

# Laurus Labs: CDMO-led growth gains traction

May 01, 2026 | CMP: INR 1,099 | Target Price: INR 1,255

ADD

Expected Share Price Return: 14.2% | Dividend Yield: 0.1% | Potential Upside: 14.3%

Sector View: Positive

Change in Estimates	✓
Change in Target Price	✓
Change in Recommendation	✗

**Company Info**

BB Code	LAURUS IN EQUITY
Face Value (INR)	2.0
52 W High/Low (INR)	1,145 / 573
Mkt Cap (Bn)	INR 593.4 / USD 6.4
Shares o/s (Mn)	539.9
3M Avg. Daily Volume	16,72,501

**Change in CIE Estimates**

INR Bn	FY27E			FY28E		
	New	Old	Dev. (%)	New	Old	Dev. (%)
Revenue	80.9	81.9	(1.2)	95.3	97.8	(2.5)
EBITDA	21.4	21.7	(1.2)	25.3	25.9	(2.5)
EBITDAM %	26.5	26.5	-	26.5	26.5	0 bps
PAT	11.1	11.9	(6.8)	13.6	14.8	(7.7)
EPS (INR)	20.6	22.1	(7.0)	25.3	27.4	(7.8)

**Actual vs CIE Estimates**

INR Bn	Q4FY26A	CIE Estimate	Dev. %
Revenue	18.1	19.9	(8.9)
EBITDA	5.1	5.0	1.8
EBITDAM %	28.3	25.3	297 bps
PAT	2.8	2.7	5.5

**Key Financials**

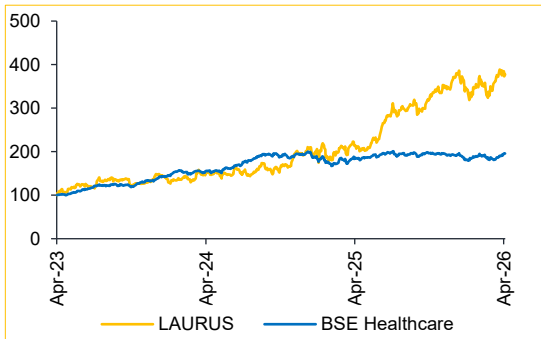
INR Bn	FY25	FY26	FY27E	FY28E	FY29E
Revenue	55.5	68.1	80.9	95.3	112.9
YoY (%)	10.2	22.7	18.8	17.8	18.4
EBITDA	10.6	17.8	21.4	25.3	29.9
EBITDAM %	19.0	26.1	26.5	26.5	26.5
Adj PAT	3.6	8.9	11.1	13.6	16.9
EPS (INR)	6.6	16.5	20.6	25.3	31.3
ROE %	8.0	16.8	17.5	17.8	18.2
ROCE %	8.7	16.9	17.8	18.9	20.1
PE(x)	165.4	66.7	53.5	43.5	35.1
EV/EBITDA	58.6	34.7	28.7	24.2	20.2

**Shareholding Pattern (%)**

	Mar 2026	Dec 2025	Sep 2025
Promoters	27.49	27.49	27.60
FIIs	25.82	26.52	26.17
DIIIs	13.96	12.42	11.72
Public	32.73	33.57	34.52

**Relative Performance (%)**

YTD	3Y	2Y	1Y
BSE Healthcare	93.7	26.0	5.7
LAURUS	257.9	144.5	82.3

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**CDMO-led Growth with Generics as a Steady Base**

LAURUS is strategically transitioning towards a CDMO-led model, targeting ~50% revenue contribution by FY29E. Growth is expected across segments: Generics supported by ARV recovery, higher volumes, improved utilisation and oncology API scale-up, while CDMO growth will be driven by increased order inflows from large players, commercialisation and a focus on high-complexity offerings. The evolving product mix, with higher CDMO contribution, is anticipated to support margin expansion. However, profitability may see slower growth due to elevated capex.

We revise FY27/28E estimate downwards by 7.0%/7.8%. We value the company at 50x FY28E EPS, arriving at a revised TP of **INR 1,255** (earlier INR 1,140).

**Margin Expansion Trajectory Continues**

- Revenue grew 5.3% YoY / 1.9% QoQ to INR 18,116 Mn (vs. CIE estimate: INR 19,892 Mn).
- EBITDA grew 21.8% YoY / 6.6% QoQ to INR 5,121 Mn (vs. CIE estimate: INR 5,032 Mn); margin expanded 382 bps YoY / 126 bps QoQ to 28.3% (vs. CIE estimate: 25.3%).
- PAT increased 21.2% YoY / 12.0% QoQ to INR 2,821 Mn (vs. CIE estimate: INR 2,673 Mn).

**Strong CDMO Momentum to Lift Mix to 50% with ~25% CAGR by FY29E**

CDMO (small molecules & biologics) remains the key growth driver, sustaining strong momentum. We expect this trajectory to continue as the company sharpens focus on high-complexity, low-volume chemistries and scales up commercial supply agreements with large pharma players, leveraging its manufacturing capabilities. CDMO contribution is projected to rise to ~50% of revenue by FY29E (vs. ~41% currently), which should also support margin expansion. We forecast a revenue CAGR of ~30% for small molecules and ~20% for biologics over FY26–29E.

**Generics Growth Accelerates on ARV and Oncology API Strength**

Generics (API + formulations) delivered healthy growth, supported by higher utilisation of ARV assets and improved volumes. We expect the growth trajectory to sustain, led by oncology APIs and increased integration with the CDMO segment. However, API revenue contribution may moderate as a larger share is directed towards captive consumption. Additionally, a robust pipeline of new launches should further support growth.

Particulars (INR Mn)	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)
Revenue	18,116	17,203	5.3	17,783	1.9
Cost of Goods Sold	7,001	7,827	(10.6)	6,946	0.8
Gross Margin (%)	61.4	54.5	685 bps	60.9	41 bps
Operating Expenses	5,994	5,170	39.9	6,035	0.0
EBITDA	5,121	4,206	21.8	4,802	6.6
EBITDA Margin (%)	28.3	24.4	382 bps	27.0	126 bps
Depreciation	1,221	1,104	10.6	1,206	1.2
Interest	404	564	(28.3)	388	4.3
PBT	3,614	3,123	15.7	3,266	10.7
Tax	795	785	1.3	735	8.2
PAT	2,821	2,328	21.2	2,519	12.0
EPS (INR)	5.2	4.3	21.1	4.7	12.0

Revenue Mix (INR Mn)	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)
API	7,720	6,860	12.5	7,200	7.2
Formulations	4,510	5,440	(17.1)	6,070	(25.7)
Synthesis	5,240	4,610	13.7	4,080	28.4
Laurus Bio	650	290	124.1	430	51.2

Source: LAURUS, Choice Institutional Equities

## Management Call - Highlights

### CDMO:

- Growth driven by late-stage pipeline programs and commercial New Chemical Entity API supplies.
- Robust and diversified pipeline across stages, with **no material concentration risk and strong multi-year visibility from partners**.
- **Three APIs commercialised in last 18 months**, all with long patent lives and clear partner forecasts.

### Laurus Bio

- **Vizag fermentation greenfield (400 KL) on track to be operational** by end of 2026.
- Initial batches will be non-pharmaceutical (industrial chemicals, surfactants, polymers).
- **Long-term plan to scale to 1 million litres at Vizag** once initial commercialisation is achieved.

### API & Formulations:

- **Continued leadership in ARV**, catering to ~1/3rd of global HIV population with stable funding environment.
- Ongoing capacity expansion and backward integration, **enhancing supply reliability and cost-efficiency**.
- **Strong growth led by new launches** and traction in developed markets (US/EU).

### Outlook:

- **~60% gross margin guided as sustainable**; EBITDA margin expected to remain in high-20s supported by mix and operating leverage.
- **Order book visibility remains strong for FY27**, supporting continued growth.
- **Target to reach ~50% CDMO contribution by FY30**, driving structural margin expansion
- ARV revenues to remain stable in absolute terms.
- **Next-gen platforms (biocatalysis, precision fermentation, gene therapy, ADC, cell therapy)** provide medium/long-term optionality.
- **CapEx guidance upgraded to INR 3,000 Cr in the next two years, focussed on growth**.
- **Middle East crisis: No near-term supply disruption anticipated, though input cost volatility may persist**.

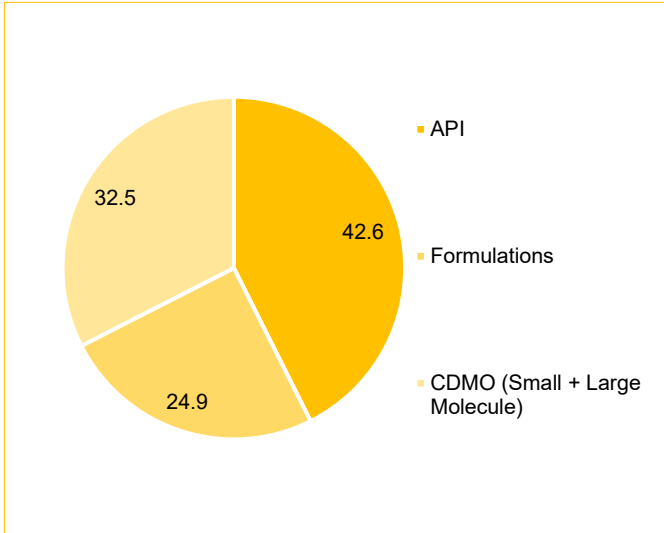
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*Vizag fermentation greenfield (400 KL) on track to be operational by end of 2026.*

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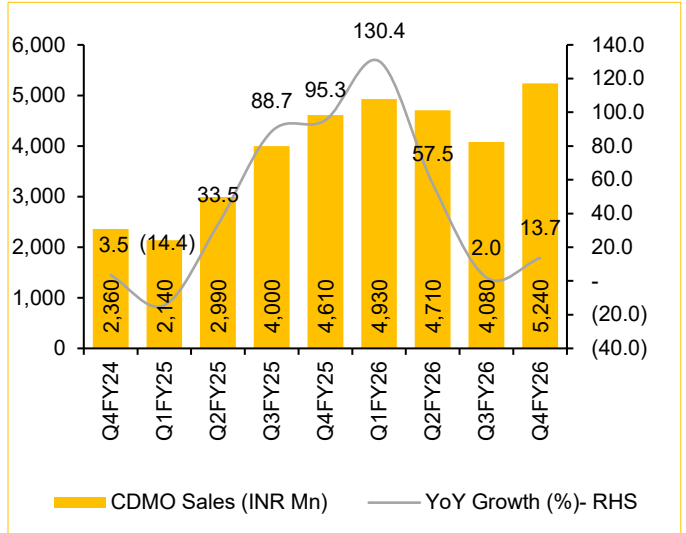
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**Q4FY26 Segment Revenue Split (INR 18.1 Bn)**



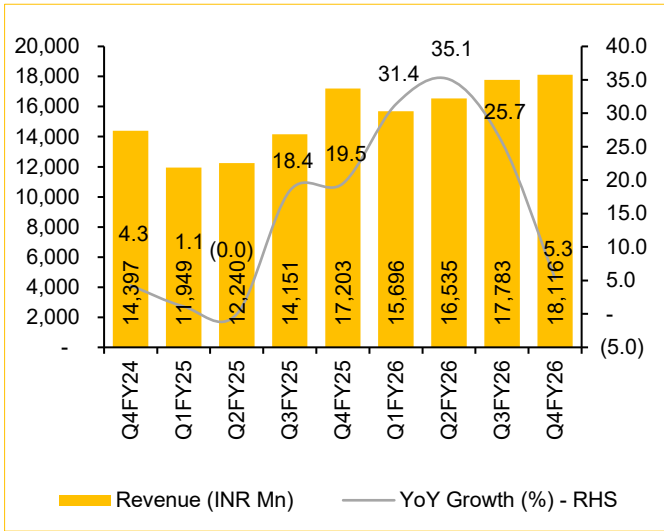
Source: LAURUS, Choice Institutional Equities

**Strong Deliveries Drive CDMO Sales Momentum**



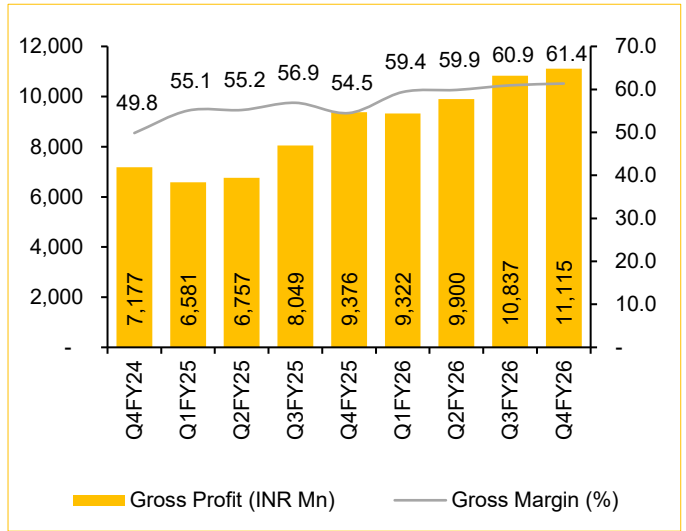
Source: LAURUS, Choice Institutional Equities

**Revenue Recovery Gains Momentum**



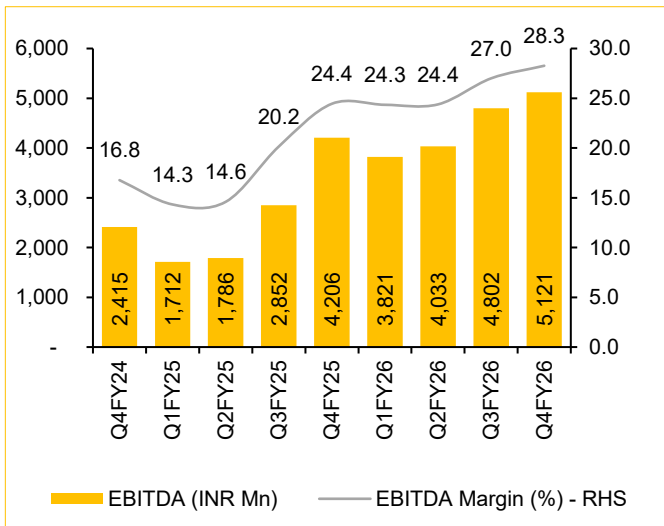
Source: LAURUS, Choice Institutional Equities

**Gross Margin Sustains on Better Product Mix**



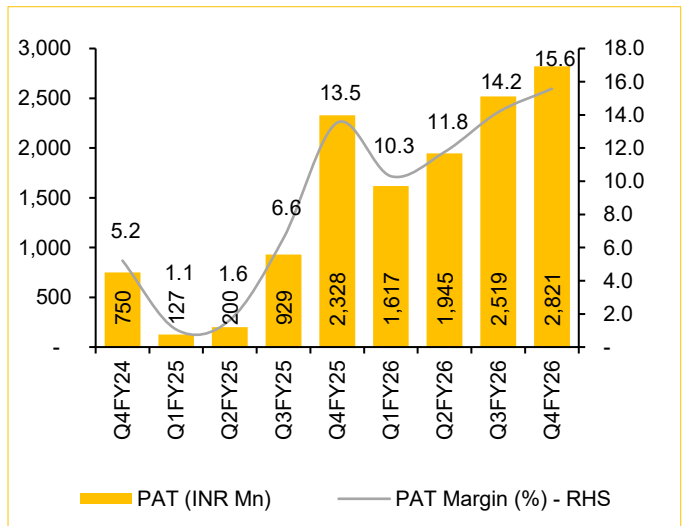
Source: LAURUS, Choice Institutional Equities

**EBITDA and Margin Gain on Increasing CDMO Contribution**



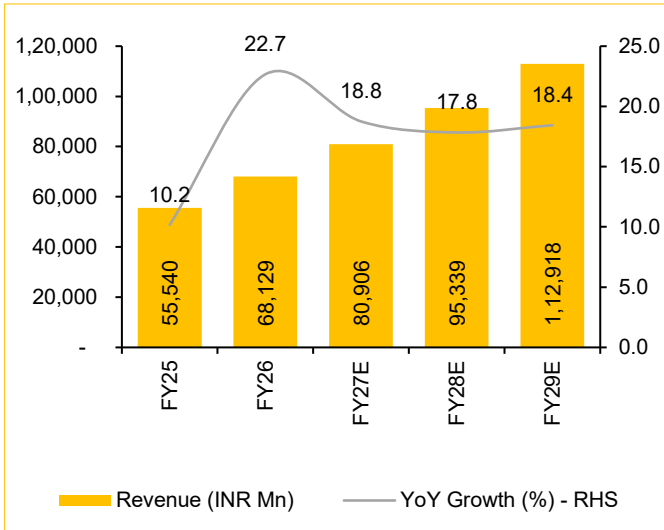
Source: LAURUS, Choice Institutional Equities

**PAT Growth Surpasses Street Estimate**



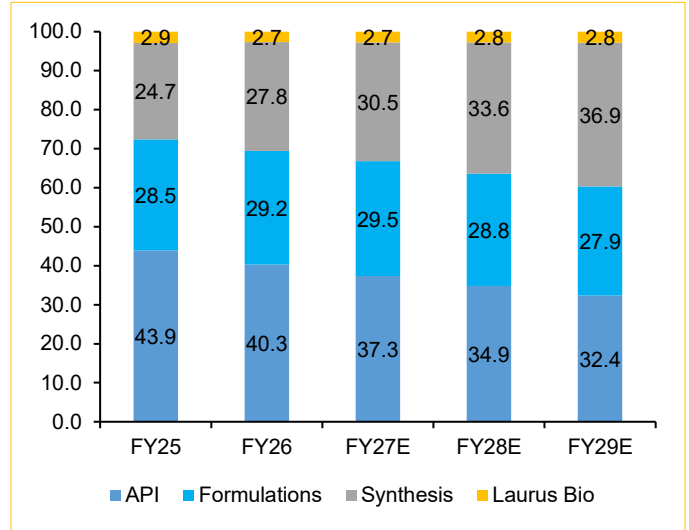
Source: LAURUS, Choice Institutional Equities

**Strong Revenue Growth Backed by CDMO and Generics**



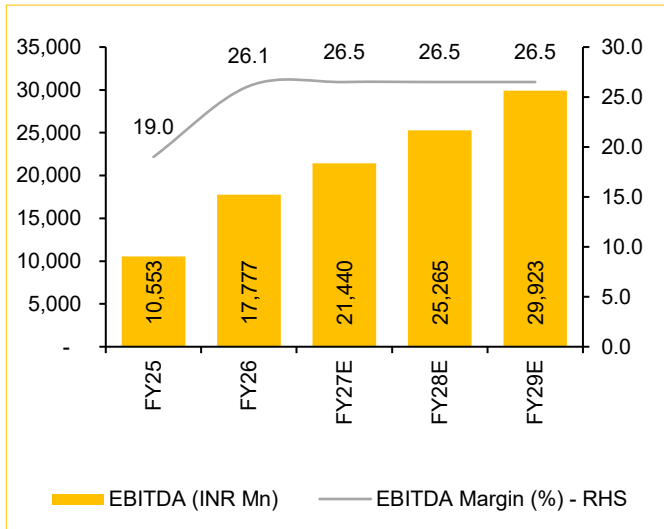
Source: LAURUS, Choice Institutional Equities

**Segment-wise Distribution (as a % of Revenue)**



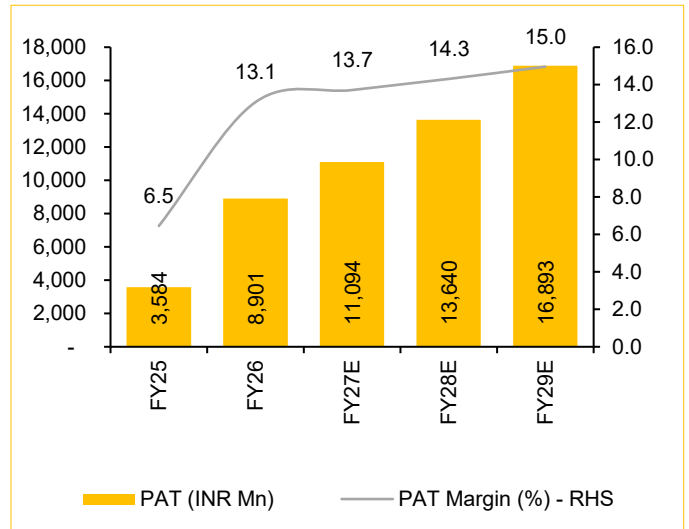
Source: LAURUS, Choice Institutional Equities

**Healthy EBITDA Growth with Stable Margin**



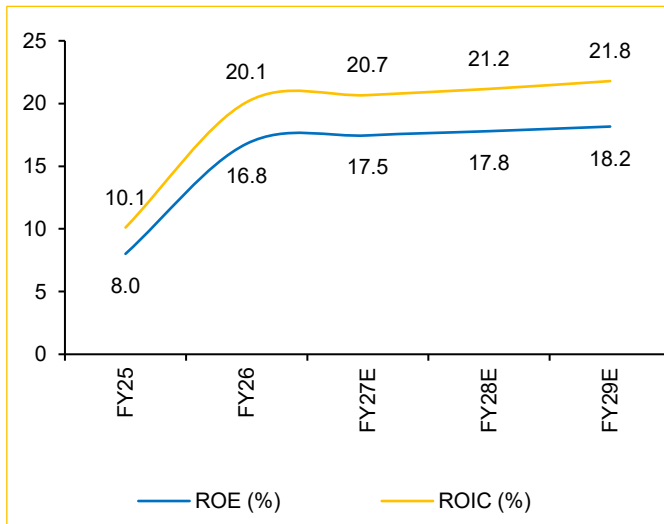
Source: LAURUS, Choice Institutional Equities

**PAT Forecast to Witness Robust Growth**



Source: LAURUS, Choice Institutional Equities

**ROE and ROIC**



Source: LAURUS, Choice Institutional Equities

**1-year Forward PE Band**



Source: LAURUS, Choice Institutional Equities

## Income Statement (INR Mn)

Particulars	FY25	FY26	FY27E	FY28E	FY29E
Revenue	55,540	68,129	80,906	95,339	1,12,918
Gross Profit	30,760	41,174	48,948	57,680	68,315
EBITDA	10,553	17,777	21,440	25,265	29,923
Depreciation	4,301	4,801	5,882	6,622	7,362
EBIT	6,252	12,977	15,558	18,643	22,561
Other Income	751	550	809	953	1,129
Interest Expense	2,160	1,707	1,678	1,538	1,328
PBT	4,843	11,819	14,689	18,058	22,362
Reported PAT	3,584	8,901	11,094	13,640	16,893
EPS (INR)	6.6	16.5	20.6	25.3	31.3

Ratio Analysis	FY25	FY26	FY27E	FY28E	FY29E
<b>Growth Ratios (%)</b>					
Revenue	10.2	22.7	18.8	17.8	18.4
EBITDA	35.7	68.5	20.6	17.8	18.4
PBT	104.7	144.0	24.3	22.9	23.8
PAT	120.5	148.4	24.6	22.9	23.8
<b>Margins (%)</b>					
Gross Profit Margin	55.4	60.4	60.5	60.5	60.5
EBITDA Margin	19.0	26.1	26.5	26.5	26.5
PBT Margin	8.7	17.3	18.2	18.9	19.8
Tax rate	26.8	24.7	24.5	24.5	24.5
PAT Margin	6.5	13.1	13.7	14.3	15.0
<b>Profitability (%)</b>					
ROE	8.0	16.8	17.5	17.8	18.2
ROIC	10.1	20.1	20.7	21.2	21.8
ROCE	8.7	16.9	17.8	18.9	20.1
<b>Financial Leverage (x)</b>					
OCF/EBITDA	0.7	1.1	1.0	0.8	0.8
OCF/Net Profit	1.7	1.8	1.6	1.1	1.1
Debt to Equity	0.6	0.4	0.3	0.2	0.1
Interest Coverage	2.9	7.6	9.3	12.1	17.0
<b>Working Capital</b>					
Inventory Days	127	125	107	107	107
Debtor Days	132	115	105	105	105
Payable Days	63	67	65	65	65
Cash Conversion Cycle	196	174	147	147	147
<b>Valuation Metrics</b>					
No of Shares (Mn)	539	540	540	540	540
EPS (INR)	6.6	16.5	20.6	25.3	31.3
BVPS (INR)	82.9	98.2	117.7	142.0	172.3
Market Cap (INR Bn)	592.7	593.3	593.3	593.3	593.3
PE	165.4	66.7	53.5	43.5	35.1
P/BV	13.3	11.2	9.3	7.7	6.4
EV/EBITDA	58.6	34.7	28.7	24.2	20.2
EV/Sales	11.1	9.0	7.6	6.4	5.4

Source: LAURUS, Choice Institutional Equities

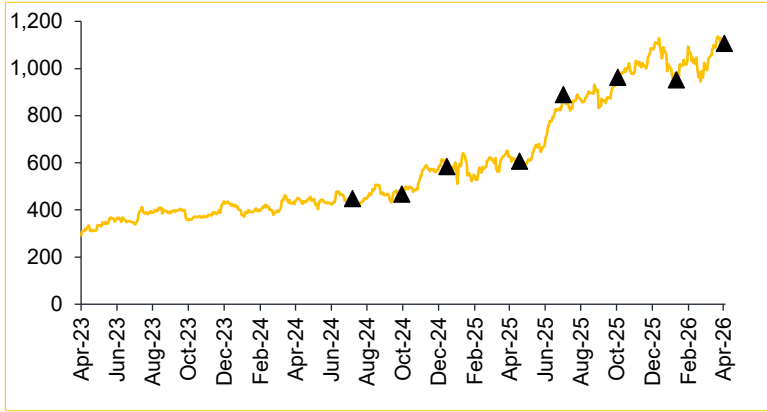
## Balance Sheet (INR Mn)

Particulars	FY25	FY26	FY27E	FY28E	FY29E
Net Worth	46,025	54,314	64,868	77,968	94,322
Borrowings	27,637	25,185	25,185	23,185	20,185
Trade Payables	9,585	12,521	14,408	16,978	20,109
Other Non-current Liabilities	4,856	7,216	7,216	7,216	7,216
Other Current Liabilities	5,253	5,877	5,877	5,877	5,877
<b>Total Net Worth &amp; Liabilities</b>	<b>93,356</b>	<b>1,05,112</b>	<b>1,17,553</b>	<b>1,31,224</b>	<b>1,47,708</b>
Net Block	36,685	38,732	47,850	51,228	53,866
Capital WIP	4,584	7,733	8,233	8,733	9,233
Goodwill & Intangible Assets	2,656	2,647	2,647	2,647	2,647
Investments	2,333	3,093	3,093	3,093	3,093
Trade Receivables	20,072	21,550	23,274	27,426	32,483
Cash & Cash Equivalents	1,442	1,137	2,018	3,442	6,595
Other Non-current Assets	3,776	4,615	4,615	4,615	4,615
Other Current Assets	21,810	25,605	25,823	30,040	35,177
<b>Total Assets</b>	<b>93,356</b>	<b>1,05,112</b>	<b>1,17,553</b>	<b>1,31,224</b>	<b>1,47,708</b>

Cash Flows (INR Mn)	FY25	FY26	FY27E	FY28E	FY29E
Cash Flows from Operations	6,016	16,235	17,513	15,255	17,771
Cash Flows from Investing	(6,817)	(10,887)	(15,000)	(10,000)	(10,000)
Cash Flows from Financing	393	(5,247)	(1,633)	(3,832)	(4,618)

DuPont Analysis	FY25	FY26	FY27E	FY28E	FY29E
Tax Burden (%)	74.0	75.3	75.5	75.5	75.5
Interest Burden (%)	77.5	91.1	94.4	96.9	99.1
EBIT Margin (%)	11.3	19.0	19.2	19.6	20.0
Asset Turnover (x)	0.6	0.6	0.7	0.7	0.8
Equity Multiplier (x)	2.1	2.0	1.8	1.7	1.6
<b>ROE (%)</b>	<b>8.0</b>	<b>16.8</b>	<b>17.5</b>	<b>17.8</b>	<b>18.2</b>

**Historical Price Chart: LAURUS**



Date	Rating	Target Price
July 26, 2024	BUY	475
October 25, 2024	BUY	531
January 27, 2025	HOLD	639
April 25, 2025	BUY	750
July 28, 2025	BUY	1,025
October 24, 2025	BUY	1,085
January 24, 2026	ADD	1,140
May 01, 2026	ADD	1,255

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<b>Large Cap*</b>	
BUY	The security is expected to generate upside of 15% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 15% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -5% over the next 12 months
SELL	The security is expected to show downside of 5% or more over the next 12 months
<b>Mid &amp; Small Cap*</b>	
BUY	The security is expected to generate upside of 20% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 20% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -10% over the next 12 months
SELL	The security is expected to show downside of 10% or more over the next 12 months
<b>Other Ratings</b>	
NOT RATED (NR)	The stock has no recommendation from the Analyst
UNDER REVIEW (UR)	The stock is under review by the Analyst and rating may change
<b>Sector View</b>	
POSITIVE (P)	Fundamentals of the sector look attractive over the next 12 months
NEUTRAL (N)	Fundamentals of the sector are expected to be in stasis over the next 12 months
CAUTIOUS (C)	Fundamentals of the sector are expected to be challenging over the next 12 months

\*Large Cap: More Than INR 20,000 Cr Market Cap  
\*Mid & Small Cap: Less Than INR 20,000 Cr Market Cap

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