



A large, semi-transparent circular overlay containing a black microscope is positioned in the upper right quadrant of the page. A smaller, solid yellow circle is located to the left of the main circle. The text "Your trusted Health Partner" is centered within the dark gray area of the main circle.

Your trusted
Health Partner

ANNUAL REPORT
2015-16

Facts about us

Dr Lal PathLabs has a robust infrastructure at its core with a vast network that comprises a National Reference Laboratory at New Delhi and **172 clinical laboratories, 1559 patient service centres, 4000 strong manpower and over 4967 pickup points** that enable greater efficiencies and prompt diagnostic services to reach people.

- An exhaustive range of tests including over **1110 test panels, 1934 pathology tests, 1561 radiology and cardiology tests.**
- **Over 6 decades of experience in the world of diagnostics**
- **Trust of over 12 million customers**
- The specialty tests being promoted are mainly from high-end Molecular Diagnostics, Cytogenetics, Flowcytometry, Immunohistochemistry & Microbiology departments
- New tests introduced in the market:
 - Enhanced Liver Fibrosis for Early Detection of Fibrosis, Chromosome Interphase Profiling, POC – one stop global FISH approach to detect genetic cause of pregnancy loss
 - Vitamin D LC MS/MS - the only test that differentiates between D2 and D3 components using Gold Standard technology
 - With the launch of Electron Microscopy, Dr. Lal PathLabs Ltd. has become the first private lab to process renal biopsy samples through TEM (Transmission Electron Microscopy)



Corporate Information

Company Secretary

Mr. Rajat Kalra

Auditors

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

Registrar & Share Transfer Agent

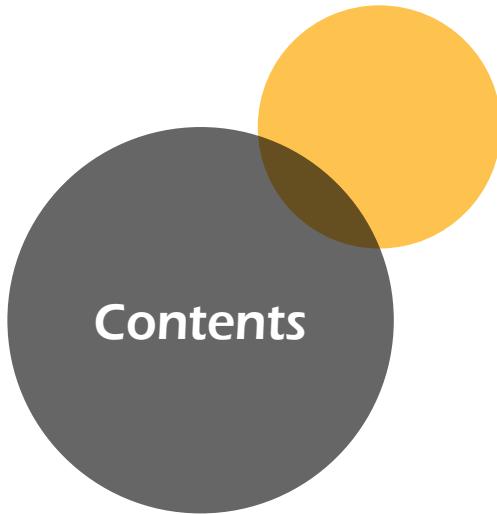
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	PAGE NO.
Letter to Shareholders	
From the Chairman & Managing Director	2
From the CEO	3
Board of Directors	4
 <u>STATUTORY REPORTS</u>	
Board's Report	5
Management Discussion and Analysis	33
Report on Corporate Governance	37
 <u>FINANCIALS</u>	
Standalone Financial Statements	50
Independent Auditor's Report	51
Balance Sheet	56
Profit & Loss Statement	57
Cash Flow Statement	58
Notes to Financial Statements	60
Consolidated Financial Statements	89
Independent Auditor's Report	90
Consolidated Balance Sheet	94
Consolidated Profit & Loss Statement	95
Consolidated Cash Flow Statement	96
Notes to Consolidated Financial Statements	98
 <u>NOTICE OF AGM</u>	 125



Dear Shareholders,

I take this opportunity of thanking all of you in the investor community for the faith and confidence reposed in us. This was evident the way our listing successfully steered itself on a new course in the stock exchanges of the country. Our journey as a listed entity is still nascent, but has been a great one so far. We are optimistic that given our strong fundamentals and business strategies we will continue to grow and deliver sustainable returns in the future also. I would like to thank all of you on behalf of the Board of Directors and the Management for your continued support and encouragement.

Over the years we have invested time and resources to create and establish a consumer healthcare brand in diagnostic services that is synonymous with unmatched service and high levels of quality. This is because of the fact that we do the job entrusted to us with a lot of zeal and passion. We have been able to create an ecosystem that has a wide reach amongst all the healthcare companies in India. Thus we are able to fulfill most of the qualities required in the dispensing of healthcare in our country viz accessibility, affordability and quality.

The total market for diagnostic healthcare services providers such as our Company has been independently

ascertained at ₹37,700 Crores in FY15, with this number expected to grow to over ₹60,000 Crores by FY18. This leaves ample scope for a Company like ours to further expand and bring quality lab services to the doorstep of our countrymen. This would, of course, require continuous investment in systems, processes and technology that we are well placed to execute and thereby capture the opportunities in store for us. By being pioneers in our industry, it will always be our aim to keep evolving and introducing new trends in the diagnostics sector. Our concerted efforts that encompass our entire philosophy of offering unmatched service to our clients shall bear fruit by creating great value not only for our patients but also for our investors and other stakeholders.

As I conclude, I would like to emphasise that we shall continue progressing with sharp laser focus on our business goals. I would like to extend my gratitude to all the members of the Board for their valued guidance and encouragement and also to our investors, business associates and partners for their continued support. We sincerely hope and wish that you shall continue giving us your unstinted support and inspiration in taking LPL to higher levels of success and prosperity.

Warm Regards

A handwritten signature in black ink, appearing to read "Shivin Lal".

Chairman & Managing Director



Dear Shareholders,

It gives me great pleasure to be addressing our new stakeholders through this letter in what has been a very momentous year for the Company. Dr Lal PathLabs (LPL) delivered a healthy performance during the year 2015-16 with revenue growth of 20% and earnings after tax rising 38%.

LPL is recognised as a premier diagnostic services chain operating within healthcare, which by itself is a vastly under served domain. Our model is based on the tenets of patient trust, accuracy of results, faster turnaround times and ease of accessibility to our services. The singular vision of our founders since 1949 and the dedication and hard work of our team members and around 4,000 employees has helped establish LPL into the vast network that you see today.

We have taken a nationwide hub-and-spoke approach to diagnostic testing and our network comprises a National Reference Laboratory at New Delhi. This is duly supported by 172 clinical laboratories, 1,559 patient service centres and over 4,967 pickup points presently. Samples get collected and transported across multiple locations within a region and then forwarded to pre-designated clinical laboratories for centralized diagnostic testing. This provides us greater efficiencies and of course better economies of scale while making available a scalable platform for growth. A key factor responsible for such kind of smooth execution is our centralized information technology platform.

Our catalogue of tests is exhaustive and includes over 1,110 test panels, 1,934 pathology tests and 1,561 radiology and cardiology tests and we keep adding newer more effective tests over time. The outreach of the brand covers not only individual patients but also corporates, institutions, healthcare providers as well as hospital and clinical labs.

We expect factors such as increase in evidence-based treatments, demand for lifestyle diseases-related healthcare services along with better awareness levels towards prevention of diseases, to be primary drivers for our industry and with that for our Company as well. Some of the focus areas that we have outlined to capture this growth are as follows;

- Geographical expansion: by way of augmenting network capacity in core and adjacent markets of North, Central and Eastern India while making considered forays into West and South territories.
- Strengthening operations: Enhancing the customer experience by boosting quality & reliability standards and improving turnaround time for testing.
- Expanding the range of offerings: Adding newer tests and services so as to stay more relevant to our audience profile.

Expand management of hospital based and clinical labs: Management of in-hospital clinical laboratories to conduct onsite routine testing and provide offsite support for more complex testing needs through our laboratory network on a revenue-sharing basis.

I once again take this opportunity to thank our investors, customers and employees whose constant support made this endeavour a great success. I believe that as an enterprise we are well placed to continue delivering similar successes going forward backed by our well-defined business strategies, excellent infrastructure and robust brand.

Warm Regards

A handwritten signature in black ink, appearing to read "Niranjan Dandekar".

CEO & Whole-time Director

Board of
Directors

 Dr Lal PathLabs



(Hon) 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. Naveen Wadhera
Non-Executive Nominee Director



Mr. Sandeep Singhal
Non-Executive Nominee Director



Mr. Arun Duggal
Independent Director



Mr. Anoop Mahendra Singh
Independent Director



Mr. Sunil Varma
Independent Director



Mr. Harneet Singh Chandhoke
Independent Director



Dr. Saurabh Srivastava
Independent Director



Dr. Murugan Rajaram Pandian
Independent Director

BOARD'S REPORT

Dear Members,

Your Directors have pleasure in presenting the 22nd Annual Report on the business and operations of your Company along with the audited statement of accounts for the year ended March 31, 2016.

Financial Results

The Financial performance of your Company for the year ended March 31, 2016 is summarized below:

Particulars	Year ended March 31, 2016 ₹ (in Lakhs)	Year ended March 31, 2015 ₹ (in Lakhs)	Year ended March 31, 2016 ₹ (in Lakhs)	Year ended March 31, 2015 ₹ (in Lakhs)
	Consolidated	Consolidated	Standalone	Standalone
Total Revenue	79,634.9	66,254.4	77,131.3	64,011.7
Total Expenses	58,159.8	50,363.9	56,155.3	48,573.6
Total Income before Interest, Tax & Depreciation	21,475.1	15,890.5	20,976.0	15,438.1
Profit/(Loss) before Tax (PBT)	20,071.6	13,971.7	19,175.3	13,127.8
Profit/(Loss) after Tax (PAT)	13,322.9	9,643.6	12,575.1	8,775.1

RESULT OF OPERATIONS

During the year under review, the consolidated income from operations of the Company increased to ₹ 79,634.9 Lakhs compared to ₹ 66,254.4 Lakhs in the previous year, registering growth of 20.20%. Net profit after tax for the group increased to ₹ 13,322.9 Lakhs from ₹ 9,643.6 Lakhs representing a growth of 38.15%.

During the year under review, the standalone income from operations of the Company increased to ₹ 77,131.3 Lakhs compared to ₹ 64,011.7 Lakhs in the previous year, registering growth of 20.50%. The standalone profit after tax for the year increased by 43.30% to ₹ 12,575.1 Lakhs compared to ₹ 8,775.1 Lakhs in the previous year.

DIVIDEND

Your Directors are pleased to recommend a dividend @ 24.5%, i.e. ₹ 2.45 per equity share of ₹ 10/- each for the Financial Year ended March 31, 2016.

TRANSFER TO RESERVES

Your Company proposes to transfer an amount of ₹ 1260 Lakhs to the General Reserve.

CONVERSION INTO A PUBLIC LIMITED COMPANY

Your Board of Directors in their meeting held on August 05, 2015 approved the conversion of the Company into a Public Limited Company. Further the shareholders of the Company approved the proposal for such conversion in their Extra-Ordinary General Meeting held on August 07, 2015.

The Registrar of Companies NCT of Delhi & Haryana, also took note of the conversion and issued a new Certificate of Incorporation dated August 19, 2015 to this effect.

Your Company, therefore, became a Public Limited Company with effect from August 19, 2015.

INITIAL PUBLIC OFFERING (IPO)

During the year under review, your Company completed its Initial Public Offering (IPO) of 1,16,00,000 equity shares of ₹ 10/- each, comprising of offer for sale of 12,61,996 equity shares by (Hony) Brig. Dr. Arvind Lal, 20,56,747 equity shares by Dr. Vandana Lal, 2,38,226

equity shares by M/s Eskay House (HUF), 5,50,386 equity shares by Mr. Anjaneya Lal, 58,60,000 equity shares by M/s Wagner Limited, 14,71,575 equity shares by M/s Westbridge Crossover Fund LLC and 1,61,070 by M/s Sanjeevini Investment Holdings through the Book Building Process.

The Issue constituted 14.04 % of the post issue paid-up equity share capital of the Company. The equity shares were offered at a price band of ₹ 540/- to ₹ 550/- with a discount of ₹ 15 being offered to Retail Investors. The Issue Price was fixed at ₹ 550/- per share.

Your Directors would like to state with great pleasure that the issue received an overwhelming response from the investing community and was subscribed by over 23 times, with the QIB portion getting oversubscribed by over 63 times, Non Institutional portion by over 61 times and the Retail portion by over 4 times. The success of IPO reflects the trust, faith & confidence that our customers, business partners and markets have reposed in your Company.

The shares were transferred to the successful allottees on December 21, 2015 and trading in shares commenced on December 23, 2015 at the Bombay Stock Exchange and The National Stock Exchange of India.

SCHEME OF AMALGAMATION

Pursuant to a Scheme of Amalgamation ("Scheme"), Wholly Owned Subsidiaries of your Company, namely, Sanya Chemicals Private Limited, Amolak Diagnostics Private Limited, Medex Healthcare Private Limited, Medicave Diagnostic Centre Private Limited and Medicave Medical Systems Private Limited ("Transferor Subsidiaries"), have got amalgamated with the Company.

Your Company and the Transferor Subsidiaries filed petitions under Sections 391 to 394 of the Companies Act, 1956, before the relevant High Courts, namely, the Bombay High Court, the High Court of Telangana and Andhra Pradesh, the Calcutta High Court and the High Court of Rajasthan for the Transferor Subsidiaries, and the Delhi High Court for your Company. While the relevant High Courts in relation to the respective Transferor Subsidiaries approved the Scheme, the Delhi High Court held that there was no requirement of holding meetings of creditors or shareholders of your Company, or for filing a petition sanctioning the Scheme, since the Scheme contemplated

BOARD'S REPORT

the amalgamation of Wholly Owned Subsidiaries with their Holding Company (the "Delhi High Court Order").

Thereafter, the Transferor Subsidiaries filed the respective High Court orders with the relevant Registrar of Companies ("RoC"). On July 3, 2015, in order to notify the ROC of the effectiveness of the Scheme and the increase in Authorized Share Capital of your Company consequent to amalgamation, your Company filed the necessary form with the Delhi High Court Order ("RoC Form") with the RoC. The RoC, by responses dated July 3, 2015 and July 6, 2015, directed your Company to submit a condonation of delay from the Delhi High Court, since the RoC Form was filed after a period of 30 days from the date of the Delhi High Court Order.

Your Company believes, based on legal advice, that since the Delhi High Court Order was not an order sanctioning the Scheme under Sections 391 to 394 of the Companies Act, 1956, your Company was not required to file a copy of the Delhi High Court Order with the ROC either pursuant to the Scheme or pursuant to the applicable provisions of the Companies Act, 1956. The ROC Form was filed by your Company solely to notify the ROC regarding such Amalgamation and consequent increase in the Authorized Share Capital of your Company.

Based on this understanding, the Scheme has become operative and the Transferor Subsidiaries stand amalgamated with your Company from the effective date i.e. May 21, 2015, and has been given effect from the appointed date i.e. April 1, 2013. The revenues of the Transferor Subsidiaries have also been consolidated with your Company with effect from the appointed date.

CHANGES IN SHARE CAPITAL

a. Increase/Reclassification of Authorized Share Capital

Pursuant to the Shareholders Resolution dated August 7, 2015 the Authorized Share Capital of our Company was increased from ₹ 82,50,00,000/- (Rupees Eighty Two Crores Fifty Lakhs) to ₹ 97,00,00,000/- (Rupees Ninety Seven Crores) divided into 6,95,00,000 (Six Crore Ninety Five Lakh) Equity Shares of ₹ 10/- each and 2,75,00,000 (Two Crore Seventy Five Lakh) Preference Share of ₹ 10/- each.

The Shareholders in their previous Annual General Meeting held on September 29, 2015 re-classified 83,60,325 Preference Shares into Equity and also increased the Authorized Share Capital to ₹ 1,04,00,00,000 (Rupees One Hundred and Four Crores only) divided into 8,48,60,325 (Eight Crore Forty Eight Lakh Sixty Thousand Three Hundred and Twenty Five) Equity Shares of ₹ 10/- each and 1,91,39,675 (One Crore Ninety One Lakh Thirty Nine Thousand Six Hundred and Seventy Five) Preference Share of ₹ 10/- each.

b. Increase in Paid up Equity Share Capital

During the year under review,

- (i) the Company has allotted 14,15,157 Equity Shares of ₹ 10/- each under the Employee Stock Option Scheme 2010 of the Company.
- (ii) the Company has converted 2,66,32,320 Preference Shares of ₹ 10/- each into Equity Shares.

EMPLOYEES STOCK OPTION PLAN / SCHEME

The details required to be provided under the SEBI (Share Based Employee Benefits) Regulations, 2014 are set out in Annexure 1 and forms an integral part of this Annual Report.

CONSOLIDATED ACCOUNTS

The consolidated financial statements of your Company for the financial year 2015-16, 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 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 Company(ies) seeking such information at any point of time. The annual accounts of the subsidiaries are also available for inspection any Member during business hours, at the Registered & Corporate Office of the Company and have also been uploaded on the website of the Company (www.lalpathlabs.com).

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis forms an integral part of this Report and gives details of the overall industry structure, developments, performance and state of affairs of the Company' business.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION

No material changes and commitments affecting the financial position of the Company have occurred between March 31, 2016 and the date of the report.

PUBLIC DEPOSITS

During the financial year 2015-16, 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 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 set out 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 & Corporate 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.

DIRECTOR'S AND KEY MANAGERIAL PERSONNEL

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

I. Appointment(s)

Mr. Arun Duggal (DIN 00024262), Mr. Anoop Mahendra Singh (DIN 01963056), Mr. Sunil Varma (DIN 01020611), Dr. Saurabh Srivastava (DIN 00380453), Mr. Harneet Singh Chandhoke (DIN 02758084) were appointed as Additional (Independent) Directors with effect from August 21, 2015 and Dr. Murugan Rajaram Pandian (DIN 07271000) with effect from August 28, 2015 to hold office for 3 (Three) consecutive years. Their appointment was regularized by the shareholders in the previous Annual General Meeting of the Company held on September 29, 2015.

(Hony) Brig. Dr. Arvind Lal, Dr. Vandana Lal & Dr. Om Prakash Manchanda were re-appointed as Chairman & Managing Director, Whole Time Director and CEO & Whole Time Director respectively for 5 (Five) years commencing from August 21, 2015.

Mr. Rajat Kalra was appointed as the Company Secretary with effect from June 12, 2015.

II. Retirement(s)

Mr. Rahul Sharma, Non-Executive 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 22nd 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 2015-16. 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

The details of the meetings of the Board of Directors and its Committees, convened during the financial year 2015-16 are given in the Corporate Governance Report, which forms an integral part of this 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.

DIRECTOR'S 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 March 31, 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 March 31, 2016 and of the profit and loss of the Company for the financial year ended March 31, 2016;

BOARD'S REPORT

- 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 AUDITOR'S REPORT

I. Statutory Auditors

The Statutory Auditors, M/s. S.R. Batliboi & Co. LLP, Chartered Accountants, hold office till the conclusion of the ensuing Annual General Meeting and they have confirmed their eligibility and willingness to be re-appointed. The Company has received a certificate from the Statutory Auditors to the effect that their appointment, if made, would be within the limits prescribed under section 141 of the Companies Act, 2013 and that they are not disqualified for such appointment within the meaning of the said section. Pursuant to the provisions of section 139 of the Companies Act, 2013 and the rules framed thereunder, it is proposed to re-appoint M/s. S.R. Batliboi & Co. LLP, Chartered Accountants as the Statutory Auditors from the conclusion of ensuing Annual General Meeting till the conclusion of the next Annual General Meeting of the Company.

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

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 2016-17 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 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.

Further the Auditors Report being 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/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.

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.

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 Directors of your Company has constituted the CSR Committee to help the Company to frame, monitor and execute the CSR activities of the Company. 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 set out 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, two complaints were received by the ICC and the same were satisfactorily 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

Following measure were taken during the year:

- 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 energy Audit of Lab, chiller load is directed to two of the more efficient chillers.
- Descaling 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 transformers alternately to save transformer loss.

II. Foreign exchange earnings and outgo

The information on Foreign Exchange earnings is included in Note 41 & outgo in Note 39 of the Notes to the Financial Statements.

DETAILS ON INTERNAL FINANCIAL CONTROLS RELATED TO FINANCIAL STATEMENTS

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations.

Pursuant to the provisions of section 134(5)(e) of the Act, the Company has in consultation with a reputed consultancy firm strengthened the existing financial controls of the Company. Such internal financial controls were found to be adequate for a size of the company. Further, it is believed that the controls are largely operating effectively since there has not been any identification of any major material weakness in the company. 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 27, 2016

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

ANNEXURE - 1 TO BOARD'S REPORT
Statement Pursuant to Regulation 14 of SEBI (Share Based Employee Benefits) Regulations, 2014

- A.** Relevant disclosures have been made in terms of the 'Guidance note on accounting for employee share-based payments' issued by ICAI or any other relevant accounting standards as prescribed from time to time. - Please refer to Notes Nos. 29(a) & (b) contained in the **Notes to Accounts forming part of Annual Financial Statements for the Financial Year ended on March 31, 2016**.
- B.** Diluted Earnings per Share (EPS) on issue of Ordinary Shares on Exercise of Options calculated in accordance with Accounting Standard (AS) 20 'Earning Per Share' is ₹ **15.20**.

C. Details related to ESOP

Sr. No.	Description	Financial Year 2015-16	Disclosures in respect of grants made during the last three years prior to IPO i.e. Financial Year 2014-15, 2013-14 and 2012-13
(i)	a) Date of Shareholders' approval	August 31, 2010	August 31, 2010
	b) Total number of options approved under the Scheme*	38,08,960	38,08,960
	c) Vesting Requirements	Monthly vesting over a period of 5 years	Monthly vesting over a period of 5 years
	d) Exercise Price or Pricing Formula	Fair Market Value on the date of grant	Fair Market Value on the date of grant
	e) Maximum term of options granted	5 years from the date of grant	5 years from the date of grant
	f) Source of shares (primary, secondary or combination)	Combination	Combination
	g) Variation in terms of options	-	-
(ii)	Method used to account for ESOP	Fair value method	Fair value method
(iii)	Difference between the employee compensation cost so computed at (ii) above and the employee compensation cost that shall have been recognized if it had used the fair value / intrinsic value of the Options.	Nil	Nil
	The impact of this difference on Profits and on EPS of the Company	Nil	Nil
(iv)	Option movement during the year		
	Number of options outstanding at the beginning of the period	24,29,060	1,68,603
	Number of options granted during the year	0	0
	Number of options forfeited / lapsed during the year	0	0
	Number of options vested during the year	46,145	46,145
	Number of options exercised during the year	16,19,197	9,760
	Number of shares arising as a result of exercise of options	16,19,197	9,760
	Money realized by exercise of options (₹), if scheme is implemented directly by the company	17,94,07,028	10,81,408
	Loan repaid by the Trust during the year from exercise price received	Nil	Nil
	Number of options outstanding at the end of the year	8,09,863	1,58,303
	Number of options exercisable at the end of the year	6,80,519	28,959
(v)	Weighted average exercise price and weighted average fair value of Options granted for Options whose exercise price either equals or exceeds or is less than the market price of the stock.	6,67,880 @110.80 1,41,983@311.30	26,080 @110.80 1,41,983@311.30

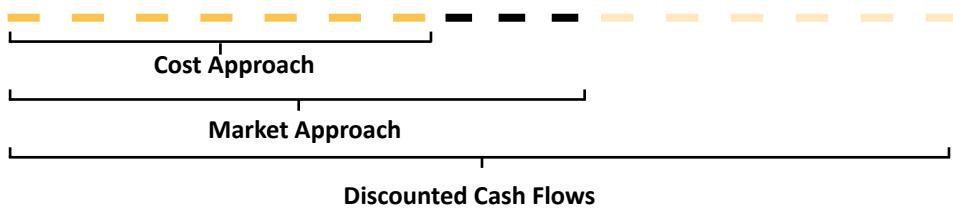
* Under the ESOP Scheme, 23,806 options were earmarked to be offered to eligible employees of our Company exercisable into 23,806 equity shares of ₹ 100 each which is currently equivalent to 38,08,960 Equity Shares on account of the bonus issue of 15 equity shares of ₹ 100 each for every one equity share of ₹ 100 each on September 28, 2013 and the split of each equity share of face value ₹ 100 each into ten equity shares of ₹ 10 each pursuant to a resolution of our shareholders dated March 27, 2015.

Sr. No.	Description	Financial Year 2015-16	Disclosures in respect of grants made during the last three years prior to IPO i.e. Financial Year 2014-15, 2013-14 and 2012-13				
(vi)	Details of Options granted to						
i)	Senior managerial personnel	None	1,62,180 Stock Options to Mr. Rahul Sharma, Director of the Company				
ii)	Any other employees who received a grant in any one year of Options amounting to 5% or more of the Options granted during that year.	: None	None				
iii)	Identified employees who were granted Options during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	: None	None				
(vii)	Description of the method	#	#				
(viii)	Significant assumption used during the year to estimate the fair values of Options	: <table> <tr> <td>Assumption in Valuation</td> <td>Assumption in Valuation</td> </tr> <tr> <td> <ul style="list-style-type: none"> Return of Market (Rm) is calculated from geometric mean of return for past 10 years of bench mark index –BSE Sensex Risk free return (Rf) is calculated from return on G-Sec yield. Beta for the company is taken as compared to industry average. A tax rate has been assumed as at level of FY14 at 32.22% Perpetual growth rate has been assumed at 6% considering long term GDP growth rate. Cash & Bank has been assumed as on March 31, 2015 of ₹ 1,273 Million. Cost of Equity is calculated as per CAPM model at 19.35%, taking beta, risk free rate and market return. Weighted average Cost of Capital (WACC) is calculated at 19.35%. Relative multiples for peers are taken from desktop research and market data as available on various financial sites at the time of valuations. </td> <td> <ul style="list-style-type: none"> Return of Market (Rm) is calculated from geometric mean of return for past 10 years of bench mark index –BSE Sensex Risk free return (Rf) is calculated from return on G-Sec yield. Beta for the company is taken as compared to industry average. A tax rate has been assumed as at level of FY14 at 32.22% Perpetual growth rate has been assumed at 6% considering long term GDP growth rate. Cash & Bank has been assumed as on March 31, 2015 of ₹ 1,273 Million. Cost of Equity is calculated as per CAPM model at 19.35%, taking beta, risk free rate and market return. Weighted average Cost of Capital (WACC) is calculated at 19.35%. Relative multiples for peers are taken from desktop research and market data as available on various financial sites at the time of valuations. </td> </tr> </table>	Assumption in Valuation	Assumption in Valuation	<ul style="list-style-type: none"> Return of Market (Rm) is calculated from geometric mean of return for past 10 years of bench mark index –BSE Sensex Risk free return (Rf) is calculated from return on G-Sec yield. Beta for the company is taken as compared to industry average. A tax rate has been assumed as at level of FY14 at 32.22% Perpetual growth rate has been assumed at 6% considering long term GDP growth rate. Cash & Bank has been assumed as on March 31, 2015 of ₹ 1,273 Million. Cost of Equity is calculated as per CAPM model at 19.35%, taking beta, risk free rate and market return. Weighted average Cost of Capital (WACC) is calculated at 19.35%. Relative multiples for peers are taken from desktop research and market data as available on various financial sites at the time of valuations. 	<ul style="list-style-type: none"> Return of Market (Rm) is calculated from geometric mean of return for past 10 years of bench mark index –BSE Sensex Risk free return (Rf) is calculated from return on G-Sec yield. Beta for the company is taken as compared to industry average. A tax rate has been assumed as at level of FY14 at 32.22% Perpetual growth rate has been assumed at 6% considering long term GDP growth rate. Cash & Bank has been assumed as on March 31, 2015 of ₹ 1,273 Million. Cost of Equity is calculated as per CAPM model at 19.35%, taking beta, risk free rate and market return. Weighted average Cost of Capital (WACC) is calculated at 19.35%. Relative multiples for peers are taken from desktop research and market data as available on various financial sites at the time of valuations. 	
Assumption in Valuation	Assumption in Valuation						
<ul style="list-style-type: none"> Return of Market (Rm) is calculated from geometric mean of return for past 10 years of bench mark index –BSE Sensex Risk free return (Rf) is calculated from return on G-Sec yield. Beta for the company is taken as compared to industry average. A tax rate has been assumed as at level of FY14 at 32.22% Perpetual growth rate has been assumed at 6% considering long term GDP growth rate. Cash & Bank has been assumed as on March 31, 2015 of ₹ 1,273 Million. Cost of Equity is calculated as per CAPM model at 19.35%, taking beta, risk free rate and market return. Weighted average Cost of Capital (WACC) is calculated at 19.35%. Relative multiples for peers are taken from desktop research and market data as available on various financial sites at the time of valuations. 	<ul style="list-style-type: none"> Return of Market (Rm) is calculated from geometric mean of return for past 10 years of bench mark index –BSE Sensex Risk free return (Rf) is calculated from return on G-Sec yield. Beta for the company is taken as compared to industry average. A tax rate has been assumed as at level of FY14 at 32.22% Perpetual growth rate has been assumed at 6% considering long term GDP growth rate. Cash & Bank has been assumed as on March 31, 2015 of ₹ 1,273 Million. Cost of Equity is calculated as per CAPM model at 19.35%, taking beta, risk free rate and market return. Weighted average Cost of Capital (WACC) is calculated at 19.35%. Relative multiples for peers are taken from desktop research and market data as available on various financial sites at the time of valuations. 						

D. Details related to ESPS 2015

Sr. No.	Description	Remarks (FY 16)
(i)	(a) Date of Shareholders' approval	May 11, 2015
	(b) Number of shares issued	52,336
	(c) The price at which such shares are issued	₹ 311.30 each
	(d) Lock-in-period	Two Years
(ii)	The details of the number of shares issued under ESPS	52,336
	The price at which such shares are issued	₹ 311.30 each
	Employee-wise details of the shares issued to:	
	(i) Senior managerial personnel:	(i) Dr. Om Prakash Manchanda, CEO & Whole Time Director was issued 21,006 shares under ESPS 2015 Scheme
	(ii) any other employee who is issued shares in any one year amounting to 5% or more shares issued during the year:	-
	(iii) identified employees who were issued shares during one year equal to or exceeding 1% of the issued capital of the company at the time of issuance:	-
	Consideration received against the issuance of shares, if scheme is implemented directly by the company.	1,62,92,197
	Loan repaid by the Trust during the year from exercise price received.	1,62,92,197

The valuation cannot proceed solely on the basis of what is known as historical profits or profits of past years. The present valuation exercise would have to proceed on a going concern basis and hence has to lay emphasis on cash generation capacity of the company.



In the ultimate analysis, valuation will have to be finalized/arrived at by the exercise of judicious discretion and judgment taking into account all the relevant factors. There will always be several factors, e.g. quality and integrity of the management, present and prospective competition, yield or securities and market sentiment etc. which are not evident from the face of the balance sheets but which will strongly influence the worth of a share. Moreover, this valuation is based on the going concern assumption and thus lends more weightage to projected values.

In the light of the aforesaid, we have used weighted average value derived from DCF and Transaction Multiple methods, as detailed earlier to derive the Fair Value of shares. The same has been encapsulated below :

Particulars	Weightage
Book Value Method	0
Discounted Cash Flows	50%
Transaction Multiple Method	50%
Total	100%

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, 2016	Capital Holding	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	1.00	70%	1,60,000	7,10,91,070	8,76,91,775	1,64,40,705	—	18,72,56,321	3,83,03,294	1,20,58,063	2,62,45,231 1,50,00,000
2	Paliwal Medicare Private Limited	India	INR	1.00	70%	1,00,000	2,48,63,382	2,77,07,804	27,44,422	—	3,84,69,520	1,26,05,894	42,10,732	83,95,162
3	APL Institute of Clinical Laboratory & Research Private Limited	India	INR	1.00	100%	1,00,000	1,04,50,623	2,18,16,448	1,12,65,825	—	3,73,73,774	(17,85,312)	(14,16,754)	(3,68,558)

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. Dr. Lal PathLabs Nepal Private Limited, incorporated on August 6, 2015, is yet to commence operations. No investments have been made by the Company.
- c. The reporting period for all the subsidiaries is March 31, 2016.

For and on behalf of the Board of Directors

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

**Dr. Om Prakash Manchanda
CEO & Whole Time Director**

Place : New Delhi
Date : May 27, 2016

**Rajat Kalra
Company Secretary**

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, 2016.

- A. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2015-16:

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	84.59:1
2.	Dr. Vandana Lal	Executive Director	67.83:1
3.	Dr. Om Prakash Manchanda	Executive Director & Chief Executive Officer	131.72:1
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	4.26:1
8.	Dr. Saurabh Srivastava	Independent Non-Executive Director	3.82:1
9.	Mr. Sunil Varma	Independent Non-Executive Director	4.04:1
10.	Mr. Anoop Mahendra Singh	Independent Non-Executive Director	2.70:1
11.	Mr. Harneet Singh Chandhoke	Independent Non-Executive Director	3.36:1
12.	Dr. Murugan Rajaram Pandian	Independent Non-Executive Director	1.97:1

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 2015-16:

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 ¹	Independent Non-Executive Director	N.A.
8.	Dr. Saurabh Srivastava ¹	Independent Non-Executive Director	N.A.
9.	Mr. Sunil Varma ¹	Independent Non-Executive Director	N.A.
10.	Mr. Anoop Mahendra Singh ¹	Independent Non-Executive Director	N.A.
11.	Mr. Harneet Singh Chandhoke ¹	Independent Non-Executive Director	N.A.
12.	Dr. Murugan Rajaram Pandian ¹	Independent Non-Executive Director	N.A.
13.	Mr. Dilip Bidani	Chief Financial Officer	9.8%
14.	Mr. Rajat Kalra ²	Company Secretary	N.A.

¹ Mr. Arun Duggal, Mr. Anoop Mahendra Singh, Mr. Sunil Varma, Dr. Saurabh Srivastava, Mr. Harneet Singh Chandhoke were appointed as Independent Directors with effect from August 21, 2015 and Dr. Murugan Rajaram Pandian with effect from August 28, 2015.

² Mr. Rajat Kalra was appointed as the Company Secretary with effect from June 12, 2015.

- C. Percentage increase in remuneration of employees in the financial year 2015-16:
The percentage increase in median remuneration of employees in the financial year is (0.94%)
- 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, 2016 is 3,195.
- E. Explanation on the relationship between average increase in remuneration and company performance:
The average annual increment given to employees was 11.19%. 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 paid to Key Managerial Personnel constituted approximately 8.67% 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:

Particulars	As at March 31, 2016	As at December 23, 2015¹	Variation (%)
Closing Share Price on NSE (in ₹)	923.30	550.00	67.87
Market Capitalization (in ₹ Cr)	7,633.57	4,545.46	67.94
P/E Ratio	60.31	N.A.	N.A.

¹ Date of Listing of the Company on the Stock Exchanges

- 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 11.28%	Average percentile increase in managerial personnel is 10.00%	Not Applicable as Managerial Remuneration increase % is lower
---	--	---

- 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. Om Prakash Manchanda CEO & Whole Time Director	0.39%	2.36%
Mr. Dilip Bidani Chief Financial Officer	0.16%	0.96%
Mr. Rajat Kalra Company Secretary	0.05%	0.29%

- 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.

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
5.	Mr. Sandeep Singhal	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 MARCH 31, 2016

[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
(formerly known as Dr. Lal PathLabs Private Ltd)
(CIN: L74899DL1995PLC065388)

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 record 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 and regulations and happening of events etc.
- e) The compliance of the provisions of the corporate and other applicable laws, rules, regulations, 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, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2016 ("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 March 31, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations 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 (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 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;
 - (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 Disclosures requirements) Regulations, 2015;

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

We have also examined compliance of the Secretarial Standard on Meetings of the Board of Directors (SS-1) and Secretarial Standard on General Meetings(SS-2) issued by the Institute of

Company Secretaries of India [applicable w.e.f. July 01, 2015], with which the Company has generally complied with.

During the Audit Period, the Company has complied with the provisions of the Act, Rules, Regulations and Guidelines to the extent applicable, as mentioned above.

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 thereunder.
- 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 under review were carried out in compliance with the provisions of the Act.

Advance notice is given to all directors to schedule the Board Meetings. Agenda and detailed notes on agenda are sent in advance of the meetings, 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 systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period:-

- Members in their Extra- Ordinary General Meeting held on May 11, 2015 approved "Dr. Lal PathLabs Private Limited Employee Share Purchase Scheme 2015".

➤ Pursuant to "Dr. Lal PathLabs Private Limited Employee Stock Option Plan, 2010" ["ESOP 2010"], which was approved by the member's resolution dated August 31, 2010, 14,15,157 (Fourteen Lacs Fifteen Thousand One Hundred Fifty Seven) equity shares of the face value of ₹ 10/- (Rupees Ten Only) each were allotted from time to time. Further, the Directors in their meeting held on August 21, 2015 resolved that no further stock options shall be granted under ESOP 2010.

➤ Members in their Extra- Ordinary General Meeting held on August 7, 2015 approved the:-

- Increase in authorised share capital of the Company from ₹ 82,50,00,000/- (Rupees Eighty Two Crore Fifty Lac) divided into 5,50,00,000 (Five Crore Fifty Lac) equity shares of ₹ 10/- (Rupees Ten Only) each and 2,75,00,000 (Two Crore Seventy Five Lac) preference shares of ₹ 10/- (Rupees Ten Only) each" to ₹ 97,00,00,000/- (Rupees Ninety Seven Crore Only) divided into 6,95,00,000 (Six Crore Ninety Five Lac) equity shares of ₹ 10/- (Rupees Ten Only) each and 2,75,00,000 (Rupee Two Crore Seventy Five Lac) preference shares of ₹ 10/- (Rupees Ten Only) each"; and
- Conversion from private limited company into a public limited company & change of name from "Dr. Lal PathLabs Private Limited" to "Dr. Lal PathLabs Limited". Pursuant to such conversion, the Company became a Public Limited Company with effect from August 19, 2015 on issuance of a new Certificate of Incorporation by the Registrar of Companies, NCT of Delhi & Haryana.

➤ Members in their Annual General Meeting held on September 29, 2015 approved the:-

- Reclassification of authorised share capital of the Company from ₹ 97,00,00,000/- (Rupees Ninety Seven Crore Only) divided into 6,95,00,000 (Six Crore Ninety Five Lac) equity shares of ₹ 10/- (Rupees Ten Only) each and 2,75,00,000 (Rupee Two Crore Seventy Five Lac) preference shares of ₹ 10/- (Rupees Ten Only) each" divided into ₹ 97,00,00,000/- (Rupees Ninety Seven Crore Only) into 7,78,60,325 (Seven Crore Seventy Eight Lac Sixty Thousand Three Hundred Twenty Five) equity shares of ₹ 10/- (Rupees Ten Only) each and 1,91,39,675 (One Crore Ninety One Lac Thirty Nine Thousand Six Hundred Seventy Five) preference shares of ₹ 10/- (Rupees Ten Only) each; and
- Increase in authorised share capital to ₹ 1,04,00,00,000/- (Rupees One Hundred Four Crore) divided into 8,48,60,325 (Eight Crore Forty Eight Lac Sixty Thousand Three Hundred Twenty Five) equity shares of ₹ 10/- (Rupees Ten Only) each and 1,91,39,675 (One Crore Ninety One Lac Thirty Nine Thousand Six Hundred Seventy Five) preference shares of ₹ 10/- (Rupees Ten Only) each.

- Before IPO, 2,66,32,320 (Two Crore Sixty Six Lac Thirty Two Thousand Three Hundred Twenty) Compulsorily Convertible Preference Shares of the face value of ₹ 10/- (Rupees Ten Only) each were converted into 2,66,32,320 (Two Crore Sixty Six Lac Thirty Two Thousand Three Hundred Twenty) equity shares of the face value of ₹ 10/- (Rupees Ten Only) each.
- Members in their Extra- Ordinary General Meeting held on August 24, 2015 approved the Initial Public Offering (IPO) of 1,16,00,000 (One Crore Sixteen Lac) equity shares of the face value of ₹ 10/- (Rupees Ten Only) each through an offer for sale of 12,61,996 (Twelve Lac Sixty One Thousand Nine Hundred Ninety Six) equity shares by (Hony) Brig. Dr. Arvind Lal, 20,56,747 (Twenty Lac Fifty Six Thousand Seven Hundred Forty Seven) equity shares by Dr. Vandana Lal, 2,38,226 (Two Lac Thirty Eight Thousand Two Hundred Twenty Six) equity shares by M/s Eskay House (HUF), 5,50,386 (Five Lac Fifty Thousand Three Hundred Eighty

Six) by Mr. Anjaneya Lal, 58,60,000 (Fifty Eight Lac Sixty Thousand) equity shares by M/s Wagner Limited, 14,71,575 (Fourteen Lac Seventy One Thousand Five Hundred Seventy Five) equity shares by M/s Westbridge Crossover Fund LLC, 1,61,070 (One Lac Sixty One Thousand Seventy) equity shares by M/s Sanjeevini Investment Holdings through the Book Building Process. The trading in shares commenced on December 23, 2015 at BSE Limited and National Stock Exchange of India and therefore, the Company became a listed entity w.e.f. that date.

For Sanjay Grover & Associates

Company Secretaries

Firm Registration No. P2001DE052900

New Delhi

May 27, 2016

Sanjay Grover

Managing Partner

CP No. 3850

ANNEXURE - 6 TO BOARD'S REPORT

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on March 31, 2016

[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	U74899DL1995PTC065388
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	Eskay House 54, Hanuman Road New Delhi-110001 Tel.: +91-11-3040-3210; Fax: +91-11-3040-3204; 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	70%	2(87)
2.	Paliwal Medicare Private Limited 117/H-1/02, Pandu Nagar, Kanpur, Uttar Pradesh 208 025	U85110U2006PTC031606	Subsidiary	70%	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)

IV. SHAREHOLDING PATTERN (Equity share capital breakup as percentage of total equity)*i. Category Wise Share Holding*

S. No	Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% Of total shares	Demat	Physical	Total	% Of total shares	
(A) PROMOTER AND PROMOTER GROUP										
(1) INDIAN										
(a) Individual /HUF	–	5,26,23,520	5,26,23,520		96.33	4,85,16,165		– 4,85,16,165	58.68	(37.65)
(b) Central Government/ State Government(s)	–	–	–	–	–	–	–	–	–	–
(c) Bodies Corporate	–	–	–	–	–	–	–	–	–	–
(d) Financial Institutions/ Banks	–	–	–	–	–	–	–	–	–	–
(e) Others	–	–	–	–	–	–	–	–	–	–
Sub-Total A(1)		– 5,26,23,520	5,26,23,520		96.33	4,85,16,165		– 4,85,16,165	58.68	(37.65)
(2) FOREIGN										
(a) Individuals (NRIs/ Foreign Individuals)	–	–	–	–	–	–	–	–	–	–
(b) Bodies Corporate	–	–	–	–	–	–	–	–	–	–
(c) Institutions	–	–	–	–	–	–	–	–	–	–
(d) Qualified Foreign Investor	–	–	–	–	–	–	–	–	–	–
(e) Others	–	–	–	–	–	–	–	–	–	–
Sub-Total A(2)		– 5,26,23,520	5,26,23,520		96.33	4,85,16,165		– 4,85,16,165	58.68	(37.65)
(B) PUBLIC SHAREHOLDING										
(1) INSTITUTIONS										
(a) Mutual Funds /UTI	–	–	–	–	– 50,82,781	–	50,82,781	6.15	6.15	
(b) Financial Institutions /Banks	–	–	–	–	– 3,341	–	3,341	0.00	0.00	
(c) Central Government / State Government(s)	–	–	–	–	–	–	–	–	–	–
(d) Venture Capital Funds	–	–	–	–	–	–	–	–	–	–
(e) Insurance Companies	–	–	–	–	–	–	–	–	–	–
(f) Foreign Institutional Investors	–	–	–	–	– 19,80,188	–	19,80,188	2.40	2.40	
(g) Foreign Venture Capital Investors	–	–	–	–	–	–	–	–	–	–
(h) Qualified Foreign Investor	–	–	–	–	–	–	–	–	–	–
(i) Others										
(Foreign Company)	1,600	–	1,600	0.00	1,91,41,275	–	1,91,41,275	23.15	23.15	
Foreign Portfolio Investor	–	–	–	–	– 30,82,664	–	30,82,664	3.73	3.73	
Sub-Total B(1)	1,600	–	1,600	0.00	2,92,90,249	–	2,92,90,249	35.43	35.43	
(2) NON-INSTITUTIONS										
(a) Bodies Corporate	1,000	–	1,000	0.00	4,71,044	–	4,71,044	0.57	0.57	
(b) Individuals	–	–	–	–	–	–	–	–	–	–

S. No	Category of Shareholders	No. of shares held at the beginning of the year					No. of shares held at the end of the year					% Change during the year
		Demat	Physical	Total	% Of total shares	Demat	Physical	Total	% Of total shares			
	(i) Individuals holding nominal share capital upto ₹ 1 lakh	-	29,504	29,504	0.05	7,91,635	8	7,91,643	0.96	0.91		
	(ii) Individuals holding nominal share capital in excess of ₹1 lakh	2,99,000	1,77,268	4,76,268	0.87	18,75,249	-	18,75,249	2.27	1.4		
(c)	Others											
	(Employee Welfare Trust)	-	14,97,628	14,97,628	2.74	15,48,903	-	15,48,903	1.87	(0.87)		
	Trust	-	-	-	-	1,000	-	1,000	0.00	0.00		
	Hindu Undivided Family	-	-	-	-	63,790	-	63,790	0.08	0.00		
	Non Resident Indians (Non Repat)	-	-	-	-	24,517	-	24,517	0.03	0.03		
	Non Resident Indians (Repat)	-	-	-	-	13,272	-	13,272	0.02	0.02		
	Clearing Member	-	-	-	-	81,165	-	81,165	0.10	0.10		
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-		
	Sub-Total B(2)	3,00,000	17,04,400	20,04,400	3.67	48,70,575	8	48,70,583	5.89	2.22		
	Total B=B(1)+B(2) :	3,01,600	17,04,400	20,06,000	3.67	3,41,60,824	8	3,41,60,832	41.32	37.65		
	Total (A+B)	3,01,600	5,43,27,920	5,46,29,520	100.00	8,26,76,989	8	8,26,76,997	100.00	-		
(C) SHARES HELD BY CUSTODIANS, AGAINST WHICH DEPOSITORY RECEIPTS HAVE BEEN ISSUED												
(1)	Promoter and Promoter Group	-	-	-	-	-	-	-	-	-		
(2)	Public	-	-	-	-	-	-	-	-	-		
	GRAND TOTAL (A+B+C) :	3,01,600	5,43,27,920	5,46,29,520	100.00	8,26,76,989	8	8,26,76,997	100.00	-		

ii. Shareholding of Promoter and Promoter Group:

S. No.	Shareholders Name	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	2,82,34,880	51.68	0.00	2,69,72,884	32.62	0.00	19.06		
2	Dr. Vandana Lal	1,79,88,640	32.93	0.00	1,59,31,893	19.27	0.00	13.66		
3	Eskay House (HUF)	19,20,000	3.51	0.00	16,81,774	2.03	0.00	1.48		
4	Dr. Archana Lal	22,40,000	4.10	0.00	22,40,000	2.71	0.00	1.39		
5	Mr. Anjaneya Lal	22,40,000	4.10	0.00	16,89,614	2.04	0.00	2.06		
	Total	5,26,23,520	96.33	0.00	4,85,16,165	58.68	0.00	37.65		

iii. Change in Promoter and Promoter Group Shareholding

S. Shareholders Name No.	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	01.04.2015	2,82,34,880	51.68	2,82,34,880	51.68
Sold through OFS in Company's IPO	21.12.2015	(12,61,996)	1.53	2,69,72,884	32.64
At the end of the year	31.03.2016	–	–	2,69,72,884	32.62
2. Dr. Vandana Lal	01.04.2015	1,79,88,640	32.93	1,79,88,640	32.93
Sold through OFS in Company's IPO	21.12.2015	(20,56,747)	2.49	1,59,31,893	19.28
At the end of the year	31.03.2016	–	–	1,59,31,893	19.27
3. Eskay House (HUF)	01.04.2015	19,20,000	3.51	19,20,000	3.51
Sold through OFS in Company's IPO	21.12.2015	(2,38,226)	0.29	16,81,774	2.03
At the end of the year	31.03.2016	–	–	16,81,774	2.03
4. Dr. Archana Lal	01.04.2015	22,40,000	4.10	22,40,000	4.10
At the end of the year	31.03.2016	–	–	22,40,000	2.71
5. Mr. Anjaneya Lal	01.04.2015	22,40,000	4.10	22,40,000	4.10
Sold through OFS in Company's IPO	21.12.2015	(5,50,386)	0.67	16,89,614	2.04
At the end of the year	31.03.2016	–	–	16,89,614	2.04

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

S. Shareholders Name No.	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	01.04.2015	800	0.00	800	0.00
Conversion of compulsory convertible preference shares into equity shares	07.09.2015	14,71,575	2.33	14,72,375	2.33
Conversion of compulsory convertible preference shares into equity shares	13.11.2015	1,06,41,046	12.88	1,21,13,421	14.66
Sold through OFS in Company's IPO	21.12.2015	(14,71,575)	1.78	1,06,41,846	12.87
At the end of the year	31.03.2016	–	–	1,06,41,846	12.88
2. Wagner Limited	01.04.2015	800	0.00	800	0.00
Conversion of compulsory convertible preference shares into equity shares	07.09.2015	58,60,000	9.28	58,60,800	9.28
Conversion of compulsory convertible preference shares into equity shares	13.11.2015	76,08,659	9.21	1,34,69,459	16.30
Sold through OFS in Company's IPO	21.12.2015	(58,60,000)	7.09	76,09,459	9.21
At the end of the year	31.03.2016	–	–	76,09,459	9.20
3. Dr. Lal PathLabs Pvt. Ltd. Employees Welfare Trust	01.04.2015	14,97,628	2.74	14,97,628	2.74
Allotment of shares	23.04.2015	1,24,480	0.23	16,22,108	2.96
Transfer (Sell)	30.04.2015	(1,24,480)	0.23	14,97,628	2.74
Transfer (buy)	30.04.2015	1,24,480	0.23	16,22,108	2.96
Transfer (Sell)	12.08.2015	(2,05,760)	0.37	14,16,348	2.58
Transfer (Sell)	17.08.2015	(4,31,877)	0.79	9,84,471	1.79
Transfer (buy)	17.08.2015	4,480	0.01	9,88,951	1.80
Allotment of Shares	21.08.2015	6,37,637	1.15	16,26,588	2.92
Allotment of Shares	18.10.2015	3,74,880	0.59	20,01,468	3.15

S. Shareholders Name No.	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)	05.11.2015	(1,32,707)	0.21	18,68,761	2.96
Transfer (Sell)	10.11.2015	(44,374)	0.07	18,24,387	2.87
Transfer (Sell)	17.11.2015	(14,628)	0.02	18,09,759	2.19
Transfer (Sell)	30.11.2015	(2,08,520)	0.25	16,01,239	1.94
Transfer (Sell)	31.03.2016	(52,336)	0.06	15,48,903	1.87
At the end of the year	31.03.2016	–	–	15,48,903	1.87
4. SBI Mutual Fund	01.04.2015	–	–	–	–
Transfer (Buy)	25.12.2015	1,81,820	0.22	1,81,820	0.22
Transfer (Buy)	31.12.2015	22,22,621	2.69	24,04,441	2.91
Transfer (Buy)	08. 01.2016	1,19,783	0.14	25,24,224	3.05
Transfer (Buy)	15.01.2016	3,92,560	0.47	29,16,784	3.53
Transfer (Buy)	22.01.2016	8,74,329	1.06	37,91,113	4.59
Transfer (Buy)	29.01.2016	1,10,332	0.13	39,01,445	4.72
Transfer (Buy)	05.02.2016	1,44,000	0.17	40,45,445	4.89
Transfer (Buy)	12.02.2016	4,40,000	0.53	44,85,445	5.43
Transfer (Buy)	19.02.2016	59,997	0.07	45,45,442	5.50
Transfer (Sell)	31.03.2016	(2,764)	0.00	45,42,678	5.49
At the end of the year	31.03.2016	–	–	45,42,678	5.49
5. Sanjeevini Investment Holdings	01.04.2015	–	–	–	–
Conversion of compulsory convertible preference shares into equity shares	07.09.2015	1,61,070	0.26	1,61,070	0.26
Conversion of compulsory convertible preference shares into equity shares	13.11.2015	8,89,970	1.08	10,51,040	1.27
Sold through OFS in Company's IPO	21.12.2015	(1,61,070)	0.19	8,89,970	1.08
At the end of the year	31.03.2016	–	–	8,89,970	1.08
6. Fidelity Investment Trust Fidelity International Discovery Fund	01.04.2015	–	–	–	–
Transfer (buy)	25.12.2015	2,31,160	0.28	2,31,160	0.28
Transfer (buy)	29.01.2016	47,686	0.06	2,78,846	0.34
Transfer (buy)	05.02.2016	1,01,119	0.12	3,79,965	0.46
Transfer (buy)	12.02.2016	41,031	0.05	4,20,996	0.51
Transfer (buy)	19.02.2016	1,37,977	0.17	5,58,973	0.68
Transfer (buy)	26.02.2016	2,39,043	0.29	7,98,016	0.97
At the end of the year	31.03.2016	–	–	7,98,016	0.97
7. Steadview Capital Mauritius Limited	01.04.2015	–	–	–	–
Transfer (buy)	31.12.2015	6,15,000	0.74	6,15,000	0.74
At the end of the year	31.03.2016	–	–	6,15,000	0.74
8. ABG Capital	01.04.2015	–	–	–	–
Transfer (buy)	31.12.2015	5,00,000	0.60	5,00,000	0.60
At the end of the year	31.03.2016	–	–	5,00,000	0.60
9. LTR focus fund	01.04.2015	–	–	–	–
Transfer (buy)	31.12.2015	3,25,000	0.39	3,25,000	0.39
Transfer (buy)	04.03.2016	30,000	0.04	3,55,000	0.43
Transfer (buy)	11.03.2016	1,330	0.00	3,56,330	0.43
Transfer (buy)	18.03.2016	20,000	0.02	3,76,330	0.46
At the end of the year	31.03.2016	–	–	3,76,330	0.46

S. Shareholders Name No.	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
10 DB International (ASIA) LTD	01.04.2015	–	–	–	–
Transfer (buy)	25.12.2015	6,81,630	0.82	6,81,630	0.82
Transfer (sell)	31.12.2015	(4,983)	0.01	6,76,647	0.82
Transfer (buy)	08.01.2016	1,20,000	0.15	7,96,647	0.96
Transfer (sell)	05.02.2016	(1,83,640)	0.22	6,13,007	0.74
Transfer (sell)	26.02.2016	(62,500)	0.08	5,50,507	0.67
Transfer (sell)	04.03.2016	(44,392)	0.05	5,06,115	0.61
Transfer (sell)	11.03.2016	(1,07,848)	0.13	3,98,267	0.48
Transfer (sell)	25.03.2016	(13,059)	0.02	3,85,208	0.47
Transfer (sell)	31.03.2016	(25,000)	0.03	3,60,208	0.44
At the end of the year	31.03.2016			3,60,208	0.44

v. Shareholding of Director's & KMP's

S. Shareholders Name No.	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	01.04.2015	2,82,34,880	51.68	2,82,34,880	51.68
OFS in Company's IPO	21.12.2015	(12,61,996)	1.53	2,69,72,884	32.62
At the end of the year	31.03.2016	–	–	2,69,72,884	32.62
2. Dr. Vandana Lal	01.04.2015	1,79,88,640	32.93	1,79,88,640	32.93
OFS in Company's IPO	21.12.2015	(20,56,747)	2.49	1,59,31,893	19.28
At the end of the year	31.03.2016	–	–	1,59,31,893	19.27
3. Dr. Om Prakash Manchanda	01.04.2015	4,10,708	0.75	4,10,708	0.75
Allotment of shares	03.06.2015	64,000	0.12	4,74,708	0.87
Allotment of shares	10.06.2015	1,65,920	0.30	6,40,628	1.16
Transfer (Buy)	12.08.2015	2,01,760	0.37	8,42,388	1.53
Transfer (Buy)	17.08.2015	2,89,600	0.53	11,31,988	2.06
Transfer (Buy)	30.11.2015	2,06,600	0.25	13,38,588	1.62
Sale in open market	17.02.2016	(2,00,000)	0.24	11,38,588	1.38
Allotment of shares	29.03.2016	14,000	0.02	11,52,588	1.39
Transfer (Buy)	31.03.2016	21,006	0.03	11,73,594	1.42
At the end of the year	31.03.2016	–	–	11,73,594	1.42
4. Mr. Rahul Sharma	01.04.2015	Nil	Nil	Nil	Nil
Transfer (buy)	17.08.2015	20,197	0.04	20,197	0.04
At the end of the year	31.03.2016	–	–	20,197	0.02
5. Mr. Sandeep Singhal	01.04.2015	Nil	Nil	Nil	Nil
At the end of the year	31.03.2016	–	–	Nil	Nil
6. Mr. Naveen Wadhera	01.04.2015	Nil	Nil	Nil	Nil
At the end of the year	31.03.2016	–	–	Nil	Nil

S. Shareholders Name No.	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
7. Mr. Arun Duggal	01.04.2015	Nil	Nil	Nil	Nil
At the end of the year	31.03.2016	—	—	Nil	Nil
8. Mr. Anoop Mahendra Singh	01.04.2015	Nil	Nil	Nil	Nil
At the end of the year	31.03.2016	—	—	Nil	Nil
9. Mr. Harneet Singh Chandhoke	01.04.2015	Nil	Nil	Nil	Nil
At the end of the year	31.03.2016	—	—	Nil	Nil
10. Mr. Sunil Varma	01.04.2015	Nil	Nil	Nil	Nil
At the end of the year	31.03.2016	—	—	Nil	Nil
11. Dr. Saurabh Srivastava	01.04.2015	Nil	Nil	Nil	Nil
At the end of the year	31.03.2016	—	—	Nil	Nil
12. Dr. Murugan Rajaram Pandian	01.04.2015	Nil	Nil	Nil	Nil
At the end of the year	31.03.2016	—	—	Nil	Nil
13. Mr. Dilip Bidani	01.04.2015	8,978	0.02	8,978	0.02
Transfer (Buy)	31.03.2016	6,302	0.01	15,280	0.02
At the end of the year	31.03.2016	—	—	15,280	0.02
14. Mr. Rajat Kalra	01.04.2015	Nil	Nil	Nil	Nil
At the end of the year	31.03.2016	—	—	Nil	Nil

V. INDEBTEDNESS

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

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

S. Particulars of Remuneration No.	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	1,83,27,384	1,47,23,410	3,54,72,399	6,85,27,067
(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	—	—	26,20,20,998	26,20,20,998
(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	—	—	—	—
2 Stock Option ESPS (No of options granted)	—	—	32,123	—
3 Sweat Equity	—	—	—	—
4 Commission	—	—	—	—
- As a % of profit	—	—	—	—
- others, specify...	—	—	—	—
5 Others, please specify (Performance Linked Incentive)	—	—	—	—
Total (A)	1,83,27,384	1,47,23,410	29,74,93,397	33,05,48,065
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	3,50,000	1,50,000	3,00,000	3,00,000	2,50,000	—	13,50,000
Commission	6,10,959	4,58,219	4,58,219	6,10,959	6,10,959	4,43,836	31,93,151
Others, please specify	—	—	—	—	—	—	—
Total (1)	9,60,959	6,08,219	7,58,219	9,10,959	8,60,959	4,43,836	45,43,151

2. Non – Executive Directors

Particulars of Remuneration	Name of Directors			Total Amount (in ₹)
	Mr. Rahul Sharma	Mr. Sandeep Singhal	Mr. Naveen Wadhera	
Fee for attending Board Committee Meetings	—	—	—	—
Commission	—	—	—	—
Others, please specify	—	—	—	—
Total (2)	—	—	—	—
Total Managerial Remuneration(1+2)	45,43,151			
Ceiling as per the Act	1% of net profits of the Company			

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

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	1,19,23,080	24,38,708	1,43,61,788
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	88,80,014	—	88,80,014
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	—	—	—
2	Stock Option / ESPS (No. of options granted during the year)	9,637	—	—
3	Sweat Equity	—	—	—
4	Commission	—	—	—
	- As a % of profit	—	—	—
	- others, specify...	—	—	—
5	Others, please specify (Performance Linked Incentive)	—	—	—
	Total	2,08,03,094	24,38,708	2,32,41,802

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)
A. Company					
Penalty	—	—	—	—	—
Punishment	—	—	—	—	—
Compounding	—	—	—	—	—
B. Directors					
Penalty	—	—	—	—	—
Punishment	—	—	—	—	—
Compounding	—	—	—	—	—
C. Other Officers in Default					
Penalty	—	—	—	—	—
Punishment	—	—	—	—	—
Compounding	—	—	—	—	—

ANNEXURE - 7 TO BOARD'S REPORT

Report on CSR Activities

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

S. No.	Particulars	Remarks						
1.	Brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and reference to the web-link to the CSR policy and projects or programs.	<p>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.</p> <p>The complete CSR policy of the company is available on the website of the company www.lalpathlabs.com</p>						
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	₹ 79,62,11,231						
4.	Prescribed CSR Expenditure (two percent of the amount as in item 3 above)	₹ 1,59,24,225						
5.	Details of CSR spent during the financial year	a.	Total amount to be spent for the Financial Year: ₹ 1,59,24,225					
		b.	Amount unspent if any: ₹ 1,21,24,225					
		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	<p>The Company's commitment to the cause of CSR is beyond financial spend. The company directly and through its employees endeavors to constantly participate in CSR activities. During the year the company was involved in identifying initiatives and projects where it could contribute towards the objective of CSR. Some of these areas have now been identified and the Company will start making contributions from the next year.</p>						
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 & on Behalf of the Board

Date: May 27, 2016
 Place: New Delhi

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

Dr. Om Prakash Manchanda
 CEO & Whole Time Director

							(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)	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 etc	Delhi, Mumbai	35,00,000	35,00,000	–	35,00,000
2	Donation for a Medical Camp	Healthcare and Medical Facilities	Mumbai	3,00,000	3,00,000	–	3,00,000 Directly
<i>* Projects completed by CSR Trust is as follows</i>							
a.	Donation for ill child help	Healthcare and Medical Facilities	Delhi	2,50,000	2,50,000	–	2,50,000
b.	Donation for an event organized for Child and Women Safety	Empowering Women	Mumbai	5,00,000	5,00,000	–	5,00,000

MANAGEMENT DISCUSSION AND ANALYSIS

Industry structure and developments

The healthcare industry growth is expected to continue at 12-14% 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 diagnostic market is expected to touch ₹ 60,000 cr by 2017-18 and with improved budgetary allocations by the Union Government we expect this trajectory to continue into the future as well.

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

- Increase in evidence-based treatments
- Huge demand-supply gap
- Changing disease profiles
- Increase in health insurance coverage
- Need for greater health coverage as population and life expectancy increase
- Rising income levels make quality healthcare services more affordable
- Demand for lifestyle diseases-related healthcare services
- Increase in preventive health check ups

The healthcare market in India broadly comprises the following:

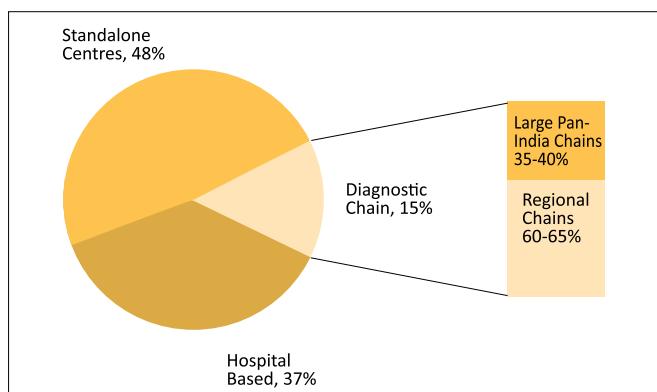
Healthcare delivery market (hospitals) – as per CRISIL Research estimates, the Indian healthcare delivery market stands at ₹ 3,800 billion as of 2014-2015.

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 predominance 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 a '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.

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 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 bodily 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. 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 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

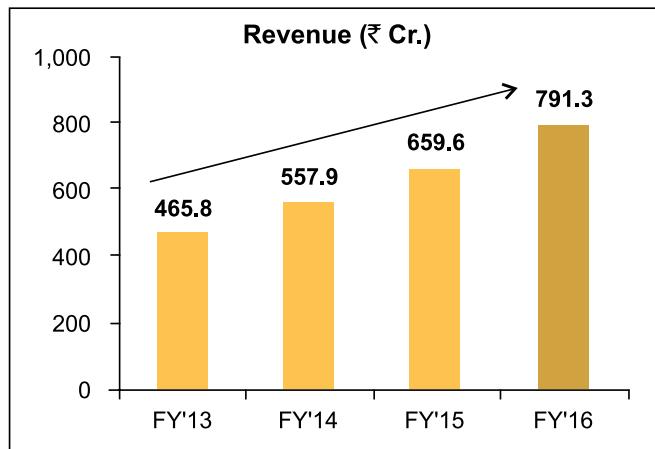
As mentioned earlier, the intensified competition poses a risk of pricing pressures and margin dilution. Being a fragmented industry with low barriers to entry, if we are unable to maintain our brand equity and succumb to pricing pressures in our relatively weaker markets, we would find it difficult 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 epidemic in North India.

MANAGEMENT DISCUSSION AND ANALYSIS

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. 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 inspite of inflationary trends.

Financial and Operational highlights



Revenue

The year end March 31, 2016 saw the company consolidated revenues increase 20% to ₹ 791.3 (standalone ₹ 765.4) crores. This was driven mainly by volume growth of 21%, which offset the average price realization drop of around 0.8%. The lower price realization was partially contributed by the high volumes of low value samples tested during the dengue episode in North India in FY 16 which were mostly at low prices. Dengue outbreak contributed around 1% to volume growth during the year. Further, the higher base effect in FY'15 due to Swine Flu outbreak, subdued the growth in Q4 FY16 as Swine flu per test realization is about 8 times higher than average realization.

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 22%. This was mainly due to higher cost of materials on account of high volume of lower margin business primarily driven by dengue tests.

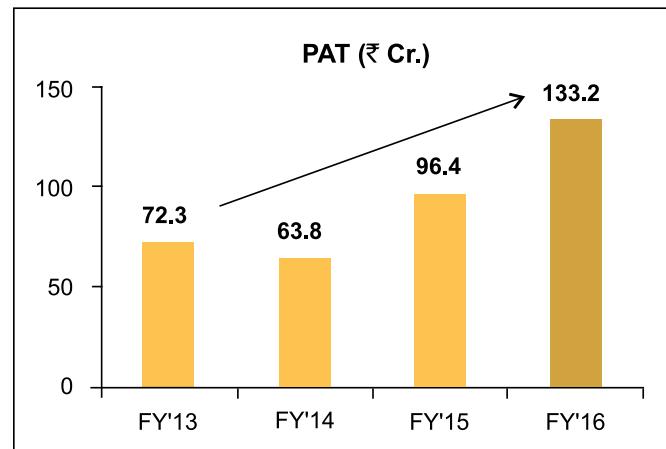
Our major cost items include cost of reagents, people cost, revenue share, logistics and infrastructure costs. These have been maintained at expected levels and increases in people cost on account of retrospective changes in statutory bonus and minimum wage rate adjustments, investment in upkeep of premises, and logistics cost increases (which are primarily people cost) have led to overall cost to

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 of such new technologies with focus on benefits and returns.

Other risk factors

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



revenue increase by about 110 bps (net of savings). Our cost base for the year was also impacted by first time costs on account of statutory listing fees and stamp duties for increase in share capital.

In order to keep our costs in check, we have identified various cost saving projects which are in various stages of implementation and are expected to yield substantial savings over the next 12-18 months.

EBITDA

Consequent to the above, the consolidated EBITDA growth for the year was 15.4% after eliminating the impact of ESOP charge and/or reversals. Consequently the EBITDA margin has reduced from 27.8% in FY 15 to 26.7% in FY 16.

PBT and PAT

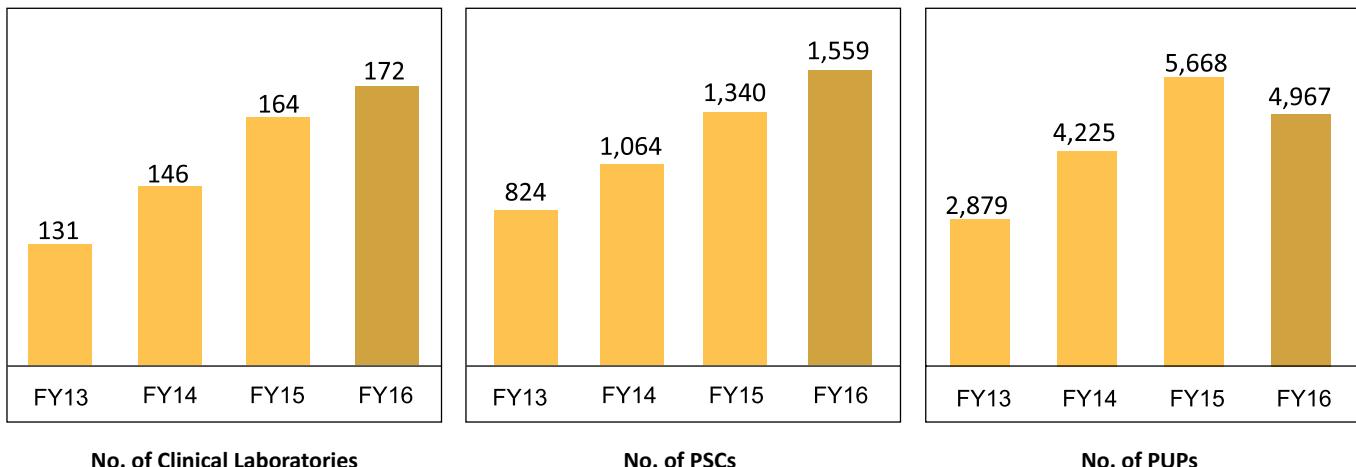
The growth in PBT consequent to the above was around 20%, which in turn increased PAT by 38% to ₹ 133.2 (standalone ₹ 125.8) crores after adjusting for ESOP charges.

Cash and Bank

Our consolidated cash and cash equivalents increased from ₹ 186.6 cr at the end of FY 15 to ₹ 294.5 cr at the end of FY16. This was driven by operating cash flow of ₹ 146.9 cr post taxes and working capital changes. Capital expenditure consumed ₹ 44.1 cr as against ₹ 35.3 cr in the previous year. Income from cash surpluses in the form of interest and dividend earned on mutual funds increased from ₹ 12.4 cr to ₹ 19.8 cr.

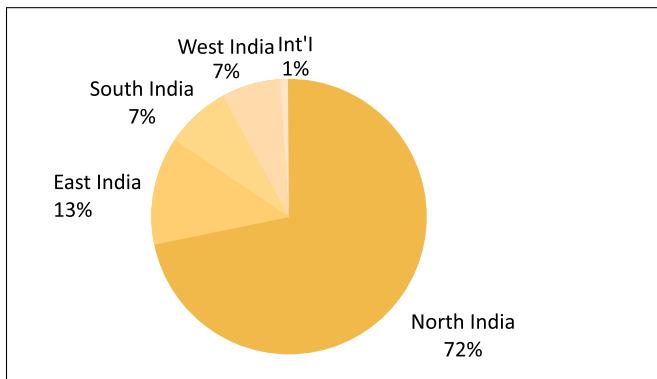
Operational performance

Nos of PSC/Labs etc



During the year our net lab count increased by 8 numbers, and PSCs increased by 219 numbers. The number of Pick up Points shows a decline as we have realigned coverage of some PUPs from direct coverage to coverage by 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 is based on the following pillars:

- Continue to expand our presence in the markets in which we operate.
- 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 progressing well and is in full swing now.

In the past year since April 2015, we have set up 15 new labs, 219 PSCs and the number of active Pick up Points stands at 4967. Our labs under Hospital lab management contracts have increased from 14 at the beginning of the financial year to 18 numbers at present. Some labs were also closed and/or scaled down to PSCs, giving a net increase in lab count by 8 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 70 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.

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, 2016, the Company has 3711 employees including trainees and consultants on its payrolls and on the payrolls of its Subsidiary Company(ies).

The Company believes in talent management and leadership development. To further the skills of the employees, trainings were provided in technical, behavioural and leadership area. Twelve management development programs were conducted covering around 200 middle managers. Company also launched a Leadership Acceleration program (LAP). It is a two year program where 95 middle and senior managers are being groomed to take on higher level responsibilities.

Employee motivation and welfare is also another big area of focus in the Company. A new rewards and recognition framework GEMS has been rolled out which allows the line managers to recognize the contribution of their team members.

In order to strengthen the HR operations and service delivery, the Company has also invested in a HRMS solution from RAMCO. The

MANAGEMENT DISCUSSION AND ANALYSIS

implementation of HRMS will help in supporting the scaling up of business and the workforce. It also provides opportunities to improve the people analytics.

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 recently conducted reviews of our Internal Financial Controls process and evaluated the risk matrices for identified processes 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.

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 financials 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.

REPORT ON CORPORATE GOVERNANCE

I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

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

II. BOARD OF DIRECTORS

As on March 31, 2016, the Board of Directors of your Company comprised of 12 directors out of which 3 were Executive (including the Promoter Chairman), 1 Non-Executive, 6 Independent and 2 were Nominee Directors (representing Westbridge Crossover Fund, LLC ("Westbridge") and Wagner Limited ("Wagner") as Equity Investors).

The names and categories of Directors on the Board during the Financial Year 2015-16, their attendance at Board Meetings held during the Financial Year 2015-16 and at the last Annual General Meeting and the number of Directorship and Committees Chairmanship/ Membership held by them as on March 31, 2016 are given hereunder:

Name of Director	Category#	Attendance Particulars			No. of other Directorships and Committee Memberships/ Chairmanships		
		Board Meetings	Last AGM held on 29.09.2015	Other Directorships*	Committee Memberships**	Committee Chairmanships**	
				Held	Attended		
(Hony) Brig. Dr. Arvind Lal	Chairman & PED	17	17	No	7	Nil	Nil
Dr. Vandana Lal	PED	17	17	No	3	Nil	Nil
Dr. Om Prakash Manchanda	ED	17	16	Yes	3	Nil	Nil
Mr. Rahul Sharma	NE	17	4	No	Nil	Nil	Nil
Mr. Sandeep Singhal	Nominee of Westbridge	17	3	No	5	Nil	Nil
Mr. Naveen Wadhera	Nominee of Wagner	17	2	No	4	Nil	Nil
Mr. Arun Duggal ¹	IDNE	3	2	No	6	5	1
Mr. Anoop Mahendra Singh ¹	IDNE	3	2	No	Nil	Nil	Nil
Mr. Harneet Singh Chandhoke ¹	IDNE	3	2	No	Nil	Nil	Nil
Mr. Sunil Varma ¹	IDNE	3	3	Yes	1	Nil	Nil
Dr. Saurabh Srivastava ¹	IDNE	3	3	No	9	2	Nil
Dr. Murugan Rajaram Pandian ¹	IDNE	2	Nil	No	Nil	Nil	Nil

¹ Mr. Arun Duggal (DIN 00024262), Mr. Anoop Mahendra Singh (DIN 01963056), Mr. Sunil Varma (DIN 01020611), Dr. Saurabh Srivastava (DIN 00380453), Mr. Harneet Singh Chandhoke (DIN 02758084) were appointed as Independent Directors with effect from August 21, 2015 and Dr. Murugan Rajaram Pandian (DIN 07271000) with effect from August 28, 2015.

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.

REPORT ON CORPORATE GOVERNANCE

Number of Board Meetings

During the financial year Seventeen (17) meetings of the Board of Directors were held and the maximum time gap between to meetings did not exceed one hundred and twenty (120) days. The dates of the Board meetings are as under:

Date(s) on which meeting(s) were held	
1. April 22, 2015	10. August 12, 2015
2. April 23, 2015	11. August 17, 2015
3. April 30, 2015	12. August 18, 2015
4. May 1, 2015	13. August 21, 2015 (11:00 AM)
5. June 3, 2015	14. August 21, 2015 (4:00 PM)
6. June 10, 2015	15. August 28, 2015
7. June 12, 2015	16. November 13, 2015
8. June 26, 2015	17. February 12, 2016
9. August 05, 2015	

Inter-se relationships between Directors

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

The shareholding of Non-Executive Directors of the Company as on March 31, 2016 is as follows:

Name of Director	Nature of Directorship	No. of Shares & Convertible Instruments held
Mr. Rahul Sharma	Non-Executive Director	20,197 (Equity Shares)
Mr. Sandeep Singhal	Nominee Director	NIL
Mr. Naveen Wadhera	Nominee Director	NIL
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
Dr. Murugan Rajaram Pandian	Independent Director	NIL

Familiarization 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/investor/policies-and-programs.aspx>

III. AUDIT COMMITTEE

The Audit Committee of the Company was constituted vide resolution passed by the Board of Directors in their meeting held on August 28, 2015, upon conversion of the Company into a Public Limited Company. The terms of reference of the Audit Committee is as set out in Section 177 of the Companies Act, 2013 read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

Two (2) meetings of Audit Committee were held during the year ended March 31, 2016 on November 13, 2015 and February 12, 2016.

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	2
Mr. Anoop Mahendra Singh	IDNE	Member	1
Mr. Arun Duggal	IDNE	Member	2

IDNE – Independent Non-Executive Director

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 (c) 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 utilisation 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

The Nomination and Remuneration Committee of the Company was constituted vide resolution of passed by the Board of Directors in their meeting held on August 28, 2015, upon conversion of the Company into a Public Limited Company. The terms of reference of the Nomination and Remuneration Committee is as set out in Section 178 of the Companies Act, 2013 read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Two (2) meetings of Nomination and Remuneration Committee were held during the year ended March 31, 2016 on November 13, 2015 and February 12, 2016.

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	2
Mr. Harneet Singh Chandhoke	IDNE	Member	2
Mr. Rahul Sharma	NE	Member	1
Mr. Sandeep Singhal	NEND	Member	1
Dr. Saurabh Srivastava	IDNE	Member	1

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

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

REPORT ON CORPORATE GOVERNANCE

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 2015-16. 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

The Stakeholders Relationship Committee of the Company was constituted vide resolution passed by Board of Directors in their meeting held on August 28, 2015, upon conversion of the Company into a Public Limited Company. The terms of reference of the Stakeholders Relationship Committee is as set out in Section 178 of the Companies Act, 2013 read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

One (1) meeting of Stakeholders Relationship Committee was held during the year ended March 31, 2016 on February 12, 2016.

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	1
Mr. Rahul Sharma	NE	Member	1
Mr. Naveen Wadhera	NEND	Member	-

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

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

Terms of Reference:-

The Committee supervises the systems of redressal of Investor Grievances and ensures cordial investor relations. 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 Compliance Officer of the 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, 2016 are given in the table below:

Particulars	No. of Complaints
Number of shareholders' complaints received	6,749
Number of shareholders' complaints solved to the satisfaction of shareholders	6,749
Number of pending complaints	NIL

VI. IPO COMMITTEE

The IPO Committee of the Company was constituted vide resolution passed by the Board of Directors in their meeting held on August 28, 2015, for facilitating the IPO Process of the Company.

Six (6) meetings of IPO Committee were held during the year ended March 31, 2016 on September 11, September 12, November 23, November 28, December 07 and December 15, 2015.

The composition of the IPO 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	ED	Chairman	6
Dr. Vandana Lal	ED	Member	6
Dr. Om Prakash Manchanda	ED	Member	-
Mr. Naveen Wadhera	NEND	Member	-
Mr. Sandeep Singhal	NEND	Member	-

NEND - Non-Executive Nominee Director; ED - Executive Director

Terms of Reference

The terms of reference of the IPO Committee, inter alia, includes the following:

- (i) To decide on the actual size (including any reservation for employees, employees or shareholders of group companies and/or any other reservations or firm allotments as may be permitted), timing, pricing and all the terms and conditions of the issue of the Equity Shares for the IPO, including the price, and to accept any amendments, modifications, variations or alterations thereto;
- (ii) To invite the existing shareholders of the Company to participate in the IPO to offer for sale Equity Shares held by them at the same price as in the IPO;
- (iii) To appoint and enter into arrangements with the BRLMs, underwriters to the IPO, syndicate members to the IPO, brokers to the IPO, advisors to the IPO, escrow collection bankers to the IPO, registrars to the IPO, refunds banks to the IPO, public issue account banks to the IPO, legal counsel and any other agencies or persons or intermediaries to the IPO and to negotiate and finalise the terms of their appointment, including but not limited to execution of the BRLMs' mandate letter, negotiation, finalisation and execution of the issue agreement with the BRLMs;
- (iv) To finalise, settle, execute and deliver or arrange the delivery of the syndicate agreement, underwriting agreement, escrow agreement and all other documents, deeds, agreements, memorandum of understanding and other instruments whatsoever with the registrar to the IPO, legal advisors, auditors, stock exchanges, BRLMs and any other agencies/intermediaries in connection with the IPO with the power to authorise one or more officers of the Company to execute all or any of the aforesighted documents;
- (v) To finalise, settle, approve and adopt the Draft Red Herring Prospectus, the Red Herring Prospectus, the Prospectus, and the preliminary and final international wrap for the IPO and take all such actions as may be necessary for filing of these documents including incorporating such alterations/corrections/ modifications as may be required by SEBI or any other relevant governmental and statutory authorities;
- (vi) To make applications, if necessary, to the Foreign Investment Promotion Board, the RBI or to any other statutory or governmental authorities in connection with the IPO and, wherever necessary, incorporate such modifications/ amendments/ alterations/ corrections as may be required in the Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus;
- (vii) To open and operate bank account(s) of the Company in terms of the escrow agreement for handling of refunds for the IPO and to authorise one or more officers of the Company to execute all documents/deeds as may be necessary in this regard;

REPORT ON CORPORATE GOVERNANCE

- (viii) To approve code of conduct as may be considered necessary by the IPO Committee or as required under applicable laws, regulations or guidelines for the Board, officers of the Company and other employees of the Company;
- (ix) To approve a suitable policy on insider trading as required under applicable laws, regulations and guidelines;
- (x) To seek, if required, the consent of the Company's lenders, parties with whom the Company has entered into various commercial and other agreements, and any other consents that may be required in connection with the IPO, if any;
- (xi) To approve any corporate governance requirement that may be considered necessary by the Board or the IPO Committee or as may be required under applicable laws, regulations or guidelines in connection with the IPO;
- (xii) To open and operate a bank accounts of the Company in terms of Section 40(3) of the Companies Act, 2013 and to authorise one or more officers of the Company to execute all documents/deeds as may be necessary in this regard;
- (xiii) To determine and finalise the floor price/price band for the IPO, approve the basis for allocation and confirm allocation of the Equity Shares to various categories of persons as disclosed in the Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus, in consultation with the BRLMs and do all such acts and things as may be necessary and expedient for, and incidental and ancillary to, the IPO;
- (xiv) To issue receipts/allotment letters/confirmation of allocation notes either in physical or electronic mode representing the underlying Equity Shares in the capital of the Company with such features and attributes as may be required and to provide for the tradability and free transferability thereof as per market practices and regulations, including listing on one or more Indian stock exchange(s), with power to authorize one or more officers of the Company to sign all or any of the aforesigned documents;
- (xv) To make applications for listing of the shares in one or more Indian stock exchange(s) for listing of the Equity Shares of the Company and to execute and to deliver or arrange the delivery of necessary documentation to the concerned stock exchange(s);
- (xvi) To do all such deeds and acts as may be required to dematerialize the Equity Shares of the Company and to sign and/or modify, as the case may be, agreements and/or such other documents as may be required with National Securities Depository Limited, Central Depository Services (India) Limited, registrar and transfer agents and such other agencies, as may be required in this connection with power to authorise one or more officers of the Company to execute all or any of the aforesigned documents;
- (xvii) To authorize and approve the incurring of expenditure and payment of fees, commissions, remuneration and expenses in connection with the IPO;
- (xviii) To do all such acts, deeds, matters and things and execute all such other documents, etc. as it may, in its absolute discretion, deem necessary or desirable for such purpose, including without limitation, determining the anchor investor portion and allocation to anchor investors, finalising the basis of allocation and allotment of Equity Shares to the successful allottees as permissible in law and issue of share certificates in accordance with the relevant rules;
- (xix) To settle all questions, difficulties or doubts that may arise in regard to such issues or allotment as it may, in its absolute discretion deem fit;
- (xx) To take such action, give such directions, as may be necessary or desirable as regards the IPO and to do all such acts, matters, deeds and things, including but not limited to the allotment of Equity Shares against the valid applications received in the IPO, as are in the best interests of the Company;
- (xxi) To execute and deliver any and all other documents or instruments and doing or causing to be done any and all acts or things as the IPO Committee may deem necessary, appropriate or advisable in order to carry out the purposes and intent of the foregoing or in connection with the IPO and any documents or instruments so executed and delivered or acts and things done or caused to be done by the IPO Committee shall be conclusive evidence of the authority of the IPO Committee in so doing; and
- (xxii) To delegate any of the powers mentioned in (i) to (xxi) to Dr. Om Prakash Manchanda, CEO and Whole Time Director and Mr. Dilip Bidani, Chief Financial Officer of the Company.

VII. REMUNERATION OF DIRECTORS

The table below gives details of Remuneration of Directors for the financial year ended March 31, 2016.

Name of Director	Salary & Perquisites	Commission	Contribution towards Provident Fund	Sitting Fees	Severance Fee	Service Contract	Notice Period	Total	(Amount in ₹)
(Hony) Brig. Dr. Arvind Lal	1,83,42,384	–	5,39,183	–	None, unless otherwise agreed by Board of Directors	5 years	3 months	1,88,81,567	
Dr. Vandana Lal	1,47,38,410	–	4,31,567	–	None, unless otherwise agreed by Board of Directors	5 years	3 months	1,51,69,977	
Dr. Om Prakash Manchanda*	29,75,08,397**	–	16,20,000	–	None, unless otherwise agreed by Board of Directors	5 years	5 months	29,91,28,397	
Mr. Rahul Sharma	–	–	–	–	–	–	–	–	–
Mr. Sandeep Singhal	–	–	–	–	–	–	–	–	–
Mr. Naveen Wadhera	–	–	–	–	–	–	–	–	–
Mr. Arun Duggal	–	6,10,959	–	3,50,000	–	–	–	–	9,60,959
Mr. Anoop Mahendra Singh	–	4,58,219	–	1,50,000	–	–	–	–	6,08,219
Mr. Harneet Singh Chandhoke	–	4,58,219	–	3,00,000	–	–	–	–	7,58,219
Mr. Sunil Varma	–	6,10,959	–	3,00,000	–	–	–	–	9,10,959
Dr. Saurabh Srivastava	–	6,10,959	–	2,50,000	–	–	–	–	8,60,959
Dr. Murugan Rajaram Pandian	–	4,43,836	–	–	–	–	–	–	4,43,836

* Dr. Om Prakash Manchanda holds 5,85,560 fully vested stock options granted to him in the past @ ₹ 110.80 per option under the Employee Stock Option Plan 2010 of the Company.

** Includes Stock Related Perk of ₹ 26,20,20,998 arising on exercise of options and allotment of stock based payments.

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.

VIII. GENERAL BODY MEETINGS

Details of last three Annual General Meetings are as under:

Year	Date	Time	Venue	No. of Special Resolutions set out at the AGM
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
2012-13	September 30, 2013	11.00 AM	Eskay House, 54, Hanuman Road, New Delhi – 110001	Nil

REPORT ON CORPORATE GOVERNANCE

Postal Ballot

No special resolution was passed by the Company last year through Postal Ballot. No special resolution is proposed to be conducted through Postal Ballot in the ensuing Annual General Meeting.

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 (usually Financial Express) and one regional newspaper (usually Jansatta) having wide circulation.

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

The Company organizes investor conference calls to discuss its financial results every quarter, where investor queries are answered by the Executive Management of the Company. The transcripts of the conference calls are posted on our website.

X. GENERAL SHAREHOLDER INFORMATION

a. Annual General Meeting:

The 22nd Annual General Meeting of the Company is scheduled to be held as under:-

Date and Time : Thursday, 28th July, 2016 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, 2016 to March 31, 2017.

c. Dividend Payment Date : On or after August 08, 2016

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 (E)	Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051

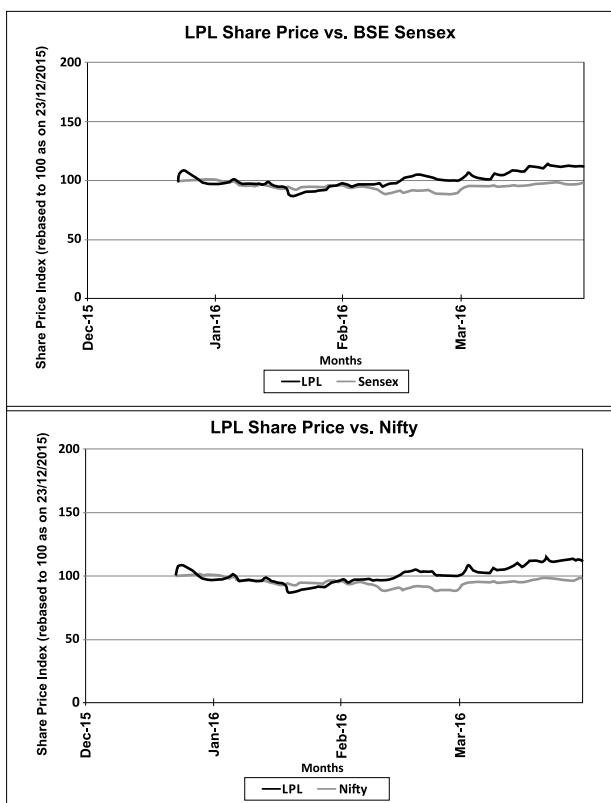
Listing fees for the year 2015-16 has been paid to both the Stock Exchanges.

e. Market Price Data & Share price performance:

The monthly High & Low Share price during each month, of the last financial year, since the Company became a listed entity is as below:

Month	BSE Limited (BSE) (In ₹ Per Share)		National Stock Exchange (NSE) (In ₹ Per Share)	
	High	Low	High	Low
December 2015	908.10	715.50	908.70	711.15
January 2016	862.00	696.50	864.00	696.50
February 2016	879.50	773.00	879.00	770.00
March 2016	965.50	816.75	966.90	826.00

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, 2016:

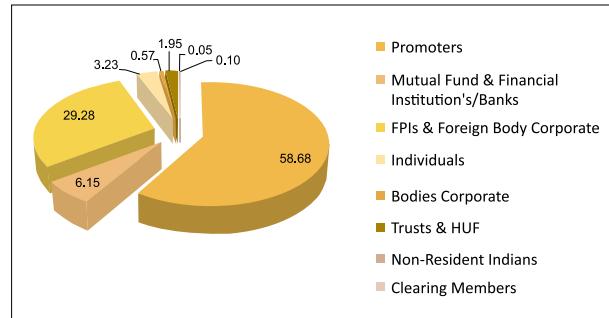
a) Distribution of Shareholding

Slab	Share Holders		No. of Shares	
	Number	% to total	Shares	% to total
1 - 500	29,960	99.24	6,67,123	0.81
501 - 1,000	57	0.19	43,342	0.05
1,001 - 2,000	36	0.12	52,702	0.06
2,001 - 3,000	16	0.05	41,990	0.06
3,001 - 4,000	10	0.03	35,962	0.04
4,001 - 5,000	10	0.03	47,978	0.06
5,001 - 10,000	24	0.08	1,77,599	0.21
10,001 – Above	77	0.26	8,16,10,301	98.71
Total	30,190	100.00	8,26,76,997	100.00

b) Categories of Equity Shareholders as on March 31, 2016

S. No.	CATEGORY	No of Shares held	% of Share holding
1	Promoter and Promoter Group	4,85,16,165	58.68
2	Mutual Fund & Financial Institution's/Banks	50,86,122	6.15
3	FPIs & Foreign Body Corporate	2,42,04,127	29.27
4	Individuals	26,66,892	3.23
5	Bodies Corporate	4,71,044	0.57
6	Trusts & HUF	16,13,693	1.95
7	Non – Resident Indians	37,789	0.05
8	Clearing Members	81,165	0.10
	TOTAL	8,26,76,997	100.00

Graphic presentation of the Shareholding pattern as on 31.03.2016



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, 2016. The equity shares of the Company are actively traded at BSE & NSE.

k. Outstanding GDRs/ ADRs/ Warrants or Convertible Bonds

No GDRs/ ADRs/Warrants or Convertible Bonds 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

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>

REPORT ON CORPORATE GOVERNANCE

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. 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>

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 on November 13, 2015, 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 2015-16, 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).

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. Disclosure in respect of equity shares held in "Suspense Account" / "Unclaimed Suspense Account"

S. No.	Description	No. of Shareholders	No. of Shares.
1	Aggregate number of shareholders & shares outstanding at the beginning of the year	2	40
2	Number of shareholders who approached for transfer of shares from suspense account during the year	2	40
3	Number of shareholders and shares transferred from suspense account during the year	2	40
4	Number of shareholders and shares outstanding at the end of year.	-	-

XIII. CODE OF CONDUCT

The Board of Directors has laid down a Code of Conduct, which is applicable to all Directors and Senior Management 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.

The declaration signed by the Chief Executive Officer of the Company affirming compliance to the Code by

the Board of Directors and the Senior Management is annexed to this Report.

XIV. CEO/ CFO CERTIFICATION

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

ANNEXURES TO REPORT ON CORPORATE GOVERNANCE FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016

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, 2016.

Date : May 27, 2016

Place : New Delhi

Dr. Om Prakash Manchanda

CEO & Whole –Time Director

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 year 2015-16 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

Dilip Bidani
Chief Financial Officer

Date: May 27, 2016
Place: New Delhi

CORPORATE GOVERNANCE CERTIFICATE

To
The Members
Dr. Lal PathLabs Limited

We have examined the compliance of regulations of Corporate Governance by Dr. Lal PathLabs Limited for the year ended March 31, 2016, as stipulated in Part C of Schedule V 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 regulations of Corporate Governance as stipulated in the above-mentioned 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 27, 2016
Place: New Delhi

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

STANDALONE FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To the Members of Dr. Lal Pathlabs Limited

Report on the Standalone 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, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the 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 the 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring 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 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 the 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 the 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 aforesaid 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, 2016, and 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 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 purposes of our audit.
 - (b) In our opinion, proper books of account as required by the law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss and the 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.
 - (e) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 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".

(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 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.

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm registration number: 301003E/E300005

per **Anil Gupta**

Partner

Membership no.: 87921

Place: New Delhi

Date: May 27, 2016

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 no material discrepancies were observed on such verification as compared to book records. 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, 2016 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. (a) The Company has granted loan to a subsidiary company covered in the register maintained under Section 189 of the Companies Act, 2013. Further, it had granted loan to a director of the Company. In our opinion and according to the information and explanations given to us, the terms and conditions of the loans are / were not prejudicial to the Company's interest.
- (b) The Company has granted loan which is repayable on demand to a subsidiary company covered in the register maintained under Section 189 of the Companies Act, 2013. Further, it had granted loan to a director of the Company. We are informed that the Company has not demanded repayment of loan from the subsidiary company. Thus, there has been no default on the part of the company to whom the money has been lent. Director's loan has been fully repaid during the year. There is no payment of interest from the subsidiary as the loan is interest free. The payment of interest has been regular from the director.
- (c) There is no amounts of loans granted to companies, firms or other parties listed in the register maintained under Section 189 of the Companies Act, 2013 which are outstanding for more than ninety days.
- 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 directors including entities in which they 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 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 information and explanations given to us, there are no dues of income tax, 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. Based on our 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, the Company has not raised any money in its initial public offer and by way of 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: 27th May, 2016

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE 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, 2016 in conjunction with our audit of the 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, both 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, 2016, 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: New Delhi

Date: 27th May, 2016

BALANCE SHEET AS AT MARCH 31, 2016

	Notes	31 March 2016 (₹)	31 March 2015 (₹)
Equity and liabilities			
Shareholder's funds			
Share capital	3	82,67,69,970	81,26,18,400
Reserves and surplus	4	3,95,83,58,040	2,37,97,01,108
		4,78,51,28,010	3,19,23,19,508
Share Application money pending allotment	5	73,12,800	–
Non-current liabilities			
Trade payables-			
- total outstanding dues of micro and small enterprises	6	–	–
- total outstanding dues of creditors other than micro and small enterprises	6	9,83,31,288	8,20,64,089
Other long term liabilities	6	13,68,13,865	11,47,03,311
		23,51,45,153	19,67,67,400
Current liabilities			
Trade payables-			
- total outstanding dues of micro and small enterprises	6	6,58,472	4,95,166
- total outstanding dues of creditors other than micro and small enterprises	6	40,51,72,689	32,76,49,694
Other current liabilities	6	17,41,48,064	58,44,58,164
Short-term provisions	7	30,95,98,805	19,00,63,456
		88,95,78,030	1,10,26,66,480
TOTAL		5,91,71,63,993	4,49,17,53,388
Assets			
Non-current assets			
Fixed assets			
- Tangible assets	8	1,04,33,27,080	86,37,58,061
- Intangible assets	9	25,44,95,389	32,64,59,105
- Capital work-in-progress		4,09,36,908	94,61,529
Non Current investments	10	11,58,92,732	11,44,14,967
Deferred tax assets (net)	11	11,44,32,143	25,10,10,520
Long- term loans and advances	12	15,53,88,079	13,59,32,634
Other non-current assets	13.2	3,19,61,992	3,15,26,063
		1,75,64,34,323	1,73,25,62,879
Current assets			
Current investments	14	62,58,98,903	37,91,69,864
Inventories	15	14,08,41,569	13,70,19,836
Trade receivables	13.1	34,85,66,553	29,45,31,964
Cash and bank balances	16	2,26,43,02,958	1,45,13,10,453
Short-term loans and advances	12	71,50,57,924	45,25,76,532
Other current assets	13.2	6,60,61,763	4,45,81,860
		4,16,07,29,670	2,75,91,90,509
TOTAL		5,91,71,63,993	4,49,17,53,388
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: 27th May, 2016

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

Mr. Dilip Bidani
[Chief Financial Officer]

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

Mr. Rajat Kalra
[Company Secretary]

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

	Notes	31 March 2016 (₹)	31 March 2015 (₹)
Income			
Revenue from operations	17	7,65,39,59,951	6,36,61,11,829
Other income	18.1	5,91,73,606	3,50,58,130
Total revenue (I)		7,71,31,33,557	6,40,11,69,959
Expenses			
Cost of Reagent, chemicals, surgical and laboratory supplies consumed	19	1,68,12,90,159	1,34,76,42,313
Employee benefits expenses	20	1,33,07,28,300	1,31,21,11,042
Other expenses	21	2,60,35,14,062	2,19,76,11,454
Total (II)		5,61,55,32,521	4,85,73,64,809
Earnings before interest, tax, depreciation, amortization and exceptional item (EBITDA) (I) – (II)		2,09,76,01,036	1,54,38,05,150
Depreciation and amortisation expense	22	32,01,15,205	31,84,49,521
Interest Income	18.2	(14,49,35,285)	(9,13,29,851)
Finance costs	23	48,95,655	39,07,895
Profit before tax		1,91,75,25,461	1,31,27,77,586
Tax expenses			
Current tax		61,03,00,000	48,93,00,000
Income tax adjustment for earlier years		(8,68,61,635)	(97,038)
Deferred tax charge/(credit)		4,33,59,583	(5,61,22,757)
Deferred Tax Adjustments for earlier years		9,32,18,794	21,85,797
Total tax expense		66,00,16,742	43,52,66,002
Profit for the year		1,25,75,08,719	87,75,11,584
Profit for the year ended March 31, 2014 of the amalgamating companies pursuant to Scheme of Amalgamation (net of tax of ₹ 18,166,151)		–	4,01,19,311
Profit for the year		1,25,75,08,719	91,76,30,895
Earnings per equity share [nominal value of share ₹ 10 (31 March 2015: ₹ 10)]	24		
Basic		15.31	16.07
Diluted		15.20	11.17
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: 27th May, 2016

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

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[Chief Financial Officer]

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

Mr. Rajat Kalra
[Company Secretary]

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

	31 March 2016 (₹)	31 March 2015 (₹)
A. Cash flow from operating activities		
Net profit before tax	1,91,75,25,461	1,31,27,77,586
Non - cash adjustments to reconcile profit before tax to net cash flows		
Depreciation / amortisation	32,01,15,205	31,84,49,521
Loss on sale/ disposal of fixed assets (net)	–	6,86,432
Profit on sale/ disposal of fixed assets (net)	(9,62,808)	–
Bad debts Written off	67,06,923	12,86,976
Provision for doubtful debts and advances	1,07,16,668	2,24,44,574
Unspent Liability/ Miscellaneous balances written back	(50,17,332)	(33,472)
Dividend received (from current investments - other than trade)	(3,75,48,353)	(2,19,09,892)
Dividend from investment in a Subsidiary company	(87,23,999)	(58,33,625)
Employee Stock Options compensation	(3,46,68,898)	24,21,93,443
Bad debts recovered	(77,980)	–
Income on Long term maturity plan	(2,50,600)	(16,05,200)
Interest expense	48,95,655	39,07,895
Interest income	(14,49,35,285)	(9,13,29,851)
Operating profit before working capital changes	2,02,77,74,657	1,78,10,34,386
Movements in working capital:		
(Increase) in trade receivables	(7,02,55,075)	(7,87,45,040)
(Increase) in inventories	(38,21,735)	(2,68,59,972)
(Increase) in loans and advances	(6,55,21,538)	(28,63,39,022)
(Increase) in other assets	(36,37,908)	(43,57,999)
Increase in trade payables, current liabilities and provisions	20,53,92,091	7,45,69,797
Cash generated from operations	2,08,99,30,492	1,45,93,02,150
Direct taxes paid (net of refunds)	(66,73,95,167)	(51,80,55,771)
Net cash flow from operating activities	1,42,25,35,325	94,12,46,379
B. Cash flow from investing activities		
Purchase of fixed assets	(43,19,68,347)	(31,42,28,333)
Proceeds from sale of fixed assets	91,91,493	37,86,990
Purchase of investments in units of mutual funds	(91,18,09,531)	(84,53,70,899)
Sale of investments in units of mutual funds	66,69,36,291	55,20,66,967
Purchase of investments in Subsidiary Company	(3,14,77,765)	(75,00,000)
Payment for purchase of business on slump sale basis	(42,50,000)	(2,45,00,000)
Loans and Advances (given to)/refunded back by Related parties (net)	(8,74,38,796)	30,32,563
Dividend received (from current investments - other than trade)	3,75,48,353	2,19,09,892
Dividend from investment in a Subsidiary Company	87,23,999	58,33,625
Interest received	12,18,50,271	8,12,28,795
cash and cash equivalents acquired pursuant to scheme of amalgamation	–	1,46,24,555
Fixed Deposits placed with the banks	(3,03,41,80,612)	(1,31,72,47,070)
Fixed Deposits with banks encashed	2,17,54,57,388	96,96,26,089
Net cash (used in) investing activities	(1,48,14,17,256)	(85,67,36,826)

	31 March 2016 (₹)	31 March 2015 (₹)
C. Cash flow from financing activities		
Proceeds from issuance of equity share capital	16,08,41,476	10,53,84,096
Proceeds of Share application money	73,12,800	–
Interest paid	(82,04,901)	(1,64,271)
Dividend Paid including dividend tax	(15,00,00,054)	(10,00,00,000)
Net cash from financing activities	99,49,321	51,19,825
Net (decrease) / increase in cash and cash equivalents (A+B+C)	(4,89,32,609)	8,96,29,378
Cash and cash equivalents at the beginning of the year	22,94,82,941	13,98,53,563
Cash and cash equivalents at the end of the year	18,05,50,332	22,94,82,941
Components of cash and cash equivalents		
Cash on hand	64,06,126	81,89,209
Balance with scheduled banks:		
- on current accounts	13,44,35,127	13,99,12,910
- on cash credit accounts	2,52,01,105	8,13,80,822
- on Escrow accounts	1,45,07,974	–
Cash & Cash Equivalents in Cash Flow Statement:	18,05,50,332	22,94,82,941

Notes:

1. Previous year 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, 2016 is after considering CSR expense of ₹ 38,00,000

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: 27th May, 2016

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

Mr. Dilip Bidani
[Chief Financial Officer]

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

Mr. Rajat Kalra
[Company Secretary]

Notes to Financial Statements for the Year ended March 31, 2016

1 Background and Nature of Operation

Dr. Lal Pathlabs Limited (the Company) is a public company domiciled in India and 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 has become a Public Limited Company w.e.f 19th August 2015 and consequently the name of the Company has changed from Dr. Lal PathLabs Private Limited to Dr. Lal PathLabs Limited. The equity shares of the Company were listed on The National Stock Exchange of India and Bombay Stock Exchange on December 23, 2015.

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. 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.

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) Tangible fixed assets

Fixed assets 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 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 tangible fixed assets

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 Company has considered following useful lives to provide depreciation on its fixed assets:

Tangible Assets	Useful Life (in years) followed by the Company	Useful Life (in years) under Schedule II (WDV)
Buildings	30.00	30.00
Plant & Machinery		
- 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
Office Equipment	5.00	5.00
Computers		
- Servers and networks	6.00	6.00
- End user devices, such as desktops, laptops, etc.	3.00	3.00
Vehicles		
- 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 tangible and intangible 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.

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.

(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.

Notes to Financial Statements for the Year ended March 31, 2016

(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 pre payment 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 stock compensation cost

Measurement and disclosure of the employee share based payment plans are done in accordance with the Guidance Note on Accounting for Employee Share-based payments, issued by the Institute of Chartered Accountants of India. The Company measures compensation cost relating to employee stock options using the fair value method. Such compensation cost is charged off to the statement of profit and loss in the year of grant of options. Fair value of ESOP

Liability arising under the cash settled plan is remeasured at each reporting date and at the date of settlement with any change in the fair value recognized in the statement of profit and loss. Compensation expense resulting due to cash settled scheme is amortised over the vesting period of the options on graded basis.

(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 (after deducting preference dividends and attributable taxes) 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 March 31, 2016

3. Share capital

	31 March 2016 ₹	31 March 2015 ₹
Authorised shares (No.)		
8,48,60,325 (Previous year: 55,00,000) equity shares of ₹ 10 each (Previous year ₹ 10 each)	84,86,03,250	55,00,00,000
1,91,39,675 (Previous year: 27,50,000) 0.01% convertible, participating preference shares of ₹ 10 each (Previous year ₹ 10 each)	19,13,96,750	27,50,00,000
	1,04,00,00,000	82,50,00,000
Issued, subscribed & fully paid-up shares (No.)		
8,26,76,997 (Previous year: 5,46,29,520) equity shares of ₹ 10 each (Previous year ₹ 10 each)*	82,67,69,970	54,62,95,200
NIL (Previous year: 2,66,32,320) 0.01% convertible, participating preference shares of ₹ 10 each (Previous year ₹ 10 each)**	–	26,63,23,200
Total subscribed & fully paid-up share capital	82,67,69,970	81,26,18,400

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

Equity shares

	31 March 2016		31 March 2015	
	No. of shares	₹	No. of shares	₹
At the beginning of the year (@ ₹ 10 per share (Previous year ₹ 100 per share))	5,46,29,520	54,62,95,200	53,67,840	53,67,84,000
Issued during the year (@ ₹ 100 per share)	–	–	78,176	78,17,600
Conversion of preference shares into equity shares	2,66,32,320	26,63,23,200	–	–
Increase pursuant to Sub-division of shares of ₹ 100 each into 10 shares of ₹ 10 each	–	–	4,90,14,144	–
Issued during the year (@ ₹ 10 per share)	14,15,157	1,41,51,570	1,69,360	16,93,600
Outstanding at the end of the year	8,26,76,997	82,67,69,970	5,46,29,520	54,62,95,200

Preference shares

	31 March 2016		31 March 2015	
	No. of shares	₹	No. of shares	₹
At the beginning of the year (@ ₹ 10 per share (Previous year ₹ 100 per share))	2,66,32,320	26,63,23,200	26,63,232	26,63,23,200
Conversion of preference shares into equity shares	2,66,32,320	26,63,23,200	–	–
Increase pursuant to Sub-division of shares of ₹ 100 each into 10 shares of ₹ 10 each	–	–	2,39,69,088	–
Outstanding at the end of the year	–	–	2,66,32,320	26,63,23,200

(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). Equity Shares of ₹ 100 each were subdivided into 10 shares of ₹ 10 each on March 27, 2015. 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 March 31, 2016, the amount of per share interim dividend recognized as distribution to equity shareholders was Nil , (previous year ₹ 1.5336) and the amount of per share final dividend recognized as distribution to Equity shareholders is ₹ 2.45, (Previous year Nil).

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

The Company had only one class of CCPS fully participating with equity having par value of ₹ 10 per share, Previous year (₹ 10 per share). Preference Shares of ₹ 100 each were subdivided into 10 shares of ₹ 10 each on March 27, 2015 and converted into equity shares of ₹ 10 each on November 13, 2015.

During the year ended March 31, 2016, the amount of per share interim dividend recognized as distribution to preference shareholders is Nil, (Previous year ₹ 1.5336).

(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 2016 No. of Shares	31 March 2015 No. of Shares
Equity shares of ₹ 100 each bought back by the Company	17,265	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	–

In addition, the Company has issued total 61,81,957 (March 31, 2015: 47,66,800) 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 (March 31, 2015: 7,81,760) equity shares issued to Dr Lal PathLabs Private Limited 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 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 31 March 2016		As at 31 March 2015	
	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	32.62%	2,82,34,880	51.68%
(ii) Dr Vandana Lal	1,59,31,893	19.27%	1,79,88,640	32.93%
(iii) Wagner Limited	76,09,459	9.20%	–	–
(iv) West Bridge Crossover Fund, LLC	1,06,41,846	12.87%	–	–
<i>Convertible, participating preference shares of ₹ 10 each, (Previous year ₹ 10 each) fully paid</i>				
(i) Wagner Limited	–	–	1,59,79,520	60.00%
(ii) West Bridge Crossover Fund, LLC	–	–	96,01,760	36.05%

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

4. Reserves and surplus

	31 March 2016 (₹)	31 March 2015 (₹)
Securities premium account		
Balance as per the last financial statements	29,51,47,555	–
Add: Addition on Shares issued*	56,51,37,649	29,51,47,555
Closing Balance	86,02,85,204	29,51,47,555

Notes to financial statements for the year ended March 31, 2016

Shares Buy Back Reserve Account		
Balance as per the last financial statements	44,48,800	44,48,800
Total reserves and surplus	44,48,800	44,48,800
General reserve		
Balance as per the last financial statements	19,81,00,000	8,21,00,000
Add: amount transferred from surplus balance in the statement of profit and loss	12,60,00,000	11,60,00,000
Closing balance	32,40,99,999	19,81,00,000
Surplus in the statement of profit and loss		
Balance as per the last financial statements	1,88,20,04,753	1,23,03,73,912
Profit for the year	1,25,75,08,719	91,76,30,894
Less: Appropriations		
Proposed Interim dividend on equity shares (amount per share of ₹ 10 each - Nil (March 31, 2015:amount per share of ₹ 10 each - ₹ 1.5336))	–	8,37,81,038
Tax on proposed interim equity dividend	–	1,70,55,848
Proposed final dividend on equity shares** (amount per share of ₹ 10 each - ₹ 2.45 (March 31, 2015:amount per share of ₹ 10 each - Nil))	20,27,20,343	–
Tax on proposed final equity dividend	4,12,69,092	–
Proposed Interim dividend on preference shares (amount per share of ₹ 10 each - Nil (March 31, 2015:amount per share of ₹ 10 each - ₹ 1.5336))	–	4,08,47,564
Tax on proposed interim preference dividend	–	83,15,603
Transfer to general reserve	12,60,00,000	11,60,00,000
Total appropriations	36,99,89,435	26,60,00,053
Net surplus in the statement of profit and loss	2,76,95,24,037	1,88,20,04,753
Total reserves and surplus	3,95,83,58,040	2,37,97,01,108

*Includes ₹ 41,84,47,743 (Previous year ₹ 19,92,74,659) being difference between fair value of shares and exercise price of options, routed through liability towards Employee Stock Options Compensation Outstanding.

**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 2016 ₹)	31 March 2015 ₹)
From a Related party		
Share Application money pending allotment*	73,12,800	–
	73,12,800	–

*66,000 equity shares of face value of ₹ 10 each at a premium of ₹ 100.80 per share against excercise of options. These equity shares shall rank pari-passu with the existing equity shares of the Company. Application money was received on 28th March 2016.

6. Trade Payables and Other liabilities

	Non-current		Current	
	31 March 2016 ₹)	31 March 2015 ₹)	31 March 2016 ₹)	31 March 2015 ₹)
Trade payables - total outstanding dues of micro and small enterprises (Refer Note no. 35)	–	–	6,58,472	4,95,166
- total outstanding dues of creditors other than micro and small enterprises	9,83,31,288	8,20,64,089	40,51,72,689	32,76,49,694
	9,83,31,288	8,20,64,089	40,51,72,689	32,76,49,694
			40,58,31,161	32,81,44,860

	Non-current		Current	
	31 March 2016 (₹)	31 March 2015 (₹)	31 March 2016 (₹)	31 March 2015 (₹)
Other liabilities				
Creditors against purchase of Business	–	–	62,50,000	1,05,00,000
Creditors against purchase of Investment	–	–	–	3,00,00,000
Interest Payable	–	–	4,46,918	37,56,164
Others:				
Trade deposits	13,63,88,809	11,18,02,111	–	50,000
Employee stock options compensation (refer note 29)	4,25,056	29,01,200	9,20,436	45,15,60,933
Payable towards capital goods	–	–	4,38,89,526	2,20,51,293
Advances from customers	–	–	2,85,23,126	1,92,51,527
Share Application money refundable	–	–	44,09,800	–
TDS payable	–	–	6,71,22,125	4,08,54,199
Provident Fund Payable	–	–	73,06,171	54,78,131
ESI Payable	–	–	9,61,379	6,81,235
Other Statutory payables	–	–	6,39,291	2,74,682
Other payable	–	–	1,36,79,292	–
	13,68,13,865	11,47,03,311	17,41,48,064	58,44,58,164
Total	23,51,45,153	19,67,67,400	57,99,79,225	91,26,03,024

7. Provisions

	Long term		Short term	
	31 March 2016 (₹)	31 March 2015 (₹)	31 March 2016 (₹)	31 March 2015 (₹)
Provision for employee benefits				
Provision for gratuity (refer note 28)	–	–	2,69,49,062	1,02,81,113
Provision for leave encashment	–	–	3,86,60,308	2,95,45,107
	–	–	6,56,09,370	3,98,26,220
Other provisions				
Provision for taxation	–	–	–	2,37,183
Provision for final equity dividend	–	–	20,27,20,343	–
Proposed interim equity dividend	–	–	–	8,37,81,038
Provision for tax on final equity dividend	–	–	4,12,69,092	–
Provision for tax on proposed interim equity dividend	–	–	–	1,70,55,848
Proposed interim preference dividend	–	–	–	4,08,47,564
Provision for tax on proposed interim preference dividend	–	–	–	83,15,603
	–	–	24,39,89,435	15,02,37,236
	–	–	30,95,98,805	19,00,63,456

Notes to financial statements for the year ended March 31, 2016

8. Tangible assets

	Leasehold Land	Freehold Land	Leasehold Improvements	Buildings	Plant & machinery	Furniture & fixtures	Computers	Vehicles	Total	Amount (₹)
Cost										
As at 01.04.2014	6,52,85,370	—	23,15,72,898	23,05,38,400	66,43,54,957	6,73,73,059	15,24,73,263	2,39,43,312	1,43,55,41,259	
Acquired pursuant to scheme of Amalgamation (Refer Note-45)	—	—	81,50,684	39,37,530	12,02,99,443	86,18,450	65,54,369	12,61,688	14,88,22,164	
Additions	8,08,92,993	—	6,10,46,976	—	13,65,61,883	1,57,26,094	2,79,29,747	—	32,21,57,693	
Deductions	—	—	1,10,75,493	—	77,54,661	34,17,839	1,40,645	21,98,252	2,45,86,891	
As at 01.04.2015	14,61,78,363	—	28,96,95,065	23,44,75,930	91,34,61,622	8,82,99,764	18,68,16,734	2,30,06,748	1,88,19,34,226	
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	38,21,95,487	
Deductions	—	—	19,36,571	—	2,18,41,527	3,39,060	8,43,626	1,13,49,198	3,63,09,982	
As at 31.03.2016	14,85,94,363	10,95,67,175	36,06,91,460	23,44,75,930	1,03,69,10,720	10,02,12,819	21,22,10,378	2,51,56,886	2,22,78,19,731	
Depreciation										
As at 31.03.2014	—	—	13,18,57,653	7,46,10,556	36,86,02,523	5,75,32,682	11,92,26,335	1,17,29,485	76,35,59,234	
Acquired pursuant to scheme of Amalgamation (Refer Note-45)	—	—	32,59,813	19,92,050	7,26,05,373	72,64,151	44,64,576	10,59,042	9,06,45,005	
Charge for the year	1,87,920	—	2,63,08,009	1,57,87,331	10,46,44,493	90,32,646	2,41,82,183	39,42,813	18,40,85,395	
Deductions	—	—	1,01,72,713	—	45,12,390	33,70,336	1,30,750	19,27,280	2,01,13,469	
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	
As at 31.03.2016	10,15,192	—	17,95,89,801	10,65,98,535	63,39,16,360	7,82,68,878	17,28,63,162	1,22,40,722	1,18,44,92,651	
Net block										
As at 31.03.2015	14,59,90,443	—	13,84,42,303	14,20,85,993	37,21,21,623	1,78,40,621	3,90,74,390	82,02,688	86,37,58,061	
As at 31.03.2016	14,75,79,171	10,95,67,175	18,11,01,660	12,78,77,395	40,29,94,359	2,19,43,940	3,93,47,216	1,29,16,164	1,04,33,27,080	

Notes:

- i) Apart from Fixed assets above, the Company has laboratory machineries provided by suppliers free of cost against commitment of reagent purchases by the Company from the suppliers.
- ii) 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.
- iii) Depreciation of ₹ 8,27,272 on leasehold land has been transferred to Capital Work in Progress, as the construction of Building is in process.

9. Intangible assets

Particulars	Software	Goodwill	Goodwill on Amalgamation	Trade Mark	Amount (₹)
					Total
Gross block					
As at 01.04.2014	26,84,70,285	3,85,09,093	–	14,65,00,000	45,34,79,378
Acquired pursuant to scheme of Amalgamation (Refer Note-45)	23,42,504	66,65,000	–	2,80,00,000	3,70,07,504
Purchase	2,36,18,848	1,43,05,209	–	1,52,84,656	5,32,08,713
Created pursuant to scheme of Amalgamation	–	–	24,54,92,764	–	24,54,92,764
Deductions	–	–	–	–	–
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	–	–	–	–	–
As at 31.03.2016	33,92,49,862	6,92,42,056	24,54,92,764	18,97,84,656	84,37,69,338
Amortization					
As at 01.04.2014	12,71,76,203	2,79,43,722	–	9,44,75,945	24,95,95,870
Acquired pursuant to scheme of Amalgamation (Refer Note-45)	19,38,705	53,32,000	–	2,24,00,000	2,96,70,705
Charge for the year	4,13,02,798	79,99,130	4,90,98,553	3,59,63,645	13,43,64,126
Charges on Goodwill created pursuant to scheme of Amalgamation for the year ended March 31, 2014	–	–	4,90,98,553	–	4,90,98,553
Deductions	–	–	–	–	–
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	–	–	–	–	–
As at 31.03.2016	21,31,54,619	5,00,60,204	14,74,30,175	17,86,28,951	58,92,73,949
Net block					
As at 31.03.2015	12,40,13,931	1,82,04,450	14,72,95,658	3,69,45,066	32,64,59,105
As at 31.03.2016	12,60,95,243	1,91,81,852	9,80,62,589	1,11,55,705	25,44,95,389

10. Non-current investments

	31 March 2016 (₹)	31 March 2015 (₹)
Trade investments (valued at cost unless stated otherwise)		
<i>Unquoted equity instruments</i>		
Investment in subsidiaries		
11,200 (March 31, 2015: 11,200) equity shares of ₹ 10/- each fully paid up in Paliwal Diagnostic Pvt.Ltd.	3,09,05,109	3,09,05,109
7,000 (March 31, 2015: 7,000) equity shares of ₹ 10/- each fully paid up in Paliwal Medicare Pvt.Ltd.	1,26,41,746	1,26,41,746
10,000 (March 31, 2015: 10,000) equity shares of ₹ 10/- each fully paid up in APL Institute of Clinical Laboratory & Research Pvt. Ltd.	7,23,45,877	7,08,68,112
	11,58,92,732	11,44,14,967
Aggregate amount of unquoted investments	11,58,92,732	11,44,14,967
Aggregate provision for diminution in value of investments	–	–

Notes to financial statements for the year ended March 31, 2016

11. Deferred tax assets (net)

	31 March 2016 ₹	31 March 2015 ₹
Deferred tax assets		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	5,24,64,970	3,37,94,700
Effect of expenditure debited to statement of profit and loss in the current / earlier years but allowable for tax purposes in the following years	6,15,44,427	21,26,56,527
Provision for doubtful debts and advances	1,12,38,739	1,46,71,807
Gross deferred tax assets	12,52,48,136	26,11,23,034
Deferred tax liability		
Effect of income credited to statement of profit and loss in the current / earlier years but chargeable to tax in the following years	1,08,15,993	1,01,12,514
Gross deferred tax liability	1,08,15,993	1,01,12,514
Net deferred tax assets	11,44,32,143	25,10,10,520

12. Loans and advances

	Non-current		Current	
	31 March 2016 ₹	31 March 2015 ₹	31 March 2016 ₹	31 March 2015 ₹
Capital advances				
Unsecured, considered good	1,48,33,983	2,84,51,971	–	–
	1,48,33,983	2,84,51,971	–	–
Deposits				
Unsecured, considered good				
- to related parties (refer note 25)	6,41,830	6,41,830	–	–
- to others	13,47,30,426	10,29,60,165	3,99,54,500	74,90,833
Doubtful	–	–	25,37,415	10,65,302
Less: Provision for doubtful deposits	13,53,72,256	10,36,01,995	4,24,91,915	85,56,135
	13,53,72,256	10,36,01,995	3,99,54,500	74,90,833
Loan and advances to related parties (refer note 25)				
Unsecured, considered good	2,00,000	2,00,000	43,83,74,846	35,09,36,050
	2,00,000	2,00,000	43,83,74,846	35,09,36,050
Advances recoverable in cash or in kind or for value to be received				
Unsecured, considered good	8,95,551	5,25,500	2,91,30,782	3,68,52,664
Doubtful	–	–	31,09,492	34,56,478
	8,95,551	5,25,500	3,22,40,274	4,03,09,142
Provision for doubtful advances	–	–	(31,09,492)	(34,56,478)
	8,95,551	5,25,500	2,91,30,782	3,68,52,664
Others loans & advances				
Secured, considered good				
Loan to employees (secured by way of pledge of shares)	–	–	29,15,095	–
Unsecured, considered good				
Loan to employees	8,34,783	7,30,052	9,88,830	5,54,210
Advance tax/tax deducted at source/income tax refundable (Net of income tax provision)	–	–	17,03,83,231	2,66,63,612
Loan given to a Party	–	15,74,982	–	5,25,000
Prepaid expenses	32,51,506	8,48,134	3,28,60,377	2,81,14,220
Balances with statutory/ government authorities	–	–	4,50,264	14,39,943
	40,86,289	31,53,168	20,75,97,797	5,72,96,985
	15,53,88,079	13,59,32,634	71,50,57,925	45,25,76,532

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

	Non-current		Current	
	31 March 2016 (₹)	31 March 2015 (₹)	31 March 2016 (₹)	31 March 2015 (₹)
Loans and advances to related parties include				
Dues from Dr. Lal PathLabs International BV in which the Company's directors are interested as directors	–	–	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	65,15,572
Dr. Lal PathLabs Welfare Trust	1,00,000	1,00,000	–	–
Dr. Lal PathLabs Private Limited Employee Welfare Trust	1,00,000	1,00,000	43,29,03,732	34,44,20,478
Deposits to related parties include				
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 2016 (₹)	31 March 2015 (₹)	31 March 2016 (₹)	31 March 2015 (₹)
Unsecured, considered good unless stated otherwise				
Outstanding for a period exceeding six months from the date they are due for payment				
Secured, considered good	–	–	4,64,103	17,90,400
Unsecured, considered good	–	–	8,68,792	5,09,148
Unsecured, considered doubtful	–	–	2,36,45,871	2,21,60,480
Provision for doubtful receivables	–	–	(2,36,45,871)	(2,21,60,480)
	–	–	13,32,895	22,99,548
Other receivables				
Secured, considered good	–	–	2,90,88,398	2,18,47,524
Unsecured, considered good	–	–	31,81,45,260	27,03,84,892
Unsecured, considered doubtful	–	–	31,81,618	1,57,12,005
Provision for doubtful receivables	–	–	(31,81,618)	(1,57,12,005)
	–	–	34,72,33,658	29,22,32,416
Total	–	–	34,85,66,553	29,45,31,964

13.2. Other assets

	Non-current		Current	
	31 March 2016 (₹)	31 March 2015 (₹)	31 March 2016 (₹)	31 March 2015 (₹)
Unsecured, considered good unless stated otherwise				
Non-current bank balances (refer note 16)	6,54,599	38,56,489	–	–
Total	6,54,599	38,56,489	–	–
Others				
Surrender Value of Keyman Insurance Policy	3,12,52,870	2,76,14,962	–	–
Interest accrued on loans, fixed deposits and others	54,523	54,612	6,60,61,763	4,29,76,660
Income accrued on long term investments (other than trade)	–	–	–	16,05,200
	3,13,07,393	2,76,69,574	6,60,61,763	4,45,81,860
Total	3,19,61,992	3,15,26,063	6,60,61,763	4,45,81,860

Notes to financial statements for the year ended March 31, 2016

14. Current investments

	31 March 2016 ₹	31 March 2015 ₹
<i>Current portion of long term investments (valued at cost)</i>		
<i>Unquoted mutual funds</i>		
Nil units (March 31, 2015: 20,00,000) units of ₹ 10/- each fully paid-up of Reliance Fixed Horizon Fund - XXVI - Series 20 - Direct Growth Plan	-	2,00,00,000
<i>Current investments (valued at lower of cost and fair value, unless stated otherwise)</i>		
<i>Unquoted mutual funds</i>		
Nil (March 31, 2015: 88,22,943.87) units of ₹ 10/- each fully paid-up of HDFC Liquid Fund - Direct Plan - Dividend - Daily Reinvest	-	8,99,78,146
33,76,119.39 (March 31, 2015: Nil) units of HDFC Floating Rate Income Fund - Short Term Plan -Wholesale option- Direct plan - Dividend Reinvestment	3,40,34,322	-
92,092.434 (March 31, 2015: 87,318.79) units of ₹ 1,000/- each fully paid-up of SBI Premier Liquid Fund - Direct Plan - Daily Dividend	9,23,91,734	8,76,02,575
22,25,758.623 (March 31, 2015: Nil) units of ₹ 100 /- each fully paid-up of Birla Sunlife saving Fund Daily Dividend Direct Plan Re-investment	22,32,37,358	-
33,049.407 (March 31, 2015: 31,206.55) units of ₹ 1,000/- each fully paid-up of UTI -Treasury Advantage Fund-Institutional Plan-Direct Plan-Daily Dividend Reinvestment	3,31,27,205	3,12,80,009
56,883.327 (March 31, 2015: 53,952.00) units of ₹ 1,000/- each fully paid-up of UTI - Liquid Cash Plan-Institutional-Direct Plan-Daily Dividend Reinvestment	5,79,89,463	5,50,01,130
85,691.155 (March 31, 2015: Nil) units of ₹ 1,000/- each fully paid-up of Reliance Money Manager Fund - Direct Plan Daily Dividend Option	8,60,48,958	-
4,366.27 (March 31, 2015: 57,339.45) units of ₹ 1,000/- each fully paid-up of Reliance Liquid Fund-Treasury Plan-Direct Plan Daily Dividend Option	66,74,892	8,76,57,117
8,064.685 (March 31, 2015: 7,642.334) units of ₹ 1,000/- each fully paid-up of Baroda Pioneer Liquid Fund - Plan B Daily Dividend - Re-investment	80,78,196	76,50,887
80,83,907.761 (March 31, 2015: Nil) units of ₹ 10/- each fully paid-up of JM High Liquidity Fund (Direct) Daily Dividend Option	8,43,16,775	-
	62,58,98,903	37,91,69,864
Aggregate amount of unquoted investments	62,58,98,903	37,91,69,864
Net Assets Value	62,58,98,903	38,07,75,064

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

	Non-current		Current	
	31 March 2016 ₹	31 March 2015 ₹	31 March 2016 ₹	31 March 2015 ₹
Reagents, chemicals, surgicals and laboratory supplies (including goods in transit of ₹ Nil , Previous Year ₹ 18,28,741)	-	-	13,28,04,666	12,05,50,493
Stores and others	-	-	80,36,903	1,64,69,343
	—	—	14,08,41,569	13,70,19,836

16. Cash and bank balances

	Non-current		Current	
	31 March 2016 ₹	31 March 2015 ₹	31 March 2016 ₹	31 March 2015 ₹
Cash and cash equivalents				
Balances with banks:				
On current accounts	-	-	13,44,35,127	13,99,12,910
On cash credit accounts	-	-	2,52,01,105	8,13,80,822
On Escrow accounts	-	-	1,45,07,974	-
Cash on hand	—	—	64,06,126	81,89,209
	—	—	18,05,50,332	22,94,82,941

	Non-current		Current	
	31 March 2016 (₹)	31 March 2015 (₹)	31 March 2016 (₹)	31 March 2015 (₹)
Other bank balances:				
Deposits with remaining maturity for more than 12 months (pledged with banks ₹ 87,916 , Previous year ₹ 14,19,872)	6,54,599	38,56,489	—	—
Deposits with remaining maturity for less than 12 months (pledged with banks ₹ 5 ,01,16,395, Previous year ₹ 1,05,18,674)	—	—	2,08,37,52,626	1,22,18,27,512
	6,54,599	38,56,489	2,08,37,52,626	1,22,18,27,512
"Amount disclosed under non-current assets (refer note 13.2)"	(6,54,599)	(38,56,489)	—	—
	—	—	2,26,43,02,958	1,45,13,10,453

Cash Credit Accounts

Cash Credit accounts (Balance appearing as debit in the books at the year end ₹ 2,52,01,105 (Previous Year ₹ 8,13,80,822)) are secured by first charge on the current assets of the Company, both present and future. This carries interest ranging from 9.95% p.a to 11.75% p.a.

17. Revenue from operations

	31 March 2016 (₹)	31 March 2015 (₹)
Revenue from operations		
Sale of services	7,65,33,96,689	6,36,57,64,129
Scrap sales	5,63,262	3,47,700
Revenue from operations (net)	7,65,39,59,951	6,36,61,11,829

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

18.1 Other income

	31 March 2016 (₹)	31 March 2015 (₹)
Dividend income (from current investments - other than trade)	3,75,48,353	2,19,09,892
Income on Long Term Fixed Maturity Plan Investment	2,50,600	16,05,200
Dividend Income from a Subsidiary company	87,23,999	58,33,625
Surrender Value of Keyman Insurance Policy	53,43,481	43,57,999
Unspent Liability/ Miscellaneous balances written back	50,17,332	33,472
Foreign Exchange Fluctuation (net)	—	1,52,829
Profit on disposal of Fixed assets (net)	9,62,808	—
Bad Debts/ Advances, written off previously, now recovered	77,980	—
Other non-operating income	12,49,053	11,65,113
	5,91,73,606	3,50,58,130

18.2 Interest income

	31 March 2016 (₹)	31 March 2015 (₹)
Interest income on:		
- Bank deposits	13,03,70,234	9,12,03,061
- Others (including interest on Income Tax Refund ₹ 1,08,33,790, Previous Year Nil)	1,45,65,051	1,26,790
	14,49,35,285	9,13,29,851

Notes to financial statements for the year ended March 31, 2016

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

	31 March 2016 (₹)	31 March 2015 (₹)
Inventory at the beginning of the year	12,05,50,493	9,25,11,074
Add: Acquired pursuant to Scheme of Amalgamation	-	61,13,813
Add : Purchases	<u>1,69,35,44,332</u>	<u>1,36,95,67,919</u>
	<u>1,81,40,94,825</u>	<u>1,46,81,92,806</u>
Less : Inventory at the end of the year	13,28,04,666	12,05,50,493
Cost of reagents, chemicals, surgicals and laboratory supplies consumed	<u>1,68,12,90,159</u>	<u>1,34,76,42,313</u>
Break up of Consumption		
Reagents	1,34,52,63,503	1,07,04,79,768
Consumables and Disposables	26,54,77,749	20,42,34,817
Others	<u>7,05,48,907</u>	<u>7,29,27,728</u>
	<u>1,68,12,90,159</u>	<u>1,34,76,42,313</u>
Break up of Inventories		
Raw materials		
Reagents	9,06,30,560	8,08,84,856
Consumables and Disposables	3,71,27,508	3,41,02,233
Others	<u>50,46,598</u>	<u>55,63,404</u>
	<u>13,28,04,666</u>	<u>12,05,50,493</u>

20. Employee benefits expenses

	31 March 2016 (₹)	31 March 2015 (₹)
Salaries, wages and bonus	1,25,41,36,165	98,88,06,995
Employee Stock Options compensation (refer note 29)	(3,46,68,898)	24,21,93,443
Contribution to provident and other funds	5,39,55,013	3,91,30,064
Gratuity expense (refer note 28)	1,88,92,389	1,02,45,504
Staff training expenses	1,24,47,991	1,18,01,950
Staff welfare expenses	<u>2,59,65,640</u>	<u>1,99,33,086</u>
	<u>1,33,07,28,300</u>	<u>1,31,21,11,042</u>

21. Other expenses

	31 March 2016 (₹)	31 March 2015 (₹)
Electricity and Water charges	12,12,33,229	10,61,12,051
Rent	36,63,78,636	30,14,30,676
Rates and taxes	94,33,578	43,70,197
Insurance	2,13,53,180	1,94,79,750
Repairs and maintenance		
- Building	2,18,20,652	1,78,66,358
- Plant and Machinery	3,98,23,949	2,86,90,364
- Others	9,23,61,440	6,58,80,361
Advertisement and sales promotion	16,75,85,280	15,97,67,147
Travelling and conveyance	14,17,53,802	11,89,18,837
Postage and courier	23,23,60,302	17,29,57,779
Communication costs	4,35,74,715	3,93,37,763
Commission to Directors	36,56,158	-
Printing and stationery	<u>6,66,27,132</u>	<u>8,77,07,425</u>

	31 March 2016 (₹)	31 March 2015 (₹)
Retainership fees to technical consultants	24,45,68,966	25,11,68,164
Director Sitting fees	15,42,500	–
Fees to collection centers	73,82,81,429	56,03,91,058
Legal and Professional charges	5,46,72,380	7,30,18,226
Computer expenses	1,52,19,686	1,60,60,819
Laboratory test charges	1,29,55,449	1,01,66,749
Payment to auditor (Refer details below)	1,36,44,046	74,27,445
Donation other than to political parties	2,52,132	2,34,150
Foreign Exchange Fluctuation (net)	3,12,515	–
Corporate Social Responsibility expense	38,00,000	–
Loss on disposal / discard of fixed assets (net)	–	6,86,432
Provision for doubtful debts & advances	1,07,16,668	2,24,44,574
Bad debts / advances written off (net)	2,73,43,461	92,97,286
“Less : Provision for doubtful debts and advances adjusted (net)”	<u>2,06,36,538</u>	<u>67,06,923</u>
Miscellaneous expenses	17,28,79,315	80,10,310
	<u>2,60,35,14,062</u>	<u>12,86,976</u>
Above Miscellaneous expenses include research and development expenses	–	13,22,08,153
	<u>—</u>	<u>9,84,960</u>

Payment to auditor

	31 March 2016 (₹)	31 March 2015 (₹)
As auditor:		
Audit fees	70,51,735	58,13,077
Limited Review	17,17,500	–
Tax audit fees	17,49,600	12,35,960
In other capacity		
Certification Fees	2,11,611	28,090
Other services	17,01,450	–
Reimbursement of expenses	12,12,150	3,50,318
	<u>1,36,44,046</u>	<u>74,27,445</u>

22. Depreciation and amortisation expense

	31 March 2016 (₹)	31 March 2015 (₹)
Depreciation of tangible assets	19,35,70,510	18,40,85,395
Amortisation of intangible assets	12,65,44,695	13,43,64,126
	<u>32,01,15,205</u>	<u>31,84,49,521</u>

23. Finance costs

	31 March 2016 (₹)	31 March 2015 (₹)
Interest expense (including ₹ 29,99,701 (Previous year ₹ 18,913) on Income Tax)	48,95,655	18,45,539
	<u>48,95,655</u>	<u>18,45,539</u>

Notes to financial statements for the year ended March 31, 2016

24. Earning Per Share (EPS)

Particulars	31 March 2016 ₹	31 March 2015 ₹
Profit after tax	1,25,75,08,719	91,76,30,895
Less : dividends on convertible preference shares & tax thereon	–	4,91,63,167
Net profit for calculation of basic EPS	1,25,75,08,719	86,84,67,728
Net profit as above	1,25,75,08,719	86,84,67,728
Add : dividends on convertible preference shares & tax thereon	–	4,91,63,167
Net profit for calculation of diluted EPS	1,25,75,08,719	91,76,30,895
Weighted average number of equity shares in calculating basic EPS	8,21,49,267	5,40,52,040
Effect of dilution:		
Convertible preference shares	–	2,66,32,320
Dilutive impact of ESOPs outstanding	5,92,968	14,36,442
Weighted average number of equity shares in calculating diluted EPS	8,27,42,235	8,21,20,802
Basic Earnings per Share *	15.31	16.07
Diluted Earnings per Share *	15.20	11.17

* EPS of previous year has been adjusted for the impact of subdivision of equity and preference shares in that year.

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
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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 Private Limited 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	(₹)
Subsidiaries					
Paliwal Diagnostics Private Limited	31 March 2016	38,61,200	–	–	
	31 March 2015	37,50,117	–	–	
APL Institute of Clinical Laboratory & Research P. Ltd.					
	31 March 2016	–	–	–	
	31 March 2015	1,15,354	–	–	

b. Purchase of services

(₹)

Particulars	Year ended	Purchase of services	Amount owed by related parties	Amount owed to related parties
Subsidiaries				
Paliwal Diagnostics Private Limited	31 March 2016	19,878	–	–
	31 March 2015	59,982	–	–

c. Sale of Store items

(₹)

Particulars	Year ended	Sale of store items	Amount owed by related parties	Amount owed to related parties
Subsidiaries				
Paliwal Diagnostics Private Limited	31 March 2016	4,21,349	–	–
	31 March 2015	–	–	–

d. Purchase of Fixed Assets

(₹)

Particulars	Year ended	Purchase of Fixed Assets	Amount owed by related parties	Amount owed to related parties
Subsidiaries				
APL Institute of Clinical Laboratory & Research P. Ltd.	31 March 2016	–	–	–
	31 March 2015	8,51,899	–	–

e. Loans and Advances given and repayment thereof

(₹)

Particulars	Year ended	Loans/ Advances given	Expenses incurred on behalf of related party	Repayment	Amount owed by related parties
Subsidiaries					
Paliwal Diagnostics Private Limited	31 March 2016	–	7,63,457	7,63,457	–
	31 March 2015	–	9,40,893	9,40,893	–
Paliwal Medicare Private Limited	31 March 2016	–	–	–	–
	31 March 2015	–	–	31,00,000	–
APL Institute of Clinical Laboratory & Research P. Ltd.	31 March 2016	–	19,51,823	32,84,207	51,83,188
	31 March 2015	–	26,08,336	25,40,899	65,15,572
Key management personnel					
Dr. Om Prakash Manchanda - Director	31 March 2016	16,12,31,220	–	16,12,31,220	–
	31 March 2015	–	–	–	–
Enterprises owned or significantly influenced by key management personnel or their relatives					
Dr. Lal PathLabs International B.V.	31 March 2016	–	3,87,926	–	3,87,926
	31 March 2015	–	–	–	–
Dr. Lal PathLabs Welfare Trust	31 March 2016	–	–	–	1,00,000**
	31 March 2015	1,00,000	–	–	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 March 31, 2016

f. Contribution to CSR Fund

Particulars	31 March 2016 (₹)	31 March 2015 (₹)
Enterprises owned or significantly influenced by key management		
Dr. Lal PathLabs welfare Trust	35,00,000	-

g. Remuneration

Particulars	31 March 2016 (₹)	31 March 2015 (₹)
Key management personnel		
Dr. Arvind Lal - Chairman cum Managing Director		
Salary, bonus and contribution to PF	1,88,81,567	1,73,39,604
Dr. Vandana Lal - Director		
Salary, bonus and contribution to PF	1,51,69,977	1,39,03,848
Dr. Om Prakash Manchanda - Director		
Salary, bonus and contribution to PF	3,71,07,399	3,11,30,679
Relatives of Key management personnel		
Dr. Archana Lal (Daughter of Dr. Arvind Lal & Dr. Vandana Lal)		
Salary, bonus and contribution to PF	12,26,440	11,06,440
Mr. Anjaneya Lal (Son of Dr. Arvind Lal & Dr. Vandana Lal)		
Salary, bonus and contribution to PF	14,72,800	13,60,000
Total	7,38,58,183	6,48,40,571

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.

h. Rent

Particulars	31 March 2016 (₹)	31 March 2015 (₹)
Key management personnel		
Dr. Arvind Lal - Chairman cum Managing Director	-	93,075
Dr. Vandana Lal - Director	9,57,770	9,08,444
Enterprises owned or significantly influenced by key management personnel or their relatives		
Central Clinical Laboratory	2,37,483	1,33,098
Eskay House HUF - Dr. Arvind Lal	78,58,640	77,52,840

i. Security Deposit

Particulars	31 March 2016 (₹)	31 March 2015 (₹)
Enterprises owned or significantly influenced by key management personnel or their relatives		
Eskay House HUF - Dr. Arvind Lal	6,41,830	6,41,830

j. Other transactions

Particulars	31 March 2016 (₹)	31 March 2015 (₹)
i) Dividend Paid		
Key Management Personnel		
Dr. Arvind Lal - Chairman cum Managing Director	4,33,02,904	3,00,50,045
Dr. Vandana Lal – Director	2,75,88,584	1,91,45,094
Dr. Om Prakash Manchanda – Director	6,29,889	2,48,447
Relatives of Key Management Personnel		
Dr. Archana Lal (Daughter of Dr. Arvind Lal & Dr. Vandana Lal)	34,35,414	23,84,005
Mr. Anjaneya Lal (Son of Dr. Arvind Lal & Dr. Vandana Lal)	34,35,414	23,84,005
Enterprises owned or significantly influenced by key management personnel or their relatives		
Eskay House HUF - Dr. Arvind Lal	29,44,641	20,43,433
ii) Dividend Received		
Subsidiary Company		
Paliwal Diagnostics Private Limited	87,23,999	58,33,625
iii) Employee Stock Options compensation		
Key Management Personnel		
Dr. Om Prakash Manchanda – Director	26,20,20,998	18,16,16,276
iv) Employee Stock Options compensation outstanding		
Key Management Personnel		
Dr. Om Prakash Manchanda – Director	–	31,95,54,433
v) Issue of Shares		
Key Management Personnel		
Dr. Om Prakash Manchanda – Director*	2,70,26,336	1,84,47,561
* Shares directly issued to the Employee by the Company @ ₹ 110.80 per equity share of ₹ 10/- each.		
vi) Share Application Money Received Pending Allotment		
Key Management Personnel		
Dr. Om Prakash Manchanda – Director	73,12,800	–
vii) Interest Income		
Key Management Personnel		
Dr. Om Prakash Manchanda – Director	36,46,667	–
viii) Transactions with Dr. Lal PathLabs Employee Welfare Trust		
Loan Given	1,71,21,000	16,64,00,956
Debit for Issue of Shares	18,69,95,911	8,66,19,008
Recovery against Issue of Shares	9,92,41,460	22,09,000
Amount credited for shares transferred to employees under ESPS 2015	1,62,92,197	1,16,46,210
Dividend Paid	22,96,863	8,03,410
Amount recoverable as at year end	43,30,03,732	34,44,20,478

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 March 31, 2016

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 2016 (₹)	31 March 2015 (₹)
1. Revenue		
- India	7,62,85,97,126	6,34,61,72,270
- Outside India (FC)	2,53,62,825	1,99,39,559
Total Revenue	7,65,39,59,951	6,36,61,11,829
2. Trade Receivables		
- India	34,27,47,901	28,70,82,754
- Outside India	58,18,652	74,49,210
Total Trade Receivables	34,85,66,553	29,45,31,964

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 2016	31 March 2015
Year to which it relates	1 April 2014 to 31 March 2015	1 April 2013 to 31 March 2014
Number of non-resident shareholders to whom dividend remitted in foreign exchange	2	2
Number of equity shares held on which dividend was due	800	80
Number of preference shares of ₹ 10 (previous year ₹ 100) each held on which dividend was due Amount remitted in (USD)	1,70,30,560	17,03,056
- On Equity shares	19	14
- On Preference shares	4,06,841	3,01,437
Equivalent amount remitted in (₹)		
- On Equity shares	1,227	851
- On Preference shares	2,61,19,207	1,81,25,421

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 scheme is funded.

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:

	31 March 2016 (₹)		31 March 2015 (₹)	
	Funded	Unfunded	Funded	Unfunded
Statement of profit and loss				
Net employee benefit expense recognized in employee cost:				
Current service cost	1,08,03,665	-	92,51,998	2,16,725

	31 March 2016 (₹)		31 March 2015 (₹)	
	Funded	Unfunded	Funded	Unfunded
Interest cost on benefit obligation	36,50,640	–	31,85,680	20,917
Expected return on plan assets	(24,68,669)	–	(29,53,002)	–
Net actuarial (gain) / loss recognized in the period/year	69,06,753	–	5,31,407	(8,221)
Net benefit expense	1,88,92,389	–	1,00,16,083	2,29,421
Actual return on plan assets	27,54,842	–	28,30,284	–
Balance Sheet				
Benefit Asset / Liability				
Present value of defined benefit obligation	6,36,62,801	–	4,64,66,421	2,99,620
Fair value of plan assets	3,67,13,739	–	3,64,84,928	–
Plan (liability)	(2,69,49,062)	–	(99,81,493)	(2,99,620)

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

	31 March 2016 (₹)		31 March 2015 (₹)	
	Funded	Unfunded	Funded	Unfunded
Opening defined benefit obligation	4,64,66,421	2,99,620	3,09,85,411	–
Acquired pursuant to Scheme of Amalgamation	–	–	42,94,409	70,199
Current service cost	1,08,03,665	–	92,51,998	2,16,725
Interest cost	36,50,640	–	31,85,680	20,917
Benefits paid	–	–	–	–
- directly paid by the enterprise	–	–	(21,923)	–
- payment made out of fund	(47,50,471)	–	(16,37,843)	–
Actuarial (gain) / loss	71,92,926	–	4,08,689	(8,221)
Adjustment*	2,99,620	(2,99,620)	–	–
Closing defined benefit obligation	6,36,62,801	–	4,64,66,421	2,99,620

*Unfunded obligation has been funded during the year.

Change in fair value of plan assets are as follows:

	31 March 2016 (₹)		31 March 2015 (₹)	
	Funded	Unfunded	Funded	Unfunded
Opening fair value of plan assets	3,64,84,927	–	2,63,56,072	–
Acquired pursuant to Scheme of Amalgamation	–	–	37,88,160	–
Expected return	24,68,669	–	29,53,002	–
Contributions by employer	19,89,440	–	51,48,255	–
Benefits paid	(47,50,471)	–	(16,37,843)	–
Actuarial gain / (loss)	2,86,173	–	(1,22,719)	–
Adjustment	2,35,001	–	–	–
Closing fair value of plan assets	3,67,13,739	–	3,64,84,927	–

The Company is expected to contribute ₹ 2,69,49,062 to gratuity fund in the next year. (Previous year ₹ 1,08,09,533)

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

	31 March 2016 (%)		31 March 2015 (%)	
	Funded	Unfunded	Funded	Unfunded
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.

Notes to financial statements for the year ended March 31, 2016

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

	31 March 2016 (₹)	31 March 2015 (%)
Discount rate	7.79	7.87-7.95
Expected rate of return on plan assets	7.79	9.00 -9.25
Increase in compensation cost	5-10	5-7
Employee turnover	2-18	2-14

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 2016 (₹)	31 March 2015 (₹)	31 March 2014 (₹)	31 March 2013 (₹)	31 March 2012 (₹)
	(₹)	(₹)	(₹)	(₹)	(₹)
Defined benefit obligation	6,36,62,801	4,67,66,041	3,09,85,411	2,59,78,634	2,10,73,488
Plan assets	3,67,13,739	3,64,84,927	2,63,56,072	2,37,29,125	20,35,581
(Deficit)	(2,69,49,062)	(1,02,81,113)	(46,29,339)	(22,49,509)	(1,90,37,907)
Experience adjustment on plan liabilities – (loss) / gain	(63,43,377)	(47,40,507)	4,11,684	14,06,119	8,40,384
Experience adjustment on plan assets – (loss) / gain	2,86,173	(1,22,719)	(1,01,356)	–	36,621

Defined contribution plan:

	31 March 2016 (₹)	31 March 2015 (₹)
Contribution to provident fund	3,98,81,725	2,95,55,209

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, 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 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	29,72,160*	4,60,000*	80,000*	28,000*	28,000*	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					
Vesting conditions	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 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 2016		31 March 2015	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
	(₹)	(₹)		
Outstanding at the beginning of the year	24,29,060	124.15	33,74,560	110.80
Granted during the year	–	–	1,62,180	110.80
Forfeited during the year	–	–	88,320	–
Exercised during the year	16,19,197	113.30	10,19,360	110.80
Expired during the year	–	–	–	–
Outstanding at the end of the year	8,09,863	145.95	24,29,060	124.15
Exercisable at the end of the year	6,80,519	108.49	22,36,460	111.36
Weighted average remaining contractual life (in years)	Refer Note 3 below		Refer Note 3 below	

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 (₹)
31 March 2016	110.80	6,67,880	9.6	110.80	923.30
	311.30	1,41,983	11.13	311.30	923.30
31 March 2015	110.80	22,66,880	Refer Note 3 below	110.80	311.30
	311.30	1,62,180	Refer Note 3 below	311.30	311.30

Note 3: Before listing, as the exercise period was dependent on the listing of the Company's share, contractual life of the options was not determinable.

Stock Options granted:

The weighted average fair value of the Company's shares under the stock option plan granted to the employees as at 31.03.2016 is ₹ 923.30. The same has been taken based on the closing price as reported by www.nseindia.com.

In FY 2011-12, Dr. Lal PathLabs Pvt. Ltd. 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 ₹ 43,29,03,732 (March 31, 2015: ₹ 34,44,20,478) to the said Trust which in turn has purchased 19,15,331 equity shares (March 31, 2015: 16,03,200 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

Notes to financial statements for the year ended March 31, 2016

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.

Under ESPS 2015, for the performance year 2015-16, maximum number of equity shares of ₹ 10 each to be granted to eligible employees is 97,977 out of which 16,062 were forfeited. The Company has accounted for the liability proportionately for the period under Employee salaries. Further, for the performance year 2014-15, 37,412 equity shares of ₹ 10 each were transferred to eligible employees by the EWT under the Scheme. The Company accounted for the cost of ₹ 1,36,51,749 in the previous year at the Fair Value of ₹ 311.30 per share on total number of 37,412 equity shares issued under the scheme in the current year (net of 6,442 equity shares adjusted towards TDS liability of certain employees)."

Details of the scheme are as under:

Particulars	Year ended March 31, 2016 (₹)	Year ended March 31, 2015 (₹)
Maximum number of Equity Shares	97,977	43,854
Forfeited during the year	16,062	–
Number of equity shares transferred/to be transferred*	52,336	37,412
Evaluation period	April 1, 2015 to March 31, 2016	April 1, 2014 to March 31, 2015
Method of settlement (cash / equity)	Equity	Equity
Price of shares on the date of Transfer	921.45	311.30
Vesting conditions	Performance and continued employment till the end of the performance year	

*Net of shares adjusted towards TDS liability.

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 2016 (₹)	31 March 2015 (₹)
Not later than one year	10,82,77,008	7,93,63,457
Later than one year but not later than five years	8,58,06,168	8,75,48,482
Later than five years	–	–
	19,40,83,175	16,69,11,939

31. Capital and other commitments :

	31 March 2016 (₹)	31 March 2015 (₹)
a) Estimated amount of contracts remaining to be executed on capital account and not provided for	16,67,12,951	4,49,14,431
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 2016 (₹)	31 March 2015 (₹)
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
Other claims against the Company not acknowledged as debts*	1,30,65,235	1,00,63,598

* 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.

33. Unhedged foreign currency exposure

Particulars of unhedged foreign currency exposure as at the reporting date

Particulars	Amount
Import trade payable (USD)	NIL (March 31, 2015: USD 52,040.45) NIL (March 31, 2015: ₹ 32,87,215)
Capital Creditors (USD)	USD 53,800 (March 31, 2015: NIL) (₹ 35,68,710 (March 31, 2015: NIL))
Export trade receivable (SAR)	SAR 1,99,032 (March 31, 2015: SAR 3,16,495.23) (₹ 35,06,256 (March 31, 2015: ₹ 51,49,322))
Export trade receivable (KD)	KD 726.29 (March 31, 2015: KD 1001.70) (₹ 1,58,727 (March 31, 2015: ₹ 2,06,861))
Export trade receivable (NGN)	NGN Nil (March 31, 2015: NGN 1,57,259.87) (₹ Nil (March 31, 2015: ₹ 58,817))
Export trade receivable (OMR)	OMR 2,096.13 (March 31, 2015: OMR 5,837.64) (₹ 3,58,692 (March 31, 2015: ₹ 9,34,525))
Export trade receivable (USD)	USD 18,932.76 (March 31, 2015: USD 8,085.20) (₹ 12,51,435 (March 31, 2015: ₹ 5,02,096))
Export trade receivable (QAR)	QAR 29,967.24 (March 31, 2015: QAR 35,190.36) (₹ 5,43,543 (March 31, 2015: ₹ 5,97,589))

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

	31 March 2016 (₹)	31 March 2015 (₹)
Reagents, Surgical, Chemicals and laboratory supplies	1,16,32,098	1,77,37,307
Capital goods	5,93,59,706	2,03,20,478
Spare Parts	2,25,004	3,72,017

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

Particulars	31 March 2016 (₹)	31 March 2015 (₹)
1 The principal amount and interest due thereon remaining unpaid to any supplier as at the end of each accounting period.	6,58,472	4,95,166
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

Notes to financial statements for the year ended March 31, 2016

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, 2016*(₹)	Book Value per Share as on March 31, 2015*(₹)	Purchase Value per Share as on March 31, 2016 (₹)
1.	APL Institute of Clinical Laboratory and Research Private Limited	7,23,45,877	1,055	1,092	7,235

(*as per audited financial statements)

This Company has incurred loss during the current financial year. However there was profit in the previous two financial years. 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. The Company has, during the current year, purchased business of "Dr.Bhanudas Yashwant Shinagare" engaged in the business of providing pathological diagnostics services in Pune, on a going concern basis for a purchase consideration of ₹ 1,25,00,000 .The Company has made payment of ₹ 62,50,000 against consideration payable for purchase of the business. The balance consideration of ₹ 62,50,000 has been shown as 'Creditors against purchase of business' in Note No. 6 under Trade Payables and Other Liabilities. The balance consideration is payable along with 9% interest per annum w.e.f. May'2015 after 12 months from the date of signing of the agreement. Further, if the gross turnover of the purchased business for the one year period commencing from May'2015 exceeds the amount specified in the agreement, the consideration will increase proportionately subject to a maximum increase of ₹ 25,00,000. The amount of ₹ 97,62,754 paid over and above the value of net assets acquired of ₹ 27,37,246 has been recognized as Goodwill.

38. The Company has, during the 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 400,000 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.

39. Expenditure in Foreign Currency (accrual basis)

	31 March 2016 (₹)	31 March 2015 (₹)
Travelling & conveyance*	37,25,940	16,95,916
Lab test charges	51,08,289	25,21,266
Fees and subscription	7,72,434	8,44,207
Repair and maintenance	2,48,02,838	1,78,11,283
Software	1,44,36,163	1,38,23,852
Professional Charges**	2,59,38,235	—
Rates & Taxes	56,908	—
Miscellaneous Expenses	80,13,110	53,39,891
	8,28,53,917	4,20,36,415

*Including ₹ 17,81,790 recovered from shareholders who have offered their shares in the IPO.

**Including ₹ 2,43,14,040 recovered from shareholders who have offered their shares in the IPO.

40. Imported and indigenous Reagents, Chemicals, Surgicals and Laboratory supplies, consumed

	% of total consumption 31 March 2016	Value 31 March 2016	% of total consumption 31 March 2015	Value 31 March 2015
Imported	0.83%	2,01,39,060	1.57%	2,11,10,411
Indigenously obtained	99.17%	1,66,11,51,099	98.43%	1,32,65,31,902
	100.00%	1,68,12,90,159	100.00%	1,34,76,42,313

41. Earnings in Foreign Currency (accrual basis)

	31 March 2016 (₹)	31 March 2015 (₹)
Export of services	2,53,62,825	1,99,39,559
	2,53,62,825	1,99,39,559

- 42.** In light of Section 135 of the Companies Act, 2013, the Company has incurred expenses on Corporate Social Responsibility (CSR) aggregating to ₹ 38,00,000 for CSR activities.

Particulars	For the year ended 31 March 2016 (₹)	For the year ended 31 st March 2015 (₹)
a) Gross amount required to be spent by the Company during the year	2,07,28,680	1,59,24,225
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	38,00,000*	Nil

*Company has contributed ₹ 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.

- 43.** During the year, the Company completed its Initial Public Offering (IPO) comprising an Offer for Sale of 1,16,00,000 Equity Shares of face value of ₹ 10/- each for cash at a price of ₹ 550 per equity share including a share premium of ₹ 540 per Equity Share (except for Retail Individual Bidders for whom the Offer Price was ₹ 535 per Equity Share pursuant to a discount of ₹ 15 offered on the Offer Price.)

The equity shares of the Company were listed on The National Stock Exchange of India and Bombay Stock Exchange on December 23, 2015.

The Company has incurred total offer expenses aggregating to ₹ 44,05,83,691 including ₹ 1,62,02,161 paid to statutory auditor for certification etc. The expenses of this Offer include, among others, underwriting and lead management fees, selling commissions, Syndicate Banks' commissions/ fees, printing and distribution expenses, legal fees, Offer related advertisements and publicity, registrar and depository fees and listing fees. Other than listing fees, which has been borne by the Company, all costs, fees and expenses with respect to the Offer has been shared between the Selling Shareholders, in proportion to their respective proportion of the Offered Shares.

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

Included in loans and advance are certain inter-corporate deposits 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	31-Mar-16	31-Mar-15
APL Institute of Clinical Laboratory & Research Private Limited	Interest free	Repayable on demand	Unsecured	51,83,188	65,15,572
Dr. Lal PathLabs International B.V	Interest free	Repayable on demand	Unsecured	3,87,926	-
				55,71,114	65,15,572

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

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

45. Amalgamation

- I. Pursuant to the Scheme of Amalgamation [“the Scheme”] under Section 391/394 of the Companies Act 1956 among the Company and its erstwhile wholly owned subsidiary companies, namely Sanya Chemicals Private Limited (“Sanya”), Amolak Diagnostics Private Limited (“Amolak”), Medex Healthcare Private Limited (“Medex”), Medicave Diagnostic Centre Private Limited (“MDCPL”) and Medicave Medical Systems Private Limited (“MMSPL”) [Transferor Companies] approved by respective Hon’ble High Courts, the Transferor Companies stand merged with the Company w.e.f. April 1, 2013 (the appointed date).

Name of the companies	Date of approval of the Scheme by respective Hon’ble High Court	Date of receipt of Certified High Court Order	Date of filing of the Certified High Court Order with the respective ROC
Dr. Lal PathLabs Limited	Refer Note	Refer Note	Refer Note
Medex Healthcare Private Limited (“Medex”)	07-07-2014	11-09-2014	10-10-2014
Medicave Medical System Private Limited (“MMSPL”)	21-08-2014	19-03-2015	27-03-2015
Medicave Diagnostic Centre Private Limited (“MDCPL”)	21-08-2014	19-03-2015	27-03-2015
Sanya Chemicals Private Limited (“Sanya”)	19-12-2014	24-02-2015	18-03-2015
Amolak Diagnostic Private Limited (“Amolak”)	26-03-2015	08-05-2015	21-05-2015

Notes to financial statements for the year ended March 31, 2016

Note: Approval is not required for Dr. Lal PathLabs Private Limited ("the transferee company") as per the order dated April 02, 2014 of the Hon'ble High Court of Delhi. Accordingly, there is no requirement of filing the sanction order with the ROC, NCT of Delhi and Haryana as per Section 391-394 of the Companies Act, 1956. However, the Company has filed the order with the ROC, NCT of Delhi and Haryana. The Company has electronically filed E Form INC-28 on July 3, 2015 and resubmitted the said form alongwith the order on July 9, 2015 for the purpose of intimating the ROC, NCT of Delhi and Haryana regarding the scheme and getting the approval for increase in authorised share capital. The Company has received a comment from ROC, NCT of Delhi and Haryana that there is a delay in filing E Form INC-28 and that the Company may ask for condonation for delay.

The Company is legally opined that the Scheme of Amalgamation is effective from May 21, 2015, the date on which the order of the Hon'ble High Court of Rajasthan (i.e. last order) was filed with the ROC, Rajasthan.

- II. 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 the Company.
- III. As per the scheme of Amalgamation, the authorised share capital of the Parent Company will automatically increase by merging the authorised share capital of Transferor Companies with the Parent Company without any further act of deed on the part of the Parent Company on the effective date. In order to intimate the ROC, NCT of Delhi and Haryana regarding the Scheme and to get its authorised share capital increased as per the scheme, the Company has filed E form INC-28 on July 3 2015 and resubmitted the said form on July, 9 2015.
- IV 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.

46. 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 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: 27th May, 2016

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

Mr. Dilip Bidani
[Chief Financial Officer]

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

Mr. Rajat Kalra
[Company Secretary]

CONSOLIDATED FINANCIAL STATEMENTS

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** ("the Company") (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, 2016, 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 with 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. 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 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, 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 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, the 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, 2016, 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, we report, to the extent applicable, that:

- (a) We / the other auditor whose report 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;

- (e) On the basis of the written representations as on March 31, 2016 received from the directors of the Holding Company and its two subsidiaries incorporated in India taken on record by the Board of Directors of the Holding Company and its two subsidiaries and the report of the auditor who is appointed under Section 139 of the Act, of one subsidiary company incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2016 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:
 - i. 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;
 - ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts.
 - iii. 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.

Other Matter

The accompanying consolidated financial statements include total assets of ₹ 2,18,16,448 as at March 31, 2016, and total revenues and net cash outflows of ₹ 3,73,73,774 and ₹ 5,02,956 for the year ended on that date, in respect of a subsidiary, which has been audited by other auditor, 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 this subsidiary, and our report in terms of Sub-Sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the report of such other auditor.

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 27, 2016

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, 2016, 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 and 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, 2016, 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 one subsidiary company, which is a company incorporated in India, is

based on the corresponding report of the auditor of such subsidiary 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: New Delhi

Date: 27th May, 2016

Consolidated Balance Sheet as at March 31, 2016

	Notes	31 March 2016 (₹)	31 March 2015 (₹)
Equity and liabilities			
Shareholder's funds			
Share capital	3	82,67,69,970	81,26,18,400
Reserves and surplus	4	4,23,94,35,354	2,59,81,65,642
		5,06,62,05,324	3,41,07,84,042
Share Application money pending allotment	5	73,12,800	–
Minority Interest	6	2,88,64,336	2,29,72,218
Trade payables-			
- total outstanding dues of micro and small enterprises	7	–	–
- total outstanding dues of creditors other than micro and small enterprises	7	10,23,17,499	8,42,53,096
Other long term liabilities	7	13,77,84,880	11,54,48,311
Long-term provisions	8	20,04,155	20,61,056
		24,21,06,534	20,17,62,463
Current liabilities			
Trade payables-			
- total outstanding dues of micro and small enterprises	7	6,58,472	4,95,166
- total outstanding dues of creditors other than micro and small enterprises	7	42,20,00,046	34,10,78,375
Other current liabilities	7	17,54,62,199	58,58,60,204
Short-term provisions	8	30,96,96,622	19,01,61,105
		90,78,17,339	1,11,75,94,850
TOTAL Assets		6,25,23,06,333	4,75,31,13,573
Assets			
Non-current assets			
Goodwill (on consolidation)		41,72,27,852	41,57,50,089
Fixed assets			
- Tangible assets	9	1,08,26,24,949	90,55,85,900
- Intangible assets	10	15,65,50,960	17,94,84,845
- Capital work-in-progress		4,09,36,908	94,61,519
Deferred tax assets (net)	11	12,04,76,501	25,40,06,654
Long-term loans and advances	12	15,90,63,128	13,94,29,874
Other non-current assets	13.2	3,80,70,470	3,26,63,325
Other non-current assets		2,01,49,50,768	1,93,63,82,206
Current assets			
Current investments	14	64,32,48,903	37,91,69,864
Inventories	15	14,51,50,048	14,27,73,655
Trade receivables	13.1	36,30,61,386	30,96,00,634
Cash and bank balances	16	2,29,64,28,062	1,48,18,50,359
Short-term loans and advances	12	72,29,78,074	45,71,39,889
Other current assets	13.2	6,64,89,093	4,61,96,966
		4,23,73,55,566	2,81,67,31,367
TOTAL Summary of significant accounting policies	2.1	6,25,23,06,333	4,75,31,13,573

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: 27th May, 2016

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

Mr. Dilip Bidani
[Chief Financial Officer]

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

Mr. Rajat Kalra
[Company Secretary]

Consolidated Statement of profit and loss for the year ended March 31, 2016

	Notes	31 March 2016 (₹)	31 March 2015 (₹)
Income			
Revenue from operations	17	7,91,31,78,488	6,59,58,99,155
Other income	18.1	5,03,16,210	2,95,42,052
Total revenue (I)		7,96,34,94,699	6,62,54,41,207
Expenses			
Cost of Medicines, chemicals, surgicals and laboratory supplies consumed	19	1,72,92,23,970	1,39,15,82,393
Employee benefits expenses	20	1,36,83,40,811	1,34,39,00,329
Other expenses	21	2,71,84,16,245	2,30,09,07,701
Total (II)		5,81,59,81,026	5,03,63,90,423
Earnings before interest, tax, depreciation, amortization and exceptional items (EBITDA) (I) – (II)		2,14,75,13,673	1,58,90,50,784
Depreciation and amortisation expense	22	28,28,11,794	28,18,86,565
Interest Income	18.2	(14,74,29,979)	(9,40,56,933)
Finance costs	23	49,73,455	40,47,438
Profit before tax		2,00,71,58,403	1,39,71,73,714
Tax expenses			
Current tax		62,82,77,670	50,50,44,000
Income tax adjustment for earlier years		(8,69,39,036)	(2,56,95,185)
Deferred tax charge/(credit)		4,10,57,591	(5,79,42,599)
Deferred Tax Adjustments for earlier years		9,24,72,562	1,14,10,599
Total tax expense		67,48,68,788	43,28,16,815
Profit for the year		1,33,22,89,615	96,43,56,899
Profit attributable to:			
- Owners of the Parent		1,32,18,97,497	95,68,30,063
- Minority interests		1,03,92,118	75,26,836
		1,33,22,89,615	96,43,56,899
Earnings per equity share [nominal value of share ₹ 10 (March 31, 2015: ₹ 10)]	24		
Basic		16.09	16.79
Diluted		15.98	11.65
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: 27th May, 2016

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[Chairman and Managing Director]

Mr. Dilip Bidani
[Chief Financial Officer]

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

Mr. Rajat Kalra
[Company Secretary]

Cash Flow Statement for the year ended March 31, 2016

	31 March 2016 (₹)	31 March 2015 (₹)
A. Cash flow from operating activities		
Net profit before tax	2,00,71,58,403	1,39,71,73,714
Adjustments to reconcile profit before tax to net cash flows		
Depreciation / amortisation	28,28,11,794	28,18,86,565
Loss on sale/ disposal of fixed assets (net)	–	6,86,432
(Gain)/Loss on sale/ disposal of fixed assets (net)	(7,21,193)	
Bad debts Written off	77,83,240	12,86,976
Provision for doubtful debts and advances	99,09,378	2,44,94,574
Unspent Liability/ Miscellaneous balances written back	(50,25,201)	(2,33,472)
Dividend received (from current investments - other than trade)	(3,75,48,353)	(2,19,09,892)
Income from Long Term investments in MF	(2,50,600)	(16,05,200)
Employee Stock Options compensation	(3,46,68,898)	24,21,93,443
Bad debts recovered	(77,980)	–
Interest expense	49,73,455	40,47,438
Interest income	(14,74,29,979)	(9,40,56,933)
Operating profit before working capital changes	2,08,69,14,066	1,83,39,63,645
Movements in working capital:		
(Increase) in trade receivables	(6,99,50,262)	(8,36,54,151)
(Increase) in inventories	(23,76,395)	(2,61,80,678)
(Increase) in loans and advances	(6,63,51,951)	(4,64,22,971)
(Increase) in other current assets	(36,37,908)	(43,57,999)
Increase in trade payables, current liabilities and provisions	21,08,40,205	7,86,23,368
Cash generated from operations	2,15,54,37,755	1,75,19,71,214
Direct taxes paid (net of refunds)	(68,69,34,953)	(53,42,99,405)
Net cash flow from operating activities	1,46,85,02,802	1,21,76,71,809
B. Cash flow from investing activities		
Purchase of fixed assets	(44,12,73,998)	(35,29,29,050)
Proceeds from sale of fixed assets	93,63,793	37,86,990
Purchase of investments in units of mutual funds	(92,16,59,531)	(84,53,70,899)
Sale of investments in units of mutual funds	65,94,36,291	55,20,66,967
Purchase of investments in Subsidiary Company	(3,14,77,764)	(75,00,000)
Loans and Advances refunded back by Related parties (net)	(8,89,71,179)	(23,91,64,754)
Dividend received (from current investments - other than trade)	3,75,48,353	2,19,09,892
Payment for purchase of business on slump sale basis	(42,50,000)	–
Interest received	12,46,87,369	8,33,83,019
Fixed Deposits placed with the banks	(3,03,68,23,341)	(1,34,02,30,741)
Fixed Deposits with banks encashed	2,17,54,57,388	98,95,38,539
Net cash (used in) investing activities	(1,51,79,62,619)	(1,13,45,10,037)

	31 March 2016 (₹)	31 March 2015 (₹)
C. Cash flow from financing activities		
Proceeds from issuance of equity share capital	16,08,41,476	10,53,84,096
Share Application money	73,12,800	–
(Repayment) Proceeds of short term borrowings	–	(86,67,858)
Interest paid	(82,82,701)	(5,03,814)
Dividend Paid including dividend tax	(15,62,76,054)	(10,41,66,375)
Net cash from/(used in) financing activities	35,95,521	(79,53,951)
Net (decrease) / increase in cash and cash equivalents (A+B+C)	(4,58,64,296)	7,52,07,821
Cash and cash equivalents at the beginning of the period/year	23,28,49,856	15,76,42,035
Cash and cash equivalents at the end of the period/year	18,69,85,560	23,28,49,856
Components of cash and cash equivalents		
Cash on hand	77,65,225	98,02,122
Balance with scheduled banks:		
- on current accounts	13,95,11,245	14,16,64,496
- on cash credit accounts	2,52,01,116	8,13,83,238
- on Escrow accounts	1,45,07,974	–
Cash & Cash Equivalents in Cash Flow Statement:	18,69,85,560	23,28,49,856

Notes:

1. Previous year 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, 2016 is after considering CSR expense of ₹ 38,00,000

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: 27th May, 2016

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

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

Mr. Dilip Bidani
[Chief Financial Officer]

Mr. Rajat Kalra
[Company Secretary]

Notes to consolidated financial statements for the year ended March 31, 2016

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 has changed from Dr. Lal PathLabs Private Limited to Dr. Lal PathLabs Limited. The equity shares of the Company were listed on The National Stock Exchange of India and Bombay Stock Exchange on December 23 2015.

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. 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.

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. 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, 2016.

(III) Tangible fixed assets

Fixed assets 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 tangible fixed assets

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 fixed assets:

Tangible Assets	Useful Life (in years) followed by the Company	Useful Life (in years) under Schedule II
	(WDV)	(WDV)
Buildings	30.00	30.00
Plant & Machinery		
- 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
Office Equipment	5.00	5.00
Computers		
- Servers and networks	6.00	6.00
- End user devices, such as desktops, laptops, etc.	3.00	3.00
Vehicles		
- 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 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.

(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 tangible and intangible 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.

Notes to consolidated financial statements for the year ended March 31, 2016

(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.

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 stock compensation cost

Measurement and disclosure of the employee share based payment plans are done in accordance with the Guidance Note on Accounting for Employee Share-based payments, issued by the Institute of Chartered Accountants of India. The Parent Company measures compensation cost relating to employee stock options using the fair value method. Such compensation cost is charged off to the statement of profit and loss in the year of grant of options. Fair value of ESOP Liability arising under the cash settled plan is remeasured at each reporting date and at the date of settlement with any change in the fair value recognized in the statement of profit and loss. Compensation expense resulting due to cash settled scheme is amortized over the vesting period of the options on graded basis.

(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.

Notes to financial statements for the year ended March 31, 2016

(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 2016 (₹)	31 March 2015 (₹)
Authorised shares (No.)		
8,48,60,325 (Previous year: 55,00,000) equity shares of ₹ 10 each (Previous year ₹ 10 each)	84,86,03,250	55,00,00,000
1,91,39,675 (Previous year: 27,50,000) 0.01% convertible, participating preference shares of ₹ 10 each (Previous year ₹ 10 each)	19,13,96,750	27,50,00,000
	1,04,00,00,000	82,50,00,000
Issued, subscribed & fully paid-up shares (No.)		
8,26,76,997 (Previous year: 5,46,29,520) equity shares of ₹ 10 each (Previous year ₹ 10 each)*	82,67,69,970	54,62,95,200
NIL (Previous year: 2,66,32,320) 0.01% convertible, participating preference shares of ₹ 10 each (Previous year ₹ 10 each)**	–	26,63,23,200
Total subscribed & fully paid-up share capital	82,67,69,970	81,26,18,400

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

Equity shares

	31 March 2016		31 March 2015	
	No. of shares	(₹)	No. of shares	(₹)
At the beginning of the year (@ ₹ 10 per share (Previous year ₹ 100 per share))	5,46,29,520	54,62,95,200	53,67,840	53,67,84,000
Issued during the year (@ ₹ 100 per share)	–	–	78,176	78,17,600
Conversion of preference shares into equity shares	2,66,32,320	26,63,23,200	–	–
Increase pursuant to Sub-division of shares of ₹ 100 each into 10 shares of ₹ 10 each	–	–	4,90,14,144	–
Issued during the year (@ ₹ 10 per share)	14,15,157	1,41,51,570	1,69,360	16,93,600
Outstanding at the end of the year	8,26,76,997	82,67,69,970	5,46,29,520	54,62,95,200

Preference shares

	31 March 2016		31 March 2015	
	No. of shares	(₹)	No. of shares	(₹)
At the beginning of the year (@ ₹ 10 per share (Previous year ₹ 100 per share))	2,66,32,320	26,63,23,200	26,63,232	26,63,23,200
Conversion of preference shares into equity shares	2,66,32,320	26,63,23,200	–	–
Increase pursuant to Sub-division of shares of ₹ 100 each into 10 shares of ₹ 10 each	–	–	2,39,69,088	–
Outstanding at the end of the year	–	–	2,66,32,320	26,63,23,200

(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). Equity Shares of ₹100 each were subdivided into 10 shares of ₹ 10 each on March 27, 2015. 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 March 31, 2016, the amount of per share interim dividend and final dividend recognized as distribution to equity shareholders was Nil and ₹ 2.45, (previous year ₹ 1.5336 and ₹ Nil) respectively.

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

The Parent Company had only one class of CCPS fully participating with equity having par value of ₹ 10 per share, Previous year (₹10 per share). Preference Shares of ₹100 each were subdivided into 10 shares of ₹ 10 each on March 27, 2015 and converted into equity shares of ₹ 10 each on November 13, 2015.

During the year ended March 31, 2016, the amount of per share interim dividend recognized as distribution to preference shareholders is Nil, (Previous year ₹ 1.5336).

Notes to financial statements for the year ended March 31, 2016

- (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 2016 No. of Shares	31 March 2015 No. of Shares
Equity shares of ₹ 100 each bought back by the Company	17,265	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	–

In addition, the Parent Company has issued total 61,81,957 (March 31, 2015: 47,66,800) 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 (March 31, 2015: 7,81,760) equity shares issued to Dr Lal PathLabs Private Limited 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 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 Parent Company

Name of the shareholder	As at 31 March 2016		As at 31 March 2015	
	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	32.62%	2,82,34,880	51.68%
(ii) Dr Vandana Lal	1,59,31,893	19.27%	1,79,88,640	32.93%
(iii) Wagner Limited	76,09,459	9.20%	–	–
(iv) West Bridge Crossover Fund, LLC	1,06,41,846	12.87%	–	–
<i>Convertible, participating preference shares of ₹ 10 each, (Previous year ₹10 each) fully paid</i>				
(i) Wagner Limited	–	–	1,59,79,520	60.00%
(ii) West Bridge Crossover Fund, LLC	–	–	96,01,760	36.05%

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 parent Company, please refer note 26

4. Reserves and surplus

	31 March 2016 ₹)	31 March 2015 ₹)
Securities premium account		
Balance as per the last financial statements	29,51,47,555	–
Add: Addition on Shares issued*	56,51,37,649	29,51,47,555
Closing Balance	86,02,85,204	29,51,47,555
Shares Buy Back Reserve Account		
Balance as per the last financial statements	44,48,800	44,48,800
Closing balance	44,48,800	44,48,800
General reserve		
Balance as per the last financial statements	20,06,74,740	8,39,75,000
Add: amount transferred from surplus balance in the statement of profit and loss	12,78,37,500	11,66,99,740
Closing balance	32,85,12,240	20,06,74,740

	31 March 2016 (₹)	31 March 2015 (₹)
Surplus in the statement of profit and loss		
Balance as per the last financial statements	2,09,78,94,548	1,40,89,30,652
Profit for the year	1,32,18,97,497	95,68,30,063
Less: Appropriations		
Proposed Interim dividend on equity shares (amount per share of ₹ 10 each - Nil (March 31, 2015: amount per share of ₹ 10 each - ₹ 1.5336))	-	8,37,81,038
Tax on proposed interim equity dividend **	17,76,001	1,82,22,223
Proposed Interim dividend on preference shares (amount per share of ₹ 10 each - Nil (March 31, 2015: amount per share of ₹ 10 each - ₹ 1.5336))	-	4,08,47,564
Tax on proposed interim preference dividend	-	83,15,603
Proposed final dividend on equity shares (amount per share of ₹ 10 each - ₹ 2.45 (March 31, 2015: amount per share of ₹ 10 each - Nil))***	20,27,20,343	-
Tax on final equity dividend	4,12,69,092	-
Transfer to general reserve	12,78,37,500	11,66,99,740
Total appropriations	37,36,02,936	26,78,66,168
Net surplus in the statement of profit and loss	3,04,61,89,109	2,09,78,94,548
Total reserves and surplus	4,23,94,35,354	2,59,81,65,642

*Includes ₹ 41,84,47,743 (Previous year ₹19,92,74,659) being difference between fair value of shares and exercise price of options, routed through liability towards Employee Stock Options Compensation Outstanding.

** including tax of ₹ 17,76,001 (previous year ₹ 11,66,375) on dividend paid by Subsidiary Company.

***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 2016 (₹)	31 March 2015 (₹)
From a Related party		
Share Application money pending allotment*	73,12,800	-
	73,12,800	-

*66,000 equity shares of face value of ₹ 10 each at a premium of ₹ 100.80 per share against exercise of options. These equity shares shall rank pari-passu with the existing equity shares of the Parent Company. Application money was received on 28th March 2016.

6. Minority Interest

	31 March 2016 (₹)	31 March 2015 (₹)
Name of the Company		
Paliwal Diagnostics Private Limited	30%	30%
30%	48,000	48,000
48,000	2,13,27,321	1,79,53,752
2,13,27,321	2,13,75,321	1,80,01,752
Name of the Company		
Paliwal Medicare Private Limited	30%	30%
30%	30,000	30,000
30,000	74,59,015	49,40,466
74,59,015	74,89,015	49,70,466
Total		
	2,88,64,336	2,29,72,218

Notes to financial statements for the year ended March 31, 2016

7. Trade Payables and Other liabilities

	Non-current		Current	
	31 March 2016 (₹)	31 March 2015 (₹)	31 March 2016 (₹)	31 March 2015 (₹)
Trade payables-				
- total outstanding dues of micro and small enterprises	—	—	6,58,472	4,95,166
- total outstanding dues of creditors other than micro and small enterprises	10,23,17,499	8,42,53,096	42,20,00,046	34,10,78,375
	10,23,17,499	8,42,53,096	42,26,58,518	34,15,73,541
Other liabilities				
Creditors against purchase of Business	—	—	62,50,000	1,05,00,000
Creditors against purchase of Investment	—	—	—	3,00,00,000
Interest Payable	—	—	4,46,918	37,56,164
Others:				
Trade deposits	13,73,59,824	11,25,47,111	2,01,500	2,51,500
Employee Stock Options compensation (refer note 26)	4,25,056	29,01,200	9,20,436	45,15,60,933
Payable towards capital goods	—	—	4,39,49,706	2,22,72,641
Advances from customers	—	—	2,85,41,062	1,92,66,548
Share Application money refundable	—	—	44,09,800	—
TDS payable	—	—	6,78,31,723	4,16,19,765
Provident Fund Payable	—	—	75,07,004	56,37,356
ESI Payable	—	—	10,80,517	7,16,095
Other Statutory payables	—	—	6,44,241	2,79,202
Other payable	—	—	1,36,79,292	—
	13,77,84,880	11,54,48,311	17,54,62,199	58,58,60,204
Total	24,01,02,379	19,97,01,407	59,81,20,717	92,74,33,745

8. Provisions

	Long term		Short term	
	31 March 2016 (₹)	31 March 2015 (₹)	31 March 2016 (₹)	31 March 2015 (₹)
Provision for employee benefits				
Provision for gratuity (refer note 32)	20,04,155	20,61,056	2,70,46,879	1,03,76,941
Provision for leave encashment	—	—	3,86,60,308	2,95,45,107
	20,04,155	20,61,056	6,57,07,187	3,99,22,048
Other provisions				
Provision for taxation	—	—	—	2,39,004
Final equity dividend	—	—	20,27,20,343	—
Proposed interim equity dividend	—	—	—	8,37,81,038
Provision for tax on proposed interim equity dividend	—	—	4,12,69,092	1,70,55,848
Proposed interim preference dividend	—	—	—	4,08,47,564
Provision for tax on proposed interim preference dividend	—	—	—	83,15,603
	—	—	24,39,89,435	15,02,39,057
	20,04,155	20,61,056	30,96,96,622	19,01,61,105

9. Tangible assets

(₹)

Particulars	Leasehold Land	Free hold Land	Leasehold Improvements	Buildings	Plant & machinery	Furniture & fixtures	Computers	Vehicles	Total
Gross block									
At 31 March 2014	6,52,85,370	–	24,74,95,974	23,44,75,930	85,59,94,436	8,02,26,077	16,45,20,423	2,67,42,436	1,67,47,40,646
Additions	8,08,92,993	–	6,52,65,095	–	14,37,22,867	1,63,34,179	2,90,23,891	3,95,000	33,56,34,025
Deductions	–	–	1,10,75,493	–	77,54,661	34,17,839	1,40,645	21,98,252	2,45,86,891
At 31 March 2015	14,61,78,363	–	30,16,85,576	23,44,75,930	99,19,62,642	9,31,42,417	19,34,03,669	2,49,39,184	1,98,57,87,781
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
At 31 March 2016	14,85,94,363	10,95,67,175	37,28,07,667	23,44,75,930	1,12,14,74,667	10,51,19,964	22,00,67,322	2,74,13,525	2,33,95,20,613
Amortization									
At 31 March 2014	–	–	13,69,33,772	7,66,02,606	48,10,47,453	6,77,26,943	12,79,52,949	1,36,54,664	90,39,18,387
Charge for the year	1,87,920	–	2,76,75,225	1,57,87,331	11,35,20,831	96,89,599	2,53,28,459	42,07,598	19,63,96,963
Deductions	–	–	1,01,72,713	–	45,12,390	33,70,336	1,30,750	19,27,280	2,01,13,469
At 31 March 2015	1,87,920	–	15,44,36,284	9,23,89,937	59,00,55,894	7,40,46,206	15,31,50,658	1,59,34,982	1,08,02,01,881
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
At 31 March 2016	10,15,192	–	18,45,81,502	10,65,98,535	68,95,78,553	8,22,87,543	17,92,44,899	1,35,89,438	1,25,68,95,662
Net block									
At 31 March 2015	14,59,90,443	–	14,72,49,292	14,20,85,993	40,19,06,748	1,90,96,211	4,02,53,011	90,04,202	90,55,85,900
At 31 March 2016	14,75,79,171	10,95,67,175	18,82,26,165	12,78,77,395	43,18,96,114	2,28,32,420	4,08,22,423	1,38,24,087	1,08,26,24,949

Notes:

- i) Apart from Fixed assets above, the Parent Company has laboratory machineries provided by suppliers free of cost against commitment of reagent purchases by the Company from the suppliers.
- ii) No depreciation on leasehold land at Rohini of cost of ₹ 6,52,85,370 has been provided, lease being perpetual in nature.
- iii) Depreciation of ₹ 8,27,272 on leasehold land has been transferred to Capital Work in Progress, as the construction of Building is in process.

10. Intangible assets

(₹)

Particulars	Software	Goodwill	Trade Mark	Total
Gross block				
At 31 March 2014	27,37,37,190	4,51,74,093	17,45,00,000	49,34,11,283
Purchase	2,36,38,848	1,43,05,209	1,52,84,656	5,32,28,713
Deductions	–	–	–	–
At 31 March 2015	29,73,76,038	5,94,79,302	18,97,84,656	54,66,39,996
Purchase	4,49,43,225	97,62,754	–	5,47,05,979
Deductions	80,000	–	–	80,000
At 31 March 2016	34,22,39,263	6,92,42,056	18,97,84,656	60,12,65,975
Amortization				
At 31 March 2014	13,15,13,882	3,32,75,722	11,68,75,945	28,16,65,549
Charge for the year	4,15,26,827	79,99,130	3,59,63,645	8,54,89,602
Deductions	–	–	–	–
At 31 March 2015	17,30,40,709	4,12,74,852	15,28,39,590	36,71,55,151
Charge for the year	4,30,00,888	87,85,352	2,57,89,361	7,75,75,601
Deductions	15,737	–	–	15,737
At 31 March 2016	21,60,25,860	5,00,60,204	17,86,28,951	44,47,15,015
Net block				
At 31 March 2015	12,43,35,329	1,82,04,450	3,69,45,066	17,94,84,845
At 31 March 2016	12,62,13,403	1,91,81,852	1,11,55,705	15,65,50,960

Notes to financial statements for the year ended March 31, 2016

11. Deferred tax assets (net)

	31 March 2016 (₹)	31 March 2015 (₹)
Deferred tax assets		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	5,58,30,036	3,54,43,465
Effect of expenditure debited to statement of profit and loss in the current / earlier years but allowable for tax purposes in the following years	6,42,23,719	21,33,94,336
Provision for doubtful debts and advances	1,12,38,739	1,52,81,367
Gross deferred tax assets	13,12,92,494	26,41,19,168
Deferred tax liability		
Fixed assets: Impact of difference		
Effect of income credited to statement of profit and loss in the current / earlier years but chargeable to tax in the following years	1,08,15,993	1,01,12,514
Gross deferred tax liability	1,08,15,993	1,01,12,514
Net deferred tax assets	12,04,76,501	25,40,06,654

12. Loans and advances

	Non-current		Current	
	31 March 2016 (₹)	31 March 2015 (₹)	31 March 2016 (₹)	31 March 2015 (₹)
Capital advances				
Unsecured, considered good	1,48,33,983	2,89,17,861	–	–
	1,48,33,983	2,89,17,861	–	–
Deposits				
Unsecured, considered good				
- to related parties (refer note 31)	18,91,830	13,91,830	–	–
- to others	13,71,55,475	10,52,41,515	3,99,54,500	75,05,833
Doubtful	–	–	25,37,415	10,65,302
	13,90,47,305	10,66,33,345	4,24,91,915	85,71,135
Less: Provision for doubtful deposits	–	–	(25,37,415)	(10,65,302)
	13,90,47,305	10,66,33,345	3,99,54,500	75,05,833
Loan and advances to related parties				
Unsecured, considered good	2,00,000	2,00,000	43,31,91,658	34,44,20,478
	2,00,000	2,00,000	43,31,91,658	34,44,20,478
Advances recoverable in cash or in kind or for value to be received				
Unsecured, considered good	8,95,551	5,25,500	2,94,61,676	3,77,96,780
Doubtful	–	–	31,09,492	34,56,478
	8,95,551	5,25,500	3,25,71,168	4,12,53,258
Provision for doubtful advances	–	–	(31,09,492)	(34,56,478)
	8,95,551	5,25,500	2,94,61,676	3,77,96,780
Others loans & advances				
Secured, considered good				
Loan to employees (secured by way of pledge of shares)	–	–	29,15,095	–
Unsecured, considered good				
Loan to employees	8,34,783	7,30,052	12,04,177	6,45,210
Advance tax/tax deducted at source/income tax refundable (Net of income tax provision)	–	–	18,16,78,091	3,63,20,777
Loan given to a Party	–	15,74,982	1,98,206	5,25,000
Prepaid expenses	32,51,506	8,48,134	3,38,73,853	2,84,59,896
Balances with statutory/ government authorities	–	–	5,00,818	14,65,915
	40,86,289	31,53,168	22,03,70,240	6,74,16,798
	15,90,63,128	13,94,29,874	72,29,78,074	45,71,39,889

	Non-current		Current	
	31 March 2016 (₹)	31 March 2015 (₹)	31 March 2016 (₹)	31 March 2015 (₹)
Deposits to related parties include				
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	7,50,000	–	–
Loan and advances to related parties include				
Dr. Lal PathLabs Private Limited Employee Welfare Trust	1,00,000	1,00,000	43,29,03,732	34,44,20,478
Dr. Lal PathLabs Welfare Trust	1,00,000	1,00,000	3,87,926	–
Dues from Dr. Lal PathLabs International BV in which the Parent Company's directors are interested as directors	–	–	–	–

13. Trade receivables and other assets

13.1. Trade receivables

	Non-current		Current	
	31 March 2016 (₹)	31 March 2015 (₹)	31 March 2016 (₹)	31 March 2015 (₹)
Unsecured, considered good unless stated otherwise				
Outstanding for a period exceeding six months from the date they are due for payment				
Secured, considered good	–	–	4,64,103	18,03,645
Unsecured, considered good	–	–	8,68,792	5,09,148
Unsecured, considered doubtful	–	–	2,45,95,454	2,37,34,742
–	–	–	2,59,28,349	2,60,47,535
Provision for doubtful receivables	–	–	(2,45,95,454)	(2,37,34,742)
–	–	–	13,32,895	23,12,793
Other receivables				
Secured, considered good	–	–	2,90,88,398	2,18,47,524
Unsecured, considered good	–	–	33,26,40,093	28,54,40,317
Unsecured, considered doubtful	–	–	37,92,448	1,65,05,447
–	–	–	36,55,20,939	32,37,93,288
Provision for doubtful receivables	–	–	(37,92,448)	(1,65,05,447)
–	–	–	36,17,28,491	30,72,87,841
Total	–	–	36,30,61,386	30,96,00,634

13.2. Other assets

	Non-current		Current	
	31 March 2016 (₹)	31 March 2015 (₹)	31 March 2016 (₹)	31 March 2015 (₹)
Unsecured, considered good unless stated otherwise				
Non-current bank balances (refer note 16)	57,57,474	48,33,520	–	–
Total	57,57,474	48,33,520	–	–
Others				
Surrender Value of Keyman Insurance Policy	3,12,52,870	2,76,14,962	–	–
Interest accrued on loans, fixed deposits and others	10,60,126	2,14,843	6,64,89,093	4,45,91,766
Income accrued on long term investments (other than trade)	–	–	–	16,05,200
–	3,23,12,996	2,78,29,805	6,64,89,093	4,61,96,966
Total	3,80,70,470	3,26,63,325	6,64,89,093	4,61,96,966

Notes to financial statements for the year ended March 31, 2016

14. Current investments

	31 March 2016 (₹)	31 March 2015 (₹)
<i>Current portion of long term investments (valued at cost)</i>		
<i>Unquoted mutual funds</i>		
Nil units (March 31, 2015: 20,00,000) units of ₹ 10/- each fully paid-up of Reliance Fixed Horizon Fund - XXVI - Series 20 - Direct Growth Plan	–	2,00,00,000
<i>Unquoted mutual funds</i>		
Nil (March 31, 2015: 88,22,943.87) units of ₹ 10/- each fully paid-up of HDFC Liquid Fund - Direct Plan - Dividend - Daily Reinvest	–	8,99,78,146
33,76,119.39 (March 31, 2015: Nil) units of HDFC Floating Rate Income Fund - Short Term Plan -Wholesale option- Direct plan - Dividend Reinvestment	3,40,34,322	–
92,092.434 (March 31, 2015: 87,318.79) units of ₹ 1000/- each fully paid-up of SBI Premier Liquid Fund - Direct Plan - Daily Dividend	9,23,91,734	8,76,02,575
33,049.407 (March 31, 2015: 31,206.55) units of ₹ 1,000/- each fully paid-up of UTI -Treasury Advantage Fund-Institutional Plan-Direct Plan-Daily Dividend Reinvestment	3,31,27,205	3,12,80,009
56,883.327 (March 31, 2015: 53,952.00) units of ₹ 1,000/- each fully paid-up of UTI - Liquid Cash Plan-Institutional-Direct Plan-Daily Dividend Reinvestment	5,79,89,463	5,50,01,130
4,366.27 (March 31, 2015: 57,339.45) units of ₹ 1,000/- each fully paid-up of Reliance Liquid Fund-Treasury Plan-Direct Plan Daily Dividend Option	66,74,892	8,76,57,117
22,25,758.623 (March 31, 2015: Nil) units of ₹ 100 /- each fully paid-up of Birla Sunlife saving Fund Daily Dividend Direct Plan Re-investment	22,32,37,358	–
85,691.155 (March 31, 2015: Nil) units of ₹ 1,000/- each fully paid-up of Reliance Money Manager Fund - Direct Plan Daily Dividend Option	8,60,48,958	–
8,064.685 (March 31, 2015: 7642.334) units of ₹ 1,000/- each fully paid-up of Baroda Pioneer Liquid Fund - Plan B Daily Dividend - Re-investment	80,78,196	76,50,887
80,83,907.761 (March 31, 2015: Nil) units of ₹ 10/- each fully paid-up of JM High Liquidity Fund (Direct) Daily Dividend Option	8,43,16,775	–
7,300.85 (Previous Year - Nil) units of ₹ 1000/- each fully paid up Reliance Money Manager Fund (Growth Plan Growth Option - LPIG)	1,43,50,000	–
3,00,000.00 (Previous Year - Nil) units of ₹ 10/- each - Reliance Fixed Horizon Fund - Growth Plan	30,00,000	–
	64,32,48,903	37,91,69,864
Aggregate amount of unquoted investments	64,32,48,903	37,91,69,864
Net Assets Value	64,48,54,103	38,07,75,064

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

	Non-current		Current	
	31 March 2016 (₹)	31 March 2015 (₹)	31 March 2016 (₹)	31 March 2015 (₹)
Reagents, chemicals, surgicals and laboratory supplies (including goods in transit of ₹ Nil, Previous Year ₹ 18,28,741)	–	–	13,69,52,045	12,6,096,986
Stores and others	–	–	81,98,003	1,66,76,669
	–	–	14,51,50,048	14,27,73,655

16. Cash and bank balances

	Non-current		Current	
	31 March 2016 (₹)	31 March 2015 (₹)	31 March 2016 (₹)	31 March 2015 (₹)
Cash and cash equivalents				
<i>Balances with banks:</i>				
On current accounts	–	–	13,95,11,245	14,16,64,496
On cash credit accounts	–	–	2,52,01,116	8,13,83,238
On Escrow accounts	–	–	1,45,07,974	–
Cash on hand	–	–	77,65,225	98,02,122
	–	–	18,69,85,560	23,28,49,856
<i>Other bank balances:</i>				
Deposits with remaining maturity for more than 12 months	57,57,474	48,33,520	–	–
(pledged with banks ₹ 35,65,467, Previous year ₹ 23,96,903)				
Deposits with remaining maturity for less than 12 months	–	–	2,10,94,42,502	1,24,90,00,503
(pledged with banks ₹ 6,66,91,249, Previous year ₹ 1,05,18,674)				
	57,57,474	48,33,520	2,10,94,42,502	1,24,90,00,503
Amount disclosed under non-current assets (refer note 13.2)	(57,57,474)	(48,33,520)	–	–
	–	–	2,29,64,28,062	1,48,18,50,359

Cash Credit Accounts

Cash Credit accounts (Balance appearing as debit in the books at the year end ₹ 2,52,01,105 (Previous Year ₹ 8,13,83,238)) are secured by first charge on the current assets of the Parent Company, both present and future. This carries interest ranging from 9.95% to 11.75% p.a.

17. Revenue from operations

	31 March 2016 (₹)	31 March 2015 (₹)
Revenue from operations		
Sale of services*	7,91,26,15,226	6,59,55,51,455
Scrap sales	5,63,262	3,47,700
Revenue from operations (net)	7,91,31,78,488	6,59,58,99,155

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

18.1 Other income

	31 March 2016 (₹)	31 March 2015 (₹)
Dividend income (from current investments - other than trade)	3,75,48,353	2,19,09,892
Income on Long Term fixed maturity plan investment	2,50,600	16,05,200
Surrender Value of Keyman Insurance Policy	53,43,481	43,57,999
Unspent Liability/ Miscellaneous balances written back	50,25,201	2,33,472
Foreign Exchange Fluctuation (net)	–	1,52,829
Profit on disposal of fixed assets (net)	7,21,193	–
Bad Debts/ Advances, written off previously, now recovered	77,980	–
Other non-operating income	13,49,402	12,82,660
	5,03,16,210	2,95,42,052

Notes to financial statements for the year ended March 31, 2016

18.2 Interest income

	31 March 2016 ₹	31 March 2015 ₹
Interest income on:		
- Bank deposits	13,28,64,928	9,38,45,503
- Others (Including Interest on Income Tax Refund of ₹ 1,08,33,790 (Previous year ₹ Nil)	1,45,65,051	2,11,430
	14,74,29,979	9,40,56,933

19. Cost of medicines, chemicals, surgicals and laboratory supplies consumed

	31 March 2016 ₹	31 March 2015 ₹
Inventory at the beginning of the year	12,60,96,986	10,47,88,446
Add : Purchases	1,74,00,79,029	1,41,28,90,933
	1,86,61,76,015	1,51,76,79,379
Less : Inventory at the end of the year	13,69,52,045	12,60,96,986
Cost of medicines, chemicals, surgicals and laboratory supplies consumed	1,72,92,23,970	1,39,15,82,393

20. Employee benefits expenses

	31 March 2016 ₹	31 March 2015 ₹
Salaries, wages and bonus	1,28,82,68,204	1,01,72,71,487
Employee stock options compensation (refer note 30)	(3,46,68,898)	24,21,93,443
Contribution to provident and other funds	5,56,55,157	4,04,34,503
Gratuity expense (refer note 32)	1,89,79,240	1,09,13,664
Staff training expenses	1,24,47,991	1,18,31,950
Staff welfare expenses	2,76,59,117	2,12,55,282
	1,36,83,40,811	1,34,39,00,329

21. Other expenses

	31 March 2016 ₹	31 March 2015 ₹
Electricity and Water charges	12,78,19,184	11,26,41,555
Rent	38,16,50,016	31,35,74,238
Rates and taxes	1,00,54,513	47,62,486
Insurance	2,14,41,960	1,95,46,329
Repairs and maintenance		
- Building	2,20,41,297	1,80,57,375
- Plant and Machinery	4,33,65,206	3,16,41,418
- Others	9,47,27,089	6,70,08,386
Advertisement and sales promotion	19,08,48,611	18,20,17,645
Travelling and conveyance	14,45,81,758	12,21,95,168
Postage and courier	24,46,35,104	18,40,94,101
Communication costs	4,56,43,356	4,20,31,197
Commission to Directors	36,56,158	—
Printing and stationery	7,15,19,976	9,27,12,207
Retainership fees to technical consultants	26,23,47,779	26,65,05,656
Fees to collection centers	73,87,72,346	56,09,39,215
Legal and Professional charges	6,76,52,593	8,44,53,095
Computer expenses	1,52,21,336	1,70,10,294
Laboratory test charges	1,35,93,923	1,11,50,616

	31 March 2016 (₹)	31 March 2015 (₹)	
Equipment rental charges	–		1,80,488
Donation other than to political parties	2,52,132		2,34,150
Foreign Exchange Fluctuation (net)	3,12,515		–
CSR expense	38,00,000		–
Loss on disposal / discard of fixed assets (net)	–		6,86,432
Provision for doubtful debts & advances	99,09,378		2,44,94,574
Bad debts / advances written off (net)	2,84,19,778	93,08,907	
"Less : Provision for doubtful debts and advances adjusted (net)"	2,06,36,538	77,83,240	80,21,931
Director Sitting Fees	15,42,500		–
Miscellaneous expenses (Including payment to Auditors ₹ 1,61,40,283 (Previous year ₹ 86,90,987)	19,52,44,274		14,36,84,100
	2,71,84,16,245		2,30,09,07,701
Above Miscellaneous expenses include research and development expenses	–		9,84,960

22. Depreciation and amortisation expense

	31 March 2016 (₹)	31 March 2015 (₹)
Depreciation of tangible assets	20,52,36,192	19,63,96,964
Amortisation of intangible assets	7,75,75,602	8,54,89,601
	28,28,11,794	28,18,86,565

23. Finance costs

	31 March 2016 (₹)	31 March 2015 (₹)
Interest expense (including ₹ 29,99,701 (Previous year ₹ 18,913) on Income Tax)	49,73,455	40,47,438
	49,73,455	40,47,438

24. Earnings per share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

	31 March 2016 ₹	31 March 2015 ₹
Profit after tax	1,32,18,97,497	95,68,30,063
Less : dividends on convertible preference shares & tax thereon	–	4,91,63,167
Net profit for calculation of basic EPS	1,32,18,97,497	90,76,66,896
 Net profit as above	1,32,18,97,497	90,76,66,896
Add : dividends on convertible preference shares & tax thereon	–	4,91,63,167
Net profit for calculation of diluted EPS	1,32,18,97,497	95,68,30,063
Weighted average number of equity shares in calculating basic EPS	8,21,49,267	5,40,52,040
Effect of dilution:		
Convertible preference shares	–	2,66,32,320
Dilutive impact of ESOPs outstanding	5,92,797	14,36,442
Weighted average number of equity shares in calculating diluted EPS	8,27,42,064	8,21,20,802
Basic Earnings per Share *	16.09	16.79
Diluted Earnings per Share *	15.98	11.65

* EPS of previous year was computed after adjusting the impact of subdivision of equity and preference shares.

Notes to financial statements for the year ended March 31, 2016

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).

(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 Private Limited Employee Welfare Trust

b. Following transactions were carried out with related parties in the ordinary course of business:

Sl. No	Transaction details	31-Mar-16				31-Mar-15			
		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	1,88,81,567		-	1,88,81,567	1,73,39,604		-	1,73,39,604
	Dr. Vandana Lal - Director	1,51,69,977		-	1,51,69,977	1,39,03,848		-	1,39,03,848
	Dr. Om Prakash Manchanda - Director	3,71,07,399		-	3,71,07,399	3,11,30,679		-	3,11,30,679
	Dr. Archana Lal (Daughter of Dr. Arvind Lal & Dr. Vandana Lal)	12,26,440		-	12,26,440	-	11,06,440		11,06,440
	Mr. Anjaneya Lal (Son of Dr. Arvind Lal & Dr. Vandana Lal)	14,72,800		-	14,72,800	-	13,60,000		13,60,000
2	<u>Rent</u>								
	Dr. Arvind Lal - Chairman cum Managing Director	-	-	-	-	93,075		-	93,075
	Dr. Vandana Lal - Director	9,57,770		-	9,57,770	9,08,444		-	9,08,444
	Central Clinical Laboratories	-	-	2,37,483	2,37,483	-	-	1,33,098	1,33,098
	Eskay House HUF-Dr. Arvind Lal	-	-	78,58,640	78,58,640	-	-	77,52,840	77,52,840
	Dr. Umesh Paliwal	35,30,226	-	-	35,30,226	33,34,946	-	-	33,34,946
	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	4,33,02,904	-	-	4,33,02,904	3,00,50,045	-	-	3,00,50,045
	Dr. Vandana Lal – Director	2,75,88,584	-	-	2,75,88,584	1,91,45,094	-	-	1,91,45,094
	Dr. Om Prakash Manchanda – Director	6,29,889	-	-	6,29,889	2,48,447	-	-	2,48,447

Sl. No	Transaction details	31-Mar-16				31-Mar-15			
		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
	Dr. Archana Lal	-	34,35,414	-	34,35,414	-	23,84,005	-	23,84,005
	Mr. Anjaneya Lal	-	34,35,414	-	34,35,414	-	23,84,005	-	23,84,005
	Eskay House HUF-Dr. Arvind Lal	-	-	29,44,641	29,44,641	-	-	20,43,433	20,43,433
	Dr.Umesh Paliwal	21,42,053	-	-	21,42,053	14,32,363	-	-	14,32,363
	Dr.Mridula Paliwal	-	14,02,071	-	14,02,071	-	9,37,547	-	9,37,547
	Mrs. Asha Paliwal	-	1,94,732	-	1,94,732	-	1,30,215	-	1,30,215
4	Expenditure incurred on behalf of related party								
	Dr. Lal Pathlabs International BV	-	-	3,87,926	3,87,926	-	-	-	-
5	Contribution to CSR Fund								
	Dr. Lal PathLabs Welfare Trust	-	-	35,00,000	35,00,000	-	-	1,00,000***	1,00,000***
6	Retainership fees to technical consultants								
	Dr. Umesh Paliwal	22,59,333	-	-	22,59,333	20,54,698	-	-	20,54,698
	Dr. Mridula Paliwal	-	11,29,659	-	11,29,659	-	11,41,496	-	11,41,496
7	Security Deposit								
	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	7,50,000	-	-	7,50,000
8	Issues of Shares								
	Dr. Om Prakash Manchanda - Director	2,70,26,336		-	2,70,26,336	1,84,47,561	-	-	1,84,47,561
9	Amount payable								
	Dr. Umesh Paliwal	-	-	-	-	3,59,179	-	-	3,59,179
	Mrs. Asha Paliwal	-	10,000	-	10,000	-	10,000	-	10,000
10	Employee Stock Option Compensation								
	Dr. Om Prakash Manchanda - Director	26,20,20,998		-	26,20,20,998	18,16,16,276	-	-	18,16,16,276
11	Employee Stock Option Compensation Outstanding								
	Dr. Om Prakash Manchanda - Director	-	-	-	-	31,95,54,433	-	-	31,95,54,433
12	Loans & advance given								
	Dr. Om Prakash Manchanda – Director	16,12,31,220			16,12,31,220	-	-	-	-
13	Loans & advances received back								
	Dr. Om Prakash Manchanda – Director	16,12,31,220	-	-	16,12,31,220	-	-	-	-
14	Loans & advances outstanding								
	Dr. Lal Pathlabs International BV	-	-	3,87,926	3,87,926	-	-	-	-
	Dr. Lal PathLabs Welfare Trust**	-	-	1,00,000	1,00,000	-	-	1,00,000	1,00,000
15	Interest Income								
	Dr. Om Prakash Manchanda - Director	36,46,667		-	36,46,667	-	-	-	-
16	Share Application money received pending Allotment								
	Dr. Om Prakash Manchanda - Director	73,12,800			73,12,800				

Notes to financial statements for the year ended March 31, 2016

Sl. No	Transaction details	31-Mar-16				31-Mar-15			
		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
17	Transactions with Dr. Lal PathLabs Private Limited Employee Welfare Trust								
	Loan Given	–	–	1,71,21,000	1,71,21,000	–	–	16,64,00,956	16,64,00,956
	Debit for Issue of Shares	–	–	18,69,95,911	18,69,95,911	–	–	8,66,19,008	8,66,19,008
	Recovery against Issue of Shares			9,92,41,460	9,92,41,460			22,09,000	22,09,000
	Amount credited for shares transferred to employees under ESPS 2015	–	–	1,62,92,197	1,62,92,197	–	–	1,16,46,210	1,16,46,210
	Dividend Paid	–	–	22,96,863	22,96,863	–	–	8,03,410	8,03,410
	Amount recoverable as at year end	–	–	43,30,03,732	43,30,03,732	–	–	34,44,20,478	34,44,20,478

Notes:

* The remuneration to the 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. 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.

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

26. (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 Parent Company. 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	29,72,160*	4,60,000*	80,000*	28,000*	28,000*	1,62,180
Method of settlement (cash / equity)	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 1 below					
Vesting conditions	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 2016		31 March 2015	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
	(₹)	(₹)	(₹)	(₹)
Outstanding at the beginning of the year	24,29,060	124.15	33,74,560	110.80
Granted during the year	–	–	1,62,180	110.80
Forfeited during the year	–	–	88,320	–
Exercised during the year	16,19,197	–	10,19,360	–
Expired during the year	–	–	–	–
Outstanding at the end of the year	8,09,863	145.95	24,29,060	124.15
Exercisable at the end of the year	6,80,519	108.49	22,36,460	111.36
Weighted average remaining contractual life (in years)	Refer Note 2 below		Refer Note 2 below	
Weighted average fair value of options granted	–	–	–	–

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 (₹)
31 March 2016	110.80	6,67,880	9.6	110.80	923.30
	311.30	1,41,983		311.30	923.30
31 March 2015	110.80	22,66,880	Refer Note 3 below	110.80	311.30
	311.30	1,62,180	Refer Note 3 below	311.30	311.30

Note 3: Before listing, as the exercise period was dependent on the listing of the Parent Company's share, contractual life of the options was not determinable. However, after listing, the average contractual life of 6,67,880 options exercisable at ₹ 110.80 is 9.6 years and of 1,41,983 options exercisable at ₹ 311.30 is 11.13 years.

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 31.03.2016 is ₹ 923.30. The same has been taken based on the closing price as reported by www.nseindia.com.

In FY 2011-12, Dr. Lal PathLabs Pvt. Ltd. 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 ₹ 43,29,03,732 (March 31, 2015: ₹ 34,44,20,478) to the said Trust which in turn has purchased 19,15,331 equity shares (March 31, 2015: 16,03,200 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 Parent 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.

Notes to financial statements for the year ended March 31, 2016

Under ESPS 2015, for the performance year 2015-16, maximum number of equity shares of ₹ 10 each to be granted to eligible employees is 97,977 out of which 16,062 forfeited which at the Fair Value of ₹ 921.45 per share as at March 2016 amounts to ₹ 7,54,81,498. The Parent Company has accounted for the liability proportionately for the period under Employee salaries. Further, for the performance year 2014-15, 37,412 equity shares of ₹10 each were transferred to eligible employees by the EWT under the Scheme. The Parent Company accounted for the cost of ₹ 1,36,51,749 in the previous year at the Fair Value of ₹ 311.30 per share on total number of 37,412 equity shares issued under the scheme in the current year (net of 6,442 equity shares adjusted towards TDS liability of certain employees).

Details of the scheme are as under:

Particulars	Year ended March 31, 2016 (₹)	Year ended March 31, 2015 (₹)
Maximum number of Equity Shares	97,978	43,854
Forfeited during the year	16,062	
Number of equity shares transferred	81,916	37,412
Evaluation period	April 1, 2015 to March 31, 2016	April 1, 2014 to March 31, 2015
Method of settlement (cash / equity)	Equity	Equity
Price of shares on the date of Transfer	921.45	311.30
Vesting conditions	Performance and continued employment till the end of the performance year	

27. List of Subsidiaries considered for Consolidation:

- i) 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, 2016	Proportion of Ownership Interest as at March 31, 2015
Paliwal Diagnostics Private Limited	India	70%	70%
Paliwal Medicare Private Limited	India	70%	70%
APL Institute of Clinical Laboratory & Research Private Limited (wef March 1, 2014)	India	100%	100%

28. Capital and other commitments:

	31-Mar-16 (₹)	31-Mar-15 (₹)
a) Estimated amount of contracts remaining to be executed on capital account and not provided for	16,67,12,951	4,57,64,839
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:

	31-Mar-16 (₹)	31-Mar-15 (₹)
a) Claims against the Parent Company by a vendor not acknowledged as debts* (As per the Parent Company these claims are not tenable and therefore no provision is required)	5,97,97,513	5,97,97,513
b) Other claims against the Parent Company not acknowledged as debts*	1,30,65,235	1,00,63,598

* 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 2016 (₹)	31 March 2015 (₹)
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	1,25,45,789	1,25,45,789
Paliwal Diagnostics Private Limited	3,04,20,983	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	6,32,09,204
Total	41,72,27,854	41,57,50,089

* Merged with the Parent Company with effect from April 1, 2014.

The DLPL Group had recognized goodwill of ₹ 30,95,74,113 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 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 2016 (₹)	31 March 2015 (₹)
1. Revenue		
- India	7,88,78,15,663	6,57,59,59,596
- Outside India	2,53,62,825	1,99,39,559
Total Revenue	7,91,31,78,488	6,59,58,99,155
2. Trade Receivables		
- India	35,72,42,733	30,21,51,424
- Outside India	58,18,652	74,49,210
Total Trade Receivables	36,30,61,385	30,96,00,634

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

Notes to financial statements for the year ended March 31, 2016

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 2016 (₹)		31 March 2015 (₹)	
	Funded	Unfunded	Funded	Unfunded
Current service cost	1,08,03,665	5,05,703	92,51,998	12,14,472
Interest cost on benefit obligation	36,50,640	1,78,728	31,85,680	1,83,671
Expected return on plan assets	(24,68,669)	–	(29,53,002)	–
Gratuity written back	–	–	–	–
Net actuarial (gain) / loss recognized in the year	69,06,753	(5,97,580)	5,31,407	(5,00,563)
Net benefit expense	1,88,92,389	86,851	1,00,16,083	8,97,580
Actual return on plan assets	27,54,842	–	28,30,284	–

Balance Sheet

Benefit Asset / Liability

	31 March 2016 (₹)		31 March 2015 (₹)	
	Funded	Unfunded	Funded	Unfunded
Present value of defined benefit obligation	6,36,62,801	21,01,972	4,59,60,172	29,62,753
Fair value of plan assets	3,67,13,739	–	3,64,84,928	–
Less: Unrecognized past service cost	–	–	–	–
Plan (liability)	2,69,49,062	21,01,972	94,75,244	29,62,753

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

	31 March 2016 (₹)		31 March 2015 (₹)	
	Funded	Unfunded	Funded	Unfunded
Opening defined benefit obligation	4,59,60,172	29,62,753	3,09,85,411	21,36,500
Adjustment pertaining to earlier year	–	–	37,88,160	–
Current service cost	1,08,03,665	5,05,703	92,51,998	12,14,472
Interest cost	36,50,640	1,78,728	31,85,680	1,83,671
Benefits paid	–	–	–	–
- directly paid by the enterprise	–	(1,41,763)	(21,923)	(71,327)
- payment made out of the fund	(47,50,471)	–	(16,37,843)	–
Gratuity written back	–	–	–	–
Acquired during the year	–	–	–	–
Actuarial (gain) / loss on obligation	71,92,926	(5,97,580)	4,08,689	(5,00,563)
Adjustment*	8,05,869	(8,05,869)	–	–
Closing defined benefit obligation	6,36,62,801	21,01,972	4,59,60,172	29,62,753

*Unfunded obligation has been funded during the year.

Change in fair value of plan assets are as follows:

	31 March 2016 (₹)		31 March 2015 (₹)	
	Funded	Unfunded	Funded	Unfunded
Opening fair value of plan assets	3,64,84,927	–	2,63,56,072	–
Acquired during the year	–	–	37,88,160	–
Expected return	24,68,669	–	29,53,002	–
Contributions by employer	19,89,440	–	51,48,255	–
Benefits paid	(47,50,471)	–	(16,37,843)	–
Actuarial (loss) / gain	2,86,173	–	(1,22,719)	–
Adjustment	2,35,001	–	–	–
Closing fair value of plan assets	3,67,13,739	–	3,64,84,927	–

The Parent Company is expected to contribute ₹ 2,69,49,062 to gratuity fund in the next year. (Previous year ₹ 1,08,09,553)

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

	31 March 2016 (%)	31 March 2015 (%)
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 2016 (%)	31 March 2015 (%)
Discount rate	7.79 - 7.95	7.78 - 9.15
Expected rate of return on plan assets	7.79	8.00 - 9.25
Increase in compensation cost	5.00 - 10.00	5.00 - 10.00
Employee turnover	2.00 - 18.00	2.00 - 14.00

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.

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

	31 March 2016 (₹)	31 March 2015 (₹)	31 March 2014 (₹)	31 March 2013 (₹)	31 March 2012 (₹)
Defined benefit obligation	6,57,64,773	4,84,22,925	3,31,21,911	2,70,23,213	2,21,07,454
Plan assets	3,67,13,739	3,64,84,927	2,63,56,072	2,37,29,125	20,35,581
(Deficit)	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	(60,73,612)	(51,75,602)	4,18,756	12,63,946	8,72,427
Experience adjustment on plan assets – (loss) / gain	2,86,173	(1,22,719)	(1,01,356)	–	36,621

Defined contribution plan:

	31 March 2016 (₹)	31 March 2015 (₹)
Contribution to provident fund	4,10,50,845	3,07,65,378

Notes to financial statements for the year ended March 31, 2016

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 2016 (₹)	31 March 2015 (₹)
Not later than one year	11,45,40,834	8,47,30,931
Later than one year but not later than five years	9,96,32,045	10,62,78,984
Later than five years	28,56,600	28,56,600
	21,70,29,479	19,38,66,515

34. Particulars of Foreign Currency Exposures:

Unhedged foreign currency exposures as at the Balance Sheet Date:

Particulars	Amount
Import trade payable (USD)	NIL (March 31, 2015: USD 52,040.45) NIL (March 31, 2015: ₹ 32,87,215))
Capital Creditors (USD)	USD 53,800 (March 31, 2015: NIL) (₹ 35,68,710 (March 31, 2015: NIL))
Export trade receivable (SAR)	SAR 1,99,032.48(March 31, 2015: SAR 3,16,495.23) (₹ 35,06,256 (March 31, 2015: ₹ 51,49,322))
Export trade receivable (KD)	KD 726.29 (March 31, 2015: KD 1,001.70) (₹ 1,58,727 (March 31, 2015: ₹ 2,06,861))
Export trade receivable (NGN)	NGN Nil (March 31, 2015: NGN 1,57,259.87) (₹ Nil (March 31, 2015: ₹ 58,817))
Export trade receivable (OMR)	OMR 2,096.13 (March 31, 2015: OMR 5,837.64) (₹ 3,58,692 (March 31, 2015: ₹ 9,34,525))
Export trade receivable (USD)	USD 18,932.76 (March 31, 2015: USD 8,085.20) (₹ 12,51,435 (March 31, 2015: ₹ 5,02,096))
Export trade receivable (QAR)	QAR 29,967.24 (March 31, 2015: QAR 35,190.36) (₹ 5,43,543 (March 31, 2015: ₹ 5,97,589))

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

Particulars	31-Mar-16 (₹)	31-Mar-15 (₹)
1 The principal amount and interest due thereon remaining unpaid to any supplier as at the end of each accounting period.	7,45,000	4,95,166
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 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. Pursuant to the Scheme of Amalgamation [“the Scheme”] under Section 391/394 of the Companies Act 1956 among the Parent Company and Sanya Chemicals Private Limited (“Sanya”), Amolak Diagnostic Private Limited (“Amolak”), Medex Healthcare Private Limited (“Medex”), Medicave Diagnostic Centre Private Limited (“MDCPL”) and Medicave Medical Systems Private Limited (“MMSPL”) [Transferor Companies] approved by respective Hon’ble High Court, the erstwhile subsidiary companies, stands merged with the Parent Company w.e.f. April 1, 2013 (the appointed date).

With effect from the appointed date, all the business undertaking , assets , liabilities , rights and obligations of the transferor companies stood transferred to and vested in the Parent Company.

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 the Parent Company.

As per the scheme of Amalgamation, the authorised share capital of the Parent Company will automatically increase by merging the authorised share capital of Transferor Companies with the Parent Comapnay without any further act of deed on the part of the Parent Company on the effective date. In order to intimate the ROC, NCT of Delhi and Haryana regarding the Scheme and to get its authorised share capital increased as per the scheme, the Company has filed E form INC-28 on July 3 2015 and resubmitted the said form on July, 9 2015.

- 37.** 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, 1961on the basis of judicial pronouncements and legal opinion obtained by the Parent Company.
- 38.** The Parent Company has, during the current year, purchased business of "Dr. Bhanudas Yashwant Shinagare" engaged in the business of providing pathological diagnostics services in Pune, on a going concern basis for a purchase consideration of ₹ 1,25,00,000. The Company has made payment of ₹ 62,50,000 against consideration payable for purchase of the business. The balance consideration of ₹ 62,50,000 has been shown as 'Creditors against purchase of business' in Note No. 7 under Trade Payables and Other Liabilities. The balance consideration is payable along with 9% interest per annum w.e.f. May'2015 after 12 months from the date of signing of the agreement. Furthur, if the gross turnover of the purchased business for the one year period commencing from May'2015 exceeds the amount specified in the agreement, the consideration will increase proportionately subject to a maximum increase of ₹ 25,00,000. The amount of ₹ 97,62,754 paid over and above the value of net assets acquired of ₹ 27,37,246 has been recognised as Goodwill.
- 39.** The Parent Company has, during the 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. 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.** In light of Section 135 of the Companies Act, 2013, the Parent Company has incurred expenses on Corporate Social Responsibility (CSR) aggregating to ₹ 38,00,000 for CSR activities carried out during the current year.

Particulars	For the year ended 31 March 2016 (₹)	For the year ended 31 March 2015(₹)
a) Gross amount required to be spent by the Company during the period/year	2,07,28,680	1,59,24,225
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	38,00,000	Nil

*Parent Company has contributed ₹ 35,00,000 to Dr. Lal PathLabs Weflare Trust who is carrying out Corporate Social Responsibility (CSR) activities as mentioned in Schedule VII of Companies Act 2013.

41. 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, 2016		Net Assets, i.e., total assets minus total liabilities as at March 31, 2015	
	As % of consolidated net assets	Amount (₹)	As % of consolidated net assets	Amount (₹)
Parent				
Dr Lal PathLabs Limited	94%	4,78,51,27,906	98%	3,19,23,19,508
Indian Subsidiaries				
Paliwal Diagnostics Private Limited	1%	7,12,51,070	2%	6,00,05,840
Paliwal Medicare Private Limited	0%	2,49,63,382	0%	1,65,68,220
APL Institute of Clinical Laboratory & Research Private Limited	0%	1,05,50,623	0%	1,09,19,181
Minority Interests in subsidiaries	-1%	(2,88,64,336)	-1%	(2,29,72,218)
Adjustments on Consolidation		20,31,76,579		15,39,43,510
Total	96%	5,06,62,05,224	100%	3,41,07,84,042

Notes to financial statements for the year ended March 31, 2016

Name of the Entity	Share in Profit or (Loss) for the year ended March 31, 2016		Share in Profit or (Loss) for the year ended March 31, 2015	
	As % of consolidated profit or (loss)	Amount (₹)	As % of consolidated profit or (loss)	Amount (₹)
Parent				
Dr Lal PathLabs Limited	95%	1,25,75,08,614	98%	91,76,30,895
Indian Subsidiaries				
Paliwal Diagnostics Private Limited	2%	2,62,45,231	2%	1,80,32,099
Paliwal Medicare Private Limited	1%	83,95,162	1%	70,57,355
APL Institute of Clinical Laboratory & Research Private Limited	0%	(3,68,558)	0%	19,17,593
Minority Interests in subsidiaries	(1%)	(1,03,92,118)	(1%)	(75,26,836)
Adjustments on Consolidation		4,05,09,167		1,97,18,956
Total	97%	1,32,18,97,497	100%	95,68,30,063

42. During the year, the Parent Company completed its Initial Public Offering (IPO) comprising an Offer for Sale of 1,16,00,000 Equity Shares of face value of ₹ 10/- each for cash at a price of ₹ 550 per equity share including a share premium of ₹ 540 per Equity Share (except for Retail Individual Bidders for whom the Offer Price was ₹ 535 per Equity Share pursuant to a discount of ₹ 15 offered on the Offer Price.)

The equity shares of the Parent Company were listed on The National Stock Exchange of India and Bombay Stock Exchange on December 23, 2015.

The Parent Company has incurred total offer expenses aggregating to ₹ 44,05,83,691 including ₹ 1,62,02,161 paid to statutory auditor for certification etc. The expenses of this Offer include, among others, underwriting and lead management fees, selling commissions, Syndicate Banks' commissions/ fees, printing and distribution expenses, legal fees, Offer related advertisements and publicity, registrar and depository fees and listing fees. Other than listing fees, which has been borne by the Parent Company, all costs, fees and expenses with respect to the Offer has been shared between the Selling Shareholders, in proportion to their respective proportion of the Offered Shares."

43. These consolidated financial statements have been prepared based on standalone statutory financial statements of the Parent Company and the subsidiary companies.
44. Figures pertaining to the subsidiaries have been reclassified wherever considered necessary to bring them in line with the Parent Company's financial statements.
45. 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. Hence, current year 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's classification.

As per our report of even date

For S.R. Batliboi & Co. LLP

Chartered Accountants

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: 27th May, 2016

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

Mr. Dilip Bidani
[Chief Financial Officer]

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

Mr. Rajat Kalra
[Company Secretary]

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

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AGM Notice

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 22nd Annual General Meeting ("AGM") of the members of Dr. Lal PathLabs Limited will be held on Thursday, July 28, 2016, at 10.30 A.M. at the Air Force Auditorium, Subroto Park, New Delhi – 110 010, 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, 2016, 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, 2016 and the reports of the Auditors thereon.
2. To declare dividend of ₹ 2.45/- per equity share for the financial year ended March 31, 2016.
3. To appoint a Director in the place of Mr. Rahul Sharma (DIN: 00956625), who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint M/s S. R. Batliboi & Co., LLP (Firm Registration No. 301003E) as Statutory Auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

SPECIAL BUSINESS:

5. 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 Section 62(1)(b) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made there under and in accordance with the Memorandum and Articles of Association of the Company, the Listing Agreements entered into by the Company with the Stock Exchanges, Regulation 6 of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI SBEB Regulations"), and subject further to such other approvals, permissions and sanctions as may be necessary and such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, the approval of the Company be and is hereby accorded to the introduction and implementation of 'Dr. Lal PathLabs Employees Restricted Stock Unit Plan 2016' ("RSU 2016" or the "Plan") authorizing the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee, including the Nomination and Remuneration Committee which the Board has constituted or may constitute to exercise its powers, including the powers, conferred by this resolution) to create and grant from time to time, in one or more tranches, not exceeding 12,44,155 (Twelve Lac Forty Four Thousand One Hundred and Fifty Five) Options to such person(s) who are in permanent employment of the Company, including any Director, whether whole time or not (other than Promoters of the Company, Independent Directors and Directors holding directly or indirectly more than 10% of the outstanding Equity Shares of the Company), as may be decided under RSU 2016, exercisable into not more than 12,44,155 (Twelve Lac Forty Four Thousand

One Hundred and Fifty Five) Equity Shares of face value of ₹ 10/- (Rupees Ten only) each fully paid-up, to be transferred by Dr. Lal PathLabs Limited Employee Welfare Trust ("Trust") from its existing shareholding, on such terms and in such manner as the Board may decide in accordance with the provisions of the applicable laws and the provisions of RSU 2016.

RESOLVED FURTHER THAT in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division and others, if any additional equity shares are to be transferred by the Trust to the Option grantees for the purpose of making a fair and reasonable adjustment to the Options granted earlier, the ceiling on the number of Options mentioned in the resolution above, shall be deemed to be increased to the extent of such additional equity shares to be transferred.

RESOLVED FURTHER THAT in case the equity shares of the Company are consolidated or split, then the number of shares to be transferred and the exercise price payable by the Option grantees under the Plan shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present face value of ₹ 10/- (Rupees Ten only) per equity share bears to the revised face value of the equity shares of the Company after such consolidation, without affecting any other rights or obligations of the said grantees.

RESOLVED FURTHER THAT the Company and Trust shall conform to the accounting policies prescribed from time to time under the SEBI SBEB Regulations and any other applicable laws and regulations to the extent relevant and applicable to the RSU 2016.

RESOLVED FURTHER THAT the Board be and is hereby authorized at any time to modify, change, vary, alter, amend, suspend or terminate the RSU 2016 subject to the compliance with the applicable laws and regulations and to do all such acts, deeds, matters and things as may at its absolute discretion deems fit, for such purpose and also to settle any issues, questions, difficulties or doubts that may arise in this regard without being required to seek any further consent or approval of the members and further to execute all such documents, writings and to give such directions and or instructions as may be necessary or expedient to give effect to such modification, change, variation, alteration, amendment, suspension or termination of the RSU 2016 and do all other things incidental and ancillary thereof.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, and things, as it may, in its absolute discretion, deems necessary including authorizing or directing to appoint Merchant Bankers, Brokers, Solicitors, Registrars, Advertisement Agency, Compliance Officer, Investors Service Centre and other Advisors, Consultants or Representatives, being incidental to the effective implementation and administration of RSU 2016 as also to make applications to the appropriate Authorities, Parties and the Institutions for their requisite approvals as also to initiate all necessary actions for the preparation and issue of public announcement and filing of public announcement, if required, with the SEBI/Stock Exchange(s), and all other documents required to be filed in the

- above connection and to settle all such questions, difficulties or doubts whatsoever which may arise and take all such steps and decisions in this regard."
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 Section 62(1) (b) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made there under and in accordance with the Memorandum and Articles of Association of the Company, the Listing Agreements entered into by the Company with the Stock Exchanges, Regulation 6 of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI SBEB Regulations"), and subject further to such other approvals, permissions and sanctions as may be necessary and such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, the approval of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee, including the Nomination and Remuneration Committee which the Board has constituted or may constitute to exercise its powers, including the powers, conferred by this resolution) to create and grant from time to time, in one or more tranches such number of Restricted Stock Units/ Options under Dr. Lal PathLabs Employees Restricted Stock Unit Plan 2016 ("RSU 2016" or "Plan") within the limit prescribed therein to or for the benefit of such person(s) who are in permanent employment of any existing or in future Subsidiary Company of the Company, including any Director thereof, whether whole time or otherwise (other than Promoters of the Company, Independent Directors and Directors holding directly or indirectly more than 10% of the outstanding Equity Shares of the Company), of any existing and future Subsidiary Company(ies) of the Company whether in or outside India as may be decided under RSU 2016, exercisable into corresponding number of Equity Shares of face value of ₹ 10/- (Rupees Ten only) each fully paid-up, on such terms and in such manner as the Board /Committee may decide in accordance with the provisions of the applicable laws and the provisions of RSU 2016."

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 approval of the Nomination & Remuneration Committee and Board of Directors in their meetings held on May 27, 2016 and in partial modification of the resolution passed by the shareholders in their Annual General Meeting held on September 29, 2015 and 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 Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any amendment thereto or re-enactment thereof for the time being in force) and subject to the approval of Central Government and such other approval/permissions, if any as may be required, approval of the members be and is hereby accorded to the payment of the following revised remuneration to Dr. Om Prakash Manchanda (DIN No: 02099404), CEO and Whole Time Director w.e.f. April 01, 2016 till August 20, 2020 in terms of the proviso to Section II of Part II of Schedule V of the Companies Act, 2013:

I	Basic Salary	₹ 11.25 lacs per month with authority to the Board of Directors to revise the basic salary from time to time, subject however to a ceiling of ₹ 22.75 lacs per month.
II	Perquisites and Allowances	<p>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 ₹ 8.42 lacs per month may be revised from time and shall not exceed ₹ 17.1 lacs per month.</p> <p>Allowances & Perquisites will be valued as per the Income-tax rules, wherever applicable and at actual cost to the Company in other cases.</p>
III	Stock Related Perquisites	Perquisite arising as a result of exercise of vested stock options under ESOP 2010 Scheme or arising under ESPS 2015 Scheme or any other Stock Related Scheme(s) from time to time, not exceeding INR 60 Crore per annum.
IV	Performance Linked Incentive	Annually payable as proposed by the Nomination & Remuneration Committee and approved by the Board of Directors based on parameters of performance. This may be paid in cash and/or stocks as may be decided from time to time.
V	Other Entitlements	<p>In addition to the above, he shall be entitled to allowance and benefits as per the policy of Company in force, such as:</p> <ul style="list-style-type: none"> 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. Admission and Annual Membership Fee for Club(s). h. Such other benefits as may be applicable to the employees of the company.

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 where in any financial year during the currency of the tenure of Dr. Om Prakash Manchanda, the Company has no profit or its profits are inadequate, the Company will pay remuneration as per Schedule V of the Companies Act, 2013 and in case the Company pays in excess of the said limits as specified in the Schedule V during the stated period, then the payment of excess remuneration shall be subject to the approval of Central Government.

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 13, 61 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactments thereof for the time being in force), approval of the members be and is hereby accorded to re-classify 1,91,39,675 (One Crore Ninety One Lac Thirty Nine Thousand Six Hundred and Seventy Five Only) 0.01% Compulsorily Convertible Preference Shares of ₹ 10/- (Rupees Ten Only) each forming part of the Authorised Share Capital of the Company into equivalent number of equity shares of face value ₹ 10/- (Rupees Ten Only) each.

RESOLVED FURTHER THAT the Clause V of the Memorandum of Association of the Company be substituted as under:

V. The Authorized Share Capital of the Company is ₹ 1,04,00,00,000/- (Rupees One Hundred Four Crore only) divided into 10,40,00,000 (Ten Crore Forty Lakhs) Equity Shares of ₹ 10/- (Rupees Ten Only) each

RESOLVED FURTHER THAT Dr. Om Prakash Manchanda, CEO & Whole Time Director and Mr. Rajat Kalra, Company Secretary of the Company, be and are hereby severally authorized individually to file necessary forms and documents with the Registrar of Companies and to do all such acts, deeds and things as may be required to give effect to the aforesaid resolution."

9. 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 2016-17."

By Order of the Board
For **Dr. Lal PathLabs Limited**

Rajat Kalra
Company Secretary
Membership No: A-16947

Place: New Delhi
Date: May 27, 2016

Notes:

1. **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 as may be applicable.
2. 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.
3. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, 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.
4. Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the board or governing body resolution authorizing the representatives to attend and vote at the Annual General Meeting atleast 48 hours before the meeting.
5. Members/proxies are requested to kindly take note of the following:
 - (i) Copies of the Annual Report will not be distributed at the venue of the meeting;
 - (ii) Attendance Slip, as sent herewith, is required to be produced at the venue duly filled-in and signed, for attending the meeting;
 - (iii) In all correspondence with the Company and/or the R&T Agent, Folio No. /DP ID and Client ID no. must be quoted.

- (iv) No gift or gift coupons will be distributed at the meeting.
- 6. A statement pursuant to Section 102(1) of the Companies Act, 2013 relating to Special Business to be transacted at the AGM is annexed hereto.
- 7. 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 meeting.
- 8. The Register of Members and Share Transfer Books will remain closed from Friday, July 22, 2016 to Thursday, July 28, 2016 (both days inclusive).
- 9. The dividend on equity shares as recommended by the Directors for the year ended March 31, 2016, if declared at the meeting, will be paid on or after August 08, 2016 to those members whose names appear on the Register of Members as on Thursday, July 21, 2016. 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 21, 2016 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 22nd 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.
- 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.
- 13. 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. 23.
- 14. 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 meeting, so that the information can be compiled in advance.

- 15. 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").
 - 16. 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'.
 - 17. 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.
 - 18. The remote e-voting period commences on Monday, July 25, 2016 at 10.00 A.M. and ends on Wednesday, July 27, 2016 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 21, 2016 ("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.
 - 19. 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. Please follow the instructions as prompted by the mobile application while voting from your mobile.
 - 20. 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.
 - (ii) Click on "Shareholders".
 - (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 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:
- | | For Members holding shares in Demat Form and Physical Form |
|-----------------------|---|
| 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> <p>* 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.</p> |
| Date of Birth (DOB) | Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format. |
| Dividend Bank Details | <p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> • Please enter the DOB or Dividend Bank Details in order to login. If 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. |
- (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 and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (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 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
21. The Board of Directors of the Company has appointed M/s Sanjay Grover & Associates (Company Secretaries) as Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.
22. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.lalpathlabs.com and on the website of CDSL 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.
23. Route map to reach the venue for the Twenty Second Annual General Meeting is attached with this Notice.

Details of Director(s) seeking re-appointment in the 22nd 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	Mr. Rahul Sharma	Dr. Om Prakash Manchanda
Date of First Appointment to the Board	July 22, 2005	February 01, 2011
Brief Resume and Nature of Expertise in specific functional areas	Aged 55 years, is a non-executive Director on our Board. He studied mathematics at the University of Delhi and commerce at the Kakatiya University. He has about 22 years of experience in the field of human resources. Mr. Rahul is presently the Chairman and Managing Director of HYRD.io, a technology enabled end-to-end recruiting solutions and on-boarding platform. He has over 23 years of experience covering the human resources sector and executive recruiting. Previously he was a Partner at Executive Access, a leading executive search firm in Asia. He joined the firm in 1993 and was a key senior member of the firm's Asia Pacific Banking and Finance executive recruiting and consulting practice. Prior to Executive Access, he was with State Bank of India. He joined the bank as a Probationary Officer in 1987 and went onto manage a variety of portfolios in India and Japan. His sporting achievements in cricket include representing Delhi in the Ranji Trophy and participating in One Day Internationals. He has been a Director of our Company since 2005, and is a member of our Nomination and Remuneration Committee and our Stakeholders Relationship Committee.	Aged 50 years, 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	20,197 Equity Shares	10,47,417 Equity Shares
Relationship with other Directors & KMP's	None	None
No. of Meetings of the Board attended during the year	As mentioned in the Corporate Governance Report	As mentioned in the Corporate Governance Report
Directorships held in other Companies	None	As mentioned in the Corporate Governance Report
Membership / Chairmanship of Committees of other companies	None	None
Remuneration sought to be paid / last drawn	None	<u>Remuneration sought to be paid</u> As mentioned in the Resolution No. 7 of this Notice. <u>Remuneration last drawn paid</u> As mentioned in the Corporate Governance Report

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

ITEM NO. 5 and 6

Equity based compensation is considered to be an integral part of employee compensation across sectors which enables alignment of personal goals of the employees with organizational objectives. Your Company believes that equity based compensation plans are an effective tool to reward the employees of the Company and its Subsidiaries for their contribution to the growth of the Company, to create an employee ownership in the Company, to attract new talents, to retain the key resources and knowledge in the organization.

With this objective in mind, your Company intends to implement Dr. Lal PathLabs Employees Restricted Stock Unit Plan 2016 ("RSU 2016/ "Plan") for the employees including Directors of the Company and its subsidiaries.

The equity shares required for the implementation of the proposed Plan shall be sourced from existing shareholding of Dr. Lal PathLabs Limited Employee Welfare Trust ("Trust") which was set-up by the Company prior to listing of its shares. Such shares comprising in the Trust shareholding were acquired by the Trust from the employees, which were originally issued by the Company to the employees under erstwhile employee stock Option plan, prior to listing of its shares. There is no contemplation of issue of any primary shares. Therefore, this Plan shall not result in any dilution in your equity shareholding.

As per provisions of Regulation 6 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI SBEB Regulations"), the Company seeks members' approval of the Plan and grant of Stock Options to the eligible employees of the Company and its subsidiaries thereunder.

The main features of the Plan are as under:

a) Brief description of the Plan:

The Company proposes to introduce the Plan, primarily with a view to attract, retain, incentivize and motivate the existing employees of the Company and its subsidiaries, employees joining the Company and its subsidiaries, and their Directors that would lead to higher corporate growth and productivity. The Plan contemplates grant of Restricted Stock Units ("Options") to the eligible employees (including Directors) of the Company and its subsidiaries, as may be determined in due compliance of SEBI SBEB Regulations and provisions of the Plan. After vesting of Options, the eligible employees earn a right (but not obligation) to exercise the vested Options within the exercise period and obtain equity shares of the Company subject to payment of exercise price and satisfaction of any tax obligation arising thereon.

The Nomination and Remuneration Committee ("Committee") of the Company shall supervise the Plan and the Trust shall administer the Plan. All questions of interpretation of the RSU 2016 shall be determined by the Committee and such determination shall be final and binding upon all persons having an interest in the Plan.

b) Total number of Options to be granted:

The total number of Options to be granted under RSU 2016 shall not exceed 12,44,155 (Twelve Lac Forty Four Thousand

One Hundred and Fifty Five) Options. Each Option when exercised would be converted into one Equity Share of ₹ 10/- (Rupees Ten) each fully paid-up.

The SEBI Regulations require that in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division and others, a fair and reasonable adjustment needs to be made to the Options granted. In this regard, the Committee shall adjust the number and price of the Options granted in such a manner that the total value of the Options granted under RSU 2016 remain the same after any such corporate action. Accordingly, if any additional Options are issued by the Company to the Option grantees for making such fair and reasonable adjustment, the ceiling of 12,44,155 (Twelve Lac Forty Four Thousand One Hundred and Fifty Five) Options shall be deemed to be increased to the extent of such additional Options issued.

c) Identification of classes of employees entitled to participate in RSU 2016

Employee means (i) a permanent employee of the Company working in India or out of India; or (ii) Director of the Company whether whole-time or not, and (iii) an employee defined in Sub-clauses (i) and (ii) hereof of one or more Subsidiary Companies of the Company whether in or outside India, but does not include:

- i. an Employee who is a Promoter or a person belonging to the Promoter Group;
- ii. a Director who either by himself /herself or through his/ her relatives or through any body corporate, directly or indirectly, holds more than 10% of the issued and subscribed Equity Shares of the Company; and
- iii. an Independent Director within the meaning of the Companies Act, 2013 and/or the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

d) Requirements of vesting and period of vesting:

All the Options granted on any date shall vest not earlier than 1 (one) year and not later than a maximum of 4 (four) years from the date of grant of Options as may be determined by the Committee. The Committee may extend, shorten or otherwise vary the vesting period from time to time, in accordance with the applicable law.

The vesting dates in respect of the Options granted under the Plan shall be determined by the Committee and may vary from an employee to employee or any class thereof and / or in respect of the number or percentage of Options granted to an employee.

Options shall vest essentially based on continuation of employment as per requirement of SEBI SBEB Regulations. Apart from that the Committee may prescribe achievement of any performance condition(s) for vesting.

e) Maximum period within which the Options shall be vested:

All the Options granted on any date shall vest not later than a maximum of 4 (four) years from the date of grant of Options as may be determined by the Committee.

f) Exercise price or pricing formula:

Exercise Price per Option shall be at the face value of per Share as on date of grant of Option.

g) Exercise period and the process of Exercise:

The Exercise period would commence from the date of vesting and will expire on completion of 5 (five) years from the date of respective vesting.

The vested Option shall be exercisable by the employees by a written application to the Company or to the Trust expressing his/ her desire to exercise such Options in such manner and on such format as may be prescribed by the Committee or Trust from time to time. The Options shall lapse if not exercised within the specified exercise period.

h) Appraisal process for determining the eligibility of employees under the Plan:

The appraisal process for determining the eligibility shall be decided from time to time by the Committee. The broad criteria for appraisal and selection may include parameters like tenure of association with the Company, performance during the previous years, contribution towards strategic growth, contribution to team building and succession, cross-functional relationship, corporate governance, etc.

i) Maximum number of Options to be issued per employee and in aggregate:

The number of Options that may be granted to any specific employee of the Company under the Plan, in any financial year and in aggregate under the RSU 2016 shall not exceed 6,00,000 (Six Lac) Options.

j) Maximum quantum of benefits to be provided per employee:

The maximum quantum of benefits underlying the Options issued to an eligible employee shall depend upon the market price of the shares as on the date of exercise of Options.

k) Route of Plan implementation:

The Plan shall be implemented and administered by the Trust set up by the Company in this behalf.

l) Source of acquisition of shares under the Plan:

The Plan contemplates use of shares from the existing shareholding of the Trust.

m) Amount of loan to be provided for implementation of the scheme(s) by the company to the trust, its tenure, utilization, repayment terms, etc:

No fresh loan shall be provided to the Trust for this purpose.

n) Maximum percentage of secondary acquisition:

There is no contemplation of acquisition of secondary shares for the purpose of Plan.

o) Accounting and Disclosure Policies:

The Company shall follow the Guidance Note on Accounting for Employee Share-based Payments ("Guidance Note") and/ or any relevant Accounting Standard(s) as may be prescribed by Institute of Chartered Accountants of India or any other

appropriate authorities from time to time, including the disclosure requirements prescribed therein.

p) Method of Option valuation:

The Company shall adopt 'fair value method' for valuation Options as prescribed under Guidance Note or under any relevant accounting standard notified by appropriate authorities from time to time.

q) Declaration:

In case the company opts for expensing of share based employee benefits using the intrinsic value, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the Options and the impact of this difference on profits and on Earning Per Share ("EPS") of the Company shall also be disclosed in the Directors' report.

Consent of the members is being sought by way of special resolution pursuant to Section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013 and as per Regulation 6 of the SEBI SBEB Regulations.

A draft copy of the RSU 2016 is available for inspection at the Company's Registered Office as well as the Corporate Office during normal business hours on all working days upto the date of the AGM

None of the Directors, Key Managerial Personnel of the Company including their relatives are interested or concerned in the resolution, except to the extent they may be lawfully granted Options under the Plan.

In light of above, the Board recommends the special resolutions set out under Item No. 5 & 6 of the Notice for approval by the shareholders.

ITEM NO. 7

Dr. Om Prakash Manchanda, CEO & Whole Time Director of the Company currently holds 5,85,560 fully vested stock options granted to him in the past @ INR 110.80 per option under the ESOP 2010 Scheme of the Company and may be exercised anytime as per ESOP 2010 Scheme of the Company as per his discretion. Exercise of such options is, however, likely to create an additional perk (forming part of his remuneration) in the hands of Dr. Manchanda to the extent of difference between the Market Price on the date of exercise and Grant Price of the options so vested.

In case of exercise of such vested options or grant of any other Stock Related Benefit(s) to him, the Company profits are likely to be inadequate to cover such additional value of perquisites and hence may result in the limit of overall managerial remuneration exceeding 10% of Net Profits of the Company as prescribed under Section 197 of the Companies Act, 2013, even though there is no outflow from the Company involved.

In consideration of the above, the Board of Directors in their meeting held on May 27, 2016 approved the revision in the remuneration payable to Dr. Manchanda, specifically to cover such exercise of vested options or grant of any other Stock Related Benefit(s), subject to the approval of Central Govt, with effect from April 01, 2016 in terms of the proviso to Section II of Part II of Schedule V of 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 2014-15
		Total Revenue	64,011.7
5.	Foreign Investments or collaborations, if any Information about the appointee	PAT	12,575.10
		The Company has not made any Foreign Investments and also does not have any Foreign Collaborations.	
		Aged 50 years, 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.	
		Dr. Manchanda drew a remuneration of ₹ 21.27 Cr for the Financial Year 2014-15 (including an ESOP perquisite of ₹ 18.16 on exercise of Stock Options) and ₹ 29.91 Cr (including an ESOP perquisite of ₹ 26.20 on exercise of Stock Options) for the Financial Year 2015-16.	
		Dr. Manchanda has won the Achiever of the Year Award in 2014, presented by CEO India as a part of CEO Awards 2014	
		Dr. Manchanda joined our Company as Chief Operating Officer on October 17, 2005. Subsequently, he was promoted to the position of Chief Executive Officer on April 1, 2008, and later was inducted to our Company's board of directors on February 1, 2011. He has about 26 years of experience in the field of marketing and general management. He has been a Director of our Company since 2011, and is a member of our CSR Committee and our IPO Committee and is currently responsible for development and execution of short and long term strategies and he is also in-charge of the day to day management aspects of our Company.	
		As per the Special Resolution, annexed herewith.	
		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	Dr. Manchanda has no pecuniary relationship directly or indirectly with the Company or its Managerial Personnel except to the extent of their remuneration and shareholdings in the Company.
Other Information		
1.	Reason of loss or inadequate profits	The inadequacy of profits shall arise as a result of exercise of vested options or grant of any other Stock Related Benefit(s) to Dr. Om Prakash Manchanda.
2.	Steps taken or proposed to be taken for improvement	Exercise of options or grant of any other Stock Related Benefit(s) does not involve any cost from the Company's perspective and hence will not require steps for improvement to be taken by the Company.
3	Expected increase in productivity and profits in measurable terms	-

The Board recommends the special resolution set out under Item No. 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 Dr. Om Prakash Manchanda, are concerned or interested, financially or otherwise, in the resolution set out at Item No. 7 of the Notice.

ITEM NO. 8

The Present Share Capital of the Company is as follows:

Details	:	Share Capital (in ₹)
<u>Authorized</u>		
84,860,325 Equity Shares of ₹ 10/- each	:	84,86,03,250
1,91,39,675 0.01% Compulsorily Convertible Redeemable Preference Shares of ₹ 10/- each	:	19,13,96,750
TOTAL	:	1,04,00,00,000
<u>Issued, Subscribed & Paid Up</u>		
82,742,997 Equity Shares of ₹ 10/- each	:	82,74,29,970
TOTAL	:	82,74,29,970

The Board of Directors of the Company are of the opinion that the Company does not require the excess authorised Preference Share Capital amounting to 1,91,39,675 Shares forming part of the authorized share capital. Hence it is proposed to re-classify such preference shares into equity shares and consequently amend the Memorandum of Association of the Company.

Post re-classification, the authorized share capital of the Company shall become ₹ 1,040,000,000/- (Rupees One Hundred Four Crore Only) divided into 104,000,000 (Ten Crore Forty Lakhs) Equity Shares of ₹ 10/- (Rupees Ten only) each.

As per the provisions of Section 13 and 61 of the Companies Act, 2013, the above requires the approval of the shareholders of the Company by way of an ordinary resolution. Accordingly, the resolution seeks the approval of shareholders for re-classifying the authorized share capital and consequential change in Clause V of the Memorandum of Association of the Company.

The Board recommends the ordinary resolution set out under Item No. 8 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. 8 of the Notice.

ITEM NO. 9

The Board of Directors of the Company in their meeting held on May 27, 2016, 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 2016-17 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. 9 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. 9 of the Notice.

By Order of the Board
For Dr. Lal PathLabs Limited

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

ATTENDANCE SLIP 22nd Annual General Meeting Thursday, July 28, 2016

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 22nd Annual General Meeting of the Company on Thursday, the 28th day of July 2016 at 10.30 A.M. at Air Force Auditorium, Subroto Park, New Delhi-110010.

.....
Signature of the Member/Proxy



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

PROXY FORM

22nd Annual General Meeting

Thursday, July 28, 2016

[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:

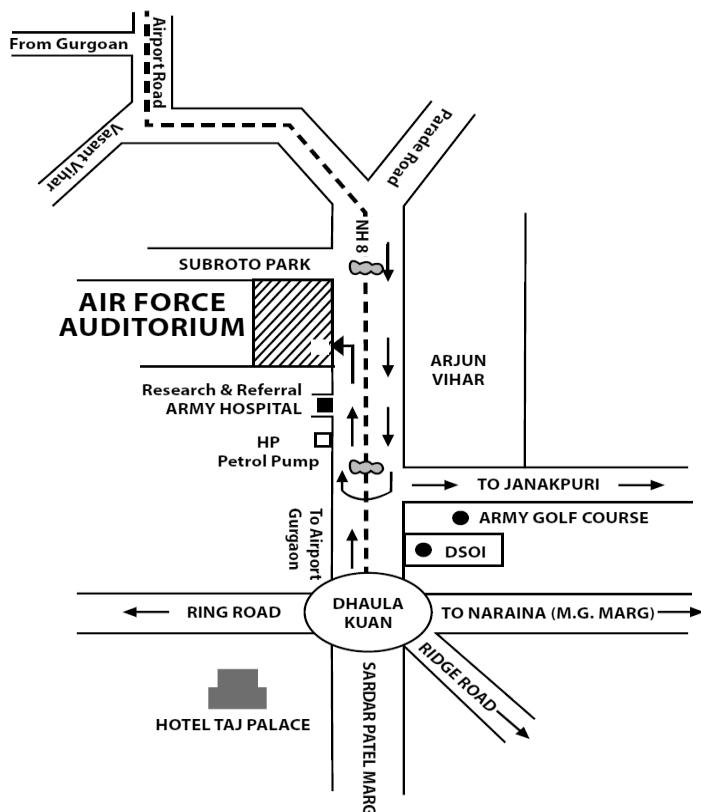
DP ID - Client ID / Folio No.:

I/We being the member(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 22nd Annual General Meeting of the Company to be held on Thursday, the 28th day of July 2016 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:

Route map of the venue of 22nd Annual General Meeting of Dr. Lal PathLabs Limited



Venue: Air Force Auditorium, Subroto Park, New Delhi - 110 010

Landmark: Adjacent to Research & Referral, Army Hospital

Resolution No.	Resolution Description	For*	Against*
Ordinary Business			
1.	Adoption of the audited financial statements of the Company for the financial year ended March 31, 2016 together with the reports of the Directors and Auditors thereon and the consolidated audited financial statements of the Company for the financial year ended March 31, 2016 and the reports of the Auditors thereon.		
2.	Declaration of dividend ₹ 2.45/- per equity share for the financial year ended March 31, 2016.		
3.	Re-appointment of Mr. Rahul Sharma (DIN: 00956625) as a Director of the Company liable to retire by rotation.		
4.	Appointment of M/s S. R. Batliboi & Co., LLP (Firm Registration No. 301003E) as Statutory Auditors of the Company and authorizing Board of Directors to fix their remuneration.		
Special Business			
5.	Approval of 'Dr. Lal PathLabs Employees Restricted Stock Unit Plan 2016' ("RSU 2016" or the "Plan").		
6.	Approval of grant of Restricted Stock Units to the employees of Subsidiary Companies of the Company under Dr. Lal PathLabs Employee Restricted Stock Unit Plan 2016.		
7.	Approval for Increase in the remuneration of Dr. Om Prakash Manchanda, CEO & Whole Time Director of the Company.		
8.	Approval for re-classification of Authorized Share Capital of the Company.		
9.	Ratification of the remuneration of M/s. A.G. Agarwal & Associates (Firm Registration No. 000531), Cost Auditors of the Company for the financial year 2016-17.		

Signed this day of 2016

Signature of the shareholder(s)

Signature of the Proxy Holder(s)

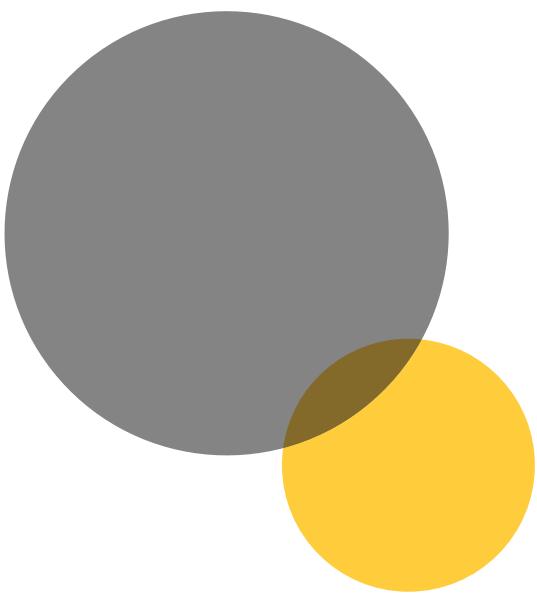
Notes:

- *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.

Affix
Revenue
Stamp



**Widespread National
Footprint with a
Network of Labs,
Patient Service
Centres and Pick-up-
Points**



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