INSTITUTIONAL RESEARCH

Dr. Lal Pathlabs

Volume-led growth; steady margin visibility stays

Dr. Lal Pathlabs (DLPL) is expected to sustain steady revenue momentum, led by (1) steady patient and sample volume growth, with strategy of no price test increase in the near term, (2) increasing traction from its wellness segment (Swasthfit share at 26.5% in H1FY26 vs. 24% in FY25), (3) portfolio innovation (broaden its high-complexity testing in genomics, oncology, and autoimmunity), and (4) an expansion strategy (core markets and tier 2/3 regions) to drive volumes. We expect DLPL's future growth to be driven by a combination of strengthening of operations in core metro and Tier-1 cities; penetration in tier-3/4 cities in the North and East; plus building of clusters in the South and West regions. The company is focusing on innovation, including new wellness packages and high-end, super-specialty tests, with a focus on capturing prescription shares. DLPL is emphasized on its priority to maximize network utilization and convert infrastructure into significant operating leverage. It is also exploring M&As (in southern India), with a focus on expanding its test offering capabilities in genomics/immunology and adjacencies (radiology), given its strong cash position of INR 13.67bn (as of Sep-25). Given the gradual improvement in specialty and Swasthfit mix, and cost controls, DLPL is expected to sustain a margin of ~28.5% (FY25 was at 28.3%). We upgrade DLPL to BUY (from ADD) with a revised TP of INR 1,740, based on a 44x Q3FY28E EPS (~10% discount to the average PE of 49x which provides valuation comfort), implying 29x EV/EBITDA. We expect volume-led growth supported by steady performance in the North and East, scale-up in Suburban in West regions, and expansion/ M&As in the South. This is supported by a steady price environment.

- **Steady volume-led growth visibility:** DLPL expects to sustain growth momentum in the next couple of years, led by (1) strengthening of presence in core regions, (2) deeper penetration in tier 2/3 cities, (3) expansion in South and West India by strengthening infrastructure and brand communication to boost volumes, and (4) scale-up of franchise collection centres. The company is on track to add 15-20 new labs and 600-800 collection centres in FY26.
- **Margin stability remains key:** DLPL is likely to see a stable margin of ~28.5% in the next few years, led by (1) a gradual increase in specialized tests (genomics, oncology, and autoimmunity) and wellness business, (2) asset sweating (improved collection centre per labs to 22 from 14 earlier) along with maximizing network utilization and converting infrastructure to major operating leverage, and (3) overall cost controls. This may offset the network expansion-related drag.
- **Strong cash position enables M&As:** The company is holding INR 13.67bn in cash, as of Sep 2025, which will enable it to focus on M&As (specifically in South), enhanced specialized portfolio, as well as adjacencies (radiology).
- **Competitive intensity moderating:** While the competitive intensity in the diagnostic industry is expected to stay, the new lab addition intensity within the unorganized sector is reducing and test pricing scenario is stable across traditional companies, new-aged ones, and online peers.
- **Steady outlook:** Over FY19-25, DLPL delivered a 13% sales CAGR and a 15% EBITDA CAGR. Looking ahead, we expect an 11% sales CAGR for FY25-28E and a stable EBITDA margin of ~28.5% in FY28E (from 28.3% in FY25), resulting in a 12% EBITDA CAGR and a 15% EPS CAGR over FY25-28E.

Financial Summary

YE March (INR mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	20,169	22,266	24,614	27,444	30,598	34,115
EBITDA	4,898	6,092	6,956	7,822	8,690	9,723
APAT	2,389	3,577	4,463	5,253	6,008	6,833
Diluted EPS (INR)	14.3	21.3	26.6	31.3	35.8	40.8
P/E (x)	100.3	67.0	53.7	45.6	39.9	35.1
EV / EBITDA (x)	48.2	38.2	33.0	29.1	25.7	22.4
RoCE (%)	18	25	29	29	29	28

Source: Company, HSIE Research, Note: PAT and EBITDA adjusted for one-offs

BUY

CMP *(as on 29 Dec 2025)*	INR 1,428
Target Price	INR 1,740
NIFTY	25,942

KEY CHANGES	OLD	NEW
Rating	ADD	BUY
Price Target	INR 1725	INR 1740
EPS %	FY26E	FY27E
	0.1	0.1

KEY STOCK DATA	
Bloomberg code	DLPL IN
No. of Shares (mn)	168
MCap (INR bn) / ($ mn)	239/2,659
6m avg traded value (INR mn)	448
52 Week high / low	INR 1,771/1,147

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(8.8)	3.2	(3.1)
Relative (%)	(14.2)	2.4	(10.7)

SHAREHOLDING PATTERN (%)	Jun-25	Sep-25
Promoters	53.79	53.21
FIs & Local MFs	17.62	18.22
FPIs	21.69	21.86
Public & Others	6.9	6.71
Pledged Shares	-	-

Source : BSE

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Exhibit 1: Revenue and EBITDA assumptions

INR mn	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	CAGR FY25-28E
No. of samples (mn)	41.8	47.7	49.7	66.0	72.3	78.2	85.6	94.9	105.3	116.8	11%
YoY growth	20%	14%	4%	33%	10%	8%	9%	11%	11%	11%	
Revenue per sample (INR)	288	279	318	316	279	285	288	289	291	292	1%
YoY growth	-5%	-3%	14%	-1%	-12%	2%	1%	1%	0%	0%	
No. of patients (mn)	17.6	19.4	18.8	27.3	26.9	27.6	28.8	30.7	32.8	35.1	7%
YoY growth	16%	10%	-3%	45%	-1%	3%	4%	6%	7%	7%	
Revenue per patients (INR)	684	686	841	765	750	807	855	895	932	971	4%
YoY growth	-2%	0%	23%	-9%	-2%	8%	6%	5%	4%	4%	
Sample/ Patients	2.4	2.5	2.6	2.4	2.7	2.8	3.0	3.1	3.2	3.3	4%
YoY growth	4%	4%	7%	-9%	11%	5%	5%	4%	4%	4%	
Total revenue	**12,034**	**13,304**	**15,813**	**20,874**	**20,169**	**22,266**	**24,614**	**27,444**	**30,598**	**34,115**	**11%**
YoY growth	**14%**	**11%**	**19%**	**32%**	**-3%**	**10%**	**11%**	**11%**	**11%**	**11%**	
- Includes Covid revenues			**3,230**	**3,960**	**630**	**250**	**100**	**100**	**100**	**100**	
% of sales			**20%**	**19%**	**3%**	**1%**	**0%**	**0%**	**0%**	**0%**	
Gross profit	**9,411**	**10,317**	**11,840**	**15,851**	**15,697**	**17,752**	**19,799**	**22,147**	**24,693**	**27,565**	**12%**
Gross margin	**78.2%**	**77.5%**	**74.9%**	**75.9%**	**77.8%**	**79.7%**	**80.4%**	**80.7%**	**80.7%**	**80.8%**	
EBITDA	**2,936**	**3,436**	**4,363**	**5,607**	**4,898**	**6,092**	**6,956**	**7,822**	**8,690**	**9,723**	**12%**
YoY growth	**11%**	**17%**	**27%**	**29%**	**-13%**	**24%**	**14%**	**12%**	**11%**	**12%**	
EBITDA margin	**24.4%**	**25.8%**	**27.6%**	**26.9%**	**24.3%**	**27.4%**	**28.3%**	**28.5%**	**28.4%**	**28.5%**	
PAT	**1,992**	**2,259**	**2,916**	**3,448**	**2,389**	**3,577**	**4,463**	**5,253**	**6,008**	**6,833**	**15%**
YoY growth	**17%**	**13%**	**29%**	**18%**	**-31%**	**50%**	**25%**	**18%**	**14%**	**14%**	
PAT margin	**16.5%**	**17.0%**	**18.4%**	**16.5%**	**11.8%**	**16.1%**	**18.1%**	**19.1%**	**19.6%**	**20.0%**	

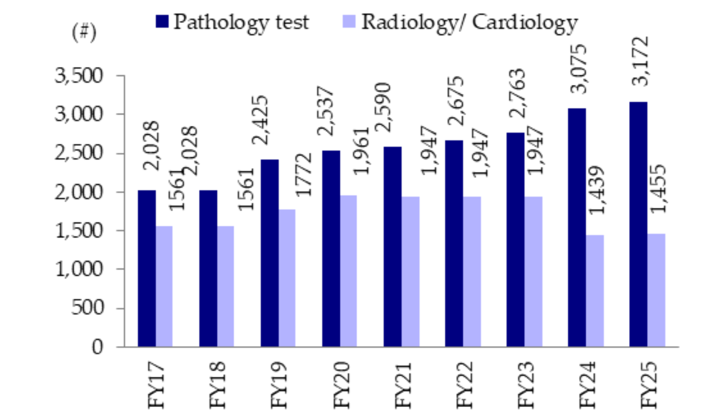
Source: Company, HSIE Research

Exhibit 2: Volume and realization assumptions

Particular	FY19	FY20	FY21	FY22	FY23	FY24	FY25	CAGR FY19-25	FY26E	FY27E	FY28E	CAGR FY25-28E
No. of patients (mn)	17.6	19.4	18.81	27.3	26.9	27.6	28.8	9%	30.7	32.8	35.1	7%
No. of samples (mn)	41.8	47.7	49.7	66	72.3	78.2	85.6	13%	94.9	105.3	116.8	11%
Sample per patient	2.4	2.5	2.6	2.4	2.7	2.8	3.0	4%	3.1	3.2	3.3	4%
Revenue per patients (INR)	684	686	841	765	750	807	855	4%	895	932	971	4%
Revenue per sample (INR)	288	279	318	316	279	285	288	0%	289	291	292	1%

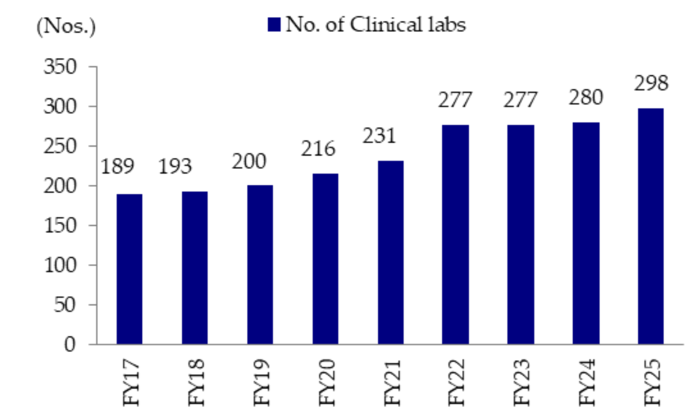
Source: Company, HSIE Research

Exhibit 3: Expanding test portfolio



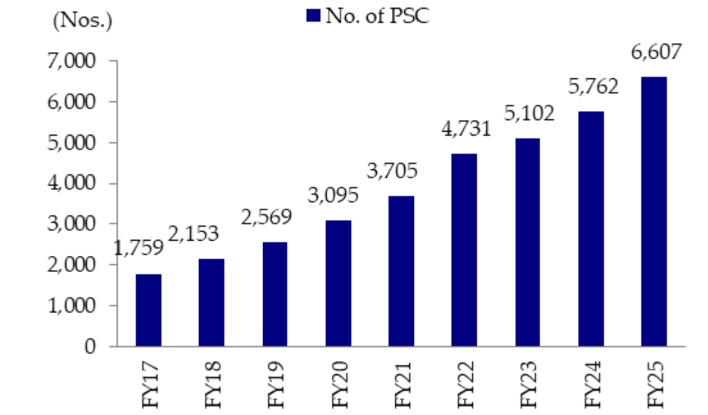
Source: Company, HSIE Research

Exhibit 4: Expanded clinical lab



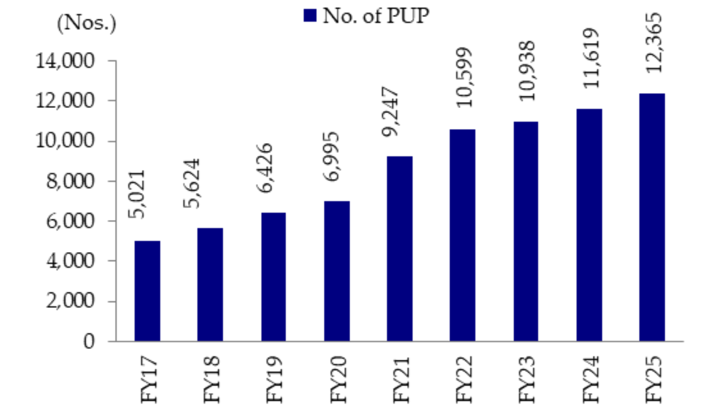
Source: Company, HSIE Research

Exhibit 5: Increasing patient service centers



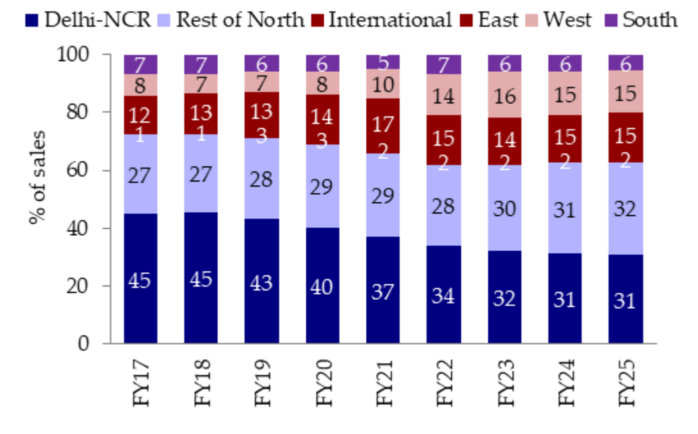
Source: Company, HSIE Research, PSCs: Patient Service Centers

Exhibit 6: Expanding pick-up points



Source: Company, HSIE Research, PUPs: Pick-up Points

Exhibit 7: Regional mix moving towards the rest of India



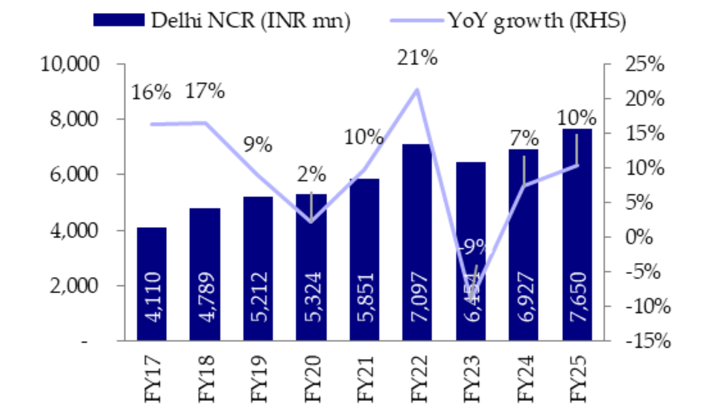
Source: Company, HSIE Research

Exhibit 8: Delhi muted, rest of India driving growth

Regions	CAGRs			
	FY16-19	FY20-22	FY19-25	FY23-25
Delhi NCR	14%	15%	7%	9%
Ex-Delhi	15%	23%	15%	14%
North India	14%	19%	10%	11%
East India	15%	30%	15%	13%
South India	9%	35%	11%	7%
West India	15%	66%	27%	6%
International	66%	2%	8%	19%
DLPL total	15%	25%	13%	10%

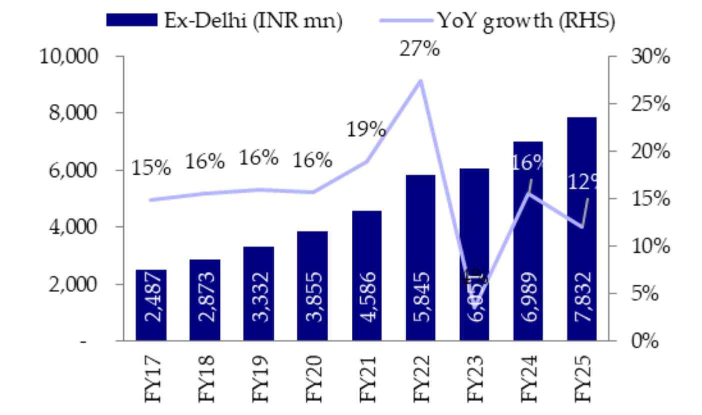
Source: Company, HSIE Research

Exhibit 9: Delhi NCR growth improved in FY25



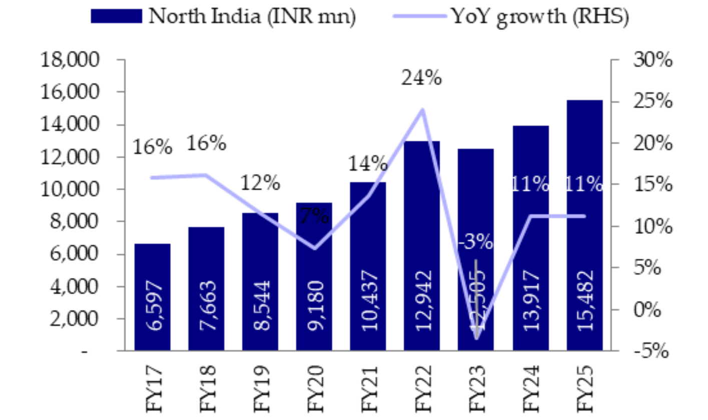
Source: Company, HSIE Research

Exhibit 10: Ex-Delhi, north region sees strong growth



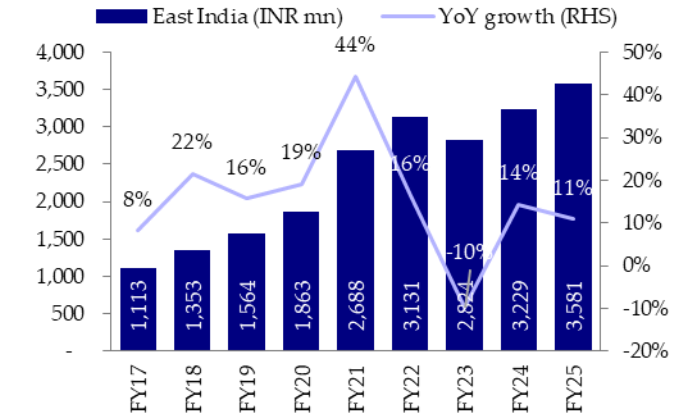
Source: Company, HSIE Research

Exhibit 11: North region growth steady



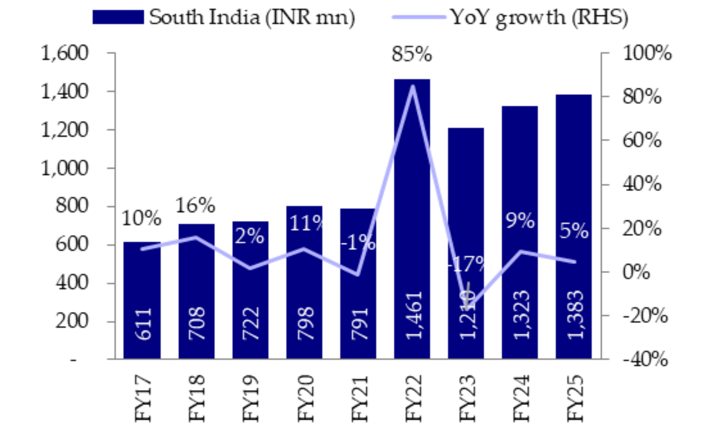
Source: Company, HSIE Research

Exhibit 12: East region sees steady growth



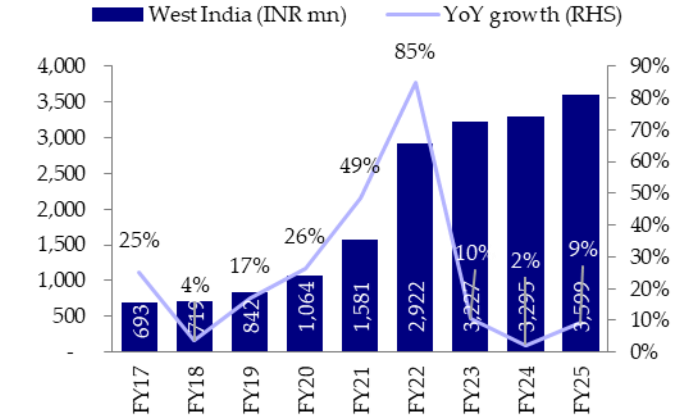
Source: Company, HSIE Research

Exhibit 13: South region in scale-up phase



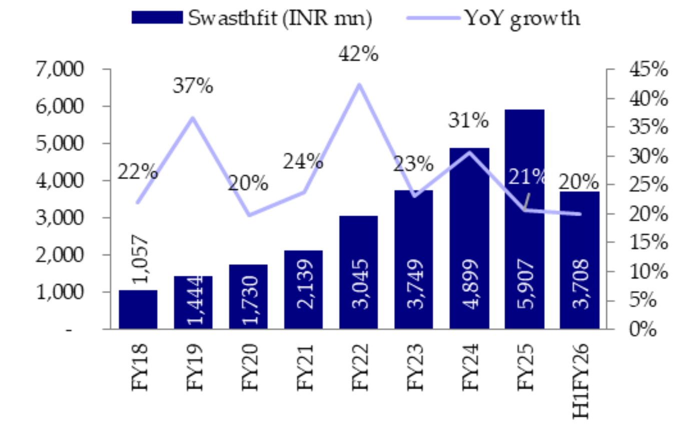
Source: Company, HSIE Research

Exhibit 14: West growth picked up gradually



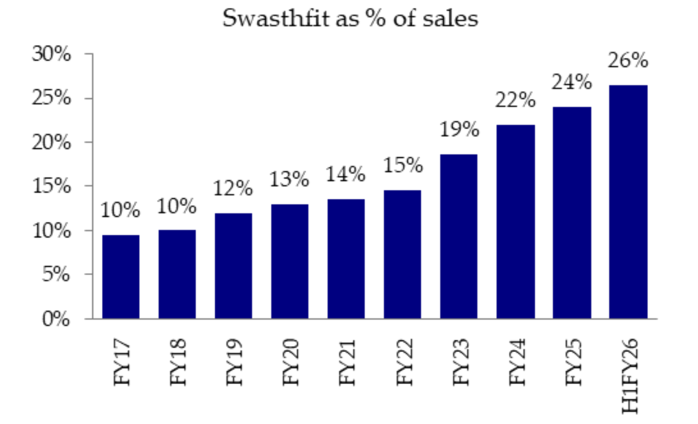
Source: Company, HSIE Research

Exhibit 15: Strong growth in Swasthfit



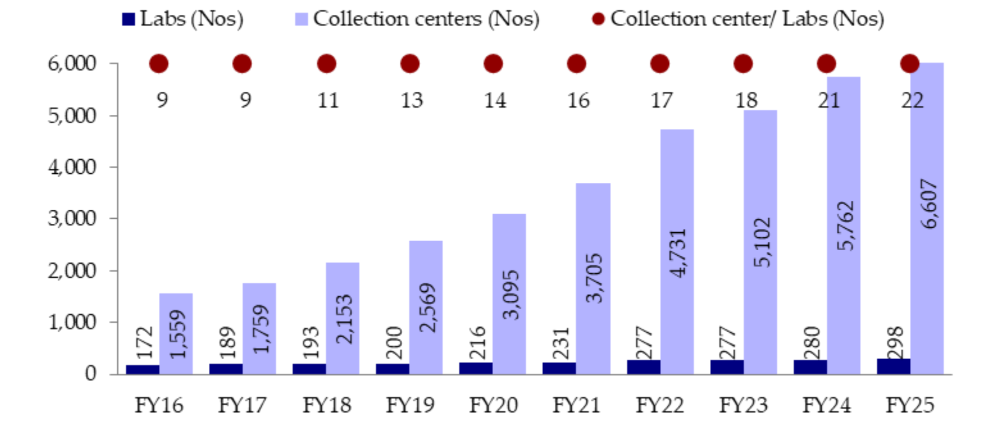
Source: Company, HSIE Research

Exhibit 16: Increasing share in the last few years



Source: Company, HSIE Research

Exhibit 17: Collection centre per lab has increased over FY17-25



Source: Company, HSIE Research

Exhibit 18: Strong cash flow generation

(INR mn)	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
PBT	3,005	3,105	3,944	4,749	3,438	5,055	6,248	7,168	8,189	9,305
Operating Profit before WC	**3,135**	**3,652**	**4,632**	**5,934**	**5,270**	**6,316**	**7,268**	**8,187**	**9,101**	**10,184**
(Inc.)/Dec in working capital	93	122	367	(167)	355	357	60	189	20	322
Cash flow from operations	**3,228**	**3,774**	**4,999**	**5,767**	**5,625**	**6,674**	**7,328**	**8,376**	**9,120**	**10,506**
Cash Taxes paid	(1,043)	(935)	(1,017)	(1,300)	(1,064)	(1,320)	(1,639)	(1,864)	(2,129)	(2,419)
Net Cash from operating activities	**2,185**	**2,839**	**3,982**	**4,467**	**4,560**	**5,353**	**5,689**	**6,512**	**6,991**	**8,086**
Capex	(420)	(796)	(596)	(4,761)	(459)	(574)	(449)	(1,960)	(850)	(900)
Free cash flow	**1,765**	**2,043**	**3,386**	**(294)**	**4,101**	**4,779**	**5,240**	**4,552**	**6,141**	**7,186**
OCF to EBITDA	**74%**	**83%**	**91%**	**80%**	**93%**	**88%**	**82%**	**83%**	**80%**	**83%**

Source: Company, HSIE Research

Diagnostic peers price trend across key cities and tests

Exhibit 19: Mumbai region price trend across key tests

Mumbai region (Price in INR)	Dr Lal Pathlabs			Metropolis			Agilus (SRL)			Tata 1mg			Pharmeasy			Redcliffe		
	Dec-24	Dec-25	YoY ch	Dec-24	Dec-25	YoY ch	Dec-24	Dec-25	YoY ch	Dec-24	Dec-25	YoY ch	Dec-24	Dec-25	YoY ch	Dec-24	Dec-25	YoY ch
CBC Haemogram	250	250	0%	340	340	0%	350	320	-9%	299	299	0%	349	349	0%	299	349	17%
Blood Urea Nitrogen Test (Function Test)	250	250	0%	260	260	0%	240	240	0%	160	229	43%	125	125	0%	149	229	54%
Creatinine	220	220	0%	270	270	0%	250	250	0%	159	159	0%	179	179	0%	140	209	49%
AST SGOT	220	220	0%	270	270	0%	230	230	0%	210	189	-10%	175	175	0%	169	269	59%
SGPT Alt Serum	220	220	0%	270	270	0%	250	250	0%	179	189	6%	175	175	0%	170	270	59%
Serum Bilirubin Total, Direct & Indirect	290	290	0%	320	320	0%	225	300	33%	220	219	0%	175	175	0%	199	299	50%
Dengue NS-1 Antigen Detection	600	600	0%	800	800	0%	600	600	0%	570	600	5%	599	599	0%	588	588	0%
Diabetes HbA1C (Glycosylated hemoglobin)	550	550	0%	640	500	-22%	620	620	0%	379	459	21%	449	449	0%	299	425	42%
Kidney Function Test (KFT)	910	910	0%	1,250	1,250	0%	965	965	0%	NA	NA	NA	NA	NA	NA	NA	NA	NA
Lipid Profile Basic	840	840	0%	800	800	0%	830	830	0%	399	399	0%	399	399	0%	320	449	40%
Liver Function test (LFT)	800	800	0%	1,200	1,200	0%	1,100	1,100	0%	399	399	0%	499	499	0%	370	449	21%
Thyroid Panel, T3, T4, TSH	550	550	0%	600	600	0%	580	580	0%	299	490	64%	399	399	0%	299	449	50%
Ultrasensitive TSH	380	380	0%	400	400	0%	380	380	0%	309	339	10%	299	349	17%	219	375	71%
Culture and Sensitivity Urine	1,015	1,015	0%	1,200	1,200	0%	1,100	1,100	0%	729	769	5%	899	899	0%	699	799	14%
Hepatitis B Surface Antigen	900	900	0%	650	650	0%	600	600	0%	200	169	-16%	479	479	0%	349	349	0%
Hepatitis C Virus (HCV) Rapid Screening	600	600	0%	1,400	1,575	13%	1,200	1,200	0%	559	599	7%	569	569	0%	250	449	80%
HIV 1 & 2 Antibodies	530	530	0%	700	720	3%	670	680	1%	339	389	15%	419	419	0%	480	580	21%
HIV1 RNA Quantitative	5,400	5,400	0%	6,220	6,220	0%	4,280	5,800	36%	4,689	4,859	4%	4,349	2,199	-49%	5,400	5,500	2%
B12 (Cyanocobalamin)	1,200	1,200	0%	1,250	1,250	0%	1,200	1,200	0%	539	680	26%	489	489	0%	499	699	40%
Vitamin A (Retinol)	4,300	4,300	0%	4,665	4,665	0%	4,280	4,280	0%	-	-	NA	1,949	1,949	0%	4,300	4,300	0%
Vitamin D, 25- Hydroxy	1,500	1,500	0%	1,800	1,800	0%	1,700	1,700	0%	539	499	-7%	399	399	0%	499	549	10%
Malaria Vivax And Falciparum Antigen	700	700	0%	780	780	0%	700	700	0%	599	639	7%	-	-	NA	580	584	1%

Source: Companies, HSIE Research

Exhibit 20: Delhi NCR region price trend across key tests

Delhi NCR region (Price in INR)	Dr Lal Pathlabs			Metropolis			Agilus (SRL)			Tata 1mg			Pharmeasy			Redcliffe		
	Dec-24	Dec-25	YoY ch	Dec-24	Dec-25	YoY ch	Dec-24	Dec-25	YoY ch	Dec-24	Dec-25	YoY ch	Dec-24	Dec-25	YoY ch	Dec-24	Dec-25	YoY ch
CBC Haemogram	350	350	0%	350	300	-14%	420	350	-17%	299	419	40%	349	349	0%	299	349	17%
Blood Urea Nitrogen Test (Function Test)	140	140	0%	160	160	0%	230	150	-35%	130	129	-1%	125	125	0%	149	229	54%
Creatinine	150	150	0%	150	120	-20%	230	150	-35%	149	149	0%	179	179	0%	140	209	49%
AST SGOT	190	190	0%	140	140	0%	230	190	-17%	210	179	-15%	175	175	0%	169	269	59%
SGPT Alt Serum	190	190	0%	160	160	0%	230	190	-17%	179	179	0%	175	175	0%	170	270	59%
Serum Bilirubin Total, Direct & Indirect	290	290	0%	250	250	0%	335	290	-13%	220	219	0%	175	175	0%	199	299	50%
Dengue NS-1 Antigen Detection	600	750	25%	600	600	0%	600	600	0%	589	600	2%	-	-	NA	588	588	0%
Diabetes HbA1C (Glycosylated hemoglobin)	440	440	0%	480	400	-17%	475	520	9%	399	469	18%	449	449	0%	299	399	33%
Kidney Function Test (KFT)	850	850	0%	850	750	-12%	875	850	-3%	NA	NA	NA	NA	NA	NA	NA	NA	NA
Lipid Profile Basic	1,000	1,000	0%	850	400	-53%	1,000	1,000	0%	399	399	0%	399	399	0%	320	449	40%
Liver Function test (LFT)	800	800	0%	800	750	-6%	825	800	-3%	399	399	0%	499	499	0%	370	449	21%
Thyroid Panel, T3, T4, TSH	550	550	0%	550	450	-18%	550	550	0%	299	490	64%	399	399	0%	299	449	50%
Ultrasensitive TSH	380	380	0%	200	150	-25%	380	350	-8%	309	339	10%	299	299	0%	219	375	71%
Culture and Sensitivity Urine	815	850	4%	950	750	-21%	850	850	0%	769	769	0%	899	899	0%	699	799	14%
Hepatitis B Surface Antigen	650	650	0%	450	450	0%	730	730	0%	200	169	-16%	479	479	0%	349	349	0%
Hepatitis C Virus (HCV) Rapid Screening	440	440	0%	1,600	1,555	-3%	1,600	1,600	0%	460	439	-5%	569	569	0%	250	449	80%
HIV 1 & 2 Antibodies	530	530	0%	650	500	-23%	650	730	12%	240	259	8%	419	419	0%	480	580	21%
HIV1 RNA Quantitative	5,400	5,400	0%	6,320	6,320	0%	5,700	5,700	0%	4,889	5,399	10%	4,349	2,199	-49%	5,400	5,500	2%
B12 (Cyanocobalamin)	1,200	1,200	0%	1,200	1,000	-17%	1,200	1,200	0%	539	680	26%	489	489	0%	499	699	40%
Vitamin A (Retinol)	4,300	4,300	0%	4,580	4,580	0%	4,600	4,600	0%	-	-	NA	1,949	1,949	0%	4,300	4,300	0%
Vitamin D, 25- Hydroxy	1,550	1,550	0%	1,200	900	-25%	1,600	1,550	-3%	539	499	-7%	399	399	0%	499	549	10%
Malaria Vivax And Falciparum Antigen	700	700	0%	650	650	0%	700	700	0%	599	629	5%	-	-	NA	580	599	3%

Source: Companies, HSIE Research

Exhibit 21: Bangalore region's price trend across key tests

Bangalore region (Price in INR)	Dr Lal Pathlabs			Metropolis			Agilus (SRL)			Tata 1mg			Pharmeasy			Redcliffe		
	Dec-24	Dec-25	YoY ch	Dec-24	Dec-25	YoY ch	Dec-24	Dec-25	YoY ch	Dec-24	Dec-25	YoY ch	Dec-24	Dec-25	YoY ch	Dec-24	Dec-25	YoY ch
CBC Haemogram	350	350	0%	400	400	0%	500	400	-20%	299	299	0%	349	349	0%	299	349	17%
Blood Urea Nitrogen Test (Function Test)	140	140	0%	150	150	0%	255	255	0%	160	159	-1%	125	125	0%	149	229	54%
Creatinine	150	150	0%	150	150	0%	230	230	0%	130	149	15%	179	179	0%	140	209	49%
AST SGOT	190	190	0%	200	200	0%	220	220	0%	210	189	-10%	175	175	0%	169	269	59%
SGPT Alt Serum	190	190	0%	210	210	0%	220	220	0%	179	199	11%	175	175	0%	170	270	59%
Serum Bilirubin Total, Direct & Indirect	290	290	0%	250	250	0%	330	330	0%	220	219	0%	175	175	0%	199	299	50%
Dengue NS-1 Antigen Detection	250	300	20%	250	250	0%	600	600	0%	300	300	0%	499	499	0%	588	588	0%
Diabetes HbA1C (Glycosylated hemoglobin)	440	440	0%	700	700	0%	600	620	3%	368	389	6%	449	449	0%	299	399	33%
Kidney Function Test (KFT)	850	850	0%	1,150	1,150	0%	1,000	1,000	0%	NA	NA	NA	NA	NA	NA	NA	NA	NA
Lipid Profile Basic	1,000	1,000	0%	680	680	0%	650	650	0%	349	399	14%	399	399	0%	399	449	13%
Liver Function test (LFT)	800	800	0%	950	950	0%	900	900	0%	358	399	11%	499	499	0%	399	449	13%
Thyroid Panel, T3, T4, TSH	550	550	0%	600	600	0%	580	580	0%	289	439	52%	399	399	0%	299	449	50%
Ultrasensitive TSH	380	380	0%	360	360	0%	380	380	0%	229	299	31%	299	299	0%	219	349	59%
Culture and Sensitivity Urine	815	850	4%	525	960	83%	950	950	0%	719	639	-11%	899	899	0%	699	649	-7%
Hepatitis B Surface Antigen	650	650	0%	600	600	0%	600	600	0%	200	169	-16%	479	479	0%	349	349	0%
Hepatitis C Virus (HCV) Rapid Screening	440	440	0%	1,700	1,590	-6%	1,600	1,600	0%	460	519	13%	569	569	0%	250	449	80%
HIV 1 & 2 Antibodies	530	530	0%	760	760	0%	630	750	19%	399	529	33%	419	419	0%	480	580	21%
HIV1 RNA Quantitative	5,400	5,400	0%	6,280	6,280	0%	5,700	5,700	0%	4,790	4,790	0%	4,349	2,199	-49%	5,400	5,500	2%
B12 (Cyanocobalamin)	1,200	1,200	0%	1,350	1,350	0%	1,350	1,350	0%	389	679	75%	489	489	0%	499	699	40%
Vitamin A (Retinol)	4,300	4,300	0%	4,795	4,795	0%	4,600	4,600	0%	-	-	NA	1,949	1,949	0%	4,300	4,300	0%
Vitamin D, 25-Hydroxy	1,550	1,550	0%	1,780	1,780	0%	1,750	1,750	0%	388	649	67%	399	399	0%	499	599	20%
Malaria Vivax And Falciparum Antigen	700	700	0%	750	750	0%	715	715	0%	599	639	7%	-	-	NA	580	549	-5%

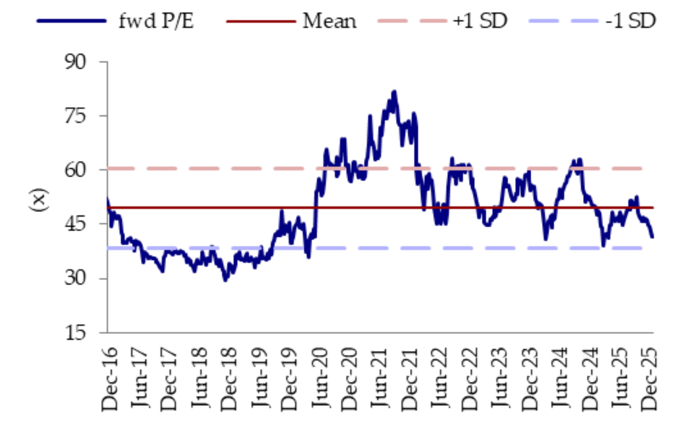
Source: Companies, HSIE Research

Exhibit 22: Kolkata region price trend across key tests

Kolkata region (Price in INR)	Dr Lal Pathlabs			Metropolis			Agilus (SRL)			Tata 1mg			Pharmeasy			Redcliffe		
	Dec-24	Dec-25	YoY ch	Dec-24	Dec-25	YoY ch	Dec-24	Dec-25	YoY ch	Dec-24	Dec-25	YoY ch	Dec-24	Dec-25	YoY ch	Dec-24	Dec-25	YoY ch
CBC Haemogram	330	330	0%	330	330	0%	400	350	-13%	239	299	25%	349	349	0%	299	349	17%
Blood Urea Nitrogen Test (Function Test)	140	140	0%	160	160	0%	250	150	-40%	130	129	-1%	125	125	0%	149	229	54%
Creatinine	190	190	0%	175	175	0%	250	190	-24%	140	149	6%	179	179	0%	140	199	42%
AST SGOT	210	210	0%	180	180	0%	300	300	0%	210	189	-10%	175	175	0%	169	269	59%
SGPT Alt Serum	210	210	0%	190	190	0%	300	300	0%	179	189	6%	175	175	0%	170	179	5%
Serum Bilirubin Total, Direct & Indirect	270	270	0%	280	280	0%	320	320	0%	220	219	0%	175	175	0%	199	299	50%
Dengue NS-1 Antigen Detection	1,500	1,500	0%	600	600	0%	600	600	0%	570	589	3%	499	499	0%	588	588	0%
Diabetes HbA1C (Glycosylated hemoglobin)	450	450	0%	550	550	0%	600	620	3%	389	399	3%	449	449	0%	299	389	30%
Kidney Function Test (KFT)	850	850	0%	850	850	0%	1,050	850	-19%	NA	NA	NA	NA	NA	NA	NA	NA	NA
Lipid Profile Basic	1,000	1,000	0%	700	700	0%	1,100	1,000	-9%	319	359	13%	399	399	0%	399	399	0%
Liver Function test (LFT)	800	800	0%	780	780	0%	1,200	1,000	-17%	298	399	34%	499	499	0%	399	449	13%
Thyroid Panel, T3, T4, TSH	570	570	0%	550	550	0%	580	580	0%	238	490	106%	399	399	0%	299	449	50%
Ultrasensitive TSH	350	350	0%	300	300	0%	380	350	-8%	218	319	46%	299	299	0%	219	375	71%
Culture and Sensitivity Urine	565	565	0%	840	840	0%	770	770	0%	518	509	-2%	899	899	0%	699	649	-7%
Hepatitis B Surface Antigen	600	600	0%	500	500	0%	630	550	-13%	200	169	-16%	479	479	0%	349	349	0%
Hepatitis C Virus (HCV) Rapid Screening	440	440	0%	1,350	1,575	17%	1,600	1,600	0%	400	399	0%	569	569	0%	250	449	80%
HIV 1 & 2 Antibodies	550	550	0%	650	650	0%	650	800	23%	240	239	0%	419	419	0%	480	580	21%
HIV1 RNA Quantitative	5,400	5,400	0%	6,220	6,220	0%	5,700	5,700	0%	4,790	4,790	0%	4,349	2,199	-49%	5,400	5,500	2%
B12 (Cyanocobalamin)	1,100	1,100	0%	1,200	1,200	0%	1,350	1,350	0%	338	679	101%	489	489	0%	499	649	30%
Vitamin A (Retinol)	4,300	4,300	0%	4,665	4,665	0%	4,600	4,600	0%	-	-	NA	1,949	1,949	0%	4,300	4,300	0%
Vitamin D, 25- Hydroxy	1,400	1,400	0%	1,550	1,550	0%	1,500	1,400	-7%	349	649	86%	399	399	0%	499	549	10%
Malaria Vivax And Falciparum Antigen	700	700	0%	640	640	0%	750	450	-40%	599	629	5%	-	-	NA	580	630	9%

Source: Companies, HSIE Research

Exhibit 23: PE band



Source: Company, HSIE Research

Exhibit 24: EV/ EBITDA band

Source: Company, HSIE Research

Financials

Profit & loss (INR mn)

March	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net sales	**20,169**	**22,266**	**24,614**	**27,444**	**30,598**	**34,115**
Other operating income	0	0	0	0	0	0
Total operating income	**20,169**	**22,266**	**24,614**	**27,444**	**30,598**	**34,115**
Cost of goods sold	(4,472)	(4,514)	(4,815)	(5,297)	(5,905)	(6,550)
Gross profit	15,697	17,752	19,799	22,147	24,693	27,565
Gross margin (%)	77.8	79.7	80.4	80.7	80.7	80.8
Total operating expenses	(10,799)	(11,660)	(12,843)	(14,326)	(16,003)	(17,842)
EBITDA	**4,898**	**6,092**	**6,956**	**7,822**	**8,690**	**9,723**
EBITDA margin (%)	24.3	27.4	28.3	28.5	28.4	28.5
Depreciation	(1,502)	(1,436)	(1,419)	(1,566)	(1,635)	(1,647)
EBIT	**3,396**	**4,656**	**5,537**	**6,256**	**7,055**	**8,076**
Net interest	(375)	(294)	(223)	(192)	(194)	(196)
Other income	417	692	934	1,104	1,328	1,426
Profit before tax	**3,438**	**5,055**	**6,248**	**7,168**	**8,189**	**9,305**
Total taxation	(1,028)	(1,432)	(1,325)	(1,864)	(2,129)	(2,419)
Tax rate (%)	30	28	21	26	26	26
Profit after tax	2,411	3,623	4,923	5,305	6,060	6,886
Minorities	22	46	51	52	52	53
Profit/ Loss associate co(s)	0	0	0	0	0	0
Adjusted net profit	**2,389**	**3,577**	**4,463**	**5,253**	**6,008**	**6,833**
Adj. PAT margin (%)	12	16	18	19	20	20
Net non-recurring items	0	0	408	0	0	0
Reported net profit	**2,389**	**3,577**	**4,871**	**5,253**	**6,008**	**6,833**

Balance sheet (INR mn)

March	FY23	FY24	FY25	FY26E	FY27E	FY28E
Paid-up capital	834	835	836	1,676	1,676	1,676
Reserves & surplus	15,829	17,658	20,891	23,310	27,275	32,058
Net worth	16,995	18,854	22,065	25,375	29,392	34,228
Borrowing	4,195	2,469	1,574	1,604	1,622	1,637
Other non-current liabilities	34	157	172	185	194	204
Total liabilities	**23,856**	**24,560**	**27,168**	**31,063**	**35,524**	**41,145**
Gross fixed assets	12,594	12,803	13,554	15,898	17,123	18,401
Less: Depreciation	(5,022)	(6,346)	(7,686)	(9,251)	(10,887)	(12,534)
Net fixed assets	7,572	6,456	5,869	6,646	6,237	5,868
Add: Capital WIP	49	56	35	176	176	176
Total fixed assets	7,622	6,513	5,904	6,822	6,413	6,044
Total Investment	1,499	1,475	3,601	5,187	5,187	5,187
Inventory	338	373	361	457	510	569
Debtors	708	774	881	991	1,105	1,232
Cash & bank	6,654	8,303	8,387	9,411	13,875	19,417
Loans & advances	14	13	11	22	25	27
Current liabilities	2,631	3,080	3,357	3,899	4,315	5,075
Total current assets	8,232	10,130	10,368	11,568	16,279	22,098
Net current assets	5,601	7,050	7,012	7,668	11,964	17,023
Other non-current assets	1,024	961	1,815	2,006	2,164	2,335
Total assets	**23,856**	**24,560**	**27,168**	**31,063**	**35,524**	**41,145**

Source: Company, HSIE Research

Cash flow (INR mn)

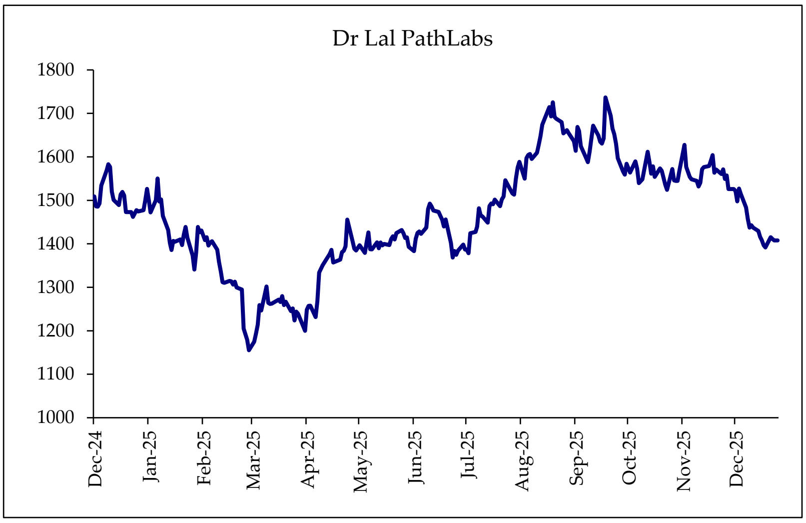
March	FY23	FY24	FY25	FY26E	FY27E	FY28E
Profit before tax	3,438	5,055	6,248	7,168	8,189	9,305
Depreciation & Amortization	(1,502)	(1,436)	(1,419)	(1,566)	(1,635)	(1,647)
Chg in working capital	355	357	60	189	20	322
CF from operations	**4,560**	**5,353**	**5,689**	**6,512**	**6,991**	**8,086**
Capital expenditure	(459)	(574)	(449)	(1,960)	(850)	(900)
CF from investing	**(2,873)**	**(243)**	**(3,032)**	**(3,546)**	**(850)**	**(900)**
Equity raised/ (repaid)	7	35	127	840	0	0
Debt raised/ (repaid)	(1,655)	(2,068)	(1,364)	(510)	(489)	(555)
Dividend paid	(994)	(1,995)	(1,999)	(1,996)	(2,043)	(2,050)
CF from financing	**(2,832)**	**(4,139)**	**(3,340)**	**(1,858)**	**(2,726)**	**(2,802)**
Net chg in cash	(1,145)	972	(683)	1,108	3,415	4,385

Key ratios

March	FY23	FY24	FY25	FY26E	FY27E	FY28E
OPERATIONAL						
FDEPS (Rs)	14.3	21.3	26.6	31.3	35.8	40.8
CEPS (Rs)	23.2	29.9	37.5	40.7	45.6	50.6
DPS (Rs)	5.9	11.9	11.9	11.9	12.2	12.2
Dividend payout ratio (%)	41.6	55.8	41.0	38.0	34.0	30.0
GROWTH						
Net sales (%)	(3.4)	10.4	10.5	11.5	11.5	11.5
EBITDA (%)	(12.6)	24.4	14.2	12.4	11.1	11.9
Adj net profit (%)	(30.7)	49.8	24.8	17.7	14.4	13.7
FDEPS (%)	(30.7)	49.8	24.8	17.7	14.4	13.7
PERFORMANCE						
RoE (%)	15.1	20.4	22.2	22.5	22.3	21.8
RoCE (%)	18.2	25.0	28.6	28.9	28.7	28.2
EFFICIENCY						
Asset turnover (x)	1.7	1.8	1.9	1.9	1.9	1.9
Sales/ total assets (x)	0.9	0.9	1.0	0.9	0.9	0.9
Working capital/ sales (x)	(0.0)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Receivable days	13	13	13	13	13	13
Inventory days	8	8	7	9	8	9
Payable days	37	42	41	43	42	44
FINANCIAL STABILITY						
Total debt/ equity (x)	0.3	0.1	0.1	0.1	0.1	0.1
Net debt/ equity (x)	(0.2)	(0.4)	(0.5)	(0.5)	(0.6)	(0.7)
Current ratio (x)	3.1	3.3	3.1	3.0	3.8	4.4
Interest cover (x)	9.0	15.9	24.8	32.6	36.3	41.1
VALUATION						
PE (x)	100.3	67.0	53.7	45.6	39.9	35.1
EV/ EBITDA (x)	48.2	38.2	33.0	29.1	25.7	22.4
EV/ Net sales (x)	11.7	10.5	9.3	8.3	7.3	6.4
PB (x)	14.4	13.0	11.0	9.6	8.3	7.1
Dividend yield (%)	0.4	0.8	0.8	0.8	0.9	0.9
Free cash flow yield (%)	1.7	2.0	2.2	1.9	2.6	3.0

Source: Company, HSIE Research

Price movement



Rating Criteria

BUY: >+15% return potential

ADD: +5% to +15% return potential

REDUCE: -10% to +5% return potential

SELL: > 10% Downside return potential

Disclosure:
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