Motilal Oswal Financial Services

30 April 2026

4QFY26 Results Update | Sector: Healthcare

Laurus Labs

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	LAURUS IN
Equity Shares (m)	540
M.Cap.(INRb)/(USDb)	594.4 / 6.3
52-Week Range (INR)	1145 / 572
1, 6, 12 Rel. Per (%)	3/21/84
12M Avg Val (INR M)	1849

Financials & valuations (INR b)

Y/E MARCH	FY26	FY27E	FY28E
Sales	68.1	77.2	88.5
EBITDA	18.0	20.9	24.1
Adj. PAT	9.0	10.4	12.3
EBIT Margin (%)	19.4	20.0	20.2
Cons. Adj. EPS (INR)	16.8	19.3	22.8
EPS Gr. (%)	189.4	14.9	18.0
BV/Sh. (INR)	100.8	117.1	136.3
Ratios			
Net D:E	0.4	0.4	0.3
RoE (%)	18.0	17.7	18.0
RoCE (%)	13.5	14.0	14.6
Payout (%)	15.6	15.6	15.6
Valuations			
P/E (x)	65.6	57.1	48.4
EV/EBITDA (x)	34.3	29.5	25.5
Div. Yield (%)	0.2	0.2	0.3
FCF Yield (%)	1.0	0.3	0.9
EV/Sales (x)	9.1	8.0	7.0

Shareholding pattern (%)

As On	Mar-26	Dec-25	Mar-25
Promoter	27.5	27.5	27.6
DII	14.0	12.4	11.8
FII	25.8	26.5	25.5
Others	32.7	33.6	35.1

FII includes depository receipts

CMP: INR1,101 TP: INR1,370 (+24%) Buy

CDMO, API segments boost earnings

Sustained capacity investments drive earnings upgrades

- Laurus Lab delivered in-line revenue in 4QFY26. Improved operating leverage led to a 7% beat on EBITDA. A lower-than-expected tax rate led to 19% beat on PAT for the quarter.
- FY26 is the second consecutive year of strong YoY growth in CDMO revenue. (49%/38% in FY25/FY26). While Laurus continues to benefit from development project/commercialized molecules, it continues to invest in API and fermentation capacity to sustain the growth momentum.
- Affordable medicine business was stable YoY in 4Q but grew 18% YoY, led by strong off-take in Non-ARV FDF and higher traction in ARV segment.
- Higher revenue growth and better profitability led to ROE improvement to 18% from 7% YoY.
- We raise our earnings estimates by 8%/6% for FY27/FY28, factoring in a) higher traction in CDMO contracts, b) steady growth momentum in Non-ARV and ARV segments, and c) continued operating leverage. We value Laurus at 62x 12M forward earnings to arrive at a TP of INR1,370.
- We remain positive on Laurus on the back of a) continued investment across manufacturing capacities for CDMO as well as contracts in generics space; b) enhancing technology offerings to widen business prospects in CDMO segment; and c) controlled financial leverage. Reiterate BUY.

Segmental mix benefit partly offset by higher opex YoY

- 4Q revenue grew 5.3% YoY to INR18.1b (our est. INR18.3b), primarily driven by strong growth in generics (API business) and CDMO segments.
- Gross margin (GM) expanded 680bp YoY to 61% due to better divisional mix.
- EBITDA margin expanded by ~450bp YoY to 29% (our est: 26.8%), majorly driven by better gross margin, partially offset by higher employee expenses (up 200bp YoY).
- EBITDA grew 24.8% YoY to INR5.2b (our est. INR4.9b).
- Adj PAT grew 54% YoY to INR2.9b (our est: INR2.4b) for the quarter.
- FY26 revenue/EBITDA/PAT grew 23%/70%/188% YoY to INR68b/INR18b/ INR9b.

API/CDMO segments drive overall revenue growth

- CDMO business (29% of sales, small molecules) was up 14% YoY at INR5.2b.
- API sales (43% of sales) rose 12.5% YoY to INR7.7b.
- Bio division sales (4% of sales) grew 124% YoY to INR650m.
- FDF sales declined 17% YoY to INR4.5b (25% of sales).

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Highlights from the management commentary

- Laurus guided for capex of ~INR30b over the next two years, with more than 90% allocated toward growth-oriented projects focused on expanding mid- and large-scale manufacturing capabilities.
- Key projects include greenfield Unit 7 facility with over 2,000 cubic meters of reactor capacity, expected to be ready for commercial validation by Mar'27, along with a second commercial-scale manufacturing block targeted for validation in 2QFY27.
- Additional investments include expansion of animal health capacity at Unit 10, greenfield fermentation facility expected to be operational by end-2026, formulation facility via JV with Phase 1 with completion targeted by mid-2027.
- Management remains confident of sustaining growth momentum of CDMO in FY27, supported by strong pipeline visibility and scaling of recently commissioned facilities. Laurus delivered three APIs in on-patent category. Given the long patent life, the sustainability of the business remains quite robust.
- Affordable medicine segment has a sufficient order book in place to have some growth in FY27 as well.

Consolidated- Quarterly Earning Model

Y/E March	FY25				FY26E				FY25	FY26	FY26	vs Est
INRm	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	(%)
Net Sales	**11,949**	**12,237**	**14,151**	**17,203**	**15,696**	**16,535**	**17,783**	**18,116**	**55,540**	**68,129**	**18,284**	**-0.9**
YoY Change (%)	1.1	-0.1	18.4	19.5	31.4	35.1	25.7	5.3	10.2	22.7	6.3	
EBITDA	**1,712**	**1,783**	**2,852**	**4,206**	**3,821**	**4,033**	**4,885**	**5,247**	**10,553**	**17,986**	**4,900**	**7.1**
YoY Change (%)	2.7	-5.1	57.2	74.2	123.2	126.1	71.3	24.8	35.7	70.4	16.5	
Margins (%)	14.3	14.6	20.2	24.4	24.3	24.4	27.5	29.0	19.0	26.4	26.8	
Depreciation	1,061	1,075	1,061	1,104	1,168	1,205	1,206	1,221	4,301	4,801	1,265	
Interest	492	526	578	564	515	400	388	404	2,160	1,707	417	
Other Income	25	46	94	-3	104	270	58	118	163	550	53	
PBT before EO expense	**185**	**228**	**1,307**	**2,535**	**2,242**	**2,697**	**3,349**	**3,740**	**4,254**	**12,028**	**3,271**	
Extra-Ord expense	0	0	0	-589	0	0	83	126	-589	209	0	
PBT	**185**	**228**	**1,307**	**3,123**	**2,242**	**2,697**	**3,266**	**3,614**	**4,843**	**11,819**	**3,271**	
Tax	63	51	401	785	631	760	735	795	1,299	2,920	834	
Rate (%)	33.9	22.3	30.7	25.1	28.2	28.2	22.5	22.0	26.8	24.7	25.5	
Minority Interest & Profit/Loss of Asso. Cos.	-5	-21	-17	20	7	-3	10	28	-23	43	16	
Reported PAT	**127**	**198**	**923**	**2,319**	**1,603**	**1,940**	**2,521**	**2,791**	**3,567**	**8,856**	**2,421**	
Adj PAT	**127**	**198**	**923**	**1,878**	**1,603**	**1,940**	**2,585**	**2,890**	**3,126**	**9,019**	**2,421**	**19.3**
YoY Change (%)	-52.7	-46.3	298.9	148.4	1,164.5	877.9	180.1	53.9	92.4	188.5	28.9	
Margins (%)	1.1	1.6	6.5	10.9	10.2	11.7	14.5	16.0	5.6	13.2	13.2	

Key performance Indicators (Consolidated) (INRb)

Y/E March	FY25				FY26				FY25	FY26	FY26
INRb	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE
API	6.6	5.6	5.3	6.9	6.4	6.2	7.2	7.7	22.2	27.5	6.7
YoY Change (%)	11.2	(11.4)	(7.5)	(7.9)	(4.1)	10.8	35.6	12.5	(12.6)	22.7	(3.0)
Custom Synthesis	2.1	3.0	4.0	4.6	4.9	4.7	4.1	5.2	13.7	19.0	5.2
YoY Change (%)	(14.4)	33.5	88.7	95.3	130.4	57.5	2.0	13.7	49.0	38.0	12.0
Formulation	2.7	3.3	4.4	5.4	4.1	5.2	6.1	4.5	15.8	19.9	6.0
YoY Change (%)	(3.9)	(1.2)	18.8	26.5	50.0	57.9	39.2	(17.1)	11.9	25.6	10.1
Cost Break-up											
RM Cost (% of Sales)	44.9	44.8	43.1	45.5	40.6	40.1	39.1	38.6	44.6	39.6	39.3
Staff Cost (% of Sales)	14.6	14.6	13.4	10.3	13.7	13.0	12.4	12.3	13.0	12.8	12.5
R&D Expenses(% of Sales)	5.4	5.5	4.2	3.8	4.1	3.9	3.9	3.6	3.1	2.5	3.6
Other Cost (% of Sales)	26.2	26.0	23.4	19.7	21.4	22.5	21.0	20.1	23.4	21.2	21.4
Gross Margins(%)	55.1	55.2	56.9	54.5	59.4	59.9	60.9	61.4	55.4	60.4	60.7
EBITDA Margins(%)	14.3	14.6	20.2	24.4	24.3	24.4	27.5	29.0	19.0	26.4	26.8
EBIT Margins(%)	5.5	5.8	12.7	18.0	16.9	17.1	20.7	22.2	11.3	19.4	19.9

CONFERENCE CALL

Other highlights from the management commentary

- Customer advances as of FY26 end increased YoY, implying strengthening interest from customers to increase the scope of business with LAURUS.
- Net debt stood at INR22.8b, with a net debt-to-EBITDA ratio of ~1.25x. Notably, the company aims to maintain leverage at similar levels despite ongoing capex investments.
- ETR for FY27 is expected to remain in the range of 25-26%.
- Laurus has sufficient inventory to offset the impact of geopolitical tensions till Jun'26.
- Product concentration risk remains low due to a diversified CDMO portfolio and a growing base of commercial products, providing insulation from inventory destocking cycles.
- With respect to upcoming 400kl fermentation capacity, initial batches would be for non-pharma, non-food applications.
- The board has approved an investment of up to INR790m (EUR9.8m) in KRKA, the company's joint venture. KRKA will contribute ~EUR10.2m as its share of the investment.
- After this infusion, the shareholding structure will remain unchanged, with KRKA holding 51% and Laurus retaining 49%.

Key exhibits

Exhibit 1: Revenue grew 5.3% YoY in 4QFY26

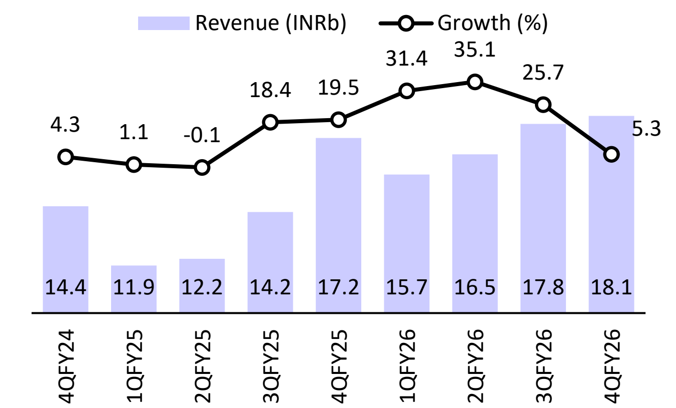


Exhibit 2: Share of FDF/API stood at 25%/43% in 4QFY26

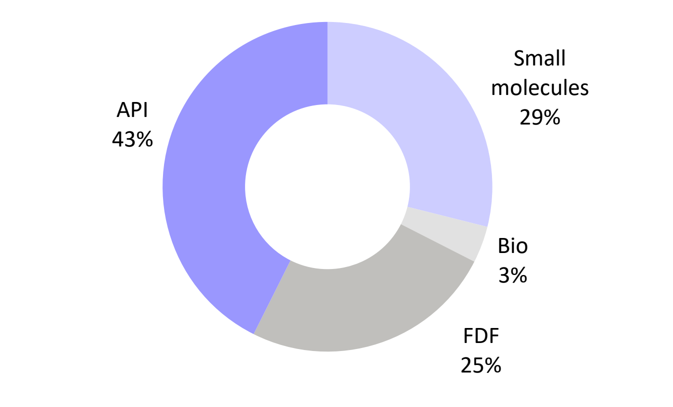


Exhibit 3: API sales up 12.5% YoY

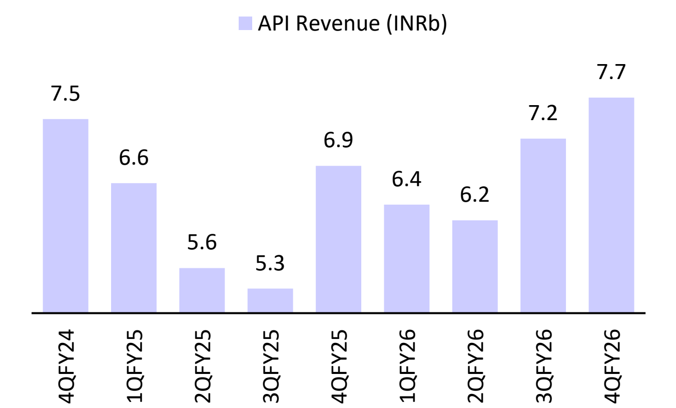


Exhibit 4: FDF sales declined 17% YoY

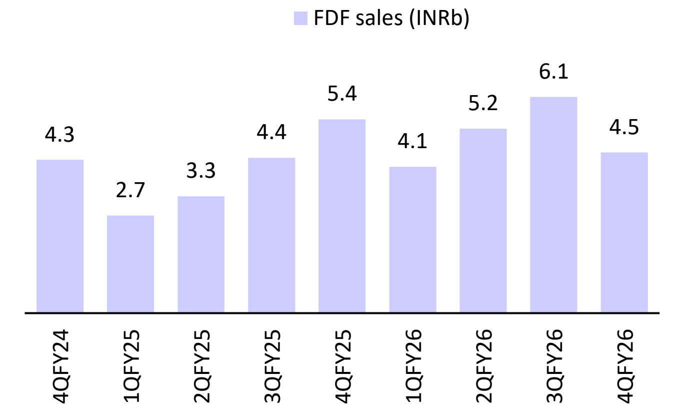
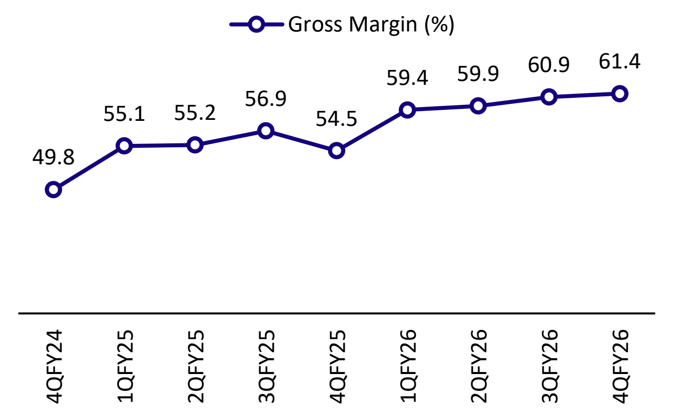
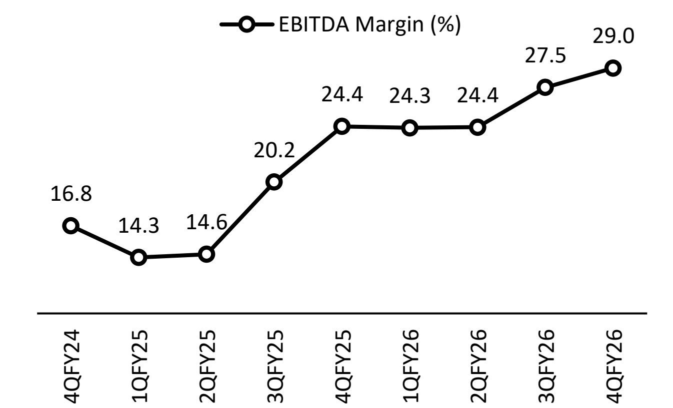


Exhibit 5: Gross margin expanded 685bp YoY



Source: MOFSL, Company

Exhibit 6: EBITDA margin expanded 450bp YoY



Source: MOFSL, Company

Robust CDMO-driven growth with generics momentum

CDMO – scale-up underway across pharma, animal health and crop science segment

- Laurus' small-molecule CDMO revenue increased 38% YoY to INR18.9b in FY26, driven by late-stage pipeline programs and commercial NCE API supplies to several global partners.
- While Laurus has built a meaningful scale in small molecules pharma segment, Laurus is extending its skill set for non-pharma applications (crop science and animal health).
- Accordingly, Laurus is not only building manufacturing capacity but also expanding customer base in crop science and animal health segments.
- For animal health (LSPL -2) and crop science (LSPL-4), Laurus has spent INR7b-INR7.5b till date. From the current revenue base of INR1.5b, there is potential to generate INR10b+ in revenue from these segments.
- Laurus is also building end-to-end capability to synthesize peptides from lab scale to commercial scale.
- We expect the CDMO segment to deliver a ~22% revenue CAGR over FY26-28, reaching around ~INR28b, driven by expansion in capabilities and capacities.

Generics - strong volume growth, capacity led expansion in developed markets

- Generics revenues grew 18% YoY in FY26 led by FDF/API, driven by strong ARV volumes, continued traction from new product launches in developed markets. It was led by strong off-take in Non-ARV FDF and higher traction in ARV segment as well.
- For 4Q the growth remained stable as increased offtake by API was offset by decline in FDF.
- Growth across both APIs and formulations for FY26 was largely volume-led, while formulation momentum was further supported by capacity ramp-up and expanding presence in North America and Europe.
- For FY26, ARV revenues were split between approximately INR17.1b from APIs and INR10.9b from formulations.
- The regulatory pipeline remains strong, with 92 DMFs filed cumulatively to date, while in developed markets, the company filed seven FDF dossiers and received six approvals in FY26, taking cumulative formulation filings to 94 products.
- The oral solid facility capacity increased by 20% in FY26 to 12b units. It is implementing an additional packaging line at Unit 2, with full commercial production expected to commence from Jun-26.
- We expect the FDF segment to deliver an 8% sales CAGR to INR23b, while the API business is likely to post a 12% CAGR over FY26-28, reaching INR34b.

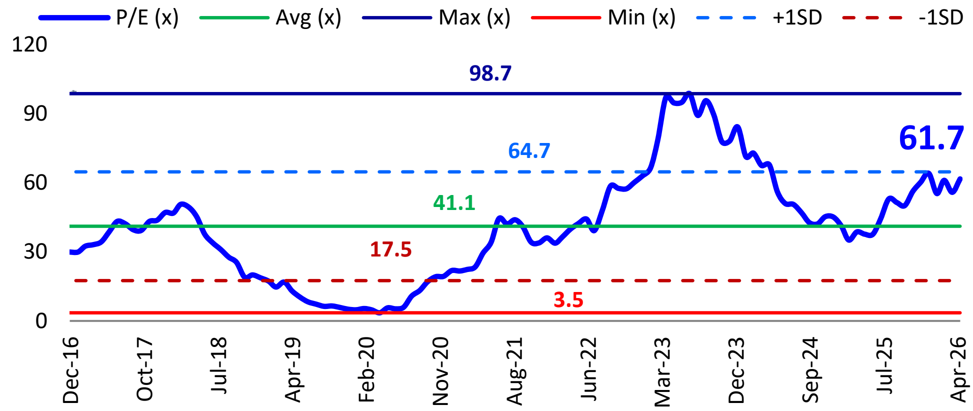
Bio – near-term momentum; long-term optionality from fermentation and advanced modalities

- The bio division grew 15% YoY in FY26, primarily due to an improving mix of higher-value products and customers.
- The company is expanding the use of enzymatic technology across small-molecule API project, while its large-scale fermentation facility in Vizag is progressing on schedule.

Valuation and view

- We raise our earnings estimates by 8%/6% for FY27/FY28, factoring in a) higher traction in CDMO contracts, b) steady growth momentum in Non-ARV and ARV segments, and c) continued operating leverage. We value Laurus at 62x 12M forward earnings to arrive at a TP of INR1,370.
- We remain positive on Laurus on the back of a) continued investment across manufacturing capacities for CDMO as well as contracts in generics space, b) enhancing technology offerings to widen business prospects in CDMO segment, and c) controlled financial leverage. Reiterate BUY.

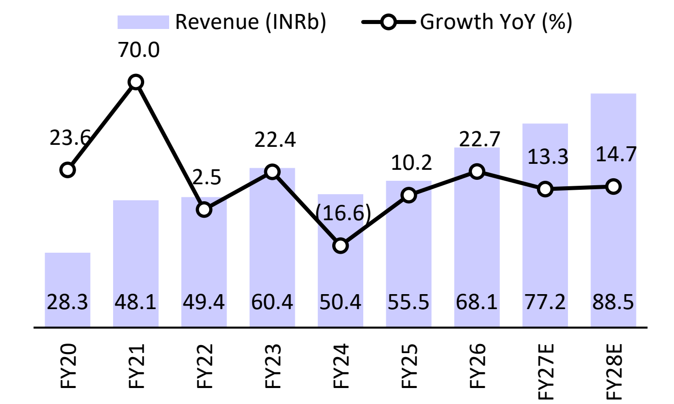
Exhibit 7: P/E chart



Source: MOFSL, Company, Bloomberg

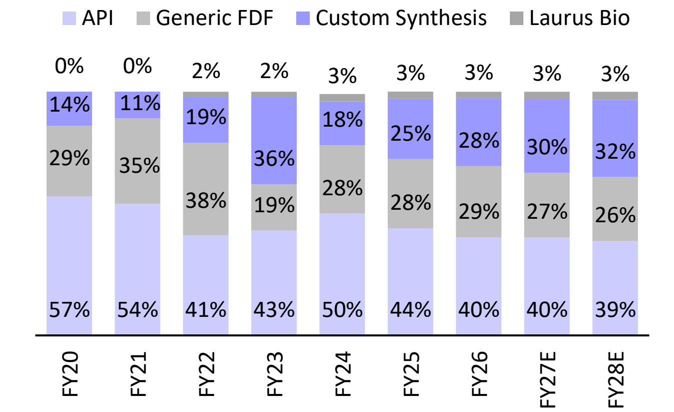
Story in charts

Exhibit 8: Expect a sales CAGR of 14% over FY26-28



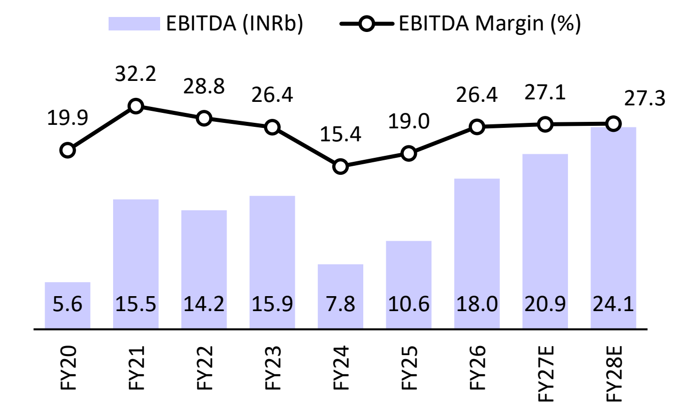
Source: MOFSL, Company

Exhibit 9: Synthesis contribution to increase



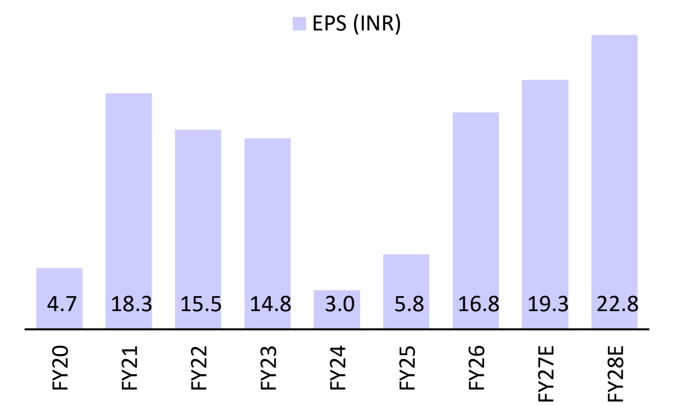
Source: MOFSL, Company

Exhibit 10: EBITDA CAGR to be 16% over FY26-28



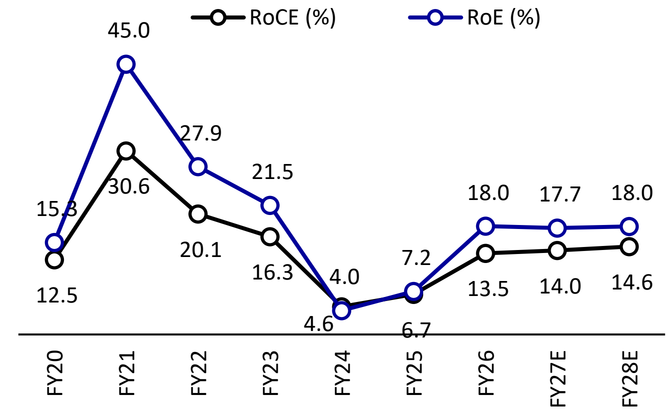
Source: MOFSL, Company

Exhibit 11: Expect a strong EPS trajectory over FY26-28



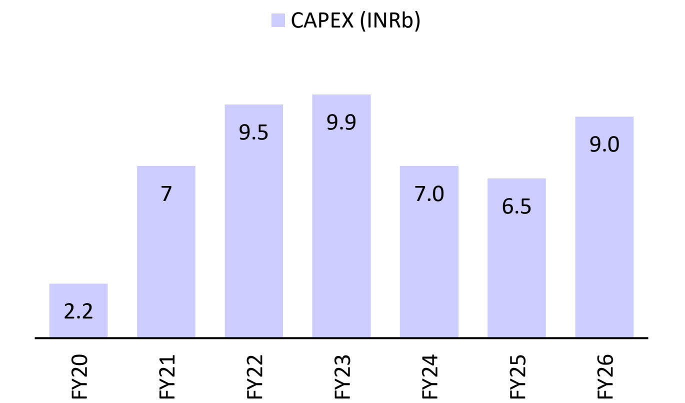
Source: MOFSL, Company

Exhibit 12: Return ratios to spurt over FY26-28



Source: MOFSL, Company

Exhibit 13: Capex intensity superior in FY26



Source: MOFSL, Company

Financials and valuations

Consolidated - Income Statement

Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Total Income from Operations	**49,356**	**60,406**	**50,408**	**55,540**	**68,129**	**77,162**	**88,483**
Change (%)	2.5	22.4	-16.6	10.2	22.7	13.3	14.7
Total Expenditure	**35,131**	**44,483**	**42,633**	**44,987**	**50,143**	**56,215**	**64,338**
% of Sales	71.2	73.6	84.6	81.0	73.6	72.9	72.7
EBITDA	**14,224**	**15,923**	**7,775**	**10,553**	**17,986**	**20,947**	**24,145**
Margin (%)	28.8	26.4	15.4	19.0	26.4	27.1	27.3
Depreciation	2,515	3,241	3,846	4,301	4,801	5,482	6,286
EBIT	**11,709**	**12,682**	**3,929**	**6,252**	**13,185**	**15,465**	**17,859**
Int. and Finance Charges	1,024	1,652	1,829	2,160	1,707	1,621	1,588
Other Income	153	60	263	163	550	270	354
PBT bef. EO Exp.	**10,839**	**11,090**	**2,364**	**4,254**	**12,028**	**14,114**	**16,625**
EO Items	0	0	0	589	-209	0	0
PBT after EO Exp.	**10,839**	**11,090**	**2,364**	**4,843**	**11,818**	**14,114**	**16,625**
Total Tax	2,514	3,123	684	1,299	2,920	3,599	4,239
Tax Rate (%)	23.2	28.2	28.9	26.8	24.7	25.5	25.5
Minority Interest	2	32	55	-23	11	120	120
Reported PAT	**8,322**	**7,965**	**1,625**	**3,567**	**8,887**	**10,395**	**12,265**
Adjusted PAT	**8,322**	**7,965**	**1,625**	**3,126**	**9,046**	**10,395**	**12,265**
Change (%)	-15.4	-4.3	-79.6	92.4	189.4	14.9	18.0
Margin (%)	16.9	13.2	3.2	5.6	13.3	13.5	13.9

Consolidated - Balance Sheet (INRm)

Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Equity Share Capital	1,075	1,077	1,077	1,077	1,080	1,080	1,080
Total Reserves	32,437	39,298	40,032	43,647	51,921	60,693	71,043
minority interest	79	111	46	1,300	1,313	1,313	1,313
Net Worth	**33,591**	**40,487**	**41,155**	**46,024**	**54,313**	**63,085**	**73,435**
Minority Interest	0	0	0	0	0	0	0
Total Loans	17,320	21,006	26,115	27,553	25,185	24,685	24,185
Deferred Tax Liabilities	691	825	570	319	294	294	294
Capital Employed	**51,602**	**62,317**	**67,842**	**73,895**	**79,792**	**88,064**	**97,914**
Gross Block	35,283	46,085	54,745	61,378	68,652	79,839	90,076
Less: Accum. Deprn.	11,221	14,462	18,308	22,609	27,409	32,891	39,177
Net Fixed Assets	**24,062**	**31,623**	**36,437**	**38,769**	**41,243**	**46,948**	**50,898**
Goodwill on Consolidation	2,463	2,463	2,463	2,463	2,463	2,463	2,463
Capital WIP	8,132	5,508	4,228	4,584	7,733	6,547	6,309
Total Investments	**308**	**993**	**1,714**	**2,819**	**3,093**	**3,093**	**3,093**
Curr. Assets, Loans&Adv.	**34,715**	**36,017**	**39,028**	**44,721**	**50,580**	**56,447**	**66,580**
Inventory	17,603	16,848	18,454	19,365	23,422	25,258	29,084
Account Receivables	13,542	15,804	16,629	20,072	21,550	26,848	31,030
Cash and Bank Balance	759	485	1,417	1,442	1,137	-723	659
Loans and Advances	2,811	2,880	2,528	3,842	4,471	5,064	5,807
Curr. Liability & Prov.	**18,079**	**14,287**	**16,029**	**19,459**	**25,320**	**27,433**	**31,430**
Account Payables	8,764	7,107	10,512	9,585	12,521	12,937	14,807
Other Current Liabilities	7,753	6,165	4,334	8,520	11,099	12,571	14,415
Provisions	1,562	1,016	1,183	1,354	1,700	1,925	2,208
Net Current Assets	**16,637**	**21,730**	**22,999**	**25,262**	**25,260**	**29,014**	**35,150**
Appl. of Funds	**51,602**	**62,317**	**67,842**	**73,896**	**79,791**	**88,063**	**97,913**

Financials and valuations

Ratios							
Y/E March	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
Basic (INR)							
EPS	**15.5**	**14.8**	**3.0**	**5.8**	**16.8**	**19.3**	**22.8**
Cash EPS	20.1	20.8	10.2	13.8	25.7	29.5	34.4
BV/Share	62.4	75.2	76.4	85.4	100.8	117.1	136.3
DPS	2.0	1.9	0.4	0.9	2.1	2.5	3.0
Payout (%)	15.6	15.6	15.6	15.6	15.6	15.6	15.6
Valuation (x)							
P/E	71.3	74.5	365.0	189.7	65.6	57.1	48.4
Cash P/E	54.7	52.9	108.4	79.8	42.8	37.4	32.0
P/BV	17.7	14.6	14.4	12.9	10.9	9.4	8.1
EV/Sales	12.4	10.2	12.3	11.1	9.1	8.0	7.0
EV/EBITDA	42.9	38.5	79.5	58.7	34.3	29.5	25.5
Return Ratios (%)							
RoE	27.9	21.5	4.0	7.2	18.0	17.7	18.0
RoCE	20.1	16.3	4.6	6.7	13.5	14.0	14.6
RoIC	23.0	18.6	4.8	7.3	14.9	15.7	15.9
Working Capital Ratios							
Fixed Asset Turnover (x)	1.4	1.3	0.9	0.9	1.0	1.0	1.0
Asset Turnover (x)	1.0	1.0	0.7	0.8	0.9	0.9	0.9
Inventory (Days)	130	102	134	127	125	119	120
Debtor (Days)	100	95	120	132	115	127	128
Creditor (Days)	65	43	76	63	67	61	61
Leverage Ratio (x)							
Current Ratio	1.9	2.5	2.4	2.3	2.0	2.1	2.1
Interest Cover Ratio	11.4	7.7	2.1	2.9	7.7	9.5	11.2
Net Debt/Equity	0.5	0.5	0.6	0.5	0.4	0.4	0.3

Cash Flow Statement							
Y/E March	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
OP/(Loss) before Tax	10,839	11,089	2,364	4,843	11,819	14,114	16,625
Depreciation	2,515	3,241	3,846	4,301	4,801	5,482	6,286
Interest & Finance Charges	862	1,455	1,750	2,100	1,649	1,351	1,234
Direct Taxes Paid	-1,823	-2,855	-1,046	-1,375	-2,939	-3,599	-4,239
(Inc)/Dec in WC	-3,416	-3,153	-332	-2,814	251	-5,614	-4,754
CF from Operations	**8,977**	**9,778**	**6,581**	**7,055**	**15,580**	**11,734**	**15,152**
Others	135	161	33	-106	655	0	0
CF from Operating incl EO	**9,111**	**9,939**	**6,615**	**6,949**	**16,235**	**11,734**	**15,152**
(Inc)/Dec in FA	-8,767	-9,875	-7,476	-5,411	-10,631	-10,000	-10,000
Free Cash Flow	**344**	**64**	**-862**	**1,538**	**5,604**	**1,734**	**5,152**
(Pur)/Sale of Investments	-393	-223	-800	-1,054	-757	0	0
Others	17	137	52	-352	502	270	354
CF from Investments	**-9,143**	**-9,961**	**-8,224**	**-6,817**	**-10,887**	**-9,730**	**-9,646**
Issue of Shares	43	74	26	102	200	0	0
Inc/(Dec) in Debt	1,968	2,138	5,078	1,561	-3,301	-500	-500
Interest Paid	-850	-1,404	-1,743	-2,092	-1,707	-1,621	-1,588
Dividend Paid	-859	-1,075	-862	-431	-863	-1,623	-1,915
Others	5	13	43	753	422	-122	-122
CF from Fin. Activity	**307**	**-253**	**2,541**	**-107**	**-5,249**	**-3,866**	**-4,126**
Inc/Dec of Cash	**275**	**-275**	**932**	**25**	**99**	**-1,862**	**1,380**
Opening Balance	**483**	**757**	**482**	**1,415**	**1,442**	**1,543**	**-317**
Total Cash and Cash equivalent	**759**	**485**	**1,417**	**1,442**	**1,137**	**-723**	**659**

NOTES

Explanation of Investment Rating	
Investment Rating	**Expected return (over 12-month)**
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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