



ENABLING

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Annual Report
2020- 2021

CONTENTS

02

FACTS
ABOUT US



06

BOARD OF
DIRECTORS



04

LETTER TO
SHAREHOLDERS

- From the Chairman
- From the Managing Director



07

CORPORATE
INFORMATION



08

STATUTORY REPORTS

- Director's Report
- Management Discussion and Analysis
- Business Responsibility Report
- Report on Corporate Governance



57

FINANCIALS

- Standalone Financial Statements
- Independent Auditors Report
- Balance Sheet
- Profit & Loss Statement
- Cash Flow Statement
- Statement of Changes in Equity
- Notes to Financial Statements
- Consolidated Financial Statements
- Independent Auditors Report
- Consolidated Balance Sheet
- Consolidated Profit & Loss Statement
- Consolidated Cash Flow Statement
- Consolidated Statement of Changes in Equity
- Notes to Consolidated Financial Statements

186

NOTICE OF ANNUAL GENERAL MEETING



195

SHAREHOLDER SATISFACTION SURVEY

FACTS ABOUT US

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

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



We possess:

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

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

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

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

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

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

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

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

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

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

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

FROM THE CHAIRMAN'S DESK

Dear Shareholders,

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

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

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

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



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

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

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

Warm regards,

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

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

A WORD FROM MANAGING DIRECTOR

Dear Shareholders,

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

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

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

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

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

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



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

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

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

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

Warm Regards,

Dr. Om Prakash Manchanda
Managing Director

BOARD OF DIRECTORS



(Hony) Brig. Dr. Arvind Lal
Executive Chairman



Dr. Om Prakash Manchanda
Managing Director



Dr. Vandana Lal
Executive Director



Mr. Sunil Varma
Lead Independent Director



Dr. Saurabh Srivastava
Independent Director



Mrs. Somya Satsangi
Independent Director



Mr. Harneet Singh Chandhoke
Independent Director



Mr. Anoop Mahendra Singh
Independent Director



Mr. Rahul Sharma
Non-Executive Director



Dr. Archana Lal Erdmann
Non-Executive Director

CORPORATE INFORMATION

Chief Executive Officer

Mr. Bharath U

Chief Financial Officer

Mr. Ved Prakash Goel

Company Secretary

Mr. Rajat Kalra

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Auditors

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

DIRECTOR'S REPORT

Dear Members,

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

FINANCIAL RESULTS

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

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

FINANCIAL PERFORMANCE

I. CONSOLIDATED PERFORMANCE

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

II. STANDALONE PERFORMANCE

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

CONSOLIDATED ACCOUNTS

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

DIVIDEND

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

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

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

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

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

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

TRANSFER TO RESERVES

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

AMALGAMATION

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

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

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

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

SHARE CAPITAL

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