



Note to the Standalone Financial Statements

1 GENERAL INFORMATION

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

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

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

2.2 Basis of preparation and presentation

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

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

Fair value measurement

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

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

2.3 Revenue recognition

The Company’s revenue is primarily generated from business

of running laboratories for carrying out pathological investigations of various branches of bio-chemistry, haematology, histopathology, microbiology, electrophoresis, immuno-chemistry, immunology, virology, cytology, and other pathological and radiological investigations for customers through various arrangements.

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

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

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

Revenues in excess of invoicing are classified as contract assets (referred to as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (referred to as “unearned revenue”). Refer to note 27.

The Company disaggregates revenue from contracts with customers by geography.

2.4 Leasing

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

2.4.1 The Company as lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

2.4.2 The Company as lessee

On April 1, 2019, The Company adopted Ind AS 116 “Leases” using the modified prospective approach by applying the new standard to all leases existing at the date of initial application. Accordingly, the Company has not made restatement of comparative information, which are still presented in accordance with Ind AS 17. The Company also elected to use the recognition exemption for lease contracts that, at the commencement date, have a lease term of twelve months or less and do not contain a purchase option (“short-term leases”) and lease contracts for which the underlying asset is of low

value other than land. ("low value assets"). The effect of the adoption of Ind AS 116 is disclosed in note 39.

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

The Company as a lessee

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

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

The ROU assets is measured at cost less any accumulated depreciation and accumulated impairment losses, if any. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use assets is classified as "property, plant and equipment" in financial statements.

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

The interest cost on lease liability (computed using effective interest method), is expensed in the statement of profit and loss.

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

The Company accounts for each lease component within the contract as a lease separately from non-lease

components of the contract in accordance with Ind AS 116 and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Lease payments have been classified as financing cash flows.

2.5 Functional and presentation currency

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

2.6 Employee benefits

Employee benefits include provident fund, gratuity and compensated absences.

2.6.1 Defined contribution plan

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

2.6.2 Defined benefit plan

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

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

Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and

- Net interest expense or income; and
- Re-measurement

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

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

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

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

Short-term employee benefits

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

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

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

Long-term employee benefits

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

2.7 Taxation

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

2.7.1 Current tax

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

2.7.2 Deferred tax

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

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

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

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

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

2.7.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity,

in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.8 Property, plant and equipment

2.8.1 Property, plant and equipment acquired separately

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

The cost of Property, plant and equipment (PPE) comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses, present value of decommissioning costs (where there is a legal or constructive obligation to decommission) and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. The other repairs and maintenance of revenue nature are charged to profit or loss during the reporting period in which they are incurred.

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

2.8.2 Depreciation methods, estimated useful lives and residual value

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

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

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

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

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

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

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

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

2.8.3 Deemed cost on transition to Ind AS

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

2.8.4 Derecognition of tangible asset

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

2.9 Intangible assets

2.9.1 Intangible assets acquired separately

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

2.9.2 Amortisation methods and useful lives

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

2.9.3 Deemed cost on transition to Ind AS

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

2.9.4 Derecognition of intangible asset

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

2.10 Impairment of tangible and intangible assets other than goodwill

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

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

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

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

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

2.11 Inventories

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

2.12 Provisions, contingent liability and contingent asset

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event,

it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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

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

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

2.13 Financial instruments

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

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

2.14 Financial assets

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

Classification of financial assets

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

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

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

- the asset is held within a business model whose objective is achieved both by collecting contractual cash

flows and selling financial assets; and

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

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

Effective interest method

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

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

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

2.14.1 Cash and cash equivalents

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

2.14.2 Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost using the effective interest method if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2.14.3 Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both selling financial assets and collecting contractual cash flows, the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

2.14.5 Investments in subsidiaries

Investments representing equity interest in subsidiaries carried at cost less any provision for impairment. Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable.

2.14.6 Foreign exchange gain and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in Statement of Profit and Loss except for those which are designated as hedging instruments in a hedging relationship. Further change in the carrying amount of investments in equity instruments at fair value through other comprehensive income relating to changes in foreign currency rates are recognised in other comprehensive income

Effective April 1, 2018, the Company has adopted Appendix B to Ind AS 21-Foreign Currency Transactions and Advance Consideration which clarifies the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income when an entity has received or paid advance consideration in a foreign currency. The effect on account of adoption of this amendment was insignificant.

2.14.7 Impairment of financial assets

The Company assesses at each Balance Sheet date whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to 12 month expected credit losses or at an amount equal to lifetime expected losses, if the credit risk on the financial asset has increased significantly since initial recognition.

2.14.8 Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the Statement of Profit and Loss.

2.14.9 Income recognition

Interest Income: Interest income from a financial asset is recognised using the effective interest rate method. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Income from units in Mutual Funds/ Dividend from subsidiary: Dividend from units in mutual funds/ dividend from subsidiary companies is recognised when the Company's right to receive payment is established by the reporting date. Income on investment made in the units of fixed maturity plans of mutual funds is recognised based on the yield earned and to the extent of reasonable certainty.

2.15 Financial liabilities and equity instruments

2.15.1 Classification of debt or equity

Debt and equity instruments issued by a Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.15.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

2.15.3 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest rate method or at fair value through profit or loss.

2.15.4 Foreign exchange gains or losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income' in the line-item 'Net foreign exchange gains/(losses)' except where capitalised as part of borrowing cost.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period.

Effective April 1, 2018, the Company has adopted Appendix B to Ind AS 21- Foreign Currency Transactions

and Advance Consideration which clarifies the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income when an entity has received or paid advance consideration in a foreign currency. The effect on account of adoption of this amendment was insignificant.

2.15.5 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the Statement of Profit and Loss.

2.16 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Company's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2.17 Share-based payment arrangements

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 46.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

2.18 Earnings per share

Basic earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

2.19 Operating cycle

The Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

2.20 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit for the year is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows are segregated into operating, investing and financing activities.

2.21 Dividends

Final dividends on shares are recorded on the date of approval by the shareholders of the Company.

2.22 Use of estimates and judgements

The preparation of Standalone Financial Statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these Standalone Financial Statements and the reported amount of revenues and expenses for the years presented. Actual results may differ from the estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the Standalone Financial Statements are included in the following notes:

Accounting of reagent rental equipments

The Company has entered into agreements with certain suppliers for purchase of reagent. As part of the agreement, the Company has the right to use equipment supplied by

the suppliers free of charge subject to purchase of minimum committed quantities of reagents.

The cost of reagents which includes the cost of rental of the equipment is recorded as cost of material consumed.

Carrying amount of investments in subsidiaries

Determining whether the carrying amount of investments in subsidiaries is recoverable involves significant estimates as these investments are in unlisted companies with fair values not readily available. The Company reviews the investments for impairment to assess whether the carrying amount is recoverable based on a number of factors including profitability, net asset value, liquidity and working capital (Refer to note 6).

Useful lives of property, plant and equipment

The Company reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. There is no such change in the useful life of the assets (Refer to note 3).

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, an impairment loss may arise (Refer to note 4).

Defined benefit obligations

Key assumptions related to life expectancies, salary increases and withdrawal rates (Refer to note 46).

Estimation uncertainty relating to COVID-19 outbreak

The Company has considered internal and certain external sources of information including credit reports, economic forecasts and industry reports up to the date of approval of the Standalone Financial Statements in determining the impact on various elements of its Standalone Financial Statements. The Company has used the principles of prudence in applying judgments, estimates and assumptions including sensitivity analysis and based on the current estimates, the Company expects to fully recover the carrying amount of trade receivables, goodwill and intangible assets. The eventual outcome of impact of the global health pandemic may be different from those estimated as on the date of approval of these Standalone Financial Statements.

2.23 New standards/amendments that are not yet effective and have not been early adopted:

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, 2019 notifies new standard or amendments to the standards. There is no such new notification which would be applicable from April 1, 2020.

3a. Property, plant and equipment
(Refer to Note 2.8)

	(in ₹ million, unless otherwise stated)	
	As at 31 March, 2020	As at 31 March, 2019
Carrying amounts of :		
Freehold land	109.57	109.57
Leasehold land	-	81.41
Freehold buildings	15.74	9.18
Leasehold buildings	380.25	422.94
Plant and equipment	630.35	529.98
Computers	124.02	134.79
Furniture and fixtures	21.14	29.44
Vehicles	24.56	11.76
Leasehold improvements	161.56	184.05
	1,467.19	1,513.12
Capital work-in-progress	103.00	28.67
	1,570.19	1,541.79

	Freehold land	Leasehold land	Freehold buildings	Leasehold buildings	Plant and equipment	Computers	Furniture and fixtures	Vehicles	Leasehold improvements	Total
Cost or deemed cost										
Balance as at 1 April, 2018	109.57	81.41	1.55	523.00	741.97	120.78	53.16	20.80	285.82	1,938.06
Additions	-	-	8.56	-	152.59	113.58	8.63	6.72	26.34	316.42
Disposals/ adjustments*	-	-	-	(20.19)	(1.40)	(0.13)	(0.73)	(2.04)	(6.15)	(30.64)
Balance as at 31 March, 2019	109.57	81.41	10.11	502.81	893.16	234.23	61.06	25.48	306.01	2,223.84
Additions	-	-	8.03	1.07	242.61	67.92	3.31	21.58	27.77	372.29
Transition impact of Ind AS 116	-	-	-	-	-	-	-	-	-	-
Disposals/ adjustments	-	(81.41)	-	(1.56)	(22.08)	(3.72)	(3.75)	(9.35)	(12.65)	(134.52)
Balance as at 31 March, 2020	109.57	-	18.14	502.32	1,113.69	298.43	60.62	37.71	321.13	2,461.61
Accumulated depreciation										
Balance as at 1 April, 2018	-	-	0.30	33.04	224.64	57.08	19.45	9.81	77.21	421.53
Depreciation expenses	-	-	-	2.87	26.14	5.88	2.61	1.24	11.44	38.74
Eliminated on disposals of assets	-	-	-	-	-	-	-	-	-	-
Elimination on disposals of assets	-	-	(0.73)	-	(0.73)	(0.05)	(0.45)	(1.10)	(5.96)	(8.29)
Depreciation expense	-	-	0.63	46.83	139.27	42.41	12.62	5.01	50.71	297.48
Balance as at 31 March, 2019	-	-	0.93	79.87	363.18	99.44	31.62	13.72	121.96	710.72
Elimination on disposals of assets	-	-	-	-	(18.36)	(2.73)	(3.75)	(7.08)	(11.95)	(43.87)
Depreciation expense	-	-	1.47	42.20	138.52	77.70	11.61	6.51	49.56	327.57
Balance as at 31 March, 2020	-	-	2.40	122.07	483.34	174.41	39.48	13.15	159.57	994.42
Carrying amount										
Balance as at 1 April, 2018	109.57	81.41	1.25	489.96	517.33	63.70	33.71	10.99	208.61	1,516.53
Additions	-	-	8.56	-	152.59	113.58	8.63	6.72	26.34	316.42
Disposals/ adjustments*	-	-	-	(20.19)	(0.67)	(0.08)	(0.73)	(2.04)	(6.15)	(30.64)
Depreciation expense	-	-	(0.63)	(46.83)	(139.27)	(42.41)	(12.62)	(5.01)	(50.71)	(297.48)
Balance as at 31 March, 2019	109.57	81.41	9.18	422.94	529.98	134.79	29.44	11.76	184.05	1,513.12
Additions	-	-	8.03	1.07	242.61	67.92	3.31	21.58	27.77	372.29
Transition impact of Ind AS 116	-	-	-	-	-	-	-	-	-	-
Disposals/ adjustments	-	(81.41)	-	(1.56)	(3.72)	(0.99)	-	(2.27)	(0.70)	(90.65)
Depreciation expense	-	-	(1.47)	(42.20)	(138.52)	(77.70)	(11.61)	(6.51)	(49.56)	(327.57)
Balance as at 31 March, 2020	109.57	-	15.74	380.25	630.35	124.02	21.14	24.56	161.56	1,467.19

*Adjustments to leasehold buildings amounting to IN 20.19 million represents change in final measurements on account of renegotiations with vendors/ suppliers during the year.

3b. Right-of-use-assets

(in ₹ million, unless otherwise stated)

	Right-of-use land	Right-of-use buildings	Total
Gross carrying value			
Balance as at 1 April, 2019	-	-	-
Transition impact of Ind AS 116	158.58	-	158.58
Additions	1.68	1,450.04	1,451.72
Disposals	-	(26.16)	(26.16)
Balance as at 31 March, 2020	160.26	1,423.88	1,584.14
Accumulated amortisation			
Balance as at 1 April, 2019	-	-	-
Elimination on disposals of assets	-	(3.91)	(3.91)
Amortisation expense	1.64	283.52	285.16
Balance as at 31 March, 2020	1.64	279.61	281.25
Net carrying value			
Balance as at 1 April, 2019	-	-	-
Transition impact of Ind AS 116	158.58	-	158.58
Additions	1.68	1,450.04	1,451.72
Disposals	-	(22.25)	(22.25)
Amortisation expense	(1.64)	(283.52)	(285.16)
Balance as at 31 March, 2020	158.62	1,144.27	1,302.89

4. Goodwill

(Refer to note 2.16)

(in ₹ million, unless otherwise stated)

	As at 31 March, 2020	As at 31 March, 2019
Cost or deemed cost	10.80	10.80
Accumulated impairment loss	-	-
	10.80	10.80
Cost or deemed cost	Year ended 31 March, 2020	Year ended 31 March, 2019
Balance at the beginning of year	10.80	10.80
Additions on account of acquisitions	-	-
	10.80	10.80
Accumulated impairment loss	Year ended 31 March, 2020	Year ended 31 March, 2019
Balance at the beginning of year	-	-
Impairment losses recognised in the year	-	-
	-	-

The Company had, in the earlier years purchased the business of "Dr.Bhanudas Yashwant Shinagare" engaged in the business of providing pathological diagnostics services in Pune, on a going concern basis for a purchase consideration of ₹ 15.00 million (including goodwill of ₹ 10.80 million).

Impairment of Goodwill

For the purpose of impairment testing, goodwill has been allocated to the cash generating unit – 'Labs CGU'. The recoverable amount of cash-generating units is determined based on a value in use calculation which uses cash flow projections based on financial forecasts covering a five-year period, and a discount rate of 11.50% per annum (as at 31 March, 2019: 11.50% per annum).

Cash flow projections during the forecast period are based on the same expected gross margins and inflation throughout the forecast period. The cash flows beyond that five-year period have been extrapolated using a steady growth rate of 10% per annum (as at March 31, 2019: 10% per annum), which is the projected long-term average growth rate for Labs CGU. The directors believe that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit. Based on impairment testing as above, the management believes that the recoverable amounts of goodwill are higher than their respective carrying amounts and hence no amounts are required to be recorded for impairment in the carrying amounts of goodwill.

5. Other intangible assets

(in ₹ million, unless otherwise stated)

	As at 31 March, 2020	As at 31 March, 2019
Carrying amounts of :		
Computer software	184.38	203.65
Trademarks	-	1.98
	184.38	205.63
Intangible assets under development	9.94	-
	194.32	205.63

	Computer Software	Trademarks	Total
Cost or deemed cost			
Balance as at 1 April, 2018	303.82	11.16	314.98
Additions	71.93	-	71.93
Disposals	-	-	-
Balance as at 31 March, 2019	375.75	11.16	386.91
Additions	46.10	-	46.10
Disposals	-	-	-
Balance as at 31 March, 2020	421.85	11.16	433.01
Accumulated amortisation			
Balance as at 1 April, 2018	110.84	6.12	116.96
Amortisation expense	61.26	3.06	64.32
Elimination on disposals of assets	-	-	-
Balance as at 31 March, 2019	172.10	9.18	181.28
Amortisation expense	65.37	1.98	67.35
Elimination on disposals of assets	-	-	-
Balance as at 31 March, 2020	237.47	11.16	248.63
Carrying amount			
Balance as at 1 April, 2018	192.98	5.04	198.02
Additions	71.93	-	71.93
Amortisation expense	(61.26)	(3.06)	(64.32)
Balance as at 31 March, 2019	203.65	1.98	205.63
Additions	46.10	-	46.10
Amortisation expense	(65.37)	(1.98)	(67.35)
Balance as at 31 March, 2020	184.38	-	184.38

Financial assets (non-current)

6. Investments

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2020	As at 31 March, 2019
In Shares (unquoted)		
In subsidiary companies		
12,800 (31 March, 2019: 12,800) equity shares of ₹ 10/- each fully paid up in Paliwal Diagnostics Private Limited.	129.48	129.48
8,000 (31 March, 2019: 8,000) equity shares of ₹ 10/- each fully paid up in Paliwal Medicare Private Limited.	52.18	52.18
10,000 (31 March, 2019: 10,000) equity shares of ₹ 10/- each fully paid up in APL Institute of Clinical Laboratory & Research Private Limited.	72.35	72.35
400,000 (31 March, 2019: 400,000) equity shares of NPR 100/- each fully paid up in Dr Lal PathLabs Nepal Private Limited.	25.05	25.05
276,811 (31 March, 2019: 276,811) equity shares of BDT 100/- each fully paid up in Dr. Lal PathLabs Bangladesh Pvt. Ltd. (Refer to note 38)	42.67	42.67
100,000 (31 March, 2019: 100,000) equity shares of ₹ 10/- each fully paid up in Dr. Lal Ventures Private Limited (Refer to note 39)	10.00	1.00
3,100,000 (31 March, 2019: 100,000) equity shares of ₹ 10/- each fully paid up in Pathlabs Unifiers Private Limited (Refer to note 39)	600.00	1.00
100,000 (31 March, 2019: Nil) equity shares of KSH 100/- each fully paid up in Dr. Lal Pathlabs Kenya Private Limited (Refer to note 40)	7.10	-
Total	938.83	323.73
Aggregate carrying value of unquoted investments	938.83	323.73
Aggregate amount of impairment in value of investments	-	-

7. Loans

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2020	As at 31 March, 2019
Loans to employees (unsecured, considered good)	0.26	0.05
Total	0.26	0.05

8. Other financial assets

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2020	As at 31 March, 2019
Security deposits	-	35.01
Surrender value of keyman insurance policy	30.39	44.14
Non-current bank balances	100.70	106.54
Interest accrued on loans, fixed deposits and others	0.23	1.56
Total	131.32	187.25

9. Non-current tax assets (net)

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2020	As at 31 March, 2019
Tax assets		
Taxes paid (net)	171.67	125.59
Tax liabilities		
Income tax payable (net)	(1.67)	(44.83)
Total	170.00	80.76

10. Deferred tax assets

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2020	As at 31 March, 2019
Deferred tax assets	229.53	243.99
Deferred tax liabilities	(7.72)	(33.21)
Total	221.81	210.78

(in ₹ million, unless otherwise stated)

2019-20	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing Balance
Deferred tax assets on:				
Property, plant and equipment	87.46	9.36	-	96.82
Goodwill	21.85	(10.72)	-	11.13
Short-term provisions- compensated absences	26.54	(2.79)	-	23.75
Short-term provisions- gratuity	19.24	(10.97)	4.29	12.56
Provision for impairment of trade receivables and advances	48.15	(7.55)	-	40.60
Disallowed expenditure	40.75	3.92	-	44.67
Deferred tax liabilities on:				
Surrender value of keyman insurance policy	(15.43)	7.78	-	(7.65)
Fair valuation gains on mutual funds	(17.78)	17.71	-	(0.07)
Total	210.78	6.74	4.29	221.81

(in ₹ million, unless otherwise stated)

2018-19	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing Balance
Deferred tax assets on:				
Property, plant and equipment	74.85	12.61	-	87.46
Goodwill	21.77	0.08	-	21.85
Short-term provisions- compensated absences	20.24	6.30	-	26.54
Short-term provisions- gratuity	8.87	(0.17)	10.53	19.24
Provision for impairment of trade receivables and advances	31.76	16.39	-	48.15
Disallowed expenditure	28.86	11.89	-	40.75
Deferred tax liabilities on:				
Surrender value of keyman insurance policy	(13.66)	(1.77)	-	(15.43)
Fair valuation gains on mutual funds	(8.60)	(9.18)	-	(17.78)
Total	164.09	36.15	10.53	210.78

11. Other non-current assets

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2020	As at 31 March, 2019
Capital advances	12.15	1.46
Advances to related parties (corpus)	0.24	0.24
Prepaid rent	-	94.08
Others	0.76	1.42
Total	13.15	97.20

12 Inventories

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2020	As at 31 March, 2019
Reagents, chemicals, surgicals and laboratory supplies	546.14	268.25
Stores and others	3.87	9.83
Total	550.01	278.08

The Company's business does not involve any conversion process for materials. Reagents and chemicals are used to conduct various pathology and radiology tests and are consumed in the process.

The mode of valuation of inventories has been stated in note 2.11.

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13. Investments

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2020	As at 31 March, 2019
Investment in mutual funds (unquoted) carried at fair value through profit or loss		
Kotak Liquid Direct Growth Nil (31 March, 2019: 59,099.95) units of ₹ 1,000/- each	-	223.65
HDFC Short Term Opportunities Fund- Direct Plan- Growth Option Nil (31 March, 2019 :9,565,316.16) of ₹ 10/- each	-	199.25
SBI Premier Liquid Fund Direct Plan- Daily Dividend Nil (31 March, 2019: 181,060.61) units of ₹ 1,000/- each	-	181.65
ABSL Liquid Fund Direct Plan Growth Nil (31 March, 2019: 597,379.65) units of ₹ 100/- each	-	179.47
ICICI Prudential Liquid Fund-Direct Plan- Growth fund Nil (31 March, 2019: 556,362.28) units of ₹ 100/- each	-	153.79
Axis Liquid Fund- Direct Growth Nil (31 March, 2019: 78,316.93) units of ₹ 1,000/- each	-	162.39
Mahindra Liquid fund- Direct- Growth Nil (31 March, 2019: 92,900.51) units of ₹ 1,000/- each	-	112.54
JM Liquid Fund (Direct) - Growth Option Nil (31 March, 2019: 2,156,080.64) units of ₹ 10/- each	-	110.37
UTI Liquid Cash Plan- Direct Daily Dividend Plan Reinvestment Nil (31 March, 2019: 80,202.19) units of ₹ 1,000/- each	-	81.76
UTI Liquid Cash Plan- Direct Growth Plan nil (31 March, 2019: 24,974.60) units of ₹ 1,000/- each	-	76.44
Baroda Treasury Advantage Fund- Plan A Daily Dividend- Reinvestment Nil (31 March, 2019: 70,761.59) units of ₹ 1,000/- each	-	72.93
Invesco India Liquid Fund Plan Growth nil (31 March, 2019: 27,460.67) units of ₹ 1,000/- each	-	70.34
ICICI Prudential Floating Interest Fund- Direct Plan- Daily Dividend nil (31 March, 2019: 597,648.86) units of ₹ 100/- each	-	59.90
UTI Liquid Cash Plan- Regular Daily Dividend Plan Reinvestment nil (31 March, 2019: 50,911.35) units of ₹ 1,000/- each	-	51.90
Invesco India Liquid Fund Direct Plan Growth nil (31 March, 2019: 16,535.75) units of ₹ 1,000/- each	-	42.54
Baroda Pioneer Treasury Advantage Fund- Plan B Daily Dividend- Reinvestment nil (31 March, 2019: 37,478.65) units of ₹ 1,000/- each	-	37.82
UTI Overnight Fund Direct Growth 52,909.92 (31 March,2019: Nil) units of ₹ 1,000/- each	144.66	-
ICICI Prudential Overnight Fund Direct Plan Growth 944,817.33 (31 March, 2019: Nil) units of ₹ 100/- each	101.79	-
Axis Overnight Fund Direct Growth 103,614.48 (31 March, 2019: Nil) units of ₹ 1,000/- each	109.37	-
Axis Overnight Fund Regular Growth 137,343.91 (31 March, 2019: Nil) units of ₹ 1,000/- each	144.87	-
Invesco India Overnight Fund Regular Growth 118,964.52 (31 March, 2019: Nil) units of ₹ 1,000/- each	120.15	-
Mahindra Overnight Fund Direct Growth 96,843.12 (31 March, 2019: Nil) units of ₹ 1,000/- each	100.06	-
Kotak Overnight Fund Direct Plan Growth 331,561.67 (31 March, 2019: Nil) units of ₹ 1,000/- each	353.40	-
SBI Overnight Fund Regular Growth 18,786.15 (31 March, 2019: Nil) units of ₹ 1,000/- each	60.58	-
SBI Overnight Fund Direct Plan Growth 70,867.28 (31 March, 2019: Nil) units of ₹ 1,000/- each	230.58	-
HDFC Overnight Fund Direct Plan Growth Option 75,256.53 (31 March, 2019: Nil) units of ₹ 1,000/- each	223.45	-
Total	1,588.91	1,816.74

14. Trade receivables

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2020	As at 31 March, 2019
Trade receivables		
Secured, considered good	105.70	69.58
Unsecured, considered good	396.82	461.38
Credit impaired	158.39	132.43
	660.91	663.39
Less: Allowance for doubtful debts (expected credit loss allowance)	(158.39)	(132.43)
Total	502.52	530.96

The average credit period from service is 0-60 days. No interest is charged on the trade receivables for the amount overdue above the credit period. There are no customers who represent more than 5% of the total balance of trade receivables.

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The provision matrix at the end of the reporting period is as follows.

(in ₹ million, unless otherwise stated)

Age of receivables	As at 31 March, 2020	As at 31 March, 2019
0-90 days	462.13	468.71
90-180 days	55.63	92.45
180-360 days	63.11	64.79
More than 360 days	80.04	37.44
Total	660.91	663.39

Movement in the expected credit loss allowance

	Year ended 31 March, 2020	Year ended 31 March, 2019
Balance at beginning of the year	132.43	86.42
Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	25.96	46.01
Balance at end of the year	158.39	132.43

The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

Ageing

	Expected Credit loss(%)
0-90 days	3-6%
90-180 days	17-29%
180-360 days	34-56%
More than 360 days	61-100%

15a. Cash and cash equivalents

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2020	As at 31 March, 2019
Balances with banks		
- in current accounts	31.31	77.20
- in cash credit accounts	43.03	110.79
Deposit with maturity of less than 3 months	1,810.73	1,034.85
Cash on hand	7.36	16.64
Total	1,892.43	1,239.48

15b. Bank balances other than cash and cash equivalents

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2020	As at 31 March, 2019
Balance in unclaimed dividend accounts	0.52	0.20
Balance in escrow account*	1.44	1.44
Deposit with banks held as margin money deposits against guarantees	14.51	12.31
Deposit with maturity of 3-12 months	3,583.04	3,527.70
Total	3,599.51	3,541.65

*Escrow account includes application money received at the time of IPO.

16. Loans

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2020	As at 31 March, 2019
Loans to employees	9.04	9.35
Total	9.04	9.35

17. Other financial assets

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2020	As at 31 March, 2019
Deposit with others	128.59	80.69
Deposit with body corporates	-	204.36
Interest accrued on deposits	197.79	165.85
Total	326.38	450.90

18. Other current assets

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2020	As at 31 March, 2019
Balances with government authorities	3.04	3.37
Advances to suppliers	52.66	14.10
Other advances	8.00	4.23
Prepaid expenses	63.69	54.68
Prepaid rent	27.92	18.75
Total	155.31	95.13

19. Equity share capital

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2020	As at 31 March, 2019
Equity share capital	833.45	833.42
Authorised		
107,950,000 equity shares of ₹ 10 each (as at 31 March, 2019: 107,950,000 equity shares of ₹ 10 each)*	1,079.50	1,079.50
Issued, subscribed and fully paid-up		
83,344,877 equity shares of ₹ 10 each (as at 31 March, 2019: 83,341,610 equity shares of ₹ 10 each)W	833.45	833.42

Refer notes below

* Pursuant to the Scheme of Amalgamation ["the Scheme"] u/s 230 to 232 of the Companies Act, 2013 among the Company and its erstwhile wholly owned subsidiary company namely Delta Ria and Pathology Private Limited [Transferor Company] and the approval of National Company Law Tribunal of Delhi and Ahmedabad, the authorised share capital of the transferor Company has been merged with authorised share capital of the Company during the financial year ended 31 March 2019.

- (i) The reconciliation of the number of shares outstanding and the amount of share capital as at 31 March, 2020 and 31 March, 2019 is set out below:

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2020		As at 31 March, 2019	
	Number of shares	Amount	Number of shares	Amount
Equity share capital				
At the beginning of the year	83,341,610	833.42	83,332,744	833.33
Issued during the year	3,267	0.03	8,866	0.09
Outstanding at the end of the year	83,344,877	833.45	83,341,610	833.42

- (ii) Details of shares held by shareholders holding more than 5% of shares:

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2020		As at 31 March, 2019	
	Number of shares	% Holding	Number of shares	% Holding
(i) Dr Arvind Lal	26,980,443	32.37%	26,139,556	31.36%
(ii) Dr Vandana Lal	16,684,422	20.02%	15,931,893	19.12%
(iii) West Bridge Crossover Fund, LLC*			7,639,459	9.17%

*shareholding is less than 5% as at 31 March, 2020

- (iii) Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share, (Previous year ₹ 10 per share). Each holder of equity shares is entitled to one vote per equity share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

- (iv) Proposed dividends on equity shares

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2020	As at 31 March, 2019
Proposed dividend on equity shares for the year ended on 31 March 2020: Nil (31 March 2019: ₹ 3.50 per share)	-	291.70
Dividend distribution tax on proposed dividend	-	59.96
	-	351.66

- (v) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date including the current year:

Particulars	As at 31 March, 2020	As at 31 March, 2019
	No. of Shares	No. of Shares
Bonus equity shares of ₹ 10 each issued by the Company*	-	45,291,150
Bonus preference shares of ₹ 10 each issued by the Company*	-	22,471,020
Equity shares of ₹ 10 each issued on conversion of preference shares	26,632,320	26,632,320

* The number of shares are after considering the impact of sub-division of shares on 27 March, 2015 of ₹ 100 each into 10 shares of ₹ 10 each.

In addition, the Company has issued total 2,083,037 (31 March 2019: 3,030,890) equity shares of ₹ 10 each (after considering issue of bonus shares and sub-division of shares of ₹ 100 each into ₹ 10 each), including 1,136,997 (31 March, 2019: 1,918,757) equity shares issued to Dr Lal PathLabs Employee Welfare Trust, during the period of five years immediately preceding the reporting date on exercise of options granted under the Employee Share Option Plan, 2005 and 2010.

(vi) Share options granted under the Company's employee share options plans

- (a) The shareholders of the Company approved 'Dr. Lal PathLabs Private Limited Employee Stock Option Plan 2010' ("ESOP 2010") at the Annual General Meeting held on 20 August, 2010 to grant a maximum of 3,808,960 options (after considering bonus shares issued during the previous year and subdivision of shares of ₹ 100 each into 10 shares of ₹ 10 each) to specified categories of employees of the Company. Each option granted and vested under the ESOP 2010 shall entitle the holder to acquire 1 equity share of ₹ 10 each. As per resolution passed on 21 August, 2015, the Company approved to cease further grants under the ESOP 2010. Refer to note 45 for details of options granted, vested and issued under the ESOP 2010.
- (b) The shareholders of the Company approved 'Dr. Lal PathLabs Employees Restricted Stock Unit Plan 2016' ('RSU 2016') at the Annual General Meeting held on 28 July, 2016 to grant a maximum of 1,244,155 Restricted Stock Units ("RSUs") to key employees and directors of the Company. Each RSU granted and vested shall entitle the holder to acquire 1 equity share of ₹ 10 each. Refer to note 45 for details of RSUs granted, vested and issued under RSU 2016.

20. Other equity

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2020	As at 31 March, 2019
General reserve	606.73	523.90
Securities premium	927.95	927.62
Share option outstanding account	328.83	280.39
Retained earnings	7,735.64	7,049.22
Capital redemption reserve account	4.45	4.45
Treasury shares	(241.23)	(277.65)
Capital reserve	(33.00)	(33.00)
Total	9,329.37	8,474.93

(i) General reserve

(in ₹ million, unless otherwise stated)

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
Balance at the beginning of the year	523.90	488.71
Addition on share options exercised*	82.83	35.19
Balance at the end of the year	606.73	523.90

*Represents difference between the employee share based compensation cost booked and the average cost of equity shares issued under the share options scheme to the eligible employees.

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in general reserve will not be reclassified subsequently to profit or loss.

(ii) Securities premium

(in ₹ million, unless otherwise stated)

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
Balance at the beginning of the year	927.62	926.73
Additions during the year	0.33	0.89
Balance at the end of the year	927.95	927.62

Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

(iii) Share option outstanding account

(in ₹ million, unless otherwise stated)

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
Balance at the beginning of the year	280.39	179.37
Compensation options granted during the year	166.37	150.46
Options exercised	(117.93)	(49.44)
Balance at the end of the year	328.83	280.39

The above relates to share options granted by the Company under its employee share option plans. Upon exercise of the share options by the employees, the proportionate cost of shares exercised is transferred to General reserves after adjusting the cost of related treasury shares. Further information about share based payments to employees is set out in Note 45.

(iv) Retained earnings **(in ₹ million, unless otherwise stated)**

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
Balance at the beginning of the year	7,049.22	5,658.03
Profit for the year	2,231.80	1,954.38
Remeasurement of defined benefit obligation, net of income tax	(10.61)	(19.61)
Less: Appropriations		
Final dividend on equity shares ₹ 3.00 per share for the year ended 31 March 2018	-	(246.92)
Final dividend on equity shares ₹ 3.50 per share for the year ended 31 March 2019	(288.33)	
Tax on final equity dividend*	(56.55)	(47.98)
Interim dividend on equity shares ₹ 12.00 per share (Previous year ₹ 2.50 per share)	(989.25)	(205.85)
Tax on interim equity dividend**	(200.64)	(42.83)
Balance at the end of the year	7,735.64	7,049.22

*Tax on final equity dividend paid during the year is after adjusting corporate dividend tax of ₹ 3.41 million (previous year ended 31 March, 2019 ₹ 3.41) paid by a subsidiary company on dividend paid to the Company during the year.

**Tax on interim equity dividend paid during the year is after adjusting corporate dividend tax of ₹ 4.93 million (previous year ended 31 March, 2019 ₹ Nil) paid by a subsidiary company on dividend paid to the Company during the year.

In respect of the year ended 31 March, 2020, the directors propose that a dividend of Nil (previous year ended 31 March, 2019 ₹ 3.50 per share) to be paid on fully paid equity shares. This equity dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The proposed equity dividend is payable to all holders of fully paid equity shares. The total estimated equity dividend to be paid is Nil (previous year ₹ 291.70 million).

The amount that can be distributed by the Company as dividends to its equity shareholders is determined based on requirements of Companies Act, 2013. Refer Note 19(iv) for details of equity dividend declared.

(v) Capital redemption reserve account **(in ₹ million, unless otherwise stated)**

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
Balance at the beginning of the year	4.45	4.45
Additions during the year	-	-
Balance at the end of the year	4.45	4.45

The Company in the previous years had bought back its equity shares and as per requirement of erstwhile section 77 of Companies Act, 1956, nominal value of the shares so purchased was transferred to the capital redemption reserve account.

(vi) Treasury shares **(in ₹ million, unless otherwise stated)**

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
Balance at the beginning of the year	(277.65)	(292.43)
Change during the year	36.42	14.78
Balance at the end of the year	(241.23)	(277.65)

During the year ended 31 March, 2012, the Company had constituted Dr. Lal PathLabs Employee Welfare Trust ("EWT Trust") to acquire, hold and allocate/transfer equity shares of the Company to eligible employees from time to time on the terms and conditions specified under respective plans. The financial statements of the EWT Trust has been included in the financial statements of the Company, in accordance with the requirements of Ind AS.

Equity shares of the Company purchased from employees and secondary market from time to time in the earlier years and held by EWT as at 31 March, 2020 aggregated to 869,557 equity shares (31 March, 2019: 1,000,822 equity shares) of face value ₹ 10 each.

(vii) Capital reserve (in ₹ million, unless otherwise stated)

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
Balance at the beginning of the year	(33.00)	(33.00)
Balance at the end of the year	(33.00)	(33.00)

On approval of the Scheme of Amalgamation between the Company (Transferee Company) and its wholly owned subsidiary, by the name of Delta Ria and Pathology Private Limited (Transferor Company) by the Hon'ble New Delhi Bench and Hon'ble Ahmedabad Bench of the National Company Law Tribunal on 23 October 2018 and 11 December 2018 respectively, the difference between the carrying value of investments in the books of account of the Transferee Company and the amount of the net assets of Transferor Company has been adjusted in Capital reserve as stipulated in the scheme.

21. Other financial liabilities - non current

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2020	As at 31 March, 2019
Payment obligation-leasehold land	-	12.17
Lease liability	903.60	-
Total	903.60	12.17

22. Trade payables

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2020	As at 31 March, 2019
Total outstanding dues of micro enterprises and small enterprises	62.03	21.94
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,065.42	749.78
Total	1,127.45	771.72

Trade payables are non- interest bearing and are normally settled upto 30 days terms.

Based on the information available with the Company, the balance due to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 is ₹ 62.03 million (₹ 21.94 million on 31 March, 2019) and no interest has been paid or is payable during the year under the terms of the MSMED Act, 2006.

Disclosure under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED)

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2020	As at 31 March, 2019
a. Amounts payable to suppliers under MSMED (suppliers) as on last day		
Principal	62.03	21.94
Interest due thereon	-	-
b. Payments made to suppliers beyond the appointed day during the year		
Principal	-	-
Interest due thereon	-	-
c. Amount of interest due and payable for delay in payment (which have been paid but beyond the appointed day during the year) but without adding the interest under MSMED	-	-
d. Amount of interest accrued and remaining unpaid as on last day	-	-
e. Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

23. Other financial liabilities - current

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2020	As at 31 March, 2019
Lease Liability	345.42	-
Payable towards capital goods	64.13	44.78
Share application money refundable	1.44	1.44
Payment obligation-leasehold land	-	1.53
Security deposits received	286.48	237.15
Other payables	1.00	0.42
Total	698.47	285.32

24. Provisions

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2020	As at 31 March, 2019
Provision for employee benefits		
- Provision for compensated absences	94.36	75.97
- Provision for gratuity (Refer note 43)	49.88	55.03
Total	144.24	131.00

25. Other current liabilities

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2020	As at 31 March, 2019
Advances from customers	72.35	53.34
Statutory dues	55.42	39.88
Unearned revenue	11.69	12.38
Deferred revenue- security deposits	1.64	6.12
Total	141.10	111.72

26. Revenue from operations

(in ₹ million, unless otherwise stated)

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
Sale of services	12,733.99	11,648.45
Other operating revenues	1.99	0.54
Total	12,735.98	11,648.99

Revenue disaggregation as per geography has been included in segment information (Refer to note 37).

- (i) The Company generates its entire revenue from contracts with customers for the services at a point in time. The Company is engaged mainly in the business of running laboratories for carrying out pathological investigations of various branches of bio-chemistry, hematology, histopathology, microbiology, electrophoresis, immuno-chemistry, immunology, virology, cytology, other pathological and radiological investigations.

The Board of Directors of the Company, which has been identified as being the chief operating decision maker (CODM), evaluates the Company's performance, allocates resources based on the analysis of the various performance indicators of the Company as a single unit. Therefore no information has been disclosed in accordance with the requirements of Ind AS 108- 'Operating Segment Reporting'.

- (ii) Transaction price allocated to the remaining performance obligations

The Company has applied practical expedient in Ind AS 115 and has accordingly not disclosed information about remaining performance obligations which are part of the contracts that have original expected duration of one year or less and where the Company has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the entity's performance completed to date.

iii) Disclosure of contract balances (in ₹ million, unless otherwise stated)

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
Trade receivables (Refer to note 14)	502.52	530.96
Advances from customers (Refer to note 25)	72.35	53.34
Unearned revenue (Refer to note 25)	11.69	12.38
Total	586.56	596.68

iv) Movement in contract liabilities during the year: (in ₹ million, unless otherwise stated)

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2020
Balance at beginning of the year	12.38	-
Add: Addition during the year	(0.69)	12.38
Balance at end of the year	11.69	12.38

27. Other income

(in ₹ million, unless otherwise stated)

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
a) Interest income from		
- Bank deposits (at amortised cost)	428.68	286.17
- Deposits with body corporate (at amortised cost)	-	46.47
- Others	9.45	9.46
b) Dividend income from		
- Dividends from investments (at FVTPL)	6.81	56.97
- Dividend income from a subsidiary company	40.59	16.59
c) Others		
- Gain on sale or fair valuation of investments (at FVTPL)	79.33	35.47
- Surrender value of keyman insurance policy (at FVTPL)	5.31	6.40
- Sundry balances written back	1.39	3.04
- Profit on disposal of property, plant and equipment (net)	1.49	0.83
- Miscellaneous non operating income	3.04	3.54
Total	576.09	464.94

28. Cost of materials consumed

(in ₹ million, unless otherwise stated)

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
Inventories at the beginning of the year	268.25	255.43
Add : Purchases	3,146.57	2,562.45
Less : Inventories at the end of the year	(546.14)	(268.25)
Total	2,868.68	2,549.63

29. Employee benefits expense

(in ₹ million, unless otherwise stated)

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
Salaries, wages and bonus	1,957.44	1,710.69
Employee share based compensation	166.37	150.46
Contribution to provident and other funds	105.04	75.99
Gratuity expense	35.23	25.79
Staff welfare expenses	56.57	55.69
Total	2,320.65	2,018.62

30. Finance costs

(in ₹ million, unless otherwise stated)

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
Interest on lease liability	146.14	-
Interest others (Including ₹ Nil (31 March 2019: ₹ 0.06 million) on TDS)	0.46	7.43
Total	146.60	7.43

31. Depreciation and amortisation expense

(in ₹ million, unless otherwise stated)

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
Depreciation of property, plant and equipment	612.73	297.48
Amortisation of intangible assets	67.35	64.32
Total	680.08	361.80

32. Other expenses

(in ₹ million, unless otherwise stated)

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
Electricity and water charges	156.53	146.51
Rent	131.04	452.86
Rates and taxes	7.70	8.38
Insurance	44.03	38.86
Repairs and maintenance		
- Building	23.56	27.24
- Plant and equipment	90.11	63.40
- Others	194.70	156.21
Advertisement and sales promotion	331.69	347.13
Travelling and conveyance	313.18	301.44
Postage and courier	410.17	357.49
Communication costs	67.00	78.61
Commission to directors	9.29	7.61
Printing and stationery	95.67	78.29
Retainership fees to technical consultants	119.19	145.56
Director sitting fees	5.19	3.95
Legal and professional charges	137.74	139.97
Laboratory test charges	53.56	31.03
Payment to auditors (Refer note below)	9.74	11.06
Donation other than to political parties	0.43	0.16
Corporate social responsibility expense (Refer note 42)	52.28	45.02
Provision for impairment of trade receivables and advances	42.33	51.98
Bad debts / advances written off (net)	7.67	4.96
Miscellaneous expenses	269.29	272.53
Total	2,572.09	2,770.25

Note:

(i) Payments to the auditors comprise *

As auditors:

Audit fees	5.76	5.08
Limited review	1.77	1.53
Tax audit fees	0.44	0.41
Others	1.14	2.89
Reimbursement of expenses	0.63	1.15
Total	9.74	11.06

*including indirect taxes

33. Income tax

The Company is subject to Indian Income Tax Act, 1961. The Company is assessed for tax on taxable profits determined for each fiscal year beginning on 1 April and ending on 31 March.

Statutory income taxes are assessed based on book profits prepared under generally accepted accounting principles in India ("Indian GAAP") adjusted in accordance with the provisions of the (Indian) Income tax Act, 1961. Such adjustments generally relate to depreciation of property, plant and equipment, disallowances of certain provisions and accruals, deduction for tax holidays and similar exemptions, the use of tax losses carried forward and retirement benefit costs. Statutory income tax is charged at 22%(2018-19: 30%) plus a surcharge and education cess. The combined Indian statutory tax rate for the fiscal year 2018-19 was 34.944% and for the fiscal year 2019-20 was 25.168%.

The Company elected to exercise the option permitted under section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognised provision for income tax for the year ended and re-measured its deferred tax assets basis the rate prescribed in the said section.

Income tax returns submitted by companies are regularly subjected to a comprehensive review and challenge by the tax authorities.

33.1: Income tax recognised in Statement of Profit And Loss

(in ₹ million, unless otherwise stated)

	Year ended 31 March, 2020	Year ended 31 March, 2019
Current tax		
In respect of the current year	847.11	1,043.59
In respect of the prior years	(44.66)	(38.15)
	802.45	1,005.44
Deferred tax		
In respect of the current year	(112.58)	(53.34)
In respect of the prior years	105.84	17.19
	(6.74)	(36.15)
Total income tax expenses recognised in the current year	795.71	969.29

The income tax expense for the year can be reconciled to the accounting profit as follows:

(in ₹ million, unless otherwise stated)

	Year ended 31 March, 2020	Year ended 31 March, 2019
Profit before tax	3,027.51	2,923.67
Statutory tax rate	25.168%	34.944%
Income tax expenses calculated at 25.168% (2018-19: 34.944%)	761.96	1,021.65
Effect of change in tax rate	58.97	-
Effect of expenses that are not deductible in determining taxable profit	5.13	10.76
Tax difference on account of deduction under chapter VI-A	(12.77)	(23.68)
Non taxable income	(11.93)	(29.01)
Adjustments recognised in the current year in relation to taxes of previous years	2.21	(20.96)
Deferred tax on defined benefit obligation recognised in OCI	(4.29)	10.53
Notional income on account of IND As	(4.00)	-
Income taxable at different rate	0.43	-
Income tax expenses recognised in profit or loss	795.71	969.29

33.2: Income tax recognised in other comprehensive income

(in ₹ million, unless otherwise stated)

	Year ended 31 March, 2020	Year ended 31 March, 2019
Deferred tax		
Arising on income and expenses recognised in other comprehensive income		
Remeasurement of defined benefit obligation	4.29	10.53
	4.29	10.53

34. Earnings per equity share

(in ₹ million, unless otherwise stated)

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
Profit for the year - (in ₹ million)	2,231.80	1,954.38
Number of equity shares	83,344,877	83,341,610
Weighted average number of equity shares outstanding during the year	83,342,128	83,340,566
Weighted average shares held with the "Dr. Lal PathLabs Employee Welfare Trust"	945,937	1,017,473
Dilutive impact of share options outstanding	155,458	159,829
Basic earnings per share of ₹ 10 each	27.09	23.74
Diluted earnings per share of ₹ 10 each	27.04	23.69
Face value per share - (in ₹)	10	10

34.1 Reconciliation of weighted average number of ordinary shares used a denominator in calculating basic and diluted earnings per share

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
Weighted average number of shares for calculating basic earnings per share	82,396,191	82,323,093
Add : share options outstanding	155,458	159,829
Weighted average number of shares for calculating dilutive earnings per share	82,551,649	82,482,922

35. Capital and other commitments

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2020	As at 31 March, 2019
Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	85.77	9.12
Other Commitments*	-	-

* The Company has other commitments, for purchases/sales orders which are issued after considering requirements per operating cycle for purchase/sale of goods and services and employee benefits, in the normal course of business.

36. Contingent liabilities

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2020	As at 31 March, 2019
i) Claims against the Company not acknowledged as debts*	104.25	82.49

* 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.

37. Segment Reporting

The Company is engaged solely in the business of running laboratories for carrying out pathological investigations of various branches of bio-chemistry, hematology, histopathology, microbiology, electrophoresis, immuno-chemistry, immunology, virology, cytology, other pathological and radiological investigations.

The Board of Directors of the Company, which has been identified as being the chief operating decision maker (CODM), evaluates the Company's performance, allocates resources based on the analysis of the various performance indicators of the Company as a single unit. Therefore there is no reportable segment for the Company, in accordance with the requirements of Indian Accounting Standard 108-'Operating Segments', notified under the Companies (Indian Accounting Standard) Rules, 2015.

Information about geographical areas

- a) The Company is domiciled in India. The amount of its revenue from operations from external customers broken down by location of customers is tabulated below:

(in ₹ million, unless otherwise stated)

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
India	12,558.73	11,493.89
Outside India	177.25	155.10
Total	12,735.98	11,648.99

- b) The Company's non-current assets (excluding financial assets, non-current tax assets, deferred tax assets and certain other non-current assets) broken down by location of customers is tabulated below:

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2020	As at 31 March, 2019
India	3,090.35	1,759.68
Outside India	-	-
Total	3,090.35	1,759.68

c) Information about major customers

No single customer contributed more than 10% or more to the Company's revenue during the years ended 31 March, 2020 and 31 March, 2019.

38. During the year ended 31 March 2019, the Company has made a further investment of ₹ 24.58 million in this subsidiary, Dr. Lal Pathlabs Bangladesh Pvt. Ltd. through subscription of additional shares resulting in increase in shareholding by 1.83% to 71.83%.
39. During the previous year ended 31 March 2019, two new wholly owned subsidiaries, Dr. Lal Ventures Private Limited and PathLabs Unifiers Private Limited have been incorporated in India. The Company has subscribed to equity share capital amounting to ₹ 1.00 million in each of these subsidiaries.
- During the current year ended 31 March 2020, the Company has made a further investment of ₹ 599.00 million and ₹ 9.00 million in this subsidiary Company Pathlabs Unifiers Private Limited and Dr. Lal Ventures Private Limited respectively through subscription of additional shares.
40. During the current year, a new wholly owned foreign subsidiary, Dr. Lal Pathlabs Kenya Private Limited has been incorporated in Kenya. The Company has subscribed to equity share capital amounting to KES 10 million (₹ 7.10 million) consisting of 9,880 shares of KES 100.
41. The Board of Directors of the company in their meeting held on 3 February, 2020 have approved the "Scheme of Amalgamation" of APL Institute of Clinical Laboratory & Research Private Limited (APL), a wholly owned subsidiary, with the Company w.e.f. 1 April, 2020 (the appointed date). As per the said scheme the undertaking of this company shall stand transferred to and vested in the Company on a going concern basis without any further act, deed of matter. The scheme of amalgamation is subject to approval by the National Company Law Tribunal and other statutory approvals.
42. In light of Section 135 of the Companies Act, 2013, the Company has incurred expenses on Corporate Social Responsibility (CSR) aggregating to ₹ 52.28 Million (Previous year ₹ 45.02 Million) for CSR activities.

(in ₹ million, unless otherwise stated)

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
a) Gross amount required to be spent by the Company during the year	52.28	45.02
b) Amount spent during the year on the following in cash		
i. Construction/ acquisition of any asset	Nil	Nil
ii. On purpose other than (i) above	52.28*	45.02*

* The Company has contributed ₹ 52.28 Million (Previous year ₹ 45.02 Million) to "Lal PathLabs Foundation" (formerly known as "Dr. Lal PathLabs Welfare Trust") which is carrying out Corporate Social Responsibility (CSR) activities on behalf of the Company, as mentioned in Schedule VII of Companies Act, 2013.

43. Employee benefit plans

43.1 Defined contribution plans

The Company operates defined contribution retirement benefit plans for all its qualifying employees. Where employees leave the plans prior to full vesting of the contributions, the contributions payable by the Company are reduced by the amount of forfeited contributions.

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

The total expense recognised in profit or loss of ₹ 90.75 million (for the year ended 31 March, 2019: ₹ 51.26 million) represents contributions payable to provident fund by the Company at rates specified in the rules of the plans. As at 31 March, 2020, contributions of ₹ 15.63 million (as at 31 March, 2019: ₹ 15.47 million) due in respect of the reporting period had not been paid over to the plans. The amounts were paid subsequent to the end of the respective reporting periods.

43.2 Defined benefit plans

Gratuity: The Company operates a funded gratuity benefit plan. Gratuity liability arises on retirement, withdrawal, resignation, and death of an employee. The aforesaid liability is calculated on the basis of 15 days salary for each completed year of service, subject to a maximum of ₹ 2.00 million. Vesting occurs upon completion of 4.5 years of service.

The present value of the defined benefit obligation and the related current service cost are measured using the Projected Unit Credit method with actuarial valuations being carried out at each balance sheet date.

43.3 The Company is exposed to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. When there is a deep market for such bonds; if the return on plan assets is below this rate, it will create a plan deficit. Currently, for these plans, investments are made in Insurer managed funds.
Interest risk	A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

43.4 Actuary assumptions - Gratuity:

Date of Valuation	Refer note below	As at 31 March, 2020	As at 31 March, 2019
Discount rate (per annum)	1	6.70%	7.39%
Rate of salary increase (per annum)	2	9-12%	5-9%
Rate of return (per annum)	3	6.70%	7.39%
Retirement age		60 years	60 years
Attrition rate		2-14%	10-15%
Mortality table		Indian Assured Lives Mortality (2012-2014)	Indian Assured Lives Mortality (2006-2008)

Notes:

- The discount rate is based on the prevailing market yield of India Government securities as at the balance sheet date for the estimated term of obligations.
- The estimate of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.
- The expected return is based on the expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

43.5 Amounts recognised in the financial statements before allocation in respect of these defined benefit plan are as follows:

Particulars	(in ₹ million, unless otherwise stated)	
	Year ended 31 March, 2020	Year ended 31 March, 2019
Service cost :		
Current service cost	30.70	22.81
Past service cost and (gain)/loss from settlements	-	-
Net interest expense	4.53	2.98
Components of defined benefit costs recognised in employee benefit expenses	35.23	25.79
Remeasurement on the net defined benefit liability:		
Return on plan assets (excluding amounts included in net interest expense)	(1.79)	(1.50)
Actuarial (gains)/losses arising from changes in demographic assumptions	2.95	2.94
Actuarial (gains)/losses arising from changes in financial assumptions	17.59	(28.02)
Actuarial (gains)/losses arising from experience adjustments	(3.85)	56.72
Components of remeasurement	14.90	30.14
Total	50.13	55.93

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

Particulars	(in ₹ million, unless otherwise stated)	
	Year ended 31 March, 2020	Year ended 31 March, 2019
Opening defined benefit obligation	174.32	115.91
Current service cost	30.70	22.81
Interest cost	13.34	9.31
Remeasurement (gains)/losses:		
Actuarial gains and losses arising from changes in demographic assumptions	2.95	2.94
Actuarial gains and losses arising from changes in financial assumptions	17.59	(28.02)
Actuarial gains and losses arising from experience adjustments	(3.85)	56.72
Past service cost, including losses/(gains) on curtailments	-	-
Benefits paid	(10.04)	(5.35)
Closing defined benefit obligation	225.01	174.32

43.7 The amount included in the Standalone Balance sheet arising from the entity's obligation in respect of its defined benefit plan is as follows :

Particulars	(in ₹ million, unless otherwise stated)	
	As at 31 March, 2020	As at 31 March, 2019
Present value of funded defined benefit obligation	225.01	174.32
Fair value of plan assets	175.13	119.29
Net liability arising from defined benefit obligation	49.88	55.03

43.8 Movements in the fair value of the plan assets are as follows :

Particulars	(in ₹ million, unless otherwise stated)	
	Year ended 31 March, 2020	Year ended 31 March, 2019
Opening fair value of plan assets	119.29	90.27
Interest income	8.82	6.33
Remeasurement gain (loss):		
Return on plan assets (excluding amounts included in net interest expense)		
Actuarial gain/ (loss) on plan assets	1.79	1.50
Contributions from the employer	56.60	25.70
Benefits paid	(11.37)	(4.51)
Closing fair value of plan assets	175.13	119.29

Expected contribution in respect of Gratuity for next year will be ₹ 49.88 million (For the year ended 31 March, 2019 ₹ 55.00 million)

43.9 The fair value of the plan assets at the end of the reporting period for each category, are as follows.

Particulars	(in ₹ million, unless otherwise stated)	
	As at 31 March, 2020	As at 31 March, 2019
Insurer managed funds	175.13	119.29

43.10 Sensitivity analysis

Below is the sensitivity analysis determined for significant actuarial assumptions for the determination of defined benefit obligations and based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period while holding all other assumptions constant.

Particulars	(in ₹ million, unless otherwise stated)	
	As at 31 March, 2020	As at 31 March, 2019
Discount rate		
- Impact due to increase of 100 basis points	(14.90)	(9.71)
- Impact due to decrease of 100 basis points	16.94	10.43
Salary increase		
- Impact due to increase of 100 basis points	13.78	10.40
- Impact due to decrease of 100 basis points	(13.23)	(9.05)
Withdrawal Rate		
- Impact due to 25% increase	(6.90)	(0.34)
- Impact due to 25% decrease	8.18	0.44

44. Financial instruments

(a) Capital management

The Company's objectives when managing capital is to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders.

In order to maintain or adjust the capital structure, the Company adjusts the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Company has investments in fixed deposits with banks, corporates and in mutual fund schemes wherein underlying portfolio is spread across securities issued by different issuers having different credit ratings. The credit risk of investments in debt mutual fund schemes is managed through investment policies and guidelines requiring adherence to stringent credit control norms based on external credit ratings.

The Company has no outstanding debt as at the end of reporting periods. Accordingly, the Company has not calculated gearing ratio as at 31 March, 2020 and 31 March, 2019.

(b) Financial risk management objective and policies

This section gives an overview of the significance of financial instruments for the Company and provides additional information on the balance sheet. Details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2.

Financial assets and liabilities:

The accounting classification of each category of financial instruments, and their carrying amounts, are set out below:

As at 31 March, 2020

(in ₹ million, unless otherwise stated)

Financial assets	FVTPL	FVTOCI	Amortised cost	Total	Carrying value
Investments	1,588.91	-	-	1,588.91	1,588.91
Trade receivables	-	-	502.52	502.52	502.52
Cash and cash equivalents	-	-	1,892.43	1,892.43	1,892.43
Bank balances other than cash and cash equivalents above	-	-	3,599.51	3,599.51	3,599.51
Loans	-	-	9.30	9.30	9.30
Other financial assets	30.39	-	427.31	457.70	457.70
Total	1,619.30	-	6,431.07	8,050.37	8,050.37

Financial liabilities	FVTPL	FVTOCI	Amortised cost	Total	Carrying value
Trade payables	-	-	1,127.45	1,127.45	1,127.45
Other financial liabilities	-	-	1,602.07	1,602.07	1,602.07
Total	-	-	2,729.52	2,729.52	2,729.52

As at 31 March, 2019

(in ₹ million, unless otherwise stated)

Financial assets	FVTPL	FVTOCI	Amortised cost	Total	Carrying value
Investments	1,816.74	-	-	1,816.74	1,816.74
Trade receivables	-	-	530.96	530.96	530.96
Cash and cash equivalents	-	-	1,239.48	1,239.48	1,239.48
Bank balances other than cash and cash equivalents above	-	-	3,541.65	3,541.65	3,541.65
Loans	-	-	9.40	9.40	9.40
Other financial assets	44.14	-	594.01	638.15	638.15
Total	1,860.88	-	5,915.50	7,776.38	7,776.38

Financial liabilities	FVTPL	FVTOCI	Amortised cost	Total	Carrying value
Trade payables	-	-	771.72	771.72	771.72
Other financial liabilities	-	-	297.49	297.49	297.49
Total	-	-	1,069.21	1,069.21	1,069.21

Investment in subsidiaries are financial assets, however they are not included in the above table, since they are measured at cost.

(c) Fair value measurement

This note provides information about how the Company determines fair values of various financial assets.

(in ₹ million, unless otherwise stated)

Financial assets	Fair value		Fair value hierarchy	Valuation technique(s) and key input(s)
	As at 31 March, 2020	As at 31 March, 2019		
Current investments:				
Investment in mutual funds*	1,588.91	1,816.74	Level II	NAV declared by respective Asset Management Companies.
Surrender value of keyman insurance policy	30.39	44.14	Level II	Surrender value declared by insurance companies

* Short-term marketable securities not traded in active markets are determined by reference to quotes from the financial institutions; for example: Net asset value (NAV) for investments in mutual funds declared by mutual fund house.

Fair value of financial assets and financial liabilities that are not measured at fair value

Management considers that the carrying amounts of financial assets and financial liabilities recognised in the Standalone Financial Statements, except note no. 6, approximate their fair values.

(d) Risk management framework

The Company's business is subject to several risks and uncertainties including financial risks. The Company's documented risk management policies act as an effective tool in mitigating the various financial risks to which the business is exposed to in the course of their daily operations. The risk management policies cover areas such as liquidity risk, interest rate risk, counterparty and concentration of credit risk and capital management. Risks are identified through a formal risk management programme with active involvement of senior management personnel and business managers. The Company's risk management process is in line with the corporate policy. Each significant risk has a designated 'owner' within the Company at an appropriate senior level. The potential financial impact of the risk and its likelihood of a negative outcome are regularly updated.

The risk management process is coordinated by the Management Assurance function and is regularly reviewed by the Company's Audit Committee. The overall internal control environment and risk management programme including financial risk management is reviewed by the Audit Committee on behalf of the board.

The risk management framework aims to:

- improve financial risk awareness and risk transparency
- identify, control and monitor key risks
- identify risk accumulations
- provide management with reliable information on the Company's risk situation
- improve financial returns

Treasury management

The Company's treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyses exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

Treasury management focuses on capital protection, liquidity maintenance and yield maximisation.

Financial risk

The Company's Board of Directors approves financial risk policies comprising liquidity, foreign currency, interest rate and counterparty credit risk. The Company does not engage in the speculative treasury activity but seeks to manage risk and optimise interest through proven financial instruments.

(i) Liquidity risk

The Company requires funds for short-term operational needs and has been rated by CRISIL Limited (CRISIL) for its banking facilities.

The Company remains committed to maintaining a healthy liquidity, gearing ratio and strengthening the balance sheet. The maturity profile of the Company's financial liabilities and realisability of financial assets based on the remaining period from the date of balance sheet to the contractual maturity date is given in the table below. The figures reflect the contractual cash obligation of the Company.

(in ₹ million, unless otherwise stated)

	As at 31 March, 2020				
	<1 year	1-3 Years	3-5 Years	> 5 Years	Total
<u>Non-current</u>					
Other non current financial liabilities	-	456.13	277.88	169.59	903.60
<u>Current</u>					
Trade payables	1,127.45	-	-	-	1,127.45
Other current financial liabilities	698.47	-	-	-	698.47
Total	1,825.92	456.13	277.88	169.59	2,729.52

(in ₹ million, unless otherwise stated)

	As at 31 March, 2019				
	<1 year	1-3 Years	3-5 Years	> 5 Years	Total
Non-current					
Other non current financial liabilities	-	3.05	3.05	12.17	18.27
Current					
Trade payables	771.72	-	-	-	771.72
Other current financial liabilities	285.32	-	-	-	285.32
Total	1,057.04	3.05	3.05	12.17	1,075.31

As at 31 March, 2020, the Company had access to funding facilities of ₹ 100 million (entire amount not drawn) as set out below:

(in ₹ million, unless otherwise stated)

	Total Facility	Drawn	Undrawn
Secured cash credit facility at variable rate of interest, reviewed annually and payable at call	100.00	-	100.00
Total	100.00	-	100.00

As at 31 March, 2019, the Company had access to funding facilities of ₹ 100 million (entire amount not drawn) as set out below:

(in ₹ million, unless otherwise stated)

	Total Facility	Drawn	Undrawn
Secured cash credit facility at variable rate of interest, reviewed annually and payable at call	100.00	-	100.00
Total	100.00	-	100.00

(ii) **Interest rate risk**

Fixed rate financial assets are largely interest bearing fixed deposits held by the Company. The returns from these financial assets are linked to bank rate notified by Reserve Bank of India as adjusted on periodic basis. The Company does not charge interest on overdue trade receivables. Trade payables are non interest bearing and are normally settled up to 30 days terms. Mutual fund investments have debt securities as underlying assets and are exposed to floating interest rates.

The exposure of the Company's financial assets as at 31 March, 2020 to interest rate risk is as follows:

(in ₹ million, unless otherwise stated)

	Floating rate	Fixed rate	Non interest bearing	Total
Non-current				
Loans	-	-	0.26	0.26
Other financial assets	-	100.70	30.62	131.32
	-	100.70	30.88	131.58
Current				
Investments	1,588.91	-	-	1,588.91
Trade receivables	-	-	502.52	502.52
Cash and cash equivalents	-	1,810.73	81.70	1,892.43
Bank balances other than cash and cash equivalents above	-	3,597.55	1.96	3,599.51
Loans	-	-	9.04	9.04
Other financial assets	-	-	326.38	326.38
	1,588.91	5,408.28	921.60	7,918.79
Total	1,588.91	5,508.98	952.48	8,050.37
Range of interest rate applicable	-	5.00% - 7.95% p.a.	-	

The exposure of the Company's financial liabilities as at 31 March, 2020 to interest rate risk is as follows:

(in ₹ million, unless otherwise stated)				
	Floating rate	Fixed rate	Non interest bearing	Total
Non-current				
Other financial liabilities	-	-	903.60	903.60
	-	-	903.60	903.60
Current				
Trade payables	-	-	1,127.45	1,127.45
Other financial liabilities	-	-	698.47	698.47
	-	-	1,825.92	1,825.92
Total	-	-	2,729.52	2,729.52

The exposure of the Company's financial assets as at 31 March, 2019 to interest rate risk is as follows:

(in ₹ million, unless otherwise stated)				
	Floating rate	Fixed rate	Non interest bearing	Total
Non-current				
Loans	-	-	0.05	0.05
Other financial assets	-	106.54	80.71	187.25
	-	106.54	80.76	187.30
Current				
Investments	1,816.74	-	-	1,816.74
Trade receivables	-	-	530.96	530.96
Cash and cash equivalents	-	1,034.85	204.63	1,239.48
Bank balances other than cash and cash equivalents above	-	3,540.01	1.64	3,541.65
Loans	-	-	9.35	9.35
Other financial assets	-	204.36	246.54	450.90
	1,816.74	4,779.22	993.12	7,589.08
Total	1,816.74	4,885.76	1,073.88	7,776.38
Range of interest rate applicable	-	5.25% - 8.68% p.a.	-	-

The exposure of the Company's financial liabilities as at 31 March, 2019 to interest rate risk is as follows:

(in ₹ million, unless otherwise stated)				
	Floating rate	Fixed rate	Non interest bearing	Total
Non-current				
Other financial liabilities	-	-	12.17	12.17
	-	-	12.17	12.17
Current				
Trade payables	-	-	771.72	771.72
Other financial liabilities	-	-	285.32	285.32
	-	-	1,057.04	1,057.04
Total	-	-	1,069.21	1,069.21

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates at the end of the reporting period. For floating rate assets, the analysis is prepared assuming the amount of the assets balance at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

Particulars	(in ₹ million, unless otherwise stated)	
	Year ended 31 March, 2020	Year ended 31 March, 2019
Impact on profit or loss for the year for increase in interest rate	27.54	16.63
Impact on profit or loss for the year for decrease in interest rate	(27.54)	(16.63)

(iii) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and after obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company is exposed to credit risk for receivables, cash and cash equivalents, bank balances other than cash and cash equivalents, investments and loans.

Credit risk management considers available reasonable and supportable forward-looking information including indicators like external credit rating (as far as available), macro-economic information (such as regulatory changes, government directives, market interest rate).

Only high rated banks are considered for placement of deposits. Bank balances are held with reputed and creditworthy banking institutions.

For short-term investments, counterparty limits are in place to limit the amount of credit exposure to any one counterparty. Defined limits are in place for exposure to individual counterparties in case of mutual funds schemes.

None of the Company's cash equivalents are past due or impaired. Regarding trade and other receivables, the Company has accounted for impairment based on expected credit losses method as at 31 March, 2020 and 31 March, 2019 based on expected probability of default.

(iv) Price risks

The sensitivity of profit or loss in respect of investments in mutual funds at the end of the reporting period for +/-5% change in net asset value is presented below:

Profit before tax for the year ended 31 March, 2020 would increase/decrease by ₹ 79.45 million (for the year ended 31 March, 2019 would increase/ decrease by ₹ 90.84 million) as a result of the changes in net asset value of investment in mutual funds.

45. Share based payments

45.1 Employee Share Option Plan-2010

45.1.1 Details of employee share based plan of the Company

The shareholders of the Company approved 'Dr. Lal PathLabs Private Limited Employee Stock Option Plan 2010' ("ESOP 2010") at the Annual General Meeting held on 20 August, 2010 to grant a maximum of 3,808,960 options to specified categories of employees of the Company. Each option granted and vested under the ESOP 2010 shall entitle the holder to acquire 1 equity share of ₹ 10 each. The Company had granted 3,730,340 options till the year ended 31 March, 2015, all of which have all been vested as at 31 March 2019. As per resolution passed on 21 August, 2015, the Company approved to cease any further grants under the ESOP 2010.

The following ESOP 2010 tranches were in existence during the current year:

Grant date	Number	Expiry date	Exercise price	Fair Value at grant date (in ₹)
1 September, 2010	2,972,160	Refer Note 1 below	110.80	168.92
23 January, 2015	162,180	Refer Note 1 below	311.30	490.42

Note 1: All options vest after 48-60 months from date of grant subject to satisfaction of vesting conditions. The exercise period is five years from the date on which the Company's shares were listed on a recognised stock exchange in India or a period of 10 years from date of respective vesting, whichever period ends later. Options not exercised within exercise period lapses.

45.1.2 Fair value of share options granted in the year

There were no options granted during the years ended 31 March, 2020 and 31 March, 2019.

45.1.3 Movements in share options during the year

The reconciliation of share options outstanding at the beginning and end of the year:

Particulars	2019-20		2018-19	
	Number of options	Weighted average exercise price (in ₹)	Number of options	Weighted average exercise price (in ₹)
Balance at beginning of year	145,250	306.79	154,116	292.52
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	3,267	110.80	8,866	110.80
Expired during the year	-	-	-	-
Balance at end of year	141,983	311.30	145,250	306.79

45.1.4 Share options exercised during the year

The following share options were exercised during the year:

Grant Date	Number exercised	Exercise date	Share price at exercise date
1 September, 2010	3,267	17-12-2019	1453.25

45.1.5 Share options outstanding at the end of the year

The share options outstanding at the end of the year has a weighted average exercise price of ₹ 311.30 (as at 31 March, 2019: ₹ 306.79) and a weighted average remaining contractual life of 7.13 years (as at 31 March, 2019: 8.29 years)

45.2 Restricted Share Option Plan

45.2.1 Details of employee share based plan of the Company

The shareholders of the Company approved 'Dr. Lal PathLabs Employees Restricted Stock Unit Plan 2016' ('RSU 2016') at the Annual General Meeting held on 28 July, 2016 to grant a maximum of 12,44,155 Restricted Stock Units ("RSUs") to key employees and directors of the Company. Each RSU granted and vested shall entitle the holder to acquire 1 equity share of ₹ 10 each. Under RSU 2016, for the performance year 2016-17, options of ₹ 10 each granted to eligible employees is 225,000 out of which 6,225 options were forfeited on non satisfaction of vesting conditions. For the performance year 2017-18, options of ₹ 10 each granted to eligible employees is 225,716 and 9,602 options were forfeited on non satisfaction of vesting conditions. Further, for the performance year 2018-19, options of ₹ 10 each granted to eligible employees is 219,132 and 28,498 options were forfeited on non satisfaction of vesting conditions.

Further, for the performance year 2019-20, options of ₹ 10 each granted to eligible employees is 213,841 and 27,631 options were forfeited on non satisfaction of vesting conditions. The Company has accounted for the expense of options proportionately for the period under employee cost on the basis of weighted average fair value.

The following share-based payment arrangements were in existence during the current and prior years:

Option series	Number	Grant date	Expiry date	Exercise Price (in ₹)	Fair Value at grant date (in ₹)
Series 1	203,400	29 July, 2016	Refer Note 1 below	10.00	943.00
Series 2	3,600	1 August, 2016	Refer Note 1 below	10.00	953.59
Series 3	8,000	21 September, 2016	Refer Note 1 below	10.00	1,182.34
Series 4	10,000	10 October, 2016	Refer Note 1 below	10.00	1,030.56
Series 5	214,716	7 August, 2017	Refer Note 1 below	10.00	795.15
Series 6	11,000	8 February, 2018	Refer Note 1 below	10.00	854.73
Series 7	210,132	10 August, 2018	Refer Note 1 below	10.00	908.45
Series 8	9,000	6 November, 2018	Refer Note 1 below	10.00	855.73
Series 9	213,841	13 August, 2019	Refer Note 1 below	10.00	1,045.81

Note 1: All options vest after 1 year but within 4 years of date of grant subject to satisfaction of vesting conditions. The exercise period is five years from the date of respective vesting or such other shorter period as may be decided by the Nomination and Remuneration Committee from time to time. Options not exercised within the exercise period lapse.

45.2.2 Fair value of share options granted in the year

The fair value of the options, calculated by an external valuer, was estimated on the date of grant using the Black-Scholes model with the following significant assumptions:

Option Series	Series 1	Series 2	Series 3	Series 4	Series 5	Series 6	Series 7	Series 8	Series 9
Grant date share price	961.75	972.50	1,201.35	1,049.65	814.25	873.40	939.45	886.75	1,086.45
Exercise price (in ₹)	10	10	10	10	10	10	10	10	10
Expected volatility	31.58%	31.58%	31.58%	31.58%	31.48%	21.71%	22.33%	25.66%	31.79%
Option life	6-9 Years	6-9 Years	6-9 Years	6-9 Years	6-9 Years	6-9 Years	6-9 Years	6-9 Years	6-9 Years
Dividend yield	0.18%	0.18%	0.15%	0.17%	0.22%	0.20%	0.35%	0.37%	0.41%
Risk-free interest rate	7.32%-7.36%	7.29%-7.35%	6.90%-7.18%	6.76%-6.96%	6.65%-6.96%	7.73%-8.03%	7.99%-8.19%	7.92%-8.01%	6.69%-6.98%

45.2.3 Movements in share options during the year

The following reconciles the share options outstanding at the beginning and end of the year:

Particulars	2019-20		2018-19	
	Number of options	Weighted average exercise price (in ₹)	Number of options	Weighted average exercise price (in ₹)
Balance at beginning of year	548,656	10.00	411,298	10.00
Granted during the year	213,841	10.00	219,132	10.00
Forfeited during the year	27,631	10.00	28,498	10.00
Exercised during the year	131,265	10.00	53,276	10.00
Expired during the year	-	-	-	-
Balance at end of year	603,601	10.00	548,656	10.00

45.2.4 Share options exercised during the year

The following share options were exercised during the year.

Option series	Number exercised	Exercise date	Share price at exercise date
Series 1	62,018	Various dates	Various prices
Series 2	183	07-03-2020	1671.73
Series 3	2,000	Various dates	Various prices
Series 4	2,500	Various dates	Various prices
Series 5	41,868	Various dates	Various prices
Series 6	2,200	Various dates	Various prices
Series 7	19,146	Various dates	Various prices
Series 8	1,350	Various dates	Various prices
Series 9	-	-	-

45.2.5 Share options outstanding at the end of the year

The share options outstanding at the end of the year has a weighted average exercise price of ₹ 10 (as at 31 March, 2019: ₹ 10) and a weighted average remaining contractual life of 6.37 years (as at 31 March, 2019: 6.45 years)

46. Related Party Disclosures

I. Names of related parties and related party relationship

a. Related parties where control exists

Subsidiaries held directly

- 1 Paliwal Diagnostics Private Limited
- 2 Paliwal Medicare Private Limited
- 3 Dr. Lal PathLabs International B.V.
- 4 APL Institute of Clinical Laboratory & Research Private Limited
- 5 Dr. Lal PathLabs Nepal Private Limited
- 6 Dr. Lal PathLabs Bangladesh Pvt. Ltd
- 7 Pathlabs Unifiers Private Limited
- 8 Dr. Lal Ventures Private Limited
- 9 Dr. Lal Pathlabs Kenya Private Limited (incorporated on 6 August, 2019)

Subsidiaries held indirectly

- 1 Centrapath Labs Private Limited (w.e.f 7th August,2019)
- 2 APRL PathLabs Private Limited (w.e.f 13 November, 2019)

b. Entities in which key managerial personnel can exercise significant influence

- 1 Central Clinical Laboratory
- 2 Eskay House HUF - Dr. Arvind Lal
- 3 New Delhi Centre for Sight Limited

c. Key managerial personnel

- 1 (Hony) Brig. Dr. Arvind Lal - Chairman and Managing Director upto 31 March,2020 (Executive Chairman w.e.f 1 April, 2020)
- 2 Dr. Vandana Lal – Director
- 3 Dr. Om Prakash Manchanda - Chief Executive Officer upto 31 March, 2020 (Managing Director w.e.f 1 April, 2020)
- 4 Mr. Ved Prakash Goel - Chief Financial Officer (w.e.f 10 August, 2018)
- 5 Mr. Rajat Kalra - Company Secretary
- 6 Mr. Dilip Bidani - Chief Financial Officer (upto 9 August 2018)

d. Relatives of key management personnel

- 1 Dr. Archana Lal Erdmann
(Daughter of (Hony) Brig. Dr. Arvind Lal and Dr. Vandana Lal)
- 2 Mr. Anjaneya Lal
(Son of (Hony) Brig. Dr. Arvind Lal and Dr. Vandana Lal)

e. Other related parties

- 1 Lal Pathlabs Foundation (formerly Dr. Lal PathLabs Welfare Trust)
(Trust to manage and administer corporate social responsibilities of the Group under the Companies Act, 2013)
- 2 Dr. Lal Pathlabs Limited Group Gratuity Trust (formerly Dr. Lal Pathlabs Private Limited Group Gratuity Trust)
(Trust to manage and administer gratuity liability of the Company)

II. Transactions/Outstanding balances with related parties during the year

(Figures in bracket relates to previous year)
(in ₹ million, unless otherwise stated)

Particulars	Subsidiaries	Entities in which Key Management Personnel can exercise significant influence	Key Management Personnel	Relatives of key management personnel	Other related parties	Grand Total
A. Transactions during the year						
i. Sale of services						
	Paliwal Diagnostics Private Limited	-	-	-	-	8.76
	(7.24)	(-)	(-)	(-)	(-)	(7.24)
	Dr. Lal PathLabs Nepal Private Limited	-	-	-	-	23.54
	(17.71)	(-)	(-)	(-)	(-)	(17.71)
	Dr. Lal PathLabs Bangladesh Pvt. Ltd.	-	-	-	-	23.51
	(18.58)	(-)	(-)	(-)	(-)	(18.58)
	Lal Pathlabs Foundation	-	-	-	0.31	0.31
	(formerly Dr. Lal PathLabs Welfare Trust)	(-)	(-)	(-)	(1.44)	(1.44)
	Pathlabs Unifiers Private Limited	1.13	-	-	-	1.13
	(-)	(-)	(-)	(-)	(-)	(-)
	APRL PathLabs Private Limited	0.34	-	-	-	0.34
	(-)	(-)	(-)	(-)	(-)	(-)
	Centrapath Labs Private Limited	0.56	-	-	-	0.56
	(-)	(-)	(-)	(-)	(-)	(-)
Total	57.84	-	-	-	0.31	58.15
	(43.53)	(-)	(-)	(-)	(1.44)	(44.97)
ii. Laboratory test charges						
	Paliwal Diagnostics Private Limited	-	-	-	-	13.59
	(9.25)	(-)	(-)	(-)	(-)	(9.25)
	APRL PathLabs Private Limited	0.05	-	-	-	0.05
	(-)	(-)	(-)	(-)	(-)	(-)
	New Delhi Centre for Sight Limited	-	0.02	-	-	0.02
	(-)	(-)	(-)	(-)	(-)	(-)
Total	13.64	0.02	-	-	-	13.61
	(9.25)	(-)	(-)	(-)	(-)	(9.25)
iii. Sale of property, plant and equipments						
	Paliwal Diagnostics Private Limited	-	-	-	-	-
	(0.38)	(-)	(-)	(-)	(-)	(0.38)
	Dr. Lal Ventures Private Limited	2.69	-	-	-	2.69
	(-)	(-)	(-)	(-)	(-)	(-)
Total	2.69	-	-	-	-	2.69
	(0.38)	(-)	(-)	(-)	(-)	(0.38)

(Figures in bracket relates to previous year)
(in ₹ million, unless otherwise stated)

Particulars	Subsidiaries	Entities in which Key Management Personnel can exercise significant influence	Key Management Personnel	Relatives of key management personnel	Other related parties	Grand Total
iv. Purchase of property, plant and equipment						
APL Institute of Clinical Laboratory & Research Private Limited	(0.90)	(-)	(-)	(-)	(-)	(0.90)
Dr. Vandana Lal	-	-	7.50	-	-	7.50
Total	(0.90)	(-)	(8.00)	(-)	(-)	(8.90)
v. Compensation of Key Managerial Personnel and their relatives						
The remuneration of key managerial personnel during the year was as follows:						
- Short term employee benefits	-	-	92.98	2.18	-	95.16
- Post employment benefits*	(-)	(-)	(96.41)	(2.03)	(-)	(98.44)
- Share based payments to employees**	(-)	(-)	(1.21)	(-)	(-)	(1.21)
	-	-	113.21	-	-	113.21
	(-)	(-)	(17.82)	(-)	(-)	(17.82)
Total	(-)	(-)	206.19	2.18	(-)	208.37
	(-)	(-)	(115.44)	(2.03)	(-)	(117.47)
vi. Reimbursement of expenses						
APL Institute of Clinical Laboratory & Research Private Limited	0.58	-	-	-	-	0.58
Dr. Lal PathLabs Ventures Private Limited	(0.72)	(-)	(-)	(-)	(-)	(0.72)
PathLabs Unifiers Private Limited	(0.22)	(-)	(-)	(-)	(-)	(0.22)
APRL PathLabs Private Limited	0.07	-	-	-	-	0.07
	(0.67)	(-)	(-)	(-)	(-)	(0.67)
	0.30	-	-	-	-	0.30
	(-)	(-)	(-)	(-)	(-)	(-)
Total	0.95	(-)	(-)	(-)	(-)	0.95
	(1.61)	(-)	(-)	(-)	(-)	(1.61)

(Figures in bracket relates to previous year)
(in ₹ million, unless otherwise stated)

Particulars	Subsidiaries	Entities in which Key Management Personnel can exercise significant influence	Key Management Personnel	Relatives of key management personnel	Other related parties	Grand Total
vii. Repayment of expenses						
APL Institute of Clinical Laboratory & Research Private Limited	0.58	-	-	-	-	0.58
Dr. Lal PathLabs Ventures Private Limited	(0.72)	(-)	(-)	(-)	(-)	(0.72)
PathLabs Unifiers Private Limited	(0.22)	(-)	(-)	(-)	(-)	(0.22)
	0.07	-	-	-	-	0.07
	(0.67)	(-)	(-)	(-)	(-)	(0.67)
Total	0.65	-	-	-	-	0.65
	(1.61)	(-)	(-)	(-)	(-)	(1.61)
viii. Contribution to Fund						
Lal Pathlabs Foundation (formerly Dr. Lal Pathlabs Welfare Trust)	-	-	-	52.28	-	52.28
Dr. Lal Pathlabs Limited Group Gratuity Trust (formerly Dr. Lal Pathlabs Private Limited Group Gratuity Trust)	(-)	(-)	(-)	(45.02)	-	(45.02)
	-	-	-	56.60	-	56.60
	(-)	(-)	(-)	(25.70)	-	(25.70)
Total	-	-	-	108.88	-	108.88
	(-)	(-)	(-)	(70.72)	-	(70.72)
ix. Rent						
Dr. Vandana Lal	-	-	0.76	-	-	0.76
Central Clinical Laboratory	(-)	(-)	(1.01)	(-)	(-)	(1.01)
	-	0.29	-	-	-	0.29
	(-)	(0.27)	(-)	(-)	(-)	(0.27)
Eskay House HUF - Dr. Arvind Lal	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)
Total	-	0.29	0.76	-	-	1.05
	(-)	(0.27)	(1.01)	(-)	(-)	(1.28)
x. Professional fees						
Dr. Archana Lal Erdmann (Daughter of Dr. Arvind Lal and Dr. Vandana Lal)	-	-	-	0.53	-	0.53
	(-)	(-)	(-)	(3.99)	(-)	(3.99)
Total	-	-	-	0.53	-	0.53
	(-)	(-)	(-)	(3.99)	(-)	(3.99)

(Figures in bracket relates to previous year)
(in ₹ million, unless otherwise stated)

Particulars	Subsidiaries	Entities in which Key Management Personnel can exercise significant influence	Key Management Personnel	Relatives of key management personnel	Other related parties	Grand Total
xi. Dividend paid						
	(Hony) Brig. Dr. Arvind Lal	-	415.25	-	-	415.25
	Dr. Vandana Lal	(-)	(145.02)	(-)	(-)	(145.02)
	Dr. Om Prakash Manchanda	(-)	256.50	(-)	(-)	256.50
	Mr. Dilip Bidani	(-)	(87.63)	(-)	(-)	(87.63)
	Mr. Ved Prakash Goel	(-)	22.53	(-)	(-)	22.53
	Dr. Archana Lal Erdmann	(-)	(6.68)	(-)	(-)	(6.68)
	(Daughter of Dr. Arvind Lal and Dr. Vandana Lal)	(-)	-	(-)	(-)	-
	Mr. Arjaneya Lal	(-)	(0.04)	(-)	(-)	(0.04)
	(Son of Dr. Arvind Lal and Dr. Vandana Lal)	(-)	0.26	(-)	(-)	0.26
	EsKay House HUF - Dr. Arvind Lal	(-)	(0.09)	(-)	(-)	(0.09)
		-	-	30.83	-	30.83
		-	-	(10.94)	(-)	(10.94)
		-	-	26.19	(-)	26.19
		-	-	(9.29)	(-)	(9.29)
		-	5.89	-	-	5.89
		(-)	(9.25)	(-)	(-)	(9.25)
	Total	-	5.89	57.02	-	757.45
		(-)	(9.25)	(20.23)	(-)	(268.94)
xii. Dividend received						
	Paliwal Diagnostics Private Limited	40.59	-	-	-	40.59
		(16.59)	(-)	(-)	(-)	(16.59)
	Total	40.59	-	-	-	40.59
		(16.59)	(-)	(-)	(-)	(16.59)
xiii. Investment in equity shares						
	Dr. Lal PathLabs Bangladesh Private Limited	-	-	-	-	-
		(24.58)	(-)	(-)	(-)	(24.58)
	Dr. Lal PathLabs Ventures Private Limited	9.00	-	-	-	9.00
		(1.00)	(-)	(-)	(-)	(1.00)
	PathLabs Unifiers Private Limited	599.00	-	-	-	599.00
		(1.00)	(-)	(-)	(-)	(1.00)
	Dr Lal PathLabs Kenya Private Limited	7.10	-	-	-	7.10
		(-)	(-)	(-)	(-)	(-)
	Total	615.10	-	-	-	615.10
		(26.58)	(-)	(-)	(-)	(26.58)

(Figures in bracket relates to previous year)
(in ₹ million, unless otherwise stated)

Particulars	Subsidiaries	Entities in which Key Management Personnel can exercise significant influence	Key Management Personnel	Relatives of key management personnel	Other related parties	Grand Total
xiv. Share options exercised***						
Dr. Om Prakash Manchanda	-	-	0.83	-	-	0.83
	(-)	(-)	(0.20)	(-)	(-)	(0.20)
	-	-	0.83	-	-	0.83
	(-)	(-)	(0.20)	(-)	(-)	(0.20)
xv. Issue of equity Shares****						
Mr. Ved Prakash Goel	-	-	0.36	-	-	0.36
	(-)	(-)	(-)	(-)	(-)	(-)
	-	-	0.36	-	-	0.36
	(-)	(-)	(-)	(-)	(-)	(-)
xvi. Sitting fees						
Dr. Archana Lal Erdmann	-	-	-	0.10	-	0.10
(Daughter of Dr. Arvind Lal and Dr. Vandana Lal)	(-)	(-)	(-)	(-)	(-)	(-)
	-	-	-	0.10	-	0.10
	(-)	(-)	(-)	(-)	(-)	(-)
B. Outstanding balances at the year end						
i. Other non-current assets						
Other advances*****						
Lal Pathlabs Foundation	31 March, 2020	-	-	-	0.10	0.10
(formerly Dr. Lal Pathlabs Welfare Trust	31 March, 2019	(-)	(-)	(-)	(0.10)	(0.10)
Dr. Lal Pathlabs Limited Group Gratuity Trust	31 March, 2020	-	-	-	0.14	0.14
(formerly Dr. Lal Pathlabs Private Limited	31 March, 2019	(-)	(-)	(-)	(0.14)	(0.14)
Group Gratuity Trust)						
Total	31 March, 2020	-	-	-	0.24	0.24
	31 March, 2019	(-)	(-)	(-)	(0.24)	(0.24)
ii. Trade receivables						
Dr. Lal Pathlabs Nepal Private Limited	31 March, 2020	7.39	-	-	-	7.39
	31 March, 2019	(3.66)	(-)	(-)	(-)	(3.66)
Dr. Lal Pathlabs Bangladesh Pvt. Ltd	31 March, 2020	18.81	-	-	-	18.81
	31 March, 2019	(16.53)	(-)	(-)	(-)	(16.53)
APRL Pathlabs Private Limited	31 March, 2020	0.17	-	-	-	0.17
	31 March, 2019	(-)	(-)	(-)	(-)	(-)
Centrapath Labs Private Limited	31 March, 2020	0.80	-	-	-	0.80
	31 March, 2019	(-)	(-)	(-)	(-)	(-)
Dr. Lal Ventures Private Limited	31 March, 2020	3.28	-	-	-	3.28
	31 March, 2019	(-)	(-)	(-)	(-)	(-)
Pathlabs Unifiers Private Limited	31 March, 2020	0.08	-	-	-	0.08
	31 March, 2019	(-)	(-)	(-)	(-)	(-)
Total	31 March, 2020	30.53	-	-	-	30.53
	31 March, 2019	(20.19)	(-)	(-)	(-)	(20.19)

(Figures in bracket relates to previous year)
(in ₹ million, unless otherwise stated)

Particulars	Subsidiaries	Entities in which Key Management Personnel can exercise significant influence	Key Management Personnel	Relatives of key management personnel	Other related parties	Grand Total
iii. Loans						
Mr. Ved Prakash Goel						
	31 March, 2020	-	-	1.83	-	1.83
	31 March, 2019	(-)	(-)	(2.44)	(-)	(2.44)
	31 March, 2020	-	-	1.83	-	1.83
	31 March, 2019	(-)	(-)	(2.44)	(-)	(2.44)
iv. Other financial assets						
Particulars						
Security deposits						
Eskay House HUF - Dr. Arvind Lal						
	31 March, 2020	-	0.64	-	-	0.64
	31 March, 2019	(-)	(0.64)	(-)	(-)	(0.64)
Total						
	31 March, 2020	-	0.64	-	-	0.64
	31 March, 2019	(-)	(0.64)	(-)	(-)	(0.64)
v. Trade payables						
Centra Clinical Laboratory						
	31 March, 2020	-	0.09	-	-	0.09
	31 March, 2019	(-)	(-)	(-)	(-)	(-)
Paliwal Diagnostics Private Limited						
	31 March, 2020	0.36	-	-	-	0.36
	31 March, 2019	(-)	(-)	(-)	(-)	(-)
APL Institute of Clinical Laboratory & Research Private Limited						
	31 March, 2020	0.08	-	-	-	0.08
	31 March, 2019	(-)	(-)	(-)	(-)	(-)
APRL PathLabs Private Limited						
	31 March, 2020	0.05	-	-	-	0.05
	31 March, 2019	(-)	(-)	(-)	(-)	(-)
Total						
	31 March, 2020	0.49	0.09	-	-	0.58
	31 March, 2019	(-)	(-)	(-)	(-)	(-)

*The remuneration to the key managerial personnel and their relatives does not include the provision made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

**Excludes share based expenses accounted for during the year related to RSU Plan, 2016

*** Shares directly issued to the employees by the EWT Trust @ ₹ 10.00 (Previous year @ ₹ 10) per equity share of ₹ 10/- each.

**** Shares directly issued to the employees by the Company @ ₹ 110.80 per equity share of ₹ 10/- each.

***** Represents contribution towards corpus fund. Amount is included in advance recoverable under other non-current assets.

47. Effective April 1, 2019, the Company has adopted Ind AS 116 "Leases" to its leases using the modified retrospective approach with the option to measure the right to use asset at an amount equal to the lease liability (i.e. as per para C8(c) (ii) of Ind AS 116), adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application.

The Company has applied the new standard to land leases and building leases etc. to evaluate whether these contracts contains lease or not. Based on evaluation of the terms and conditions of the arrangements, the Company has evaluated such arrangements to be leases. Under the new standard, all lease contracts, with limited exceptions, are recognised in the financial statements by way of right-of-use assets and corresponding lease liabilities.

When measuring lease liabilities, the weighted average discount rate used to calculate the lease liability in the opening balance under Ind AS 116 on April 1, 2019 was 11.25%.

The application of the new standard has a significant impact on the classification of expenditure and cash flow statement. It has impacted the timing of expenses recognised in the statement of profit and loss. Expenses were previously recognised as rental expense and for the current period rental expense is being replaced by depreciation charge on right-of-use asset amounting to ₹ 285.16 million which is included under depreciation and amortisation expense in statement of profit and loss and finance cost on lease liability amounting to ₹ 146.14 million.

There has been no impact on the retained earnings due to application of the standard. The Company recognised a lease liability measured at the present value of the remaining lease payments. The right-of-use assets are recognised at cost, which comprises the amount of the measurement of the lease liability adjusted for any lease payments made at or before the inception date of the lease. Accordingly, a right-of-use asset of ₹ 1451.72 million and a corresponding lease liability of ₹ 1451.72 million has been recognised.

On transition, the adoption of the new standard resulted in reclassification of Rs. 81.41 million from property, plant and equipment to right-of-use assets, reclassification of ₹ 76.35 million from prepaid rent- Other non-current assets to right-of-use assets, reclassification of ₹ 0.82 million from prepaid rent- Other current assets to right-of-use assets, reclassification of ₹ 12.17 million from Payment obligation- leasehold land- Other financial liabilities - non current to lease liabilities and reclassification of ₹ 1.53 million from Payment obligation- leasehold land- Other financial liabilities - current to lease liabilities

The Company has cash outflows for lease of underlying assets amounting to ₹ 371.56 million for the year ended March 31, 2020 out of which rent charges is amounting to ₹ 32.60 million which includes rentals for short term lease and low value lease.

Payments recognised as an expenses

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2020
Short term lease	32.60
Low value assets	-

Details of lease liability:

The following is the movement in lease liabilities during the year ended 31 March, 2020:

(in ₹ million, unless otherwise stated)

Particulars	Year ended 31 March, 2020
Balance as at 1 April, 2019	-
Transition impact of Ind AS 116	13.70
Additions	1,451.72
Finance cost accrued during the period	146.14
Payment/adjustment of lease liabilities	(338.96)
Derecognition of lease liability	(23.58)
Balance as at 31 March, 2020	1,249.02
Current	345.42
Non-current	903.60

The table below provides details regarding the contractual maturities of lease liabilities as at 31 March, 2020 on undiscounted basis:

(in ₹ million, unless otherwise stated)

Particulars	As at 31 March, 2020
Less than one year	345.42
One to five years	1021.09
More than five years	485.87
Total	1852.38

Details of right-of-use asset:

The following is the movement in right-of-use asset during the year ended 31 March, 2020:

(in ₹ million, unless otherwise stated)

Particulars	Land	Buildings
As at 1 April, 2019	-	-
Transition impact of Ind AS 116	158.58	-
Additions	1.68	1,450.04
Deletions	-	(22.25)
Amortisation expense	(1.64)	(283.52)
As at 31 March, 2020	158.62	1,144.27

48. In February 2019, the Hon'ble Supreme Court of India vide its judgment and subsequent dismissal of the review petition in August 2019 has ruled in respect of compensation for the purpose of Provident Fund contribution under the Employee's Provident Fund Act. The Company has assessed possible outcomes of the judgment on determination of provident fund contributions and based on the legal opinion obtained and current evaluation, the Company believes it is not probable that certain components paid by the Company will be subject to payment of Provident Fund due to the Supreme Court order. The Company will continue to monitor and evaluate its position based on future events and developments.

49. Disclosure pursuant to section 186 of the Companies Act 2013:

Sr. No.	Nature of the transaction (loans given/ Investment made/ guarantee given/ security provided)	As at 31 March, 2020	As at 31 March, 2019
1	Loan and advances	-	-
2	Other advances	-	-
3	Guarantees	-	-
4	Investments in fully paid equity instruments and current investments	Refer Note 6 and 13	Refer Note 6 and 13

50. The Company has received a notice dated 22 April, 2019 from the Office of the Commissioner, CGST Gurugram, contending to show cause why service tax (including cess) for an amount of ₹ 2,295.13 million and interest and penalty for the period October, 2013 to June, 2017 should not be levied on the operations of the Company.

The Company has submitted its response and based on the solicitor/ expert's opinion taken, the management believes that the grounds of the show cause notice are not tenable and hence no provision is considered necessary.

51. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

52. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

53. The Standalone Financial Statements were approved by the Board of Directors and authorised for issue on 18 May, 2020.

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

(Hony) Brig. Dr. Arvind Lal
(DIN: 0576638)
[Executive Chairman]
Place: New Delhi
Date: 18 May, 2020

Dr. Om Prakash Manchanda
(DIN: 02099404)
[Managing Director]
Place: Gurugram
Date: 18 May, 2020

Ved Prakash Goel
[Chief Financial Officer]
Place: Gurugram
Date: 18 May, 2020

Rajat Kalra
[Company Secretary]
Place: Gurugram
Date: 18 May, 2020

Bharath U
[Chief Executive Officer]
Place: Gurugram
Date: 18 May, 2020