

Equity Research Desk

ALPHA



Chemistry for Better Living



Founded: 2005
HQ: Hyderabad, India



Business Model: Integrated pharma player across APIs, Generics, CDMO & Biotechnology



Manufacturing Footprint: 15 facilities with 7,800+ KL reactor capacity



Global Presence: Exports across US, EU & Rest of World



R&D Strength: 237 patents +, 1,500+ scientists



Partnerships: 6 global pharma companies



Edge: Transition from API player to high-margin CDMO-led growth

Subsidiaries



Subsidiaries: As of FY25: 8 subsidiaries, 2 associates, 1 JV

Growth Strategies



CDMO-Led Transformation

- CDMO revenue growing 43% (9MFY26)
- Transition from development to commercial supply
- Increasing share of high-margin revenues



Capacity Expansion & Capability Building

- Large-scale expansions at Vizag & Hyderabad
- Investments in peptides, biologics & fermentation
- KRKA JV facility to drive European formulation growth



Generics Growth Engine

- ARV business remains stable & volume-driven
- New product launches in US, EU & Canada
- Expanding non-ARV portfolio

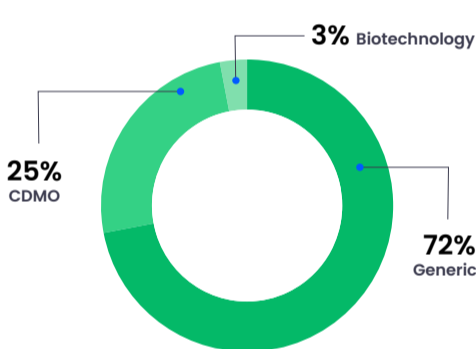


Margin Expansion & Balance Sheet Strength

- EBITDA margins expanded to ~27%
- Improving ROCE and operating leverage
- Strong cash flows funding capex

Revenue Breakup - FY25

Total Revenue (FY25) - ₹5,554 crore



Product Portfolio

A Diversified Pharma Platform Across APIs, Generics & CDMO



CDMO (Contract Development & Manufacturing)

- End-to-end drug development & manufacturing for global pharma companies
- 110+ active projects across pipeline
- High-margin, scalable business model



Generics (API & FDF)

- Leading supplier of ARV APIs globally
- Strong presence in oncology, cardiovascular & specialty therapies
- Expanding formulations (FDF) footprint



Biotechnology

- Fermentation & biologics capabilities
- Applications in vaccines, precision fermentation & advanced therapies



Edge: Integrated pharma platform + shift towards high-value CDMO

Financial Highlights



Q3FY26

- Revenue: ₹1,778 Cr (↑ 26% YoY)
- EBITDA: ₹485 Cr (↑ 70% YoY)
- EBITDA Margin: ~27%
- Net Profit: ₹252 Cr (↑ 174% YoY)
- **Highlight:** Strong growth driven by CDMO and operating leverage



FY25

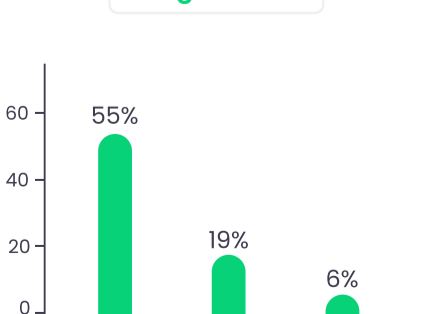
- Revenue: ₹5,554 Cr (↑ 10% YoY)
- EBITDA: ₹1,115 Cr (↑ 40% YoY)
- Net Profit: ₹358 Cr (↑ 112% YoY)
- **Highlight:** Profit growth driven by efficiency and product mix



Financial Performance (3 Years)

- Revenue CAGR: 4%
- Net Profit CAGR: ~27% (turnaround phase)
- TTM Profit Growth: 321%
- Debt-to-Equity: 0.46x
- Avg. ROE: ~11%
- Avg. ROCE: ~13%
- **Highlight:** Strong turnaround with improving profitability

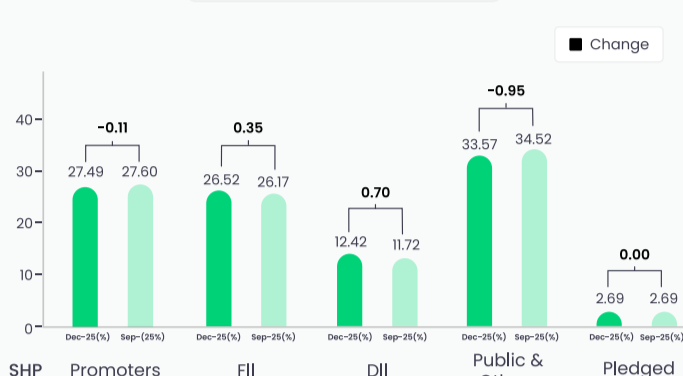
Margins-FY25



Market Data

CMP	₹1009
Date	27-Mar-26
Target Price	₹1188
Upside Potential	18%
52 Week High/Low	1141/518
NSE Code	LAURUSLABS
Market Cap	Small
Sector	Pharmaceuticals
Rating	BUY

Shareholding Pattern



Ratios - FY25

ROE	8%
ROCE	10%
Div. Yield	0.12%
PE Ratio (x)	92.2
Face Value	2.00
EPS	6.64

Industry Outlook

- India pharma market expected to reach \$120-130B by 2030
- India contributes ~20% of global generic exports
- Major supplier to global vaccine programs (WHO, UNICEF)
- Strong global demand for generics & CDMO services

Growth Drivers

- Policy & FDI Support**
 - 100% FDI in greenfield pharma
 - Strong policy push for domestic manufacturing
- Rising Healthcare Demand**
 - Growing chronic disease burden
 - Increasing global pharma outsourcing
- CDMO Opportunity**
 - Shift from in-house manufacturing to outsourcing
 - High growth in biologics, peptides & advanced therapies

Competitive Advantage

- Peer Analysis**
 - Competitors: Cipla, Zydus Lifesciences, etc.
 - Laurus more upstream with API + CDMO focus
 - Positioned for higher long-term margin expansion
 - Currently in investment phase vs mature peers

Peer Analysis

Company	CMP	Mcap.	ROCE	ROE	3Yr Sales CAGR	P/E	EPS
Laurus Labs	1009	54488	9.00%	7.00%	4.00%	65	15.63
Zydus	897	90274	24.00%	21.00%	15.00%	18	49.08
Cipla	1242	100431	23.00%	18.00%	8.00%	22	56.29

Outlook

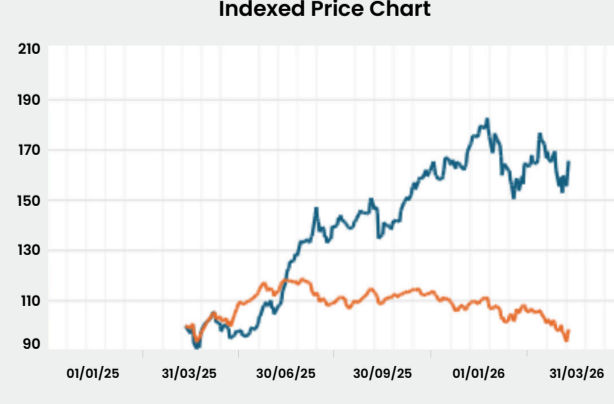
- CDMO transition to commercial phase to drive steady revenues
- Margin expansion supported by operating leverage
- New-age capabilities (peptides, biologics) to unlock growth
- Diversification beyond ARV reduces concentration risk
- **Recommendation:** BUY | Target Price: ₹1,188 (60x FY27E EPS)

We also recommend maintaining a 20% stop-loss from entry price

SWOT Analysis

- Strengths**
 - Global leader in ARV API supply
 - Strong CDMO pipeline (110+ projects)
 - Integrated pharma capabilities
- Weaknesses**
 - CDMO revenues can be lumpy
 - High ongoing capex cycle
- Opportunities**
 - CDMO shift to commercial supply
 - Expansion into biologics & peptides
 - Global outsourcing trend
- Threats**
 - Pricing pressure in export markets
 - Dependence on ARV-related funding programs
 - Regulatory risks

Indexed Price Chart



Note: To read the Disclaimer and Disclosure, [click here](#)

Please note that this is not a recommendation and is intended only for educational purposes. So, do not consult your financial advisor before investing.

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