24 July 2026

1QFY27 Results Update | Sector: Healthcare

Laurus Labs

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	LAURUS IN
Equity Shares (m)	540
M.Cap.(INRb)/(USDb)	865 / 9
52-Week Range (INR)	1610 / 810
1, 6, 12 Rel. Per (%)	11/63/97
12M Avg Val (INR M)	2324

Financials & valuations (INR b)

Y/E MARCH	FY26	FY27E	FY28E
Sales	68.1	81.9	93.9
EBITDA	18.0	23.5	26.9
Adj. PAT	9.0	12.3	13.9
EBIT Margin (%)	19.4	22.0	21.8
Cons. Adj. EPS (INR)	16.8	22.8	25.8
EPS Gr. (%)	189.4	35.6	13.2
BV/Sh. (INR)	100.8	120.0	141.8
Ratios			
Net D:E	0.4	0.4	0.3
RoE (%)	18.0	20.6	19.7
RoCE (%)	13.5	15.5	15.2
Payout (%)	15.6	15.6	15.6
Valuations			
P/E (x)	95.4	70.4	62.2
EV/EBITDA (x)	49.3	38.1	33.1
Div. Yield (%)	0.1	0.2	0.2
FCF Yield (%)	1.0	-0.7	1.4
EV/Sales (x)	13.0	10.9	9.5

Shareholding pattern (%)

As On	Jun-26	Mar-26	Jun-25
Promoter	27.5	27.5	27.6
DII	13.7	14.0	11.9
FII	28.0	25.8	25.7
Others	30.8	32.7	34.8

FII includes depository receipts

CMP: INR1,601 TP: INR1,980 (+24%) Buy

A blockbuster beat led by CDMO momentum

CDMO strength drives 21%/16% FY27/28 EPS upgrade

- Laurus Lab (Laurus) delivered yet another outstanding quarter with a 14%/31%/53% beat on revenue/EBITDA/PAT. The performance was driven by the CDMO and formulation (FDF) segment.
- Interestingly, Laurus has achieved the highest-ever quarterly revenue and EBITDA in 1QFY27.
- The CDMO segment's revenue growth was supported by commercial supplies and late-stage clinical project supplies. In addition, one customer received global regulatory approval for a product, with offtake expected to scale up going forward.
- Given the strong prospects for the CDMO business, Laurus has guided FY27 capex of INR20b. The company remains on track to build a commercial-scale peptide block in Vizag.
- The order book was healthy, with sales run-rate remaining steady in the ARV segment during the quarter.
- We raise our earnings estimate by 21%/16% for FY27/FY28, factoring in: a) a robust outlook for the CDMO segment, backed by multiple contracts across human health, animal health, and crop science, b) new launches in the FDF segment, and c) improved operating leverage.
- We value Laurus at 65x 12M forward earnings to arrive at a TP of INR1,980. Laurus continues to invest in manufacturing assets backed by contracts with leading pharma customers. It is also expanding its capabilities in differentiated technologies like biologics as well as ADCs. We expect a 24% earnings CAGR over FY26-28. We reiterate BUY on the stock.

Strong mix boosts profitability across the board

- Laurus' 1QFY27 revenue grew 29.1% YoY to INR20.3b (our est. INR17.8b), driven by robust CDMO growth and sustained Generics business.
- Gross Margin (GM) expanded ~330bp YoY to 62.7%, driven by a better divisional mix.
- EBITDA margin expanded ~720bp YoY to 31.5% (our est: 27.5%), majorly driven by better gross margin.
- EBITDA grew 67% YoY to INR6.4b (our est. INR4.9b).
- Adj PAT grew 129.3% YoY to INR3.7b (our est: INR2.4b).
- R&D stood at INR830m (4% of revenue).

CDMO-led growth with steady Generics performance

- Synthesis business (41% of sales, small molecules) grew 69% YoY to INR8.4b.
- FDF sales grew 22% YoY to INR5b (25% of sales).
- API sales (32% of sales) rose 3% YoY to INR6.5b.
- Bio division sales (2% of sales) grew 21% YoY to INR350m.

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Highlights from the management commentary

- Management raised its FY27 capex guidance to ~INR20b (vs. the initial guidance of ~INR15b), driven by incremental capacity investments to meet rising customer demand.
- The additional investments are earmarked for multiple human health and animal health programs, directed toward API/intermediate manufacturing capacity.
- Commercial-scale fermentation capacity (400+ KL) and downstream processing expansion remain on track for commissioning by end-CY26, with management expecting the precision fermentation business to witness a meaningful ramp-up over the next 12-18 months as multiple customer programs are commercialized.
- Management expects most of the non-commercial CDMO business (45% of revenue), currently driven by Phase III supplies, to transition into commercial manufacturing following regulatory approvals. One of the products has received global regulatory approval, driving the commercial scale-up of the contract.

Consolidated - Quarterly Earning Model

Y/E March	FY26				FY27E				FY26	FY27E	FY27E	vs Est
INRm	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			1Q	(%)
Net Sales	**15,696**	**16,535**	**17,783**	**18,116**	**20,263**	**20,527**	**20,562**	**20,539**	**68,129**	**81,891**	**17,765**	**14.1**
YoY Change (%)	31.4	35.1	25.7	5.3	29.1	24.1	15.6	13.4	22.7	20.2	13.2	
EBITDA	**3,821**	**4,033**	**4,885**	**5,247**	**6,383**	**5,973**	**5,634**	**5,463**	**17,986**	**23,453**	**4,885**	**30.7**
YoY Change (%)	123.2	126.1	71.3	24.8	67.0	48.1	15.3	4.1	70.4	30.4	27.8	
Margins (%)	24.3	24.4	27.5	29.0	31.5	29.1	27.4	26.6	26.4	28.6	27.5	
Depreciation	1,168	1,205	1,206	1,221	1,239	1,411	1,414	1,412	4,801	5,475	1,279	
Interest	515	400	388	404	422	466	466	466	1,707	1,821	405	
Other Income	104	270	58	118	92	72	72	72	550	307	67	
PBT before EO expense	**2,242**	**2,697**	**3,349**	**3,740**	**4,814**	**4,168**	**3,826**	**3,657**	**12,028**	**16,464**	**3,267**	
Extra-Ord expense	0	0	83	126	0	0	0	0	209	0	0	
PBT	**2,242**	**2,697**	**3,266**	**3,614**	**4,814**	**4,168**	**3,826**	**3,657**	**11,819**	**16,464**	**3,267**	
Tax	631	760	735	795	1,194	1,063	976	933	2,920	4,165	833	
Rate (%)	28.2	28.2	22.5	22.0	24.8	25.5	25.5	25.5	24.7	25.3	25.5	
MI & Profit/Loss of Asso. Cos.	7	-3	10	28	-56	30	30	30	77	34	30	
Reported PAT	**1,603**	**1,940**	**2,521**	**2,791**	**3,676**	**3,075**	**2,820**	**2,694**	**8,822**	**12,266**	**2,404**	
Adj PAT	**1,603**	**1,940**	**2,585**	**2,890**	**3,676**	**3,075**	**2,820**	**2,694**	**9,019**	**12,266**	**2,404**	**52.9**
YoY Change (%)	1,164.5	877.9	180.1	53.9	129.3	58.5	9.1	-6.8	188.5	36.0	49.9	
Margins (%)	10.2	11.7	14.5	16.0	18.1	15.0	13.7	13.1	13.2	15.0	13.5	

KPIs - Consolidated	FY26				FY27E				FY26	FY27E
INRb	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
API	6.4	6.2	7.2	7.7	6.5	7.3	7.8	8.0	27.5	29.7
YoY Change (%)	(4.1)	10.8	35.6	12.5	2.7	18.6	8.8	4.0	22.7	20.2
Custom Synthesis	4.9	4.7	4.1	5.2	8.4	7.3	6.9	6.8	19.0	29.4
YoY Change (%)	130.4	57.5	2.0	13.7	69.4	55.0	70.0	30.0	38.0	55.1
Formulation	4.1	5.2	6.1	4.5	5.0	5.3	5.2	5.1	19.9	20.6
YoY Change (%)	50.0	57.9	39.2	(17.1)	22.1	3.1	(15.0)	12.1	25.6	3.5
Cost Break-up										
RM Cost (% of Sales)	40.6	40.1	39.1	38.6	37.3	38.5	38.8	38.2	39.6	38.2
Staff Cost (% of Sales)	13.7	13.0	12.4	12.3	12.8	13.0	13.8	14.2	12.8	13.4
R&D Expenses(% of Sales)	4.1	3.9	3.9	3.6	3.2	3.2	3.4	3.2	2.5	2.1
Other Cost (% of Sales)	21.4	22.5	21.0	20.1	18.4	19.4	20.0	21.0	21.2	19.7
Gross Margins(%)	59.4	59.9	60.9	61.4	62.7	61.5	61.2	61.8	60.4	61.8
EBITDA Margins(%)	24.3	24.4	27.5	29.0	31.5	29.1	27.4	26.6	26.4	28.6
EBIT Margins(%)	16.9	17.1	20.7	22.2	25.4	22.2	20.5	19.7	19.4	22.0

Other highlights from the management commentary

- The oncology injectable facility under the Krka JV is expected to be operational by early CY27, followed by the oral solids facility in 2HCY27. The JV has invested ~INR4b to date and requires another ~INR4b, with a significant portion expected to be funded through partner loans.
- Laurus signed a development and commercialization agreement with Aarvik Therapeutics for two clinical-stage ADC molecules for the Indian market.
- The company onboarded a major global pharmaceutical client, creating a meaningful long-term growth opportunity.
- The final handover of the 500+ acre land parcel from the Andhra Pradesh government is in the final stages, supporting future capacity expansion.
- ARV revenue stood at INR6.7b in 1QFY27 (API: INR4.2b; FDF: INR2.5b).
- Laurus invested INR3.9b in capex during 1QFY27, largely funded through internal cash flows.
- Customer advances remained broadly unchanged versus FY26.

Key exhibits

Exhibit 1: Revenue grew 29.1% YoY in 1QFY27

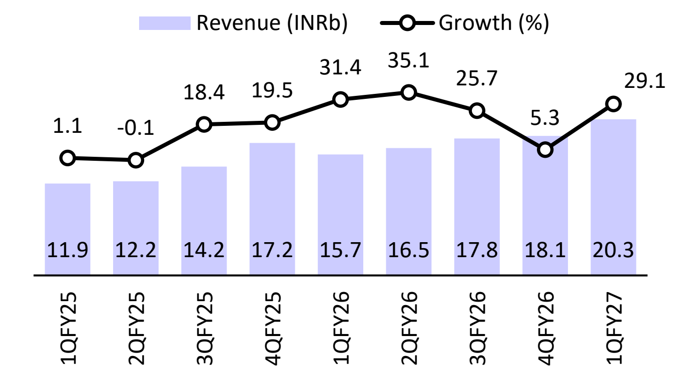


Exhibit 2: Share of FDF/API stood at 25%/32% in 1QFY27

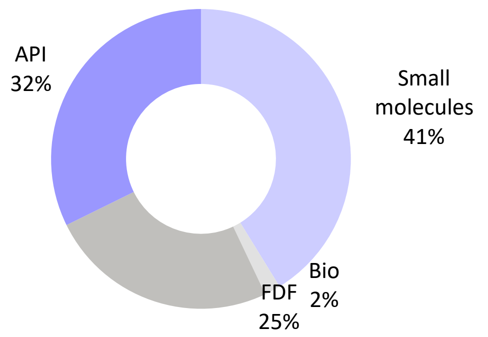


Exhibit 3: API sales rose 3% YoY

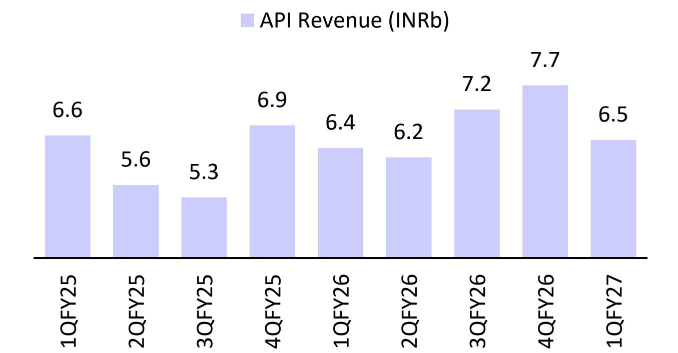


Exhibit 4: FDF sales rose 22% YoY

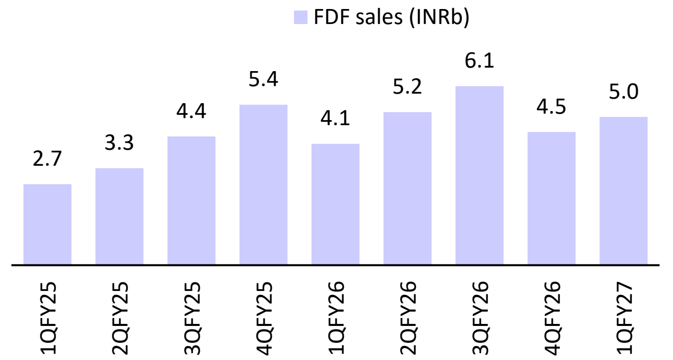
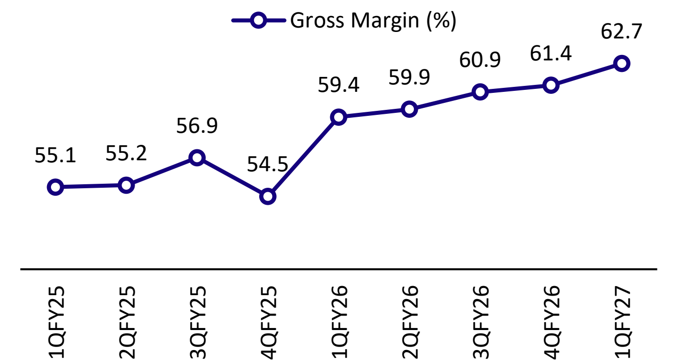
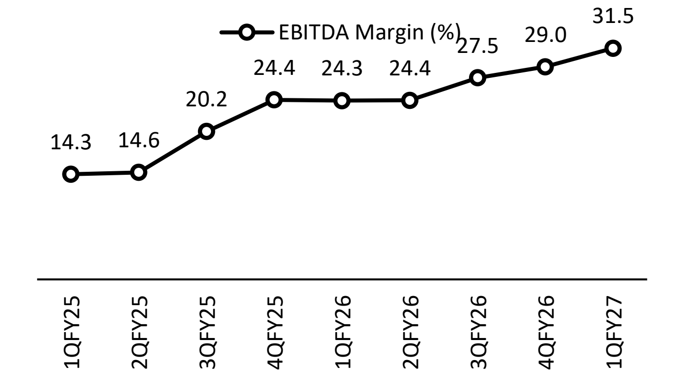


Exhibit 5: Gross margin expanded 330bp YoY



Source: MOFSL, Company

Exhibit 6: EBITDA margin expanded 720bp YoY



Source: MOFSL, Company

CDMO continues to drive growth; Generics remains resilient

CDMO – Commercial execution and late-stage pipeline support strong momentum

- CDMO (Small Molecules) revenue grew 69% YoY to INR8.4b in 1QFY27, driven by higher commercial supplies and steady progression of late-stage clinical projects.
- Commercial API supplies remained the key growth driver, while sustained execution across technologies and manufacturing sites supported strong operational performance.
- Laurus continues to deepen relationships with innovator customers through fully integrated development and manufacturing projects across multiple technologies.
- The company expanded its CDMO pipeline to over 125 active projects, providing healthy long-term revenue visibility.
- Capacity expansion remains on track, with additional small molecule API capacity at Vizag and commercial-scale peptide capabilities being developed based on customer demand.
- Continued investments in niche technologies, including peptides and integrated manufacturing capabilities, further strengthen Laurus' position in high-value CDMO opportunities.
- We expect the CDMO business to deliver 34.8% CAGR over FY26-28, supported by the commercialization of late-stage projects, customer additions, capacity expansion, and increasing contribution from complex modalities.

Generics - FDF drives growth, while API business remains resilient

- Generics revenue grew 10% YoY to INR11.6b in 1QFY27, supported by steady ARV demand and continued growth in the formulations business.
- FDF revenue increased 22% YoY to INR5.0b, driven by product volume growth, new launches, and healthy demand across regulated markets, while API revenue grew 3% YoY to INR6.5b.
- The business maintained a healthy order book and consistent execution despite ongoing global supply chain challenges.
- Laurus continues to expand its global footprint through product registrations in emerging markets and has established a new office in South Africa to strengthen commercial presence.
- Capacity expansion across API and FDF remains on schedule, while the KRKA JV formulation facility is progressing as planned with Phase-I production targeted from mid-2027.
- Regulatory filings continued steadily, with cumulative filings reaching 92 DMFs and 96 developed-market FDF dossiers, supporting future launches.
- We expect the Generics business to deliver 9.5% CAGR over FY26-28, driven by FDF expansion, stable ARV demand, new product launches and increasing penetration across regulated and emerging markets.

Bio – Building capabilities across fermentation, biologics and advanced therapies

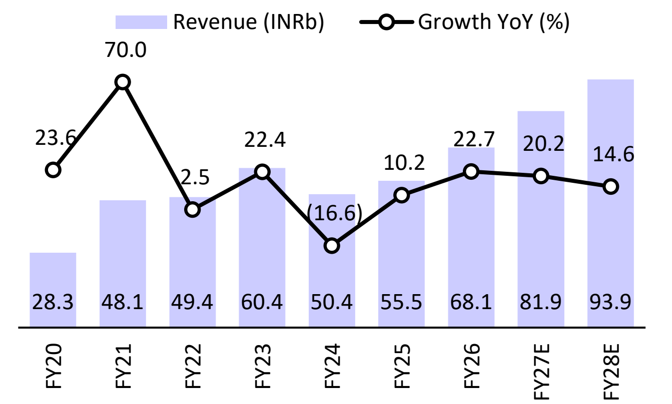
- Bio revenue grew 21% YoY to INR0.4b in 1QFY27, supported by continued diversification across fermentation, CDMO, and biologics.
- The company reported healthy pipeline progress with large global customers across both fermentation (AOF) and CDMO opportunities.
- Laurus is witnessing increasing adoption of its enzymatic technology platform across small molecule clinical and commercial API projects.
- The >400kL fermentation facility at Vizag remains on track for commissioning in 3QFY27, with customer capacity reservations under discussion.
- Advanced biologics capabilities continued to expand, with progress in gene therapy, ADC manufacturing, and CAR-T, alongside strategic in-licensing and manufacturing infrastructure development.
- Laurus continues to invest in next-generation biologics platforms, positioning itself for long-term opportunities in cell & gene therapy and antibody-drug conjugates.
- We expect the Bio business to clock a 20.6% CAGR over FY26-28, driven by the fermentation capacity ramp-up, expanding biologics pipeline, strategic partnerships, and increasing contribution from advanced therapy platforms.

Valuation and view

- We raise our earnings estimate by 21%/16% for FY27/FY28, factoring in: a) a robust outlook for the CDMO segment backed by multiple contracts across human health, animal health, and crop science, b) new launches in the FDF segment, and c) improved operating leverage.
- We value Laurus at 65x 12M forward earnings to arrive at a TP of INR1,980. Laurus continues to invest in manufacturing assets based on contracts from leading pharma customers. It is also expanding its capabilities in differentiated technologies like biologics and ADCs. We expect a 24% earnings CAGR over FY26-28. We reiterate BUY on the stock.

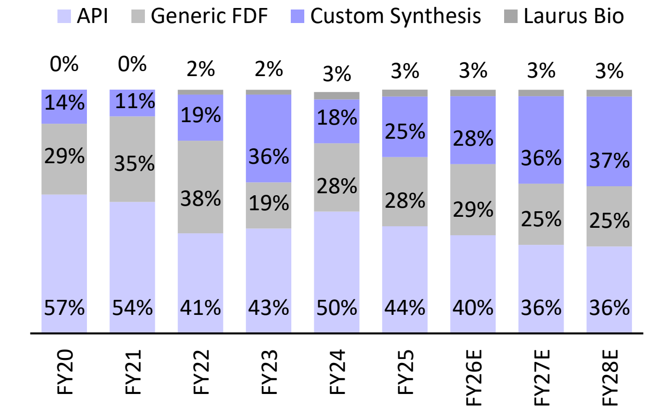
Story in charts

Exhibit 7: Expect a sales CAGR of 17% over FY26-28



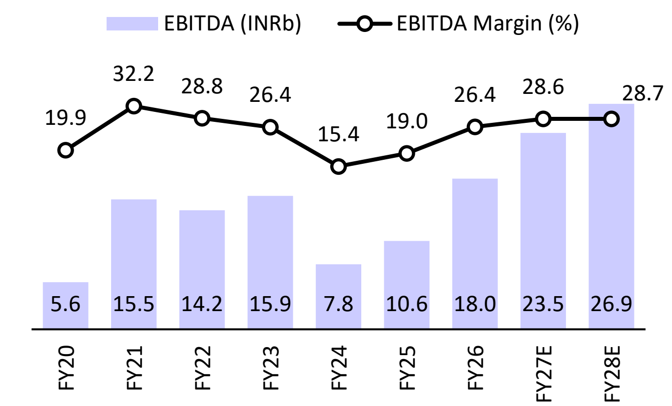
Source: MOFSL, Company

Exhibit 8: Synthesis contribution to increase



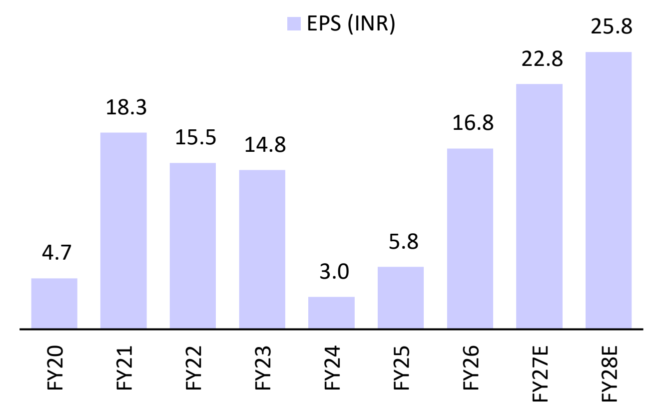
Source: MOFSL, Company

Exhibit 9: EBITDA CAGR to be 22% over FY26-28



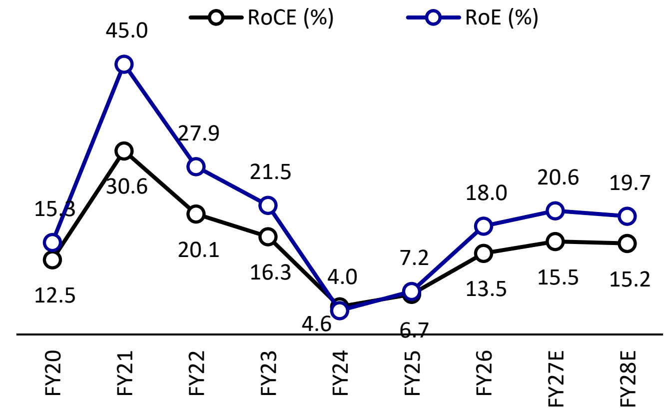
Source: MOFSL, Company

Exhibit 10: Expect a strong EPS trajectory over FY26-28



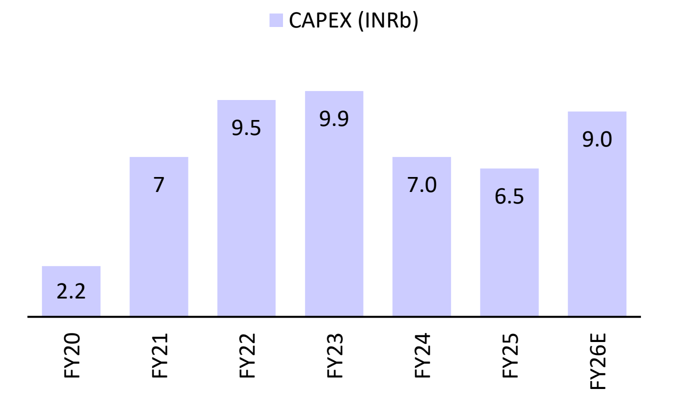
Source: MOFSL, Company

Exhibit 11: Return ratios to surge over FY26-28



Source: MOFSL, Company

Exhibit 12: Capex intensity to improve by FY28



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**	**81,888**	**93,880**
Change (%)	2.5	22.4	-16.6	10.2	22.7	20.2	14.6
Total Expenditure	**35,131**	**44,483**	**42,633**	**44,987**	**50,143**	**58,438**	**66,939**
% of Sales	71.2	73.6	84.6	81.0	73.6	71.4	71.3
EBITDA	**14,224**	**15,923**	**7,775**	**10,553**	**17,986**	**23,450**	**26,941**
Margin (%)	28.8	26.4	15.4	19.0	26.4	28.6	28.7
Depreciation	2,515	3,241	3,846	4,301	4,801	5,475	6,454
EBIT	**11,709**	**12,682**	**3,929**	**6,252**	**13,185**	**17,975**	**20,487**
Int. and Finance Charges	1,024	1,652	1,829	2,160	1,707	1,821	2,076
Other Income	153	60	263	163	550	307	376
PBT bef. EO Exp.	**10,839**	**11,090**	**2,364**	**4,254**	**12,028**	**16,461**	**18,787**
EO Items	0	0	0	589	-209	0	0
PBT after EO Exp.	**10,839**	**11,090**	**2,364**	**4,843**	**11,818**	**16,461**	**18,787**
Total Tax	2,514	3,123	684	1,299	2,920	4,165	4,791
Tax Rate (%)	23.2	28.2	28.9	26.8	24.7	25.3	25.5
Minority Interest	2	32	55	-23	11	34	120
Reported PAT	**8,322**	**7,965**	**1,625**	**3,567**	**8,887**	**12,263**	**13,876**
Adjusted PAT	**8,322**	**7,965**	**1,625**	**3,126**	**9,046**	**12,263**	**13,876**
Change (%)	-15.4	-4.3	-79.6	92.4	189.4	35.6	13.2
Margin (%)	16.9	13.2	3.2	5.6	13.3	15.0	14.8

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	62,268	73,978
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**	**64,661**	**76,370**
Total Loans	17,320	21,006	26,115	27,553	25,185	32,185	31,685
Deferred Tax Liabilities	691	825	570	319	294	294	294
Capital Employed	**51,602**	**62,317**	**67,842**	**73,895**	**79,792**	**97,140**	**1,08,349**
Gross Block	35,283	46,085	54,745	61,378	68,652	83,839	97,276
Less: Accum. Deprn.	11,221	14,462	18,308	22,609	27,409	32,884	39,338
Net Fixed Assets	**24,062**	**31,623**	**36,437**	**38,769**	**41,243**	**50,954**	**57,938**
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	10,547	7,109
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**	**58,916**	**70,788**
Inventory	17,603	16,848	18,454	19,365	23,422	26,257	30,260
Account Receivables	13,542	15,804	16,629	20,072	21,550	26,473	30,608
Cash and Bank Balance	759	485	1,417	1,442	1,137	812	3,760
Loans and Advances	2,811	2,880	2,528	3,842	4,471	5,374	6,161
Curr. Liability & Prov.	**18,079**	**14,287**	**16,029**	**19,459**	**25,320**	**28,833**	**33,042**
Account Payables	8,764	7,107	10,512	9,585	12,521	13,449	15,405
Other Current Liabilities	7,753	6,165	4,334	8,520	11,099	13,341	15,295
Provisions	1,562	1,016	1,183	1,354	1,700	2,043	2,342
Net Current Assets	**16,637**	**21,730**	**22,999**	**25,262**	**25,260**	**30,083**	**37,746**
Appl. of Funds	**51,602**	**62,317**	**67,842**	**73,896**	**79,792**	**97,140**	**1,08,349**

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**	**22.8**	**25.8**
Cash EPS	20.1	20.8	10.2	13.8	25.7	32.9	37.7
BV/Share	62.4	75.2	76.4	85.4	100.8	120.0	141.8
DPS	2.0	1.9	0.4	0.9	2.1	3.0	3.3
Payout (%)	15.6	15.6	15.6	15.6	15.6	15.6	15.6
Valuation (x)							
P/E	103.7	108.3	531.1	276.0	95.4	70.4	62.2
Cash P/E	79.6	77.0	157.7	116.2	62.3	48.6	42.4
P/BV	25.7	21.3	21.0	18.7	15.9	13.3	11.3
EV/Sales	17.8	14.6	17.6	16.0	13.0	10.9	9.5
EV/EBITDA	61.8	55.5	114.2	84.2	49.3	38.1	33.1
Return Ratios (%)							
RoE	27.9	21.5	4.0	7.2	18.0	20.6	19.7
RoCE	20.1	16.3	4.6	6.7	13.5	15.5	15.2
RoIC	23.0	18.6	4.8	7.3	14.9	17.8	17.2
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	0.8	0.9
Inventory (Days)	130	102	134	127	125	117	118
Debtor (Days)	100	95	120	132	115	118	119
Creditor (Days)	65	43	76	63	67	60	60
Leverage Ratio (x)							
Current Ratio	1.9	2.5	2.4	2.3	2.0	2.0	2.1
Interest Cover Ratio	11.4	7.7	2.1	2.9	7.7	9.9	9.9
Net Debt/Equity	0.5	0.5	0.6	0.5	0.4	0.4	0.3

Consolidated - 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	16,461	18,787
Depreciation	2,515	3,241	3,846	4,301	4,801	5,475	6,454
Interest & Finance Charges	862	1,455	1,750	2,100	1,649	1,514	1,700
Direct Taxes Paid	-1,823	-2,855	-1,046	-1,375	-2,939	-4,165	-4,791
(Inc)/Dec in WC	-3,416	-3,153	-332	-2,814	251	-5,149	-4,715
CF from Operations	**8,977**	**9,778**	**6,581**	**7,055**	**15,580**	**14,137**	**17,435**
Others	135	161	33	-106	655	0	0
CF from Operating incl EO	**9,111**	**9,939**	**6,615**	**6,949**	**16,235**	**14,137**	**17,435**
(Inc)/Dec in FA	-8,767	-9,875	-7,476	-5,411	-10,631	-18,000	-10,000
Free Cash Flow	**344**	**64**	**-862**	**1,538**	**5,604**	**-3,863**	**7,435**
(Pur)/Sale of Investments	-393	-223	-800	-1,054	-757	0	0
Others	17	137	52	-352	502	307	376
CF from Investments	**-9,143**	**-9,961**	**-8,224**	**-6,817**	**-10,887**	**-17,693**	**-9,624**
Issue of Shares	43	74	26	102	200	0	0
Inc/(Dec) in Debt	1,968	2,138	5,078	1,561	-3,301	7,000	-500
Interest Paid	-850	-1,404	-1,743	-2,092	-1,707	-1,821	-2,076
Dividend Paid	-859	-1,075	-862	-431	-863	-1,915	-2,167
Others	5	13	43	753	422	-36	-122
CF from Fin. Activity	**307**	**-253**	**2,541**	**-107**	**-5,249**	**3,229**	**-4,865**
Inc/Dec of Cash	**275**	**-275**	**932**	**25**	**99**	**-328**	**2,946**
Opening Balance	**483**	**757**	**482**	**1,415**	**1,442**	**1,543**	**1,218**
Total Cash and Cash equivalent	**759**	**485**	**1,417**	**1,442**	**1,137**	**812**	**3,760**

N O T E S

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
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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