

Dr. Lal PathLabs Limited (DLPL)

Corporate Presentation

February 2021



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Company Overview

[Dr. Lal PathLabs at a glance](#)

[Our Evolution](#)

[Dr. Lal PathLabs overview](#)

[Experienced Management team](#)



Dr. Lal PathLabs – At a Glance

- India’s Leading & Trusted Diagnostics Company
- 70+ years of experience in the field of diagnostics
- 77.5 Mn patients serviced in last 5 years
- 33 NABL accredited Labs; National Reference Lab accredited by CAP

Largest* diagnostics chain in the country with PAN India presence and consistent track record of quality and growth

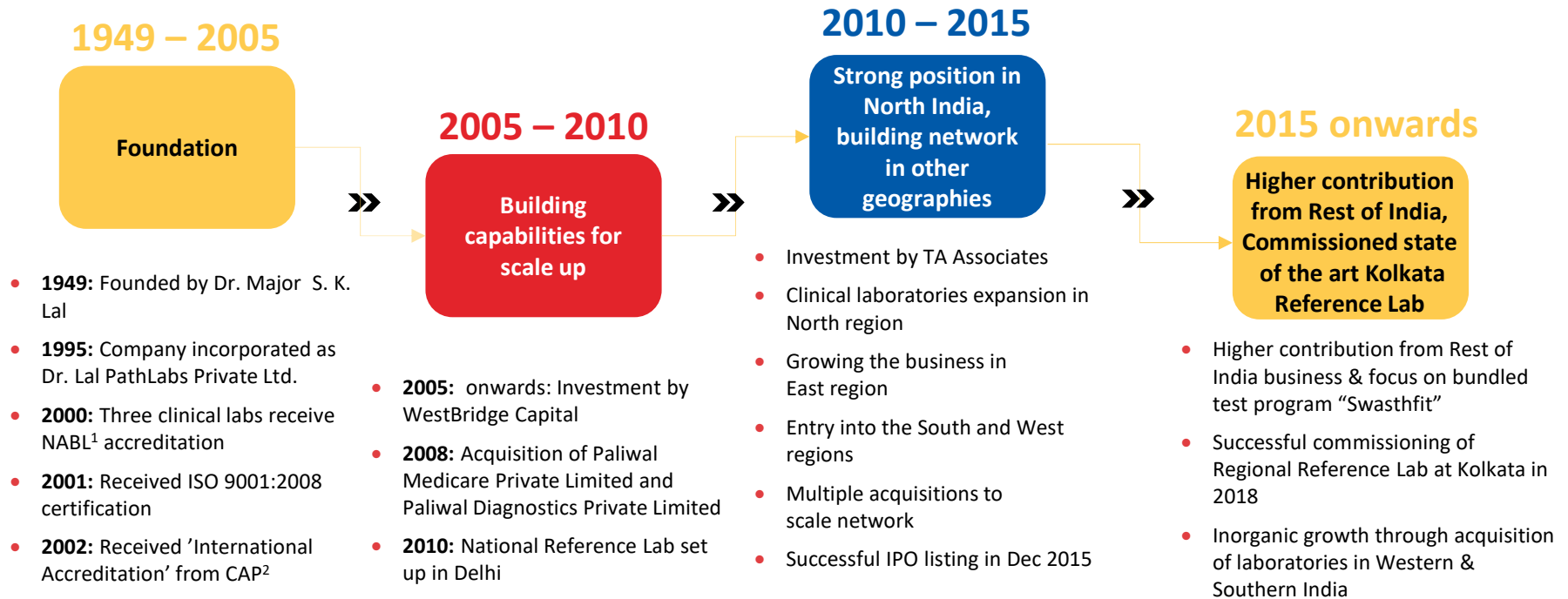
12% 3 Year Revenue CAGR	15% 3-Year PAT CAGR	120% Equity Dividend for FY 19-20
~67% ROCE Excl. Cash & Investments	Rs 932.6 Cr. Cash & Investments as on 31 st Dec 20	
216 Labs; Geographically spread out network	4,953 Pathology & Radiology tests; Comprehensive Test menu	CRISIL AA-/Stable Long Term Rating; Strength of Balance Sheet

As on March 31, 2020

*Largest on the basis of Revenue and presence



Our Evolution



1. NABL: National Accreditation Board for Calibration and Testing Laboratories.
 2. CAP: College of American Pathologists.

Dr. Lal PathLabs overview

Established consumer healthcare brand in diagnostic services

Pan-India integrated coverage with 216 clinical labs (including National Reference Lab¹ at Delhi and Regional Ref Lab at Kolkata), 3,095 Patient Service Centers (PSCs) and 6,995 Pick-up Points (PUPs)²

Catalogue of 455 test panels, 2,537 pathology tests and 1,961 radiology and cardiology tests²

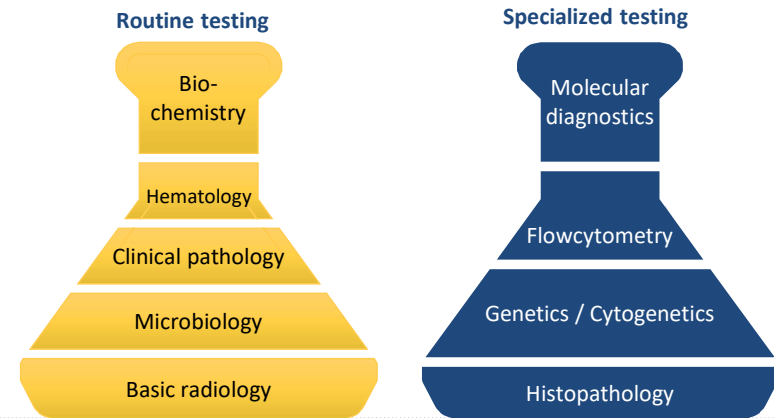
Collected and processed ~13.5 mn samples from ~5.5 mn patients in Q3 FY21; ~47.7 mn samples from ~19.4 mn patients in FY20; ~41.8 mn samples from ~17.6 mn patients in FY19

Customers include individual patients, corporates and institutions, healthcare providers as well as hospital and clinical labs (lab management)

FY20: Revenue: **INR 1,330.4 Cr.**; EBITDA: **INR 331.1 Cr**³ (Margin: **24.9%**); PAT: **INR 227.6 Cr** (Margin: **17.1%**);
 FY19: Revenue: **INR 1,203.4 Cr**; EBITDA : **INR 313.2 Cr** (Margin: **26%**); PAT: **INR 200.5 Cr** (Margin: **16.7%**)

1. Total area of 7,253 square meters
 2. As on March 31, 2020.
 3. Normalised EBITDA excl ESOP, CSR Cost & impact of Ind AS 116

Test Menu



Accreditations



ISO15189:2007
 IS9001:2008
 ISO27001:2013

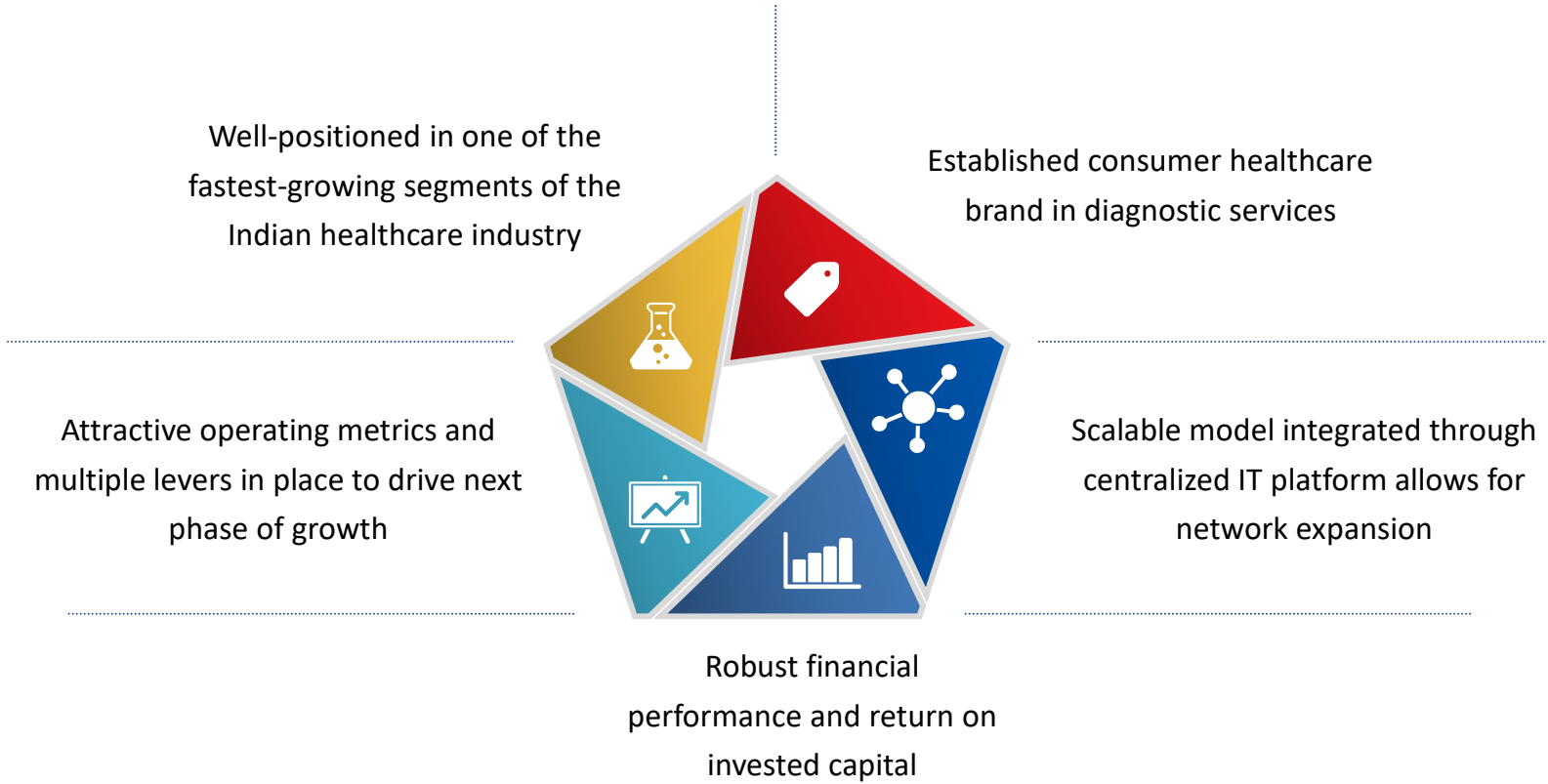
Experienced Management team



Investment Highlights



Investment Highlights



Indian Healthcare Services is a large growth opportunity

1.42bn

India's expected population in 2022

USD 2,483 bn

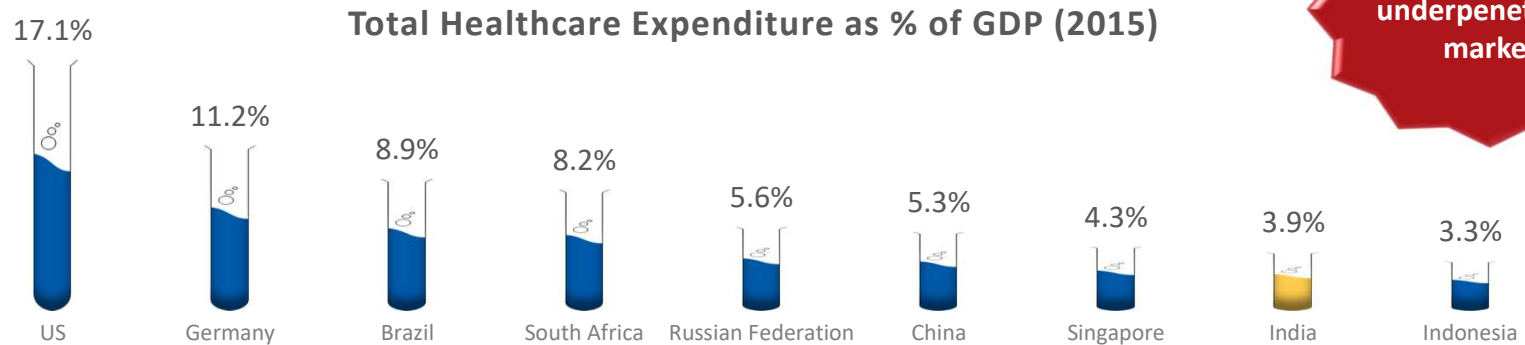
India GDP in FY20¹

USD 273 bn

FY20 India healthcare expenditure

~74%

Private expenditure on healthcare in 2015



India, highly underpenetrated market

Source: CRISIL Report titled "Assessment of Diagnostics Industry in India".

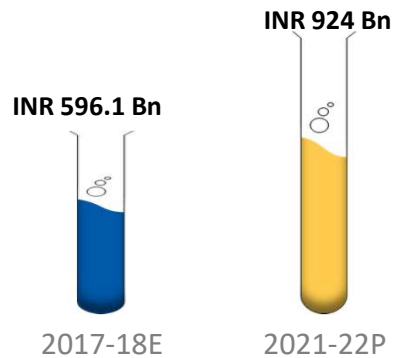
1. Financial Year ending March 31st.

2. Source: Report of the Insurance Regulatory and Development Authority ("IRDA")

3. Source: World Health Organization Global Health Expenditure database, October 2017, 4. IMF

INR 596 Bn Diagnostic Services industry expected to grow to INR 924 Bn in 2022

Diagnostic Services Industry Size



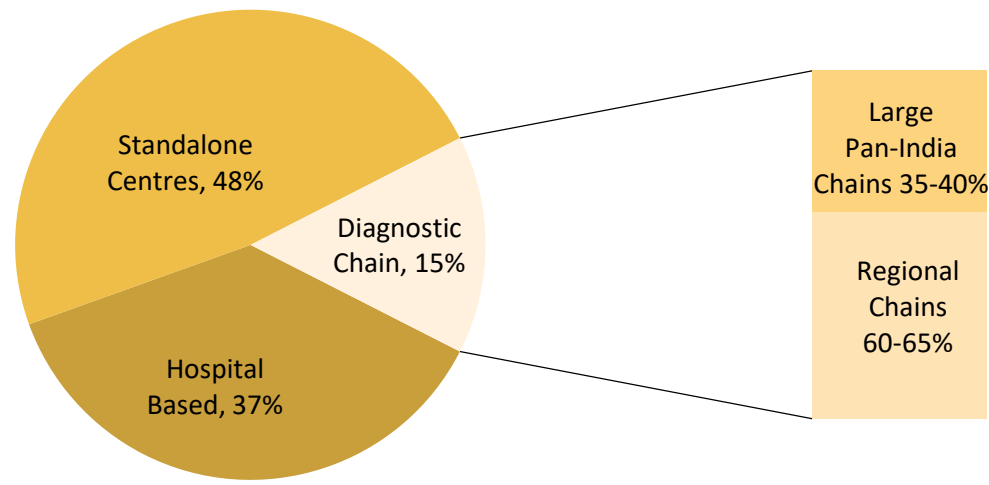
Screening, early detection, and monitoring reduce downstream costs

Growth Drivers



Diagnostic Services industry remains highly fragmented

Highly Fragmented Industry

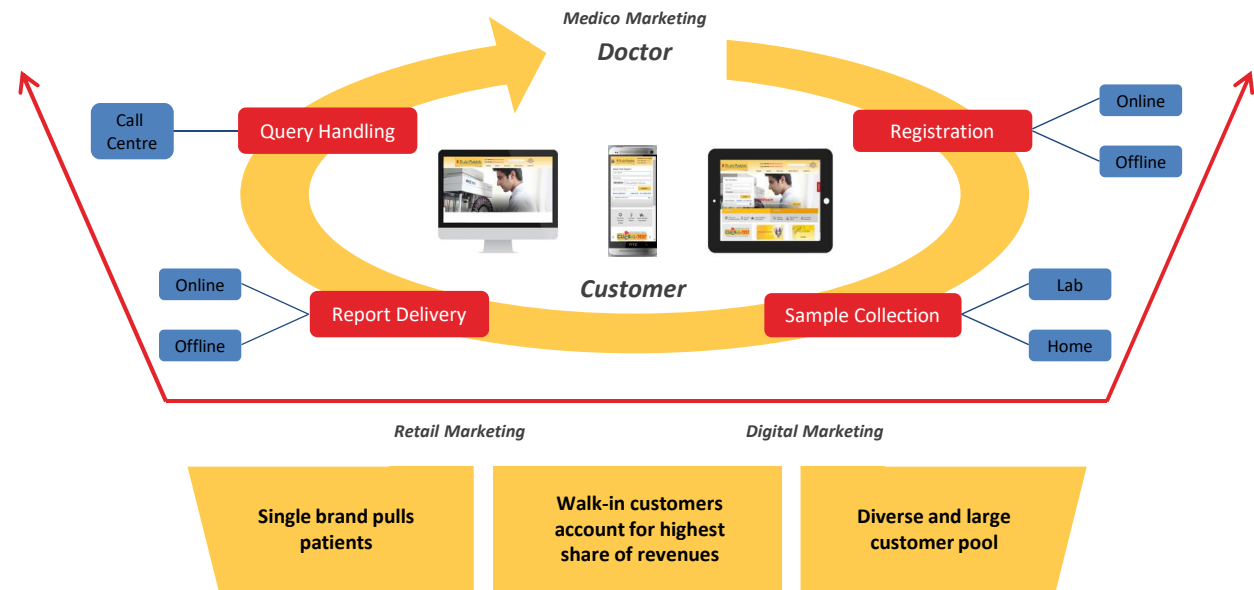
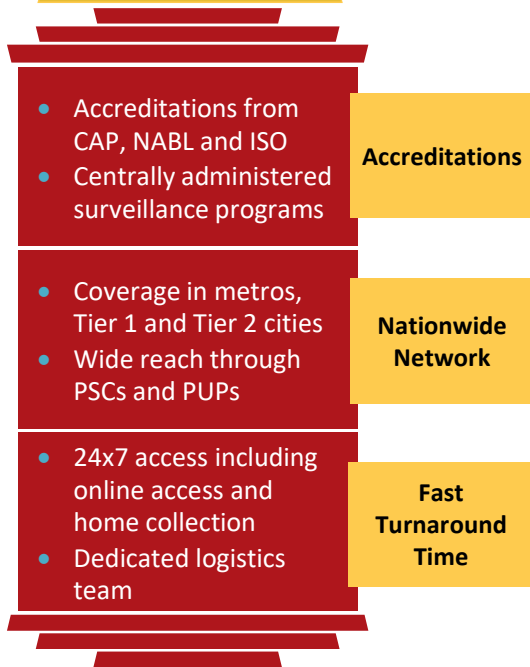


Largely fragmented and unorganized

Source: CRISIL Report titled "Assessment of Diagnostics Industry in India".

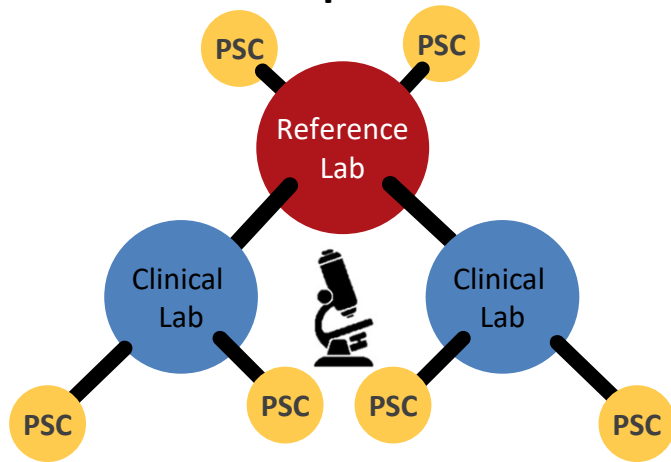
Established consumer healthcare brand in Diagnostic Services

Pillar of a Strong Brand



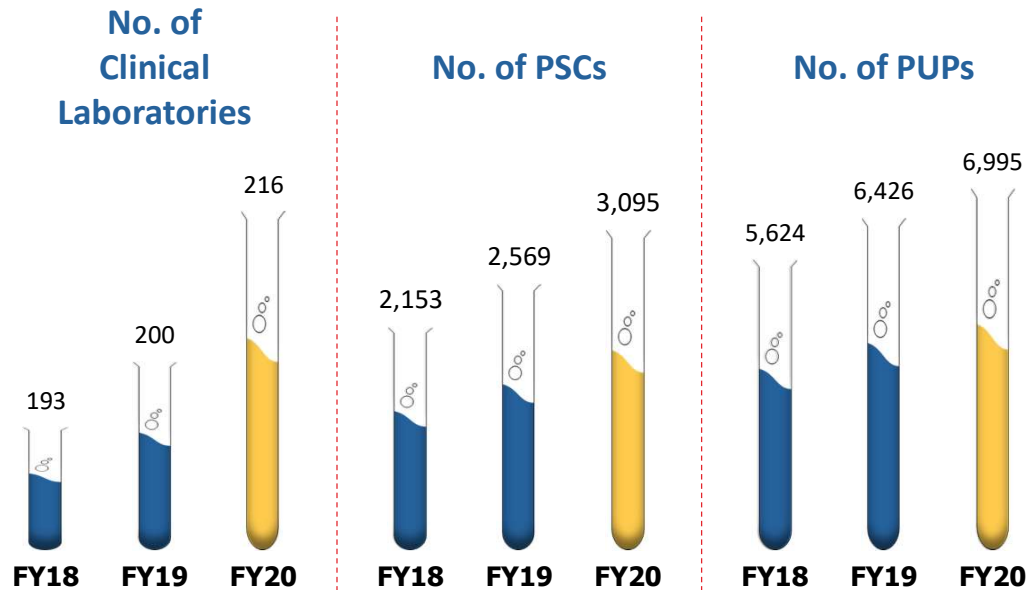
Scalable Model integrated through centralized IT platform allows for network expansion

Hub and Spoke Model



- Centralized diagnostic testing provides greater economies of scale
- PSCs and PUPs facilitate penetration within region and expand reach

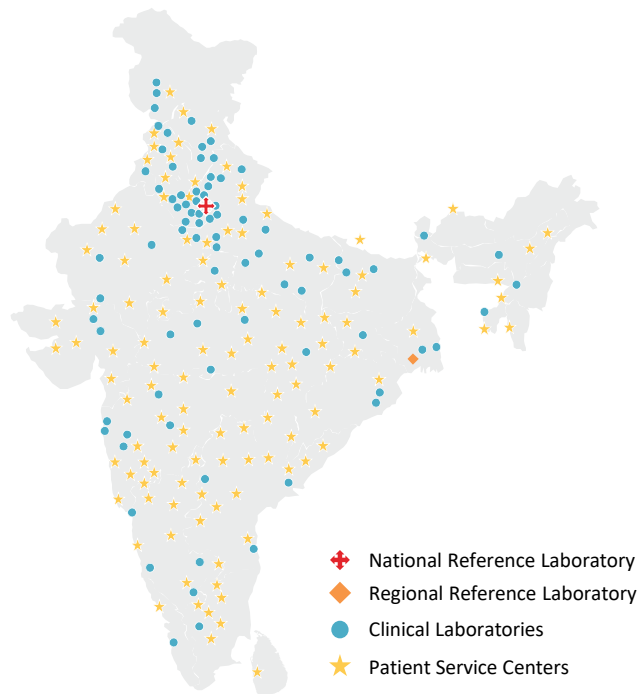
Network Expansion



1. Includes National Reference Laboratory and Regional Reference Lab in Kolkata

Scalable Model integrated through centralized IT platform allows for network expansion

Integrated National Network...



...backed by Centralized IT platform which fully integrated network

Enterprise Resource Planning (ERP) System

- Payables, receivables, inventory, ledgers etc.
- Scalability and connectivity – web-based

Laboratory Information Management System

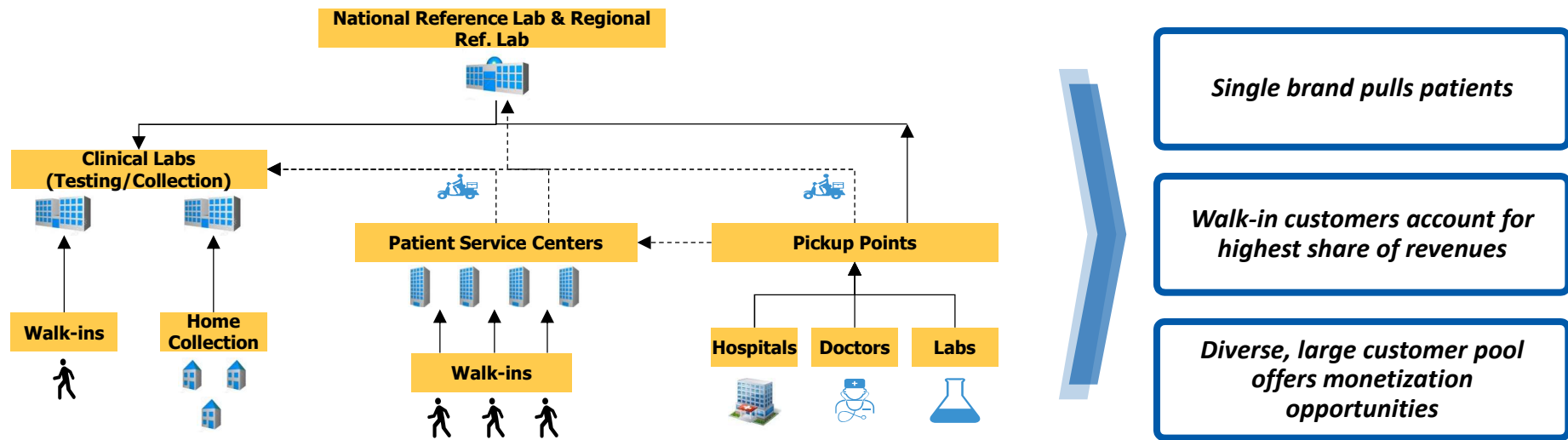
- Bi-directional interface; tracks specimen collection, shipping and testing in real time
- Assigns unique ID / barcode for each sample

Data Collection and Analytics

- Improve diagnostic services via data analyses
- Demand for tests are analyzed using past data

Collection network

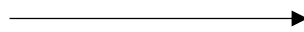
LPL's scalable business model provides strategic advantage for expansion and consolidation



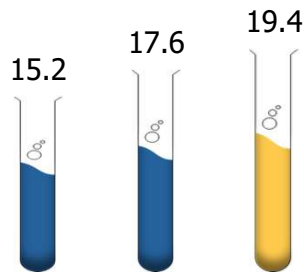
Attractive operating metrics

No. of patients

(Mn)



CAGR: 13.0%



FY18

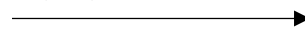
FY19

FY20

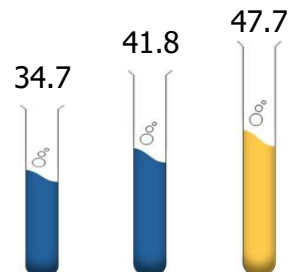
- Consumer brand and network expansion driving patient volumes

No. of samples

(Mn)



CAGR: 17.2%



FY18

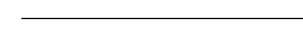
FY19

FY20

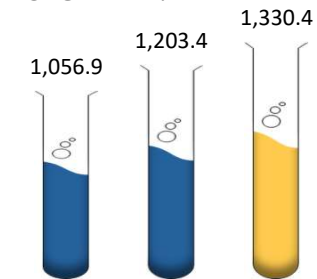
- Increase in samples with patient volumes growth

Total Revenue

(INR Cr.)



CAGR: 12.2%



FY18

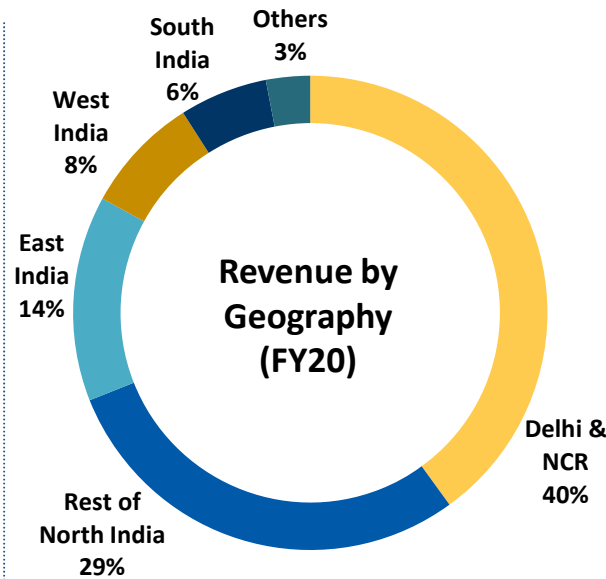
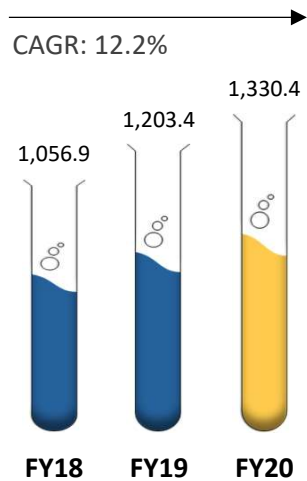
FY19

FY20

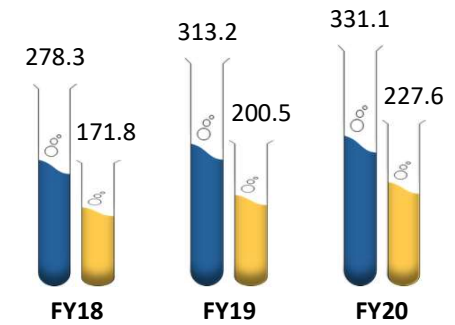
- FY20 Revenues increased on account of :
 - Marked gains in patient volumes at 10.3%
 - Increase in tests per patient at 2.5 vs 2.4

Robust financial performance

Total Revenue (INR Cr.)



EBITDA*, PAT and Return on Net Worth (INR Cr./%)



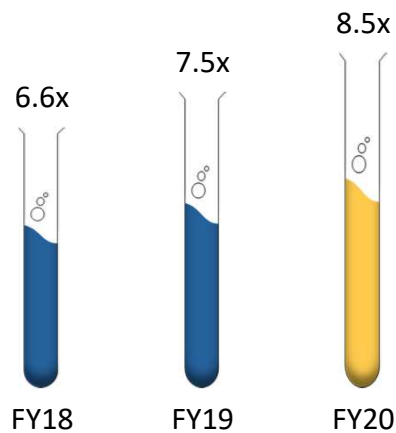
Legend: Blue = EBITDA before ESOP Expense, CSR & Ind AS 116 impact*; Yellow = PAT

Metric	FY18	FY19	FY20
EBITDA Margin Before ESOP, CSR & Ind As 116 impact	26.3%	26.0%	24.9%
PAT Margin	16.3%	16.7%	17.1%
RONW	24.7%	23.0%	22.7%

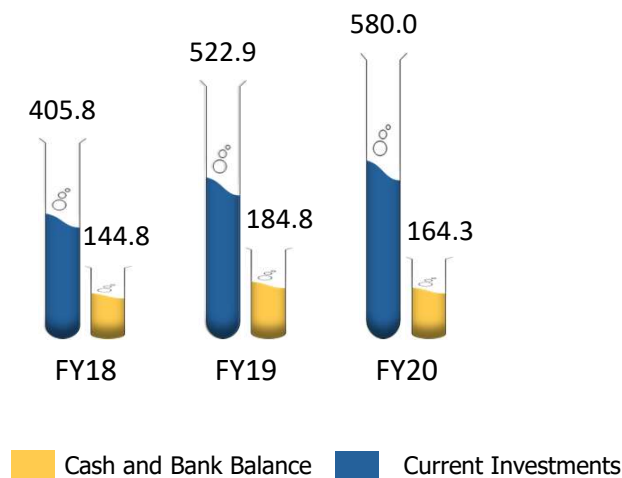
- Growth driven primarily by increasing patient volumes and samples
- Increase in operating margin due to economies of scale

Robust financial performance (Cont'd)

Fixed Asset Turnover¹ Times



Cash and Cash Equivalents (INR Cr.)



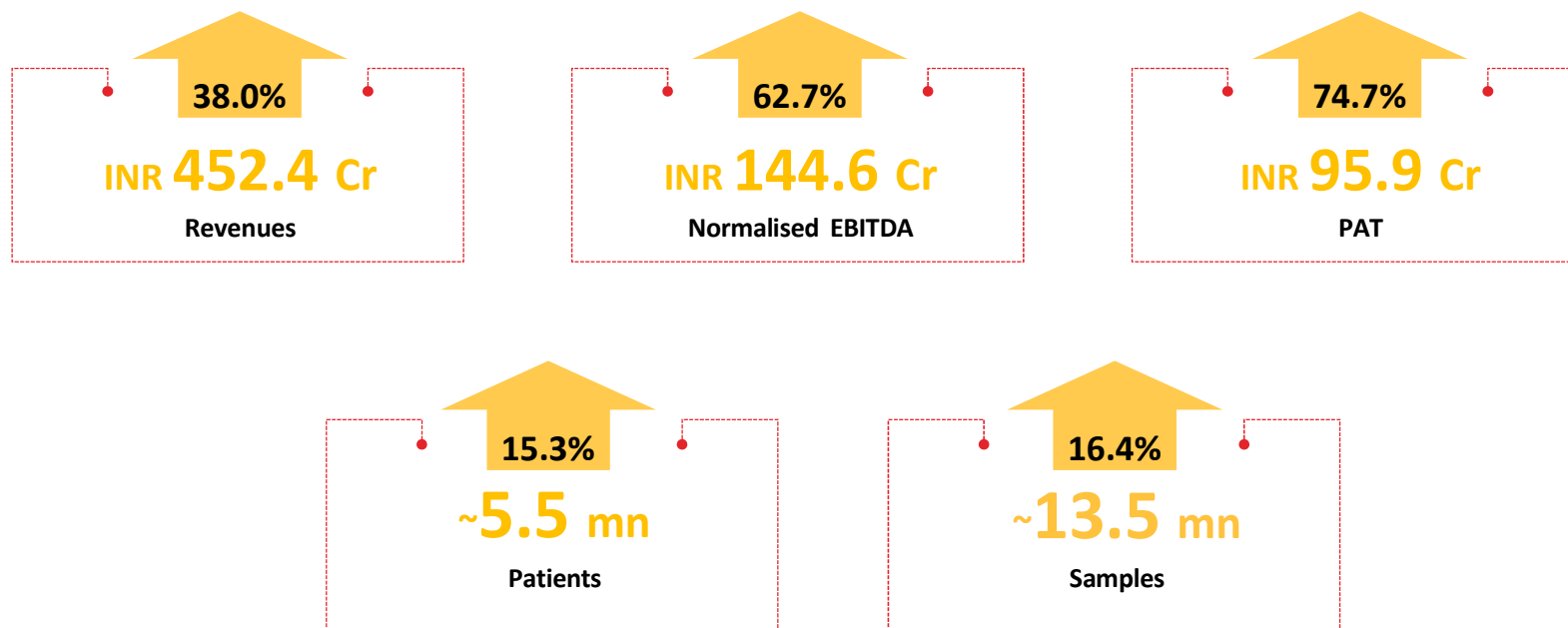
- Self funded growth on account of strong cash flow generation
- Attractive fixed asset turnover ratio given asset-light model
- Current net cash position and internal accruals expected to fund next phase of growth

1. Fixed Asset Turnover = Total Revenue / Net PP&E as per Ind AS

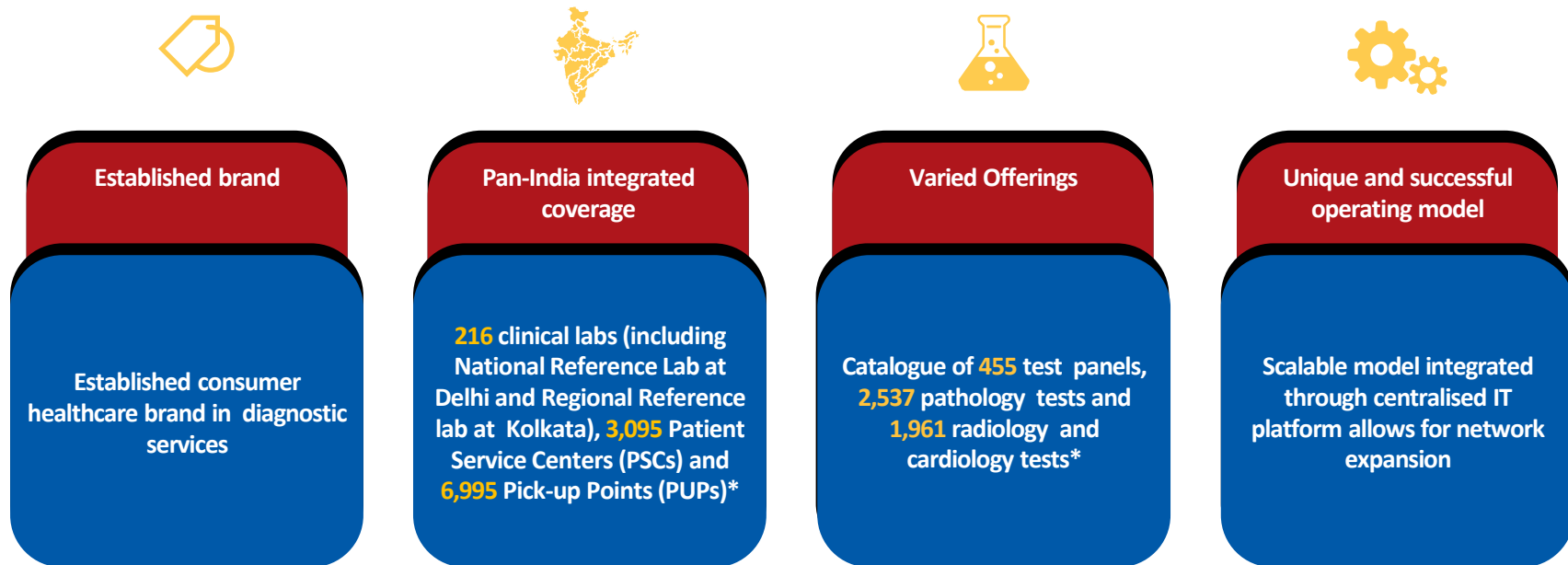
Q3 FY21 Highlights & Financial Performance



Q3 FY21 Snapshot

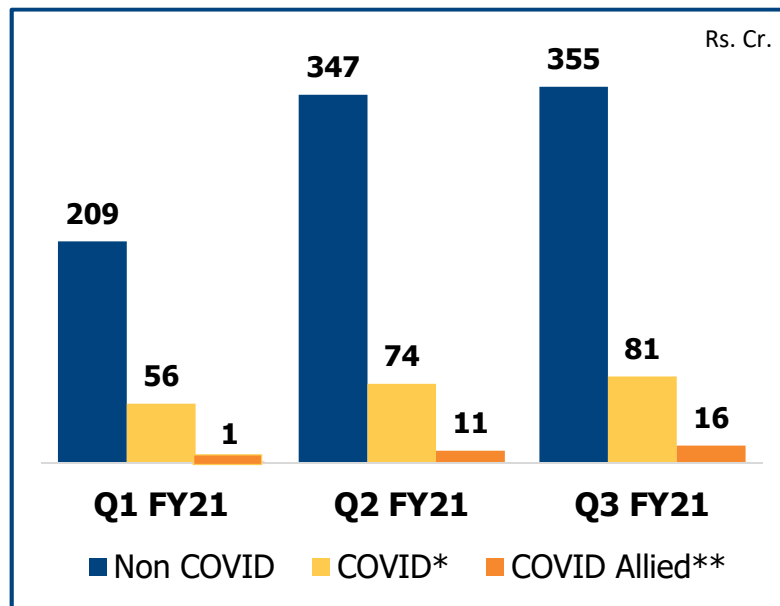


Overview of Dr. Lal PathLabs



Well-positioned in one of the fastest-growing segments of the Indian healthcare industry

COVID, COVID Allied & Non-COVID Revenue



*COVID includes RTPCR and Antibody tests

**COVID Allied includes IL-6 & D-Dimer

- Recorded an all time high Quarterly revenue of Rs 452.4 Cr in Q3 FY 21 backed by growth in Non-COVID business.
- Non-COVID growth at 8.3% in Q3 FY21
- Contribution from COVID & Allied business in Q3 FY21 is 21.6%
- 5.27 lac COVID RTPCR tests conducted in Q3 FY21 and 10.3 lac YTD Dec'20
- RT-PCR test being conducted in 11 labs.

Key Performance Highlights

During Q3 FY21:

- Revenues increased by 38% Y-o-Y to Rs. 452.4 crore
- Normalised EBITDA (after eliminating the impact of stock based compensation & CSR) at Rs. 144.6 crore
- Profit After Tax at Rs. 95.9 crore, representing a growth of 74.7% over the corresponding quarter of last year
- Interim dividend of Rs. 6 per equity share of Rs. 10 each has been approved by the Board

Cash, FDs and Mutual Funds at Rs. 932.6 crore as on December 31, 2020, an increase of Rs. 188 crores in 9 months of FY21

Business back on growth track and achieves all time high quarterly revenue in Q3 FY21

- Non-COVID business grew by 8.3% Y-o-Y to Rs. 355 crores in Q3 FY21
- The bundled test portfolio 'Swasthfit' contributed 13% to revenue in this quarter

Financials

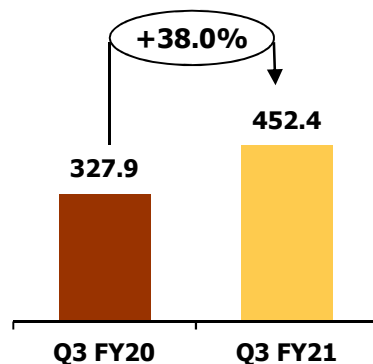
Particulars (Rs. Cr.)	Q3 FY21	Q3 FY20	Gr %	YTD Dec'20	YTD Dec'19	Gr %
Revenue	452.4	327.9	38.0%	1,150.3	1,028.7	11.8%
Expenditure	313.6	245.6		836.0	742.4	
EBITDA	138.8	82.3	68.7%	314.3	286.3	9.8%
Stock based comp. & CSR cost	5.8	6.6		18.8	15.1	
Normalised EBITDA	144.6	88.9	62.7%	333.1	301.4	10.5%
<i>Normalised Margins</i>	<i>32.0%</i>	<i>27.1%</i>		<i>29.0%</i>	<i>29.3%</i>	
Other Income	13.5	13.8		37.8	43.0	
PBT	128.9	73.4	75.6%	283.6	265.1	7.0%
<i>Margins</i>	<i>28.5%</i>	<i>22.4%</i>		<i>24.7%</i>	<i>25.8%</i>	
PAT	95.9	54.9	74.7%	211.4	195.0	8.4%
<i>Margins</i>	<i>21.2%</i>	<i>16.7%</i>		<i>18.4%</i>	<i>19.0%</i>	
EPS (Basic)	11.44	6.56	74.4%	25.23	23.48	7.4%
EPS (Diluted)	11.41	6.55	74.2%	25.16	23.42	7.4%

Financial results of the Company are best monitored on a year to date basis, as there is a certain level of seasonality in business and specific quarter performance may be influenced by certain occurrences in that quarter

Financial Highlights

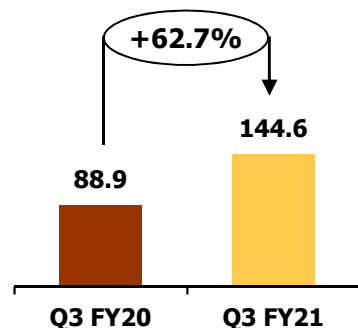
All figures in Rs. Crore

Revenue



- Revenue increased in Q3 FY21 by 38.0% to Rs. 452.4 crore. This is on account of :
 - Volumes which increased by 15.3% and
 - Revenue from COVID testing
- Realisation per patient in Q3 FY21 at Rs. 824, higher as compared to Rs. 688 in Q3 FY20

Normalised EBITDA (after eliminating the impact of stock based compensation, and CSR costs)



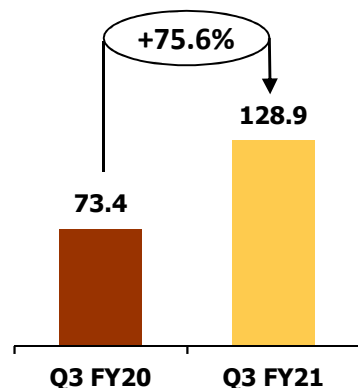
- Normalised operating EBITDA (after eliminating the impact of stock based compensation and CSR costs) at Rs. 144.6 crore in Q3 FY21, higher by 62.7% Y-o-Y
- Q3 FY21 Normalised EBITDA margin (after eliminating the impact of stock based compensation and CSR costs) came in at 32.0%

Financial results of the Company are best monitored on a year to date basis, as there is a certain level of seasonality in business and specific quarter performance may be influenced by certain occurrences in that quarter

Financial Highlights

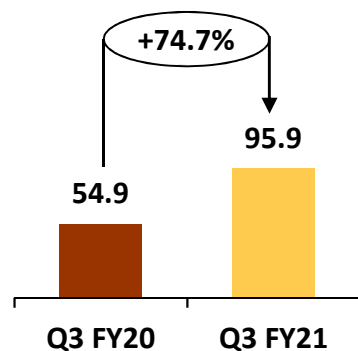
All figures in Rs. Crore

PBT



- PBT for Q3 FY21 at Rs. 128.9 crore vs. Rs. 73.4 crore in the corresponding quarter of last year, representing a growth of 75.6%
- Q3 FY21 PBT margin at 28.5%, as against 22.4% in the same period of last year

PAT



- PAT at Rs. 95.9 crore in Q3 FY21 as compared to Rs. 54.9 crore in Q3 FY20, higher by 74.7%
- Q3 FY21 PAT margin at 21.2% Vs. 16.7% in Q3 FY20

Financial results of the Company are best monitored on a year to date basis, as there is a certain level of seasonality in business and specific quarter performance may be influenced by certain occurrences in that quarter

Management Commentary

Commenting on the results announcement, (Hony) Brig. Dr. Arvind Lal, Executive Chairman

“We have seen our business make further progress in returning to normalcy, and our non-COVID business has seen a sharp recovery. While COVID tests continue to be a significant contributor to our performance, we are making further inroads to grow our non-COVID business through menu expansion, deeper penetration in existing markets and selective inorganic acquisitions in newer markets. I believe this is working well for us and we remain confident to realize our growth objectives.”

Commenting on the results announcement, Dr. Om Manchanda, Managing Director

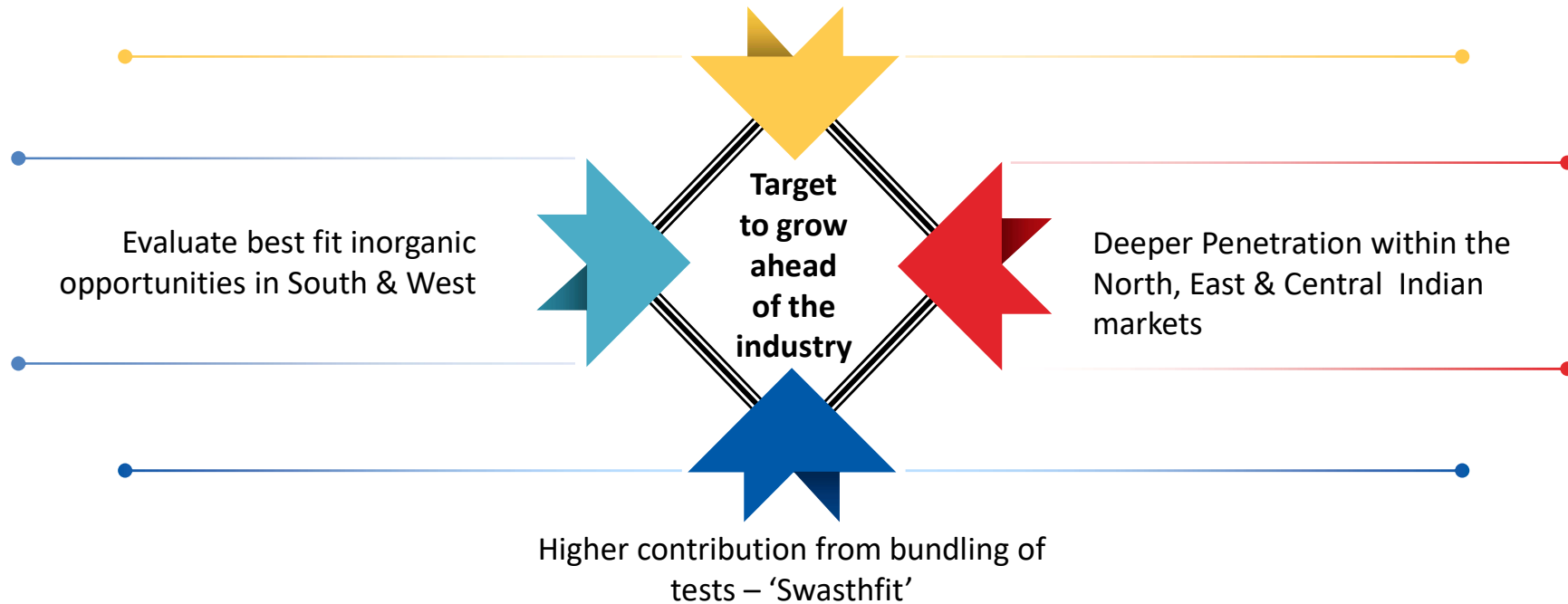
“The country is gradually returning to normalcy in many ways. India’s healthcare services sector too is on the same trajectory. Our effort to revive the non-COVID aspect of the operation was instrumental in conserving strategic momentum and has given us a base to chart further improvement. As industry leaders, we try to stay ahead of the curve when it comes to technology and innovation, which is geared towards improving the quality of services for our patients and providing them with a seamless experience.”

Commenting on the results announcement, Bharath Uppiliappan, Chief Executive Officer

“In Q3 FY21, we demonstrated encouraging performance smartly navigating through the aftermath of COVID-19 pandemic and related disruptions. The growth in this quarter is a testimony to the fact that we have fully recovered and are back on a robust growth trajectory in our Non-COVID business. Performance was driven by various initiatives undertaken by us over the past few quarters to maintain business continuity supported by demand reverting back to utmost normalcy.”

Vibrant Outlook

Strongly develop Rest of India geographies, through Regional Reference Labs and cluster city approach for attractive markets

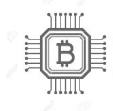


Leveraging digital to make life easier for patient



Digital Lab

- Self Registration Kiosk for patients
- Integrated payment gateway for online payment
- Self Report printing Kiosks for 24 by 7 Report printing similar to a bank ATM



e-Commerce

- Online test / health package booking
- Online payment, order related notifications at various touch points
- Integrated Cross Channel communication with strong automated backend using cloud, predictive analytics & AI
- Phlebo Mobile App for home collection booking along with route plan.



Mobile app

- Test booking, view and download current and historical test reports
- Trend chart along with Cumulative Reporting
- Find a Lab near you
- Self Monitoring – My Wellness



Logistics Automation

- Field Executive Mobile App for Route Traceability & Field Executive Tracking
- Real Time visibility of patient samples



Lab Operations Automation

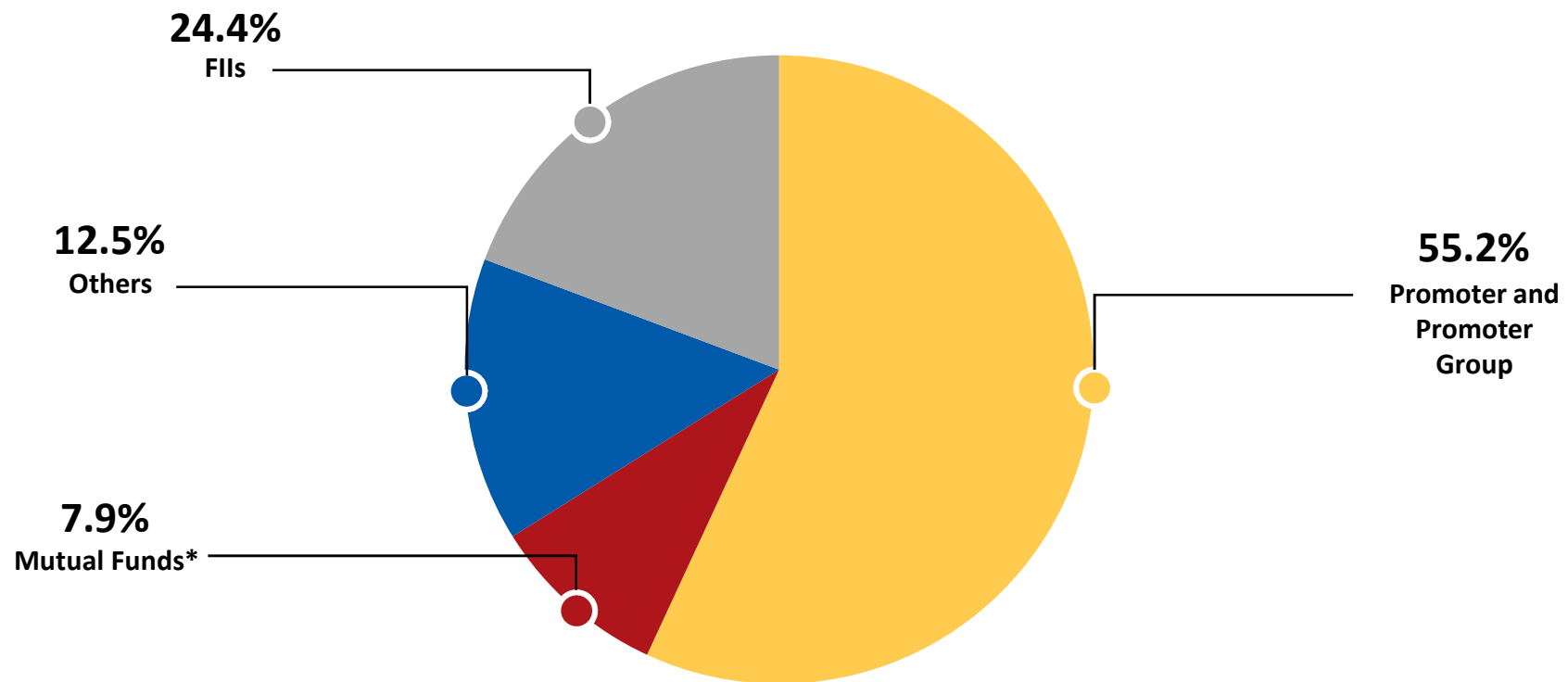
- Totally integrated Track with centralized LIMS for higher Output and faster processing, built in analytics and Business Intelligence capabilities



Business Continuity Plan

- 'Multi Site' model
- Quick recovery in case of disaster
 - Real time Data Replication between sites
 - Centrally Hosted and real time monitored

Shareholding as of 31st December, 2020



*Mutual Funds includes Alternate Investment Funds as well

Vision, Mission & Values

VISION



Be the most trusted healthcare partner, enabling healthier lives



To be the undisputed market leader by providing accessible, affordable, timely and quality healthcare, diagnostics, applying insights and cutting edge technology to create value for all stakeholders

VALUES

Customer First

Ethics & Integrity

Quality

Accountability

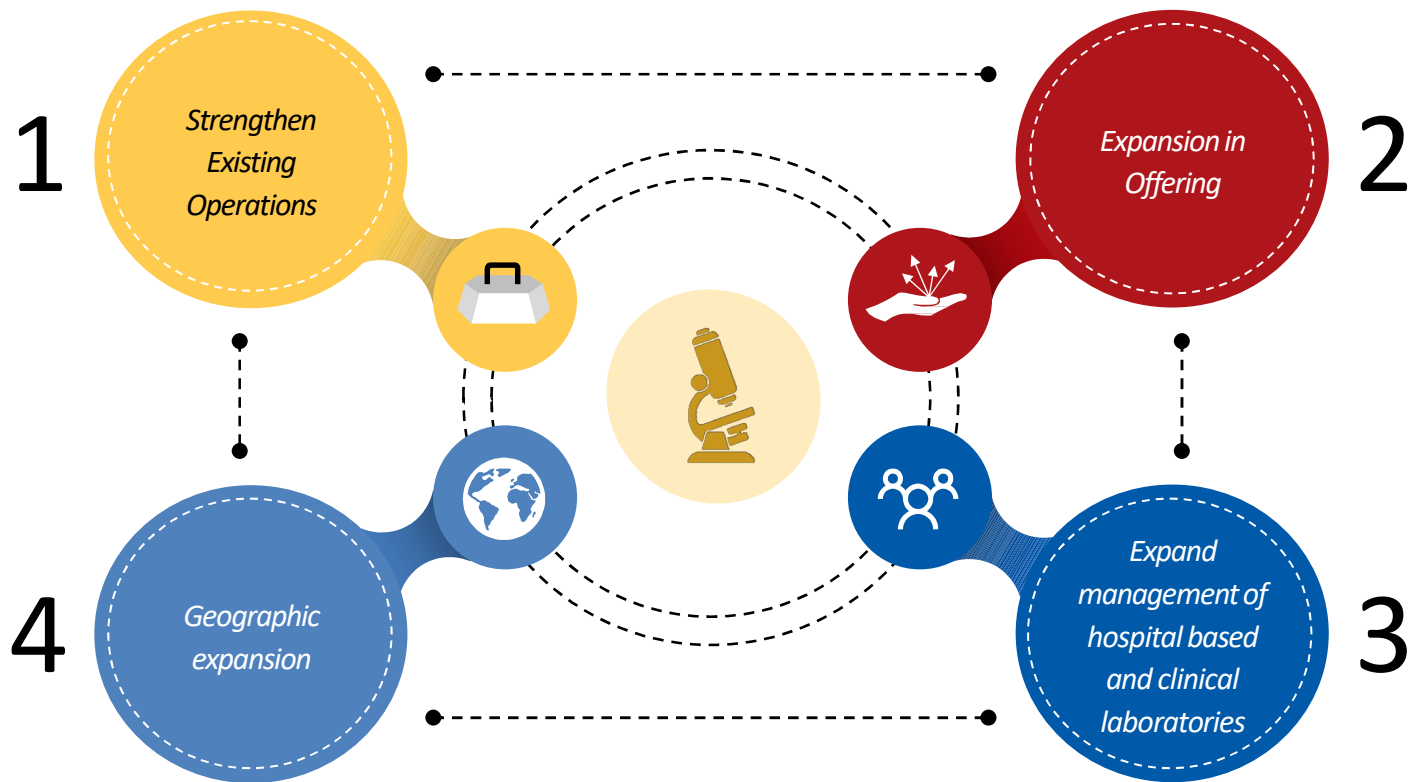
Empathy & Compassion

MISSION

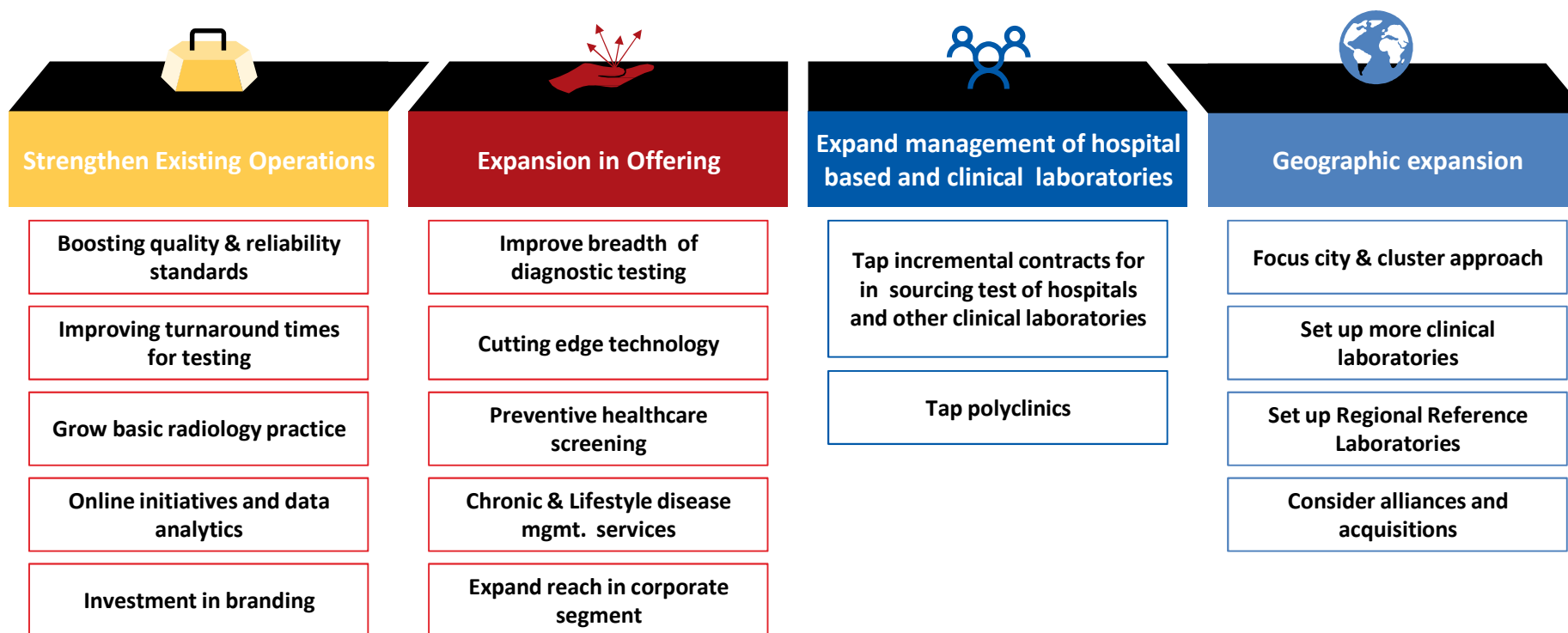
DLPL Strategy for future growth



DLPL Strategy for future growth



DLPL Strategy for future growth



Consistent investments in R&D

DSIR recognized In House R&D unit with an experienced team of research scientists and doctors

R&D Collaboration with marquee institutions

Successful commercialization of tests



Jawaharlal Nehru University for development of diagnostics kit for detection of mycobacterium tuberculosis and mycobacterial species



CSIR-Institute of Genomics and Integrative Biology for acquisition of know-how for 27 diagnostic assays

- Spino-Bulbar-Muscular Atrophy
- Sickle Cell Trio Prenatal Mutation Detection
- Sanger Sequencing, Single Variant
- Leigh Syndrome Mitochondrial Mutation Detection
- Episodic Ataxia Type 2

Genevolve: The Genomics initiative




GENEVOLVE brings the dawn of a new era of Genomic testing!

Genevolve: Genomics division focuses on Genetic testing

Offers wide range of key tests related to Oncogenomics, Neurogenomics, Rare disease & Pre-natal/ Post-natal


Tests are carried out using cutting edge technologies such as Next Generation Sequencing (NGS), MLPA, ddPCR, FISH & Sanger Sequencing among others

PAN India network of clinical laboratories, collection centers and pick- up points makes Dr. Lal PathLabs the most reliable genetic testing service provider in India



New Tests

- Sperm DNA
- Y Chromosome



New Tie-ups

- Caris MI (USA)
- Caris Tumor Seek



ONCOPATH

- Niche Segmentation

In-house adoption of Digital Histopathology

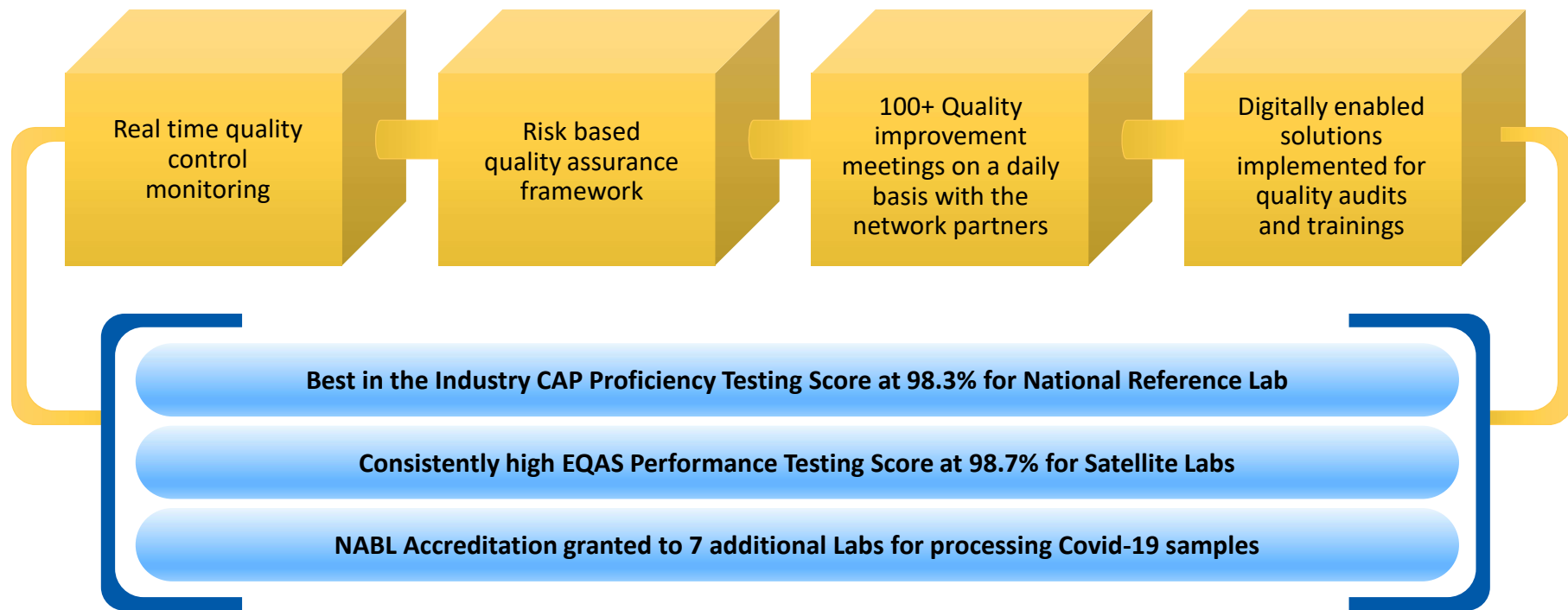
- ✓ Reporting of Digital Breast cancer Panels using AI based algorithms
- ✓ Digital Histopathology for remote routine reporting



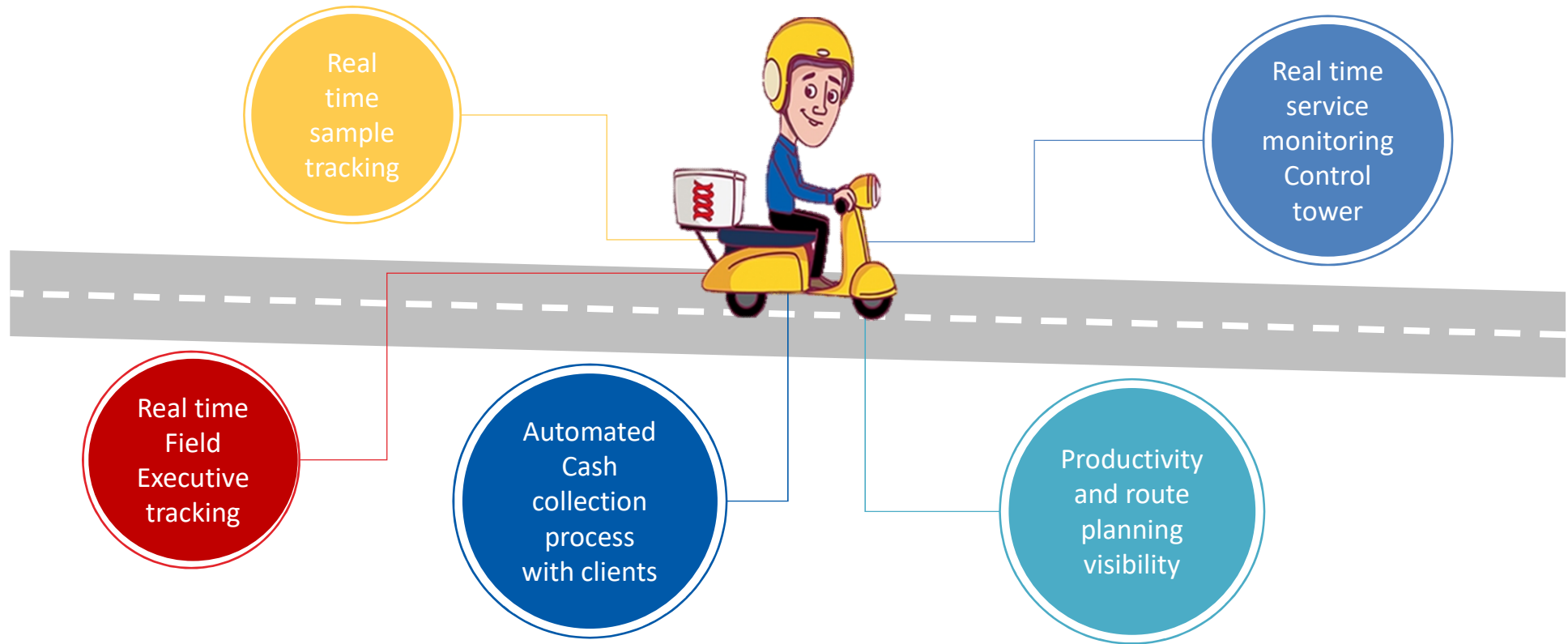
Opportunities created by Digital Histopathology

- Enhanced access to second opinion, synchronous review of slides
- Enhanced quality of reporting
- Potential for insourcing services
- Leveraging Artificial Intelligence for Histopathology
- Potential for de-centralization of histopathology reporting

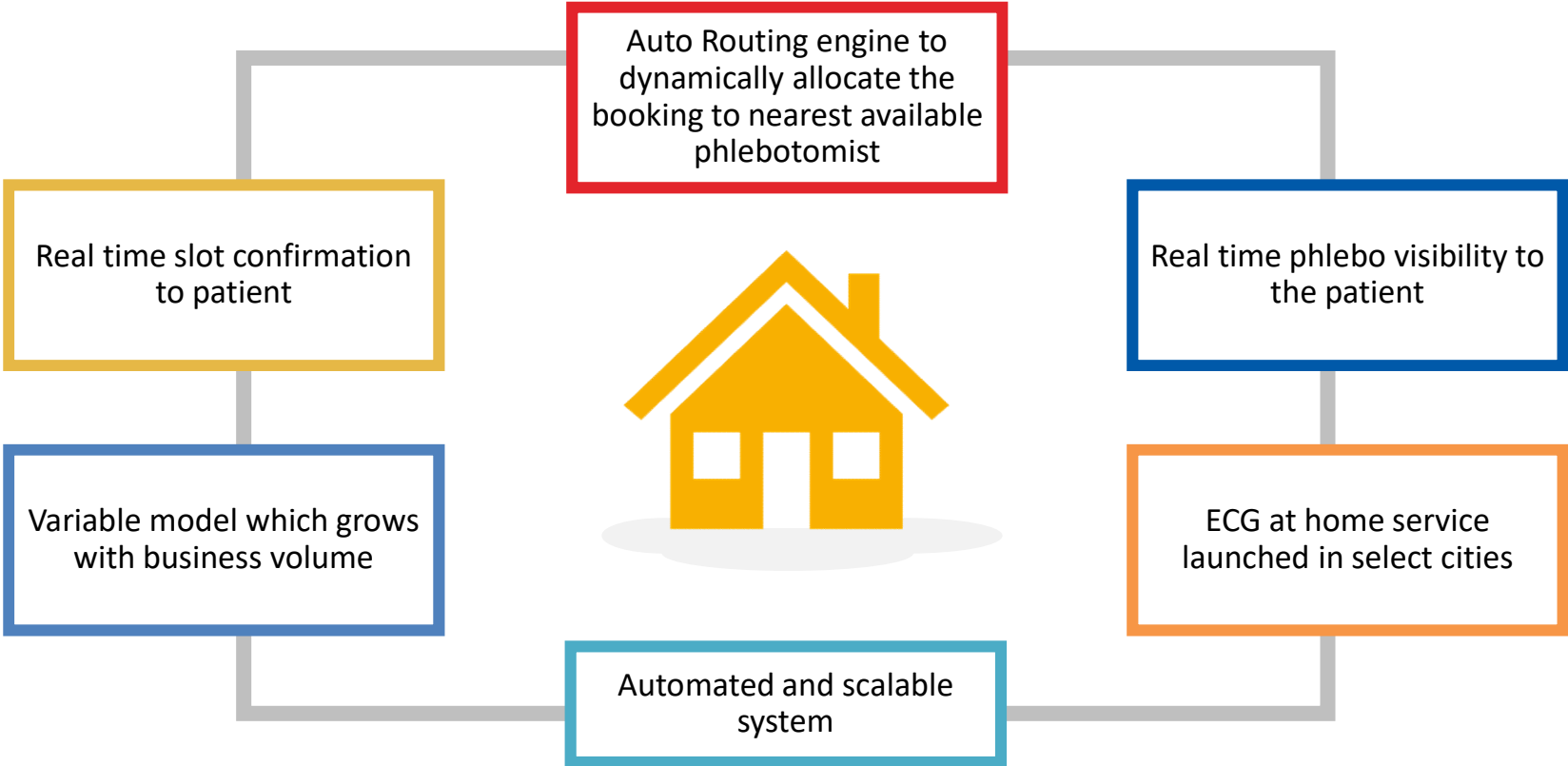
Highest Quality Standards in the Industry



Best in class Logistics and Supply Chain management



Enhanced Customer Experience in Home Collection



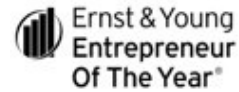
Key Awards & Recognition



Dr. Om Manchanda honoured and awarded as 'Healthcare Personality of the Year, 2020' by FICCI



ICICI Lombard & CNBC TV18 India Risk Management Awards 2020 – Emerging Corporates



EY Entrepreneur of The Year 2019 – Life Sciences & Healthcare

DATAQUEST

Data Quest Technology Award 2015 – Excellence in Implementation of Technology

VCCIRCLE

VC Circle Healthcare Summit 2013 – Best Diagnostic Company

COMPUTERWORLD

Computerworld Honors Laureate Program, 2012



Frost and Sullivan 4th Annual India Healthcare Excellence Award, 'Diagnostic Service Provider Company of the Year 2012'

FRANCHISE INDIA
Ideas For Tomorrow®

Franchise India Excellence Award in Hall of Fame Category (2011, 2012)



Franchisor of the Year (Healthcare) - Franchise Plus Awards 2010



Padma Shri – (Hony) Brig. Dr. Arvind Lal (2009)

Contact Us

About Dr. Lal PathLabs Limited (DLPL)

Dr. Lal PathLabs Limited is one of India's leading consumer healthcare brand in diagnostic services.

It has an integrated nationwide network, where patients and healthcare providers are offered a broad range of diagnostic and related healthcare tests and services for use in: core testing, patient diagnosis and the prevention, monitoring and treatment of disease and other health conditions. The services of DLPL are aimed at individual patients, hospitals and other healthcare providers and corporates. The catalogue of services includes 455 test panels, 2,537 pathology tests and 1,961 radiology and cardiology tests as on March 31, 2020.

As on March 31, 2020, DLPL's has 216 clinical labs (including National Reference Lab at Delhi & Regional Reference Lab at Kolkata), 3,095 Patient Service Centers (PSCs) and 6,995 Pick-up Points (PUPs). In FY19 & FY20, DLPL collected and processed approximately 41.8 million samples and 47.7 million samples from approximately 17.6 million and 19.4 million patients, respectively.

Additional information on Dr. Lal PathLabs Limited: Corporate Identification No: L74899DL1995PLC065388

Website: <https://www.lalpathlabs.com>

**For further
information
please contact:**

Ved Goel / Rajat Kalra

Dr. Lal PathLabs Limited

Tel: +91 124 301 6500

Fax: +91 124 423 4468

E-mail: ved.goel@lalpathlabs.com/rajat.kalra@lalpathlabs.com

Siddharth Rangnekar / Nishid Solanki

CDR India

Tel: +91 22 66451209 / 1221

Fax: +91 22 66451213

Email: siddharth@cdr-india.com / nishid@cdr-india.com