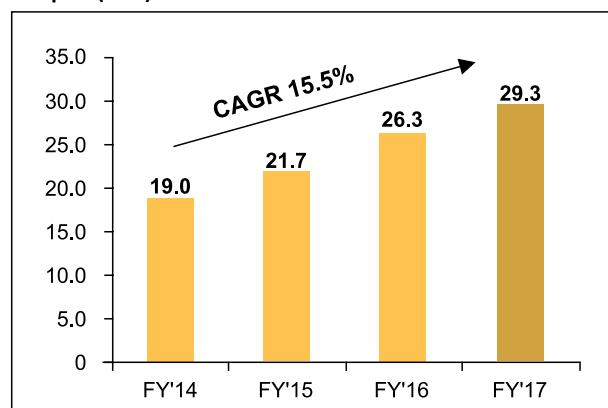
We have also listed out numerous risk factors in our prospectus issued in December 2015 during our IPO, many of these risks continue and we are constantly evaluating our options to address these in order to remain competitive.

## Financial and Operational highlights

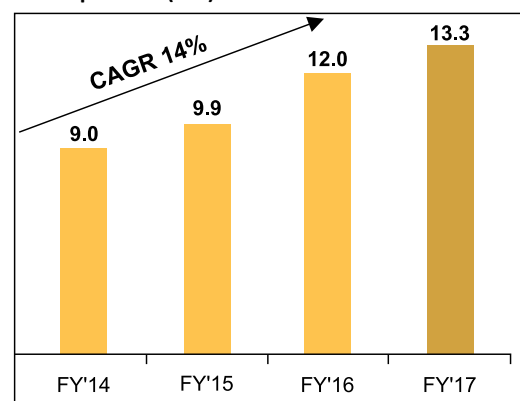




Samples (Mn.)



No. of patients (Mn)

**Revenue**

The year ended March 31, 2017 saw the company consolidated revenues increase 15.3% to ₹ 912.4 crores (standalone ₹ 881.87 crores). This was driven mainly by volume growth of 10.5%, supported by improved average price realization of around 4.2%. The improved price realization was contributed by increased number of tests per patient serviced, price increases in certain geographies and partially offset by price reductions in some segments.

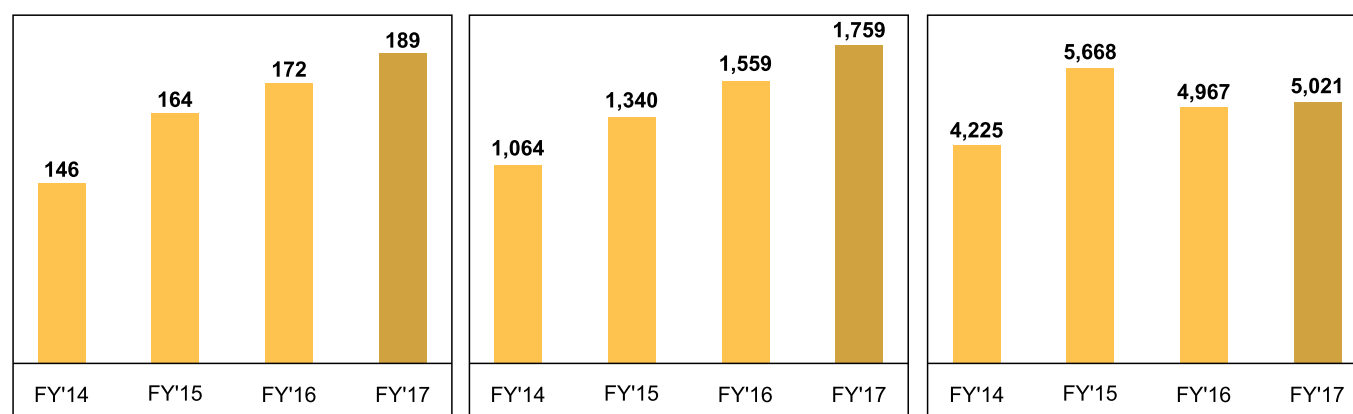
**Costs**

We recognize that our future success hinges on our ability to manage our cost structure.

Driven by inflation and expansion of infrastructure, there was an overall cost increase of 15%. This had a significant component of stock compensation cost increase, excluding which our costs increased by 14%.

Our major cost items include cost of reagents, people cost, revenue share, logistics and infrastructure costs. These have been maintained at expected levels.

We are continuing our efforts to keep our costs in check and ensure that we manage our business with higher productivity.

**Operational performance****Nos of PSC/Labs etc**

No. of Clinical Laboratories

No. of PSCs

No. of PUPs

**EBITDA**

Consequent to the above, the consolidated EBITDA growth for the year was 16.8% after eliminating the impact of stock related compensation costs and/or reversals. Consequently the EBITDA margin has marginally increased from 26.7% in FY 16 to 27.0% in FY 17. As we continue to expand and invest, we expect this to have an impact on our operating margins.

**PBT and PAT**

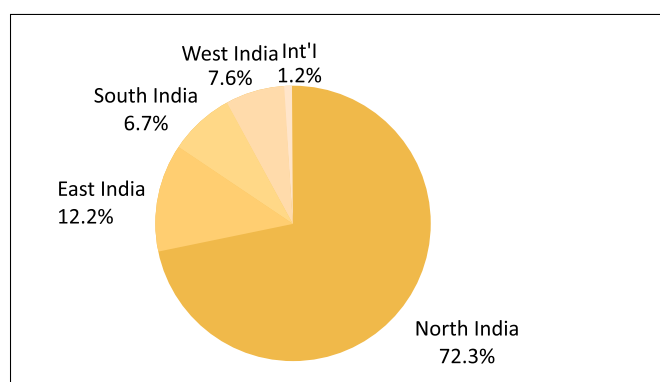
The growth in PBT consequent to the above was around 16.2%, which in turn increased PAT by 16.5% to ₹ 155.2 (standalone ₹ 147.2) crores. Our EPS thus improved from ₹ 15.98 to ₹ 18.55 per equity share of ₹ 10 each; an improvement of 16.1%

**Cash and Bank**

Our consolidated cash and cash equivalents increased from ₹ 294.6 cr at the end of FY 16 to ₹ 388.2 cr at the end of FY17. This was driven by operating cash flow of ₹ 171.6 cr post taxes and working capital changes. Capital expenditure consumed ₹ 51.6 cr as against ₹ 44.1 cr in the previous year. Income from cash surpluses in the form of interest and dividend earned on mutual funds increased from ₹ 19.8 cr to ₹ 25.1 cr.

During the year our net lab count increased by 17 numbers, and PSCs increased by 200 numbers. The number of Pick up Points shows a marginal increase as we continue to realign coverage of some PUPs through franchisees. This has been done to ensure better local service as well as optimize on logistics costs

## Geography wise break up of business



## Strategy for growth

Our growth strategy continues to be based on the following pillars:

- Continue to expand our presence in the markets in which we operate with a focus city approach in identified markets
- Expand into other markets in India through strategic acquisitions and partnerships.
- Increase the breadth of our diagnostic healthcare testing and services platform.
- Continue our focus on providing our customers quality diagnostic and related healthcare tests and services.
- Leverage our network efficiencies to expand our management of hospital-based and other clinical laboratories.

We are focused on driving our strategies as stated above. The construction of our new Regional Reference Laboratory in Kolkata is significantly progressed and we expect to launch it in Q3 2017-18

In the past year since April 2016, we have set up 17 new labs, 200 PSCs and the number of active Pick up Points stands at 5021. Our labs under Hospital lab management contracts have increased from 18 at the beginning of the Financial Year to 22 numbers at present. Some labs were also closed and/or scaled down to PSCs, giving a net increase in lab count by 17 numbers.

Our investments in focus cities of Bengaluru and Pune are showing encouraging trends and we will build on this in the coming years.

To maintain our leadership in introducing new tests, we have added around 94 new tests to our portfolio including some of the most advanced tests in molecular diagnostics and cytogenetics. In order to drive our speciality tests portfolio, a renewed thrust is being provided with the introduction of a speciality skilled sales force which was initiated in the previous year and is now yielding results

## Human Resources

Dr Lal PathLabs is a leading player in the diagnostics sector. The diagnostics business is a healthcare service delivery business, and

thus the role of human resources is very pivotal in providing excellent quality service to the customers. The company and the business has grown rapidly over last few years, and so has the human resources strength. As of March 31, 2017, the company has 4265 employees including trainees and consultants on its payrolls and on the payrolls of its Subsidiary Company(ies).

The company continues to invest in capability building and leadership development. To further the skills of the employees, trainings were provided in technical, behavioral and leadership area.

Salesforce and customer service capability building has been a focus area and trainings have been designed and delivered through mobile learning, computer simulations and classroom programs.

Company has continuous focus on attracting and retaining best talent. During the year, the senior management team was strengthened and a new Employee RSU plan was rolled out covering almost top 80 employees in the company. Company is continually focusing on talent pipeline and has invested in succession planning processes and internal job rotations.

## Internal control systems and their adequacy.

The Company has a robust internal control system in place with systems for segregation of duties, access controls and other relevant control practices.

We have conducted an annual review of our Internal Financial Controls process and evaluated the risk matrices for identified processes, updated our SOPs and taken appropriate actions to further improve the control systems. Our internal control system is supported by our Internal Auditors M/s Grant Thornton, various regional audit firms and additionally our internal Control Assurance team has been augmented to further strengthen our control systems. We recognize that internal controls need to be improved and strengthened on an ongoing basis and to this end our endeavor is to introduce best practices to keep pace with changing business needs and growth of the business. We have also been supported by our Audit Committee members who have made valuable suggestions for improvement of control systems

## FORWARD LOOKING STATEMENT

*Except for the historical information contained herein, statement in this discussion which contains words or phrases such as 'will', 'would', 'indicating', 'expected to' etc., and similar expressions or variations of such expressions may constitute 'forward-looking statements'. These forward looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by forward-looking statements. These risks and uncertainty includes, but are not limited to, our ability to successfully implement our strategy, future business plans, our growth and expansion in business, the impact of any acquisitions, our financial capabilities, technological implementation and changes, the actual growth in demand for our products and services, cash flow projections, our exposure to market risks as well as other general risks applicable to the business or industry. The company undertakes no obligation to update forward looking statements to reflect events or circumstances after the date thereof. These discussion and analysis should be read in conjunction with the company's financial statements included herein and notes thereto.*

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, 2017.

### 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")
Registered address	Block E, Sector-18, Rohini, New Delhi - 110085
Website	www.lalpathlabs.com
E-mail id	cs@lalpathlabs.com
Financial Year reported	April 01, 2016 – March 31, 2017
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 only in Nepal.
Number of National Locations	The Company has 188 Laboratories across India.
Markets served by the Company – Local/State/National/ International	Indian and Nepal. Besides the above, the Company also receives samples from International Locations like Bangladesh, Bhutan, Sri Lanka, Myanmar, Malaysia, Tanzania, Nigeria, Saudi Arabia, Oman, Qatar, Kuwait, UAE for testing in India.

### SECTION B: FINANCIAL DETAILS OF THE COMPANY

Paid up Capital (₹)	83,06,61,840
Total Turnover (₹)	8,89,24,21,390
Total profit after taxes (₹)	1,47,20,90,120
Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	Please refer to the "Report on CSR Activities" attached as annexure to the Board, forming part of the Annual Report.
List of activities in which expenditure as stated above has been incurred	Please refer to the "Report on CSR Activities" attached as annexure to the Board, forming part of the Annual Report.

### SECTION C: OTHER DETAILS

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

Yes, as on March 31, 2017, the Company has five (5) 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)

There is no direct participation.

#### 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

## 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

DIN	02099404
Name	Dr. Om Prakash Manchanda
Designation	CEO & Whole Time Director

b) Details of the BR head

DIN	02099404
Name	Dr. Om Prakash Manchanda
Designation	CEO & Whole Time Director
Telephone number	+ 91-124-3016-500
e-mail id	op.manchanda@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

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? Is 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?	<a href="https://www.lalpathlabs.com/investor/quarterly-results.aspx">https://www.lalpathlabs.com/investor/quarterly-results.aspx</a>								

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

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.

The formulation of Business Responsibility Report has become applicable to the Company from Financial Year 2016-17. The Management shall regularly monitor the BR initiatives and BR performance of the Company to be compiled in the BR report, which shall form part of Annual Report and shall be placed before the Board for their approval, every year.

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

The formulation of Business Responsibility Report has become applicable on the Company from Financial Year 2016-17. The Company shall publish its Business Responsibility Report on an annual basis on its website 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 make its best efforts to impress upon other entities in the value chain and its subsidiaries to follow such policy.

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

No complaints were received during the Financial Year 2016-17 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.

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 manpower 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.

## Principle 3

Total number of employees	3746
Total number of employees hired on temporary/contractual/casual basis	1011
Number of permanent women employees	807
Number of permanent employees with disabilities	5
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?	3.06 %

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, 2016-17	No of complaints pending as on end of the Financial Year, 2016-17
1.	Child labour/forced labour/ involuntary labour	0	0
2.	Sexual harassment	6	0
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	60
(b) Permanent Women Employees	–
(c) Casual/Temporary/Contractual Employees	29
(d) Employees with Disabilities	–

## Principle 4

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

Yes, the Company has identified all stakeholders and considers stakeholders (both internal and external) as integral to its business. Our major stakeholders include –

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

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

The Company, through its CSR arm and its partnering organizations shall focus on identifying and catering to the needs of common people and especially of marginalized group.

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.

The Company shall strive to undertake initiatives to engage with and ensure sustainable development of the marginalized groups in the local communities around its area of operation.

For socio-economically disadvantaged sections of the society, the Company from time to time implements health care programs through its CSR initiative.



**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?**

The Policy covers only 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.

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

No complaint regarding human rights has been received by the Company during the Financial Year 2016-17.

**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 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 issues but during the course of business, it undertakes various steps like proper medical waste management, use of renewal sources of energy, efficiency in business operations to help reduce cost and carbon footprint.

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 technologies and use of renewable energy

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.**

During the year, the Company promoted green initiatives across its laboratories and centres to improve energy efficiency and eliminate negative impacts on the environment. It also actively encourages its employees to create a clean, green and safe workplace.

For further details on the initiatives undertaken by the Company, please refer to the Board's Report for the Financial Year 2016-2017 which can be accessed at <https://www.lalpathlabs.com/investor/quarterly-results.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. National Health Insurance Administration ('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.**

The Company has a Corporate Social Responsibility Policy ("CSR Policy") in place which can be accessed at our website at <https://www.lalpathlabs.com/investor/quarterly-results.aspx>.

The CSR Policy spell out the Company's philosophy towards its social responsibilities and lays down the guidelines, framework and mechanism relating to the implementation, monitoring, reporting, disclosure, evaluation and assessment of projects, programs and activities forming part of the Company's CSR. The CSR Policy has been framed with the following objectives:

- 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 Trust, namely, Dr. Lal PathLabs Welfare Trust towards carrying out its Corporate

Social Responsibility (CSR) activities as covered by the CSR Policy of the Company.

The Board 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.

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

The programmes/projects are undertaken by the Company either directly or indirectly or through its CSR Trust, viz. Dr. Lal PathLabs Welfare Trust.

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

The CSR initiatives undertaken during the year are reviewed by the Corporate Social Responsibility Committee of the Company, constituted by the Board for the said purpose.

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

Please refer to the "Report on CSR Activities" attached as annexure to the Board 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 for which it is undertaken. The Company makes attempts to ensure that CSR initiatives undertaken by the Company are successfully implemented and needs of the Community are met at large. During the Financial Year 2016-17, the Company focused on preventive healthcare as part of its CSR initiatives.

**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

## I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance is an insight into the management of affairs of the Company. It implies governances 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 following 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, 2017, the Board of Directors of your Company comprised of 9 directors out of which 3 were Executive (including the Promoter Chairman and a Woman Director), 1 Non-Executive and 5 Independent Directors.

The names and categories of Directors on the Board during the Financial Year 2016-17, their attendance at Board Meetings held during the Financial Year 2016-17 and at the last Annual General Meeting and the number of Directorship and Committees Chairmanship/ Membership held by them as on March 31, 2017 are given hereunder:

Name of Director	Category#	Attendance Particulars			No. of other Directorships and Committee Memberships/ Chairmanships		
		Board Meetings	Last AGM held	Other	Committee	Committee	
		Held	Attended				
(Hony) Brig. Dr. Arvind Lal (DIN: 00576638)	Chairman & PED	4	4	Yes	8	Nil	Nil
Dr. Vandana Lal (DIN: 00472955)	PED	4	4	Yes	4	Nil	Nil
Dr. Om Prakash Manchanda (DIN: 02099404)	ED	4	4	Yes	4	Nil	Nil
Mr. Rahul Sharma (DIN: 00956625)	NE	4	3	Yes	Nil	Nil	Nil
Mr. Arun Duggal (DIN: 00024262)	IDNE	4	4	Yes	7	5	1
Mr. Anoop Mahendra Singh (DIN: 01963056)	IDNE	4	3	Yes	Nil	Nil	Nil
Mr. Harneet Singh Chandhoke (DIN: 02758084)	IDNE	4	4	No	Nil	Nil	Nil
Mr. Sunil Varma (DIN: 01020611)	IDNE	4	4	Yes	1	Nil	Nil
Dr. Saurabh Srivastava (DIN: 00380453)	IDNE	4	4	Yes	12	2	Nil
Mr. Naveen Wadhwa <sup>1</sup> (DIN: 02503164)	Nominee of Wagner Ltd.	4	3	No	N.A.	N.A.	N.A.
Mr. Sandeep Singhal <sup>1</sup> (DIN: 00040491)	Nominee of Westbridge Crossover Fund, LLC	4	1	No	N.A.	N.A.	N.A.
Dr. Murugan Rajaram Pandian <sup>1</sup> (DIN: 07271000)	IDNE	4	2	No	N.A.	N.A.	N.A.

#PED – Promoter 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 Public Companies have only been considered.

<sup>1</sup>Mr. Sandeep Singhal and Mr. Naveen Wadhwa, Nominee Directors, resigned from the Company w.e.f. October 07 and November 30, 2016 respectively. Dr. Murugan Rajaram Pandian, Independent Director resigned from the Company w.e.f. February 14, 2017.

## Number of Board Meetings

During the Financial Year 2016-17, Four (4) 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 27, 2016
2. July 29, 2016
3. November 03, 2016
4. February 02, 2017

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

The Number of directorships, chairmanships and committee memberships of each director is in compliance with the relevant provisions of the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015.

As mandated by the SEBI (LODR) Regulations, 2015 (hereinafter referred to as the "Listing Regulations"), none of the directors of the Company are members of neither more than ten Board level committees nor are the Chairman of more than five Board level committees in other companies in which they are directors.

**The shareholding of Non-Executive Directors of the Company as on March 31, 2017 is as follows:**

Name of Director	Nature of Directorship	No. of Equity Shares held
Mr. Rahul Sharma	Non-Executive Director	20,197
Mr. Arun Duggal	Independent Director	NIL
Mr. Anoop Mahendra Singh	Independent Director	NIL
Mr. Harneet Singh Chandhoke	Independent Director	NIL
Mr. Sunil Varma	Independent Director	NIL
Dr. Saurabh Srivastava	Independent Director	NIL

## Familiarisation Programme for the Independent Directors

The Company conducts Familiarization Programme for Independent Directors to provide them an opportunity to familiarize with the Company, its management and its operations so as to gain a clear understanding of their roles and responsibilities. They have full opportunity to interact with Senior Management Personnel and are provided all documents required and sought by them for enabling them to have a good understanding of the Company, its various operations and the industry of which it is a part.

The initiatives undertaken by the Company in this respect has been disclosed on the website of the Company at:

[https://www.lalpathlabs.com/pdf/familiarization\\_programme\\_for\\_independent\\_directors.pdf](https://www.lalpathlabs.com/pdf/familiarization_programme_for_independent_directors.pdf)

## 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 as mandated by the Regulation 18 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the Financial Year 2016-17, Four (4) meetings of Audit Committee were held on May 26, July 29, November 03, 2016 and February 02, 2017.

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

Names of Members	Category	Position	No. of meetings attended
Mr. Sunil Varma	IDNE	Chairman	4
Mr. Anoop Mahendra Singh	IDNE	Member	4
Mr. Arun Duggal	IDNE	Member	4
Dr. Saurabh Srivastava*	IDNE	Member	3

IDNE – Independent Non-Executive Director.

\* Dr. Saurabh Srivastava was inducted as a Member of Audit Committee w.e.f. May 27, 2016.

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

## Terms of reference

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

- (a) 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;
- (b) Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- (c) Approval of payment to statutory auditors for any other services rendered by them;
- (d) 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 Board'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.
- (e) Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- (f) 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;
- (g) Review and monitor the auditor's independence and performance and effectiveness of audit process;
- (h) Formulating a policy on related party transactions, which shall include materiality of related party transactions;
- (i) Approval or any subsequent modification of transactions of the Company with related parties;
- (j) Scrutiny of inter-corporate loans and investments;
- (k) Valuation of undertakings or assets of the company, wherever it is necessary;
- (l) Evaluation of internal financial controls and risk management systems;
- (m) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (n) 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;
- (o) Discussion with internal auditors of any significant findings and follow up there on;
- (p) 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;
- (q) 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;

- (r) 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;
- (s) To review the functioning of the whistle blower mechanism;
- (t) Approval of the appointment of the Chief Financial Officer of the Company (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- (u) Overseeing the vigil mechanism including to whom directors and employee shall report in case of any concern; and
- (v) 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 2016-17, Four (4) meetings of Nomination and Remuneration Committee were held on May 27, July 29, November 03, 2016 and February 02, 2017.

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

Names of Members	Category	Position	No. of meetings attended
Mr. Arun Duggal	IDNE	Chairman	4
Mr. Harneet Singh Chandhoke	IDNE	Member	4
Mr. Rahul Sharma	NE	Member	3
Mr. Sandeep Singhal*	Nominee	Member	1
	Director		
Dr. Saurabh Srivastava	IDNE	Member	4

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

\*Mr. Sandeep Singhal ceased to be a Member of the Nomination and Remuneration Committee w.e.f. October 07, 2016, pursuant to his resignation as a Director from the Company.

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) 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 performance evaluation of its own performance, the Directors individually as well as the evaluation of all the Committees of the Board for the Financial Year 2016-17. A structured questionnaire was prepared after taking into consideration inputs received from the Directors, 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 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 2016-17, Four (4) meetings of Stakeholders Relationship Committee were held on May 27, July 29, November 03, 2016 and February 02, 2017.

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

Names of Members	Category	Position	No. of meetings attended
Dr. Saurabh Srivastava	IDNE	Chairman	4
Mr. Rahul Sharma	NE	Member	3
Mr. Naveen Wadhwa*	Nominee Director	Member	3
Dr. Om Prakash Manchanda**	ED	Member	NIL

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

\*Mr. Naveen Wadhwa ceased to be a Member of the Stakeholders Relationship Committee w.e.f. November 30, 2016, pursuant to his resignation as a Director from the Company.

\*\*Dr. Om Prakash Manchanda was inducted as a Member of Stakeholders Relationship Committee w.e.f. February 02, 2017.

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. Its terms of reference are provided herein below:

- (i) 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;
- (ii) 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;



- (iii) 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; and
- (iv) Carrying out such other functions as may be specified by the Board from time to time.

#### Compliance Officer

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

Dr. Lal PathLabs Limited  
12th Floor, Tower-B, SAS Tower, Medicity,  
Sector-38, Gurgaon - 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, 2017 are given in the table below:

Particulars	No. of Complaints
Number of shareholders' complaints received	292
Number of shareholders' complaints solved to the satisfaction of shareholders	291
Number of pending complaints	1

#### 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 2016-17, One (1) meeting of Corporate Social Responsibility Committee was held on May 27, 2016.

The composition of the Corporate Social Responsibility Committee and the attendance details of the members are given below: -

Names of Members	Category	Position	No. of meetings attended
(Hony) Brig. Dr. Arvind Lal	Chairman & PED	Chairman	1
Mr. H.S. Chandhoke	IDNE	Member	1
Dr. Om Prakash Manchanda	ED	Member	1

*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 Nomination & Remuneration 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. REMUNERATION OF DIRECTORS

The table below gives details of Remuneration of Directors for the Financial Year ended March 31, 2017.

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	2,03,76,672	–	–	6,04,249	–	None, unless otherwise agreed by Board of Directors	5 years	3 months	2,09,80,921
Dr. Vandana Lal	1,63,39,128	–	–	4,84,524	–	None, unless otherwise agreed by Board of Directors	5 years	3 months	1,68,23,652
Dr. Om Prakash Manchanda	32,55,20,343*	47,02,500	–	17,64,203	–	None, unless otherwise agreed by Board of Directors	5 years	5 months	33,19,87,046
Mr. Rahul Sharma	–	–	–	–	–	–	–	–	–
Mr. Naveen Wadhera <sup>#</sup>	–	–	–	–	–	–	–	–	–
Mr. Sandeep Singhal <sup>#</sup>	–	–	–	–	–	–	–	–	–
Mr. Arun Duggal	–	–	10,00,000	–	6,50,000	–	–	–	16,50,000
Mr. Anoop Mahendra Singh	–	–	7,50,000	–	3,00,000	–	–	–	10,50,000
Mr. Harneet Singh Chandhoke	–	–	7,50,000	–	5,00,000	–	–	–	12,50,000
Mr. Sunil Varma	–	–	10,00,000	–	4,50,000	–	–	–	14,50,000
Dr. Saurabh Srivastava	–	–	10,00,000	–	8,00,000	–	–	–	18,00,000
Dr. Murugan Rajaram Pandian <sup>##</sup>	–	–	7,50,000	–	1,50,000	–	–	–	9,00,000

<sup>#</sup>Mr. Sandeep Singhal and Mr. Naveen Wadhera, Nominee Directors, resigned from the Company w.e.f. October 07 and November 30, 2016 respectively.

\*Includes Stock Related Perk of ₹ 29,89,12,030 arising on exercise of options and allotment of stock based payments.

<sup>##</sup>Dr. Murugan Rajaram Pandian, Independent Director resigned from the Company w.e.f. February 14, 2017. In addition to the sitting fee and commission Dr. Pandian also received an amount of ₹ 13,45,003 (equivalent of USD 15,000) during the year 2016-17 for rendering professional services.

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, 2017 are as under:

Grant Date	No. of options granted	Grant Price for the options (in ₹)	Vesting Details***	
			No. of options to be vested	Vesting Dates
July 29, 2016	82,667	10	20,667	July 28, 2017
			20,667	July 28, 2018
			20,667	July 28, 2019
			20,666	July 28, 2020

\*\*\* 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.

**Criteria of 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.

**VIII. GENERAL BODY MEETINGS**

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

Year	Date	Time	Venue	No. of Special Resolutions set out at the AGM
2015-16	July 28, 2016	10.30 AM	Air Force Auditorium, Subroto Park, New Delhi – 110 010	3
2014-15	September 29, 2015	3.00 PM	Eskay House, 54, Hanuman Road, New Delhi – 110001	2
2013-14	September 29, 2014	11.00 AM	Eskay House, 54, Hanuman Road, New Delhi – 110001	Nil

**Postal Ballot**

During the Financial Year 2016-17, 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 passed the following special resolution through postal ballot:

**Special Resolution - Increase in the limit of Managerial Remuneration to enable Mr. Rahul Sharma [DIN:00956625], Non-Executive Director of the Company, to exercise the Stock Options granted under ESOP 2010 Scheme of the Company**

Date of Postal Ballot Notice	November 03, 2016
Cut-off Date of register of members for dispatch of notice	November 04, 2016
Voting Period	November 20, 2016 - December 19, 2016
Date of passing resolution	December 19, 2016
Date of declaration of result	December 21, 2016

The Board had appointed Mr. Sanjay Grover, Practicing Company Secretary and Managing Partner, M/s. Sanjay Grover & Associates, Company Secretaries, as Scrutinizer for conducting the Postal Ballot voting process in a fair and transparent manner.

The details of voting pattern in respect of the Special Resolution passed through postal Ballot is as under:

Category	Mode of Voting	No. of shares held	No of Valid Votes Polled	% of Votes Polled on Outstanding Shares	No. of Votes in Favour	No. of Votes Against	% of votes in favour on Votes Polled	% of votes against on Votes Polled
Promoters and Promoter Group	E-voting	48,516,165	48,516,165	100.0000	48,516,165	0	100.0000	0
	Postal Ballot		0	0	0	0	0	0
	<b>Total</b>		48,516,165	100.0000	48,516,165	0	100.0000	0
Public-Institutions	E-voting	10,653,278	8,380,995	78.6706	8,380,995	0	100.0000	0
	Postal Ballot		0	0	0	0	0	0
	<b>Total</b>		8,380,995	0	8,380,995	0	100.0000	0
Public-Non Institutions	E-voting	22,062,838	8,482,030	38.4449	8,481,633	397	99.9953	0.0047
	Postal Ballot		0	0	0	0	0	0
	<b>Total</b>		8,482,030	38.4449	8,481,633	397	99.9953	0.0047
<b>Total</b>		<b>81,232,281</b>	<b>65,379,190</b>	<b>80.4842</b>	<b>65,378,793</b>	<b>397</b>	<b>99.9994</b>	<b>0</b>

None of the business proposed to be transacted at the ensuing Annual General Meeting requires passing of special resolution through postal ballot.

**Procedure for Postal Ballot:**

During the conduct of the Postal Ballot, the Company provided e-voting facility to its shareholders to cast their votes electronically through e-voting platform by CDSL. Postal Ballot forms, notice and postage pre-paid business reply envelopes were sent to shareholders to enable them to cast their vote in writing on the postal ballot. The Company also published a notice in the newspaper declaring the details of completion of dispatch and other requirements as mandated under the Companies Act, 2013 and applicable Rules.

The scrutinizer submitted the report, after completion of the scrutiny and the results of voting by postal ballot were then announced. The voting results were communicated to the Stock Exchanges besides being displayed on the website of the Company, i.e. [www.lalpathlabs.com](http://www.lalpathlabs.com) and on the website of Registrar and Share Transfer Agent, Link Intime India Private Limited.

## IX. 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 prominent 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](http://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.

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.

## X. GENERAL SHAREHOLDER INFORMATION

### a. Annual General Meeting:

The 23<sup>rd</sup> Annual General Meeting of the Company is scheduled to be held as under:-

Date and Time : Thursday, 20<sup>th</sup> July, 2017 at 10.30 AM  
Venue : Air Force Auditorium, Subroto Park, New Delhi - 110010

### b. Financial Year

The company follows Financial Year from April 1 to March 31. The Current Financial Year of the Company is April 1, 2017 to March 31, 2018.

### c. Dividend Payment Date : On or after July 31, 2017

### d. 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

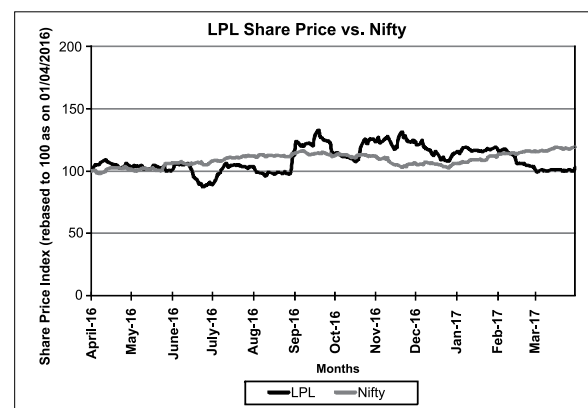
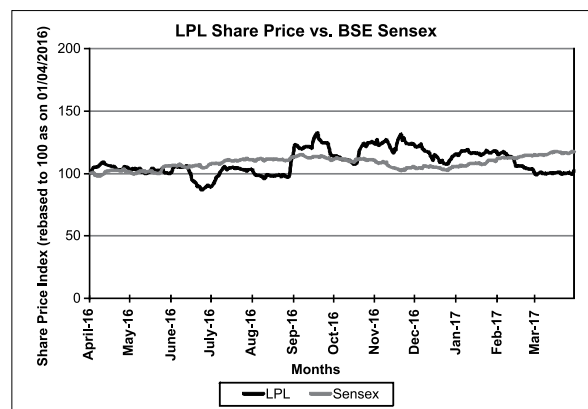
Listing fees for the year 2016-17 has been paid to both the Stock Exchanges.

### e. 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 (BSE) (In ₹ Per Share)		National Stock Exchange (NSE) (In ₹ Per Share)	
	High	Low	High	Low
April 2016	1,045.75	919.75	1,044.40	918.00
May 2016	1,015.00	924.00	1,033.00	920.30
June 2016	1,017.95	792.50	1,019.00	770.00
July 2016	1,009.25	836.00	1,009.40	835.10
August 2016	1,114.00	899.10	1,119.95	897.35
September 2016	1,275.00	972.00	1,276.00	990.00
October 2016	1,198.00	1,000.00	1,199.85	1,002.25
November 2016	1,278.55	1,001.00	1,280.00	1,001.00
December 2016	1,180.00	1,009.95	1,176.90	1,010.00
January 2017	1,134.50	1,063.65	1,136.60	1,066.80
February 2017	1,122.00	963.95	1,118.00	970.00
March 2017	980.75	926.10	979.90	927.20

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



### g. Registrar and Share Transfer Agent:

Link Intime India Private Limited  
44, Community Centre, 2nd Floor,  
Naraina Industrial Area, Phase-I,  
Near PVR, Naraina,  
New Delhi-110028  
+91 11 4141 0592 | Fax: +91 11 4141 0591

**h. Share Transfer System:**

All share transfer and other communications regarding share certificates, change of address, dividends, etc should be addressed to Registrar and Transfer Agent.

Stakeholders Relationship Committee is authorized to approve transfer of shares in the physical segment. The Committee has delegated authority for approving transfer and transmission of shares and other related matters to the officer(s) of the Company. Such transfers take place on periodical basis. A summary of all the transfers/ transmissions etc. so approved by officer(s) of the Company is placed at every Committee Meeting. All share transfers are completed within statutory time limit from the date of receipt, provided the documents meet the stipulated requirement of statutory provisions in all respects. 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.

**i. Distribution of shareholding as on March 31, 2017:****a) Distribution of Shareholding**

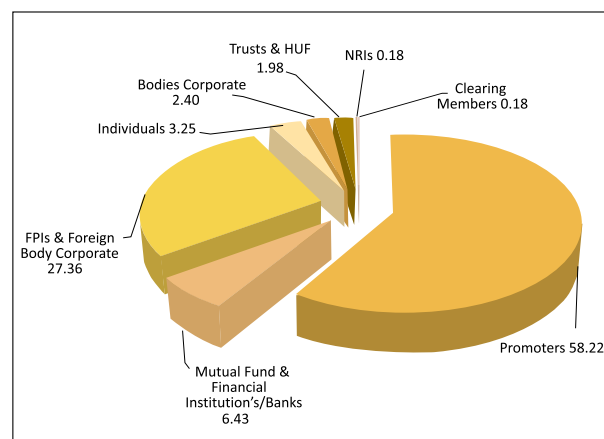
Slab	Share Holders		No. of Shares	
	Number	% to total	Shares	% to total
1 - 500	36,253	98.17	15,21,744	1.83
501 - 1,000	299	0.81	2,22,635	0.27
1,001 - 2,000	117	0.32	1,70,830	0.21
2,001 - 3,000	41	0.11	1,02,800	0.12
3,001 - 4,000	24	0.07	85,270	0.10
4,001 - 5,000	30	0.08	1,41,849	0.17
5,001 - 10,000	40	0.11	2,90,183	0.35
10,001 – Above	124	0.33	8,05,30,873	96.95
<b>Total</b>	<b>36,928</b>	<b>100.00</b>	<b>8,30,66,184</b>	<b>100.00</b>

**b) Categories of Equity Shareholders as on March 31, 2017**

S. No.	CATEGORY	No of Shares held	% of Share holding
1	Promoter and Promoter Group	*4,83,65,226	58.22
2	Mutual Fund & Financial Institution's/Banks	53,37,376	6.43
3	FPIs & Foreign Body Corporate/FIIs	2,27,25,313	27.36
4	Individuals	27,03,850	3.25
5	Bodies Corporate	19,91,694	2.4
6	Trusts & HUF	16,41,309**	1.98
7	Non – Resident Indians	1,52,751	0.18
8	Clearing Members	1,48,656	0.18
<b>TOTAL</b>		<b>8,30,66,184</b>	<b>100.00</b>

\* Includes 1,00,000 (One Lakh) Equity Shares sold by Dr. Archana Lal (Part of Promoter Group) in the open market on March 31, 2017. These shares however were not debited from her Demat Account on March 31, 2017.

\*\* Excluding 5,235 Equity shares transferred to eligible employees on May 06, 2017.

**Graphic presentation of the Shareholding pattern as on 31.03.2017****j. Dematerialisation of Shares and Liquidity**

The shares of the Company are compulsorily traded in dematerialized form. All equity shares except 8 (Eight) have been dematerialized as on March 31, 2017. The equity shares of the Company are actively traded at BSE & NSE.

**k. Outstanding GDRs/ ADRs/ Warrants or Convertible Instruments**

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

**l. 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.

**m. Plant Locations**

The Company does not have any manufacturing or processing plants.

**n. Address for Correspondence**

**Dr. Lal PathLabs Limited**  
12th Floor, Tower-B, SAS Tower, Medicity,  
Sector-38, Gurgaon - 122001  
Ph : +91 124 3016500  
Fax : +91 124 4234468  
E-mail : [cs@lalpathlabs.com](mailto:cs@lalpathlabs.com)

**XI. DISCLOSURES****a. Related Party Transactions**

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 the Notes to Accounts 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 and a Policy on materiality of RPTs which is disclosed on

website of the Company and can be accessed through the following link:

<https://www.lalpathlabs.com/investor/policies-and-programs.aspx>

## **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.

## **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 behavior in its operations and has a Vigil mechanism which is overseen through the Audit Committee. Under the Vigil Mechanism, employees 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.

## **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. 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 Listing Regulations**

The Company is in compliance with the 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 on March 31, 2017.

## **f. 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 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/investor/policies-and-programs.aspx>

## **g. 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 placed a Code of Practices and Procedures of Fair Disclosures of Unpublished Price Sensitive Information.

## **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.

## **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 during the year, on May 27, 2016 without the attendance of Non-Independent Directors and members of the management.

## **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 2016-17, 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 and additionally are displayed on the Company’s website ([www.lalpathlabs.com](http://www.lalpathlabs.com)).

The Company sends the financial statements along with the Director’s Report and Auditor’s Report to shareholders every year.

### **iii. Audit qualifications**

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

### **iv. Separate Posts of Chairman and CEO**

The Company has separate posts of Chairman and CEO. (Hony.) Brig. Dr. Arvind Lal is the Chairman & Managing



Director of the Company and Dr. Om Prakash Manchanda is the CEO & Whole Time Director of the Company.

**v. 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.

**XII. 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 2016-17.

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

<https://www.lalpathlabs.com/investor/policies-and-programs.aspx>

**XIII. 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.

## Annexures to Report on Corporate Governance for the Financial Year ended March 31, 2017

### DECLARATION - COMPLIANCE WITH THE CODE OF CONDUCT

In accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I, Dr. Om Prakash Manchanda, Chief Executive Officer & Whole-Time Director 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, 2017.

Date : May 12, 2017  
Place : New Delhi

**Dr. Om Prakash Manchanda**  
CEO & Whole –Time Director  
DIN: 02099404

### CEO AND CFO CERTIFICATION

#### The Board of Directors, Dr. Lal PathLabs Limited

We, Dr. Om Prakash Manchanda, CEO & Whole Time Director and Dilip Bidani, Chief Financial Officer, of the Company 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 2016-17 and that to the best of our knowledge and belief:
  - i. these statements do not contain any materially untrue statement or omit any material fact or 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 further certify that:
  - a) There have been no significant changes in the internal control over financial reporting during this year;
  - b) There have been no significant changes in the accounting policies this year and that the same have been disclosed in the notes to the financial statements; and
  - c) There have been no 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.

**Dr. Om Prakash Manchanda**  
CEO & Whole-Time Director  
DIN: 02099404

**Dilip Bidani**  
Chief Financial Officer

Date: May 12, 2017  
Place: New Delhi

## 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, 2017 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 **Sanjay Grover & Associates**  
Company Secretaries  
Firm Registration No.: P2001DE052900

Date: May 12, 2017  
Place: New Delhi

**Sanjay Grover**  
Managing Partner  
C.P. No.: 3850

## STANDALONE FINANCIAL STATEMENTS

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## Independent Auditor's Report

### To the Members of Dr. Lal PathLabs Limited

#### Report on the Financial Statements

We have audited the accompanying standalone financial statements of **Dr. Lal Pathlabs Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("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 and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control 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.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have

obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2017, its profit and its cash flows for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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, Statement of Profit and Loss, and Cash Flow Statement 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 Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016;
  - (e) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, 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 2" to this report;
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 32 to the standalone financial statements;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. The Company has provided requisite disclosures in Note 45 to these standalone financial statements as to the holdings of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our enquiries, test check of the books of account and other details maintained by the Company and relying on the management representation regarding the total holding and nature of total cash transactions, we report that these disclosures are in accordance with the books of accounts maintained by the Company for the 'total' column only. The books of account and other details maintained by the Company do

not include the details of bifurcation between the Specified Bank Notes and other denomination notes for the balances or specified transactions reported in Note 45. Hence, our report is solely based on the management representation for such information related to the holdings and dealings in Specified Bank Notes as included in such disclosure.

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

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per **Anil Gupta**

Partner

Membership Number: 87921

Place of Signature: New Delhi

Date: May 12, 2017



## Annexure 1 referred to in paragraph 'Report on Other Legal and Regulatory Requirements' of our report of even date

### Re: Dr. Lal PathLabs Limited ('the Company')

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets are physically verified by the management in a phased manner over a period of two years and accordingly fixed assets have been physically verified by the management during the year and discrepancies identified on such verification, which were not material, have been properly dealt with in the books. In our opinion, the frequency of physical verification is reasonable having regard to the size of the Company and nature of assets.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in fixed assets are held in the name of the Company except for immovable property for ₹ 42,58,918 as at March 31, 2017 for which title deeds are not in the name of the Company and conveyance deeds in respect of the same are yet to be executed in the name of the Company and upon which we are unable to comment upon.
- ii. The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- iv. In our opinion and according to the information and explanations given to us, provisions of Section 185 and 186 of the Companies Act 2013 in respect of loans to entities in which directors are interested and in respect of loans and advances given and investments made have been complied with by the Company. The Company has not given any loans to directors and any guarantees and securities on behalf of entities in which directors are interested.
- v. The Company has not accepted any deposits from the public.
- vi. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Companies Act, 2013, related to the running of laboratories for carrying out pathological investigations, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- vii. (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues

including provident fund, employees' state insurance, income-tax, sales-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it though there were slight delays in few cases.

- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues were outstanding at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income-tax on account of any dispute are as follows:

Nature of Statute	Nature of Dues	Amount (In ₹)	Period to which the Amount relate	Forum where dispute is pending
Income Tax Act, 1961	Demand in respect of Short deduction of TDS / Interest on late payment of TDS	2,73,810	Financial year 2007-2008 to 2016-2017	Office of Income Tax Officer
Income Tax Act, 1961	Income Tax	39,610	Financial year 2009-2010	Office of Income Tax Officer

According to the information and explanations given to us, there are no dues of sales-tax, service tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of any dispute.

- viii. Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to any bank. Further, the Company did not have any debentures and outstanding loan from financial institution or Government.
- ix. According to the information and explanations given by the management, the Company has not raised any money way of initial public offer / further public offer / debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.
- x. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud on or by the officers and employees of the Company has been noticed or reported during the year.

- xi. According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- xii. In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- xiii. According to the information and explanations given by the management, transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.
- xv. According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in Section 192 of Companies Act, 2013.
- xvi. According to the information and explanations given to us, the provisions of Section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S.R. Batliboi & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 301003E/E300005

per **Anil Gupta**  
Partner  
Membership Number: 87921

Place: New Delhi  
Date: May 12, 2017

## Annexure 2 to the Independent Auditor's Report of even date on the Standalone Financial Statements of Dr. Lal PathLabs Limited

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

To the Members of Dr. Lal Pathlabs Limited

We have audited the internal financial controls over financial reporting of Dr. Lal Pathlabs Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone 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 the 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 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") and the Standards on Auditing as specified under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. 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 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, 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 March 31, 2017, 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.

For **S.R. Batliboi & CO. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per **Anil Gupta**

Partner

Membership Number: 87921

Place of Signature: New Delhi

Date: 12 May, 2017

## Balance Sheet as at 31st March 2017

	Notes	31 March 2017 (Rs.)	31 March 2016 (Rs.)
<b>Equity and liabilities</b>			
<b>Shareholder's funds</b>			
Share capital	3	83,06,61,840	82,67,69,970
Reserves and surplus	4	5,41,90,42,258	3,95,83,58,040
		<b>6,24,97,04,098</b>	<b>4,78,51,28,010</b>
Share Application money pending allotment	5	-	73,12,800
<b>Non-current liabilities</b>			
Trade payables-			
- total outstanding dues of micro and small enterprises	6	-	-
- total outstanding dues of creditors other than micro and small enterprises	6	10,79,83,545	9,83,31,288
Other long term liabilities	6	16,68,86,910	13,68,13,865
		<b>27,48,70,455</b>	<b>23,51,45,153</b>
<b>Current liabilities</b>			
Trade payables-			
- total outstanding dues of micro and small enterprises	6	2,83,668	6,58,472
- total outstanding dues of creditors other than micro and small enterprises	6	50,59,02,210	40,51,72,689
Other current liabilities	6	14,40,64,144	17,41,48,064
Short-term provisions	7	6,63,96,497	30,95,98,805
		<b>71,66,46,519</b>	<b>88,95,78,030</b>
<b>TOTAL</b>		<b>7,24,12,21,072</b>	<b>5,91,71,63,993</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets			
Property, Plant & Equipment	8	1,09,81,70,052	1,04,33,27,080
Intangible assets	9	23,06,34,285	25,44,95,389
Capital work-in-progress		15,33,00,169	4,09,36,908
Intangible assets under development		1,86,45,651	-
Non Current investments	10	31,31,38,894	11,58,92,732
Deferred tax assets (net)	11	15,25,09,843	11,44,32,143
Long- term loans and advances	12	17,33,49,977	15,53,88,079
Other non-current assets	13.2	9,94,30,166	3,19,61,992
		<b>2,23,91,79,037</b>	<b>1,75,64,34,323</b>
<b>Current assets</b>			
Current investments	14	1,01,64,58,855	62,58,98,903
Inventories	15	17,13,50,983	14,08,41,569
Trade receivables	13.1	40,25,50,385	34,85,66,553
Cash and bank balances	16	2,34,72,21,833	2,06,73,65,809
Short-term loans and advances	12	99,84,59,411	91,19,95,073
Other current assets	13.2	6,60,00,568	6,60,61,763
		<b>5,00,20,42,035</b>	<b>4,16,07,29,670</b>
<b>TOTAL</b>		<b>7,24,12,21,072</b>	<b>5,91,71,63,993</b>
<b>Summary of significant accounting policies</b>	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

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

Chartered Accountants

ICAI Firm's Registration No.: 301003E/E300005

For and on behalf of the Board of Directors of Dr. Lal PathLabs Limited  
(Formerly known as Dr. Lal PathLabs Private Limited)

**per Anil Gupta**

Partner

Membership No. 87921

Place: New Delhi

Date: May 12, 2017

(Hony.) Brig. Dr. Arvind Lal  
[Chairman and Managing Director]

DIN: 00576638

Mr. Dilip Bidani  
[Chief Financial Officer]

Dr. Om Prakash Manchanda  
[CEO and Whole Time Director]

DIN: 02099404

Mr. Rajat Kalra  
[Company Secretary]

Membership No. A-16947

## Statement of Profit and Loss for the year ended 31st March 2017

	Notes	31 March 2017 (₹)	31 March 2016 (₹)
<b>Income</b>			
Revenue from operations	17	8,81,87,47,631	7,65,39,59,951
Other income	18.1	7,36,73,759	5,91,73,606
<b>Total revenue (I)</b>		<b>8,89,24,21,390</b>	<b>7,71,31,33,557</b>
<b>Expenses</b>			
Cost of Reagent, chemicals, surgical and laboratory supplies consumed	19	1,91,24,75,842	1,68,12,90,159
Employee benefits expenses	20	1,58,66,34,643	1,33,07,28,300
Other expenses	21	3,02,87,19,949	2,60,35,14,062
<b>Total (II)</b>		<b>6,52,78,30,434</b>	<b>5,61,55,32,521</b>
<b>Earnings before interest, tax, depreciation and amortization (EBITDA) (I) – (II)</b>		<b>2,36,45,90,956</b>	<b>2,09,76,01,036</b>
Depreciation and amortisation expense	22	31,97,69,630	32,01,15,205
Interest Income	18.2	(18,63,41,274)	(14,49,35,285)
Finance costs	23	21,26,412	48,95,655
<b>Profit before tax</b>		<b>2,22,90,36,188</b>	<b>1,91,75,25,461</b>
<b>Tax expenses</b>			
Current tax		79,01,15,492	61,03,00,000
Income tax adjustment for earlier years		49,08,276	(8,68,61,635)
Deferred tax charge/(credit)		(3,42,96,972)	4,33,59,583
Deferred Tax Adjustments for earlier years		(37,80,728)	9,32,18,794
<b>Total tax expense</b>		<b>75,69,46,068</b>	<b>66,00,16,742</b>
<b>Profit for the year</b>		<b>1,47,20,90,120</b>	<b>1,25,75,08,719</b>
<b>Earnings per equity share [nominal value of share ₹ 10 (31 March 2016: ₹ 10)]</b>	<b>24</b>		
<b>Basic</b>		<b>17.77</b>	<b>15.31</b>
<b>Diluted</b>		<b>17.71</b>	<b>15.20</b>
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.  
As per our report of even date

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

Chartered Accountants  
ICAI Firm's Registration No.: 301003E/E300005

For and on behalf of the Board of Directors of Dr. Lal PathLabs Limited  
(Formerly known as Dr. Lal PathLabs Private Limited)

**per Anil Gupta**

Partner  
Membership No. 87921  
Place: New Delhi  
Date: May 12, 2017

(Hony.) Brig. Dr. Arvind Lal  
[Chairman and Managing Director]  
DIN: 00576638  
Mr. Dilip Bidani  
[Chief Financial Officer]

Dr. Om Prakash Manchanda  
[CEO and Whole Time Director]  
DIN: 02099404  
Mr. Rajat Kalra  
[Company Secretary]  
Membership No. A-16947

## Cash Flow Statement for the year ended March 31, 2017

	31 March 2017 (₹)	31 March 2016 (₹)
<b>A. Cash flow from operating activities</b>		
Net profit before tax	2,22,90,36,188	1,91,75,25,461
<b>Non - cash adjustments to reconcile profit before tax to net cash flows</b>		
Depreciation / amortisation	31,97,69,630	32,01,15,205
Loss on disposal/discard of fixed assets (net)	37,68,181	-
Profit on disposal of fixed assets (net)	-	(9,62,808)
Bad debts/advances written off	67,71,478	67,06,923
Provision for doubtful debts and advances	4,18,26,904	1,07,16,668
Unspent Liability/ Miscellaneous balances written back	(32,33,453)	(50,17,332)
Dividend received (from current investments - other than trade)	(4,71,19,620)	(3,75,48,353)
Dividend income from a Subsidiary company	(1,32,93,713)	(87,23,999)
Employee Share Based compensation	7,29,77,505	(3,46,68,898)
Adjustment to General Reserve on Stock Options exercised	33,05,316	-
Bad debts/advances recovered	(6,26,407)	(77,980)
Income on Long term maturity plan	-	(2,50,600)
Interest expense	21,26,412	48,95,655
Interest income	(18,63,41,274)	(14,49,35,285)
<b>Operating profit before working capital changes</b>	<b>2,42,89,67,147</b>	<b>2,02,77,74,657</b>
<b>Movements in working capital:</b>		
(Increase) in trade receivables	(10,22,03,921)	(7,02,55,075)
(Increase) in inventories	(3,05,09,415)	(38,21,735)
(Increase) in loans and advances	(5,86,10,987)	(6,55,21,538)
(Increase) in other assets	(39,79,239)	(36,37,908)
Increase in trade payables, current liabilities and provisions	11,61,83,796	20,53,92,091
<b>Cash generated from operations</b>	<b>2,34,98,47,381</b>	<b>2,08,99,30,492</b>
Direct taxes paid (net of refunds)	(67,98,51,389)	(66,73,95,167)
<b>Net cash flow from operating activities</b>	<b>1,66,99,95,992</b>	<b>1,42,25,35,325</b>
<b>B. Cash flow from investing activities</b>		
Purchase of fixed assets	(49,20,22,787)	(43,19,68,347)
Proceeds from sale of fixed assets	34,24,121	91,91,493
Purchase of investments in units of mutual funds	(1,63,08,58,006)	(91,18,09,531)
Sale of investments in units of mutual funds	1,24,02,98,056	66,69,36,291
Purchase of investments in Subsidiary Companies	(18,70,46,162)	(3,14,77,765)
Payment for purchase of business on slump sale basis	(62,50,000)	(42,50,000)
Loans and Advances (given to)/refunded back by Related parties (net)	1,20,79,480	(8,74,38,796)
Dividend received (from current investments - other than trade)	4,71,19,620	3,75,48,353
Dividend from investment in a Subsidiary Company	1,32,93,713	87,23,999
Interest received	18,62,38,005	12,18,50,271
Fixed Deposits placed with the banks	(3,09,85,48,499)	(2,83,72,43,463)
Deposits placed with the body corporates	(17,53,28,748)	(11,69,37,149)
Fixed Deposits with banks encashed	2,71,11,14,196	2,09,54,57,388
<b>Net cash (used in) investing activities</b>	<b>(1,37,64,87,011)</b>	<b>(1,48,14,17,256)</b>



	31 March 2017 (₹)	31 March 2016 (₹)
<b>C. Cash flow from financing activities</b>		
Proceeds from issuance of equity share capital	3,58,09,120	16,08,41,476
Proceeds/Repayment of Share application money	-	73,12,800
Interest paid	(23,19,308)	(82,04,902)
Dividend Paid including dividend tax	(37,12,52,604)	(15,00,00,054)
<b>Net cash from/(used in) financing activities</b>	<b>(33,77,62,792)</b>	<b>99,49,320</b>
<b>Net (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(4,42,53,811)</b>	<b>(4,89,32,609)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>18,05,50,332</b>	<b>22,94,82,941</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>13,62,96,521</b>	<b>18,05,50,332</b>
<b>Components of cash and cash equivalents</b>		
Cash on hand	48,97,791	64,06,126
Balance with scheduled banks:		
- on current accounts	9,05,16,744	13,44,35,127
- on cash credit accounts	3,92,20,821	2,52,01,105
- on unpaid dividend accounts*	46,465	-
- on Escrow accounts*	16,14,700	1,45,07,974
<b>Cash &amp; Cash Equivalents in Cash Flow Statement:</b>	<b>13,62,96,521</b>	<b>18,05,50,332</b>

**Notes:**

1. Previous year's figures have been regrouped, where necessary to conform to current year's classification.
  2. The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard- 3 on Cash Flow Statements.
  3. Cash flow from operating activities for the year ended March 31, 2017 is after considering CSR expense of ₹ 1,87,49,485 (Previous year ₹ 38,00,000)
- \*The Company can utilise these balances only towards settlement of the respective unpaid dividend and refund of share application money lying in escrow account.

As per our report of even date

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

Chartered Accountants

ICAI Firm's Registration No.: 301003E/E300005

For and on behalf of the Board of Directors of Dr. Lal PathLabs Limited  
(Formerly known as Dr. Lal PathLabs Private Limited)

**per Anil Gupta**

Partner

Membership No. 87921

Place: New Delhi

Date: May 12, 2017

(Hony.) Brig. Dr. Arvind Lal  
[Chairman and Managing Director]  
DIN: 00576638

Mr. Dilip Bidani  
[Chief Financial Officer]

Dr. Om Prakash Manchanda  
[CEO and Whole Time Director]  
DIN: 02099404

Mr. Rajat Kalra  
[Company Secretary]  
Membership No. A-16947

## Notes to financial statements for the year ended 31st March 2017

### 1 Background and Nature of Operation

Dr. Lal Pathlabs Limited ("the Company") is a public company domiciled in India and was incorporated on February 14, 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, other pathological and radiological investigations.

The Company became a Public Limited Company on 19th August 2015 and consequently the name of the Company changed from Dr. Lal PathLabs Private Limited to Dr. Lal PathLabs Limited. The equity shares of the Company are listed on The National Stock Exchange of India and Bombay Stock Exchange.

### 2 Basis of preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year except for the change in accounting policy explained below:

#### Change in Accounting Policy

##### Accounting for Proposed Dividend

As per the requirements of pre-revised AS 4, the Company used to create a liability for dividend proposed/ declared after the balance sheet date if dividend related to periods covered by the financial statements. Going forward, as per AS 4(R), the Company cannot create provision for dividend proposed/ declared after the balance sheet date unless a statute requires otherwise. Rather, Company will need to disclose the same in notes to the financial statements.

Accordingly, the Company has disclosed dividend proposed by board of directors after the balance sheet date in the notes.

Had the Company continued with creation of provision for proposed dividend, its surplus in the statement of profit and loss account would have been lower by ₹ 16,99,60,058 and current provision would have been higher by ₹ 16,99,60,058 (including dividend distribution tax of ₹ 2,87,47,545).

### 2.1 Summary of significant accounting policies

#### (a) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments,

estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future years.

#### (b) Property, Plant and Equipment

Property, plant and equipment, capital work in progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use and initial estimate of decommissioning, restoring and similar liabilities, if any. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the year during which such expenses are incurred.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

#### (c) Depreciation on Property, Plant and Equipment

Leasehold Improvements are depreciated over the useful lives of the assets or the unexpired lease period, whichever, is lower. Based on the same, leasehold improvements are being depreciated over a period of 4 - 10 years.

Leasehold land at Kolkata is being depreciated over the lease period of 99 years.

Depreciation on second hand plant and machinery has been provided over their balance useful life of 5-6 years and on second hand computers (excluding server and networks) has been provided over their balance useful life of 3 years on WDV basis as estimated by the management.

Depreciation on Furniture and Fixtures is provided using the Straight Line Method at the rate of 20% based on technical estimate of useful life.

Depreciation on all other Property, Plant & 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. The Company has

considered following useful lives to provide depreciation on its Property, Plant & Equipment:

Property, Plant & Equipment	Useful Life (in years) followed by the Company (WDV)	Useful Life (in years) under Schedule II (WDV)
<b>Buildings</b>	30.00	30.00
<b>Plant &amp; Machinery</b>		
- Plant and Machinery used in medical and surgical operations	13.00	13.00
- Other Equipment	15.00	15.00
- Electrical Installations and Equipment	10.00	10.00
<b>Office Equipment</b>	5.00	5.00
<b>Computers</b>		
- Servers and networks	6.00	6.00
- End user devices, such as desktops, laptops, etc.	3.00	3.00
<b>Vehicles</b>		
- Motor cars	8.00	8.00
- Motor cycles, scooters and other mopeds	10.00	10.00

**(d) Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired at purchase of business is recorded at their fair value as at the date of purchase of business. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Computer software is being amortized using the straight line method over its useful life, not exceeding five years.

Goodwill and Trademarks are amortized using the straight line method over a period of five years starting from the date of acquisition of respective laboratory.

Goodwill arising on scheme of amalgamation is amortized on straight line basis over a period of five years.

**(e) Leases**

Where the Company is lessee

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

**(f) Borrowing costs**

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

**(g) Impairment of Fixed Assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

**(h) Government grants and subsidies**

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the Company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

When the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grants or subsidy received from the government relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

**(i) Investments**

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

## Notes to financial statements for the year ended 31st March 2017

### (j) Inventories

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

### (k) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria is also met before revenue is recognized:

#### *Laboratory Income*

Revenue comprises of amount billed (net of discounts) in respect of tests conducted and is recognized as and when the samples are registered for the purpose of conducting the tests which usually take not more than 48 hours.

#### *Interest*

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is shown separately in the statement of profit and loss.

#### *Income from units in Mutual Funds / Dividend from Subsidiary Companies*

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.

### (l) Foreign currency translation

#### *Foreign currency transactions and balances*

#### (i) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

#### (ii) Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

#### (iii) Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported

in previous financial statements, are recognized as income or as expenses in the year in which they arise.

### (m) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the prepayment will lead to, for example, a reduction in future payment or a cash refund.

The Company operates a defined benefit plan for its employees, viz., gratuity. The costs of providing benefits under this plan are determined on the basis of actuarial valuation at each year-end. Actuarial valuation is carried out for plan using the projected unit credit method. Actuarial gains and losses for defined benefit plan are recognized in full in the year in which they occur in the statement of profit and loss.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

### (n) Income Taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act 1961 enacted in India. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income originating during the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities. Deferred tax assets are recognized for deductible timing difference only to extent that there is reasonable certainty that sufficient future taxable income will be available against which such

deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each balance reporting date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax assets can be realized. Any such write down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

**(o) Employee share based payments**

Certain Employees (including senior executives) of the Company receive some remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

In accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Guidance Note on Accounting for Employee Share-based Payments, the cost of equity-settled transactions is measured using the fair value method. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit recognized in the statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that year and is recognized in employee benefits expense.

**(p) Expenditure On New Projects**

Expenditure directly relating to construction activity is capitalized. Expenditure incurred during construction period is capitalized as part of the construction cost to the extent to which the expenditure is specifically attributable to construction of the project. Other expenditure (including borrowing costs) incurred during the construction period which is not related to the construction activity nor is incidental thereto is charged to the statement of Profit and Loss.

**(q) Earnings Per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average

number of equity shares outstanding during the year is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

**(r) Provisions**

A provision is recognized when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

**(s) Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

**(t) Cash and cash equivalents**

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

**(u) Segment reporting policy**

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

**(v) Measurement of EBITDA**

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the Company has elected to present earnings before interest, tax, depreciation, amortization and exceptional item (EBITDA) as a separate line item on the face of the statement of profit and loss. The Company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the Company does not include depreciation and amortization expense, finance costs, interest income, tax expense and exceptional item.



Notes to financial statements for the year ended 31st March 2017

3. Share capital

	31 March 2017 (₹)	31 March 2016 (₹)
<b>Authorised shares (No.)</b>		
10,79,00,000 (Previous year: 8,48,60,325) equity shares of ₹ 10 each (Previous year ₹ 10 each)*	1,07,90,00,000	84,86,03,250
Nil (Previous year: 1,91,39,675) 0.01% convertible, participating preference shares of ₹ 10 each (Previous year ₹ 10 each)**	—	19,13,96,750
	<b>1,07,90,00,000</b>	<b>1,04,00,00,000</b>
<b>Issued, subscribed &amp; fully paid-up shares (No.)</b>		
8,30,66,184 (Previous year: 8,26,76,997) equity shares of ₹ 10 each (Previous year ₹ 10 each)	83,06,61,840	82,67,69,970
<b>Total subscribed &amp; fully paid-up share capital</b>	<b>83,06,61,840</b>	<b>82,67,69,970</b>

\* As per the Scheme of Amalgamation [“the Scheme”] u/s 391/394 of the Companies Act, 1956 among the Company and its erstwhile wholly owned subsidiary Companies [Transferor Companies], the authorised share capital of the Company was to increase automatically by merging the authorised share capitals of transferor companies with the Company. In order to intimate the ROC, NCT of Delhi & Haryana regarding the Scheme and to get its authorised share capital increased as per the Scheme, the Company had filed E-form INC 28 with ROC, NCT of Delhi & Haryana in the last year. During the current year, the said increase was approved by the ROC, NCT of Delhi and Haryana and accordingly, authorised share capital of the Company has been increased by the authorised share capital of the transferor companies.

\*\* The Authorised Preference Share Capital has been reclassified to authorised equity share capital during the year in accordance with filling of E-form SH7 with ROC, NCT of Delhi & Haryana during the year.

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

Equity shares

	31 March 2017		31 March 2016	
	No. of shares of Rs 10 each	(₹)	No. of shares of Rs 10 each	(₹)
At the beginning of the year	8,26,76,997	82,67,69,970	5,46,29,520	54,62,95,200
Conversion of preference shares into equity shares	-	-	2,66,32,320	26,63,23,200
Issued during the year	3,89,187	38,91,870	14,15,157	1,41,51,570
<b>Outstanding at the end of the year</b>	<b>8,30,66,184</b>	<b>83,06,61,840</b>	<b>8,26,76,997</b>	<b>82,67,69,970</b>

Preference shares

	31 March 2017		31 March 2016	
	No. of shares of Rs 10 each	(₹)	No. of shares of Rs 10 each	(₹)
At the beginning of the year	-	-	2,66,32,320	26,63,23,200
Conversion of preference shares into equity shares	-	-	2,66,32,320	26,63,23,200
Outstanding at the end of the year	-	-	-	-

(b) 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 dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31st March 2017, the amount of per share interim dividend recognized as distribution to equity shareholders is ₹ 1.30, (Previous year ₹ Nil) and the amount of per share final dividend recognized as distribution to Equity shareholders is ₹ Nil, (Previous year ₹ 2.45).



**(c) Terms/ rights attached to convertible, participating preference shares("CCPS")**

During the previous year on November 13, 2015, Convertible, participating preference shares were converted into equity shares of ₹ 10 each.

**(d) 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:**

	31 March 2017 No. of Shares	31 March 2016 No. of Shares
Equity shares of ₹ 100 each bought back by the Company	3,722	17,265
Bonus Equity Shares of ₹ 10 each issued by the Company*	5,03,23,500	5,03,23,500
Bonus Preference Shares of ₹ 10 each issued by the Company*	2,49,67,800	2,49,67,800
Equity shares of ₹ 10 each issued on Conversion of Preference shares	2,66,32,320	2,66,32,320

In addition, the Company has issued total 27,62,184 (31 March 2016: 23,72,997) equity shares of ₹ 10 each (after considering issue of bonus shares and sub-division of shares of ₹ 100 each into ₹ 10 each), including 19,18,757 (31 March 2016: 19,18,757) equity shares issued to Dr Lal PathLabs Employee Welfare Trust, during the period of five years immediately preceding the reporting date on exercise of options granted under the Employee Stock Option Plan, 2005 and 2010.

\* The number of shares are after considering the impact of sub-division of shares of ₹ 100 each into 10 shares of ₹ 10 each.

**(e) Detail of shareholders holding more than 5% shares in the Company**

Name of the shareholder	As at 31st March 2017		As at 31st March 2016	
	No. of shares of ₹ 10 each	% holding in the class	No. of shares of ₹ 10 each	% holding in the class
Equity shares of ₹ 10 each, (Previous year ₹10 each) fully paid				
(i) Dr Arvind Lal	2,69,72,884	32.47%	2,69,72,884	32.62%
(ii) Dr Vandana Lal	1,59,31,893	19.18%	1,59,31,893	19.27%
(iii) Wagner Limited	60,89,199	7.33%	76,09,459	9.20%
(iv) West Bridge Crossover Fund, LLC	76,87,394	9.25%	1,06,41,846	12.87%

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

**(f) Shares reserved for issue under options**

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, please refer note 29

**(g) Proposed dividends on Equity shares**

	31 March 2017 (₹)	31 March 2016 (₹)
<b>The board proposed dividend on equity shares after the balance sheet date</b>		
Proposed dividend on equity shares for the year ended on 31 March 2017: ₹ 1.70 per share (31 March 2016: ₹ 2.45 per share)	14,12,12,513	20,27,20,343
Dividend Distribution Tax on proposed dividend	2,87,47,545	4,12,69,092
	<b>16,99,60,058</b>	<b>24,39,89,435</b>

For the period up to 31 March 2016, the Company was treating dividend proposed/ declared after the Balance Sheet date as an adjusting event. However, from the Financial Year 2016-17 onwards, it is treated as non-adjusting event. For details refer note 2

## Notes to financial statements for the year ended 31st March 2017

### 4. Reserves and surplus

	31 March 2017 (₹)	31 March 2016 (₹)
<b>Securities premium account</b>		
Balance as per the last financial statements	86,02,85,204	29,51,47,555
Add: Addition on equity shares issued*	3,95,74,446	56,51,37,649
<b>Closing Balance</b>	<b>89,98,59,650</b>	<b>86,02,85,204</b>
<b>Shares Buy Back Reserve Account</b>		
Balance as per the last financial statements	44,48,800	44,48,800
<b>Total reserves and surplus</b>	<b>44,48,800</b>	<b>44,48,800</b>
<b>Stock Options Outstanding Account</b>		
Balance as per the last financial statements	-	-
Add: Compensation options granted during the year	7,29,77,505	-
<b>Closing Balance</b>	<b>7,29,77,505</b>	<b>-</b>
<b>General reserve</b>		
Balance as per the last financial statements	32,41,00,000	19,81,00,000
Add: amount transferred from surplus balance in the statement of profit and loss	14,50,00,000	12,60,00,000
Add: addition on stock options exercised**	33,05,316	-
<b>Closing balance</b>	<b>47,24,05,316</b>	<b>32,41,00,000</b>
<b>Surplus in the statement of profit and loss</b>		
Balance as per the last financial statements	2,76,95,24,036	1,88,20,04,752
Profit for the year	1,47,20,90,120	1,25,75,08,719
Less: Appropriations		
Interim dividend on equity shares ₹ 1.30 (31 March 2016: ₹ Nil)	10,79,86,039	-
Tax on interim equity dividend***	1,92,77,130	-
Proposed final dividend on equity shares**** ₹ Nil (31 March 2016: ₹ 2.45)	-	20,27,20,343
Tax on proposed final equity dividend	-	4,12,69,092
Transfer to general reserve	14,50,00,000	12,60,00,000
Total appropriations	27,22,63,169	36,99,89,435
<b>Net surplus in the statement of profit and loss</b>	<b>3,96,93,50,987</b>	<b>2,76,95,24,036</b>
<b>Total reserves and surplus</b>	<b>5,41,90,42,258</b>	<b>3,95,83,58,040</b>

\*Includes ₹ 3,44,396 (Previous year ₹ 41,84,47,743) being difference between fair value of shares and exercise price of options, routed through liability towards Employee Stock Options Compensation Outstanding.

\*\*Represents difference between the employee share based compensation cost booked and the average cost of equity shares issued by the Dr. Lal PathLabs Employee Welfare Trust under the ESPS scheme to the eligible employees.

\*\*\*Tax on Interim equity dividend paid during the year is after adjusting corporate dividend tax of ₹ 27,06,287 paid by a subsidiary company on dividend paid to the Company during the year.

\*\*\*\*Including on 66,000 equity shares issued subsequently against share application money received pending allotment as on March 31, 2016.

### 5. Share Application money pending allotment

	31 March 2017 (₹)	31 March 2016 (₹)
From a Related party		
Share Application money pending allotment*	-	73,12,800
	<b>-</b>	<b>73,12,800</b>

\*Share application money in the previous year was in respect of 66,000 equity shares of face value of ₹ 10 each at a premium of ₹ 100.80 per share against exercise of option. The shares were issued against the same, during the current year.

## 6. Trade Payables and Other liabilities

	Non-current		Current	
	31 March 2017 (₹)	31 March 2016 (₹)	31 March 2017 (₹)	31 March 2016 (₹)
<b>Trade payables-</b>	-	-	2,83,668	6,58,472
-total outstanding dues of micro and small enterprises (Refer Note no. 35)				
-total outstanding dues of creditors other than micro and small enterprises	10,79,83,545	9,83,31,288	50,59,02,210	40,51,72,689
	<b>10,79,83,545</b>	<b>9,83,31,288</b>	<b>50,61,85,878</b>	<b>40,58,31,161</b>
<b>Other liabilities</b>				
Creditors against purchase of Business	-	-	-	62,50,000
Creditors against purchase of Investment	-	-	1,02,00,000	-
Interest Payable	-	-	2,54,022	4,46,918
<b>Others:</b>				
Trade deposits	16,67,70,054	13,63,88,809	-	-
Employee stock options compensation (refer note 29)	1,16,856	4,25,056	8,84,240	9,20,436
Payable towards capital goods	-	-	3,83,09,702	4,38,89,526
Advances from customers	-	-	3,27,51,899	2,85,23,126
Share Application money refundable	-	-	16,14,700	44,09,800
TDS payable	-	-	4,85,45,834	6,71,22,125
Provident Fund Payable	-	-	81,85,038	73,06,171
ESI Payable	-	-	20,56,795	9,61,379
Other Statutory payables	-	-	11,58,865	6,39,291
Unpaid Dividend	-	-	46,465	-
Other payable	-	-	56,584	1,36,79,292
	<b>16,68,86,910</b>	<b>13,68,13,865</b>	<b>14,40,64,144</b>	<b>17,41,48,064</b>
<b>Total</b>	<b>27,48,70,455</b>	<b>23,51,45,153</b>	<b>65,02,50,022</b>	<b>57,99,79,225</b>

## 7. Provisions

	Long term		Short term	
	31 March 2017 (₹)	31 March 2016 (₹)	31 March 2017 (₹)	31 March 2016 (₹)
<b>Provision for employee benefits</b>				
Provision for gratuity (refer note 28)	-	-	92,59,831	2,69,49,062
Provision for leave encashment	-	-	5,71,36,666	3,86,60,308
	-	-	<b>6,63,96,497</b>	<b>6,56,09,370</b>
<b>Other provisions</b>				
Provision for final equity dividend	-	-	-	20,27,20,343
Provision for tax on final equity dividend	-	-	-	4,12,69,092
	-	-	-	<b>24,39,89,435</b>
	-	-	<b>6,63,96,497</b>	<b>30,95,98,805</b>

## Notes to financial statements for the year ended 31st March 2017

### 8. Property, Plant & Equipment

Particulars	Leasehold Land	Freehold Land	Leasehold Improvements	Buildings	Plant & machinery	Furniture & fixtures	Computers	Vehicles	Total
<b>Cost</b>									
As at 01.04.2015	14,61,78,363	-	28,96,95,064	23,44,75,930	91,34,61,622	8,82,99,764	18,68,16,734	2,30,06,748	1,88,19,34,225
Additions	24,16,000	10,95,67,175	7,29,32,967	-	14,52,90,625	1,22,52,115	2,62,37,270	1,34,99,336	38,21,95,488
Deductions	-	-	19,36,571	-	2,18,41,527	3,39,060	8,43,626	1,13,49,198	3,63,09,982
<b>As at 01.04.2016</b>	<b>14,85,94,363</b>	<b>10,95,67,175</b>	<b>36,06,91,460</b>	<b>23,44,75,930</b>	<b>1,03,69,10,720</b>	<b>10,02,12,819</b>	<b>21,22,10,378</b>	<b>2,51,56,886</b>	<b>2,22,78,19,731</b>
Additions	-	-	6,04,79,485	-	15,92,44,104	1,06,36,659	3,76,81,379	86,37,925	27,66,79,552
Deductions	-	-	2,43,89,795	-	5,22,65,449	6,90,795	54,54,892	52,91,644	8,80,92,575
<b>As at 31.03.2017</b>	<b>14,85,94,363</b>	<b>10,95,67,175</b>	<b>39,67,81,150</b>	<b>23,44,75,930</b>	<b>1,14,38,89,375</b>	<b>11,01,58,683</b>	<b>24,44,36,865</b>	<b>2,85,03,167</b>	<b>2,41,64,06,708</b>
<b>Depreciation</b>									
As at 01.04.2015	1,87,920	-	15,12,52,762	9,23,89,937	54,13,39,999	7,04,59,143	14,77,42,344	1,48,04,060	1,01,81,76,165
Charge for the year	8,27,272	-	3,02,73,610	1,42,08,598	10,90,70,367	80,73,125	2,59,19,744	60,25,066	19,43,97,782
Deductions	-	-	19,36,571	-	1,64,94,005	2,63,390	7,98,926	85,88,404	2,80,81,296
<b>As at 01.04.2016</b>	<b>10,15,192</b>	<b>-</b>	<b>17,95,89,801</b>	<b>10,65,98,535</b>	<b>63,39,16,361</b>	<b>7,82,68,878</b>	<b>17,28,63,162</b>	<b>1,22,40,722</b>	<b>1,18,44,92,651</b>
Charge for the year	8,41,112	-	4,06,90,738	1,28,05,196	12,00,07,382	90,96,742	2,64,66,388	47,36,721	21,46,44,279
Deductions	-	-	2,43,43,470	-	4,63,17,543	6,64,375	51,55,562	44,19,324	8,09,00,273
<b>As at 31.03.2017</b>	<b>18,56,304</b>	<b>-</b>	<b>19,59,37,069</b>	<b>11,94,03,731</b>	<b>70,76,06,200</b>	<b>8,67,01,245</b>	<b>19,41,73,988</b>	<b>1,25,58,119</b>	<b>1,31,82,36,656</b>
<b>Net Block</b>									
As at 31.03.2016	14,75,79,171	10,95,67,175	18,11,01,659	12,78,77,395	40,29,94,359	2,19,43,941	3,93,47,216	1,29,16,164	1,04,33,27,080
As at 31.03.2017	14,67,38,059	10,95,67,175	20,08,44,081	11,50,72,199	43,62,83,175	2,34,57,438	5,02,62,877	1,59,45,048	1,09,81,70,052

#### Notes:

- Apart from Property, Plant & Equipment above, the Company has laboratory machineries provided by suppliers free of cost against commitment of reagent purchases by the Company from the suppliers
- No depreciation on leasehold land at Rohini, New Delhi of the Cost of ₹ 6,52,85,370 has been provided, lease being perpetual in nature.
- Depreciation of ₹ 8,41,112 (previous year ₹ 8,27,272) on leasehold land has been transferred to Capital Work in Progress, as the construction of Building is in process.
- Title deeds of building of gross block ₹ 42,58,918 (previous year ₹ 42,58,918) and net block of ₹ 15,85,732 (previous year ₹ 17,61,924) are not in the name of the Company.

## 9. Intangible assets

Particulars					Amount (₹)
	Software	Goodwill	Goodwill on Amalgamation	Trade Mark	Total
<b>Gross block</b>					
As at 01.04.2015	29,44,31,637	5,94,79,302	24,54,92,764	18,97,84,656	78,91,88,359
Purchase	4,48,18,225	97,62,754	-	-	5,45,80,979
Deductions	-	-	-	-	-
<b>As at 01.04.2016</b>	<b>33,92,49,862</b>	<b>6,92,42,056</b>	<b>24,54,92,764</b>	<b>18,97,84,656</b>	<b>84,37,69,338</b>
Purchase	7,96,05,359	25,00,000	-	-	8,21,05,359
Deductions	2,30,73,740	-	-	-	2,30,73,740
<b>As at 31.03.2017</b>	<b>39,57,81,481</b>	<b>7,17,42,056</b>	<b>24,54,92,764</b>	<b>18,97,84,656</b>	<b>90,28,00,957</b>
<b>Amortization</b>					
As at 01.04.2015	17,04,17,706	4,12,74,852	9,81,97,106	15,28,39,590	46,27,29,254
Charge for the year	4,27,36,913	87,85,352	4,92,33,069	2,57,89,361	12,65,44,695
Deductions	-	-	-	-	-
<b>As at 01.04.2016</b>	<b>21,31,54,619</b>	<b>5,00,60,204</b>	<b>14,74,30,175</b>	<b>17,86,28,951</b>	<b>58,92,73,949</b>
Charge for the year	4,75,25,605	62,85,374	4,90,98,553	30,56,931	10,59,66,463
Deductions	2,30,73,740	-	-	-	2,30,73,740
<b>As at 31.03.2017</b>	<b>23,76,06,484</b>	<b>5,63,45,578</b>	<b>19,65,28,728</b>	<b>18,16,85,882</b>	<b>67,21,66,672</b>
<b>Net Block</b>					
<b>As at 31.03.2016</b>	<b>12,60,95,243</b>	<b>1,91,81,852</b>	<b>9,80,62,589</b>	<b>1,11,55,705</b>	<b>25,44,95,389</b>
<b>As at 31.03.2017</b>	<b>15,81,74,997</b>	<b>1,53,96,478</b>	<b>4,89,64,036</b>	<b>80,98,774</b>	<b>23,06,34,285</b>

## 10. Non-current investments

	31 March 2017 (₹)	31 March 2016 (₹)
<b>Trade investments (valued at cost)</b>		
<i>Unquoted equity instruments</i>		
Investment in subsidiaries		
12,800 (31 March 2016: 11,200) equity shares of ₹ 10/- each fully paid up in Paliwal Diagnostic Pvt.Ltd.	12,94,78,784	3,09,05,109
8,000 (31 March 2016: 7,000) equity shares of ₹ 10/- each fully paid up in Paliwal Medicare Pvt.Ltd.	5,21,79,901	1,26,41,746
4,110 (31 March 2016: Nil) equity shares of ₹ 100/- each fully paid up in Delta Ria and Pathology Pvt Ltd.	3,40,85,800	-
4,00,000 (31 March 2016: Nil) equity shares of NPR 100/- each fully paid up in Dr Lal PathLabs Nepal Pvt. Ltd.	2,50,48,532	-
10,000 (31 March 2016: 10,000) equity shares of ₹ 10/- each fully paid up in APL Institute of Clinical Laboratory & Research Pvt. Ltd.	7,23,45,877	7,23,45,877
	<b>31,31,38,894</b>	<b>11,58,92,732</b>
Aggregate amount of unquoted investments	<b>31,31,38,894</b>	<b>11,58,92,732</b>
Aggregate provision for diminution in value of investments	-	-

Notes to financial statements for the year ended 31st March 2017

11. Deferred tax assets (net)

	31 March 2017 (₹)	31 March 2016 (₹)
<b>Deferred tax assets</b>		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	6,99,49,435	5,24,64,970
Effect of expenditure debited to statement of profit and loss in the current / earlier years but allowable for tax purposes in the following years	7,11,50,514	6,15,44,427
Provision for doubtful debts and advances	2,36,03,023	1,12,38,739
<b>Gross deferred tax assets</b>	<b>16,47,02,971</b>	<b>12,52,48,136</b>
<b>Deferred tax liability</b>		
Effect of income credited to statement of profit and loss in the current / earlier years but chargeable to tax in the following years	1,21,93,128	1,08,15,993
<b>Gross deferred tax liability</b>	<b>1,21,93,128</b>	<b>1,08,15,993</b>
<b>Net deferred tax assets</b>	<b>15,25,09,843</b>	<b>11,44,32,143</b>

12. Loans and advances

	Non-current		Current	
	31 March 2017 (₹)	31 March 2016 (₹)	31 March 2017 (₹)	31 March 2016 (₹)
<b>Capital advances</b>				
Unsecured, considered good	1,23,24,230	1,48,33,983	-	-
	<b>1,23,24,230</b>	<b>1,48,33,983</b>	-	-
<b>Deposits (Unsecured, considered good)</b>				
- to Body Corporates	-	-	37,22,65,897	19,69,37,148
- to related parties (refer note 25)	6,41,830	6,41,830	-	-
- to others	15,63,24,237	13,47,30,426	4,08,91,660	3,99,54,500
Doubtful	-	-	22,89,303	25,37,415
	<b>15,69,66,067</b>	<b>13,53,72,256</b>	<b>41,54,46,860</b>	<b>23,94,29,063</b>
Less: Provision for doubtful deposits	-	-	(22,89,303)	(25,37,415)
	<b>15,69,66,067</b>	<b>13,53,72,256</b>	<b>41,31,57,557</b>	<b>23,68,91,648</b>
<b>Loan and advances to related parties (refer note 25)</b>				
Unsecured, considered good	2,00,000	2,00,000	42,62,95,366	43,83,74,846
	<b>2,00,000</b>	<b>2,00,000</b>	<b>42,62,95,366</b>	<b>43,83,74,846</b>
<b>Advances recoverable in cash or in kind or for value to be received</b>				
Unsecured, considered good	9,19,578	8,95,551	5,46,76,269	2,91,30,782
Doubtful	-	-	31,09,492	31,09,492
	<b>9,19,578</b>	<b>8,95,551</b>	<b>5,77,85,761</b>	<b>3,22,40,274</b>
Provision for doubtful advances	-	-	(31,09,492)	(31,09,492)
	<b>9,19,578</b>	<b>8,95,551</b>	<b>5,46,76,269</b>	<b>2,91,30,782</b>
<b>Others loans &amp; advances</b>				
<b>Secured, considered good</b>				
Loan to employees (secured by way of pledge of shares)	-	-	-	29,15,095
<b>Unsecured, considered good</b>				
Loan to employees	5,37,415	8,34,783	5,76,458	9,88,830
Advance tax/tax deducted at source/income tax refundable (Net of income tax provision)	-	-	5,52,10,852	17,03,83,231
Prepaid expenses	24,02,687	32,51,506	4,79,34,347	3,28,60,377
Balances with statutory/ government authorities	-	-	6,08,562	4,50,264
	<b>29,40,102</b>	<b>40,86,289</b>	<b>10,43,30,219</b>	<b>20,75,97,797</b>
	<b>17,33,49,977</b>	<b>15,53,88,079</b>	<b>99,84,59,411</b>	<b>91,19,95,073</b>



## Loans and advances due by directors or other officers, etc.

	Non-current		Current	
	31 March 2017 (₹)	31 March 2016 (₹)	31 March 2017 (₹)	31 March 2016 (₹)
<b>Loans and advances to related parties include</b>				
Dues from Dr. Lal PathLabs International BV in which the Company's directors are interested as directors	-	-	10,46,765	3,87,926
Dues from APL Institute of Clinical Laboratory & Research Pvt Ltd in which the Company's directors are interested as directors	-	-	-	51,83,188
Dr. Lal PathLabs Welfare Trust	1,00,000	1,00,000	-	-
Dr. Lal PathLabs Employee Welfare Trust	1,00,000	1,00,000	42,52,48,602	43,29,03,732
<b>Deposits to related parties include</b>				
Security deposit to Eskay House HUF	6,41,830	6,41,830	-	-

## 13 Trade receivables and other assets

## 13.1. Trade receivables

	Non-current		Current	
	31 March 2017 (₹)	31 March 2016 (₹)	31 March 2017 (₹)	31 March 2016 (₹)
<b>Unsecured, considered good unless stated otherwise</b>				
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>				
Secured, considered good	-	-	36,44,503	4,64,103
Unsecured, considered good	-	-	20,76,180	8,68,792
Unsecured, considered doubtful	-	-	5,00,60,231	2,36,45,871
	-	-	<b>5,57,80,914</b>	<b>2,49,78,766</b>
Provision for doubtful receivables	-	-	(5,00,60,231)	(2,36,45,871)
	-	-	<b>57,20,683</b>	<b>13,32,895</b>
<b>Other receivables</b>				
Secured, considered good	-	-	3,86,38,408	2,90,88,398
Unsecured, considered good	-	-	35,81,91,295	31,81,45,260
Unsecured, considered doubtful	-	-	1,27,42,034	31,81,618
	-	-	<b>40,95,71,737</b>	<b>35,04,15,276</b>
Provision for doubtful receivables	-	-	(1,27,42,035)	(31,81,618)
	-	-	<b>39,68,29,702</b>	<b>34,72,33,658</b>
<b>Total</b>	<b>-</b>	<b>-</b>	<b>40,25,50,385</b>	<b>34,85,66,553</b>

## 13.2. Other assets

	Non-current		Current	
	31 March 2017 (₹)	31 March 2016 (₹)	31 March 2017 (₹)	31 March 2016 (₹)
<b>Unsecured, considered good unless stated otherwise</b>				
Non-current bank balances (refer note 16)	6,39,79,070	6,54,599	-	-
<b>Total</b>	<b>6,39,79,070</b>	<b>6,54,599</b>	<b>-</b>	<b>-</b>
<b>Others</b>				
Surrender Value of Keyman Insurance Policy	3,52,32,109	3,12,52,870	-	-
Interest accrued on loans, fixed deposits and others	2,18,987	54,523	6,60,00,568	6,60,61,763
	<b>3,54,51,096</b>	<b>3,13,07,393</b>	<b>6,60,00,568</b>	<b>6,60,61,763</b>
<b>Total</b>	<b>9,94,30,166</b>	<b>3,19,61,992</b>	<b>6,60,00,568</b>	<b>6,60,61,763</b>

Notes to financial statements for the year ended 31st March 2017

14. Current investments

	31 March 2017 (₹)	31 March 2016 (₹)
<i>Current investments (valued at lower of cost and fair value, unless stated otherwise)</i>		
<i>Unquoted mutual funds</i>		
1,37,118.14 (31 March 2016 : Nil) units of ₹ 1000/- each fully paid up of Baroda Pioneer Treasury Advantage Fund - Plan B Daily Dividend- Re-investment	13,83,38,454	-
69,60,046.35 (31 March 2016: NIL) units of ₹ 10/- each fully paid-up of Reliance Banking & Psu Debt Fund - Direct Weekly Dividend Plan Reinvestment	7,05,25,454	-
29,90,619.69 (31 March 2016: NIL) units of ₹ 10/- each fully paid-up of Reliance Medium Term Fund - Daily Direct Dividend Plan Dividend Reinvestment	5,11,27,336	-
95,65,316.164 units (31 March 2016 : Nil) of ₹ 10/- each of HDFC Short Term Opportunities Fund-Direct Plan-Growth Option	16,00,00,000	-
Nil (31 March 2016: 33,76,119.39 ) units of ₹ 10/- each of HDFC Floating Rate Income Fund - Short Term Plan -Wholesale option- Direct plan - Dividend Reinvestment	-	3,40,34,322
NIL (31 March 2016: 92,092.434) units of ₹ 1000/- each fully paid-up of SBI Premier Liquid Fund - Direct Plan - Daily Dividend	-	9,23,91,734
5,40,089.89 (31 March 2016: NIL) units of ₹ 100/- each fully paid-up of ICICI Prudential Savings Fund Direct Plan Daily Dividend	5,45,03,333	-
3,93,776.89 (31 March 2016: NIL) units of ₹ 100/- each fully paid-up of ICICI Prudential Flexible Income Direct Plan Daily Dividend	4,16,36,315	-
10,71,151.04 (31 March 2016: 22,25,758.623) units of ₹ 100/- each fully paid-up of Birla Sunlife Saving Fund Daily Dividend Direct Plan Re-investment	10,74,33,451	22,32,37,358
97,858.22 (31 March 2016: 33,049.407) units of ₹ 1,000/- each fully paid-up of UTI -Treasury Advantage Fund-Institutional Plan-Direct Plan-Daily Dividend Reinvestment	9,80,88,581	3,31,27,205
NIL (31 March 2016: 56,883.327 ) units of ₹ 1,000/- each fully paid-up of UTI - Liquid Cash Plan-Institutional-Direct Plan-Daily Dividend Reinvestment	-	5,79,89,463
90,256.61 (31 March 2016: 85,691.155) units of ₹ 1,000/- each fully paid-up of Reliance Money Manager Fund - Direct Plan Daily Dividend Option	9,09,33,531	8,60,48,958
Nil (31 March 2016: 4,366.27) units of ₹ 1,000/- each fully paid-up of Reliance Liquid Fund-Treasury Plan-Direct Plan Daily Dividend Option	-	66,74,892
Nil (31 March 2016: 8,064.685) units of ₹ 1,000/- each fully paid-up of Baroda Pioneer Liquid Fund - Plan B Daily Dividend - Re-investment	-	80,78,196
99,220.79 (31 March 2016: Nil) units of ₹ 1,000/- each fully paid-up of Kotak Floater Short Term-Direct Plan	10,03,73,732	-
67,20,737.27 (31 March 2016: 80,83,907.761) units of ₹ 10/- each fully paid-up of JM High Liquidity Fund (Direct ) Daily Dividend Option	7,00,98,634	8,43,16,775
30,06,696.05 (31 March 2016: Nil) units of ₹ 10/- each fully paid-up of JM Floater Long Term Fund (Direct ) Daily Dividend Option	3,01,00,034	-
1,30,463.66 (31 March 2016: Nil) units of ₹ 10/- each fully paid-up of SBI Savings Fund Regular Plan Growth	33,00,000	-
	<b>1,01,64,58,855</b>	<b>62,58,98,903</b>
Aggregate amount of unquoted investments	<b>1,01,64,58,855</b>	<b>62,58,98,903</b>
Net Assets Value	<b>1,02,96,02,929</b>	<b>62,58,98,903</b>

15. Inventories (valued at lower of cost and net realisable value)

	Non-current		Current	
	31 March 2017 (₹)	31 March 2016 (₹)	31 March 2017 (₹)	31 March 2016 (₹)
Reagents, chemicals, surgicals and laboratory supplies	-	-	16,07,76,890	13,28,04,666
Stores and others	-	-	1,05,74,093	80,36,903
	<b>-</b>	<b>-</b>	<b>17,13,50,983</b>	<b>14,08,41,569</b>

**16. Cash and bank balances**

	Non-current		Current	
	31 March 2017 (₹)	31 March 2016 (₹)	31 March 2017 (₹)	31 March 2016 (₹)
<b>Cash and cash equivalents</b>				
<i>Balances with banks:</i>				
On current accounts	-	-	9,05,16,744	13,44,35,127
On cash credit accounts	-	-	3,92,20,821	2,52,01,105
On Escrow account	-	-	16,14,700	1,45,07,974
On unpaid dividend accounts	-	-	46,465	-
Cash on hand	-	-	48,97,791	64,06,126
	-	-	<b>13,62,96,521</b>	<b>18,05,50,332</b>
<i>Other bank balances:</i>				
Deposits with remaining maturity for more than 12 months (pledged with banks ₹ Nil Previous year ₹ 87,916)	6,39,79,070	6,54,599	-	-
Deposits with remaining maturity for less than 12 months (pledged with banks ₹ 4,04,34,304, Previous year ₹ 5,01,16,395)	-	-	2,21,09,25,312	1,88,68,15,477
	<b>6,39,79,070</b>	<b>6,54,599</b>	<b>2,21,09,25,312</b>	<b>1,88,68,15,477</b>
Amount disclosed under non-current assets (refer note 13.2)	(6,39,79,070)	(6,54,599)	-	-
	<b>-</b>	<b>-</b>	<b>2,34,72,21,833</b>	<b>2,06,73,65,809</b>

**Cash Credit Accounts**

Cash Credit accounts (Balance appearing as debit in the books at the year end ₹ 3,92,20,821 (Previous Year ₹ 2,52,01,105)) are secured by first charge on the current assets of the Company, both present and future. This carries interest ranging from 9.25% p.a to 9.90% p.a.

**17. Revenue from operations**

	31 March 2017 (₹)	31 March 2016 (₹)
<b>Revenue from operations</b>		
Sale of services	8,81,79,22,206	7,65,33,96,689
Scrap sales	8,25,425	5,63,262
<b>Revenue from operations (net)</b>	<b>8,81,87,47,631</b>	<b>7,65,39,59,951</b>

\* represents sale in respect of diagnostic services which consist of pathological / radiological investigations.

**18.1 Other income**

	31 March 2017 (₹)	31 March 2016 (₹)
Dividend income (from current investments - other than trade)	4,71,19,620	3,75,48,353
Income on Long Term Fixed Maturity Plan Investment	-	2,50,600
Dividend Income from a Subsidiary company	1,32,93,713	87,23,999
Surrender Value of Keyman Insurance Policy	54,36,919	53,43,481
Unspent Liability/ Miscellaneous balances written back	32,33,453	50,17,332
Foreign Exchange Fluctuation (net)	1,63,430	-
Profit on disposal of Fixed assets(net)	-	9,62,808
Bad Debts/ Advances, written off previously, now recovered	6,26,407	77,980
Other non-operating income	38,00,217	12,49,053
	<b>7,36,73,759</b>	<b>5,91,73,606</b>

## Notes to financial statements for the year ended 31st March 2017

### 18.2 Interest income

	31 March 2017 (₹)	31 March 2016 (₹)
Interest income on:		
- Bank deposits	16,37,26,088	11,67,32,029
- Deposits with bodies corporate	1,87,03,320	1,36,38,205
- Others (including interest on Income Tax Refund ₹ 39,00,359, Previous Year ₹ 1,08,33,790)	39,11,866	1,45,65,051
	<b>18,63,41,274</b>	<b>14,49,35,285</b>

### 19. Cost of Reagents, chemicals, surgicals and laboratory supplies consumed

	31 March 2017 (₹)	31 March 2016 (₹)
Inventory at the beginning of the year	13,28,04,666	12,05,50,493
Add : Purchases	1,94,04,48,066	1,69,35,44,332
	2,07,32,52,732	1,81,40,94,825
Less : Inventory at the end of the year	16,07,76,890	13,28,04,666
Cost of reagents, chemicals, surgicals and laboratory supplies consumed	<b>1,91,24,75,842</b>	<b>1,68,12,90,159</b>
<b>Break up of Consumption</b>		
Reagents and Chemicals	1,56,26,35,484	1,33,75,69,428
Consumables and Disposables	29,00,43,847	24,96,41,116
Others	5,97,96,511	9,40,79,615
	<b>1,91,24,75,842</b>	<b>1,68,12,90,159</b>
<b>Break up of Inventories</b>		
<b>Raw materials</b>		
Reagents and Chemicals	11,76,14,007	9,46,96,697
Consumables and Disposables	4,09,13,159	3,71,27,508
Others	22,49,724	9,80,461
	<b>16,07,76,890</b>	<b>13,28,04,666</b>

### 20. Employee benefits expenses

	31 March 2017 (₹)	31 March 2016 (₹)
Salaries, wages and bonus	1,38,15,99,290	1,25,41,36,165
Employee share based compensation (refer note 29)	8,04,88,073	(3,46,68,898)
Contribution to provident and other funds	6,04,02,838	5,39,55,013
Gratuity expense (refer note 28)	2,42,90,349	1,88,92,389
Staff training expenses	1,17,67,352	1,24,47,991
Staff welfare expenses	2,80,86,741	2,59,65,640
	<b>1,58,66,34,643</b>	<b>1,33,07,28,300</b>

### 21. Other expenses

	31 March 2017 (₹)	31 March 2016 (₹)
Electricity and Water charges	12,84,85,746	12,12,33,229
Rent	42,44,81,126	36,63,78,636
Rates and taxes	55,60,653	94,33,578
Insurance	2,52,02,528	2,13,53,180
Repairs and maintenance		
- Building	3,47,22,336	2,18,20,652
- Plant and Machinery	3,52,80,638	3,98,23,949
- Others	12,54,26,872	10,75,81,126

	31 March 2017 (₹)	31 March 2016 (₹)
Advertisement and sales promotion	22,99,90,119	16,75,85,280
Travelling and conveyance	16,05,07,920	14,17,53,802
Postage and courier	24,00,88,334	23,23,60,302
Communication costs	4,70,94,128	4,35,74,715
Commission to Directors	60,00,000	36,56,158
Printing and stationery	6,49,54,420	6,66,27,132
Retainership fees to technical consultants	13,13,51,412	16,32,20,038
Director Sitting fees	32,73,250	15,42,500
Fees to collection centers/channel partners	1,00,51,37,626	81,96,30,357
Legal and Professional charges	6,48,62,578	5,46,72,380
Laboratory test charges	1,45,13,472	1,29,55,449
Payment to auditor (Refer details below)	1,51,69,069	1,36,44,046
Donation other than to political parties	1,59,650	2,52,132
Foreign Exchange Fluctuation (net)	-	3,12,515
Corporate Social Responsibility expense	1,87,49,485	38,00,000
Loss on disposal / discard of fixed assets (net)	37,68,181	-
Provision for doubtful debts & advances	4,18,26,904	1,07,16,668
Bad debts / advances written off (net)	1,28,71,718	2,73,43,461
Less : Provision for doubtful debts and advances adjusted (net)	61,00,240	67,06,923
Miscellaneous expenses	19,53,42,024	17,28,79,315
	<b>3,02,87,19,949</b>	<b>2,60,35,14,062</b>
Above Miscellaneous expenses include research and development expenses	-	-

**Payment to auditor**

	31 March 2017 (₹)	31 March 2016 (₹)
<b>As auditor:</b>		
Audit fees	75,90,000	70,51,735
Limited Review	51,75,000	17,17,500
Tax audit fees	17,32,500	17,49,600
<b>In other capacity</b>		
Certification Fees	2,30,000	2,11,611
Other services	-	17,01,450
Reimbursement of expenses	4,41,569	12,12,150
	<b>1,51,69,069</b>	<b>1,36,44,046</b>

**22. Depreciation and amortisation expense**

	31 March 2017 (₹)	31 March 2016 (₹)
Depreciation of Property, Plant & Equipment	21,38,03,167	19,35,70,510
Amortisation of intangible assets	10,59,66,463	12,65,44,695
	<b>31,97,69,630</b>	<b>32,01,15,205</b>

**23. Finance costs**

	31 March 2017 (₹)	31 March 2016 (₹)
Interest expense (including ₹ 16,88,656 (Previous year ₹ 29,99,701) on Income Tax)	21,26,412	48,95,655
	<b>21,26,412</b>	<b>48,95,655</b>

## Notes to financial statements for the year ended 31st March 2017

### 24. Earning Per Share (EPS)

Particulars	31 March 2017 ₹	31 March 2016 ₹
Profit after tax	1,47,20,90,120	1,25,75,08,719
<b>Net profit for calculation of Basic &amp; Diluted EPS</b>	<b>1,47,20,90,120</b>	<b>1,25,75,08,719</b>
Weighted average number of equity shares in calculating basic EPS	8,28,30,397	8,21,49,267
<b>Effect of dilution:</b>		
Dilutive impact of ESOPs outstanding	2,84,812	5,92,968
<b>Weighted average number of equity shares in calculating diluted EPS</b>	<b>8,31,15,209</b>	<b>8,27,42,235</b>
<b>Basic Earnings per Share</b>	<b>17.77</b>	<b>15.31</b>
<b>Diluted Earnings per Share</b>	<b>17.71</b>	<b>15.20</b>

### 25. Related party disclosures

#### Names of related parties and related party relationship

##### Related parties where control exists

Subsidiaries	Paliwal Diagnostics Private Limited Paliwal Medicare Private Limited APL Institute of Clinical Laboratory & Research Pvt Ltd Dr. Lal PathLabs Nepal Private Ltd (since August 23, 2016) Delta Ria and Pathology Private Limited (since December 21, 2016)
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##### Related parties with whom transactions have taken place during the year

Key management personnel	Dr. Arvind Lal - Chairman cum Managing Director Dr. Vandana Lal – Director Dr. Om Prakash Manchanda - Director
Relatives of key management personnel	Dr. Archana Lal (Daughter of Dr. Arvind Lal & Dr. Vandana Lal) Mr. Anjaneya Lal (Son of Dr. Arvind Lal & Dr. Vandana Lal)
Enterprises owned or significantly influenced by key management personnel or their relatives	Central Clinical Laboratory Eskay House HUF - Dr. Arvind Lal Dr. Lal PathLabs International B.V. Dr. Lal PathLabs Welfare Trust Dr. Lal PathLabs Employee Welfare Trust

#### Related party transactions

##### a. Sale of services

Particulars	Year ended	Sale of services	Amount owed by related parties	Amount owed to related parties
<b>Subsidiaries</b>				
Paliwal Diagnostics Private Limited	31 March 2017	40,39,180	-	-
	31 March 2016	38,61,200	-	-
Dr Lal PathLabs Nepal Private Ltd	31 March 2017	22,57,172	-	-
	31 March 2016	-	-	-
<b>Enterprises owned or significantly influenced by key management personnel or their relatives</b>				
Dr. Lal PathLabs welfare Trust	31 March 2017	26,06,018	-	-
	31 March 2016	-	-	-

##### b. Purchase of services

Particulars	Year ended	Purchase of services	Amount owed by related parties	Amount owed to related parties
<b>Subsidiaries</b>				
Paliwal Diagnostics Private Limited	31 March 2017	1,68,550	-	-
	31 March 2016	19,878	-	-

## c. Sale of Store items

(₹)

Particulars	Year ended	Sale of store items	Amount owed by related parties	Amount owed to related parties
<b>Subsidiaries</b>				
Paliwal Diagnostics Private Limited	31 March 2017	4,70,493	-	-
	31 March 2016	4,21,349	-	-

## d. Revenue sharing payment

(₹)

Particulars	Year ended	Revenue sharing payment	Amount owed by related parties	Amount owed to related parties
<b>Subsidiaries</b>				
Delta Ria & Pathology Private Limited	31 March 2017	9,12,484	-	-
	31 March 2016	-	-	-

## e. Purchase of Fixed Assets

(₹)

Particulars	Year ended	Purchase of Fixed Assets	Amount owed by related parties	Amount owed to related parties
<b>Subsidiaries</b>				
APL Institute of Clinical Laboratory & Research Pvt. Ltd.	31 March 2017	5,18,680	-	-
	31 March 2016	-	-	-

## f. Loans and Advances given and repayment thereof

(₹)

Particulars	Year ended	Loans/ Advances given*	Expenses incurred/ payments made on behalf of related party	Repayment	Amount owed by related parties
<b>Subsidiaries</b>					
Paliwal Diagnostics Private Limited	31 March 2017	-	56,14,427	56,14,427	-
	31 March 2016	-	7,63,457	7,63,457	-
APL Institute of Clinical Laboratory & Research P. Ltd.	31 March 2017	-	98,57,552	1,55,59,420	-
	31 March 2016	-	19,51,823	32,84,207	51,83,188
Dr Lal PathLabs Nepal Private Ltd	31 March 2017	-	5,42,037	5,42,037	-
	31 March 2016	-	-	-	-
<b>Key management personnel</b>					
Dr. Om Prakash Manchanda - Director	31 March 2017	-	-	-	-
	31 March 2016	16,12,31,220	-	16,12,31,220	-
<b>Enterprises owned or significantly influenced by key management personnel or their relatives</b>					
Dr. Lal PathLabs International B.V.	31 March 2017	-	6,58,839	-	10,46,765
	31 March 2016	-	3,87,926	-	3,87,926
Dr. Lal PathLabs welfare Trust	31 March 2017	-	28,83,808	28,83,808	1,00,000**
	31 March 2016	-	-	-	1,00,000**

\* Loans given to above related parties are repayable on demand. These loans are interest free except to Key Management Personnel.

\*\* Represents contribution towards corpus fund. Amount is included in advance recoverable under loans and advances.



## Notes to financial statements for the year ended 31st March 2017

### g. Contribution to CSR Fund

Particulars	31 March 2017 (₹)	31 March 2016 (₹)
<b>Enterprises owned or significantly influenced by key management personnel or their relatives</b>		
Dr. Lal PathLabs welfare Trust	1,87,46,855	35,00,000

### h. Remuneration

Particulars	31 March 2017 (₹)	31 March 2016 (₹)
<b>Key management personnel</b>		
Dr. Arvind Lal - Chairman cum Managing Director		
Salary, bonus and contribution to PF	2,09,80,922	1,88,81,567
Dr. Vandana Lal - Director		
Salary, bonus and contribution to PF	1,68,23,649	1,51,69,977
Dr. Om Prakash Manchanda - Director		
Salary, bonus and contribution to PF	3,30,75,012	3,71,07,399
<b>Relatives of Key management personnel</b>		
Dr. Archana Lal (Daughter of Dr. Arvind Lal & Dr. Vandana Lal)		
Salary, bonus and contribution to PF	13,46,440	12,26,440
Mr. Anjaneya Lal (Son of Dr. Arvind Lal & Dr. Vandana Lal)		
Salary, bonus and contribution to PF	16,17,137	14,72,800
<b>Total</b>	<b>7,38,43,160</b>	<b>7,38,58,183</b>

Note: 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.

### i. Rent

Particulars	31 March 2017 (₹)	31 March 2016 (₹)
<b>Key management personnel</b>		
Dr. Vandana Lal - Director	10,09,770	9,57,770
<b>Enterprises owned or significantly influenced by key management personnel or their relatives</b>		
Central Clinical Laboratories	2,49,354	2,37,483
Eskay House HUF - Dr. Arvind Lal	79,29,250	78,58,640

### j. Security Deposit

Particulars	31 March 2017 (₹)	31 March 2016 (₹)
<b>Enterprises owned or significantly influenced by key management personnel or their relatives</b>		
Eskay House HUF - Dr. Arvind Lal	6,41,830	6,41,830

### k. Other transactions

Particulars	31 March 2017 (₹)	31 March 2016 (₹)
<b>i) Dividend Paid</b>		
<b>Key Management Personnel</b>		
Dr. Arvind Lal - Chairman cum Managing Director	10,11,48,315	4,33,02,904
Dr. Vandana Lal – Director	5,97,44,599	2,75,88,584

Particulars	31 March 2017 (₹)	31 March 2016 (₹)
Dr. Om Prakash Manchanda – Director	33,70,208	6,29,889
<b>Relatives of Key Management Personnel</b>		
Dr. Archana Lal (Daughter of Dr. Arvind Lal & Dr. Vandana Lal)	84,00,000	34,35,414
Mr. Anjaneya Lal (Son of Dr. Arvind Lal & Dr. Vandana Lal)	63,36,053	34,35,414
<b>Enterprises owned or significantly influenced by key management personnel or their relatives</b>		
Eskay House HUF - Dr. Arvind Lal	63,06,653	29,44,641
<b>ii) Dividend Received</b>		
<b>Subsidiary Company</b>		
Paliwal Diagnostics Private Limited	1,32,93,713	87,23,999
<b>iii) Employee Share based compensation</b>		
<b>Key Management Personnel</b>		
Dr. Om Prakash Manchanda – Director	29,89,12,030	26,20,20,998
Note: During the current year, the Company has granted 82,677 stock options under RSU plan 2016 to key managerial personnel and recognised expense of ₹ 2,79,33,571, these options are not vested till year end. These options would Vest not before one year and not later than four years from the date of grant of such Options, which means 25% of options granted will become due for vesting on each anniversary of date of grant. For the purpose of above disclosure, the expense booked in respect of RSU Plan, 2016 has not been included in the amount of employee share based compensation.		
<b>iv) Issue of Shares</b>		
<b>Key Management Personnel</b>		
Dr. Om Prakash Manchanda – Director*	4,26,58,000	2,70,26,336
* Shares directly issued to the Employee by the Company @ ₹ 110.80 per equity share of ₹ 10/- each.		
<b>v) share application money received and refunded during the year</b>		
<b>Key Management Personnel</b>		
Dr. Om Prakash Manchanda – Director	2,95,34,848	-
<b>vi) Share Application Money Received Pending Allotment</b>		
<b>Key Management Personnel</b>		
Dr. Om Prakash Manchanda – Director	-	73,12,800
<b>vii) Interest Income</b>		
<b>Key Management Personnel</b>		
Dr. Om Prakash Manchanda – Director	-	36,46,667
<b>viii) Transactions with Dr. Lal PathLabs Employee Welfare Trust</b>		
Loan Given	-	1,71,21,000
Expenses incurred on behalf of related party	1,05,400	-
Amount recovered	62,30,000	-
Debit for Issue of Shares	-	18,69,95,911
Recovery against Issue of Shares	-	9,92,41,460
Amount credited for shares transferred to employees under ESPS 2015	15,30,930	1,62,92,197
Dividend Paid	58,08,386	22,96,863
Amount recoverable as at year end	42,53,48,602	43,30,03,732

Note:- No amount has been provided as doubtful debts or advances/written off or written back in respect of debts due from/to above parties, except as stated above.

## Notes to financial statements for the year ended 31st March 2017

### 26 Segment Information

#### Primary segments: Business Segment

The Company is solely 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, other pathological and radiological investigations. The entire operations are governed by the same set of risks and returns and hence have been considered as representing a single business segment. The said treatment is in accordance with the guiding principles enunciated in the Accounting Standard 17 on Segment Reporting as notified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013.

#### Secondary Segments: Geographical Segments

The analysis of geographical segment is based on geographical location of its customers.

The following table shows the distribution of the Company's consolidated revenue and trade receivables by geographical market:

Particulars	31 March 2017 (₹)	31 March 2016 (₹)
<b>1. Revenue</b>		
- India	8,77,52,15,360	7,62,85,97,126
- Outside India (FC)	4,35,32,271	2,53,62,825
<b>Total Revenue</b>	<b>8,81,87,47,631</b>	<b>7,65,39,59,951</b>
<b>Particulars</b>	<b>31 March 2017 (₹)</b>	<b>31 March 2016 (₹)</b>
<b>2. Trade Receivables</b>		
- India	39,57,52,132	34,27,47,901
- Outside India (FC)	67,98,253	58,18,652
<b>Total Trade Receivables</b>	<b>40,25,50,385</b>	<b>34,85,66,553</b>

Note: All assets other than the trade receivables as disclosed above are located in India.

### 27 Net dividend remitted in foreign exchange

Year of remittance (ending on)	31 March 2017	31 March 2017	31 March 2016
Year to which it relates	1 April 2016 to 31 March 2017	1 April 2015 to 31 March 2016	1 April 2014 to 31 March 2015
	<b>Interim Dividend</b>	<b>Final Dividend</b>	<b>Final Dividend</b>
Number of non-resident shareholders to whom dividend remitted in foreign exchange	1	1	2
Number of equity shares held on which dividend was due	76,09,459	76,09,459	800
Number of preference shares of ₹ Nil (previous year ₹ 10) each held on which dividend was due			
Amount remitted in (USD)	-	-	1,70,30,560
On Equity shares	1,45,496	2,73,762	19
On Preference shares	-	-	4,06,841
Equivalent amount remitted in (INR)			
On Equity shares	98,92,297	1,86,43,175	1,227
On Preference shares	-	-	2,61,19,207

### 28 Gratuity and other post employment benefit plans

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service or part thereof in excess of six months.

The following tables summarise the components of net benefit expense recognized in the statement of profit and loss and amounts recognized in the balance sheet for the gratuity plan.

**Statement of profit and loss**

Net employee benefit expense recognized in employee cost:

	31 March 2017 (₹)		31 March 2016 (₹)	
	Funded	Unfunded	Funded	Unfunded
Current service cost	1,19,35,352	-	1,08,03,665	-
Interest cost on benefit obligation	51,48,835	-	36,50,640	-
Expected return on plan assets	(43,65,804)	-	(24,68,669)	-
Net actuarial (gain) / loss recognized in the year	1,15,71,966	-	69,06,753	-
Net benefit expense	<b>2,42,90,349</b>	-	<b>1,88,92,389</b>	-
Actual return on plan assets	45,70,109	-	27,54,842	-

**Balance Sheet**

Benefit Asset / Liability

	31 March 2017 (₹)		31 March 2016 (₹)	
	Funded	Unfunded	Funded	Unfunded
Present value of defined benefit obligation	8,85,42,454	-	6,36,62,801	-
Fair value of plan assets	7,92,82,624	-	3,67,13,739	-
Outstanding at the beginning of the period / year	-	-	-	-
Plan (liability)	<b>(92,59,830)</b>	-	<b>(2,69,49,062)</b>	-

Change in present value of the defined benefit obligation are as follows:

	31 March 2017 (₹)		31 March 2016 (₹)	
	Funded	Unfunded	Funded	Unfunded
Opening defined benefit obligation	6,36,62,801	-	4,64,66,421	2,99,620
Current service cost	1,19,35,352	-	1,08,03,665	-
Interest cost	51,48,835	-	36,50,640	-
Benefits paid	(39,80,805)	-	(47,50,471)	-
Actuarial (gain) / loss	1,17,76,271	-	71,92,926	-
Adjustments*	-	-	2,99,620	(2,99,620)
Closing defined benefit obligation	<b>8,85,42,454</b>	-	<b>6,36,62,801</b>	-

\*Unfunded obligation had been funded during the previous year.

Change in fair value of plan assets are as follows:

	31 March 2017 (₹)	31 March 2016 (₹)
Opening fair value of plan assets	3,67,13,739	3,64,84,987
Expected return	43,65,804	24,68,669
Contributions by employer	4,19,79,581	19,89,440
Benefits paid	(39,80,805)	(47,50,471)
Actuarial gain / (loss)	2,04,305	2,86,173
Adjustments	-	2,35,001
Closing fair value of plan assets	<b>7,92,82,624</b>	<b>3,67,13,739</b>

The Company is expected to contribute ₹ 9,259,830 to gratuity fund in the next year. (Previous year ₹ 26,949,062 )

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	31 March 2017 (%)	31 March 2016 (%)
Investments with insurer	100	100

## Notes to financial statements for the year ended 31st March 2017

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

	31 March 2017 (%)	31 March 2016 (%)
Discount rate	7.13	7.79
Expected rate of return on plan assets	7.71	7.79
Increase in compensation cost	6-12	5-10
Employee turnover	5-18	2-18

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

Amounts for the current year and previous years are as follows:

	31 March 2017 (₹)	31 March 2016 (₹)	31 March 2015 (₹)	31 March 2014 (₹)	31 March 2013 (₹)
Defined benefit obligation	8,85,42,454	6,36,62,801	4,67,66,041	3,09,85,411	2,59,78,634
Plan assets	7,92,82,624	3,67,13,739	3,64,84,927	2,63,56,072	2,37,29,125
(Deficit)	(92,59,830)	(2,69,49,062)	(1,02,81,113)	(46,29,339)	(22,49,509)
Experience adjustment on plan liabilities – (loss) / gain	(38,48,760)	(63,43,377)	(47,40,507)	4,11,684	14,06,119
Experience adjustment on plan assets – (loss) / gain	2,04,305	2,86,173	(1,22,719)	(1,01,356)	-

Defined contribution plan:

	31 March 2017 (₹)	31 March 2016 (₹)
Contribution to provident fund	4,35,16,736	3,98,81,725

### 29 (a) Employee Stock Option Plan

In terms of approval of shareholders accorded at the Annual General Meeting held on August 20, 2010 the Company formulated Dr. Lal PathLabs Pvt. Ltd. Employee Stock Option Plan 2010 ("Plan") for specified categories of employees of the Company. As per the Plan, 3,808,960 Stock Options (after considering bonus shares issued during the previous year and subdivision of shares of ₹ 100 each into 10 shares of ₹ 10 each) can be issued to specified categories of employees of the Company. Each option, upon vesting, shall entitle the holder to acquire 1 equity share of ₹ 10. As per resolution passed by the Company on August 21, 2015 there would not be any further grant under the ESOP Plan 2010. Details of the scheme are as under:

	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 5	Tranche 6
Date of grant	01/Sep/10	01/Apr/11	01/Apr/12	01/Nov/13	01/Dec/13	23/Jan/15
Date of Board Approval	20/Aug/10	20/Aug/10	20/Aug/10	20/Aug/10	20/Aug/10	20/Aug/10
Date of Shareholder's approval	20/Aug/10	20/Aug/10	20/Aug/10	20/Aug/10	20/Aug/10	20/Aug/10
Number of options granted	2972160*	460000*	80000*	28000*	28000*	1,62,180
Method of settlement (cash / equity) (Refer Note 1)	Equity	Equity	Equity	Equity	Equity	Equity
Vesting Period	51 months on monthly basis	51 months on monthly basis	60 months on monthly basis	60 months on monthly basis	60 months on monthly basis	48 months on monthly basis
Exercise period	Refer Note 2 below	Refer Note 2 below	Refer Note 2 below	Refer Note 2 below	Refer Note 2 below	Refer Note 2 below
Vesting conditions	Continued employment	Continued employment	Continued employment	Continued employment	Continued employment	Continued employment

\* Updated by considering subdivision along with bonus.

Note 1 : Prior to listing of the Company's equity shares, the options granted under the Plan were considered as cash settled as per the provision of the said Plan. As per the Plan, upon listing of the Company's shares, there is no obligation on the Company to provide liquidity to employees. Accordingly, the Plan has been considered as Equity Settled post the listing of the Company's shares on December 23, 2015

Note 2: Exercise period shall be a period of five years from the date on which the Company's shares were listed on a recognized stock exchange in India, or a period of ten years from the date of vesting, whichever period ends later.

The details of activities under the aforesaid scheme have been summarized below:

Particulars	31 March 2017		31 March 2016	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
	(₹)	(₹)	(₹)	(₹)
Outstanding at the beginning of the year	8,09,863	145.95	24,29,060	124.15
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	3,89,187	110.80	16,19,197	113.30
Expired during the year	-	-	-	-
Outstanding at the end of the year	4,20,676	178.47	8,09,863	145.95
Exercisable at the end of the year	3,37,477	150.99	6,80,519	108.49

Weighted average remaining contractual life (in years):

Year	Exercise price (₹)	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price (₹)	Fair Value of Company's share (₹)
31st March 2017	110.80	2,78,693	8.9	110.80	967.55
	311.30	1,41,983	10.13	311.30	967.55
31st March 2016	110.80	6,67,880	9.6	110.80	923.30
	311.30	1,41,983	11.13	311.30	923.30

#### Stock Options granted:

The weighted average fair value of the Company's shares under the stock option plan granted to the employees as at 31.03.2017 is ₹ 967.55. The same has been taken based on the closing price as reported by [www.nseindia.com](http://www.nseindia.com).

In FY 2011-12, Dr. Lal PathLabs Employee Welfare Trust" ("Trust") was constituted, inter alia, for the purpose of acquiring equity shares of the Company, to hold the shares and to allocate/ transfer these shares to eligible employees of the Company from time to time on the terms and conditions specified under the Plan.

The Company has given interest free loans of ₹ 42,52,48,602 (March 31, 2016: ₹ 43,29,03,732) to the said Trust which in turn has purchased 19,15,331 equity shares (March 31, 2016: 19,15,331 equity shares) of ₹ 10 each from employees of the Company. The Company has not consolidated the financial statements of the Trust in the standalone financial statements of the Company.

#### 29 (b) Employee Share Purchase Scheme

The Company, vide resolution dated May 11, 2015 approved the Dr. Lal PathLabs Private Limited Employee Share Purchase Scheme 2015 ("ESPS 2015") which is a performance based plan entitling eligible employees to seek transfer of Equity Shares from the Employee Welfare Trust ("EWT"), which is determined upon evaluation of their performance during the year and the fair market value of the Equity Shares as on April 1 of every year. The transfers from the EWT would be adjusted against a performance based amount which is determined in accordance with ESPS 2015 and transferred by the Company to the EWT. The shares purchased under the Scheme by the employees shall have a lock in period of 2 years from the end of the respective performance year. ESPS 2015 came into effect on April 1, 2014 and shall continue to remain in force unless terminated.

Details of the scheme are as under:

Particulars	Year ended March 31, 2017 (₹)	Year ended March 31, 2016 (₹)
Maximum number of Equity Shares granted / made available for transfer	7,997	97,977
Forfeited during the year	-	16,062
Shares adjusted towards TDS liability	2,762	29,579
Price of shares on the date of transfer	967.55	921.45

Notes to financial statements for the year ended 31st March 2017

Particulars	Year ended March 31, 2017 (₹)	Year ended March 31, 2016 (₹)
Expense booked against equity shares adjusted towards TDS liability at fair value on the date of transfer	26,72,373	2,72,55,570
Number of equity shares transferred/to be transferred	5,235	52,336
Price of shares on the date of grant	923.30	311.30
Expense booked against equity shares transferred/to be transferred at fair value on the date of grant	48,33,476	1,62,92,197
Evaluation period	April 1, 2016 to March 31, 2017	April 1, 2015 to March 31, 2016
Method of settlement (cash / equity)	Equity	Equity
Vesting conditions	Performance and continued employment till the end of the performance year	

**29 (c) Restricted Stock Option Plan**

In terms of approval of shareholders accorded at the Annual General Meeting held on July 28, 2016, the Company has formulated Dr. Lal PathLabs Employees Restricted Stock Unit Plan 2016 ("RSU 2016" or the "Plan") for grant of Restricted Stock Units ("Options") to key employees & directors of the company. As per the Plan, maximum number of Options which can be granted to specified categories of employees of the Company are 12,44,155. Each option, upon vesting, shall entitle the holder to acquire 1 equity share of ₹ 10. RSU 2016 came into effect on July 28, 2016 and shall continue to remain in force unless terminated or all of Options available for issuance under RSU 2016 have been issued & exercised, whichever is earlier.

Under RSU 2016, for the performance year 2016-17, Options of ₹ 10 each granted to eligible employees is 2,25,000 out of which 6,225 Options were forfeited on non satisfaction of vesting conditions. The Company has accounted for the liability of Options proportionately for the period under Employee salaries on the basis of weighted average fair value.

**Details of the scheme are as under:**

Particulars	Tranche 1	Tranche 2	Tranche 3	Tranche 4
Date of grant	29/Jul/16	01/Aug/16	21/Sep/16	10/Oct/16
Date of Board Approval	28/Jul/16	28/Jul/16	28/Jul/16	28/Jul/16
Date of Shareholder's approval	28/Jul/16	28/Jul/16	28/Jul/16	28/Jul/16
Number of options granted	203400	3600	8000	10000
Method of settlement (cash / equity)	Equity	Equity	Equity	Equity
Vesting Period	Refer Note 1 below	Refer Note 1 below	Refer Note 1 below	Refer Note 1 below
Exercise period	Refer Note 2 below	Refer Note 2 below	Refer Note 2 below	Refer Note 2 below
Price on the date of grant*	972.50	974.10	1193.00	1047.10
Exercise Price	10	10	10	10
Vesting conditions	Refer Note 3 below	Refer Note 3 below	Refer Note 3 below	Refer Note 3 below

\*NSE closing price on the date immediately prior to the grant date

**Note 1:** Options granted under RSU 2016 would vest not before one year and not later than four years from the date of grant of such Options, which means 25% of options granted will become due for vesting on each anniversary of date of grant.

**Note 2:** The Exercise Period shall be 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.

**Note 3:** Vesting Conditions:

- Time Based Vesting Condition: 50% of Options due for vesting as on relevant date of vesting shall vest automatically subject to employee continuously remaining employed by the Company during the vesting period and is on the rolls of the Company on the date of vesting in unresigned state.



- b) Up to balance 50% of Options due for vesting as on relevant date of vesting shall vest on the basis of Company Performance Factor. The Company "Performance Factor" is determined by the weighted average of two business KPIs (Gross Revenue & EBITDA with equal weightage) for the performance period. The performance period shall refer to the financial year prior to the date of vesting.

The details of activities under the aforesaid scheme have been summarized below:

Particulars	31st March 2017		31st March 2016*	
	Number of Options	Weighted Average Exercise Price (₹)	Number of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	2,25,000	10	-	-
Forfeited during the year	6,225	10	-	-
Exercised during the year	-	10	-	-
Outstanding at the end of the year	2,18,775	10	-	-
Exercisable at the end of the year	-	10	-	-
Weighted average remaining contractual life (in years):	6.84	-	-	-

\* Not applicable since no Options were granted during the previous year.

### 30. Assets taken on Operating Leases

Office premises and equipment are obtained on operating lease. The lease terms are ranging from 1-20 years and are generally cancellable at the option of the Company. However, there are lock in period in case of few leases.

Future minimum lease payments for non-cancellable period are as follows:-

	31 March 2017 (₹)	31 March 2016 (₹)
Not later than one year	11,10,72,105	10,82,77,008
Later than one year but not later than five years	9,65,11,164	8,58,06,168
Later than five years	-	-
	<b>20,75,83,269</b>	<b>19,40,83,175</b>

### 31. Capital and other commitments:

	31 March 2017 (₹)	31 March 2016 (₹)
a) Estimated amount of contracts remaining to be executed on capital account and not provided for	24,35,98,587	16,67,12,951
b) Commitment of reagent purchases in lieu of suppliers providing laboratory machineries free of cost	Not quantifiable	Not quantifiable

### 32. Contingent liabilities (not provided for) in respect of:

	31 March 2017 (₹)	31 March 2016 (₹)
Claims against the Company by a vendor not acknowledged as debts** (As per the Company these claims are not tenable and therefore no provision is required)	5,97,97,513	5,97,97,513
Demand in respect of short deduction of TDS/Interest on late payment of TDS*	2,73,810	-
Income Tax demand*	39,610	-
Other claims against the Company not acknowledged as debts**	1,57,00,160	1,30,65,235

\*The liability is assessed as remote.

\*\* 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.

## Notes to financial statements for the year ended 31st March 2017

### 33. Unhedged foreign currency exposure

#### Particulars of unhedged foreign currency exposure as at the reporting date

Particulars	Amount
Capital Creditors (USD)	Nil (31 March 2016: USD 53,800)
	Nil (31 March 2016: ₹ 35,68,710)
Export trade receivable (SAR)	SAR 2,43,174.97 (31 March 2016: SAR 1,99,032)
	(₹ 42,09,359 (31 March 2016: ₹ 35,06,256))
Export trade receivable (KWD)	KWD 886.81 (31 March 2016: KWD 726.29)
	(₹ 1,89,112 (31 March 2016: ₹ 1,58,727))
Export trade receivable (OMR)	OMR Nil (31 March 2016: OMR 2,096.13)
	( ₹ Nil (31 March 2016: ₹ 3,58,692))
Export trade receivable (USD)	USD 37,022.89 (31 March 2016: USD 18,932.76)
	(₹ 24,02,046 (31 March 2016: ₹ 12,51,435))
Export trade receivable (QAR)	QAR Nil (31 March 2016: QAR 29,967.24)
	( ₹ Nil (31 March 2016: ₹ 5,43,543))

### 34. Value of Imports calculated on CIF Basis (on accrual basis)

Particulars	31 March 2017 (₹)	31 March 2016 (₹)
Reagents, Surgical, Chemicals and laboratory supplies	9,61,412	1,16,32,098
Capital goods	3,01,00,072	5,93,59,706
Spare Parts	-	2,25,004

### 35. Details of dues to Micro and Small Enterprises as per Micro, Small and Medium Enterprise Development (MSMED) Act, 2006

Particulars	31 March 2017 (₹)	31 March 2016 (₹)
1. The principal amount and interest due thereon remaining unpaid to any supplier as at the end of each accounting period.	2,83,668	6,58,472
2. The amount of interest paid by the buyer in terms of Section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting period.	Nil	Nil
3. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	Nil	Nil
4. The amount of interest accrued and remaining unpaid at the end of each accounting period; and	Nil	Nil
5. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro Small and Medium Enterprise Development Act, 2006.	Nil	Nil

### 36 Investments

The Company has invested in the following company:

S. No.	Subsidiary Name	Amount of Investments (₹)	Book Value per Share as on March 31, 2017* (₹)	Book Value per Share as on March 31, 2016* (₹)	Purchase Value per Share as on March 31, 2017 (₹)
1.	APL Institute of Clinical Laboratory and Research Private Limited	7,23,45,877	1,237	1,055	7,235

(\*as per audited financial statements)

This company has incurred profit during the current Financial Year. This being a long term strategic investment and also in view of the projected profitable operations of the Company, the management is of the view that the diminution in the value of the investment is temporary in nature and hence no provision is required to be made there against.

### 37. During the current year, the Company has acquired 100% equity stake in "Delta Ria and Pathology Private Limited", engaged in the business of providing pathological diagnostics services in Bhopal, on a going concern basis for a purchase consideration of ₹ 3,40,00,000.

The Company has made payment of ₹ 2,38,00,000 in current year against consideration for purchase of Investment. The Investments have been recorded at full consideration and the balance consideration of ₹ 1,02,00,000 has been shown as 'Creditors against purchase of Investment' in Note No. 6 under Trade Payables and Other Liabilities' in current year. The balance consideration is payable, along with 10% interest per annum w.e.f. December 21st '2016, after 12 months from the date of signing of the agreement.

38. During the current year, the Company has acquired 10% additional equity stake in its existing two subsidiaries - Paliwal Diagnostic Private Limited (PDPL) & Paliwal Medicave Private Limited (PMPL). Pursuant to acquisition, the Company holds 80% stake in both the subsidiaries. The Company has made payment of ₹ 13,77,66,800 in current year as consideration for purchase of additional stake.
39. The Company had, during the previous year, formed a wholly owned foreign subsidiary, Dr. Lal PathLabs Nepal Private Limited, Nepal, with an issued capital of NRS 4,00,00,000 consisting of 4,00,000 Shares of NRS 100. During the current year, the Company has subscribed for Equity Share Capital of NRS 4,00,00,000 (equivalent ₹ 2,50,48,532) consisting of 4,00,000 shares of NRS 100. Further, during 2013-14, wholly owned foreign subsidiary Dr. Lal PathLabs International B.V., Amsterdam, with an issued capital of EUR 1,00,000 consisting of 10,000 shares of EUR 10 each was formed, however, no amount has been subscribed till the year end.
40. **Expenditure in Foreign Currency (accrual basis)**

	31 March 2017 (₹)	31 March 2016 (₹)
Travelling & conveyance*	24,96,519	37,25,940
Lab test charges	41,46,334	51,08,289
Fees and subscription	-	7,72,434
Repair and maintenance	3,13,26,093	2,48,02,838
Software	-	1,44,36,163
Professional Charges**	22,06,196	2,59,38,235
Rates & Taxes	-	56,908
Advertisement	10,81,585	-
Miscellaneous Expenses	26,29,384	80,13,110
<b>Total</b>	<b>4,38,86,111</b>	<b>8,28,53,917</b>

\*Including ₹ Nil (Previous year ₹ 17,81,790) recovered from shareholders who have offered their shares in the IPO.

\*\*Includes ₹ 6,58,839 recovered from Dr Lal PathLabs International BV & ₹ Nil (Previous year ₹ 2,43,14,040) recovered from shareholders who have offered their shares in the IPO.

41. **Imported and indigenous Reagents, Chemicals, Surgicals and Laboratory supplies, consumed**

	% of total consumption 31 March 2017	Value 31 March 2017	% of total consumption 31 March 2016	Value 31 March 2016
Imported	0.11%	21,68,664	1.20%	2,01,39,060
Indigenously obtained	99.89%	1,91,03,07,178	98.80%	1,66,11,51,099
	<b>100.00%</b>	<b>1,91,24,75,842</b>	<b>100.00%</b>	<b>1,68,12,90,159</b>

42. **Earnings in Foreign Currency (accrual basis)**

	31 March 2017 (₹)	31 March 2016 (₹)
Export of services	4,35,32,271	2,53,62,825
	<b>4,35,32,271</b>	<b>2,53,62,825</b>

43. In light of Section 135 of the Companies Act, 2013, the Company has incurred expenses on Corporate Social Responsibility (CSR) aggregating to ₹ 1,87,49,485 for CSR activities.

Particulars	For the year ended 31 March 2017 (₹)	For the year ended 31st March 2016 (₹)
a) Gross amount required to be spent by the Company during the year	2,70,57,426	2,07,28,680
b) Amount spent during the year on the following in cash		
1. Construction/ acquisition of any asset	Nil	Nil
2. On purpose other than (i) above		
	<b>1,87,49,485 *</b>	<b>38,00,000*</b>

\*Company has contributed ₹ 1,87,46,855 (Previous year ₹ 35,00,000) to Dr. Lal PathLabs Welfare Trust which is carrying out Corporate Social Responsibility (CSR) activities as mentioned in Schedule VII of Companies Act 2013.

## Notes to financial statements for the year ended 31st March 2017

### 44. Disclosure required under Section 186(4) of the Companies Act 2013

Included in loans and advances are certain inter-corporate deposits/Expenses receivable the particulars of which are disclosed below as required by Section 186(4) of Companies Act 2013

Name of the loanee	Rate of Interest	Due date	Secured/ unsecured	March 31, 2017	March 31, 2016
APL Institute of Clinical Laboratory & Research Private Limited	Interest free	Repayable on demand	Unsecured	Nil	51,83,188
Dr. Lal PathLabs International B.V	Interest free	Repayable on demand	Unsecured	10,46,765	3,87,926
				<b>10,46,765</b>	<b>55,71,114</b>

The loans have been utilized for meeting their working capital requirements.

For details of investments made by the Company refer note no 10.

### 45. As per Notification dated March 30, 2017, issued by Ministry of Corporate Affairs, details of the Specified Bank Notes (SBN) held & transacted during the period from November 8, 2016 to December 30, 2016 is as provided in the table below:

Particulars	SBNs (₹)	Other denomination notes (₹)	Total (₹)
Closing cash in hand as on 08.11.2016	2,19,10,000	26,04,501	2,45,14,501
(+) Permitted receipts	-	-	-
(-) Permitted payments	-	-	-
(-) Amount deposited in Banks from 09.11.2016 to 30.12.2016 *	2,19,10,000	23,76,46,250	25,95,56,250
Closing cash in hand as on 30.12.2016	-	89,20,208	89,20,208

\* Amount deposited in banks is as per the certificate of deposit of cash in bank accounts as given by the banks.

### 46. As per the Scheme of Amalgamation ["the Scheme"] u/s 391/394 of the Companies Act, 1956 among the Company and its erstwhile wholly owned subsidiary Companies [Transferor Companies], the title deeds for immovable properties, licenses, agreements, bank accounts, loan documents etc. of the Transferor Companies are in the process of being transferred in the name of Company.

### 47. The amortization of goodwill arising pursuant to Scheme of Amalgamation has been treated as deductible expense under Section 32 of the Income Tax Act, 1961 on the basis of judicial pronouncements and legal opinion obtained by the Company.

### 48. The Board of Directors in their meeting held on May 12, 2017 have approved the "Scheme of Amalgamation" of Delta Ria and Pathology Private Limited with the Company w.e.f. April 1, 2017 (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.

### 49. Previous year Comparatives

During the current year as well as during the previous year, the Company has set up new/acquired laboratories at various locations in India and some new patient service centers at various locations. Hence, current year's figures are not strictly comparable with those of the previous year.

Previous year's figures have been regrouped / rearranged wherever necessary to conform to current year classification.

As per our report of even date

#### For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm's Registration No.: 301003E/E300005

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

(Formerly known as Dr. Lal PathLabs Private Limited)

per Anil Gupta

Partner

Membership No. 87921

Place: New Delhi

Date: May 12, 2017

(Hony.) Brig. Dr. Arvind Lal  
[Chairman and Managing Director]

DIN: 00576638

Mr. Dilip Bidani  
[Chief Financial Officer]

Dr. Om Prakash Manchanda  
[CEO and Whole Time Director]

DIN: 02099404

Mr. Rajat Kalra  
[Company Secretary]  
Membership No. A-16947

## CONSOLIDATED FINANCIAL STATEMENTS

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## Independent Auditor's Report

### To the Members of Dr. Lal PathLabs Limited

#### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Dr. Lal Pathlabs Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the consolidated Balance Sheet as at March 31, 2017, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

#### Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016. 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 of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring 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 Holding Company, as aforesaid.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. 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 Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group, as at March 31, 2017, their consolidated profit, and their consolidated cash flows for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

As required by Section 143 (3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

- (a) We / the other auditors whose reports we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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 consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss, and consolidated Cash Flow Statement dealt with by this Report are in agreement with the 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 Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016;
- (e) On the basis of the written representations received from the directors of the Holding Company and two of its subsidiary companies as on March 31, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of two other subsidiary companies, incorporated in India, none of the directors of the Group's companies, incorporated in India is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its subsidiary companies incorporated in India, refer to our separate report in "Annexure 1" to this report;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group,— Refer Note 29 to the consolidated financial statements;
  - The Group did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2017.
  - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiaries incorporated in India.
  - The Holding Company and its subsidiaries incorporated in India, have provided requisite disclosures in Note 42 to these consolidated financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our enquiries, test check of the books of account and other details maintained by

the Holding Company and relying on the management representation regarding the total holding and nature of total cash transactions, we report that these disclosures are in accordance with the books of accounts maintained by the Group for the 'total' column only. The books of account and other details maintained by the Holding Company do not include the details of bifurcation between the Specified Bank Notes and other denomination notes for the balances or specified transactions reported in Note 42. Hence, our report is solely based on the management representation for such information related to the holdings and dealings in Specified Bank Notes as included in such disclosure.

#### Other Matter

- (a) We did not audit the financial statements and other financial information, in respect of three of its subsidiaries, whose financial statements include total assets of ₹ 4,71,64,573 and net assets of ₹ 3,70,88,795 as at March 31, 2017, and total revenues of ₹ 5,65,42,252 and net cash inflows of ₹ 97,51,301 for the year ended on that date. These financial statement and other financial information have been audited by other auditors, for which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the report(s) of such other auditors

Our opinion above on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements above, 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.

For **S.R. Batliboi & CO. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per **Anil Gupta**

Partner

Membership Number: 87921

Place of Signature: New Delhi

Date: May 12, 2017



## Annexure 1 to the Independent Auditor's report of even date on the Consolidated Financial Statements of Dr. Lal PathLabs Limited

### Report on the Internal Financial Controls 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 financial statements of Dr. Lal Pathlabs Limited as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of Dr. Lal Pathlabs Limited (hereinafter referred to as the "Holding Company") 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 Holding Company 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 Holding 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 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 Act.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under Section 143(10) of the Act, 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 in terms of their reports 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.

#### 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, the Holding Company, its subsidiary companies, which are companies incorporated in India, have, maintained 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 March 31, 2017, based

on the internal control over financial reporting criteria established by the Holding 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.

**Other Matters**

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Holding Company, insofar as it relates to its subsidiary companies, which are companies incorporated in India,

is based on the corresponding reports of the auditors of two of its subsidiary companies incorporated in India.

For **S.R. Batliboi & CO. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per **Anil Gupta**

Partner

Membership Number: 87921

Place of Signature: New Delhi

Date: May 12, 2017

## Consolidated Balance Sheet as at 31st March 2017

	Notes	31 March 2017 (₹)	31 March 2016 (₹)
<b>Equity and liabilities</b>			
<b>Shareholder's funds</b>			
Share capital	3	83,06,61,840	82,67,69,970
Reserves and surplus	4	5,76,73,02,942	4,23,94,35,354
		<b>6,59,79,64,782</b>	<b>5,06,62,05,324</b>
<b>Share Application money pending allotment</b>	5	-	<b>73,12,800</b>
<b>Minority Interest</b>	6	<b>2,39,57,968</b>	<b>2,88,64,336</b>
<b>Non-current liabilities</b>			
Trade payables-			
- total outstanding dues of micro and small enterprises	7	-	-
- total outstanding dues of creditors other than micro and small enterprises	7	11,26,90,857	10,23,17,499
Other long term liabilities	7	16,79,37,927	13,77,84,880
Long- term provisions	8	26,17,760	20,04,155
		<b>28,32,46,544</b>	<b>24,21,06,534</b>
<b>Current liabilities</b>			
Trade payables-			
- total outstanding dues of micro and small enterprises	7	2,83,668	6,58,472
- total outstanding dues of creditors other than micro and small enterprises "	7	52,33,20,122	42,20,00,046
Other current liabilities	7	14,64,42,300	17,54,62,199
Short-term provisions	8	6,65,19,635	30,96,96,622
		<b>73,65,65,725</b>	<b>90,78,17,339</b>
<b>TOTAL</b>		<b>7,64,17,35,019</b>	<b>6,25,23,06,333</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill (on consolidation)		57,75,38,891	41,72,27,852
Fixed assets			
Property, Plant & Equipment	9	1,14,44,20,054	1,08,26,24,949
Intangible assets	10	18,18,30,412	15,65,50,960
Capital work-in-progress		15,64,87,412	4,09,36,908
Intangible assets under development		1,86,45,651	-
Deferred tax assets (net)	11	15,98,85,696	12,04,76,501
Long- term loans and advances	12	17,91,02,709	15,90,63,128
Other non-current assets	13.2	11,75,75,949	3,80,70,470
		<b>2,53,54,86,774</b>	<b>2,01,49,50,768</b>
<b>Current assets</b>			
Current investments	14	1,04,63,53,667	64,32,48,903
Inventories	15	17,90,72,150	14,51,50,048
Trade receivables	13.1	41,80,37,192	36,30,61,386
Cash and bank balances	16	2,38,25,30,823	2,09,94,90,913
Short-term loans and advances	12	1,01,31,42,136	91,99,15,222
Other current assets	13.2	6,71,12,277	6,64,89,093
		<b>5,10,62,48,245</b>	<b>4,23,73,55,565</b>
<b>TOTAL</b>		<b>7,64,17,35,019</b>	<b>6,25,23,06,333</b>
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

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

Chartered Accountants

ICAI Firm's Registration No.: 301003E/E300005

For and on behalf of the Board of Directors of Dr. Lal PathLabs Limited  
(Formerly known as Dr. Lal PathLabs Private Limited)

**per Anil Gupta**

Partner

Membership No. 87921

Place: New Delhi

Date: May 12, 2017

(Hony.) Brig. Dr. Arvind Lal  
[Chairman and Managing Director]  
DIN: 00576638

Mr. Dilip Bidani  
[Chief Financial Officer]

Dr. Om Prakash Manchanda  
[CEO and Whole Time Director]  
DIN: 02099404

Mr. Rajat Kalra  
[Company Secretary]  
Membership No. A-16947

## Consolidated Statement of profit and loss for the year ended 31st March 2017

	Notes	31 March 2017 (₹)	31 March 2016 (₹)
<b>Income</b>			
Revenue from operations	17	9,12,38,29,597	7,91,31,78,488
Other income	18.1	6,18,40,426	5,03,16,210
<b>Total revenue (I)</b>		<b>9,18,56,70,023</b>	<b>7,96,34,94,698</b>
<b>Expenses</b>			
Cost of Medicines, chemicals, surgicals and laboratory supplies consumed	19	1,97,07,76,597	1,72,92,23,970
Employee benefits expenses	20	1,63,41,00,775	1,36,83,40,811
Other expenses	21	3,15,34,77,148	2,71,84,16,244
<b>Total (II)</b>		<b>6,75,83,54,520</b>	<b>5,81,59,81,025</b>
<b>Earnings before interest, tax, depreciation and amortization (EBITDA) (I) – (II)</b>		<b>2,42,73,15,503</b>	<b>2,14,75,13,673</b>
Depreciation and amortisation expense	22	28,16,53,560	28,28,11,794
Interest Income	18.2	(18,94,44,000)	(14,74,29,979)
Finance costs	23	21,26,656	49,73,455
<b>Profit before tax</b>		<b>2,33,29,79,287</b>	<b>2,00,71,58,403</b>
<b>Tax expenses</b>			
Current tax		81,51,78,664	62,82,77,670
Income tax adjustment for earlier years		52,65,523	(8,69,39,035)
Deferred tax charge/(credit)		(3,56,28,467)	4,10,57,591
Deferred Tax Adjustments for earlier years		(37,80,728)	9,24,72,562
<b>Total tax expense</b>		<b>78,10,34,992</b>	<b>67,48,68,788</b>
<b>Profit for the year</b>		<b>1,55,19,44,295</b>	<b>1,33,22,89,615</b>
<b>Profit attributable to:</b>			
- Owners of the Parent		1,54,20,54,880	1,32,18,97,497
- Minority interests		98,89,415	1,03,92,118
		<b>1,55,19,44,295</b>	<b>1,33,22,89,615</b>
<b>Earnings per equity share [nominal value of share ₹ 10 (31 March 2016: ₹ 10)]</b>	24		
<b>Basic</b>		18.62	16.09
<b>Diluted</b>		18.55	15.98
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

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

Chartered Accountants

ICAI Firm's Registration No.: 301003E/E300005

For and on behalf of the Board of Directors of Dr. Lal PathLabs Limited  
(Formerly known as Dr. Lal PathLabs Private Limited)

**per Anil Gupta**

Partner

Membership No. 87921

Place: New Delhi

Date: May 12, 2017

(Hony.) Brig. Dr. Arvind Lal  
[Chairman and Managing Director]

DIN: 00576638

Mr. Dilip Bidani  
[Chief Financial Officer]

Dr. Om Prakash Manchanda  
[CEO and Whole Time Director]

DIN: 02099404

Mr. Rajat Kalra  
[Company Secretary]  
Membership No. A-16947

## Cash Flow Statement for the year ended March 31, 2017

	31 March 2017 (₹)	31 March 2016 (₹)
<b>A. Cash flow from operating activities</b>		
Net profit before tax	2,33,29,79,286	2,00,71,58,403
<b>Adjustments to reconcile profit before tax to net cash flows</b>		
Depreciation / amortisation	28,16,53,560	28,28,11,794
(Gain)/Loss on sale/ disposal / discard of fixed assets (net)	29,40,636	(7,21,193)
Bad debts Written off	68,85,811	77,83,240
Provision for doubtful debts and advances	4,28,80,452	99,09,378
Unspent Liability/ Miscellaneous balances written back	(33,85,135)	(50,25,201)
Dividend received (from current investments - other than trade)	(4,84,51,006)	(3,75,48,353)
Income from Long Term investments in MF	-	(2,50,600)
Foreign Currency translation reserve	(75,102)	-
Employee Share Based Compensation	7,29,77,505	(3,46,68,898)
Adjustment to General Reserve on Stock Options exercised	33,05,316	-
Bad debts recovered	(6,26,407)	(77,980)
Interest expense	21,26,656	49,73,455
Interest income	(18,94,44,000)	(14,74,29,979)
<b>Operating profit before working capital changes</b>	<b>2,50,37,67,572</b>	<b>2,08,69,14,066</b>
<b>Movements in working capital:</b>		
(Increase) in trade receivables	(10,26,72,346)	(6,99,50,262)
(Increase) in inventories	(3,39,22,103)	(23,76,395)
(Increase)/Decrease in loans and advances	(5,87,61,002)	5,05,85,198
(Increase) in other current assets	(39,79,239)	(36,37,908)
Increase in trade payables, current liabilities and provisions	11,80,76,972	21,08,40,205
<b>Cash generated from operations</b>	<b>2,42,25,09,854</b>	<b>2,27,23,74,904</b>
Direct taxes paid (net of refunds)	(70,61,48,470)	(68,69,34,953)
<b>Net cash flow from operating activities</b>	<b>1,71,63,61,384</b>	<b>1,58,54,39,951</b>
<b>B. Cash flow from investing activities</b>		
Purchase of fixed assets	(51,59,07,478)	(44,12,73,998)
Proceeds from sale of fixed assets	51,18,237	93,63,793
Purchase of investments in units of mutual funds	(1,66,31,89,394)	(92,16,59,531)
Sale of investments in units of mutual funds	1,26,00,84,630	65,94,36,291
Purchase of investments in Subsidiary Companies	(16,21,21,295)	(3,14,77,764)
Loans and Advances refunded back by Related parties (net)	69,96,290	(8,89,71,179)
Dividend received (from current investments - other than trade)	4,84,51,006	3,75,48,353
Payment for purchase of business on slump sale basis	(62,50,000)	(42,50,000)
Gain on redemption of Investment in mutual fund		
Interest received	18,89,59,035	12,46,87,369
Fixed Deposits placed with the banks	(3,13,08,26,786)	(3,03,68,23,341)
Deposits placed with the body corporates	(17,53,28,748)	(11,69,37,149)
Fixed Deposits with banks encashed	2,73,73,13,332	2,17,54,57,388
<b>Net cash (used in) investing activities</b>	<b>(1,40,67,01,171)</b>	<b>(1,63,48,99,768)</b>

	31 March 2017 (₹)	31 March 2016 (₹)
<b>C. Cash flow from financing activities</b>		
Proceeds from issuance of equity share capital	3,58,09,120	16,08,41,476
Share Application money	-	73,12,800
Interest paid	(23,19,551)	(82,82,701)
Dividend Paid including dividend tax	(37,79,58,891)	(15,62,76,054)
<b>Net cash from/(used in) financing activities</b>	<b>(34,44,69,322)</b>	<b>35,95,521</b>
<b>Net (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(3,48,09,109)</b>	<b>(4,58,64,296)</b>
<b>Cash and cash equivalents at the beginning of the period/year</b>	<b>18,69,85,560</b>	<b>23,28,49,856</b>
<b>Cash and cash equivalents acquired pursuant to purchase of business</b>	<b>22</b>	<b>-</b>
<b>Cash and cash equivalents at the end of the period/year</b>	<b>15,21,76,473</b>	<b>18,69,85,560</b>
<b>Components of cash and cash equivalents</b>		
Cash on hand	53,77,150	77,65,225
Balance with scheduled banks:		
- on current accounts	10,59,17,337	13,95,11,245
- on cash credit accounts	3,92,20,821	2,52,01,116
- on Escrow accounts*	16,14,700	1,45,07,974
- On unpaid dividend accounts*	46,465	
<b>Cash &amp; Cash Equivalents in Cash Flow Statement:</b>	<b>15,21,76,473</b>	<b>18,69,85,560</b>

**Notes:**

1. Previous year's figures have been regrouped, where necessary to conform to current year's classification.
  2. The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard- 3 on Cash Flow Statements.
  3. Cash flow from operating activities for the year ended March 31, 2017 is after considering CSR expense of ₹ 1,87,49,485 (Previous year ₹ 38,00,000)
- \*The Parent Company can utilise these balances only towards settlement of the respective unpaid dividend and refund of share application money lying in escrow account.

As per our report of even date

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

Chartered Accountants

ICAI Firm's Registration No.: 301003E/E300005

For and on behalf of the Board of Directors of Dr. Lal PathLabs Limited  
(Formerly known as Dr. Lal PathLabs Private Limited)

**per Anil Gupta**

Partner

Membership No. 87921

Place: New Delhi

Date: May 12, 2017

(Hony.) Brig. Dr. Arvind Lal  
[Chairman and Managing Director]  
DIN: 00576638  
Mr. Dilip Bidani  
[Chief Financial Officer]

Dr. Om Prakash Manchanda  
[CEO and Whole Time Director]  
DIN: 02099404  
Mr. Rajat Kalra  
[Company Secretary]  
Membership No. A-16947

## Notes to consolidated financial statements for the year ended 31 March 2017

### 1 Background and Nature of Operations

The Consolidated Financial Statements relate to **Dr. Lal PathLabs Limited** (hereinafter referred to as the “Parent Company”) and its subsidiary companies (collectively hereinafter referred to as the “DLPL Group”). The DLPL Group 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, other pathological and radiological investigations.

The Parent Company became a Public Limited Company w.e.f 19th August 2015 and consequently the name of the Company changed from Dr. Lal PathLabs Private Limited to Dr. Lal PathLabs Limited. The equity shares of the Company are listed on The National Stock Exchange of India and Bombay Stock Exchange.

### 2 Basis of preparation

The financial statements have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The DLPL Group has prepared these financial statements to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year except for the change in accounting policy explained below:

#### Change in Accounting Policy

##### Accounting for Proposed Dividend

As per the requirements of pre-revised AS 4, the Company used to create a liability for dividend proposed/ declared after the balance sheet date if dividend related to periods covered by the financial statements. Going forward, as per AS 4(R), the Company cannot create provision for dividend proposed/ declared after the balance sheet date unless a statute requires otherwise. Rather, Company will need to disclose the same in notes to the financial statements.

Accordingly, the Parent Company has disclosed dividend proposed by board of directors after the balance sheet date in the notes.

Had the Parent company continued with creation of provision for proposed dividend, its surplus in the statement of profit and loss account would have been lower by ₹ 16,99,60,058 and current provision would have been higher by ₹ 16,99,60,058 (including dividend distribution tax of ₹ 2,87,47,545).

### 2.1 Summary of significant accounting policies

#### (I) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are

based on the management’s best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future years.

#### (II) Principles of Consolidation

In the preparation of these Consolidated Financial Statements, investments in Subsidiaries have been accounted for in accordance with AS 21(Accounting for Consolidated Financial Statements) notified under Section 133 of the Companies Act, 2013 read together with paragraph of Companies (Accounting) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016. The Consolidated Financial Statements have been prepared on the following basis-

- i) Subsidiary companies have been consolidated on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses, after eliminating all significant intra-group balances and intra-group transactions and also unrealized profits or losses.
- ii) The difference of the cost to the Parent Company of its investment in Subsidiaries over its proportionate share in the equity of the investee company as at the date of acquisition of stake is recognized in the financial statements as Goodwill or Capital Reserve, as the case may be.
- iii) Minorities’ interest in net profit of consolidated subsidiaries for the year has been identified and income has been allocated to the Minority to arrive at the net income attributable to the shareholders of the Parent Company. Their share of net assets has been identified and presented in the Consolidated Balance Sheet separately. Where accumulated losses attributable to the minorities are in excess of their equity, in the absence of the contractual obligation on the minorities, the same have been accounted for by the holding company.
- iv) As far as possible, the consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Parent Company’s standalone financial statements. Differences in accounting policies have been disclosed separately.
- v) The financial statements of the group entities used for the purpose of consolidation are drawn up to same reporting date as that of the Parent Company i.e. year ended March 31, 2017.

#### (III) Property, Plant and Equipment

Property, plant and equipment, capital work in progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the



asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

#### (IV) Depreciation on Property, Plant and Equipment

Leasehold Improvements are depreciated over the useful lives of the assets or the unexpired lease period, whichever, is lower. Based on the same, leasehold improvements are being depreciated over a period of 4 - 10 years.

Leasehold land at Kolkata is being depreciated over the lease period of 99 years.

Depreciation on second hand plant and machinery has been provided over their balance useful life of 5-6 years and on second hand computers (excluding server and networks) has been provided over their balance useful life of 3 years on WDV basis as estimated by the management.

Depreciation on Furniture and Fixtures is provided using the Straight Line Method at the rate of 20% based on technical estimate of useful life.

Depreciation on all other fixed assets 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. The Group has considered following useful lives to provide depreciation on its Property, Plant & Equipment:

Property, Plant & Equipment	Useful Life (in years) followed by the Company (WDV)	Useful Life (in years) under Schedule II (WDV)
<b>Buildings</b>	30.00	30.00
<b>Plant &amp; Machinery</b>		
- Plant and Machinery used in medical and surgical operations	13.00	13.00
- Other Equipment	15.00	15.00
- Electrical Installations and Equipment	10.00	10.00

Property, Plant & Equipment	Useful Life (in years) followed by the Company (WDV)	Useful Life (in years) under Schedule II (WDV)
<b>Office Equipment</b>	5.00	5.00
<b>Computers</b>		
- Servers and networks	6.00	6.00
- End user devices, such as desktops, laptops, etc.	3.00	3.00
<b>Vehicles</b>		
- Motor cars	8.00	8.00
- Motor cycles, scooters and other mopeds	10.00	10.00

#### Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired at purchase of business is recorded at their fair value as at the date of purchase of business. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Computer software is being amortized using the straight line method over its useful life, not exceeding five years.

Goodwill and Trademarks are amortized using the straight line method over a period of five years starting from the date of acquisition of respective laboratory.

#### (V) Goodwill on Consolidation

Goodwill represents the difference between the DLPL Group's share in the net worth of the investee company and the cost of acquisition at each point of time of making the investment. For this purpose, the DLPL Group's share of net worth of the investee company is determined on the basis of the latest financial statements of that company available at the date of acquisition, after making necessary adjustments for material events between the date of such financial statements and the date of respective acquisition.

#### (VI) Leases

*Where the Group is lessee*

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

## Notes to consolidated financial statements for the year ended 31 March 2017

### (VII) Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

### (VIII) Impairment of Fixed Assets

The DLPL Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the DLPL Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

### (IX) Government grants and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the Group will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

When the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grants or subsidy received from the government relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

### (X) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

### (XI) Inventories

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

### (XII) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the DLPL Group and the revenue can be reliably measured. The following specific recognition criteria is also met before revenue is recognized:

#### *Laboratory Income*

Revenue comprises of amount billed (net of discounts) in respect of tests conducted and is recognized as and when the samples are registered for the purpose of conducting the tests which usually take not more than 48 hours.

#### *Interest*

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is shown separately in the statement of profit and loss.

#### *Income from units in Mutual Funds*

Dividend from units in mutual funds is recognised when the right to receive payment is established by the balance sheet 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.

### (XIII) Foreign currency translation

#### *Foreign currency transactions and balances*

#### (i) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

#### (ii) Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items,

which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

(iii) Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting DLPL Group's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

**(XIV) Retirement and other employee benefits**

Retirement benefit in the form of provident fund is a defined contribution scheme. The DLPL Group has no obligation, other than the contribution payable to the provident fund. The DLPL Group recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The DLPL Group operates defined benefit plans for its employees, viz., gratuity liability. The costs of providing benefits under this plan are determined on the basis of actuarial valuation at each period-end. Actuarial valuation is carried out for plan using the projected unit credit method. Actuarial gains and losses for defined benefit plan is recognized in full in the period in which they occur in the statement of profit and loss.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The DLPL Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The DLPL Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the period-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The DLPL Group presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

**(XV) Income Taxes**

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected

to be paid to the tax authorities in accordance with the Indian Income Tax Act 1961 enacted in India. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognized only to extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company (within the DLPL Group) has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each balance sheet date, the company (within the DLPL Group) re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company (within the DLPL Group) writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax assets can be realized. Any such write down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

**(XVI) Employee share based payments**

Certain Employees (including senior executives) of the Parent Company receive some remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

In accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Guidance Note on Accounting for Employee Share-based Payments, the cost of equity-settled transactions is measured using the fair value method. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit recognized in the statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

## Notes to consolidated financial statements for the year ended 31 March 2017

### (XVII) Expenditure on New Projects

Expenditure directly relating to construction activity is capitalized. Expenditure incurred during construction period is capitalized as part of the construction cost to the extent to which the expenditure is specifically attributable to construction of the project. Other expenditure (including borrowing costs) incurred during the construction period which is not related to the construction activity nor is incidental thereto is charged to the statement of Profit and Loss.

### (XVIII) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the years. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the year is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

### (XIX) Provisions

A provision is recognized when the DLPL Group has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date.

These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

### (XX) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the DLPL Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The DLPL Group does not recognize a contingent liability but discloses its existence in the financial statements.

### (XXI) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

### (XXII) Segment reporting policy

The DLPL Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

### (XXIII) Measurement of EBITDA

As permitted by the *Guidance Note on the Revised Schedule VI to the Companies Act, 1956*, the DLPL Group has elected to present earnings before interest, tax, depreciation, amortization and exceptional item (EBITDA) as a separate line item on the face of the statement of profit and loss. The DLPL Group measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the Group does not include depreciation, amortization expense, reversal of provision for impairment of goodwill, finance costs, interest income, tax expense and exceptional item.

## 3. Share capital

	31 March 2017 (₹)	31 March 2016 (₹)
<b>Authorised shares (No.)</b>		
10,79,00,000 (Previous year: 8,48,60,325) equity shares of ₹ 10 each (Previous year ₹ 10 each)*	1,07,90,00,000	84,86,03,250
Nil (Previous year: 1,91,39,675) 0.01% convertible, participating preference shares of ₹ 10 each (Previous year ₹ 10 each)**	-	19,13,96,750
	<b>1,07,90,00,000</b>	<b>1,04,00,00,000</b>
<b>Issued, subscribed &amp; fully paid-up shares (No.)</b>		
8,30,66,184 (Previous year: 8,26,76,997) equity shares of ₹ 10 each (Previous year ₹ 10 each)	83,06,61,840	82,67,69,970
<b>Total subscribed &amp; fully paid-up share capital</b>	<b>83,06,61,840</b>	<b>82,67,69,970</b>

\* As per the Scheme of Amalgamation ["the Scheme"] u/s 391/394 of the Companies Act, 1956 among the Parent Company and its erstwhile wholly owned subsidiary Companies [Transferor Companies], the authorised share capital of the parent Company was to increase automatically by merging the authorised share capitals of transferor companies with the Parent Company. In order to intimate the ROC, NCT of Delhi & Haryana regarding the Scheme and to get its authorised share capital increased as per the Scheme, the Parent Company had filed E-form INC 28 with ROC, NCT of Delhi & Haryana in the last year. During the current year, the said increase was approved by the ROC, NCT of Delhi and Haryana and accordingly, authorised share capital of the Parent Company has been increased by the authorised share capital of the transferor companies.

\*\* The Authorised Preference Share Capital has been reclassified to authorised equity share capital during the year in accordance with filling of E-form SH7 with ROC, NCT of Delhi & Haryana during the year.

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

*Equity shares*

	31 March 2017		31 March 2016	
	No. of shares of ₹ 10 each	(₹)	No. of shares of ₹ 10 each	(₹)
At the beginning of the year	8,26,76,997	82,67,69,970	5,46,29,520	54,62,95,200
Conversion of preference shares into equity shares	-	-	2,66,32,320	26,63,23,200
Issued during the year	3,89,187	38,91,870	14,15,157	1,41,51,570
<b>Outstanding at the end of the year</b>	<b>8,30,66,184</b>	<b>83,06,61,840</b>	<b>8,26,76,997</b>	<b>82,67,69,970</b>

*Preference shares*

	31 March 2017		31 March 2016	
	No. of shares of ₹ 10 each	(₹)	No. of shares of ₹ 10 each	(₹)
At the beginning of the year	-	-	2,66,32,320	26,63,23,200
Conversion of preference shares into equity shares	-	-	2,66,32,320	26,63,23,200
<b>Outstanding at the end of the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## (b) 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 Parent Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31st March 2017, the amount of per share interim dividend recognized as distribution to equity shareholders is ₹ 1.30, (Previous year ₹ Nil) and the amount of per share final dividend recognized as distribution to Equity shareholders is ₹ Nil, (Previous year ₹ 2.45).

## (c) Terms/ rights attached to convertible, participating preference shares("CCPS")

During the previous year on November 13, 2015, Convertible, participating preference shares were converted into equity shares of ₹ 10 each.

## Notes to consolidated financial statements for the year ended 31 March 2017

- (d) 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:

	31 March 2017 No. of Shares	31 March 2016 No. of Shares
Equity shares of ₹ 100 each bought back by the Company	3,722	17,265
Bonus Equity Shares of ₹ 10 each issued by the Company*	5,03,23,500	5,03,23,500
Bonus Preference Shares of ₹ 10 each issued by the Company*	2,49,67,800	2,49,67,800
Equity shares of ₹ 10 each issued on Conversion of Preference shares	2,66,32,320	2,66,32,320

In addition, the Parent Company has issued total 27,62,184 (31 March 2016: 23,72,997) equity shares of ₹ 10 each (after considering issue of bonus shares and sub-division of shares of ₹ 100 each into ₹ 10 each), including 19,18,757 (31 March 2016: 19,18,757) equity shares issued to Dr Lal PathLabs Employee Welfare Trust, during the period of five years immediately preceding the reporting date on exercise of options granted under the Employee Stock Option Plan, 2005 and 2010.

\* The number of shares are after considering the impact of sub-division of shares of ₹ 100 each into 10 shares of ₹ 10 each.

- (e) Detail of shareholders holding more than 5% shares in the Company

Name of the shareholder	As at 31st March 2017		As at 31st March 2016	
	No. of shares of ₹ 10 each	% holding in the class	No. of shares of ₹ 10 each	% holding in the class
<i>Equity shares of ₹ 10 each, (Previous year ₹ 10 each) fully paid</i>				
(i) Dr Arvind Lal	2,69,72,884	32.47%	2,69,72,884	32.62%
(ii) Dr Vandana Lal	1,59,31,893	19.18%	1,59,31,893	19.27%
(iii) Wagner Limited	60,89,199	7.33%	76,09,459	9.20%
(iv) West Bridge Crossover Fund, LLC	76,87,394	9.25%	1,06,41,846	12.87%

As per records of the Parent Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

- (f) Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, please refer note 26

- (g) Proposed dividends on Equity shares

	31 March 2017 (₹)	31 March 2016 (₹)
<b>The board proposed dividend on equity shares and preference shares after the balance sheet date</b>		
Proposed dividend on equity shares for the year ended on 31 March 2017: ₹ 1.70 per share (31 March 2016: ₹ 2.45 per share)	14,12,12,513	20,27,20,343
DDT on proposed dividend	2,87,47,545	4,12,69,092
	<b>16,99,60,058</b>	<b>24,39,89,435</b>

For the period up to 31 March 2016, the Parent Company was treating dividend proposed/ declared after the Balance Sheet date as an adjusting event. However, from the Financial Year 2016-17 onwards, it is treated as non-adjusting event. For details refer note 2

#### 4. Reserves and surplus

	31 March 2017 (₹)	31 March 2016 (₹)
<b>Securities premium account</b>		
Balance as per the last financial statements	86,02,85,204	29,51,47,555
Add: Addition on equity shares issued*	3,95,74,446	56,51,37,649
<b>Closing Balance</b>	<b>89,98,59,650</b>	<b>86,02,85,204</b>
<b>Shares Buy Back Reserve Account</b>		
Balance as per the last financial statements	44,48,800	44,48,800
<b>Closing balance</b>	<b>44,48,800</b>	<b>44,48,800</b>



	31 March 2017 (₹)	31 March 2016 (₹)
<b>General reserve</b>		
Balance as per the last financial statements	32,85,12,240	20,06,74,740
Add: addition on stock options exercised**	33,05,316	-
Add: amount transferred from surplus balance in the statement of profit and loss	14,84,00,720	12,78,37,500
<b>Closing balance</b>	<b>48,02,18,276</b>	<b>32,85,12,240</b>
<b>Foreign Currency Translation Reserve</b>		
Balance as per the last financial statements	-	-
Add: additions during the year	(75,102)	-
<b>Closing balance</b>	<b>(75,102)</b>	<b>-</b>
<b>Stock Options Outstanding Account</b>		
Balance as per the last financial statements	-	-
Add: Compensation options granted during the year	7,29,77,505	-
<b>Closing Balance</b>	<b>7,29,77,505</b>	<b>-</b>
<b>Surplus in the statement of profit and loss</b>		
Balance as per the last financial statements	3,04,61,89,109	2,09,78,94,548
Profit for the year	1,54,20,54,880	1,32,18,97,497
Less: Appropriations		
Interim dividend on equity shares ₹ 1.30 (31 March 2016: ₹ Nil)	10,79,86,039	-
Tax on proposed interim equity dividend***	2,19,83,417	17,76,001
Proposed final dividend on equity shares**** ₹ Nil (31 March 2016: ₹ 2.45)	-	20,27,20,343
Tax on final equity dividend	-	4,12,69,092
Transfer to general reserve	14,84,00,720	12,78,37,500
Total appropriations	27,83,70,176	37,36,02,936
<b>Net surplus in the statement of profit and loss</b>	<b>4,30,98,73,813</b>	<b>3,04,61,89,109</b>
<b>Total reserves and surplus</b>	<b>5,76,73,02,942</b>	<b>4,23,94,35,354</b>

\*Includes ₹ 3,44,396 (Previous year ₹ 41,84,47,743) being difference between fair value of shares and exercise price of options, routed through liability towards Employee Stock Options Compensation Outstanding.

\*\*Represents difference between the employee share based compensation cost booked and the average cost of equity shares issued by the Dr. Lal PathLabs Employee Welfare Trust under the ESPS scheme to the eligible employees.

\*\*\*Including corporate dividend tax of ₹ 27,06,287 paid by a subsidiary company on dividend paid to the Parent Company during the year.

\*\*\*\*Including on 66,000 equity shares issued subsequently against share application money received pending allotment as on March 31, 2016

#### 5. Share Application money pending allotment

	31 March 2017 (₹)	31 March 2016 (₹)
<b>From a Related party</b>		
Share Application money pending allotment*	-	73,12,800
	<b>-</b>	<b>73,12,800</b>

\*Share application money in the previous year was in respect of 66,000 equity shares of face value of ₹ 10 each at a premium of ₹ 100.80 per share against exercise of option. The shares have been issued against the same, during the current year.



## Notes to consolidated financial statements for the year ended 31 March 2017

## 6. Minority Interest

	31 March 2017 (₹)	31 March 2016 (₹)
<b>Name of the Company</b>	Paliwal Diagnostics Private Limited	Paliwal Diagnostics Private Limited
% Share of Minority	20%	30%
Share in Equity	32,000	48,000
Share in the Reserves	1,71,44,311	2,13,27,321
<b>Total</b>	<b>1,71,76,311</b>	<b>2,13,75,321</b>
<b>Name of the Company</b>	Paliwal Medicare Private Limited	Paliwal Medicare Private Limited
% Share of Minority	20%	30%
Share in Equity	20,000	30,000
Share in the Reserves	67,61,658	74,59,015
<b>Total</b>	<b>67,81,657</b>	<b>74,89,015</b>
<b>Total</b>	<b>2,39,57,968</b>	<b>2,88,64,336</b>

## 7. Trade Payables and Other liabilities

	Non-current		Current	
	31 March 2017 (₹)	31 March 2016 (₹)	31 March 2017 (₹)	31 March 2016 (₹)
Trade payables-	-	-	2,83,668	6,58,472
-total outstanding dues of micro and small enterprises (Refer Note no. 35)				
-total outstanding dues of creditors other than micro and small enterprises	11,26,90,857	10,23,17,499	52,33,20,122	42,20,00,046
	<b>11,26,90,857</b>	<b>10,23,17,499</b>	<b>52,36,03,790</b>	<b>42,26,58,518</b>
<b>Other liabilities</b>				
Creditors against purchase of business	-	-	1,02,00,000	62,50,000
Interest Payable	-	-	2,54,022	4,46,918
Others:				
Trade deposits	16,78,21,071	13,73,59,824	8,86,812	2,01,500
Employee Stock Options compensation (refer note 26)	1,16,856	4,25,056	8,84,240	9,20,436
Payable towards capital goods	-	-	3,83,09,702	4,39,49,706
Advances from customers	-	-	3,28,34,525	2,85,41,062
Share Application money refundable	-	-	16,14,700	44,09,800
TDS payable	-	-	4,93,15,582	6,78,31,723
Provident Fund Payable	-	-	85,24,240	75,07,004
ESI Payable	-	-	21,77,137	10,80,517
Other Statutory payables	-	-	12,04,571	6,44,241
Unpaid Dividend	-	-	46,465	-
Other payable	-	-	1,90,304	1,36,79,292
	<b>16,79,37,927</b>	<b>13,77,84,880</b>	<b>14,64,42,300</b>	<b>17,54,62,199</b>
<b>Total</b>	<b>28,06,28,784</b>	<b>24,01,02,379</b>	<b>67,00,46,090</b>	<b>59,81,20,717</b>

## 8. Provisions

	Long term		Short term	
	31 March 2017 (₹)	31 March 2016 (₹)	31 March 2017 (₹)	31 March 2016 (₹)
<b>Provision for employee benefits</b>				
Provision for gratuity (refer note 32)	26,17,760	20,04,155	93,82,969	2,70,46,879
Provision for leave encashment	-	-	5,71,36,666	3,86,60,308
	<b>26,17,760</b>	<b>20,04,155</b>	<b>6,65,19,635</b>	<b>6,57,07,187</b>
<b>Other provisions</b>				
final equity dividend	-	-	-	20,27,20,343
Provision for tax on proposed interim equity dividend	-	-	-	4,12,69,092
	<b>26,17,760</b>	<b>20,04,155</b>	<b>6,65,19,635</b>	<b>24,39,89,435</b>
	<b>26,17,760</b>	<b>20,04,155</b>	<b>6,65,19,635</b>	<b>30,96,96,622</b>

## 9. Property, Plant &amp; Equipment

(Amount in ₹)

Particulars	Leasehold Land	Free hold Land	Leasehold Improvements	Buildings	Plant & machinery	Furniture & fixtures	Computers	Vehicles	Total
<b>Gross block</b>									
<b>At 31 March 2015</b>	<b>14,61,78,363</b>	<b>-</b>	<b>30,16,85,576</b>	<b>23,44,75,930</b>	<b>99,19,62,642</b>	<b>9,31,42,417</b>	<b>19,34,03,669</b>	<b>2,49,39,184</b>	<b>1,98,57,87,781</b>
Additions	24,16,000	10,95,67,175	7,30,58,662	-	15,30,37,999	1,23,16,607	2,73,74,541	1,39,09,669	39,16,80,653
Adjustment	-	-	-	-	(1,38,523)	-	1,38,523	-	-
Deductions	-	-	19,36,571	-	2,33,87,451	3,39,060	8,49,411	1,14,35,328	3,79,47,821
<b>At 31 March 2016</b>	<b>14,85,94,363</b>	<b>10,95,67,175</b>	<b>37,28,07,667</b>	<b>23,44,75,930</b>	<b>1,12,14,74,667</b>	<b>10,51,19,964</b>	<b>22,00,67,322</b>	<b>2,74,13,525</b>	<b>2,33,95,20,613</b>
Additions on account of Acquisition	-	-	76,129	-	2,15,842	3,23,259	2,36,528	5,12,666	13,64,424
Additions	-	-	6,32,18,712	-	17,37,23,242	1,09,40,169	3,87,20,461	86,73,725	29,52,76,309
Deductions	-	-	2,43,89,795	-	5,50,59,796	6,90,795	54,54,892	55,41,644	9,11,36,922
<b>At 31 March 2017</b>	<b>14,85,94,363</b>	<b>10,95,67,175</b>	<b>41,17,12,713</b>	<b>23,44,75,930</b>	<b>1,24,03,53,955</b>	<b>11,56,92,597</b>	<b>25,35,69,419</b>	<b>3,10,58,272</b>	<b>2,54,50,24,424</b>
<b>Amortization</b>									
<b>At 31 March 2015</b>	<b>1,87,920</b>	<b>-</b>	<b>15,44,36,284</b>	<b>9,23,89,937</b>	<b>59,00,55,894</b>	<b>7,40,46,206</b>	<b>15,31,50,658</b>	<b>1,59,34,982</b>	<b>1,08,02,01,881</b>
Charge for the year	8,27,272	-	3,20,81,789	1,42,08,598	11,72,28,650	85,04,727	2,68,99,152	63,13,276	20,60,63,464
Deductions	-	-	19,36,571	-	1,77,05,991	2,63,390	8,04,911	86,58,820	2,93,69,683
<b>At 31 March 2016</b>	<b>10,15,192</b>	<b>-</b>	<b>18,45,81,502</b>	<b>10,65,98,535</b>	<b>68,95,78,553</b>	<b>8,22,87,543</b>	<b>17,92,44,899</b>	<b>1,35,89,438</b>	<b>1,25,68,95,662</b>
Additions on account of Acquisition	-	-	76,129	-	1,84,234	3,22,925	2,36,323	3,98,122	12,17,733
Charge for the year	8,41,112	-	4,23,62,922	1,28,05,196	12,73,85,352	95,05,782	2,75,05,191	51,63,469	22,55,69,024
Deductions	-	-	2,43,43,470	-	4,82,65,710	6,64,375	51,55,562	46,48,932	8,30,78,049
<b>At 31 March 2017</b>	<b>18,56,304</b>	<b>-</b>	<b>20,26,77,083</b>	<b>11,94,03,731</b>	<b>76,88,82,429</b>	<b>9,14,51,875</b>	<b>20,18,30,851</b>	<b>1,45,02,097</b>	<b>1,40,06,04,370</b>
<b>Net block</b>									
<b>At 31 March 2016</b>	<b>14,75,79,171</b>	<b>10,95,67,175</b>	<b>18,82,26,165</b>	<b>12,78,77,395</b>	<b>43,18,96,114</b>	<b>2,28,32,420</b>	<b>4,08,22,423</b>	<b>1,38,24,087</b>	<b>1,08,26,24,949</b>
<b>At 31 March 2017</b>	<b>14,67,38,059</b>	<b>10,95,67,175</b>	<b>20,90,35,630</b>	<b>11,50,72,199</b>	<b>47,14,71,526</b>	<b>2,42,40,722</b>	<b>5,17,38,568</b>	<b>1,65,56,175</b>	<b>1,14,44,20,054</b>

## Notes:

- Apart from Property, Plant & Equipment above, the Company has laboratory machineries provided by suppliers free of cost against commitment of reagent purchases by the Group from the suppliers.
- No depreciation on leasehold land at Rohini of cost of ₹ 6,52,85,370 has been provided, lease being perpetual in nature.
- Depreciation of ₹ 8,41,112 (previous year ₹ 8,27,272) on leasehold land has been transferred to Capital Work in Progress, as the construction of Building is in process.
- Title deeds of building of gross block ₹ 42,58,918 (previous year ₹ 42,58,918) and net block of ₹ 15,85,732 (previous year ₹ 17,61,924) are not in the name of the Parent Company.

## Notes to consolidated financial statements for the year ended 31 March 2017

## 10. Intangible assets

(Amount in ₹)

Particulars	Software	Goodwill	Trade Mark	Total
<b>Gross block</b>				
<b>At 31 March 2015</b>	<b>29,73,76,038</b>	<b>5,94,79,302</b>	<b>18,97,84,656</b>	<b>54,66,39,996</b>
Purchase	4,49,43,225	97,62,754	-	5,47,05,979
Deductions	80,000	-	-	80,000
<b>At 31 March 2016</b>	<b>34,22,39,263</b>	<b>6,92,42,056</b>	<b>18,97,84,656</b>	<b>60,12,65,975</b>
Purchase	7,97,05,101	25,00,000	-	8,22,05,101
Deductions	2,30,73,740	-	-	2,30,73,740
<b>At 31 March 2017</b>	<b>39,88,70,624</b>	<b>7,17,42,056</b>	<b>18,97,84,656</b>	<b>66,03,97,336</b>
<b>Amortization</b>				
<b>At 31 March 2015</b>	<b>17,30,40,709</b>	<b>4,12,74,852</b>	<b>15,28,39,590</b>	<b>36,71,55,151</b>
Charge for the year	14,30,00,889	87,85,352	2,57,89,361	17,75,75,602
Deductions	1,15,738	-	-	1,15,738
<b>At 31 March 2016</b>	<b>21,60,25,860</b>	<b>5,00,60,204</b>	<b>17,86,28,951</b>	<b>44,47,15,015</b>
Charge for the year	4,75,83,344	62,85,374	30,56,931	5,69,25,649
Deductions	2,30,73,740	-	-	2,30,73,740
<b>At 31 March 2017</b>	<b>24,05,35,464</b>	<b>5,63,45,578</b>	<b>18,16,85,882</b>	<b>47,85,66,924</b>
<b>Net block</b>				
<b>At 31 March 2016</b>	<b>12,62,13,403</b>	<b>1,91,81,852</b>	<b>1,11,55,705</b>	<b>15,65,50,960</b>
<b>At 31 March 2017</b>	<b>15,83,35,160</b>	<b>1,53,96,478</b>	<b>80,98,774</b>	<b>18,18,30,412</b>

## 11. Deferred tax assets (net)

	31 March 2017 (₹)	31 March 2016 (₹)
<b>Deferred tax assets</b>		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	7,34,98,885	5,58,30,036
Effect of expenditure debited to statement of profit and loss in the current / earlier years but allowable for tax purposes in the following years	7,42,63,514	6,37,07,800
Provision for doubtful debts and advances	2,43,16,425	1,17,54,658
<b>Gross deferred tax assets</b>	<b>17,20,78,824</b>	<b>13,12,92,494</b>
<b>Deferred tax liability</b>		
Effect of income credited to statement of profit and loss in the current / earlier years but chargeable to tax in the following years	1,21,93,128	1,08,15,993
<b>Gross deferred tax liability</b>	<b>1,21,93,128</b>	<b>1,08,15,993</b>
<b>Net deferred tax assets</b>	<b>15,98,85,696</b>	<b>12,04,76,501</b>

## 12. Loans and advances

	Non-current		Current	
	31 March 2017 (₹)	31 March 2016 (₹)	31 March 2017 (₹)	31 March 2016 (₹)
<b>Capital advances</b>				
Unsecured, considered good	1,42,65,006	1,48,33,983	-	-
	<b>1,42,65,006</b>	<b>1,48,33,983</b>	-	-
<b>Deposits</b>				
Unsecured, considered good				
- to Body Corporates	-	-	37,22,65,897	19,69,37,148
- to related parties (refer note 25)	18,91,830	18,91,830	-	-
- to others	15,88,86,193	13,71,55,475	4,12,30,013	3,99,54,500
Doubtful	-	-	22,89,303	25,37,415
	<b>16,07,78,023</b>	<b>13,90,47,305</b>	<b>41,57,85,213</b>	<b>23,94,29,063</b>
Less: Provision for doubtful deposits	-	-	(22,89,303)	(25,37,415)
	<b>16,07,78,023</b>	<b>13,90,47,305</b>	<b>41,34,95,910</b>	<b>23,68,91,648</b>
<b>Loan and advances to related parties</b>				
Unsecured, considered good	2,00,000	2,00,000	42,62,95,366	43,31,91,658
	<b>2,00,000</b>	<b>2,00,000</b>	<b>42,62,95,366</b>	<b>43,31,91,658</b>
<b>Advances recoverable in cash or in kind or for value to be received</b>				
Unsecured, considered good	9,19,578	8,95,551	5,51,56,755	2,94,61,676
Doubtful	-	-	33,29,492	31,09,492
	<b>9,19,578</b>	<b>8,95,551</b>	<b>5,84,86,247</b>	<b>3,25,71,168</b>
Provision for doubtful advances	-	-	(33,29,492)	(31,09,492)
	<b>9,19,578</b>	<b>8,95,551</b>	<b>5,51,56,755</b>	<b>2,94,61,676</b>
<b>Others loans &amp; advances</b>				
<b>Secured, considered good</b>				
Loan to employees (secured by way of pledge of shares)	-	-	-	29,15,095
<b>Unsecured, considered good</b>				
Loan to employees	5,37,415	8,34,783	7,21,581	12,04,177
Advance tax/tax deducted at source/income tax refundable (Net of income tax provision)	-	-	6,83,27,085	18,16,78,091
Loan given to a Party	-	-	70,749	1,98,206
Prepaid expenses	24,02,687	32,51,506	4,83,49,122	3,38,73,853
Balances with statutory/ government authorities	-	-	7,25,568	5,00,818
	<b>29,40,102</b>	<b>40,86,289</b>	<b>11,81,94,105</b>	<b>22,03,70,240</b>
	<b>17,91,02,709</b>	<b>15,90,63,128</b>	<b>1,01,31,42,136</b>	<b>91,99,15,222</b>

## Notes to consolidated financial statements for the year ended 31 March 2017

	Non-current		Current	
	31 March 2017 (₹)	31 March 2016 (₹)	31 March 2017 (₹)	31 March 2016 (₹)
<b>Deposits to related parties include</b>				
Security deposit to Eskay House HUF	6,41,830	6,41,830	-	-
Security deposits to Dr. Umesh Paliwal (Key Management Personnel of the DLPL Group)	12,50,000	12,50,000	-	-
<b>Loan and advances to related parties include</b>				
Dr. Lal PathLabs Employee Welfare Trust	1,00,000	1,00,000	42,52,48,602	43,29,03,732
Dr. Lal PathLabs Welfare Trust	1,00,000	1,00,000	-	-
Dues from Dr. Lal PathLabs International BV in which the Parent Company's directors are interested as directors	-	-	10,46,765	3,87,926

**13. Trade receivables and other assets****13.1. Trade receivables**

	Non-current		Current	
	31 March 2017 (₹)	31 March 2016 (₹)	31 March 2017 (₹)	31 March 2016 (₹)
<b>Unsecured, considered good unless stated otherwise</b>				
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>				
Secured, considered good	-	-	36,44,503	4,64,103
Unsecured, considered good	-	-	20,76,180	8,68,792
Unsecured, considered doubtful	-	-	5,18,98,320	2,45,95,454
	-	-	<b>5,76,19,003</b>	<b>2,59,28,349</b>
Provision for doubtful receivables	-	-	(5,18,98,320)	(2,45,95,454)
	-	-	<b>57,20,683</b>	<b>13,32,895</b>
<b>Other receivables</b>				
Secured, considered good	-	-	3,86,38,408	2,90,88,398
Unsecured, considered good	-	-	37,36,78,101	33,26,40,093
Unsecured, considered doubtful	-	-	1,32,97,906	37,92,448
	-	-	<b>42,56,14,415</b>	<b>36,55,20,939</b>
Provision for doubtful receivables	-	-	(1,32,97,906)	(37,92,448)
	-	-	<b>41,23,16,509</b>	<b>36,17,28,491</b>
<b>Total</b>	<b>-</b>	<b>-</b>	<b>41,80,37,192</b>	<b>36,30,61,386</b>

**13.2. Other assets**

	Non-current		Current	
	31 March 2017 (₹)	31 March 2016 (₹)	31 March 2017 (₹)	31 March 2016 (₹)
<b>Unsecured, considered good unless stated otherwise</b>				
Non-current bank balances (refer note 16)	8,14,21,933	57,57,474	-	-
<b>Total</b>	<b>8,14,21,933</b>	<b>57,57,474</b>	<b>-</b>	<b>-</b>
<b>Others</b>				
Surrender Value of Keyman Insurance Policy	3,52,32,109	3,12,52,870	-	-
Interest accrued on loans, fixed deposits and others	9,21,907	10,60,126	6,71,12,277	6,64,89,093
	<b>3,61,54,016</b>	<b>3,23,12,996</b>	<b>6,71,12,277</b>	<b>6,64,89,093</b>
<b>Total</b>	<b>11,75,75,949</b>	<b>3,80,70,470</b>	<b>6,71,12,277</b>	<b>6,64,89,093</b>

**14. Current investments**

	31 March 2017 (₹)	31 March 2016 (₹)
<i>Current portion of long term investments (valued at cost)</i>		
<i>Unquoted mutual funds</i>		
67,20,737.27 (31 March 2016: 80,83,907.761) units of ₹ 10/- each fully paid-up of JM High Liquidity Fund (Direct ) Daily Dividend Option	7,00,98,634	8,43,16,775
1,37,118.14 (31 March 2016 : Nil) units of ₹ 1000/- each fully paid up of Baroda Pioneer Treasury Advantage Fund - Plan B Daily Dividend- Re-investment	13,83,38,454	-
69,60,046.35 (31 March 2016: NIL) units of ₹ 10/- each fully paid-up of Reliance Banking & Psu Debt Fund - Direct Weekly Dividend Plan Reinvestment	7,05,25,454	-
34,68,849.066 (31 March 2016: NIL) units of ₹ 10/- each fully paid-up of Reliance Medium Term Fund - Daily Direct Dividend Plan Dividend Reinvestment	5,92,17,734	-
Nil (31 March 2016: 8,064.685) units of ₹ 1,000/- each fully paid-up of Baroda Pioneer Liquid Fund - Plan B Daily Dividend - Re-investment	-	80,78,196
Nil (31 March 2016: 4,366.27) units of ₹ 1,000/- each fully paid-up of Reliance Liquid Fund-Treasury Plan-Direct Plan Daily Dividend Option	-	66,74,892
Nil (31 March 2016: 33,76,119.39 ) units of ₹ 10/- each of HDFC Floating Rate Income Fund - Short Term Plan -Wholesale option- Direct plan - Dividend Reinvestment	-	3,40,34,322
NIL (31 March 2016: 92,092.434) units of ₹ 1000/- each fully paid-up of SBI Premier Liquid Fund - Direct Plan - Daily Dividend	-	9,23,91,734
10,71,151.04 (31 March 2016: 22,25,758.623) units of ₹ 100/- each fully paid-up of Birla Sunlife Saving Fund Daily Dividend Direct Plan Re-investment	10,74,33,451	22,32,37,358
97,858.22 (31 March 2016: 33,049.407) units of ₹ 1,000/- each fully paid-up of UTI -Treasury Advantage Fund-Institutional Plan-Direct Plan-Daily Dividend Reinvestment	9,80,88,581	3,31,27,205
91,745.444 (31 March 2016: 85,691.155) units of ₹ 1,000/- each fully paid-up of Reliance Money Manager Fund - Direct Plan Daily Dividend Option	9,24,33,531	8,60,48,958
5,94,705.83 (Previous Year - Nil) units of ₹ 10/- each of Reliance Short Term Fund (Growth Plan)	1,72,41,954	-
NIL (31 March 2016: 56,883.327 ) units of ₹ 1,000/- each fully paid-up of UTI - Liquid Cash Plan-Institutional-Direct Plan-Daily Dividend Reinvestment	-	5,79,89,463
99,220.79 (31 March 2016: Nil) units of ₹ 1,000/- each fully paid-up of Kotak Floater Short Term-Direct Plan	10,03,73,732	-
95,65,316.164 units (31 March 2016 : Nil) of ₹ 10 each of HDFC Short Term Opportunities Fund-Direct Plan-Growth Option	16,00,00,000	-
5,40,089.89 (31 March 2016: NIL) units of ₹ 100/- each fully paid-up of ICICI Prudential Savings Fund Direct Plan Daily Dividend	5,45,03,333	-
3,93,776.89 (31 March 2016: NIL) units of ₹ 100/- each fully paid-up of ICICI Prudential Flexible Income Direct Plan Daily Dividend	4,16,36,315	-
30,06,696.05 (31 March 2016: Nil) units of ₹ 10/- each fully paid-up of JM Floater Long Term Fund (Direct ) Daily Dividend Option	3,01,00,034	-
1,30,463.66 (31 March 2016: Nil) units of ₹ 10/- each fully paid-up of SBI Savings Fund Regular Plan Growth	33,00,000	-
1457.31 (Previous Year - 7300.85) units of ₹ 1000/- each fully paid up Reliance Money Manager Fund (Growth Plan Growth Option - LPIG)	30,62,460	1,43,50,000
Nil (Previous Year - 300,000.00) units of ₹ 10/- each - Reliance Fixed Horizon Fund - Growth Plan	-	30,00,000
	<u>1,04,63,53,667</u>	<u>64,32,48,903</u>
Aggregate amount of unquoted investments	<b>1,04,63,53,667</b>	<b>64,32,48,903</b>
Net Assets Value	<b>1,06,07,88,355</b>	<b>64,48,54,103</b>

**15. Inventories (valued at lower of cost and net realisable value)**

## Notes to consolidated financial statements for the year ended 31 March 2017

	Non-current		Current	
	31 March 2017 (₹)	31 March 2016 (₹)	31 March 2017 (₹)	31 March 2016 (₹)
Reagents, chemicals, surgicals and laboratory supplies	-	-	16,79,53,334	13,69,52,045
Stores and others	-	-	1,11,18,816	81,98,003
	-	-	<b>17,90,72,150</b>	<b>14,51,50,048</b>

## 16. Cash and bank balances

	Non-current		Current	
	31 March 2017 (₹)	31 March 2016 (₹)	31 March 2017 (₹)	31 March 2016 (₹)
<b>Cash and cash equivalents</b>				
<i>Balances with banks:</i>				
On current accounts	-	-	10,59,17,337	13,95,11,245
On cash credit accounts	-	-	3,92,20,821	2,52,01,116
On unpaid dividend accounts	-	-	46,465	-
On Escrow account	-	-	16,14,700	1,45,07,974
Cash on hand	-	-	53,77,150	77,65,225
	-	-	<b>15,21,76,473</b>	<b>18,69,85,560</b>
<i>Other bank balances:</i>				
Deposits with remaining maturity for more than 12 months (pledged with banks ₹ 1,66,61,843, Previous year ₹ 35,65,467)	8,14,21,933	57,57,474	-	-
Deposits with remaining maturity for less than 12 months (pledged with banks ₹ 4,04,34,304, Previous year ₹ 6,66,91,249)	-	-	2,23,03,54,350	1,91,25,05,353
	<b>8,14,21,933</b>	<b>57,57,474</b>	<b>2,23,03,54,350</b>	<b>1,91,25,05,353</b>
Amount disclosed under non-current assets (refer note 13.2)	(8,14,21,933)	(57,57,474)	-	-
	-	-	<b>2,38,25,30,823</b>	<b>2,09,94,90,913</b>

## Cash Credit Accounts

Cash Credit accounts (Balance appearing as debit in the books at the year end ₹ 3,92,20,821 (Previous Year ₹ 2,52,01,105)) are secured by first charge on the current assets of the Company, both present and future. This carries interest ranging from 9.25% p.a to 9.90% p.a.

## 17. Revenue from operations

	31 March 2017 (₹)	31 March 2016 (₹)
<b>Revenue from operations</b>		
Sale of services*	9,12,30,04,172	7,91,26,15,226
Scrap sales	8,25,425	5,63,262
<b>Revenue from operations (net)</b>	<b>9,12,38,29,597</b>	<b>7,91,31,78,488</b>

\* represents sale in respect of diagnostic services which consist of pathological / radiological investigation.

## 18.1 Other income



	31 March 2017 (₹)	31 March 2016 (₹)
Dividend income (from current investments - other than trade)	4,84,51,006	3,75,48,353
Income on Long Term fixed maturity plan investment	-	2,50,600
Surrender Value of Keyman Insurance Policy	54,36,919	53,43,481
Unspent Liability/ Miscellaneous balances written back	33,85,135	50,25,201
Foreign Exchange Fluctuation (net)	2,11,658	-
Profit on disposal of fixed assets (net)	-	7,21,193
Bad Debts/ Advances, written off previously, now recovered	6,26,407	77,980
Other non-operating income	37,29,301	13,49,402
	<b>6,18,40,426</b>	<b>5,03,16,210</b>

**18.2 Interest income**

	31 March 2017 (₹)	31 March 2016 (₹)
Interest income on:		
- Bank deposits	16,65,47,569	11,92,26,723
- Deposits with bodies corporate	1,87,03,320	1,36,38,205
- Others (Including Interest on Income Tax Refund of ₹ 41,81,604, (Previous year ₹ 1,08,33,790))	41,93,111	1,45,65,051
	<b>18,94,44,000</b>	<b>14,74,29,979</b>

**19. Cost of medicines, chemicals, surgicals and laboratory supplies consumed**

	31 March 2017 (₹)	31 March 2016 (₹)
Inventory at the beginning of the year	13,69,52,045	12,60,96,986
Add : Purchases	2,00,17,77,886	1,74,00,79,029
	2,13,87,29,931	1,86,61,76,015
Less : Inventory at the end of the year	16,79,53,334	13,69,52,045
Cost of medicines, chemicals, surgicals and laboratory supplies consumed	<b>1,97,07,76,597</b>	<b>1,72,92,23,970</b>

**20. Employee benefits expenses**

	31 March 2017 (₹)	31 March 2016 (₹)
Salaries, wages and bonus	1,42,40,24,870	1,28,82,68,204
Employee share based compensation (refer note 26)	8,04,88,073	(3,46,68,898)
Contribution to provident and other funds	6,28,96,011	5,56,55,157
Gratuity expense (refer note 32)	2,52,77,035	1,89,79,240
Staff training expenses	1,17,67,352	1,24,47,991
Staff welfare expenses	2,96,47,434	2,76,59,117
	<b>1,63,41,00,775</b>	<b>1,36,83,40,811</b>

**21. Other expenses**

	31 March 2017 (₹)	31 March 2016 (₹)
Electricity and Water charges	13,58,10,525	12,78,19,184
Rent	44,08,92,038	38,16,50,016
Rates and taxes	64,67,297	1,00,54,513
Insurance	2,52,89,568	2,14,41,960
Repairs and maintenance		
- Building	3,49,46,779	2,20,41,297
- Plant and Machinery	3,92,09,726	4,33,65,206

## Notes to consolidated financial statements for the year ended 31 March 2017

	31 March 2017 (₹)	31 March 2016 (₹)
- Others	12,72,23,160	10,99,48,425
Advertisement and sales promotion	25,22,21,147	19,08,48,611
Travelling and conveyance	16,37,06,895	14,45,81,758
Postage and courier	25,12,95,161	24,46,35,104
Communication costs	4,93,98,513	4,56,43,356
Commission to Directors	60,00,000	36,56,158
Printing and stationery	6,92,17,221	7,15,19,976
Retainership fees to technical consultants	15,43,38,801	18,09,98,851
Director Sitting Fees	32,73,250	15,42,500
Fees to collection centers/channel partners	1,00,46,45,979	82,01,21,274
Legal and Professional charges	8,31,15,412	6,76,52,593
Laboratory test charges	1,56,98,825	1,35,93,923
Donation other than to political parties	1,59,650	2,52,132
Foreign Exchange Fluctuation (net)	-	3,12,515
CSR expense	1,87,49,485	38,00,000
Loss on disposal / discard of fixed assets (net)	29,40,636	-
Provision for doubtful debts & advances	4,28,80,452	99,09,378
Bad debts / advances written off (net)	1,29,86,051	2,84,19,778
"Less : Provision for doubtful debts and advances adjusted (net)"	61,00,240	2,06,36,538
Miscellaneous expenses (Including payment to Auditors ₹ 1,83,48,489 (Previous year ₹ 1,61,40,283))	21,91,10,817	19,52,44,274
	<b>3,15,34,77,148</b>	<b>2,71,84,16,244</b>

### 22. Depreciation and amortisation expense

	31 March 2017 (₹)	31 March 2016 (₹)
Depreciation of Property, Plant & Equipment	22,47,27,911	20,52,36,192
Amortisation of intangible assets	5,69,25,649	7,75,75,602
	<b>28,16,53,560</b>	<b>28,28,11,794</b>

### 23. Finance costs

	31 March 2017 (₹)	31 March 2016 (₹)
Interest expense (including ₹ 16,88,878 (Previous year ₹ 29,99,701) on Income Tax)	21,26,656	49,73,455
	<b>21,26,656</b>	<b>49,73,455</b>

### 24. Earnings per share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

	31 March 2017 (₹)	31 March 2016 (₹)
<b>Profit after tax</b>	1,54,20,54,880	1,32,18,97,497
<b>Net profit for calculation of diluted EPS</b>	<b>1,54,20,54,880</b>	<b>1,32,18,97,497</b>
Weighted average number of equity shares in calculating basic EPS	8,28,30,397	8,21,49,267
<b>Effect of dilution:</b>		
Dilutive impact of Share based compensation outstanding	2,84,812	5,92,797
<b>Weighted average number of equity shares in calculating diluted EPS</b>	<b>8,31,15,209</b>	<b>8,27,42,064</b>
<b>Basic Earnings per Share</b>	<b>18.62</b>	<b>16.09</b>
<b>Diluted Earnings per Share</b>	<b>18.55</b>	<b>15.98</b>

### 25. Related party disclosures under Accounting Standard – 18

a. The list of Related Parties as identified by the management is as under:

## (i) Key Management Personnel of the DLPL Group:

- 1 Dr. Arvind Lal, Chairman cum Managing Director of the Parent Company
- 2 Dr. Vandana Lal, Director of the Parent Company
- 3 Dr. Om Prakash Manchanda, Director of the Parent Company
- 4 Dr. Umesh Paliwal, Director of Paliwal Diagnostics Private Limited
- 5 Dr. Mridula Paliwal, Director of Paliwal Medicare Private Limited

## (ii) Relatives of key Management Personnel of the DLPL Group:

- 1 Dr. Archana Lal (Daughter of Dr. Arvind Lal & Dr. Vandana Lal).
- 2 Mr. Anjaneya Lal (Son of Dr. Arvind Lal & Dr. Vandana Lal).
- 3 Mrs. Asha Paliwal (Mother of Dr. Umesh Paliwal).
- 4 Mr. Krishan Kumar Paliwal (Father of Dr. Umesh Paliwal).

## (iii) Enterprise owned or significantly influenced by key management personnel or their relatives:

- 1 Central Clinical Laboratory
- 2 Eskay House HUF - Dr. Arvind Lal
- 3 Dr. Lal Pathlabs International BV
- 4 Dr. Lal PathLabs Welfare Trust
- 5 Dr. Lal PathLabs Employee Welfare Trust

## b. Following transactions were carried out with related parties in the ordinary course of business:

Sl. No	Transaction details	March 31, 2017				March 31, 2016			
		Key management personnel (KMP)	Relatives of Key Management Personnel	Enterprise having significant Influence	Total	Key management personnel (KMP)	Relatives of Key Management Personnel	Enterprise having significant Influence	Total
1	<u>Remuneration*</u>								
	Dr. Arvind Lal - Chairman cum Managing Director	2,09,80,922	-	-	2,09,80,922	1,88,81,567	-	-	1,88,81,567
	Dr. Vandana Lal - Director	1,68,23,649	-	-	1,68,23,649	1,51,69,977	-	-	1,51,69,977
	Dr. O. P. Manchanda - Director	3,30,75,012	-	-	3,30,75,012	3,71,07,399	-	-	3,71,07,399
	Dr. Archana Lal (Daughter of Dr. Arvind Lal & Dr. Vandana Lal)	-	13,46,440	-	13,46,440	-	12,26,440	-	12,26,440
	Mr. Anjaneya Lal (Son of Dr. Arvind Lal & Dr. Vandana Lal)	-	16,17,137	-	16,17,137	-	14,72,800	-	14,72,800
2	<u>Rent</u>								
	Dr. Vandana Lal - Director	10,09,770	-	-	10,09,770	9,57,770	-	-	9,57,770
	Central Clinical Laboratories	-	-	2,49,354	2,49,354	-	-	2,37,483	2,37,483
	Eskay House HUF - Dr. Arvind Lal	-	-	79,29,250	79,29,250	-	-	78,58,640	78,58,640
	Dr. Umesh Paliwal	42,58,486	-	-	42,58,486	35,30,226	-	-	35,30,226
	Mrs. Asha Paliwal	-	1,20,000	-	1,20,000	-	1,20,000	-	1,20,000
3	<u>Other transactions-Dividend paid</u>								
	Dr. Arvind Lal - Chairman cum Managing Director	10,11,48,315	-	-	10,11,48,315	4,33,02,904	-	-	4,33,02,904
	Dr. Vandana Lal – Director	5,97,44,599	-	-	5,97,44,599	2,75,88,584	-	-	2,75,88,584
	Dr. Om Prakash Manchanda – Director	33,70,208	-	-	33,70,208	6,29,889	-	-	6,29,889
	Dr. Archana Lal	-	84,00,000	-	84,00,000	-	34,35,414	-	34,35,414

## Notes to consolidated financial statements for the year ended 31 March 2017

Sl. No	Transaction details	March 31, 2017				March 31, 2016			
		Key management personnel (KMP)	Relatives of Key Management Personnel	Enterprise having significant Influence	Total	Key management personnel (KMP)	Relatives of Key Management Personnel	Enterprise having significant Influence	Total
	Mr. Anjaneya Lal	-	63,36,053	-	63,36,053	-	34,35,414	-	34,35,414
	Eskay House HUF - Dr. Arvind Lal	-	-	63,06,653	63,06,653	-	-	29,44,641	29,44,641
	Dr. Umesh Paliwal	34,37,500	-	-	34,37,500	21,42,053	-	-	21,42,053
	Dr. Mridula Paliwal	5,62,500	-	-	5,62,500	14,02,071	-	-	14,02,071
	Mrs. Asha Paliwal	-	-	-	-	-	1,94,732	-	1,94,732
4	<u>Expenditure incurred/payment made on behalf of related party</u>								
	Dr. Lal Pathlabs International BV	-	-	6,58,839	6,58,839	-	-	3,87,926	3,87,926
	Dr. Lal PathLabs Welfare Trust	-	-	28,83,808	28,83,808	-	-	-	-
5	<u>Sale of services</u>								
	Dr. Lal PathLabs Welfare Trust	-	-	26,06,018	26,06,018	-	-	-	-
6	<u>Contribution to CSR Fund</u>								
	Dr. Lal PathLabs Welfare Trust	-	-	1,87,46,855	1,87,46,855	-	-	35,00,000	35,00,000
7	<u>Retainership fees to technical consultants</u>								
	Dr. Umesh Paliwal	24,85,266	-	-	24,85,266	22,59,333	-	-	22,59,333
	Dr. Mridula Paliwal	12,42,625	-	-	12,42,625	11,29,659	-	-	11,29,659
8	<u>Incentives</u>								
	Dr. Umesh Paliwal	13,79,958	-	-	13,79,958	-	-	-	-
	Dr. Mridula Paliwal	13,79,958	-	-	13,79,958	-	-	-	-
9	<u>Issue of Shares</u>								
	Dr. O. P. Manchanda - Director**	4,26,58,000	-	-	4,26,58,000	2,70,26,336	-	-	2,70,26,336
10	<u>Employee Share based compensation</u>								
	Dr. Om Prakash Manchanda - Director (refer note 1)	29,89,12,030	-	-	29,89,12,030	26,20,20,998	-	-	26,20,20,998
11	<u>Loans &amp; advance given</u>								
	Dr. Om Prakash Manchanda – Director	-	-	-	-	16,12,31,220	-	-	16,12,31,220
12	<u>Loans &amp; advances received back</u>								
	Dr. Om Prakash Manchanda – Director	-	-	-	-	16,12,31,220	-	-	16,12,31,220
13	<u>Interest Income</u>								
	Dr. Om Prakash Manchanda - Director	-	-	-	-	36,46,667	-	-	36,46,667
14	<u>Consideration paid for purchase of Investment in subsidiary company</u>								
	Dr. Mridula Paliwal	8,29,63,976	-	-	8,29,63,976	-	-	-	-
	Mrs. Asha Paliwal	-	3,90,27,192	-	3,90,27,192	-	-	-	-
	Mr. Krishan Kumar Paliwal	-	1,57,75,662	-	1,57,75,662	-	-	-	-
15	<u>Share application money received and refunded during the year</u>								
	Dr. Om Prakash Manchanda - Director	2,95,34,848	-	-	2,95,34,848	-	-	-	-
16	<u>Security Deposit outstanding</u>								

Sl. No	Transaction details	March 31, 2017				March 31, 2016			
		Key management personnel (KMP)	Relatives of Key Management Personnel	Enterprise having significant Influence	Total	Key management personnel (KMP)	Relatives of Key Management Personnel	Enterprise having significant Influence	Total
	Eskay House HUF - Dr. Arvind Lal	-	-	6,41,830	6,41,830	-	-	6,41,830	6,41,830
	Dr. Umesh Paliwal	12,50,000	-	-	12,50,000	12,50,000	-	-	12,50,000
17	<u>Amount payable</u>								
	Dr. Umesh Paliwal	-	-	-	-	-	-	-	-
	Dr. Mridula Paliwal	-	-	-	-	-	-	-	-
	Mrs. Asha Paliwal	-	-	-	-	-	10,000	-	10,000
18	<u>Loans &amp; advances outstanding</u>								
	Dr. Lal Pathlabs International BV	-	-	10,46,765	10,46,765	-	-	3,87,926	3,87,926
	Dr. Lal PathLabs Welfare Trust***	-	-	1,00,000	1,00,000	-	-	1,00,000	1,00,000
19	<u>Share Application money received pending Allotment</u>								
	Dr. Om Prakash Manchanda - Director	-	-	-	-	73,12,800	-	-	73,12,800
20	<u>Transactions with Dr. Lal PathLabs Employee Welfare Trust</u>								
	Loan Given	-	-	-	-	-	-	1,71,21,000	1,71,21,000
	Expense incurred on behalf of related party	-	-	1,05,400	1,05,400				
	Amount recovered	-	-	62,30,000	62,30,000	-	-	-	-
	Debit for Issue of Shares	-	-	-	-	-	-	18,69,95,911	18,69,95,911
	Recovery against Issue of Shares	-	-	-	-			9,92,41,460	9,92,41,460
	Amount credited for shares transferred to employees under ESPS 2015	-	-	15,30,930	15,30,930	-	-	1,62,92,197	1,62,92,197
	Dividend Paid	-	-	58,08,386	58,08,386	-	-	22,96,863	22,96,863
	Amount recoverable as at year end****	-	-	42,53,48,202	42,53,48,202	-	-	43,30,03,732	43,30,03,732

**Notes:**

\* The remuneration to the key managerial personnel & relatives of key managerial personnel does not include the provision made for gratuity and leave benefits, as they are determined on an actuarial basis for the group.

\*\* Shares directly issued to the Employee by the Company @ ₹ 110.80 per equity share of ₹ 10/- each.

\*\*\* Represents contribution towards corpus fund. Amount is included in advance recoverable under loans and advances.

\*\*\*\* No amount has been provided as doubtful debts or advances/written off or written back in respect of debts due from/to above parties, except as stated above.

Note 1: Represents difference between the exercise price of options exercised during the year and the fair value of shares issued as on the date of exercise. During the current year, the Company has also granted 82,677 stock options under RSU plan 2016 to the key managerial personnel and recognised expense of ₹ 2,79,33,571, these options are not vested till year end. These options would Vest not before one year and not later than four years from the date of grant of such Options, which means 25% of options granted will become due for vesting on each anniversary of date of grant. For the purpose of above disclosure, the expense booked in respect of RSU Plan, 2016 has not been included in the amount of employee share based compensation.

**26 (a) Employee Stock Option Plan**

In terms of approval of shareholders accorded at the Annual General Meeting held on August 20, 2010 the Parent Company formulated Dr. Lal PathLabs Employee Stock Option Plan 2010 ("Plan") for specified categories of employees of the Parent Company.

## Notes to consolidated financial statements for the year ended 31 March 2017

As per the Plan, 38,08,960 Stock Options (after considering bonus shares issued during the previous year and subdivision of shares of ₹ 100 each into 10 shares of ₹ 10 each) can be issued to specified categories of employees of the Parent Company. Each option, upon vesting, shall entitle the holder to acquire 1 equity share of ₹ 10. As per resolution passed by the Parent Company on August 21, 2015 there would not be any further grant under the ESOP Plan 2010. Details of the scheme are as under:

	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 5	Tranche 6
Date of grant	01/Sep/10	01/Apr/11	01/Apr/12	01/Nov/13	01/Dec/13	23/Jan/15
Date of Board Approval	20/Aug/10	20/Aug/10	20/Aug/10	20/Aug/10	20/Aug/10	20/Aug/10
Date of Shareholder's approval	20/Aug/10	20/Aug/10	20/Aug/10	20/Aug/10	20/Aug/10	20/Aug/10
Number of options granted	2972160*	460000*	80000*	28000*	28000*	1,62,180
Method of settlement (cash / equity) (Refer Note 1)	Equity	Equity	Equity	Equity	Equity	Equity
Vesting Period	51 months on monthly basis	51 months on monthly basis	60 months on monthly basis	60 months on monthly basis	60 months on monthly basis	48 months on monthly basis
Exercise period	Refer Note 2 below	Refer Note 2 below	Refer Note 2 below	Refer Note 2 below	Refer Note 2 below	Refer Note 2 below
Vesting conditions	Continued employment	Continued employment	Continued employment	Continued employment	Continued employment	Continued employment

\* Updated by considering subdivision along with bonus.

Note 1 : Prior to listing of the Parent Company's equity shares, the options granted under the Plan were considered as cash settled as per the provision of the said Plan. As per the Plan, upon listing of the Parent Company's shares, there is no obligation on the Parent Company to provide liquidity to employees. Accordingly, the Plan has been considered as Equity Settled post the listing of the Parent Company's shares on December 23, 2015.

Note 2: Exercise period shall be a period of five years from the date on which the Parent Company's shares are listed on a recognized stock exchange in India, or a period of ten years from the date of vesting, whichever period ends later.

The details of activity under the aforesaid scheme have been summarized below:

Particulars	31 March 2017		31 March 2016	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
	(₹)	(₹)	(₹)	(₹)
Outstanding at the beginning of the year	8,09,863	145.95	24,29,060	124.15
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	3,89,187	110.80	16,19,197	113.30
Expired during the year	-	-	-	-
Outstanding at the end of the year	4,20,676	178.47	8,09,863	145.95
Exercisable at the end of the year	3,37,477	150.99	6,80,519	108.49
Weighted average remaining contractual life (in years):				

Year	Exercise price (₹)	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price (₹)	Fair Value of Company's share (₹)
31st March 2017	110.80	2,78,693	8.9	110.80	967.55
	311.30	1,41,983	10.13	311.30	967.55
31st March 2016	110.80	6,67,880	9.6	110.80	923.30
	311.30	1,41,983	11.13	311.30	923.30

**Stock Options granted:** The weighted average fair value of the Parent Company's shares under the stock option plan granted to the employees as at 31.03.2017 is ₹ 967.55. The same has been taken based on the closing price as reported by www.nseindia.com.

In FY 2011-12, Dr. Lal PathLabs Employee Welfare Trust" ("Trust") was constituted, inter alia, for the purpose of acquiring equity

shares of the Parent Company, to hold the shares and to allocate/ transfer these shares to eligible employees of the Parent Company from time to time on the terms and conditions specified under the Plan.

The Parent Company has given interest free loans of ₹ 42,52,48,602 (March 31, 2016: ₹ 43,29,03,732) to the said Trust which in turn has purchased 19,15,331 equity shares (March 31, 2016: 19,15,331 equity shares) of ₹ 10 each from employees of the Parent Company. The Parent Company has not consolidated the financial statements of the Trust in the standalone financial statements of the Parent Company.

## 26 (b) Employee Share Purchase Scheme

The Parent Company, vide resolution dated May 11, 2015 approved the Dr. Lal PathLabs Private Limited Employee Share Purchase Scheme 2015 ("ESPS 2015") which is a performance based plan entitling eligible employees to seek transfer of Equity Shares from the Employee Welfare Trust ("EWT"), which is determined upon evaluation of their performance during the year and the fair market value of the Equity Shares as on April 1 of every year. The transfers from the EWT would be adjusted against a performance based amount which is determined in accordance with ESPS 2015 and transferred by the Company to the EWT. The shares purchased under the Scheme by the employees shall have a lock in period of 2 years from the end of the respective performance year. ESPS 2015 came into effect on April 1, 2014 and shall continue to remain in force unless terminated.

Details of the scheme are as under:

Particulars	Year ended March 31, 2017 (₹)	Year ended March 31, 2016 (₹)
Maximum number of Equity Shares granted / made available for transfer	7,997	97,977
Forfeited during the year	-	16,062
Shares adjusted towards TDS liability	2,762	29,579
Price of shares on the date of transfer	967.55	921.45
Expense booked against equity shares adjusted towards TDS liability at fair value on the date of transfer	26,72,373	2,72,55,570
Number of equity shares transferred/to be transferred	5,235	52,336
Price of shares on the date of grant	923.30	311.30
Expense booked against equity shares transferred/to be transferred at fair value on the date of grant	48,33,476	1,62,92,197
Evaluation period	April 1, 2016 to March 31, 2017	April 1, 2015 to March 31, 2016
Method of settlement (cash / equity)	Equity	Equity
Vesting conditions	Performance and continued employment till the end of the performance year	

## 26 (c) Restricted Stock Option Plan

In terms of approval of shareholders accorded at the Annual General Meeting held on July 28, 2016, the Parent Company has formulated Dr. Lal PathLabs Employees Restricted Stock Unit Plan 2016 ("RSU 2016" or the "Plan") for grant of Restricted Stock Units ("Options") to key employees & directors of the company. As per the Plan, maximum number of Options which can be granted to specified categories of employees of the Parent Company are 12,44,155. Each option, upon vesting, shall entitle the holder to acquire 1 equity share of ₹ 10. RSU 2016 came into effect on July 28, 2016 and shall continue to remain in force unless terminated or all of Options available for issuance under RSU 2016 have been issued & exercised, whichever is earlier.

Under RSU 2016, for the performance year 2016-17, Options of ₹ 10 each granted to eligible employees is 2,25,000 out of which 6,225 Options were forfeited on non satisfaction of vesting conditions. The Parent Company has accounted for the liability of Options proportionately for the period under Employee salaries on the basis of weighted average fair value.

Details of the scheme are as under:

Particulars	Tranche 1	Tranche 2	Tranche 3	Tranche 4
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## Notes to consolidated financial statements for the year ended 31 March 2017

Date of grant	29/Jul/16	01/Aug/16	21/Sep/16	10/Oct/16
Date of Board Approval	28/Jul/16	28/Jul/16	28/Jul/16	28/Jul/16
Date of Shareholder's approval	28/Jul/16	28/Jul/16	28/Jul/16	28/Jul/16
Number of options granted	203400	3600	8000	10000
Method of settlement (cash / equity)	Equity	Equity	Equity	Equity
Vesting Period	Refer Note 1 below	Refer Note 1 below	Refer Note 1 below	Refer Note 1 below
Exercise period	Refer Note 2 below	Refer Note 2 below	Refer Note 2 below	Refer Note 2 below
Price on the date of grant*	972.50	974.10	1193.00	1047.10
Exercise Price	10	10	10	10
Vesting conditions	Refer Note 3 below	Refer Note 3 below	Refer Note 3 below	Refer Note 3 below

\*NSE closing price on the date immediately prior to the grant date

**Note 1:** Options granted under RSU 2016 would vest not before one year and not later than four years from the date of grant of such Options, which means 25% of options granted will become due for vesting on each anniversary of date of grant.

**Note 2:** The Exercise Period shall be 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.

**Note 3:** Vesting Conditions:

- Time Based Vesting Condition: 50% of Options due for vesting as on relevant date of vesting shall vest automatically subject to employee continuously remaining employed by the Company during the vesting period and is on the rolls of the company on the date of vesting in unresigned state.
- Up to balance 50% of Options due for vesting as on relevant date of vesting shall vest on the basis of Company Performance Factor. The Company "Performance Factor" is determined by the weighted average of two business KPIs (Gross Revenue & EBITDA with equal weightage) for the performance period. The performance period shall refer to the financial year prior to the date of vesting.

The details of activities under the aforesaid scheme have been summarized below:

Particulars	31st March 2017		31st March 2016*	
	Number of Options	Weighted Average Exercise Price (₹)	Number of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	2,25,000	10	-	-
Forfeited during the year	6,225	10	-	-
Exercised during the year	-	10	-	-
Outstanding at the end of the year	2,18,775	10	-	-
Exercisable at the end of the year	-	10	-	-
Weighted average remaining contractual life (in years):	6.84	-	-	-

\* Not applicable since no Options were granted during the previous year.

## 27. List of Subsidiaries considered for Consolidation:

- Following Subsidiaries have been consolidated on line by line basis:

Name of the Company	Country of Incorporation	Proportion of Ownership Interest as at March 31, 2017	Proportion of Ownership Interest as at March 31, 2016
Paliwal Diagnostics Private Limited	India	80%	70%
Paliwal Medicare Private Limited	India	80%	70%
Delta Ria and Pathology Private Limited	India	100%	-
Dr Lal PathLabs Nepal Private Limited	Nepal	100%	-
APL Institute of Clinical Laboratory & Research Private Limited (wef March 1, 2014)	India	100%	100%

**28. Capital and other commitments:**

	March 31, 2017 (₹)	March 31, 2016 (₹)
a) Estimated amount of contracts remaining to be executed on capital account and not provided for	25,08,98,307	16,67,12,951
b) Commitment of reagent purchases in lieu of suppliers providing laboratory machineries free of cost	Not quantifiable	Not quantifiable

**29. Contingent liabilities (not provided for) in respect of:**

	March 31, 2017 (₹)	March 31, 2016 (₹)
a) Claims against the Parent Company by a vendor not acknowledged as debts** (As per the Parent Company theses claims are not tenable and therefore no provision is required)	5,97,97,513	5,97,97,513
b) Demand in respect of short deduction of TDS/Interest on late payment of TDS*	2,73,810	-
c) Income Tax demand*	6,62,952	-
d) Other claims against the Parent Company not acknowledged as debts**	1,57,00,160	1,30,65,235

\*The liability is assessed as remote.

\*\* 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 possibility of liability devolving on the Parent Company is less than probable.

**30 Goodwill (on Consolidation)**

- (a) Goodwill appearing in the financial statements denotes the goodwill in respect of subsidiaries acquired by the Parent company and the proportionate share of the Group in the goodwill appearing in the consolidated financial statements as per details given below.

Name of the Company	31 March 2017 (₹)	31 March 2016 (₹)
Sanya Chemicals Private Limited*	87,06,088	87,06,088
Medex Health Care Private limited*	89,31,720	89,31,720
Paliwal Medicare Private Limited	4,92,07,198	1,25,45,789
Paliwal Diagnostics Private Limited	12,10,75,621	3,04,20,983
Amolak Diagnostics Private Limited*	12,18,70,039	12,18,70,039
Medicave Diagnostic Centre Private Limited*	9,91,92,694	9,91,92,694
Medicave Medical Systems Private Limited*	7,08,73,572	7,08,73,572
APL Institute of Clinical Laboratory & Research Private Limited	6,46,86,969	6,46,86,969
Delta Ria and Pathology Private Limited	3,29,94,990	-
<b>Total</b>	<b>57,75,38,891</b>	<b>41,72,27,854</b>

\* Merged with the Parent Company with effect from April 1, 2014.

The DLPL Group had recognized goodwill of ₹ 309,574,113 in respect of its erstwhile subsidiary companies, Amolak Diagnostics Private Limited, Medicave Diagnostic Centre Private Limited and Medicave Medical Systems Private Limited, which have now merged with the

## Notes to consolidated financial statements for the year ended 31 March 2017

Parent Company pursuant to the Scheme of Amalgamation. Further, goodwill of ₹ 6,46,86,969 was recognised in respect of APL Institute of Clinical Laboratory & Research Private Limited, a wholly owned subsidiary company. Based on the financial statements of APL Institute of Clinical Laboratory & Research Private Limited, its net worth is substantially lower than the Parent company's investment in this subsidiary.

Goodwill has been tested for impairment using the cash flow projections, which are based on most recent financial budgets/ forecasts approved by the management.

**31 Segment Information****Primary segments: Business Segment**

The Group is solely 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, other pathological and radiological investigations. The entire operations are governed by the same set of risks and returns and hence have been considered as representing a single business segment. The said treatment is in accordance with the guiding principles enunciated in the Accounting Standard 17 on Segment Reporting as notified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013.

**Secondary Segments: Geographical Segments**

The analysis of geographical segment is based on geographical location of its customers.

The following table shows the distribution of the Group's consolidated revenue and trade receivables by geographical market:

Particulars	31 March 2017 (₹)	31 March 2016 (₹)
<b>1. Revenue</b>		
- India	9,08,02,97,326	7,88,78,15,663
- Outside India	4,35,32,271	2,53,62,825
Total Revenue	<b>9,12,38,29,597</b>	<b>7,91,31,78,488</b>
<b>2. Trade Receivables</b>		
- India	41,12,38,939	35,72,42,733
- Outside India	67,98,253	58,18,652
Total Trade Receivables	<b>41,80,37,192</b>	<b>36,30,61,385</b>

Note: All assets other than the trade receivables as disclosed above are located in India.

**32. Gratuity and other post employment benefit plans**

The Group has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service or part thereof in excess of six months.

The following tables summarise the components of net benefit expense recognized in the statement of profit and loss and amounts recognized in the balance sheet for the gratuity plan.

**Statement of profit and loss**

Net employee benefit expense recognized in employee cost:

	31 March 2017 (₹)		31 March 2016 (₹)	
	Funded	Unfunded	Funded	Unfunded
Current service cost	1,19,35,352	3,54,812	1,08,03,665	5,05,703
Interest cost on benefit obligation	51,48,835	1,74,169	36,50,640	1,78,728
Expected return on plan assets	(43,65,804)	-	(24,68,669)	-
Net actuarial (gain) / loss recognized in the year	1,15,71,966	4,57,705	69,06,753	(5,97,580)
Net benefit expense	<b>2,42,90,349</b>	<b>9,86,686</b>	<b>1,88,92,389</b>	<b>86,851</b>
Actual return on plan assets	45,70,109		27,54,842	-

**Balance Sheet**

Benefit Asset / Liability

	31 March 2017 (₹)		31 March 2016 (₹)	
	Funded	Unfunded	Funded	Unfunded
Present value of defined benefit obligation	8,85,42,454	27,40,898	6,36,62,801	21,01,972
Fair value of plan assets	7,92,82,624	-	3,67,13,739	-
Plan (liability)	<b>92,59,830</b>	<b>27,40,898</b>	<b>2,69,49,062</b>	<b>21,01,972</b>

Change in present value of the defined benefit obligation are as follows:

	31 March 2017 (₹)		31 March 2016 (₹)	
	Funded	Unfunded	Funded	Unfunded
Opening defined benefit obligation	6,36,62,801	21,01,972	4,59,60,172	29,62,753
Adjustment pertaining to earlier year	-	-	-	-
Current service cost	1,19,35,352	3,54,812	1,08,03,665	5,05,703
Interest cost	51,48,835	1,74,169	36,50,640	1,78,728
Benefits paid	-	-	-	-
- directly paid by the enterprise	-	(3,47,760)	-	(1,41,763)
- payment made out of the fund	(39,80,805)	-	(47,50,471)	-
Actuarial (gain) / loss on obligation	1,17,76,271	4,57,705	71,92,926	(5,97,580)
Adjustment*	-	-	8,05,869	(8,05,869)
Closing defined benefit obligation	<b>8,85,42,454</b>	<b>27,40,898</b>	<b>6,36,62,801</b>	<b>21,01,972</b>

\*Unfunded obligation has been funded during the year.

Change in fair value of plan assets are as follows:

	31 March 2017 (₹)		31 March 2016 (₹)	
	Funded	Unfunded	Funded	Unfunded
Opening fair value of plan assets	3,67,13,739	-	3,64,84,927	-
Expected return	43,65,804	-	24,68,669	-
Contributions by employer	4,19,79,581	-	19,89,440	-
Benefits paid	(39,80,805)	-	(47,50,471)	-
Actuarial (loss) / gain	2,04,305	-	2,86,173	-
Adjustment	-	-	2,35,001	-
Closing fair value of plan assets	<b>7,92,82,624</b>	<b>-</b>	<b>3,67,13,739</b>	<b>-</b>

The Parent Company is expected to contribute ₹ 9,259,830 to gratuity fund in the next year. (Previous year ₹ 26,949,062)

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	31 March 2017 (%)	31 March 2016 (%)
Investments with insurer	100	100

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The principal assumptions used in determining gratuity obligations for the Parent Company's plans are shown below:

	31 March 2017 (%)	31 March 2016 (%)
Discount rate	7.13 - 7.36	7.79 - 7.95
Expected rate of return on plan assets	7.71	7.79
Increase in compensation cost	4.00 - 12.00	5.00 - 10.00
Employee turnover	5.00 - 18.00	2.00 - 18.00

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

## Notes to consolidated financial statements for the year ended 31 March 2017

Amounts for the current year and previous years are as follows:

	31 March 2017 (₹)	31 March 2016 (₹)	31 March 2015 (₹)	31 March 2014 (₹)	31 March 2013 (₹)	31 March 2012 (₹)
Defined benefit obligation	9,12,83,352	6,57,64,773	4,84,22,925	3,31,21,911	2,70,23,213	2,21,07,454
Plan assets	7,92,82,624	3,67,13,739	3,64,84,927	2,63,56,072	2,37,29,125	20,35,581
(Deficit)	1,20,00,728	2,90,51,034	1,24,37,998	67,65,839	32,94,088	2,00,71,873
Experience adjustment on plan liabilities – (loss) / gain	-41,85,981	-60,73,612	(51,75,602)	4,18,756	12,63,946	8,72,427
Experience adjustment on plan assets – (loss) / gain	2,04,305	2,86,173	(1,22,719)	(1,01,356)	-	36,621

**Defined contribution plan:**

	31 March 2017 (₹)	31 March 2016 (₹)
Contribution to provident fund	4,52,88,881	4,10,50,845

**33 Assets taken on Operating Leases**

Office premises and equipments are obtained on operating lease. The lease terms are ranging from 1-20 years and are generally cancellable at the option of the Company (within the DLPL Group). However, there are lock in period in case of few leases.

Future minimum lease payments are as follows:-

Particulars	31 March 2017 (₹)	31 March 2016 (₹)
Not later than one year	11,77,71,428	11,45,40,834
Later than one year but not later than five years	11,78,19,202	9,96,32,045
Later than five years	1,10,58,000	28,56,600
	<b>24,66,48,630</b>	<b>21,70,29,479</b>

**34 Particulars of Foreign Currency Exposures:**

Unhedged foreign currency exposures as at the Balance Sheet Date:

Particulars	Amount
Capital Creditors (USD)	Nil (31 March 2016: USD 53,800) Nil (31 March 2016: ₹ 35,68,710)
Export trade receivable (SAR)	SAR 2,43,174.97 (31 March 2016: SAR 1,99,032) (₹ 42,09,359 (31 March 2016: ₹ 35,06,256))
Export trade receivable (KWD)	KWD 886.81 (31 March 2016: KWD 726.29) (₹ 1,89,112 (31 March 2016: ₹ 1,58,727))
Export trade receivable (OMR)	OMR Nil (31 March 2016: OMR 2,096.13) (₹ Nil (31 March 2016: ₹ 3,58,692))
Export trade receivable (USD)	USD 37,022.89 (31 March 2016: USD 18,932.76) (₹ 24,02,046 (31 March 2016: ₹ 12,51,435))
Export trade receivable (QAR)	QAR Nil (31 March 2016: QAR 29,967.24) (₹ Nil (31 March 2016: ₹ 5,43,543))

**35 Details of dues to Micro and Small Enterprises as per Micro, Small and Medium Enterprise Development (MSMED) Act, 2006**

Particulars	March 31, 2017 (₹)	March 31, 2016 (₹)
1 The principal amount and interest due thereon remaining unpaid to any supplier as at the end of each accounting period.	2,83,638	7,45,000
2 The amount of interest paid by the buyer in terms of Section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting period.	Nil	Nil

Particulars	March 31, 2017 (₹)	March 31, 2016 (₹)
3 The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	Nil	Nil
4 The amount of interest accrued and remaining unpaid at the end of each accounting period; and	Nil	Nil
5 The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro Small and Medium Enterprise Development Act, 2006.	Nil	Nil

36. The amortization of goodwill arising in standalone financial statements of the Parent Company pursuant to Scheme of Amalgamation has been treated as deductible expense under Section 32 of the Income Tax Act, 1961 on the basis of judicial pronouncements and legal opinion obtained by the Parent Company.
37. During 2013-14, wholly owned foreign subsidiary Dr. Lal PathLabs International B.V., Amsterdam, with an issued capital of EUR 1,00,000 consisting of 10,000 shares of EUR 10 each was formed, however, no amount has been subscribed till the year end.
38. In light of Section 135 of the Companies Act, 2013, the Parent Company has incurred expenses on Corporate Social Responsibility (CSR) aggregating to ₹ 1,87,49,485 for CSR activities carried out during the current year.

Particulars	For the year ended 31 March 2017 (₹)	For the year ended 31 March 2016 (₹)
a) Gross amount required to be spent by the Parent Company during the period/ year	2,70,57,426	2,07,28,680
b) Amount spent during the year on the following in cash		
1. Construction/ acquisition of any asset	Nil	Nil
2. On purpose other than (i) above	1,87,49,485*	38,00,000*

\*Parent Company has contributed ₹ 1,87,46,855 (Previous year ₹ 35,00,000) to Dr. Lal PathLabs Welfare Trust which is carrying out Corporate Social Responsibility (CSR) activities as mentioned in Schedule VII of Companies Act 2013.

39. Disclosure as required by Schedule III of the Companies Act, 2013

Name of the Entity	Net Assets, i.e., total assets minus total liabilities as at March 31, 2017		Net Assets, i.e., total assets minus total liabilities as at March 31, 2016	
	As % of consolidated net assets	Amount (₹)	As % of consolidated net assets	Amount (₹)
<b>Parent</b>				
Dr Lal PathLabs Limited	95%	6,24,97,04,098	94%	4,78,51,27,906
<b>Indian Subsidiaries</b>				
Paliwal Diagnostics Private Limited	1%	8,58,81,554	1%	7,12,51,070
Paliwal Medicare Private Limited	1%	3,39,08,288	0%	2,49,63,382
APL Institute of Clinical Laboratory & Research Private Limited	0%	1,23,66,788	0%	1,05,50,623
Delta Ria and Pathology Private Limited	0%	17,27,507	0%	-
<b>Overseas Subsidiaries</b>				
Dr Lal PathLabs Nepal Private Limited	0%	2,29,94,500	0%	-
<b>Minority Interests in subsidiaries</b>	0%	(2,39,57,968)	-1%	(2,88,64,336)
<b>Adjustments on Consolidation</b>	3%	21,53,40,015	4%	20,31,76,579
<b>Total</b>	<b>100%</b>	<b>6,59,79,64,782</b>	<b>100%</b>	<b>5,06,62,05,224</b>

## Notes to consolidated financial statements for the year ended 31 March 2017

Name of the Entity	Share in Profit or (Loss) for the year ended March 31, 2017		Share in Profit or (Loss) for the year ended March 31, 2016	
	As % of consolidated profit or (loss)	Amount (₹)	As % of consolidated profit or (loss)	Amount (₹)
<b>Parent</b>				
Dr Lal PathLabs Limited	95%	1,47,20,90,120	95%	1,25,75,08,614
<b>Indian Subsidiaries</b>				
Paliwal Diagnostics Private Limited	2%	3,46,30,486	2%	2,62,45,231
Paliwal Medicare Private Limited	1%	89,44,909	1%	83,95,162
APL Institute of Clinical Laboratory & Research Private Limited	0%	18,16,166	0%	(3,68,558)
Delta Ria and Pathology Private Limited	0%	6,36,696	0%	-
<b>Overseas Subsidiaries</b>				
Dr Lal PathLabs Nepal Private Limited	0%	(19,78,916)	0%	-
<b>Minority Interests in subsidiaries</b>	-1%	(98,89,415)	-1%	(1,03,92,118)
<b>Adjustments on Consolidation</b>	2%	3,58,04,834	3%	4,05,09,167
<b>Total</b>	<b>100%</b>	<b>1,54,20,54,880</b>	<b>100%</b>	<b>1,32,18,97,497</b>

40. During the current year, the Group has acquired 100% equity stake in Delta Ria and Pathology Private Limited and subscribed equity share capital in Dr. Lal PathLabs Nepal Private Limited. The effect of increase/(decrease) in assets and liabilities are as follows:

Company Name	Nature	Asset	Liability
Delta Ria and Pathology Private Limited	Subsidiary	22,20,762	4,93,255
Dr. Lal PathLabs Nepal Private Limited	Subsidiary	2,53,71,679	23,77,179

41. Disclosure required under Section 186(4) of the Companies Act 2013

Included in loans and advances are certain inter-corporate deposits/Expenses receivable the particulars of which are disclosed below as required by Section 186(4) of Companies Act 2013:

Name of the loanee	Rate of Interest	Due date	Secured/unsecured	March 31, 2017	March 31, 2016
Dr. Lal PathLabs International B.V	Interest free	Repayable on demand	Unsecured	10,46,765	3,87,926
<b>Total</b>				<b>10,46,765</b>	<b>3,87,926</b>

42. As per Notification dated March 30, 2017, issued by Ministry of Corporate Affairs, details of the Specified Bank Notes (SBN) held & transacted during the period from November 8, 2016 to December 30, 2016 is as provided in the table below:

Particulars	SBNs (₹)	Other denomination notes (₹)	Total (₹)
Closing cash in hand as on 08.11.2016	2,69,31,000	28,24,509	2,97,55,509
(+) Permitted receipts	-	-	-
(-) Permitted payments	-	-	-
(-) Amount deposited in Banks from 09.11.2016 to 30.12.2016 *	2,69,31,000	25,58,05,186	28,27,36,186
Closing cash in hand as on 30.12.2016	-	98,51,480	98,51,480

\* Amount deposited in banks is as per the certificate of deposit of cash in bank accounts as given by the banks.

43. The Board of Directors of Parent Company in their meeting held on May 12, 2017 and Board of Directors of the subsidiary company in their meeting held on May 8, 2017, approved the "Scheme of Amalgamation" of Delta Ria and Pathology Private Limited with the Parent Company w.e.f. April 1, 2017 (the appointed date). As per the said scheme the undertaking of this company shall stand transferred to and vested in the Parent Company on a going concern basis without any further act, deed of matter.



44. These consolidated financial statements have been prepared based on standalone statutory financial statements of the Parent Company and the subsidiary companies.
45. Figures pertaining to the subsidiaries have been reclassified wherever considered necessary to bring them in line with the Parent Company's financial statements.
46. During the current year as well as during the previous year, the Parent Company has set up new/acquired laboratories at various locations in India and some new patient service centers at various locations. Previous year's figures have been regrouped / rearranged wherever necessary to conform to current year's classification.

As per our report of even date

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

Chartered Accountants

ICAI Firm's Registration No.: 301003E/E300005

For and on behalf of the Board of Directors of Dr. Lal PathLabs Limited  
(Formerly known as Dr. Lal PathLabs Private Limited)

**per Anil Gupta**

Partner

Membership No. 87921

Place: New Delhi

Date: May 12, 2017

(Hony.) Brig. Dr. Arvind Lal  
[Chairman and Managing Director]  
DIN: 00576638

Mr. Dilip Bidani  
[Chief Financial Officer]

Dr. Om Prakash Manchanda  
[CEO and Whole Time Director]  
DIN: 02099404

Mr. Rajat Kalra  
[Company Secretary]  
Membership No. A-16947



**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, Gurgaon - 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 23<sup>rd</sup> Annual General Meeting ("AGM") of the members of Dr. Lal PathLabs Limited will be held on Thursday, July 20, 2017, at 10.30 A.M. at the Air Force Auditorium, Subroto Park, New Delhi – 110010, to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited financial statements of the Company for the Financial Year ended March 31, 2017, the reports of the Board of Directors and Auditors thereon and the audited consolidated financial statements of the Company for the Financial Year ended March 31, 2017 and the reports of the Auditors thereon.
2. To declare dividend of ₹ 1.70/- per equity share for the Financial Year ended March 31, 2017.
3. To appoint a Director in the place of Dr. Om Prakash Manchanda (DIN: 02099404), who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint M/s Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W100018) as Statutory Auditors of the Company, in place of retiring auditors, M/s. S.R. Batliboi & Co. LLP (Firm Registration No. 301003E), to hold office from the conclusion of this Annual General Meeting till the conclusion of 28<sup>th</sup> Annual General Meeting of the Company to be held in the year 2022 and to fix their remuneration, by considering and if thought fit, passing, with or without modification(s), the following resolution as an **Ordinary Resolution:**

**"RESOLVED THAT** pursuant to provision of Sections 139, 142 and all 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 thereof, for the time being in force and subject to all the applicable laws and regulations, including but not limited to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and pursuant to the recommendations of the Audit Committee and Board of Directors of the Company, M/s Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W100018) be and are hereby appointed as Statutory Auditors of the Company, in place of retiring auditors M/s. S.R. Batliboi & Co. LLP (Firm Registration No. 301003E), from the conclusion of this Annual General Meeting to the conclusion of 28<sup>th</sup> Annual General Meeting of the Company to be held in the year 2022 (subject to ratification of the appointment by the Members at every Annual General Meeting held after this Annual General Meeting) and the Board of Directors of the Company, be and are hereby authorized to fix such remuneration including out of pocket expenses as may be recommended by the Audit Committee of the Company."

**SPECIAL BUSINESS:**

5. To consider and if thought fit, to pass with or without modifications the following resolution as a **Special Resolution:**

**"RESOLVED THAT** in supersession of the earlier resolution passed by the shareholders in their Annual General Meeting held on September 29, 2015 and pursuant to the provisions of Section 197 and other applicable provisions of the Companies Act, 2013 (hereinafter referred as "Act") (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the approval of the Board of Directors in their meeting held on May 12, 2017, approval of the members be and is hereby accorded for the payment of commission, within the overall maximum limit of 1% (one percent) of the net profits of the Company per annum, calculated in accordance with the provisions of Section 198 of the Act, for a period of five (5) Financial Years beginning with effect from 1<sup>st</sup> April 2017, to the Independent Directors of the Company.

**RESOLVED FURTHER THAT** the said commission be paid in such amounts or proportion and in such manner as the Board of Directors may from time to time determine and based on the performance of the Company and performance evaluation of each such Director and subject to a maximum of ₹ 10,00,000/- (Ten Lakhs) per annum per Director if he is not a Chairman of any Board Committee and an additional ₹ 2,50,000/- (Two Lakhs Fifty Thousand) per annum for each Board Committee in which any such Director is a Chairman.

**RESOLVED FURTHER THAT** the above commission shall be in addition to fee payable to such Directors for attending the meetings of the Board or Committee thereof and reimbursement of expenses for participation in such meetings."

6. To consider and if thought fit, to pass with or without modifications the following resolution as a **Special Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any amendment there to or re-enactment thereof for the time being in force) and subject to such other approval/permissions, if any as may be required and in partial modification of the resolution passed by the shareholders in their Annual General Meeting on September 29, 2015, approval of the members be and is hereby accorded to the payment of the following remuneration, as approved by the Audit Committee in its meeting held on May 11, 2017, Nomination & Remuneration Committee and Board of Directors in their respective meetings held on May 12, 2017 to (Hony) Brig. Dr. Arvind Lal (DIN 00576638), Chairman and Managing Director w.e.f. April 01, 2016 till March 31, 2019:

I	Basic Salary	₹ 3.75 lakhs per month with authority to the Board of Directors to revise the basic salary from time to time, subject however to a ceiling of ₹ 7.55 lakhs per month.
II	Perquisites and Allowances	He shall be entitled to perquisites, allowances, benefits, facilities and amenities (collectively "allowances & perquisites") such as furnished residential accommodation or house rent allowance in lieu thereof, medical reimbursement, special allowance, entertainment, leave travel, Vehicle and Driver reimbursement, Professional reimbursement, and any other "allowances & perquisites" as per the policy/rules of the Company in force and/or as may be approved by the Board from time to time, provided that the aggregate value of such allowances and perquisites currently at ₹ 11.75 lakhs per month may be revised from time to time and shall not exceed ₹ 23.75 lakhs per month.  Allowances & Perquisites will be valued as per the Income-tax rules, wherever applicable and at actual cost to the Company in other cases.
III	Performance Linked Incentive	Annually payable as may be proposed by the Nomination & Remuneration Committee and approved by the Board of Directors based on parameters of performance.
IV	Other Entitlements	In addition to the above, he shall be entitled to allowance and benefits as per the policy of Company in force, such as: a. Company maintained car(s) with Driver. b. Re-imbursement for Mobile Phone(s) and Telephone/Internet Connections at residence. c. Company's contribution to Provident Fund. d. Payment of Gratuity and other retirement benefits. e. Encashment of Leave. f. Personal Accident and Medical Insurance. g. Keyman Insurance. h. Admission and Annual Membership Fee for Club(s). i. Such other benefits as may be applicable to the employees of the company.

**RESOLVED FURTHER THAT** in the event of loss or inadequacy of profits in any Financial Year, the remuneration by way of salary, performance evaluation payment, perquisites and other allowances payable to (Hony) Brig. Dr. Arvind Lal shall not exceed the limits prescribed under Schedule V of the Companies Act, 2013 (as may be amended from time to time) and the Rules made there under or any statutory modification or re-enactment thereof.

**RESOLVED FURTHER THAT** the other terms and conditions of his re-appointment, as approved by the shareholders in their Annual General Meeting held on September 29, 2015, shall remain the same.

**RESOLVED FURTHER THAT** any Director (including any Committee thereof) and/or the Company Secretary of the Company be and is 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."

7. To consider and if thought fit, to pass with or without modifications the following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any amendment there to or re-enactment thereof for the time being in force) and subject to such other approval/permissions, if any as may be required and in partial modification of the resolution passed by the shareholders in their Annual General Meeting on September 29, 2015, approval of the members be and is hereby accorded to the payment of the following remuneration, as approved by the Audit Committee in its meeting held on May 11, 2017, Nomination & Remuneration Committee and Board of Directors in their respective meetings held on May 12, 2017 to Dr. Vandana Lal (DIN 00472955), Whole-time Director w.e.f. April 01, 2016 till March 31, 2019:

I	Basic Salary	₹ 3.00 lakhs per month with authority to the Board of Directors to revise the basic salary from time to time, subject however to a ceiling of INR ₹ 6.05 lakhs per month.
II	Perquisites and Allowances	She shall be entitled to perquisites, allowances, benefits, facilities and amenities (collectively "allowances & perquisites") such as furnished residential accommodation or house rent allowance in lieu thereof, medical reimbursement, special allowance, entertainment, leave travel, Vehicle and Driver reimbursement, Professional reimbursement, and any other "allowances & perquisites" as per the policy/rules of the Company in force and/or as may be approved by the Board from time to time, provided that the aggregate value of such allowances and perquisites currently at ₹ 9.42 lakhs per month may be revised from time to time and shall not exceed ₹ 19.20 lakhs per month.  Allowances & Perquisites will be valued as per the Income-tax rules, wherever applicable and at actual cost to the Company in other cases.
III	Performance Linked Incentive	Annually payable as may be proposed by the Nomination & Remuneration Committee and approved by the Board of Directors based on parameters of performance.

IV	Other Entitlements	<p>In addition to the above, she shall be entitled to allowance and benefits as per the policy of Company in force, such as:</p> <ol style="list-style-type: none"> <li>Company maintained car(s) with Driver.</li> <li>Re-imbursement for Mobile Phone(s) and Telephone/Internet Connections at residence.</li> <li>Company's contribution to Provident Fund.</li> <li>Payment of Gratuity and other retirement benefits.</li> <li>Encashment of Leave.</li> <li>Personal Accident and Medical Insurance.</li> <li>Keyman Insurance.</li> <li>Admission and Annual Membership Fee for Club(s).</li> <li>Such other benefits as may be applicable to the employees of the Company.</li> </ol>
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**RESOLVED FURTHER THAT** in the event of loss or inadequacy of profits in any Financial Year, the remuneration by way of salary, performance evaluation payment, perquisites and other allowances payable to Dr. Vandana Lal shall not exceed the limits prescribed under Schedule V of the Companies Act, 2013 (as may be amended from time to time) and the Rules made there under or any statutory modification or re-enactment thereof.

**RESOLVED FURTHER THAT** the other terms and conditions of her re-appointment, as approved by the shareholders in their Annual General Meeting held on September 29, 2015, shall remain the same.

**RESOLVED FURTHER THAT** any Director (including any Committee thereof) and/or the Company Secretary of the Company be and is 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."

8. 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 and any other applicable provisions/statute as may be applicable from time to time, the Company hereby ratifies the remuneration of ₹ 50,000/- (Rupees Fifty Thousand Only) plus applicable taxes and out of pocket expenses payable to M/s. A.G. Agarwal & Associates (Firm Registration No. 000531), Cost Accountants, appointed as Cost Auditors of the Company for the Financial Year 2017-18."

By Order of the Board  
For **Dr. Lal PathLabs Limited**

**Rajat Kalra**  
**Company Secretary**  
**Membership No: A-16947**

Place: New Delhi  
Date: May 12, 2017

#### Notes:

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES TO BE EFFECTIVE SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY, DULY COMPLETED AND SIGNED, NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**

Proxies submitted on behalf of the Companies/Bodies Corporate etc., must be supported by an appropriate resolution/authority letter as may be applicable.

- Members are requested to note that pursuant to provisions of Section 105 of the Companies Act, 2013, read with the applicable rules thereon, a person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- During the period beginning 24 hours before the time fixed for the commencement of the AGM and ending with the conclusion of the AGM, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided that not less than three days of notice in writing is given to the Company.
- Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the board or governing body resolution/ Power of Attorney authorizing the representatives to attend and vote at the Annual General Meeting atleast 48 hours before the AGM.
- Members/proxies are requested to kindly take note of the following:
  - Copies of the Annual Report will not be distributed at the venue of the meeting;
  - Attendance Slip, as sent herewith, is required to be produced at the venue duly filled-in and signed, for attending the meeting;
  - In all correspondence with the Company and/or the R&T Agent, Folio No. /DP ID and Client ID no. must be quoted;
  - No gift or gift coupons will be distributed at the meeting;
  - In case of joint holders, only such joint holder who is named first in the order of names will be entitled to vote;
  - The copy of attendance slip & proxy form is attached herewith.
- A 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.
- Relevant documents referred to in the accompanying Notice and the statement pursuant to Section 102(1) of the Companies

Act, 2013 are available for inspection at the Registered Office as well as the Corporate Office of the Company during normal business hours on all working days upto the date of the AGM.

The Register of Director and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, and Register of Contracts or Arrangements in which directors are interested under Section 189 will be made available for inspection by members of the Company at the AGM.

8. The Register of Members and Share Transfer Books will remain closed from Friday, July 14, 2017 to Thursday, July 20, 2017 (both days inclusive).
9. The dividend on equity shares as recommended by the Directors for the year ended March 31, 2017, if declared at the AGM, will be paid on or after Monday, July 31, 2017 to those members whose names appear on the Register of Members as on Thursday, July 13, 2017. 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 13, 2017 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.
10. Electronic Copy of the Notice convening the 23<sup>rd</sup> AGM of the Company, Annual Report along with the Attendance Slip and Proxy Form are being sent to the Members who have registered their e-mail ids with the Company / Depository Participant(s). For Members who have not registered their e-mail ids or have opted to receive the aforesaid documents in physical form, hard copies are being sent in the permitted mode. The Notice along with the Attendance Slip and Proxy Form and Annual Report for 2017 shall be available on the Company's website, [www.lalpathlabs.com](http://www.lalpathlabs.com), for their download.
11. Members who have not registered their e-mail addresses so far are requested to register their e-mail ids with the RTA of the Company / Depository Participant(s) for receiving all future communication(s) including Annual Report, Notices, Circulars etc. from the Company electronically.
12. 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 / RTA. SEBI has also mandated that for registration of transfer of securities, the transferee(s) as well as transferor(s) shall furnish a copy of their PAN card to the Company / RTA for registration of transfer of securities.
13. 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 the 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 Registrar and Transfer Agent of the Company.

Further, members desirous of cancelling/varying nomination pursuant to the 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 Registrar and Transfer Agent of the Company. These forms will be made available on request.

14. Additional information, pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2014 and Secretarial Standard for General Meetings (SS-2) in respect of director(s) recommended for re-appointment and/or fixation of remuneration is appended hereunder, after point no. 26.
15. Members are requested to send their queries, if any on the financials or operations of the Company, to reach the Company Secretary at the Company's Corporate Office, at least 10 days before the AGM, so that the information can be compiled in advance.
16. 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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Members are provided with the facility of voting through electronic means (remote e-voting) on all the resolutions set forth in this notice, through e-voting services provided by Central Depository Services (India) Limited ("CDSL").
17. The facility for physical voting through Ballot Paper shall be made available at the Meeting and the members attending the Meeting who have not cast their vote by remote e-voting shall be able to vote at the Meeting through 'Ballot Paper'.
18. The members who have cast their vote by remote e-voting may also attend the Meeting but shall not be entitled to cast their vote again.
19. The remote e-voting period commences on Sunday, July 16, 2017 at 10.00 A.M. and ends on Wednesday, July 19, 2017 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 13, 2017 ("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 casted by the member, the member shall not be allowed to change it subsequently.
20. The Members can also cast their vote using CDSL mobile application "m-Voting" available for android based mobile. The m-Voting application can be downloaded from Google Play Store and Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile application while voting from your mobile.
21. The voting rights of the Members 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 and a person who is not a Member as on the cut-off date should treat this Notice for information purpose only.



**The instructions for shareholders voting electronically are as under:**

- (i) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (ii) Click on Shareholders / Members
- (iii) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (iv) Next enter the Image Verification as displayed and Click on Login.
- (v) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vi) If you are a first time user follow the steps given below:

	<b>For Members holding shares in Demat Form and Physical Form</b>
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on the Attendance Slip indicated in the PAN field.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	<p>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.</p> <ul style="list-style-type: none"> <li>If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iii) above.</li> </ul>

- (vii) After entering these details appropriately, click on "SUBMIT" tab.
- (viii) Members holding shares in physical form will then directly reach the Company selection screen. However, members 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 to be also 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.

- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on the EVSN for Dr. Lal PathLabs Limited on which you choose to vote.
- (xi) 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.
- (xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiii) 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.
- (xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvi) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvii) Note for Non – Individual Shareholders and Custodians
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://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](mailto: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 should be mailed to [helpdesk.evoting@cdslindia.com](mailto: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.
- (xvii) Any person, who acquires shares of the Company and become Member of the Company after dispatch of the Notice and holding shares as on the cut-off date i.e. Thursday, July 13, 2017, may follow the same instructions as mentioned above for e-Voting.



- (xviii) In case of any queries or issues regarding e-Voting, you may refer the Frequently Asked Questions (FAQs) and e-voting manual available under the help section of [www.evotingindia.com](http://www.evotingindia.com) or call on toll free no.: 1800-200-5533 or contact Mr. Mehboob Lakhani, Assistant Manager, Central Depository Service (India) Ltd., 16th Floor, P. J. Towers, Dalal Street, Fort, Mumbai-400001, at the designated email IDs [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)
22. The Board of Directors of the Company has appointed M/s PDS & CO. (Company Secretaries) as Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.
  23. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of ballot paper for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
  24. The Scrutinizer shall immediately after the conclusion of voting at the AGM, first count the votes cast at the AGM and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make not later than 48 hours 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.
  25. The results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.lalpathlabs.com](http://www.lalpathlabs.com) and on the website of CDSL 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.
  26. Route map to reach the venue for the Twenty Third Annual General Meeting is attached with this Notice.

**Details of Director seeking re-appointment in the 23<sup>rd</sup> Annual General Meeting pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard for General Meetings (SS-2) is as mentioned below:**

Name of the Director	Dr. Om Prakash Manchanda
Date of First Appointment to the Board	February 01, 2011
Brief Resume and Nature of Expertise in specific functional areas	Aged 51 years, Dr. Om Prakash Manchanda is the Whole-Time Director and Chief Executive Officer of our Company. He holds a bachelor's degree in veterinary science and animal husbandry from the Haryana Agricultural University, Hisar and a post-graduate diploma in management (agriculture) from the Indian Institute of Management, Ahmedabad ("IIMA"). After graduating from the IIMA in June 1990, he was selected as a management trainee for Lipton India Limited now amalgamated into Hindustan Unilever Limited ("HUL"), under the management trainee scheme of Unilever Group of Companies in India. He has worked with HUL in various positions such as Area Manager, Innovation Manager -Beverages, Business Manager - Loose Tea, Brookfields and Senior Product Manager. In HUL as a Senior Product Manager - Innovation, he spearheaded the execution of Tea Based Beverage development project under the brand name of Lipton Tiger. This innovation went on to win many awards viz., Unilever Central Asia and Middle East ("CAME") Best Marketable Idea of the Year Award in 1997, CAME Innovation Award for Best Proven Initiative of the Year in 1998 and Unilever Foods Innovation Award in Beverages Category in the year 1999. Prior to joining our Company, he has also worked with Monsanto India Limited as their National Marketing Manager and thereafter as their National Sales Manager. In January 2003 he joined Ranbaxy Laboratory Limited in their Global Consumer Healthcare Division and worked initially as General Manager - Marketing, Consumer Healthcare (India) and then General Manager - International & Innovation before joining our Company in October 2005.
Shareholding in the Company	6,67,490 Equity Shares
Relationship with other Directors & KMP's	None
No. of Meetings of the Board attended during the year	As mentioned in the Corporate Governance Report
Directorships held in other Companies	As mentioned in the Corporate Governance Report
Membership /Chairmanship of Committees of other companies	He is a Member of Stakeholders Relationship Committee of the Company.
Remuneration last drawn	As mentioned in the Corporate Governance Report
Terms and conditions of re-appointment	Same as approved by the shareholders in the Annual General Meeting held on July 28, 2016

## EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

### ITEM NO. 4

The explanatory statement for this item is being provided voluntarily though strictly not required as per Section 102 of the Companies Act, 2013 ("the Act").

M/s. S.R. Batliboi & Co. LLP, are retiring at the conclusion of this Annual General Meeting and as per the provisions of Section 139 of the Act and the Companies (Audit and Auditors) Rules, 2014, an audit firm functioning as auditor of the Company for ten years or more after the commencement of provisions of Section 139(2) of the Act, may be appointed in the same Company for further period of three years from April 1, 2014. As maximum statutory tenure of M/s. S.R. Batliboi & Co. LLP, to continue as auditors of the Company is about to end and hence they are not eligible to be considered for reappointment, at this Annual General Meeting of the Company.

In view of the above, the Board of Directors of the Company on recommendation of Audit Committee, appointed M/s Deloitte Haskins & Sells LLP (Firm Registration No. 117366W/W1000118) as Statutory Auditors of the Company, subject to the approval of the members of the Company at this Annual General Meeting.

Further, as required under the provisions of Sections 139 and 141 of the Act, M/s Deloitte Haskins & Sells LLP have confirmed that their appointment, if made at this Annual General Meeting, shall be in accordance with the provisions of the Act and have also confirmed that they hold a valid certificate issued by the Peer Review Board of ICAI, as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Their appointment as Statutory Auditors, if approved, by the members of the Company, will take effect from the conclusion of this Annual General Meeting.

The Board recommends the ordinary resolution set out under Item No. 4 of the Notice for approval by the shareholders.

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. 4 of the Notice.

### ITEM NO. 5

The members of the Company in the 21<sup>st</sup> Annual General Meeting of the Company held on September 29, 2015 approved the payment of annual commission to the Independent Directors up to ₹ 7,50,000/- per annum (Rupees Seven Lakhs Fifty Thousand only) or a maximum of ₹ 10,00,000/- per annum (Rupees Ten Lakhs only) if the Director is also the Chairman of a Board Committee, subject to total commission not exceeding 1% per cent of the net profit of the Company in any Financial Year.

The role and responsibilities of the Independent Directors have increased significantly, post listing of the Company at the Stock

Exchanges and therefore, the Board of Directors of the Company considered it appropriate that the remuneration payable to the Independent Directors be commensurate with their increased role, responsibilities and duties.

Considering the same, the Board of Directors in their meeting held on May 12, 2017, approved increase in the payment of commission to the Independent Directors of the Company to a maximum of ₹ 10,00,000/- (Rupees Ten Lakhs) per annum per Director if he is not a Chairman of any Board Committee and an additional ₹ 2,50,000/- (Rupees Two Lakhs Fifty Thousand) per annum for each Board Committee in which any such Director is a Chairman.

Accordingly, approval of the shareholders is sought by way of a Special Resolution for payment of such commission over a period of five (5) Financial Years beginning with effect from 1<sup>st</sup> April 2017, as set out in the Resolution at Item No. 5 of the Notice.

The Board recommends the special resolution set out under Item No. 5 of the Notice for approval by the shareholders.

Except the Independent Directors of the Company, none of other Directors or KMP's or their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the Notice.

### ITEM NO. 6 & 7

It may be kindly noted that the shareholders of the Company in their Annual General Meeting held on July 28, 2016 approved increase in the remuneration of Dr. Om Prakash Manchanda, CEO & Whole Time Director, for exercise of vested stock options granted to him under the Employee Stock Option Plan.

The Central Government vide its e-mail/letter dated January 09, 2017, also approved increase in such remuneration to Dr. Manchanda.

The Secretarial Auditors of the Company M/s Sanjay Grover and Associates are of the opinion that the total remuneration paid to Dr. Om Prakash Manchanda, as per the said Central Government approval, for the Financial Year 2016-17 (including perk value arising due to exercise of stock options) exceeds the limits of Managerial Remuneration specified u/s 197(1) of the Companies Act, 2013 and therefore, approval of the shareholders shall also be required under Section II of Part II of Schedule V for payment of remuneration to the other two Executive Directors i.e. (Hony) Brig. Dr. Arvind Lal, Chairman and Managing Director and Dr. Vandana Lal, Whole Time Director.

In consideration of the above observations by the Secretarial Auditors, the Board of Directors in their meeting held on May 12, 2017 took note of the fact that even though there is no change in the remuneration of (Hony) Brig. Dr. Arvind Lal & Dr. Vandana Lal, from the one as approved by the shareholders in their Annual General Meeting held on September 29, 2015, approval of shareholders should be sought in the interest of governance under the provisions of Schedule V to the Companies Act, 2013.

**STATEMENT OF INFORMATION AS PER SECTION II OF PART II OF SCHEDULE V OF THE COMPANIES ACT, 2013**

S. No.	General Information		
1.	Nature of Industry	Healthcare Services	
2.	Date or expected date of commencement of commercial production	Year 1995 (Date of Incorporation: Feb 14, 1995)	
3.	In case of new Companies, expected date of commencement of activities as per project approved by Financial Institutions appearing in the Prospectus	Not Applicable	
4.	Financial Performance based on given indicators	(₹ in Lakhs)	
		Particulars	
		FY 2015-16	FY 2016-17
		Total Revenue	77,131.3
		PAT	12,575.1
5.	Foreign Investments or collaborations, if any	The Company has made Foreign Investments only in Nepal.	
6.	Background details	(Hony) Brig. Dr. Arvind Lal	Dr. Vandana Lal
		(Hony) Brig. Dr. Arvind Lal aged 67 years holds a bachelor's degree in medicine and a bachelor's degree in surgery from the University of Poona and a diploma in clinical pathology from the Armed Forces Medical College, Pune. He has over 40 years of experience in the field of pathology. Prior to joining our Company, he was associated with Central Clinical Laboratory, a partnership firm and our Group Entity, as a partner, to provide pathology services under the name 'Central Clinical Laboratory' and to maintain a blood bank for the supply of blood to patients and hospitals under the name 'Blood Transfusion Centre'.	Dr. Vandana Lal, aged 59 years, is a whole-time Director on our Board. She holds a bachelor's degree in medicine and a bachelor's degree in surgery from the University of Delhi and a doctorate degree in medicine (pathology) from the University of Delhi. She has over 30 years of experience in the field of pathology.
7.	Past Remuneration	(Hony) Brig. Dr. Arvind Lal drew a remuneration of ₹ 1.73 Cr for the Financial Year 2014-15 and ₹ 1.83 Cr for the Financial Year 2015-16.	Dr. Vandana Lal drew a remuneration of ₹ 1.39 Cr for the Financial Year 2014-15 and ₹ 1.47 Cr for the Financial Year 2015-16.
8.	Recognition or Awards	He has been conferred an Honorary Brigadier's rank in the Armed Forces Medical Services by the President of India and is also the recipient of Padma Shri award.	Dr. Vandana Lal was recognised as 'Woman of the Year' representing India, by the American Biographical Institute in 2008 and as 'Gem of India' at the All India Achiever's Conference in 1994 and is also a recipient of International Business Council Award in 1993 and the Shiromani Award for outstanding achievement in the chosen field of activity (pathology) in 1993.

9.	Job Profile and suitability	He has been a Director of our Company since its incorporation in 1995. He leads our Board and facilitates liaisoning between our Board and Company's management through our Chief Executive Officer. He is responsible for ensuring that appropriate governance procedures are in place and well entrenched in the culture of our Company.	She has been a Director of our Company since its incorporation in 1995. Dr. Vandana Lal heads clinical research services, all technical departments of our laboratories and research and development wing of our Company. She is also responsible for expansion activities of our laboratories, planning and execution of new projects for our Company, overall charge of all the technical departments ensuring accuracy, quality assurance, quality control and compliance to standards stipulated by accreditation bodies.
10.	Remuneration Proposed	As per the Special Resolution, annexed herewith.	As per the Special Resolution, annexed herewith.
11.	Comparative Remuneration profile with respect to industry, size of the Company, profile of the position and person	The remuneration payable has been compared with the remuneration being drawn by similar positions in the Healthcare industry.	The remuneration payable has been compared with the remuneration being drawn by similar positions in the Healthcare industry.
12.	Pecuniary relationship directly or indirectly with the Company or relationship with Managerial Personnel, if any	(Hony) Brig. Dr. Arvind Lal has no pecuniary relationship directly or indirectly with the Company or its Managerial Personnel except his wife Dr. Vandana Lal, to the extent of their remuneration and shareholdings in the Company.	Dr. Vandana Lal has no pecuniary relationship directly or indirectly with the Company or its Managerial Personnel except her husband (Hony) Brig. Dr. Arvind Lal, to the extent of their remuneration and shareholdings in the Company.
<b>Other Information</b>			
1.	Reason of loss or inadequate profits	The inadequacy of profits is arising as a result of perquisite value arising on exercise of vested stock options by Dr. Om Prakash Manchanda. Viewed on a standalone basis his salary is well within the limits applicable to a single Whole Time / Executive Director.	The inadequacy of profits is arising as a result of perquisite value arising on exercise of vested stock options by Dr. Om Prakash Manchanda. Viewed on a standalone basis her salary is well within the limits applicable to a single Whole Time / Executive Director.
2.	Steps taken or proposed to be taken for improvement	Not Applicable	Not Applicable
3	Expected increase in productivity and profits in measurable terms	Not Applicable	Not Applicable
<b>Other relevant details as required under Secretarial Standards for General Meetings (SS-2) are as mentioned below:</b>			
1.	Shareholding in the Company	2,69,72,884 Equity Shares of ₹ 10/- Each	1,59,31,893 Equity Shares of ₹ 10/- Each
2.	Number of Meetings Attended during the Financial Year 2016-17	Four (4)	Four (4)
3.	Other Directorships	1. APL Institute of Clinical Laboratory and Research Private Limited 2. Paliwal Diagnostics Private Limited 3. Paliwal Medicare Private Limited 4. Dr. Lal PathLabs International B.V. 5. Kalmatia Sangam Travels Private Limited 6. New Delhi Centre for Sight Limited 7. Delta Ria And Pathology Private Limited 8. Archana Pharmaceuticals Private Limited 9. Doon MRI Private Limited	1. APL Institute of Clinical Laboratory and Research Private Limited 2. Kalmatia Sangam Travels Private Limited 3. Delta Ria And Pathology Private Limited 4. Archana Pharmaceuticals Private Limited
4.	Memberships / Chairmanships of other Committees	None	None
5.	Terms and conditions of appointment	As per the Special Resolution, annexed herewith.	As per the Special Resolution, annexed herewith.

The Board recommends the special resolution(s) set out under Item No.6 & 7 of the Notice for approval by the shareholders.

The terms and conditions as set out in this explanatory statement and resolution may also be treated as the Memorandum in writing in terms of Section 190 of the Act.

None of the Directors or KMP's or their relatives, except (Hony) Brig. Dr. Arvind Lal and Dr. Vandana Lal, are concerned or interested, financially or otherwise, in the resolution set out at Item No. 6 & 7 of the Notice.

#### **ITEM NO. 8**

The Board of Directors of the Company in their meeting held on May 12, 2017, on recommendation by the Audit Committee, appointed M/s. A.G. Agarwal & Associates (Firm Registration Number: 000531), Cost Accountants as the Cost Auditors for the Financial Year 2017-18 at a remuneration of INR 50,000 (Rupees fifty 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.8 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. 8 of the Notice.

By Order of the Board  
For **Dr. Lal PathLabs Limited**

Place: New Delhi  
Date: May 12, 2017

**Rajat Kalra**  
**Company Secretary**  
**Membership No: A-16947**



## DR. LAL PATHLABS LIMITED

Corporate Identity Number: L74899DL1995PLC065388

**Regd. Office:** Block-E, Sector-18, Rohini, New Delhi – 110085, **Corporate Office:** 12<sup>th</sup> Floor, Tower B, SAS Tower, Medicity Sector-38, Gurgaon - 122001  
Website: www.lalpathlabs.com, E-Mail: cs@lalpathlabs.com, Phone: +91 124 3016500 | Fax: +91 124 4234468

### ATTENDANCE SLIP 23<sup>rd</sup> Annual General Meeting Thursday, July 20, 2017

DP ID - Client ID / Folio No.: .....

No. of shares held: .....

Name of the Member / Proxy: .....(In BLOCK Letters)

Address of the Member: .....

I certify that I am/We are member(s)/proxy for the member(s), of the Company.

I/We hereby record my/our presence at the 23<sup>rd</sup> Annual General Meeting of the Company on Thursday, the 20<sup>th</sup> day of July 2017 at 10.30 A.M. at Air Force Auditorium, Subroto Park, New Delhi-110010.

.....  
Signature of the Member/Proxy



## DR. LAL PATHLABS LIMITED

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Website: www.lalpathlabs.com, E-Mail: cs@lalpathlabs.com, Phone: +91 124 3016500 | Fax: +91 124 4234468

### PROXY FORM 23<sup>rd</sup> Annual General Meeting Thursday, July 20, 2017

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules 2014]

Name of the member(s): .....

Registered Address: .....

E-mail ID: .....

DP ID - Client ID / Folio No.: .....

I/We being the holder(s) of ..... shares of Dr. Lal PathLabs Limited, hereby appoint:

1. Name: .....

Address: .....

E-mail ID: .....

Signature:.....failing him/her

2. Name: .....

Address: .....

E-mail ID: .....

Signature:.....failing him/her

3. Name: .....

Address: .....

E-mail ID: .....

Signature:.....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 23<sup>rd</sup> Annual General Meeting of the Company to be held on Thursday, the 20<sup>th</sup> day of July 2017 at 10.30 A.M. at Air Force Auditorium, Subroto Park, New Delhi-110010 and at any adjournment(s) thereof in respect of such resolutions as are indicated below:

**Landmark:** Adjacent to Research & Referral, Army Hospital

Affix  
Revenue  
Stamp

- \*1 Please put a "X" in the Box in the appropriate column. If you leave 'For' or 'Against' column blank in respect of any or all of the resolutions, your proxy will be entitled to vote in the matter as he/she thinks appropriate.
2. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Annual General Meeting.
3. The proxy form should be signed across the revenue stamp as per specimen signature(s) registered with the Company / Depository Participant.





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**Dr. Lal PathLabs Limited**

Registered Office: Block-E, Sector-18, Rohini, New Delhi - 110 085

Corporate Office: 12th Floor, Tower B, SAS Tower, Medicity,  
Sector - 38, Gurgaon - 122 001, Haryana

National Customer Care ☎ +91-11-3988-5050

Website: [www.lalpathlabs.com](http://www.lalpathlabs.com)

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