

WIDENING HORIZONS SERVING BETTER



Annual
Report
2021-22

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FACTS ABOUT US

Dr. Lal PathLabs Limited continues to redefine its robust infrastructure spanning across India & International and currently comprises of 277 clinical labs (including National Reference Lab at Delhi and Regional Reference Lab at Kolkata).

Further, we continue to build our Patient Service Network with 4,731 Patient Service Centers and 10,599 Pick-up Points, which are backed by a 4,110 strong manpower, that enables greater efficiency as well as prompt service & reach to our customers.

ENABLING HEALTHIER LIVES SINCE 1949

Over 70 years of service to the nation

1949

Dr Lal PathLabs
was first founded
by late Dr Major
S. K. Lal

1977

Dr Lal PathLabs became the first lab in India to introduce Gelman Electrophoresis

1981

First private lab
in North India to
introduce
Radioimmunoassay
(RIA) for hormones

1986

First lab to
fully computerize
its operations

1987

India's first lab
to install Berthold
12 Well Counter,
Helena EDC

2002

First Indian lab to
get an International
accreditation from
the prestigious
College of American
Pathologists

2001

- First lab in India to link satellite labs
- Also, the first one to be certified for ISO 9001:2000

2000

First lab to
be accredited by
the NABL against
the standard
NABL 100

1999

First Indian
lab to install the
world famous Triple
Laboratory
Software (Ultra)

1989

First lab to install
Amerlite Immune
Chemiluminescence
Assays (ICMA)
for HIV and HBsAg

2003

Satellite laboratories
at Preet Vihar, Gurugram
and Safdarjung
development area
received accreditation
from NABL

2004

Tandem Mass Spectrometry for diagnosing Inborn Errors of Metabolism was introduced for the first time in South East Asia

2006

Six laboratories of
Dr Lal PathLabs
successfully
upgraded the NABL
quality standard
from ISO/IEC 17025
to ISO/IEC 15189

2008

Modular systems of Roche Biochemistry and Immunoassay units were introduced

2009

Lab recognized
by the Government
of India for
Swine Flu Testing

2019

EY 'Entrepreneur of the Year' In the category of Health & Life Sciences was awarded to Dr Arvind La I & Dr Om Prakash Manchanda

2017

Launch of latest 'NextGeneration Sequencing' Technology in Genomic Testing

2015

First pathology
player to get
listed at National
Stock
Exchange

2013

Dr Lal PathLabs
won Paul
Writers Marketing
Hall of Fame
award

2010

Established
South East Asia's
largest
and most advanced
Pathology Lab at
Sector-18, Rohini

2020

Successfully completed one year of GENEVOLVE, the new Genomics division of Dr Lal PathLabs

2021

- Launched our Bangalore Reference Laboratory with an expansive test menu range.
- Acquired Suburban Diagnostic to become stronger in the west part of India

FROM THE CHAIRMAN'S DESK



Dear Shareholders,

We are happy to announce a successful conclusion to FY22. Dr. Lal PathLabs maintained its track record of being India's leading diagnostics lab chain, providing the best quality diagnostic services to patients in an affordable and accessible manner.

In a significant development during FY22, we strengthened our presence in the fast-growing region of Western India by the acquisition of Suburban Diagnostics, Mumbai. While this will vastly improve our business in this region, the objective is to leverage the expertise of both the companies to deliver accurate diagnostics with better patient experience. Thus the acquisition of Suburban Diagnostics will help us establish a strong base in the high-growth region of Western India, in-line with our strategy. Also, our hub-and-spoke business model, spread across India has been very effective and efficient in helping us reach and penetrate deeper. With our well-established Regional Reference Labs in North and East India giving us healthy increment in patient volumes. We also remain on track to acquire smaller,

unbranded labs across the country through our subsidiary PathLabs Unifiers Private Limited.

The year FY22 was marked by sharp recovery in the non-COVID business post two successive COVID-19 waves. The year began with a nation-wide lockdown being imposed on account of the second wave of the COVID-19 pandemic, which was more severe than the first one. The morbidity and mortality from this Delta virus were more this time. After the second wave receded, the caseloads stayed well under control until December due to the rapid vaccination drive, when the new and fast-transmitting Omicron variant started spreading. However, fortunately, it was not very resurgent and died down soon after. Dr. Lal PathLabs remained at the forefront, providing quality and efficiency in COVID and allied testing throughout the year, and especially during these two periods. One key change that we witnessed since the onset of the pandemic, was that home collections and online bookings were the most preferred options used by the patients.

The scope for growth in the Indian healthcare industry, especially the diagnostics industry is considerable. India continues to have a significantly lower healthcare expenditure as a percentage of GDP as compared to many other nations. Moreover, the shift of market share from the unorganized to the organized sector in the industry has been rapid since the onset of the pandemic. To reap the benefits of this trend, Dr. Lal PathLabs has been making use of technology to improve efficiency and experience of services for the patients.

The shift in industry trends, wherein the market share moving from the unorganized to the organized sector has accelerated. Consumers prefer the assurance of quality and efficiency offered by a branded, pan-India player, something that unorganized players cannot offer. Also, post the pandemic, people have become more attentive to their health. By consistently addressing these concerns, Dr. Lal PathLabs has maintained its position as a leading diagnostics player in India with growing presence in newer regions.

Government of India (GoI) has announced various initiatives and has also increased spending across several schemes, so that healthcare benefits reach

more and more people in India. In the FY22-23 Union Budget, Govt continues to adopt policies geared towards developing a resilient healthcare system in the country. The Department of Health and Family Welfare has been allocated ₹ 83,000 crore, including an allocation of ₹ 6,412 crore for the flagship Ayushman Bharat Pradhan Mantri Jan Aarogya Yojana. These initiatives undertaken by the Government in the healthcare space in the last few years has been heartening and gives us great confidence in the scope for growth in the Indian healthcare industry.

We continue to drive our business on the back of high patient volumes and favorable test mix. We have been able to grow our volumes consistently through the years, without compromising on our margins, nor increasing prices of the tests. This growth in topline and profitability has ensured that Dr. Lal PathLabs

remains a leading player in the industry with a bigger footprint. There is a vast opportunity in the Indian diagnostics space and we are very well positioned to leverage it.

Lastly, I would like to extend my deepest gratitude to all our stakeholders, including investors, associates, vendors, patients, customers, and employees, who have supported us throughout our journey and placed their trust in our brand. We will continue to strive to bring the best quality diagnostics to our patients and value to our investors.

Warm regards,



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

A WORD FROM MANAGING DIRECTOR



Dear Shareholders,

In the pandemic, we have all experienced a once in a lifetime event. My earnest wish is that all of you and your loved ones have kept safe and continue to do so. 2021-22 began on a very challenging note, where the country was gripped by an intense expression of COVID-19.

While there was little predictability on operating parameters, we made it an endeavour to organize for effectiveness and enhance the convenience to patients. Testing for Covid-19, at scale, when the industry had never done such a thing before, was a litmus test for what we in the organized space stand for. Being cognizant of the underlying requirement for illness or prescription-based testing, emphasis was given equally to processing non-COVID samples, which too marked an ebb and flow in line with the restriction on movement by way of lockdowns. The brand focused on building availability of testing infrastructure as required for both COVID and non-COVID, enhancing accessibility through emerging channels like home collection and streamlining interactions online. Patients have recognized what a brand can do and have had the

opportunity to experience the service standards that we adhere by.

As a nation, while we are marking what is possibly the final chapter of the pandemic, I can share certain trends as they have become apparent to us. Firstly, we have seen a continual build up in the trend of home collection of samples. As a proportion, this sits at ~12% today relative to 5-6% pre-pandemic. We have responded by doubling down on training for seamless brand experience at home and towards making the entire process efficient. The second observation I wish to share is that we have seen a marked improvement in samples coming from the franchisee partners, both at the walk-in level post the lockdowns and from institutional avenues throughout. We have always believed in strengthening the spokes within our hub and spoke operation and have been investing in creating the right process flows to enable that.

Third, we have seen the contribution from 'SwasthFit', our bundle test offering, increasing. True to its premise, the program allows the patients and consulting doctors to benefit from comprehensive analysis of underlying data. During the pandemic especially, during the successive phases of it, we saw an evolving combination of allied tests emerging. The system was geared to aid the communities through more focused testing of the relevant parameters.

And lastly, what we have observed at the outset, that non-COVID marks a far larger opportunity and that one should not lose sight of it. All of our network and infrastructure build outs have supported that.

The year 2021-22 was also a milestone year for another reason. We successfully completed the acquisition and integration of Suburban Diagnostics, which you will know is a Mumbai-centered brand in Western India. Our premise was clear, where we are seeking to augment and facilitate significant growth in the geography. Whereas at the outset the contribution share from this region has multiplied, I am aware that there is lot of work to be done. We wish to drive both brands, leveraging credentials as leading healthcare providers in full-service diagnostics.

Meanwhile, through PathLabs Unifiers we continue to create meaningful clusters of growth across the South

and West. Our Bengaluru regional reference lab and the hub-labs we are creating in the rest of the country are proving to be gateways to accelerated sampling.

As the year progressed, the organized industry within diagnostics saw new participation from dedicated players. We welcome these developments as together we can serve the country better. Dr Lal also continues to partner and ally with online aggregators in an effort to build an online platform for sample collection.

Investments have also been directed at enhancing digital footprint, both at operational back end and the front end, where a positive impact can be felt by the patients. We are similarly taking a scientific temperament towards introducing latest technologies in testing in order to enhance convenience while rendering superior and more accurate outcomes.

To share some statistics, we derived 34% shared contribution from the Delhi-NCR region and 28% from rest of North India, followed by 15% from East, 14% from the West, 7% from the South and 2% from International & others. These will re-balance as we progress. We have served 27.3 mn patients during the year 2021-22, including of course the surge in sampling due to the pandemic, which in turn came in at 66 mn.

Revenues for the year showed 32% increase, on consolidated basis including Suburban Diagnostic contribution. Normalized PAT improvement of 25% was recorded. 'SwasthFit' drew in 18% contribution to revenues in the year. As a trend, this segment should record further pick-up, guided by increased awareness of wellness and health awareness brought in by the pandemic.

In a rolling effort, we enhanced our network reach. Year on year we saw 46 labs getting added, 1,026 patient service centers and 1,352 pick-up points. This number includes assets from Suburban

Diagnostics as well. Thus, at overall level, the network has 277 laboratories, 4,731 patient service centres and reaches out 10,599 pick up points nationally.

There are 4 tenets to our strategy: building up our existing infrastructure, widening our test menu and service offering, driving a customer centric approach and pursuing balanced geographic expansion. We believe we are in the right place and benefit from this deliberate approach to growth. Patients are attuned to our brand as we continually create instances of positive engagement. Dr. Lal PathLabs is on a long journey to extend quality testing, across channels to the vast majority of the population. With the present pace of public and private investments in the healthcare infrastructure, the country shall see larger patient volumes coming to the fold and concurrently requirement for testing is also expected to build further. We are excited about the Suburban brand and have aspirations to meaningfully scale it up in target markets. The space for un-organized labs is shrinking and as a trend, those samples are moving to the branded, national chains.

I would like to express my gratitude towards all stakeholders, who have especially stood with us during the past couple of months. Our journey has only just begun, and we value your contribution and trust enshrined in us. I also thank our Board of Directors for their vision and support, our investors, vendors, customers, employees for their continuing investment towards our common objectives. And above all, I would like to make a note of appreciation for all our patients for believing in us.

Warm Regards,



Dr. Om Prakash Manchanda
Managing Director

BOARD OF DIRECTORS



(Hony) Brig. Dr. Arvind Lal
Executive Chairman



Dr. Vandana Lal
Executive Director



Dr. Archana Lal Erdmann
Non-Executive Director



Dr. Om Prakash Manchanda
Managing Director



Mr. Rahul Sharma
Non-Executive Director



Mr. Sunil Varma
Lead Independent Director



Dr. Saurabh Srivastava
Independent Director



Mr. Harneet Singh Chandhoke
Independent Director



Mr. Anoop Mahendra Singh
Independent Director



Mrs. Somya Satsangi
Independent Director