Dr Lal PathLabs

February 19, 2018

The National Stock Exchange of India Limited
Exchange Plaza,
Plot No. C/1, G Block,
Bandra Kurla Complex, Bandra (E)
Mumbai - 400051

The Bombay Stock Exchange Limited
Corporate Relationship Department
Phiroze Jeejeeboy Towers
Dalal Street,
Mumbai – 400001

Subject: Revised Corporate Presentation

Dear Sir/Madam,

This is in furtherance to our letter dated February 9, 2018, wherein we shared the Corporate Presentation of the Company.

In this respect, please take note that there was a small typographical error in the 4th block on page no 6, wherein it was inadvertently mentioned "22.1 mn patients" instead of "11.4 mn patients"

We request you to kindly ignore the said error and take on record the revised Corporate Presentation of the Company.

The aforesaid presentation is also available on the Company's website - www.lalpathlabs.com

Thanking You,

Yours Faithfully,

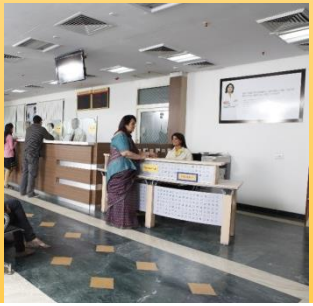
For **Dr. Lal PathLabs Limited**

Dr. Lal PathLabs Limited

Rajat Kalra
(Company Secretary & Legal Head)

Encl: Corporate Presentation

Dr. Lal PathLabs Limited



Corporate Presentation

February 2018

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Table of Contents

1	Company Overview
2	Investment Highlights
3	Q3 & 9M FY18 Highlights & Financial Performance
4	LPL Strategy for future growth
5	Annexures

DISCLAIMER: This presentation may contain 'forward-looking' statements at places. The Company's business operations remain subject to undetermined contingencies and risks. Dr. Lal PathLabs Limited would not be liable for any action undertaken based on such 'forward-looking' statements and does not commit to revising/updating them publicly.

Dr Lal PathLabs

Company Overview

- Our Evolution
- Dr. Lal PathLabs at a glance
- Experienced Management team

Our Evolution

1949 – 2005

Foundation

- **1949:** Founded by Dr. Major S. K. Lal
- **1995:** Company incorporated as Dr. Lal PathLabs Private Ltd.
- **2000:** Three clinical labs receive NABL[1] accreditation
- **2001:** Received ISO 9001:2008 certification
- **2002:** Received 'International Accreditation' from CAP[2]

2005 – 2010

Building capabilities for scale up

- **2005:** onwards: Investment by WestBridge Capital
- **2008:** Acquisition of Paliwal Medicare Private Limited and Paliwal Diagnostics Private Limited
- **2010:** National Reference Lab set up in Delhi

2010 – 2018

Strong position in North India, building network in other geographies

- Investment by TA Associates
- Clinical laboratories expansion in North region
- Growing the business in East region
- Entry into the South and West regions
- Multiple acquisitions to scale network
- Successful IPO listing in Dec 2015
- New Regional Reference Lab in Kolkata started in 2018

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

Dr. Lal PathLabs at a glance

Established **consumer healthcare brand in diagnostic services**

Pan-India integrated coverage with **189** clinical labs (including National Reference Lab[1] at Delhi),**1,759** Patient Service Centers (PSCs) and **5,021** Pick-up Points (PUPs)[2]

Catalogue of **1,110** test panels, **2,028** pathology tests and **1,561** radiology and cardiology tests[2]

Collected and processed **~25.7 mn** samples from **~11.4 mn** patients in 9M FY18; **~29.3 mn** samples from **~13.3 mn** patients in FY17; **~26.3mn** samples from **~12.0mn** patients in FY16

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

~4,326 employees including full time consultants, pathologists, phlebotomists and radiologists[2a]

9M FY18: Revenue: **INR 7,901 mn**; EBITDA: **INR 2,083 mn**[4] (Margin: **26.4%**); PAT: **INR 1,320 mn** (Margin: **16.7%**); FY17: Revenue: **INR 9,124 mn**; EBITDA: **INR 2,461 mn**[3] (Margin: **27.0%**); PAT: **INR 1,548 mn** (Margin: **17.0%**)

Test Menu

Routine testing

- Bio-chemistry
- Hematology
- Clinical pathology
- Microbiology
- Basic radiology

Specialized testing

- Molecular diagnostics
- Flowcytometry
- Genetics / Cytogenetics
- Histopathology

Accreditations

cap ACCREDITED™

NABL

27 Labs

ISO

ISO15189:2007
IS9001:2008
ISO27001:2013

1. Total area of 7,253 square meters 2. As on March 31, 2017. 2a As on Dec 31, 2017
3. Normalised EBITDA excl stock based cost and CSR expense. 4. Normalised EBITDA excl RSU

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Experienced Management team

(Hony.) Brig. Dr. Arvind Lal

Chairman and Managing Director

Dr. Om Manchanda

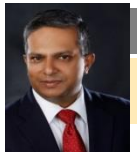
Whole-time Director and Chief Executive Officer

Dr. Vandana Lal

Whole-time Director

Dilip Bidani

Chief Financial Officer



Bharath Uppiliappan

Chief Operating Officer

Shankha Banerjee

Chief Growth Officer

Munender Soperna

Chief Information Officer

Dr. Neelum Tripathi

National Director Lab Operations

Manoj Garg

Chief Human Resources Officer

Ved Prakash Goel

Deputy CFO

Rajat Kalra

Company Secretary and Compliance Officer

Manoj Sahay

Chief Marketing and Strategy Officer

Investment Highlights

Investment Highlights

1

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

2

Established consumer healthcare brand in diagnostic services

3

Scalable model integrated through centralized IT platform allows for network expansion

4

Attractive operating metrics and multiple levers in place to drive next phase of growth

5

Robust financial performance and return on invested capital

Indian Healthcare Services is a large growth opportunity

1

1.42 bn
India's expected population in 2026

7.6%
GDP growth in FY16[1]

INR 4.2 trillion
FY14 India healthcare expenditure

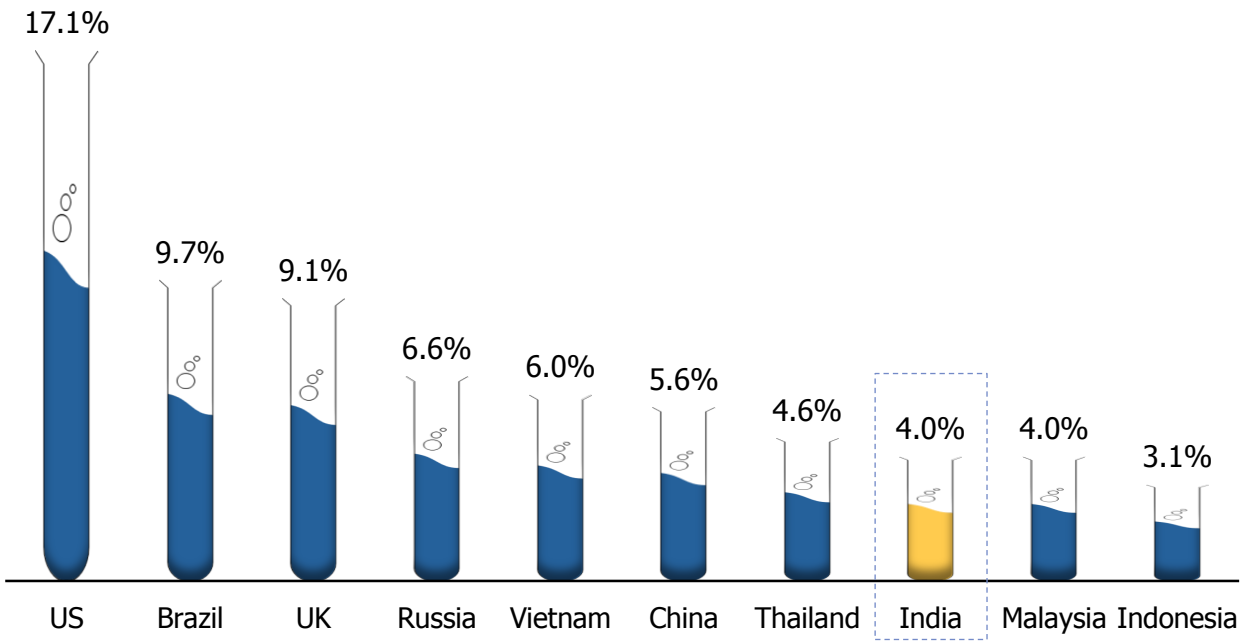
~68%
Private expenditure on healthcare in 2013

12% CAGR
Expected healthcare delivery market growth over the next 5 years

INR 175 bn
Health insurance premium market[2]
– growing rapidly given low insurance coverage

India, highly underpenetrated market

Total Healthcare Expenditure as % of GDP (2013)



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")

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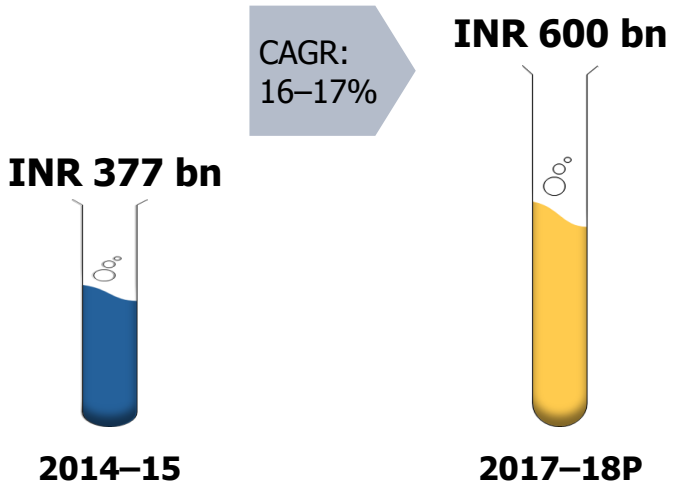
INR 377 bn Diagnostic Services industry expected to grow to INR 600 bn by FY18

1

Diagnostic Services Industry Size



Screening, early detection, and monitoring reduce downstream costs

Growth Drivers

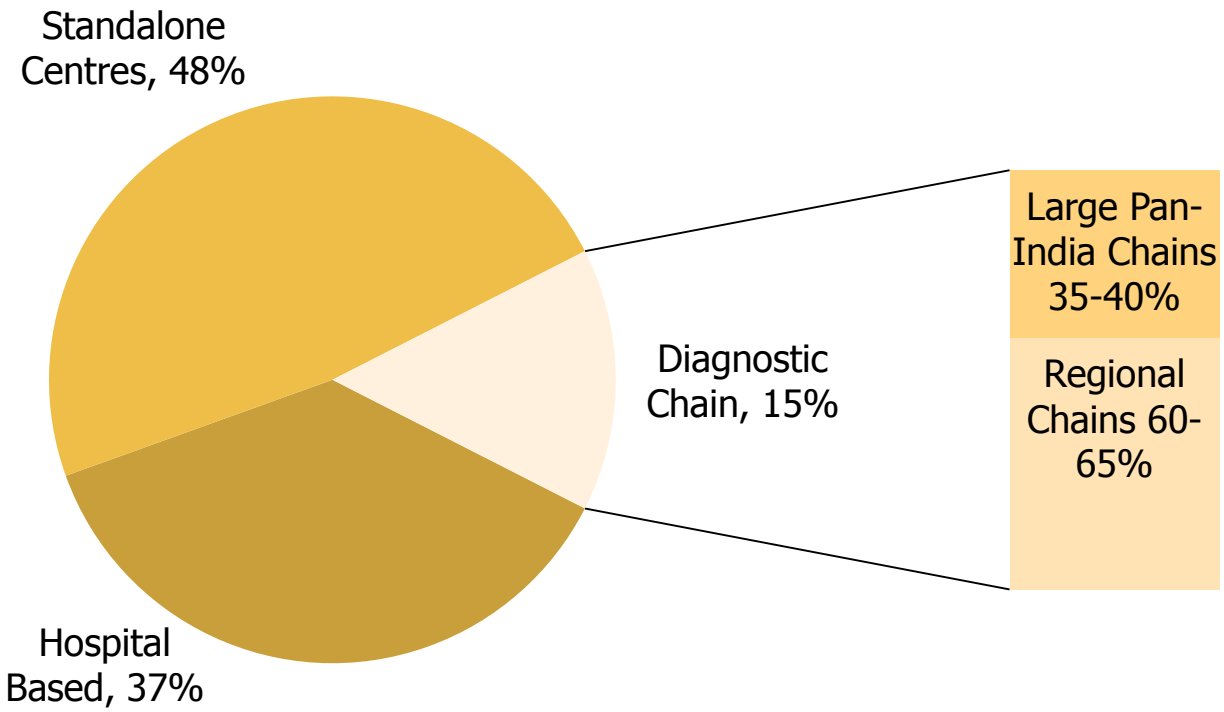
1. ***Increase in evidence-based treatments***
2. ***Demand for lifestyle diseases-related services to grow***
3. ***Focus on preventive diseases and wellness***

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

Diagnostic Services industry remains highly fragmented

1

Highly Fragmented Industry



Largely fragmented and unorganized

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

Established consumer healthcare brand in Diagnostic Services

2

Pillars of a Strong Brand

Accreditations

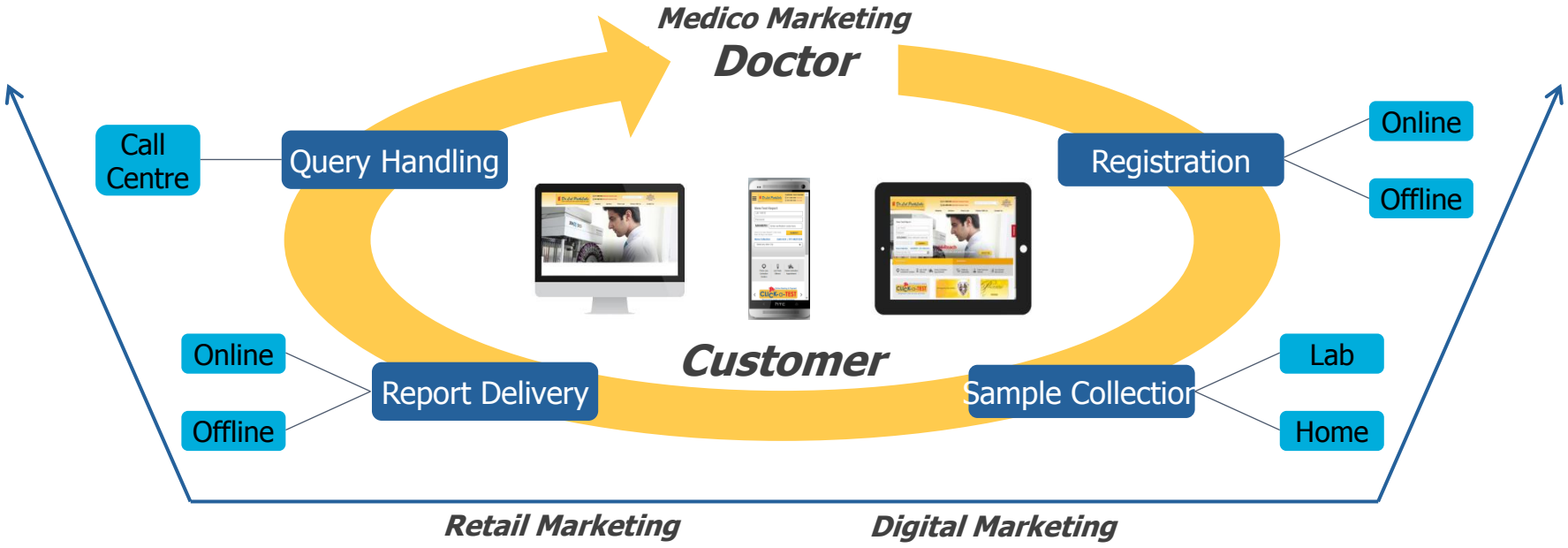
- Accreditations from CAP, NABL and ISO
- Centrally administered surveillance programs

Nationwide Network

- Coverage in metros, Tier 1 and Tier 2 cities
- Wide reach through PSCs and PUPs

Fast Turnaround Time

- 24x7 access including online access and home collection
- Dedicated logistics team



- Single brand pulls patients
- Walk-in customers account for highest share of revenues
- Diverse and large customer pool

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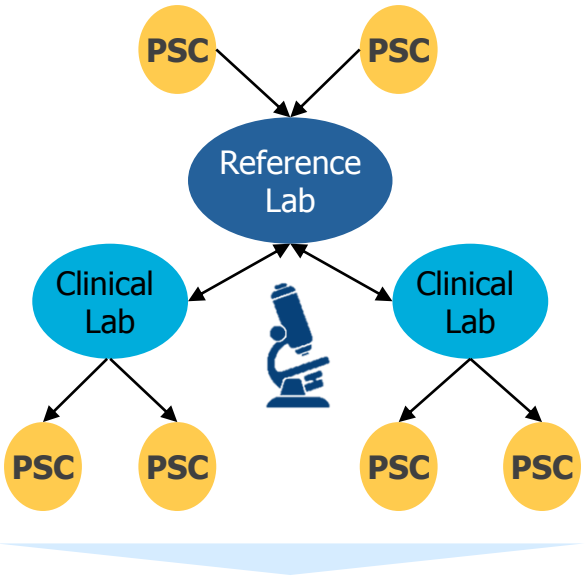
Scalable Model integrated through centralized IT platform allows for network expansion

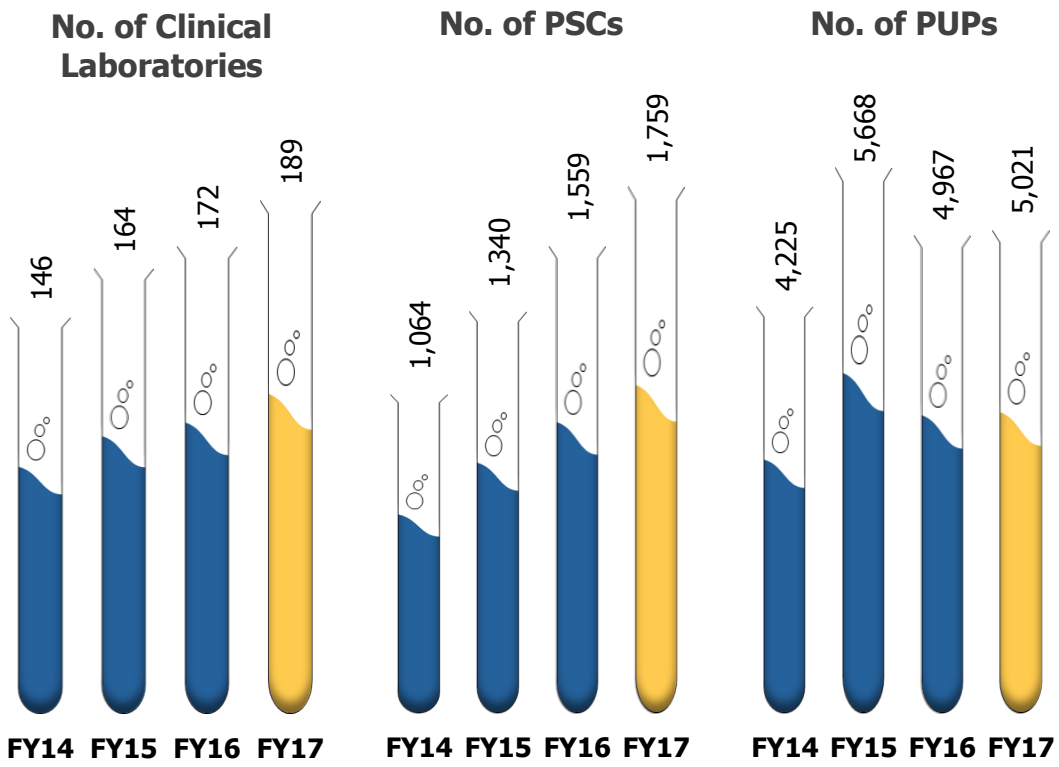
3

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.

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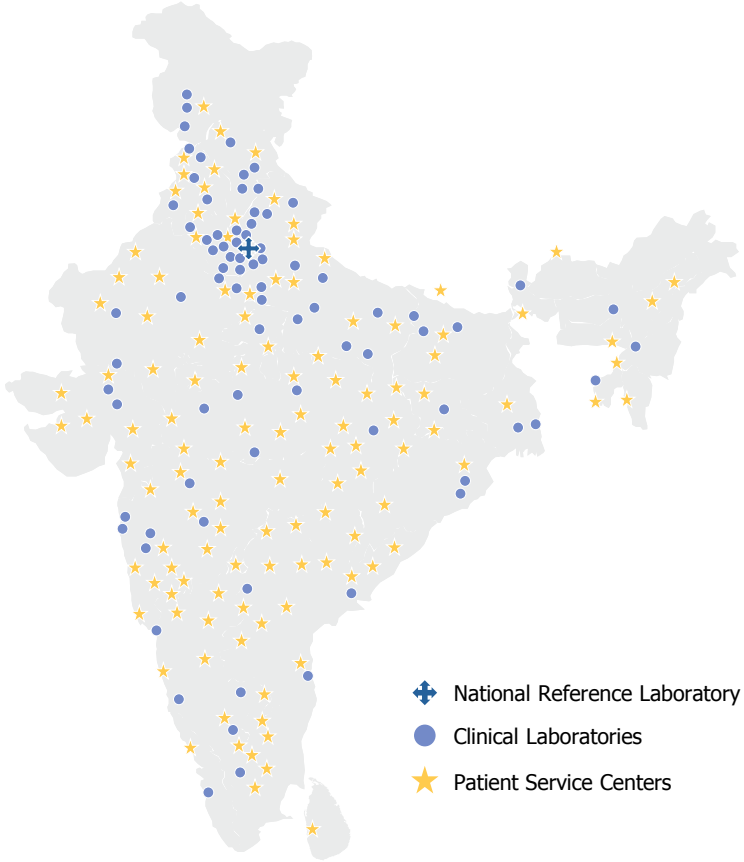
Scalable Model integrated through centralized IT platform allows for network expansion

3

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

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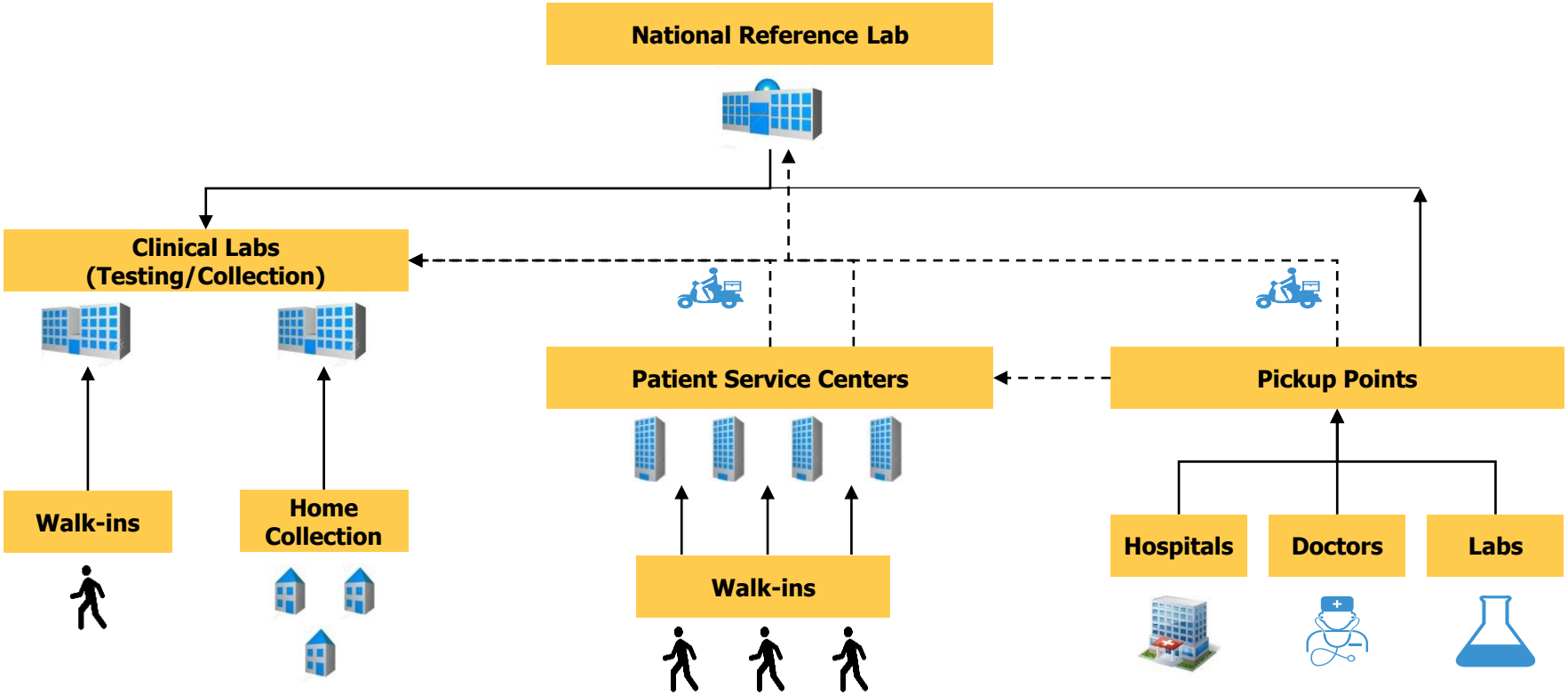
Collection network

3

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



- Single brand pulls patients
- Walk-in customers account for highest share of revenues
- Diverse, large customer pool offers monetization opportunities

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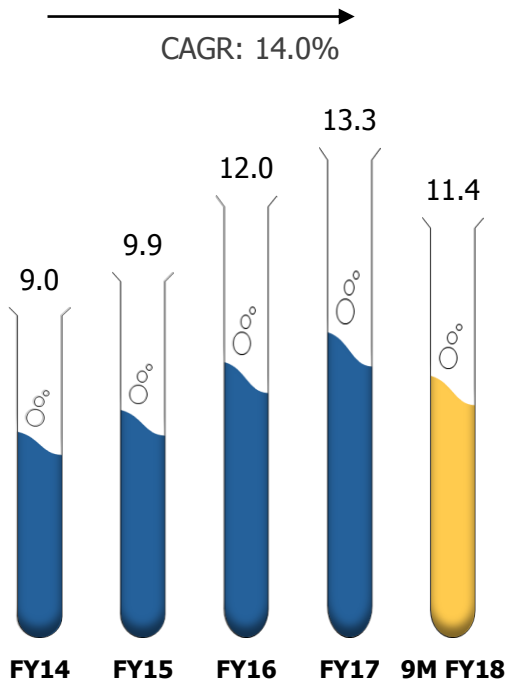
Attractive operating metrics

4

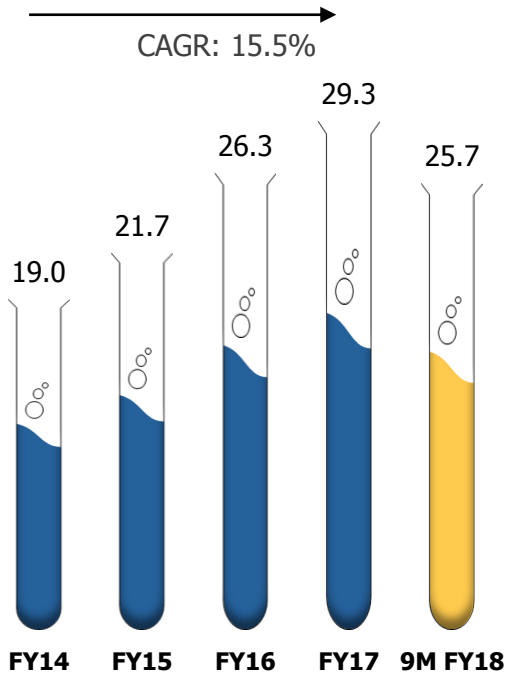
No. of patients
(Mn)

- Consumer brand and network expansion driving patient volumes



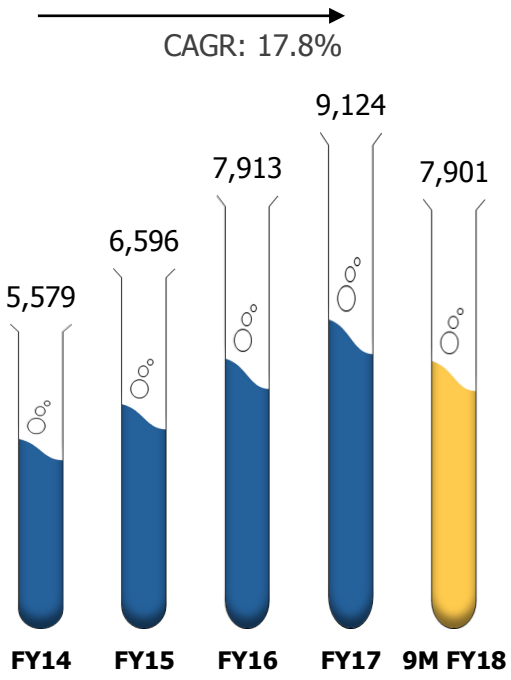
No. of samples
(Mn)

- Increase in samples with patient volumes growth



Total Revenue
(INR mn)

- Higher revenue realization per patient on account of:
  - Growth in walk-in customers
  - Higher no. of tests per patient
  - Demand for "higher-end" tests



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Multiple levers in place to drive next phase of growth

4

Expand presence in existing markets

- Cluster and focused geography approach
  - Deepen presence in North India by developing additional reference labs (such as in Lucknow)
  - Scale up in East India by developing ecosystems via Kolkata reference lab
  - Targeted expansion in South and West India (focused city approach)

Expand through strategic acquisitions and partnerships

- M&A provides growth kicker
- Leverage prior track record
  - Completed several acquisitions since 2008
- Acquisition opportunities in select new geographies

Focus on hospital-based clinical labs

- Increase existing tie-ups
- Leverage scale and efficiency
- Provide lab management and specialized lab testing services to polyclinics

Increase breadth of diagnostic healthcare testing and services platform

+

Continuous focus on providing quality healthcare services

Strategies to deepen our presence

4

North India → **East India** → **South and West India**

Focus on retail network and home collection

- Commitment to **quality and reliability** of services
- **Online** report; **data analytics**
- **Preventive healthcare screening** and chronic / lifestyle disease management services

Focus on hospital lab management

- Provide both **lab management** and **specialized lab testing** to **polyclinics**
- **Increase existing tie-ups** in hospital lab management – **leverage scale and efficiency** of network

Focus on corporate customers

- **Marketing to HR departments** and other decision makers
- **Healthcare packages** across test types

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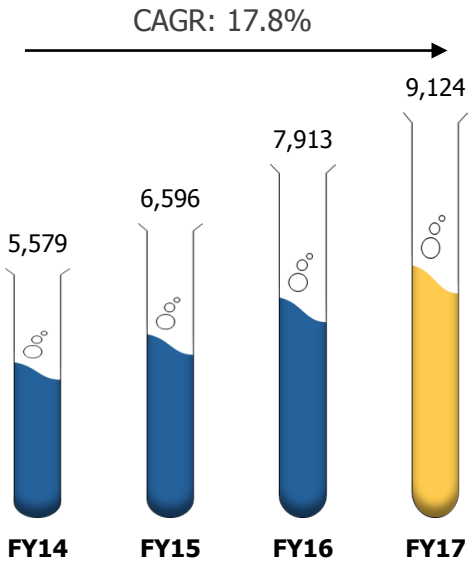
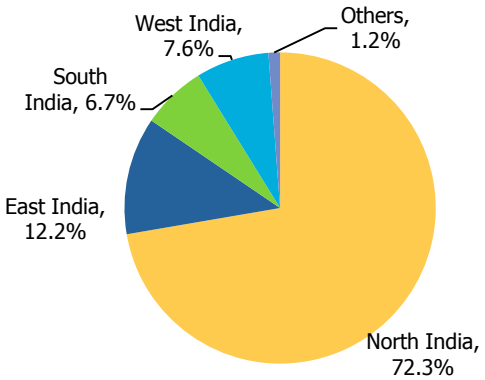
Robust financial performance

5

Total Revenue
INR (Mn)



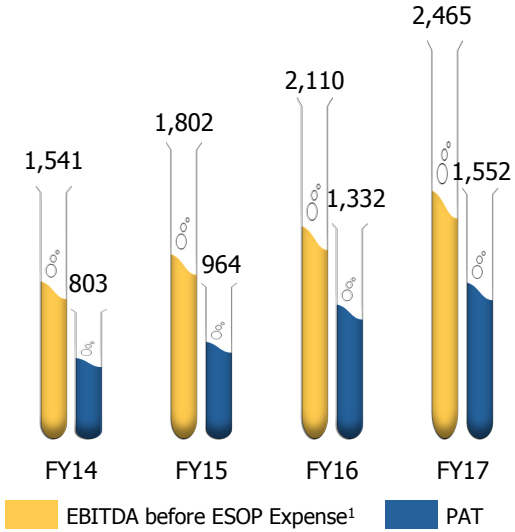
Revenue by Geography (FY17)
(%)



Geography	FY14-17 CAGR (%)
North India	17.3%
East India	18.3%
South India	28.0%
West India	13.5%
Others	24.9%

EBITDA[1],PAT and Return on Net Worth
(INR mn / %)

	FY14	FY15	FY16	FY17
EBITDA Margin Before ESOP charge[1]	27.6%	27.3%	26.7%	27.0%
PAT Margin	14.4%	14.6%	16.8%	17.0%
RONW	40.8%	33.7%	31.4%	26.6%



- Growth driven primarily by increasing patient volumes, samples and higher revenue realization per patient
- Increase in operating margin due to economies of scale

1. During FY14, LPL had reassessed the ESOP scheme as cash settled basis as against equity settled basis treated in earlier years' financial statements. As a result, LPL accounted for additional compensation cost of INR 155 mn in FY14, INR 242 mn in FY15 , INR 8.9 mn in FY16. ESOP/RSU/ESPS charge of INR 80.5 mn in FY17 is also excluded. FY16 & FY17 also excluded the impact of CSR Expense of INR 3.8 mn and INR 18.7 mn respectively for ease of comparison. Also, FY14 PAT is based on restated figures as disclosed in our prospectus.

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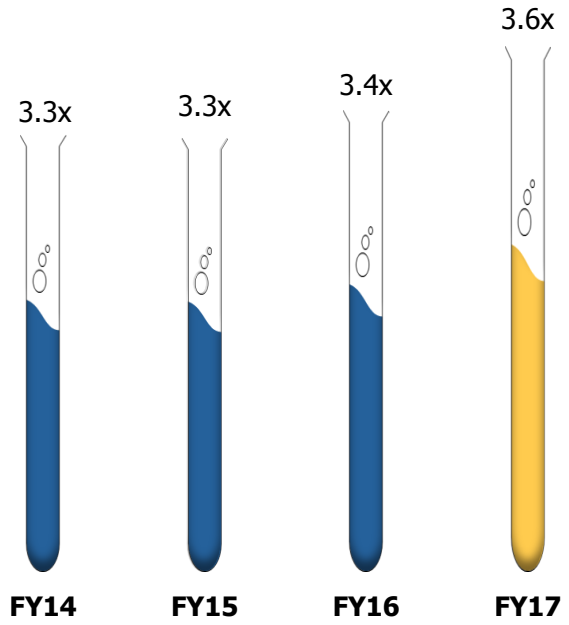
Robust financial performance (Cont'd)

5

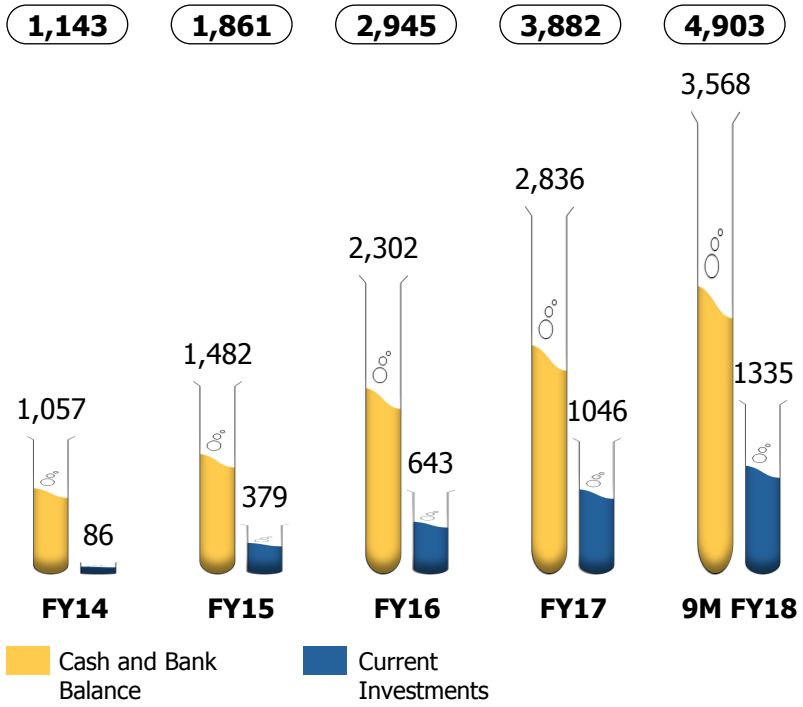
Fixed Asset Turnover[1]

(Times)



Cash and Cash Equivalents

(INR mn)



- 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 / Gross Fixed Assets

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Q3 & 9M FY18 Highlights & Financial Performance

Q3 FY18 Snapshot

26.6%
Revenues **INR 2,627 mn**

Samples Processed **~8.69 mn**

20.2%
EBITDA **INR 566 mn**

Patients Tested **~3.82 mn**

17.7%
PAT **INR 364 mn**

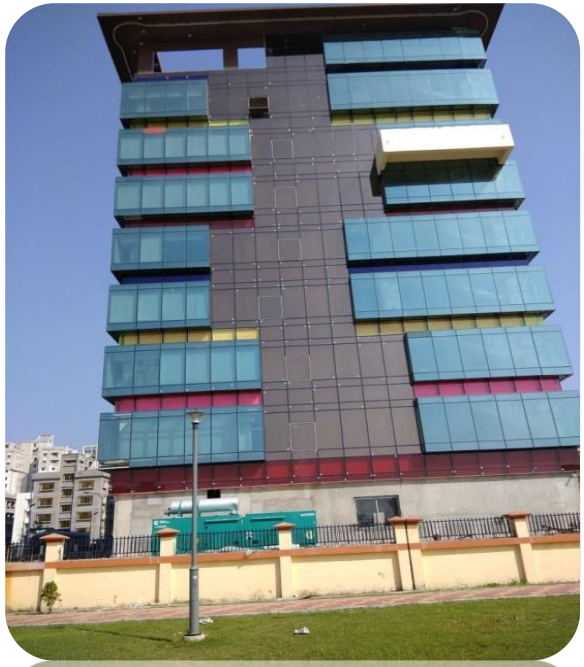
Total Employees **~4,326**

Kolkata Regional Reference Lab

Pilot testing operations commenced at the Regional Reference Laboratory at Kolkata

Kolkata Reference Lab received final regulatory clearances and pilot testing operations have commenced.

The World-class Lab will cater the demand from Northeast as well as Eastern regions of India. It will also cater to neighbouring international markets.



Key Performance Highlights

Strong volume momentum achieved in Q3 expected to continue; captures growth in patient volumes and tests per patient. Initiatives to mitigate impact from GST, market pricing pressures and wage corrections supporting margins

During Q3 FY18:

- Recorded revenues of Rs. 2,627 million in Q3 FY18, up 26.6% led by 26.1% volume growth
  - Base was lower in the previous year due to demonetisation
- Number of patients tested stood at 3.82 million in Q3
- Normalised EBITDA (after eliminating the impact of RSU and other stock based remuneration charges) stood at Rs. 595.9 million

Cash, FDs and Liquid Investments at Rs. 4,903 million as at December 31, 2017 from Rs. 4,330 million as at September 30, 2017

Completion of Kolkata RRL and natural accretion to available network across the country to drive expansion in East. Key features of performance will be:

- Traction in walk-ins expected to improve; online presence driving healthy uptake of services
- Additional streams to accrue from bundled tests rolled out nationally
- Disciplined approach to managing costs and driving margins

Note: 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. All figures in the presentation pertain to the consolidated results in Ind-AS format.

Financial Table

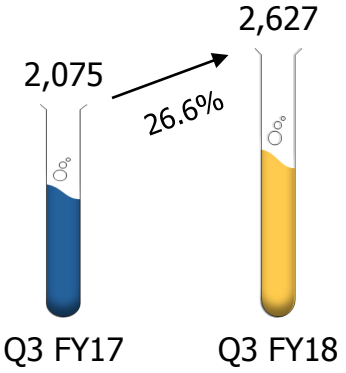
Particulars (Rs. mn)	Q3 FY18	Q3 FY17	Growth %	9M FY18	9M FY17	Growth %	FY17
Total Revenue	**2,627.0**	**2,074.6**	***26.6%***	**7,900.6**	**6,924.7**	***14.1%***	**9,123.8**
Total Expenditure	2,061.0	1,603.6		5,901.0	5,048.3		6,749.2
EBITDA	**566.0**	**471.1**	***20.2%***	**1,999.6**	**1,876.4**	***6.6%***	2,374.6
RSU and stock based remuneration charge	29.9	15.6		83.6	42.5		86.1
Normalised EBITDA excl RSU	**595.9**	**486.6**	***22.5%***	**2,083.2**	**1,918.9**	***8.6%***	**2,460.7**
Normalised Margins	*22.7%*	*23.5%*		*26.4%*	*27.7%*		*27.0%*
Other income incl interest	71.0	74.2	*-4.3%*	223.0	208.0	*7.2%*	275.2
PBT	**555.0**	**472.0**	***17.6%***	**1,993.4**	**1,879.9**	***6.0%***	**2,367.3**
Margins	*21.1%*	*22.7%*		*25.2%*	*27.1%*		*25.9%*
PAT	**364.0**	**309.3**	**17.7%**	**1,319.5**	**1,237.0**	***6.7%***	**1,547.7**
Margins	*13.9%*	*14.9%*		*16.7%*	*17.9%*		*17.0%*
EPS (Basic)	**4.40**	**3.78**	***16.4%***	**16.01**	**15.13**	***5.8%***	**18.92**
EPS (Diluted)	**4.40**	**3.75**	***17.3%***	**16.00**	**15.03**	***6.5%***	**18.85**

All figures as per Ind-AS except where stated

Financial Highlights

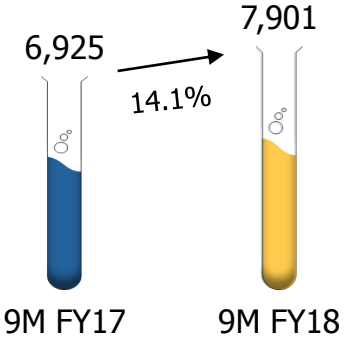
Revenues

All figures in Rs. mn



- Q3 showed strong growth in revenues at 26.6% to Rs. 2,627 million. Drivers during the quarter were:
  - Expansion in patient volumes which stood at 26.1%
- This maps to growth in the number of patients tested together with improvement in tests per patient metric

- Realisation per patient has stood stable at Rs. 688 owing to price rationalisations undertaken during the year in select geographies. This was partially offset by higher realisation from bundled tests



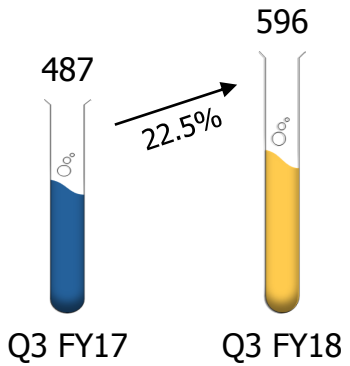
- Revenues in 9M came in at Rs. 7,900.6 million, rising 14.1% with healthy volume growth of 13.2%

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

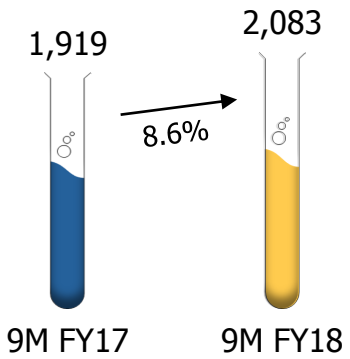
Normalised EBITDA (after eliminating the impact of RSU and other stock based remuneration charges)

All figures in Rs. mn



- Q3 normalised EBITDA (after eliminating the impact of RSU and other stock based remuneration charges) showed 22.5% growth following:
  - Measures taken to enhance productivity
  - Better traction in cost management

- Pressures from GST, correction in minimum wages and market pricing for tests continue to impact to some extent
- Q3 Normalised EBITDA margin was at 22.7%



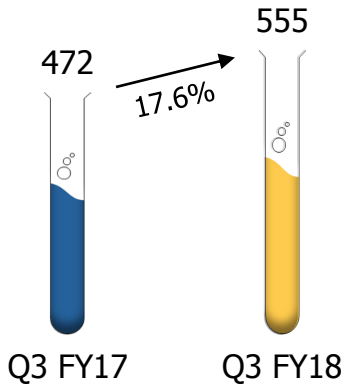
- 9M normalised EBITDA (after eliminating the impact of RSU and other stock based remuneration charges) showed growth of 8.6% to Rs. 2,083.2 million

- 9M normalised EBITDA margin stood at 26.4%

Financial Highlights

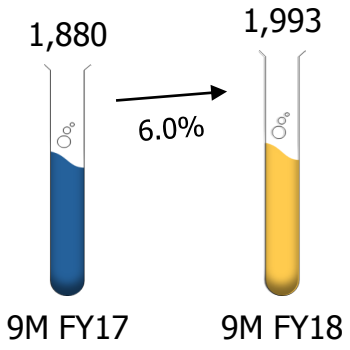
PBT

All figures in Rs. mn



- Q3 PBT stood at Rs. 555.0 million in vs. Rs. 472.0 million in same quarter last year

- Q3 PAT stood at Rs. 364.0 million vs Rs 309.3 million in Q3 previously



- 9M PBT rose 6% to Rs. 1,993.4 million from Rs. 1,879.9 million the year ago

- 9M PAT increased 6.7% to Rs. 1,319.5 million from Rs 1,237.0 million in the previous period

LPL Strategy for future growth

LPL Strategy for future growth

1 Strengthen Existing Operations

- Boosting quality & reliability standards
- Improving turnaround times for testing
- Grow basic radiology practice
- Online initiatives and data analytics
- Investment in branding

2 Expansion in Offering

- Improve breadth of diagnostic testing
- Cutting edge technology
- Preventive healthcare screening
- Chronic & Lifestyle disease mgmt. services
- Expand reach in corporate segment

3 Expand management of hospital based and clinical laboratories

- Tap incremental contracts for in sourcing test of hospitals and other clinical laboratories
- Tap polyclinics

4 Geographic expansion

- Focus city approach
- Set up more clinical laboratories
- Set up Regional Reference Laboratories
- Consider alliances and acquisitions

Dr Lal PathLabs

Annexures

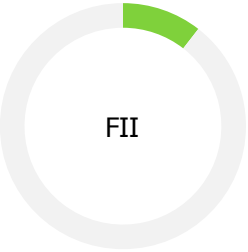
- **Shareholding as of 31st December, 2017**

Shareholding as of 31st December, 2017

57.4%

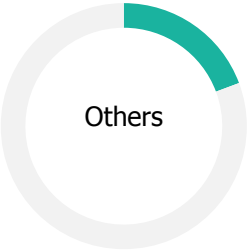
12.5%

10.5%



0.3%

19.3%



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 1,110 test panels, 2,028 pathology tests and 1,561 radiology and cardiology tests.

As on March 31, 2017 DLPL's has 189 clinical labs (including National Reference Lab at Delhi), 1,759 Patient Service Centers (PSCs) and 5,021 Pick-up Points (PUPs). In FY16 & FY17, DLPL collected and processed approximately 26.3 million samples and 29.3 million samples from approximately 12.0 million and 13.3 million patients, respectively.

Additional information on Dr Lal PathLabs Limited:
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