

Stock Info

Symbol	LALPATHLAB
CMP	₹ 2,791.9
P/E Ratio (TTM)	47.88
Enterprise Value	₹ 23,000 Cr
Market CAP	₹ 23,320 Cr

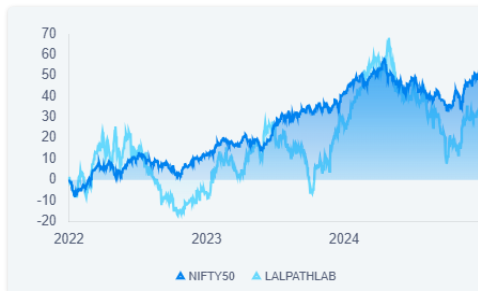
Financial Ratios

ROE (TTM)	22.42
ROCE (TTM)	27.77
PEG Ratio (TTM)	1.33
Net Profit Margin (TTM)	19.54
EV/EBITDA (TTM)	29.61
Free Cash Flow Per Share (TTM)	497.59
Debt to Equity (TTM)	0.12

Shareholding Pattern

PARTICULARS	SEP 24	DEC 24	MAR 25
Promoters	53.92	53.91	53.91
Share Holding Pledge	0	0	0
FII	26.82	26.82	23.91
Total DII	12.89	13.17	16.08
Public	6.37	6.11	6.1

Indexed Stock Performance



PARTICULARS	LALPATHLAB	NIFTY50
1M	1.28%	1.67%
6M	-6.26%	1.96%
1Y	6.99%	13.1%
3Y	32.01%	48.86%
3Y-CAGR	9.7%	14.18%

Analyst

Anoushka Roy (anoushka.roy@tradebrains.in)

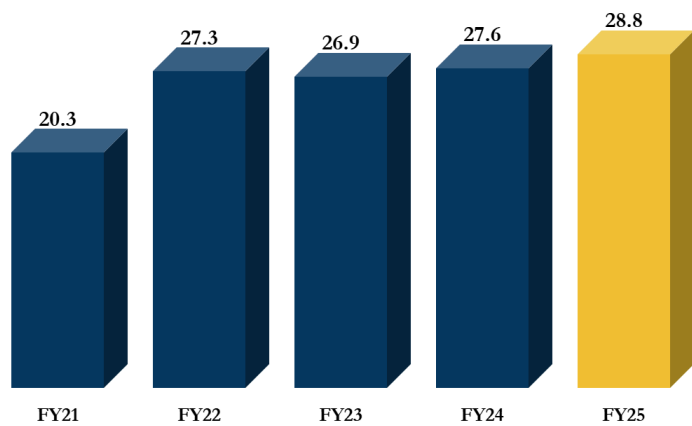
Shashi Kumar

► Company Overview

Dr. Lal PathLabs, incorporated in 1949, offers diagnostic and related healthcare tests and services across India. With its integrated, nationwide network, the company provides patients and healthcare providers with a wide array of diagnostic services for core testing, patient diagnosis, and the prevention, monitoring, and treatment of diseases and other health conditions. Its diversified offerings include a catalogue of 385 test panels, 3,172 pathology tests, and 1,455 radiology and cardiology tests. The number of patients at Dr Lal PathLabs reached 28.8 million, and approximately 85.6 million samples were collected and processed in FY25.

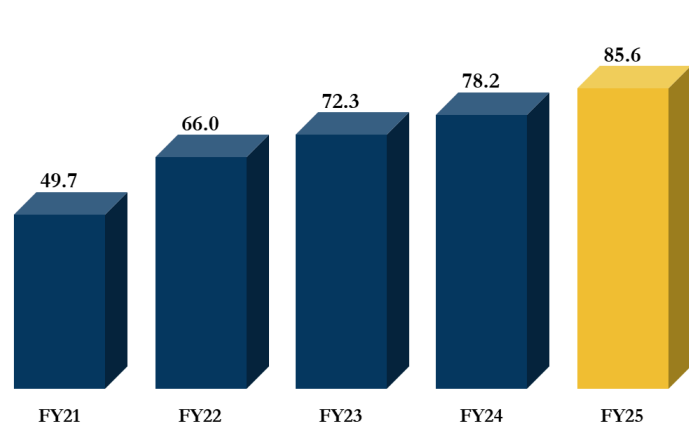
As of FY25, the company operates 298 clinical laboratories, 6,607 Patient Service Centers (PSCs), and 12,365 Pick-up Points (PUPs). Its clientele comprises individual patients, hospitals, healthcare providers, and corporate clients. The company is active in more than 23 countries, conducting over 700 tests daily while collaborating with over 150 hospitals and labs. Dr. Lal's logistics are bolstered by more than 280 satellite labs and 36+ NABL (National Accreditation Board for Laboratories) accreditations, supported by a workforce of over 1,800 personnel and 250+ doctors.

No. of Patients (Mn)



(Source: Company Reports, Trade Brains Research)

No. of Samples (Mn)

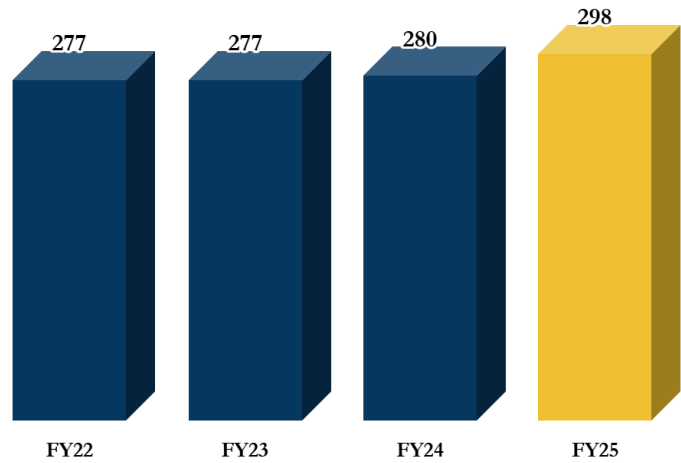


(Source: Company Reports, Trade Brains Research)

► Investment Rationale

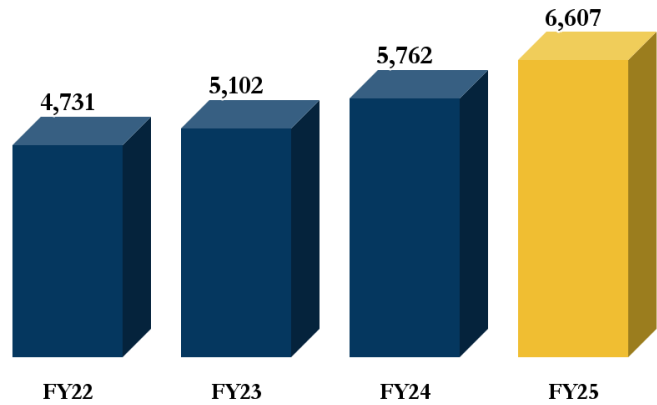
Robust Financial and Operational Performance: The company reported robust financial results for FY25, with its revenue reaching Rs 2,461 crore, growing by 10.5% from Rs 2,227 crore in FY24. This growth was primarily driven by increased volume through deeper penetration in core markets and calibrated expansion in newer regions of the West & South. The EBITDA increased by 14.2% from Rs 609 crore in FY24 to Rs 696 crore in FY25, whereas the EBITDA margin expanded to 28.3% from 27.4% last year. The profit after tax rose by 35.9% to reach Rs 492 crore in FY25 from Rs 362 crore, and the profit margin grew to 20% from 16.3%. Return on Capital Employed (ROCE) stood at 48% as against 35% in FY24. Cash and Cash equivalents for the year stood at Rs 1,229 crore, and its current net cash position and internal accruals are expected to fund the next phase of growth. On the operational side, total clinical laboratories increased to 298 this year from 280 in FY24, whereas the number of patient service centers rose to 6,607, and total pick-up points were at 12,365. The number of patients grew at a CAGR of 9% from 2021 to 2025 to reach 28.8 million, and the number of samples grew strongly to reach 85.6 million in FY25 from 49.7 million in FY21. Its bundled test program, SwasthFit, contribution increased from 22% to 24% in FY25. Growing sample and patient volumes are driving increased operating leverage, enabling the company to maintain competitive pricing while realising efficiency gains through optimized IT infrastructure. Additionally, active business mix management further enhanced profitability this year.

No. of Clinical Laboratories



(Source: Company Reports, Trade Brains Research)

No. of Patient Service Centres (PSCs)



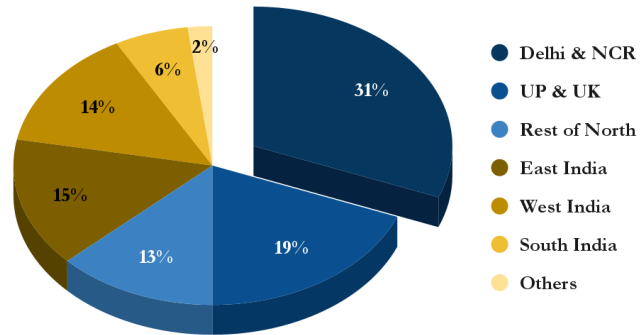
(Source: Company Reports, Trade Brains Research)

Digital Ramp-Up: Dr. Lal PathLabs is consistently working towards ramping up its digital platforms to make life easier for patients through initiatives like the company's unique AI-based Recommendation Engine, which provides recommendations to patients for relevant tests as per their current health condition, past report trends, demographic details, etc. Additionally, Dr Lal Pathlabs is among the early adopters of the Ayushman Bharat Digital Mission (ABDM). This aims to create a National Digital Health Ecosystem to bridge the existing gap amongst different stakeholders of the Healthcare ecosystem through digital highways. The mission also enables interoperability and portability of health records and support innovation and research in the health sector.

Expansion of Test Portfolio: The company's catalogue of services includes 385 test panels, 3,172 pathology tests, and 1,455 radiology and cardiology tests as of March 31, 2025. Dr. Lal PathLabs is relentlessly focusing on expanding its test portfolio. The company is strategically growing its capabilities in specialized verticals such as genomics, reproductive diagnostics, autoimmune disorders, and other advanced tests. In line with this, it recently launched an advanced Amyloid Typing Test and is the first diagnostic chain in South Asia to offer this highly specialized test under the guidance of the National Amyloidosis Centre, London, UK. Additionally, the company's SwasthFit, a comprehensive health checkup package, is a potent instrument to gain scale while providing value to patients. Dr Lal Pathlabs is also extending this bundled test program into the illness segment to provide comprehensive and cost-effective diagnostic solutions across the healthcare spectrum.

Diversifying its Geographic Presence: The company has a wide geographical presence, with 31% of their revenue coming from Delhi & NCR, 19% from Uttar Pradesh & Uttarakhand, 13% from the rest of North, 15% from East India, 14% from West India, 6% from South India, and the rest 2% from others, as of FY25. During the year, the company added 18 new labs, expanding its presence in Tier-3 and Tier-4 markets, while strengthening its network in Metro and Tier-1 cities. Dr Lal Pathlabs also continues to develop its presence across Tier-3 and Tier-4 cities, primarily in North and East. The company has built a strong brand preference in the North and East, and is taking sustained efforts in building its brand reach and strengthening its presence in the West and South part of the country, by looking at both organic as well as inorganic opportunities.

Revenue By Geography (FY25)



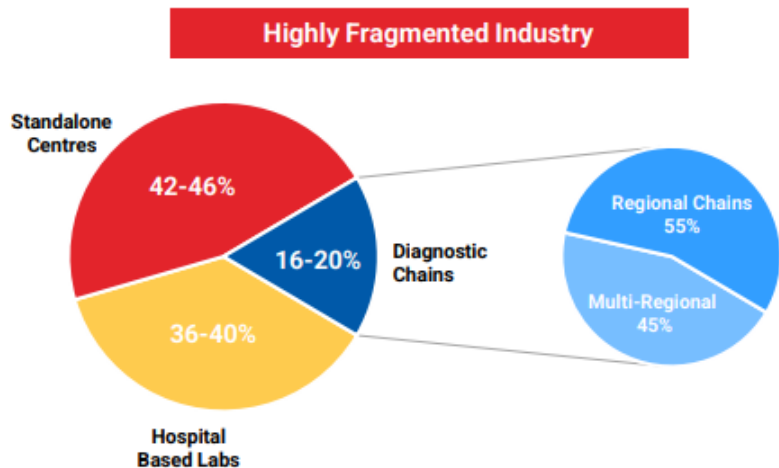
(Source: Company Reports, Trade Brains Research)

Strategy for future growth: It had acquired Suburban Diagnostics in 2021, which has a good presence in the West market. It will help to increase the penetration and footprint of Dr. Lal's operations. The company is focusing on volume-led growth by increasing the number of patient visits and tests per patient portfolio. Apart from Suburban Diagnostic, the company is also actively pursuing any M&A opportunities to grow inorganically. The company is leveraging its strong brand equity, and with growing awareness about proactive healthcare & early detection, it is establishing itself as a trusted provider of preventive healthcare services. It expands in a cluster city approach, where they establish a hub and focus on suburban regions.

Management Guidance: The company reported a revenue growth of around 10.5% for FY25, and the management guided a revenue growth of 11-12% for FY26. With continuous growth in its patient volumes and samples, as well as strategic expansion of the test portfolio, coupled with the underpenetration of the diagnostics industry, are some of the key growth drivers. The company achieved an EBITDA margin of 28.3% in FY25 and has guided a margin of around 27% for FY26. As the company is planning to invest in newer geographies, especially South and West India, newer talent acquisition, strengthening of digital platforms, and more, their EBITDA margin might slightly decrease to 27% from its present 28.3% due to potential increases in costs. Dr Lal Pathlabs is committed to democratizing access to quality diagnostics, with a dual focus, which is strengthening its presence in core Tier 1/ metro markets while strategically penetrating the significant potential of Tier 3 and 4 regions. Additionally, their revenue from Delhi NCR, which accounts for 31% of the total revenue, saw double-digit growth, and the management is confident in maintaining the growth trajectory. The company's maintenance CAPEX for FY26 is expected to be around Rs 60-70 crore.

►Risks and concerns

Intense Competition: As the diagnostics market is highly fragmented with numerous unorganized players that offer similar tests and diagnostic services, Dr. Lal PathLabs could face strong competition and pricing pressure. Additionally, around 42-46% of the diagnostics industry is catered to by unorganized standalone centres, 36-40% by hospital-based labs, and only 16-20% by diagnostics chains such as Dr Lal PathLabs.



Largely fragmented and unorganized

(Source: Company Reports)

Geographical Concentration & Technological risk: The company has low geographic presence in the west and south India, which may pose a risk of slow growth in the future if not expanded to both geographical areas. The company is also exposed to technological risk, as upgradation and continuous investment in medical equipment are required in such an intensely competitive environment.

Failure of accuracy and precision: Any failure to maintain accuracy and precision due to improper maintenance, errors in the testing procedure, lack of handling methods, and human errors could affect the company's integrity and accuracy in providing services.

Industry Overview

The healthcare industry in India is expected to reach Rs 16.5-17.5 trillion in FY28. The Union Budget for 2025-26 has increased the healthcare allocation by nearly 11%, bringing it close to Rs 1 lakh crore. Flagship initiatives such as “Ayushman Bharat Pradhan Mantri Jan Arogya Yojana (AB-PMJAY)” have received higher funding. Additionally, the Indian government is planning to introduce a credit incentive program with an amount of \$6.8 billion (Rs. 500 bn) to boost the country’s healthcare infrastructure.

At the same time, private equity investments in the healthcare sector touched \$5 to \$6 billion in 2024, almost double the levels seen before the pandemic, and are expected to remain strong. Together, these trends underscore the increasing scope and depth of opportunities in the sector.

On the demographic front, India stands at a pivotal moment. By 2031, the working-age population, defined as those between 15 and 59 years, is projected to make up 65.2% of the total population, offering a significant demographic dividend. At the same time, the share of senior citizens is expected to reach 13.1%. By 2050, India is projected to have 34 crore seniors, accounting for nearly 17% of the world’s elderly population.

This dual demographic shift underscores the urgent need for a healthcare system capable of addressing both preventive and geriatric care. In this evolving landscape, the diagnostics industry plays a vital role. With consistent double-digit annual growth, the sector continues to expand steadily. However, the organized segment still makes up only a small portion of the market, highlighting substantial opportunities for consolidation and standardization. Furthermore, Tier 2 and Tier 3 cities and beyond are expected to contribute a growing share of diagnostic demand, as testing volumes continue to rise in these regions. Compounding this trend is the increasing burden of non-communicable diseases, including cardiovascular conditions, diabetes, and cancer, which are estimated to affect around 23 crore people in India by 2030.

►Outlook and Valuation

Income Statement (Extract)

Particulars (in Crore)	2,023	2,024	2,025	2026E	2027E	2028E
Revenue from Operations	2,017	2,227	2,461	2,757	3,115	3,551
Other income	42	69	93	110	125	142
Total Revenue	2,059	2,296	2,555	2,867	3,240	3,693
Total Expenses	1,527	1,617	1,766	1,968	2,208	2,500
Cost of materials consumed	447	451	482	540	595	661
Employee benefits expense	377	425	482	527	595	679
Fees to collection centers	282	313	342	385	435	496
Other expenses	421	428	460	516	583	664
EBIDTA	532	679	789	899	1,032	1,194
EBITDA Margin %	25.82%	29.55%	30.88%	31.36%	31.84%	32.32%
Depreciation and amortisation	150	144	142	118	118	119
EBIT	382	535	647	781	913	1,075
EBIT Margin %	18.53%	23.30%	25.32%	27.25%	28.20%	29.10%
Finance costs	38	29	22	18	20	23
Share of loss of joint venture & Exceptional items	-	-	-	-	-	-
PBT	344	506	625	763	893	1,052
Effective Tax Rate	30%	28%	21%	25%	25%	25%
Tax amount	103	143	133	191	223	263
Net Profit	241	362	492	573	670	789
NPM %	11.72%	15.78%	19.27%	19.97%	20.68%	21.35%
Profit/Loss attributable to owners	239	357	487	566	662	780
No of Equity shares (in cr)	8.29	8.30	8.33	8.33	8.33	8.33
EPS Basic	28.82	43.05	58.48	68.74	80.43	94.69

(Source: Trade Brains research, Company reports)

Balance sheet (Extract)

Particulars (in Crore)	2023	2024	2025	2026E	2027E	2028E
Fixed Assets	1,308	1,232	1,172	1,173	1,179	1,200
Investments	150	114	327	392	470	565
Trade receivables	71	77	88	97	110	125
Cash and cash equivalents	264	361	293	365	456	519
Other Assets	593	672	838	1,022	1,256	1,559
Total Assets	2,385	2,456	2,717	3,049	3,471	3,967
Equity	1,699	1,885	2,207	2,515	2,876	3,300
Borrowings	419	247	157	153	173	197
Trade Payables	156	187	199	210	232	257

Provisions	29	38	37	41	44	49
Other Liabilities	81	99	117	130	146	163
Total equity & liabilities	2,385	2,456	2,717	3,049	3,471	3,967

(Source: Trade Brains research, Company reports)

Cash Flow Statement (Extract)						
Particulars (in Crore)	2,023	2,024	2,025	2026E	2027E	2028E
Profit for the year	241	362	492	763	893	1,052
Depreciation and Amortisation Expense	150	144	142	118	118	119
Finance cost	38	29	22	18	20	23
Other Adjustments	98	96	70	(162)	(210)	(276)
Operating cash flows before working capital changes	527	632	727	737	821	918
Total working capital changes	36	36	6	(3)	4	5
Cash Generated from/(used in) Operating Activities	562	667	733	734	826	923
Income Tax (Paid)/Refund (Net)	(106)	(132)	(164)	(191)	(223)	(263)
A. Net Cash Flows from/(used in) Operating Activities	456	535	569	543	602	660
Purchase of Property, Plant and Equipment	(37)	(51)	(44)	(119)	(124)	(140)
Investments	(78)	47	(192)	(65)	(78)	(94)
Other Investments	(173)	(20)	(67)	-	-	-
B. Net Cash Flows from/(used in) Investing Activities	(287)	(24)	(303)	(184)	(202)	(234)
Dividends paid	(103)	(201)	(207)	(264)	(309)	(364)
Payment of lease liabilities	(56)	(54)	(53)	(4)	20	24
Net Payment of Borrowings	(124)	(163)	(86)	(18)	(20)	(23)
Other Financing activities	1	4	13	-	-	-
C. Net Cash Flows from/(used in) Financing Activities	(283)	(414)	(334)	(286)	(309)	(363)
(D) Net Increase in Cash and Cash Equivalents (A + B + C)	(114)	97	(68)	72	91	63
Cash and Cash Equivalents at the Beginning of the Year	378	264	361	293	365	456
Bank overdraft	-	-	-	-	-	-
Cash transferred	-	-	-	-	-	-
Cash and Cash Equivalents at Year End	264	361	293	365	456	519

(Source: Trade Brains research, Company reports)

►Summary

We initiate a “BUY” rating for **Dr. Lal PathLabs** with a target price of Rs 3,380 per share based on earnings and PE multiples of FY26/27E. In FY25, revenue reached Rs 2,461 crore, growing by 10.5%. The EBITDA margin has also shown steady growth, increasing from 27.4% in FY24 to 28.3% in FY25, and its PAT reached Rs 492 crore, reflecting a robust growth of 35.9% from Rs 362 crore in FY24. Furthermore, to improve its profitability and revenue growth, the company is diversifying its test portfolio by strategically growing its capabilities in specialized verticals such as genomics, reproductive diagnostics, autoimmune disorders, and other advanced tests. Additionally, the diagnostic service industry size is expected to reach Rs 1,200 billion by FY28E from Rs 774 billion in FY23, growing at a CAGR of 8-10%, which positions the company well to capitalize on this growing industry.

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Ratings	Expected absolute returns over 12 - 18 months
BUY	More than 10%
HOLD	Between 10% to -10%
SELL	Less than -10%
NOT RATED	We have forward looking estimates for the stocks, but we refrain from assigning valuation and recommendation
UNDER REVIEW	We will revisit our recommendation, valuation and estimates on the stock following recent events
NO STANCE	We do not have any forward-looking estimates, valuation or recommendation for the stock

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