

Dr Lal Pathlabs (DLPL) - ADD

Result Update

Current Market Price (CMP)

Rs. 2,769

Fair Value (FV)

Rs. 3,250

Rationale:

- Reported a 7%/15% beat on KIE's EBITDA/adjusted PAT estimates in Q4FY25.
- Even as Suburban reported a muted print, we expect a steady improvement hereon.
- Also, volume-led traction and a higher Swasthfit contribution to drive EBITDA and adjusted EPS CAGRs of ~13% each for DLPL over FY25-28E.
- Competition still limit volume recovery, despite ebbing of price discounts in industry.
- We expect volume growth to pick up steadily in Suburban and Tier-3/4 towns, aided by its ongoing expansion and robust brand equity. Retain ADD.

(CAGR-Compound annual growth rate; EBITDA-earnings before interest, taxes, depreciation, and amortization; EPS-earnings per share; PAT-Profit After Tax)

Q4FY25 Result update:

Positives:

- DLPL's Q4FY25 sales at Rs600 cr (+10% yoy) were in line with our estimates.
- Patient volumes grew ~5% yoy, while test volumes grew ~9% yoy.
- North and East doing well; scope to expand in West and South India.
- Execution & its strategy on track; DLPL to tide over leadership transition challenge.
- We expect a steady improvement in Suburban's growth profile.

Negatives:

- Sheer higher quantum of organized competitors to restrict a significant volume bounce back.

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For detailed report dated 26th April 2025. Note: CMP & valuation may differ due to difference in dates.



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