

Retail Equity Research



Dr. Lal PathLabs Ltd.

HOLD

Sector: Health Care

17th February, 2026

Key Changes	Target	Rating	Earnings	Target	Rs. 1,577
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame
Small Cap	DLPL:IN	83,451	LALPATHLAB	539524	12 Months
				CMP	Rs. 1,439
				Return	+10%

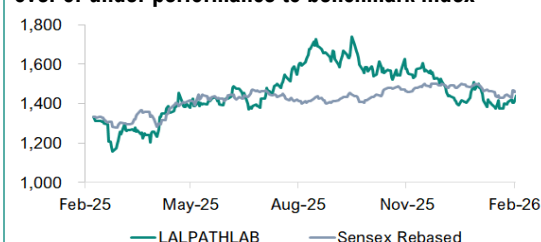
Data as of: 17-Feb-2026, 16:00 hrs

Company Data	
Market Cap (Rs.cr)	24,175
52 Week High — Low (Rs.)	1,771 - 1,148
Enterprise Value (Rs. cr)	22,726
Outstanding Shares (cr)	16.8
Free Float (%)	46.4
Dividend Yield (%)	0.9
6m average volume (cr)	0.03
Beta	0.7
Face value (Rs.)	10.0

Shareholding (%)	Q1FY26	Q2FY26	Q3FY26
Promoters	53.8	53.2	53.2
FII's	21.7	21.9	20.3
MFs/Institutions	17.9	18.5	19.2
Public	5.7	5.7	6.4
Others	0.9	0.8	0.9
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil

Price Performance	3 Month	6 Month	1 Year
Absolute Return	-10.9%	-15.0%	6.7%
Absolute Sensex	-2.2%	2.6%	8.5%
Relative Return	-8.7%	-17.6%	-1.9%

*over or under performance to benchmark index



Y.E March (cr)	FY26E	FY27E	FY28E
Sales	2,732	3,046	3,412
Growth (%)	11.0	11.5	12.0
EBITDA	775	876	991
EBITDA Margin (%)	28.4	28.8	29.1
PAT Adjusted	526	601	699
Growth (%)	7.9	14.4	16.2
Adjusted EPS	31.4	35.9	41.7
Growth (%)	7.6	14.4	16.2
P/E	44.6	39.0	33.6
P/B	9.5	8.3	7.3
EV/EBITDA	29.3	25.9	22.9
ROE (%)	20.3	21.5	21.9
D/E	0.0	0.0	0.0

Steady Progress, Growth Yet to Accelerate

Dr Lal PathLabs Ltd (DLPL) provides diagnostic tests and services globally. As of December 2024, DLPL had 280 clinical laboratories, including a national reference lab in Delhi, a regional reference lab in Kolkata and 5,762 patient-service centres.

- The company's consolidated revenue increased 10.6% YoY to Rs. 660cr in Q3FY26, driven by a higher sample volume (+7.8% YoY), calibrated network expansion in its core metro markets, and deeper penetration in Tier 3 and 4 cities/towns.
- The number of samples grew 7.8% YoY to 22.2 million from 20.6 million, while the patient volume increased 2.7% YoY to 7.1 million.
- EBITDA rose 16.4% YoY to Rs. 179cr, and the margin expanded 140 basis points (bps) YoY to 27.2%, driven by sustained volume growth, network expansion and a favourable mix, combined with the efficient hub-and-spoke model and technology to achieve economies of scale and cost efficiencies.
- However, reported profit after tax (PAT) declined 6.8% YoY to Rs. 91cr due to an exceptional line item pertaining to employee benefits.
- The Swasthit package, a comprehensive health checkup solution, saw its revenue contribution increase to 26% from 23% in Q3FY25.

Outlook & Valuation

DLPL sustains its competitive edge in diagnostics through robust quality protocols and superior service standards. Strategic expansion via M&A and investments in technology and infrastructure underpin long-term growth prospects. However, recent quarters have seen growth lagging peers, highlighting the need for sharper execution. Margin pressures are expected from rising imported material costs amid rupee depreciation, though calibrated pricing hikes could serve as a key re-rating trigger. Hence, **we maintain a HOLD rating, rolling forward our target price to Rs.1,577, based on 38x FY28E adj. EPS.**

Quarterly Finance Consol.

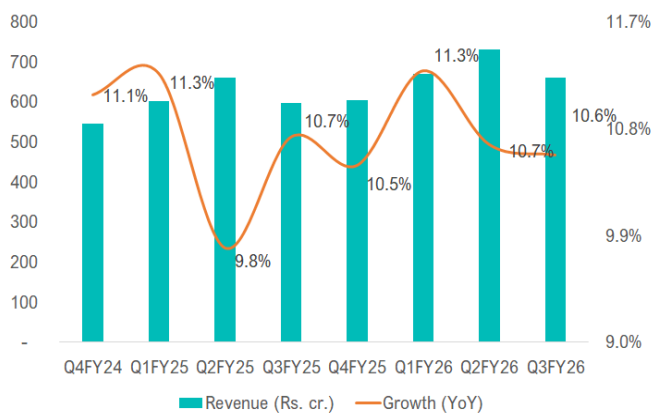
Rs.cr	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	9MFY26	9MFY25	YoY (%)
Sales	660	597	10.6	731	-9.7	2,060	1,859	10.8
EBITDA	179	154	16.4	224	-20.0	596	527	13.1
Margin (%)	27.2	25.8	140bps	30.7	-350bps	28.9	28.3	60bps
EBIT	137	119	15.8	184	-25.3	479	421	13.7
PBT	124	138	-10.1	204	-38.9	509	471	8.0
Rep. PAT	91	98	-6.8	152	-39.9	378	337	12.1
Adj PAT	121	97	24.7	151	-19.9	404	332	21.5
Adj. EPS (Rs)	7.2	5.8	24.4	9.0	-19.9	24.1	19.9	21.2



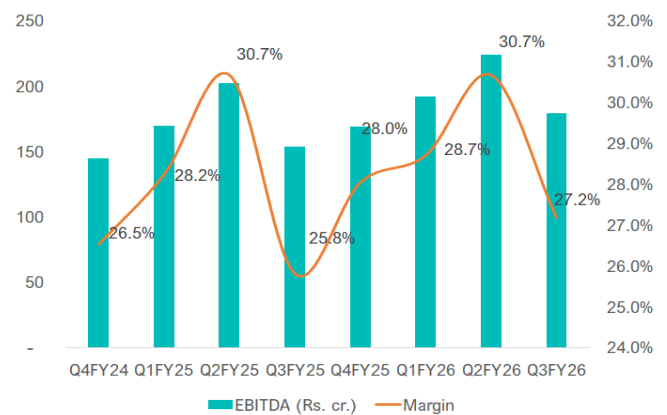
Key concall highlights

- The company expects to deliver 11-12% organic revenue growth in the current fiscal year. Management is confident of a better growth trajectory beyond FY26, potentially exceeding 12% in the medium term
- EBITDA margin is expected to range 27-28% in FY26.
- The company is actively pursuing M&A opportunities, viewing them as a capital allocation priority and a means to support growth.
- Management has launched Sovaaka, a new-age diagnostic experience centre, in Gurugram.
- The company is scaling through expansion in newer markets, innovative offerings and digital enablement to achieve long-term profitable growth.
- Total capex for FY26 is projected at Rs. 150-160cr, including investments in precision diagnostics, new radiology centers and Sovaaka.

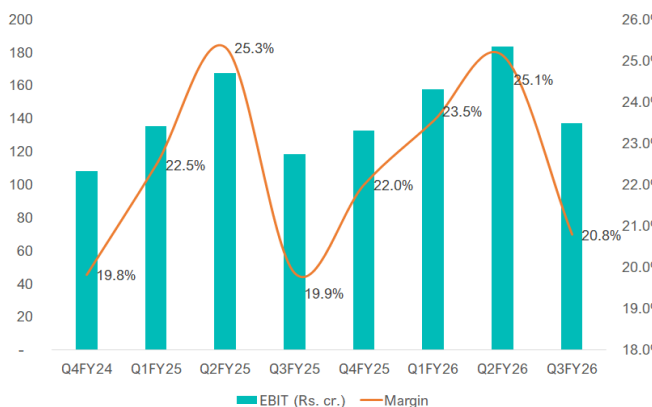
Revenue



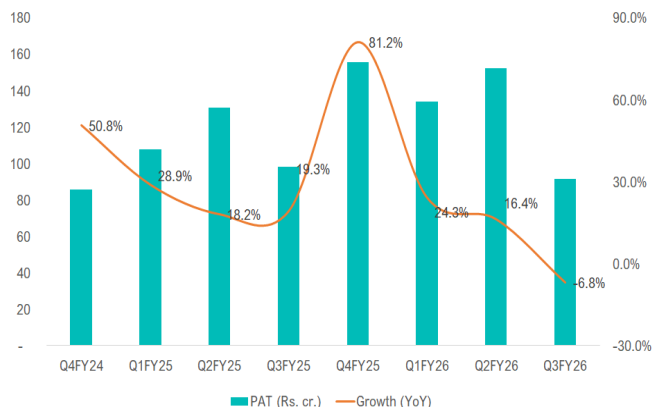
EBITDA



EBIT



PAT



Change in Estimates

Year / Rs cr	Old estimates			New estimates			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	2,751	3,089	3,412	2,732	3,046	3,412	-0.7	-1.4	-
EBITDA	780	883	991	775	876	991	-0.7	-0.9	-
Margins (%)	28.4	28.6	29.1	28.4	28.8	29.1	0bps	20bps	-
Adj. PAT	522	606	699	526	601	699	0.8	-0.8	-
EPS	62.3	72.4	81.7	31.4	35.9	41.7	0.7	-0.9	-



Consolidated Financials

Profit & Loss

Y.E March (Rs. Cr)	FY24A	FY25A	FY26E	FY27E	FY28E
Sales	2,227	2,461	2,732	3,046	3,412
% change	10.4	10.5	11.0	11.5	12.0
EBITDA	609	696	775	876	991
% change	24.2	12.6	12.9	13.1	13.2
Depreciation	144	133	145	149	149
EBIT	466	554	630	726	842
Interest	29	22	21	19	18
Other Income	69	93	68	114	131
PBT	506	625	677	821	954
% change	47.0	23.6	8.4	21.3	16.2
Tax	143	133	176	213	248
Tax Rate (%)	28.3	21.2	26.0	26.0	26.0
Reported PAT	362	492	501	607	706
PAT att. to common shareholders	358	487	496	601	699
Adj.*	-	-	30	-	-
Adj. PAT	358	487	526	601	699
% change	50.3	35.9	7.9	14.4	16.2
No. of shares (cr)	16.7	16.7	16.8	16.8	16.8
Adj EPS (Rs.)	21.4	29.1	31.4	35.9	41.7
% change	50.1	35.7	7.6	14.4	16.2
DPS (Rs.)	12.0	12.0	12.1	14.7	17.1

Cashflow

Y.E March (Rs. Cr)	FY24A	FY25A	FY26E	FY27E	FY28E
Net inc. + Depn.	506	625	646	757	856
Non-cash adj.	10	-54	-63	-99	-161
Other adjustments	-	-	-	-	-
Changes in W.C	20	-2	-12	4	7
C.F. Operation	535	569	570	662	702
Capital exp.	-57	-53	-162	-149	-158
Change in inv.	-15	-317	-171	-200	-256
Other invest.CF	47	67	-	-	-
C.F - Investment	-24	-303	-332	-350	-414
Issue of equity	4	13	-	-	-
Issue/repay debt	-153	-83	-5	-5	-5
Dividends paid	-201	-207	-203	-247	-287
Other finance.CF	-63	-56	-	-	-
C.F - Finance	-414	-334	-209	-252	-291
Chg. in cash	97	-68	29	61	-4
Closing Cash	830	839	868	929	925

Balance Sheet

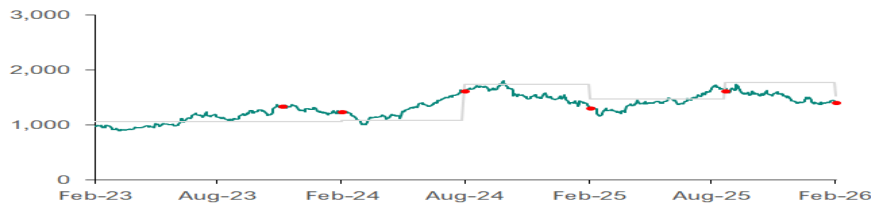
Y.E March (Rs. Cr)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash	830	839	868	929	925
Accts. Receivable	77	88	104	119	133
Inventories	37	36	48	54	60
Other Cur. Assets	182	401	540	710	938
Investments	-	-	-	-	-
Gross Fixed As-sets	3,976	5,023	5,185	5,334	5,492
Net Fixed Assets	343	336	328	301	280
CWIP	4	4	3	3	3
Intangible Assets	853	799	824	852	882
Def. Tax -Net	45	87	143	237	392
Other Assets	85	128	168	208	248
Total Assets	2,456	2,717	3,027	3,412	3,861
Current Liabilities	380	403	422	452	486
Provisions	2	2	-	-	-
Debt Funds	186	103	97	93	88
Other Liabilities	2	3	3	3	3
Equity Capital	84	84	84	84	84
Res. & Surplus	1,766	2,089	2,381	2,736	3,148
Shareholder Funds	1,849	2,173	2,465	2,819	3,231
Minority Interest	36	34	39	45	53
Total Liabilities	2,456	2,717	3,027	3,412	3,861
BVPS	111	130	147	168	193

Ratio

Y.E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profitab. & Return					
EBITDA margin (%)	27.4	28.3	28.4	28.8	29.1
EBIT margin (%)	20.9	22.5	23.1	23.8	24.7
Net profit mgn.(%)	16.1	19.8	18.1	19.7	20.5
ROE (%)	19.6	22.7	20.3	21.5	21.9
ROCE (%)	22.5	24.0	24.2	24.6	25.0
W.C & Liquidity					
Receivables (days)	12.7	13.1	13.9	14.2	14.1
Inventory (days)	30.2	27.4	33.6	33.8	33.7
Payables (days)	150.9	150.7	148.9	149.7	149.9
Current ratio (x)	2.4	3.4	3.7	4.0	4.2
Quick ratio (x)	2.2	3.1	3.4	3.7	3.9
Turnover & Leverage					
Gross asset T.O (x)	0.6	0.5	0.5	0.6	0.6
Total asset T.O (x)	0.9	1.0	1.0	0.9	0.9
Int. covge. ratio (x)	15.8	24.8	30.0	37.7	45.8
Adj. debt/equity (x)	0.1	0.0	0.0	0.0	0.0
Valuation					
EV/Sales (x)	11.3	8.1	8.3	7.4	6.6
EV/EBITDA (x)	41.3	28.8	29.3	25.9	22.9
P/E (x)	72.1	42.5	44.6	39.0	33.6
P/BV (x)	13.9	9.5	9.5	8.3	7.3



Recommendation Summary (Last 3 years)



Dates	Rating	Target
10-Aug-22	HOLD	1,314
10-Feb-23	HOLD	1,064
16-Nov-23	SELL	1,055
13-Feb-24	SELL	1,080
12-Aug-24	HOLD	1,743
14-Feb-25	ACCUMULATE	1,477
02-Sep-25	HOLD	1,774
17-Feb-26	HOLD	1,577

Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%

Not rated/Neutral

Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

Symbols definition:

▲ Upgrade

● No Change

▼ Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

The recommendations are based on 12 month horizon, unless otherwise specified. The investment ratings are on absolute positive/negative return basis. It is possible that due to volatile price fluctuation in the near to medium term, there could be a temporary mismatch to rating. For reasons of valuations/ return/lack of clarity/event we may revisit rating at appropriate time. Please note that the stock always carries the risk of being upgraded to BUY or downgraded to a HOLD, REDUCE or SELL.

Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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