

Our Credentials

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BSE: 540222 | NSE: LAURUS
CMP: 981 Market cap: Rs. 52,925 Cr
Initiating Coverage Report



INITIATING COVERAGE REPORT

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Laurus Labs Ltd

CMP: 980

OUR VIEW: **xxx**

Investment Rationale:

Laurus Labs has undergone a meaningful transformation over the last several years. What began as a traditional generic API company has evolved into a deeply integrated, research-driven CDMO platform that is now entering a phase where past investments are expected to deliver strong financial returns. This shift provides visibility for sustained growth, improving profitability, and better capital efficiency.

1. Business Diversification and Risk Reduction

Laurus has steadily reduced its dependence on the Antiretroviral segment, which is mature and pricing sensitive.

Over the last five years, the contribution of ARV products to overall revenue has declined from 67% to 45% as of FY25. During the same period, the Non-ARV business has grown and now contributes 63% of total revenues, making the earnings profile more stable and higher margin.

Despite changing the business mix, management has delivered consistent growth. Between the IPO in 2017 and FY22, Laurus achieved a revenue CAGR of 21% and an EBITDA CAGR of 32%. This demonstrates the company's ability to grow while simultaneously derisking the business.

2. CDMO as the Core Growth Driver

The CDMO Synthesis business has emerged as the most important engine of value creation for Laurus.

In FY23, this division recorded 136% growth and became one of the largest contributors to profitability. The CDMO pipeline has expanded significantly, with more than 110 active projects compared to about 50 projects in FY21.

The company has also expanded into Animal Health and Crop Science. In Animal Health, Laurus has long-term contracts for around 20 products. These segments are expected to see a meaningful increase in revenue from FY26 as validation processes are completed and commercial supplies begin.

The CDMO client base is well diversified and includes six of the top ten global innovator pharmaceutical companies, providing both credibility and long-term revenue visibility.

3. Entry into the Monetisation Phase

Over the last few years, Laurus invested heavily to build future capacity. The company has spent more than ₹4,000 crore, or approximately US\$ 450 million, in capital expenditure.

As a result, the gross block has tripled since FY19 and now stands at ₹5,760 crore. Reactor volume has increased to 8,200 kiloliters. These assets are now gradually moving from the ramp-up stage to full operational utilisation.

Currently, around 36% of capacity is in the ramp-up phase. As utilisation improves, management expects EBITDA to grow at a CAGR of about 30% between FY25 and FY28.

Inr cr

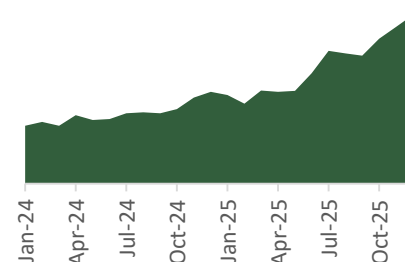
Year	2023	2024	2025
Revenue	6041	5041	5554
EBITDA	1592	778	1055
PAT	793	162	358

Year	2023	2024	2025
Generic API	2609	2545	2438
Generic FDF	1140	1414	1582
CDMO	2167	922	1374
Bio	125	160	160

Year	2023	2024	2025
North America	12%	17%	20%
Europe	48%	27%	25%
ROW	40%	56%	55%

Share-holding	Jun-25	Sep-25	Dec-25
Promoters	27.6	27.6	27.49
FII	25.7	26.1	26.5
DII	11.9	11.7	12.4

24 Month Price Chart



Asset turnover, which declined to 0.9 times during the heavy investment period, is expected to normalise to around 1.1 times. This improvement is likely to drive a sharp recovery in return on capital employed and return on equity over the next few years.

4. Strong Technical Capabilities and Advanced Platforms

Laurus follows a research-first approach and consistently reinvests up to 10 per cent of its profits in advanced technologies.

Through Laurus Bio, the company is building one million litres of fermentation capacity at its Vizag facility. This is aimed at addressing the high-value CDMO market for animal-origin-free proteins and enzymes.

In the cell and gene therapy space, Laurus is associated with ImmunoACT, which has commercialised India's first indigenous CAR T cell therapy called NexCAR19. A new facility in Mumbai is under development with the capacity to treat up to 2,500 patients per year.

The company is also investing aggressively in specialized areas such as Antibody Drug Conjugates and peptides. These efforts are supported by a newly inaugurated ₹250 crore research and development facility in Telangana.

5. Vertical Integration and Consistent Quality Standards

Laurus benefits from a vertically integrated value chain, which provides cost advantages and supply chain security.

Backward integration for key intermediates helps the company remain competitive in a global environment where customers are increasingly looking for alternatives to China based suppliers.

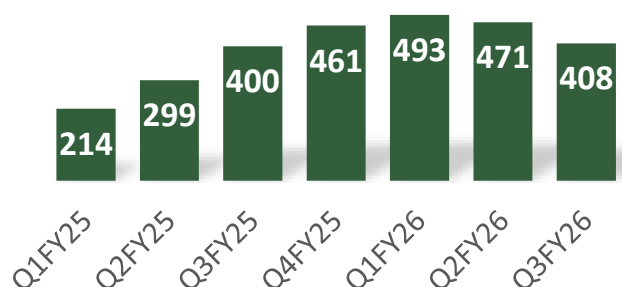
The company follows a One Quality Standard across all markets. This approach has resulted in 43 successful inspections by global regulators including the USFDA and WHO, without any critical observations.

In addition, the joint venture with Krka strengthens Laurus's presence in finished dosage formulations in Europe. A new Cgmp-compliant facility under this joint venture is expected to start contributing meaningfully from FY28.

Investment View

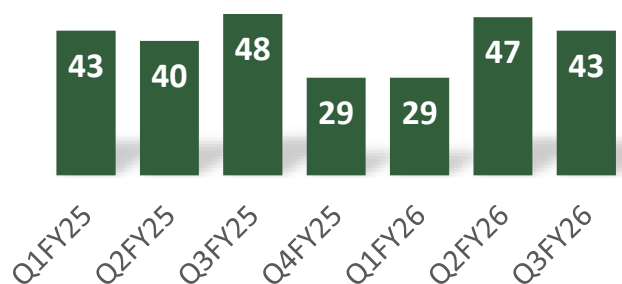
Laurus Labs is well-positioned as a CDMO-led growth company. The combination of large-scale manufacturing, strong research capabilities, exposure to advanced biological and chemical platforms, and a deep project pipeline provides clear visibility for long-term earnings growth. As operating leverage improves and capital efficiency normalises, the company is positioned for sustained value creation over the coming years.

CDMO (Small Molecules) ^{Inr Cr}



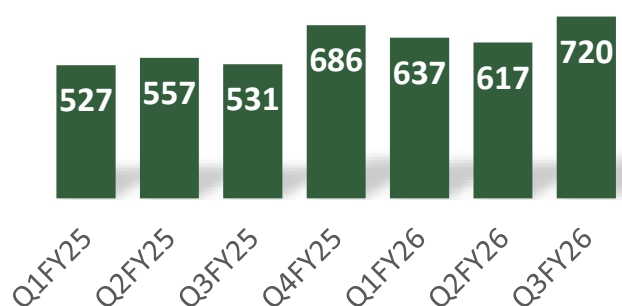
Inr Cr

Biotechnology (Bio)



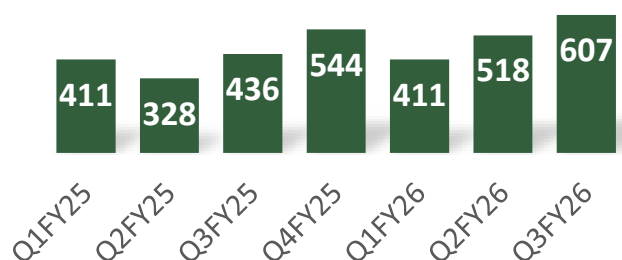
Inr Cr

Generic API



Inr Cr

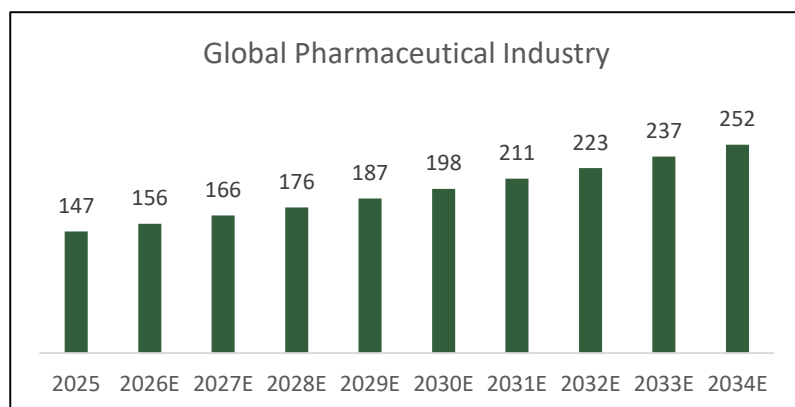
Generic FDF



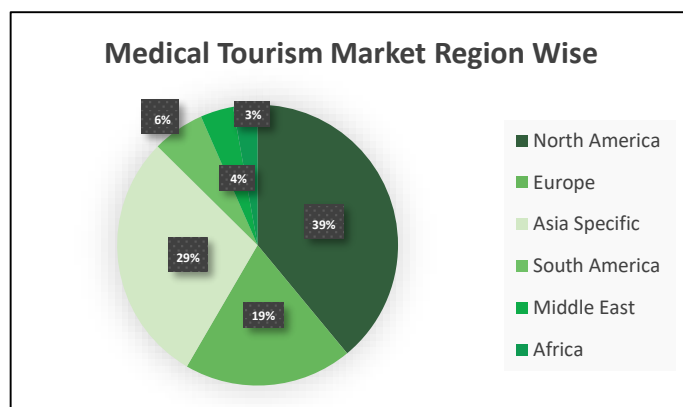
INDUSTRY OVERVIEW

Global Pharmaceutical Industry

The global pharmaceutical industry is one of the largest and most important industries in the world, focused on discovering, manufacturing, and supplying medicines for various diseases such as infections, cancer, diabetes, HIV, and lifestyle disorders. In simple terms, this industry makes the drugs that keep people alive and healthy. As of 2024–25, the global pharmaceutical market is valued at around **USD 1.6–1.7 trillion** and is expected to grow to **USD 2.3–2.4 trillion by 2030**, growing at a roughly **6% CAGR**. This growth is driven by an ageing population, rising chronic diseases, better healthcare access in emerging markets, and continuous innovation in medicines. North America remains the largest market due to high drug prices and innovation, Europe is mature but tightly regulated on pricing, while Asia-Pacific (including India) is the fastest-growing region due to low-cost manufacturing and increasing domestic consumption.



Source: [Trineta Asset Managers](#)



Source: [Trineta Asset Managers](#)

From a business perspective, the pharma industry is broadly divided into **Active Pharmaceutical Ingredients (APIs)**, **Finished Dosage Forms (FDFs)**, **Contract Development & Manufacturing (CDMO)**, and biologics/biotech. APIs are the basic chemical ingredients that make a drug effective, while FDFs are the final tablets, capsules, or syrups consumed by patients. Large global pharma companies increasingly outsource API manufacturing and drug development to reduce costs and improve efficiency, which has structurally benefited Indian pharma companies. Another important trend is the patent cliff, where patents of blockbuster drugs expire, allowing generic companies to manufacture cheaper versions, increasing demand for API suppliers and generic manufacturers. At the same time, the industry is gradually shifting towards complex drugs, oncology medicines, and biologics, which offer higher margins but require advanced capabilities.

In this global context, Laurus Labs fits very well as a strong backend pharmaceutical player. Laurus primarily operates in APIs, FDFs, and CDMO, supplying critical medicines to global generic companies and public health agencies. It has built leadership in anti-retroviral (HIV) APIs and is expanding into oncology, diabetes, and cardiovascular segments, which are long-term growth areas globally. Laurus also benefits from the increasing outsourcing trend, as innovator pharma companies prefer reliable, cost-efficient manufacturers rather than building their own capacities. Its growing CDMO and biotechnology segments align with where the global pharma industry is heading towards complex manufacturing, long-term contracts, and innovation-linked services. Hence, Laurus Labs is not just riding the global pharma growth but is positioned in high-growth, structurally strong segments of the industry.

Indian Pharmaceutical Industry

The Indian pharmaceutical industry provides a strong structural backdrop for companies like Laurus Labs, given India's established position as a global manufacturing and export hub for pharmaceuticals. India is among the top pharmaceutical producers globally by volume and has built deep capabilities across Active Pharmaceutical Ingredients (APIs), generic formulations, vaccines, and contract manufacturing services. This ecosystem enables Indian companies to operate at scale while meeting stringent regulatory standards required by developed markets such as the United States and Europe. For Laurus Labs, which has a significant presence in APIs, formulations, and contract manufacturing, this industry structure offers access to global markets without being dependent solely on domestic demand.

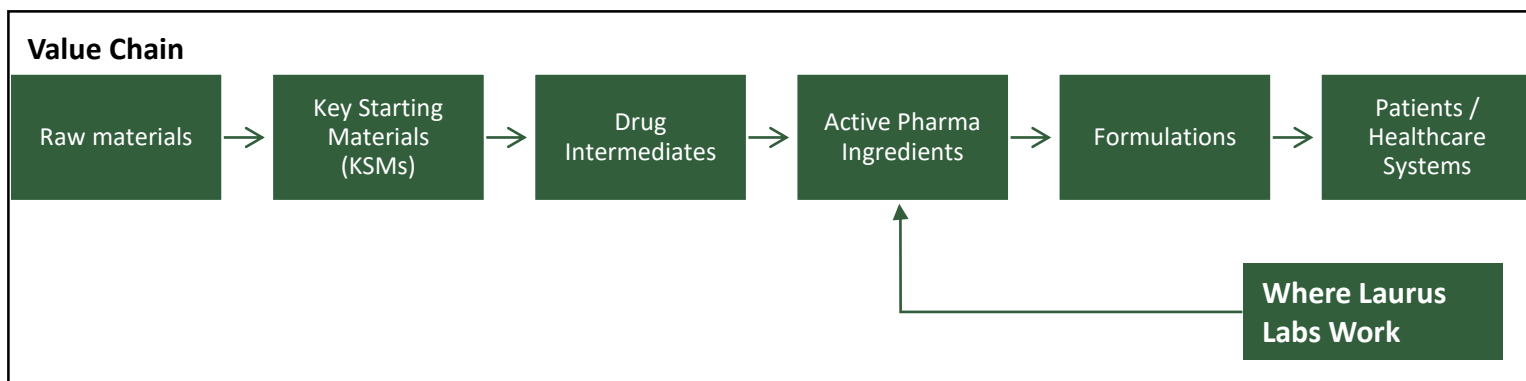
Company Name	Primary Focus	Key Segments	Market Position / Strength
Sun Pharmaceutical Industries	Formulations-led	Branded generics, specialty pharma	India's largest pharma company; strong U.S. & India presence
Dr Reddy's Laboratories	Integrated pharma	APIs, generics, biosimilars	Strong regulated market exposure (US, Europe)
Cipla	Formulations-led	Respiratory, HIV, generics	Leadership in respiratory & chronic therapies
Aurobindo Pharma	API+ Formulations	APIs, generics, injectables	Large exporter to the U.S.; strong backward integration
Lupin	Formulations -led	Generics, specialty	Strong presence in US generics & domestic market
Zydus Lifesciences	Integrated Pharma	APIs, formulations, vaccines	Strong India formulations & vaccines business
Divi's Laboratories	API-focused	Custom synthesis, APIs	High-margin custom manufacturing leader
Laurus Labs	API+ CDMO Focused	APIs, FDFs, CDMO, biotech	Leadership in ARV APIs; expanding CDMO & oncology
Piramal Pharma	CDMO+ formulations	CDMO, hospital generics	Strong global CDMO footprint
Gland Pharma	Injectables	Sterile injectables	Large player in complex injectables

The Indian pharma industry has also developed a strong contract development and manufacturing (CDMO/CRAMS) ecosystem. Companies such as Laurus Labs, Syngene International, Piramal Pharma, and Gland Pharma provide development, manufacturing, and scale-up services to global innovator and generic pharmaceutical companies. Laurus Labs' expanding CDMO and biotechnology operations position it alongside these players, enabling participation in long-term manufacturing contracts rather than relying solely on volume-driven generic sales.

In formulations and branded generics, companies like Sun Pharma, Cipla, Lupin, Torrent Pharmaceuticals, and Alkem Laboratories dominate domestic and export markets, while backend-focused companies such as Laurus Labs and Divi's Laboratories primarily support the global pharma value chain through APIs and intermediates. This distinction highlights Laurus Labs' role as a critical supplier rather than a front-end branded player, giving it exposure to multiple pharmaceutical companies and geographies simultaneously.

Global & Indian API Industry

The Active Pharmaceutical Ingredients (API) industry represents the core manufacturing layer of the pharmaceutical value chain, responsible for producing the chemical or biological substances that give medicines their therapeutic effect. APIs sit between raw chemical intermediates and finished drug formulations, making the industry highly backend-focused, capital-intensive, and regulated. Globally, the API industry is estimated to be valued at around USD 200+ billion, with small-molecule (chemical) APIs forming the majority of production, while biologic APIs represent a smaller but more complex portion.



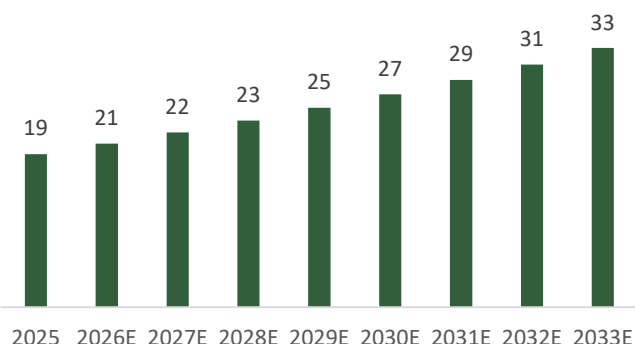
The API value chain begins with basic raw materials and key starting materials (KSMs), which are processed into drug intermediates through multiple chemical steps. These intermediates are further refined into final APIs, which are then supplied to formulation companies that convert them into tablets, capsules, injectables, or syrups. API manufacturers may operate at different points in this chain; some focus only on intermediates, others on final APIs, while more integrated players cover both intermediates and APIs to ensure cost control, quality, and supply reliability. Regulatory approvals and process validation are required at each stage, making the value chain complex and entry barriers high.

Globally, API manufacturing is concentrated in a few regions, with India and China accounting for a significant share of global supply. India is among the top three API producers worldwide and contributes roughly 8–9% of global API output. The country has developed deep capabilities in large-scale manufacturing of small-molecule APIs, supported by strong chemistry skills and regulatory compliance. Indian API manufacturers supply to highly regulated markets such as the U.S. and Europe, backed by a large base of US FDA-approved manufacturing facilities.

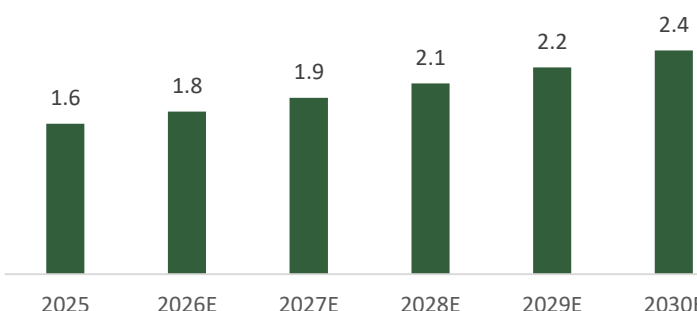
The API industry includes a mix of large-scale diversified manufacturers and niche specialists. Globally, companies such as Lonza, BASF, and Cambrex operate in high-value API and custom synthesis segments. In India, leading API players include Divi's Laboratories, Laurus Labs, Aurobindo Pharma, Granules India, Neuland Laboratories, Dr Reddy's Laboratories, and Cipla (API division). Among these, Divi's Laboratories is known for high-margin custom synthesis and complex APIs, while Aurobindo and Dr Reddy's combine API manufacturing with large formulations businesses.

Laurus Labs is positioned as a specialised, backwards-integrated API manufacturer, with capabilities spanning intermediates, key APIs, and select formulations. The company has built scale and leadership in anti-retroviral (ARV) APIs and has expanded into oncology and other chronic therapy APIs, supplying to global generic companies and public health institutions. Laurus operates largely in the final API manufacturing stage, with partial control over intermediates, enabling cost efficiency and supply reliability. Unlike formulation-led companies, Laurus' API business is primarily backend-focused, allowing it to serve multiple global customers without exposure to brand or distribution risks.

Global API Industry



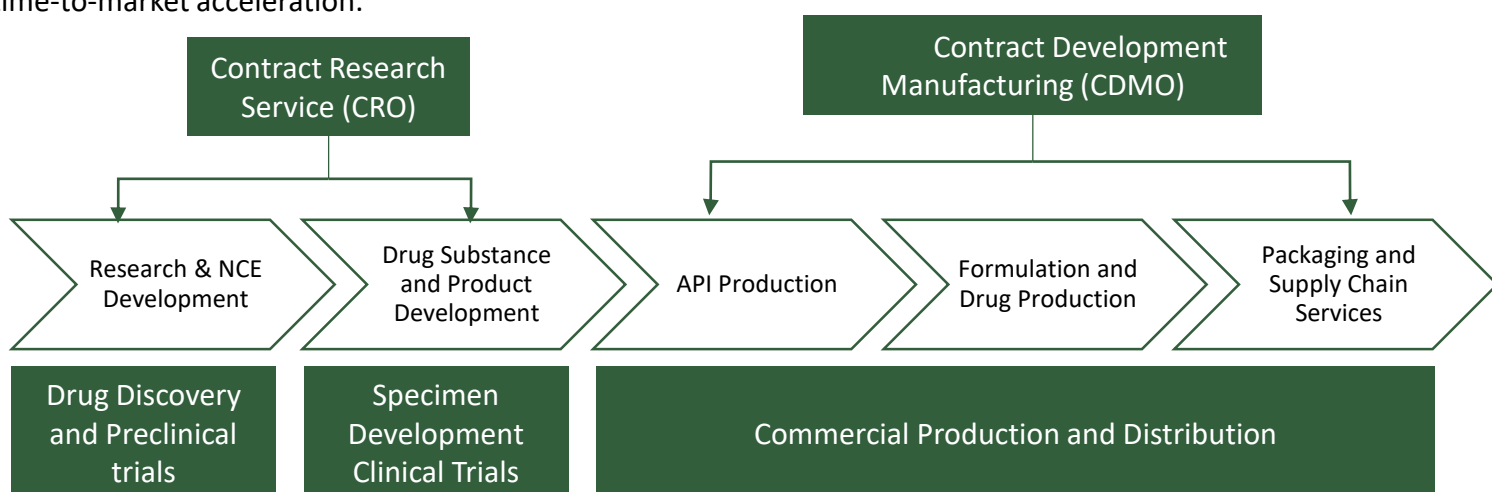
Indian API Industry



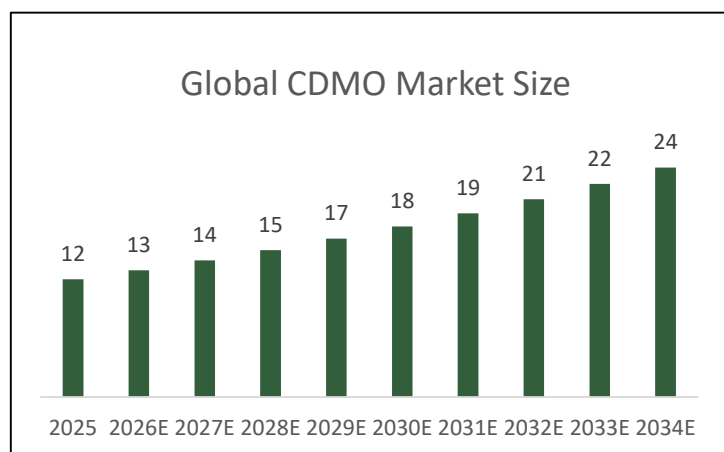
The Active Pharmaceutical Ingredient (API) industry forms the backbone of the global pharmaceutical supply chain. Globally, the API market is estimated at around USD 210–255 billion in 2024–25 and is projected to expand to USD 350–440+ billion by 2030–35, driven by sustained demand for generic medicines, chronic therapies, and complex APIs. India, while much smaller in absolute size, plays a strategically important role in this ecosystem. The Indian API market is valued at approximately USD 18–20 billion in 2024, accounting for ~8% of global API production, and is expected to reach USD 22–38 billion by 2030–33. India is one of the world’s largest suppliers of generic APIs, exporting to regulated markets such as the US and Europe, and serves as a critical manufacturing hub within the global API value chain.

Global CDMO Industry

The Contract Development and Manufacturing Organization (CDMO) industry is a core segment of the pharmaceutical value chain that provides end-to-end services from early drug development through commercial-scale manufacturing. CDMOs assist pharmaceutical and biotech companies by taking responsibility for chemistry process development, scale-up, regulatory filings, clinical and commercial manufacturing of both small-molecule APIs and finished drug products, and increasingly complex biologics and specialty modalities. In this value chain, CDMOs sit between innovator/generic pharma companies (who own drug IP and global marketing rights) and the production floor, effectively helping reduce capital investment risk for sponsors while enabling time-to-market acceleration.



The pharmaceutical CRO–CDMO value chain represents the journey of a drug from research to large-scale manufacturing. The early stage, handled by CROs, involves drug discovery, preclinical research and clinical trials where new molecules are tested for safety and effectiveness. Once a drug is proven and approved, the CDMO stage begins, focusing on drug substance development, API production, formulation, packaging and commercial-scale manufacturing for global supply. Laurus Labs operates squarely in the CDMO part of this value chain, with its core strength in API production, drug substance development and commercial manufacturing, supplying large volumes to global pharmaceutical and generic companies. It does not participate in drug discovery or clinical research, but plays a critical role in scaling up and reliably manufacturing medicines after development, making it a key backend partner in the global pharmaceutical supply chain.



Source: [Trinetra Asset Managers](#)

Globally, the pharmaceutical CDMO market was valued at around USD 148.8 billion in 2025 and is projected to grow to approximately USD 160–312 billion by 2035, representing a mid-to-high single-digit compound annual growth rate (CAGR) through the next decade. This broad increase reflects accelerated outsourcing adoption, with more than 55 % of global pharma companies outsourcing development and manufacturing activities, and biologics outsourcing now accounting for nearly 48 % of contracts, particularly for complex modalities such as sterile injectables, high-potency APIs and advanced formulations.

Regional Developments in the Global CDMO Market

Asia-Pacific:

Asia-Pacific is the largest contributor to the global CDMO market, driven by lower manufacturing and labour costs, expanding pharmaceutical infrastructure, and strong government support. Countries such as **India and China** play a central role, offering large-scale API and formulation manufacturing capabilities and serving as key outsourcing hubs for global pharmaceutical companies.

North America:

North America, led by the United States, is characterised by stringent regulatory standards and a strong focus on high-quality manufacturing. The region hosts a large number of global pharmaceutical innovators that increasingly rely on CDMOs to meet complex production requirements, particularly in biologics, sterile injectables, and advanced therapies.

Europe:

Europe remains a strong and technologically advanced CDMO market, especially in countries like Germany and Switzerland. The region's emphasis on regulatory compliance, process innovation, and specialised manufacturing supports its position as a key hub for sterile products, biologics, and high-value contract manufacturing.

Latin America:

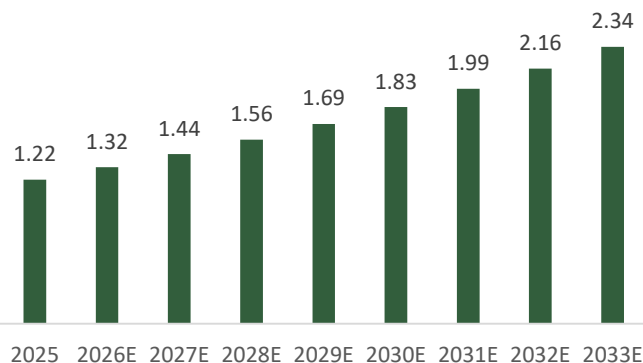
Latin America is an emerging CDMO region, witnessing rising demand for generic drugs and increasing outsourcing by North American and European pharmaceutical companies. Cost competitiveness and improving manufacturing capabilities are driving growth across select markets.

Middle East & Africa:

The Middle East and Africa are experiencing steady growth in CDMO demand, particularly in countries such as **Saudi Arabia and South Africa**. Growth is supported by local pharmaceutical capacity expansion, increasing healthcare investments, and government initiatives to strengthen domestic drug manufacturing.

Indian CDMO Industry

Indian CDMO Market size



Source: [Trinetra Asset Managers](#)

The Indian Contract Development and Manufacturing Organization (CDMO) industry has emerged as a critical part of the global pharmaceutical supply chain, supported by India's strong chemistry skills, cost competitiveness, and regulatory-approved manufacturing infrastructure. The Indian CDMO market is estimated at approximately ₹1.1–1.3 lakh crore, with APIs forming the largest share, followed by formulation manufacturing and development-linked services. Indian CDMOs largely cater to global generic pharmaceutical companies and select innovators, supplying regulated markets such as the US and Europe with cost-efficient and high-quality manufacturing

solutions. Within this landscape, Laurus Labs operates in the core CDMO segment, focusing on API manufacturing, drug substance development, and commercial-scale supply, rather than early-stage research activities. Laurus benefits from India's structural advantages such as process chemistry expertise, economies of scale, and compliance capabilities, positioning it as a reliable backend manufacturing partner in global pharmaceutical value chains.

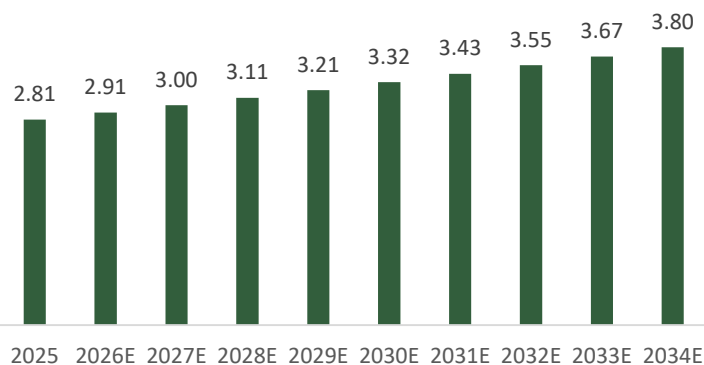
Company	FY25 Sales (₹ Cr)	Approx. Market Share (%)
Divi's Laboratories	9,360	3.1–3.6%
Laurus Labs	5,554	1.8–2.1%
Granules India	4,482	1.5–1.7%
Syngene International	3,642	1.2–1.4%
Neuland Laboratories	1,480	0.5–0.6%

- **Divi's Laboratories** continues to hold the **largest share** among Indian API/CDMO peers, with an estimated **3.1–3.6%** of the overall Indian API + CDMO market in FY25.
- **Laurus Labs** remains a **key mid-tier player**, estimated at **~1.8–2.1%** share based on the latest revenue.
- **Granules India** follows at **~1.5–1.7%**, while **Syngene International's FY25 revenue positions it at ~1.2–1.4%**, reflecting a slightly larger presence than previously estimated.
- **Neuland Laboratories**, being more niche and smaller in scale, accounts for an **estimated ~0.5–0.6%**.

ARV (Antiretroviral) Industry – Global & India Overview

The Antiretroviral (ARV) industry caters to the treatment of HIV/AIDS, a chronic disease that requires lifelong medication, making ARVs a structurally stable pharmaceutical segment. Globally, the ARV market is estimated at around USD 30–35 billion (₹2.5–3.0 lakh crore), driven largely by demand from low- and middle-income countries, which rely heavily on affordable generic ARVs supplied through global health programs such as PEPFAR, Global Fund, and UN agencies. Unlike many pharma segments, ARV demand is volume-driven rather than pricing-driven, with a strong focus on cost efficiency, reliable supply, and regulatory compliance.

Global ARV Market size

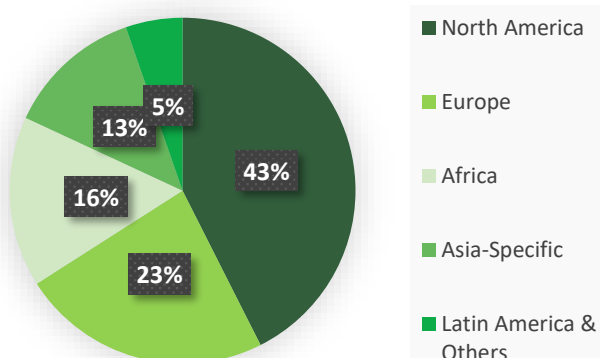


Source: [Trinetra Asset Managers](#)

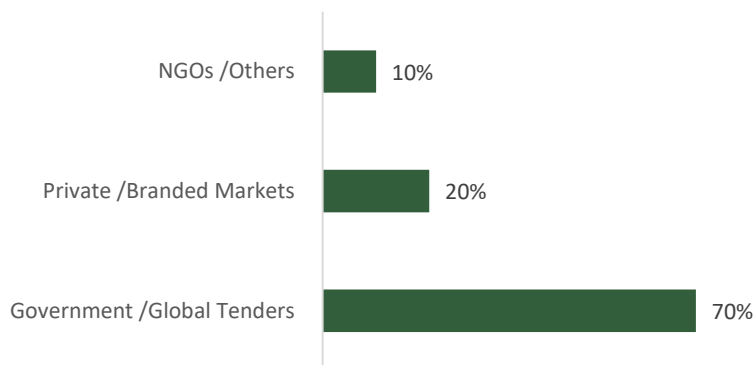
India plays a critical role in the global ARV ecosystem, supplying over 80–85% of the world's generic ARV requirements. The Indian ARV industry benefits from strong API manufacturing capabilities, scale efficiencies, and long-standing relationships with global procurement agencies. Indian companies dominate both API and finished dosage formulation (FDF) supply for first-line and increasingly second-line ARV therapies. The ARV segment in India is relatively consolidated, with a few large players controlling a meaningful share due to high entry barriers such as regulatory approvals, complex chemistries, and tender-based procurement processes.

Within the global ARV ecosystem, Laurus Labs is a leading supplier of ARV APIs, with a strong footprint across first-line and second-line HIV molecules. The company primarily operates in the API and ARV-focused CDMO segment, supplying large volumes to major global and Indian formulation players such as Viatris (formerly Mylan), Aurobindo Pharma, Hetero Labs, Cipla, MacLeods, and other WHO-prequalified manufacturers, whose finished formulations are ultimately procured by international health agencies like the Global Fund, PEPFAR, and UN-backed programs. Laurus' competitive strength lies in backward integration, complex chemistry capabilities, cost-efficient process optimisation, and large-scale manufacturing, which are critical in the ARV market where pricing is tight but volumes are predictable and long-term. In FY25, ARV APIs and formulations together contributed approximately ₹2,500–2,600 crore to Laurus Labs' revenue, making ARVs a core but gradually moderating pillar of the business as the company diversifies into non-ARV APIs and CDMO services, while continuing to anchor its global credibility in regulated and semi-regulated markets.

Region Wise Split



Procurement Channel Split



Globally, the ARV market is geographically and structurally skewed, with North America and Europe together accounting for nearly two-thirds of market value due to higher pricing, while Africa and Asia-Pacific represent the largest volume markets, supported by public healthcare systems. Correspondingly, around 70% of global ARV demand is routed through government and international tender mechanisms such as PEPFAR and the Global Fund with private and branded markets contributing a smaller share. This structure makes the ARV industry volume-driven, cost-sensitive, and procurement-led, favouring large-scale, efficient manufacturers that supply emerging markets.

COMPANY OVERVIEW

Laurus Labs is an integrated pharmaceutical company with a strong focus on active pharmaceutical ingredients (APIs), formulations, and contract development and manufacturing (CDMO), catering primarily to regulated and semi-regulated global markets. The company has built deep capabilities in complex chemistry, process engineering, and large-scale manufacturing, enabling it to serve high-volume, price-sensitive therapeutic segments while maintaining regulatory compliance across multiple geographies. Laurus operates across the pharmaceutical value chain, supplying APIs to global formulation players and international health agencies, manufacturing finished dosage formulations, and providing end-to-end development and manufacturing services to innovator and generic pharma companies. Its business model is anchored in backward integration, cost leadership, and execution at scale, allowing the company to remain competitive in segments where margins are structurally thin but volume visibility and customer stickiness are high. Over time, Laurus has leveraged this foundation to diversify beyond its legacy ARV franchise into non-ARV APIs and CDMO, aiming to improve revenue stability, margin profile, and long-term growth sustainability.

Company Segments

Generic (API+FDF)

Contract Development Manufacturing

Biotechnology

GENERIC (API + FDF)

The Generic (API + FDF) segment is the core and legacy business of Laurus Labs and has historically been the foundation of its scale, global credibility, and manufacturing strength. The segment spans active pharmaceutical ingredients (APIs) and finished dosage formulations (FDFs), with a strong focus on antiretroviral (ARV) drugs, alongside an expanding presence in non-ARV therapeutic areas.

Laurus is a world leader in three key ARV APIs: Efavirenz, Tenofovir, and Emtricitabine, and it also holds leadership positions in oncology molecules like Gemcitabine and Carboplatin.

While historically focused on Anti-Retrovirals (ARVs), the Company has diversified into Cardiovascular (CVS), Anti-Diabetic, Anti-Asthma, and Gastroenterology.

The Company operates one of the largest high-potency API capacities in India. As of the latest reports, its total reactor volume for API manufacturing has scaled to over **7,800 KL**.

A key differentiator is its backward integration into key starting materials and intermediates, which de-risks the supply chain and maintains cost competitiveness against peers.

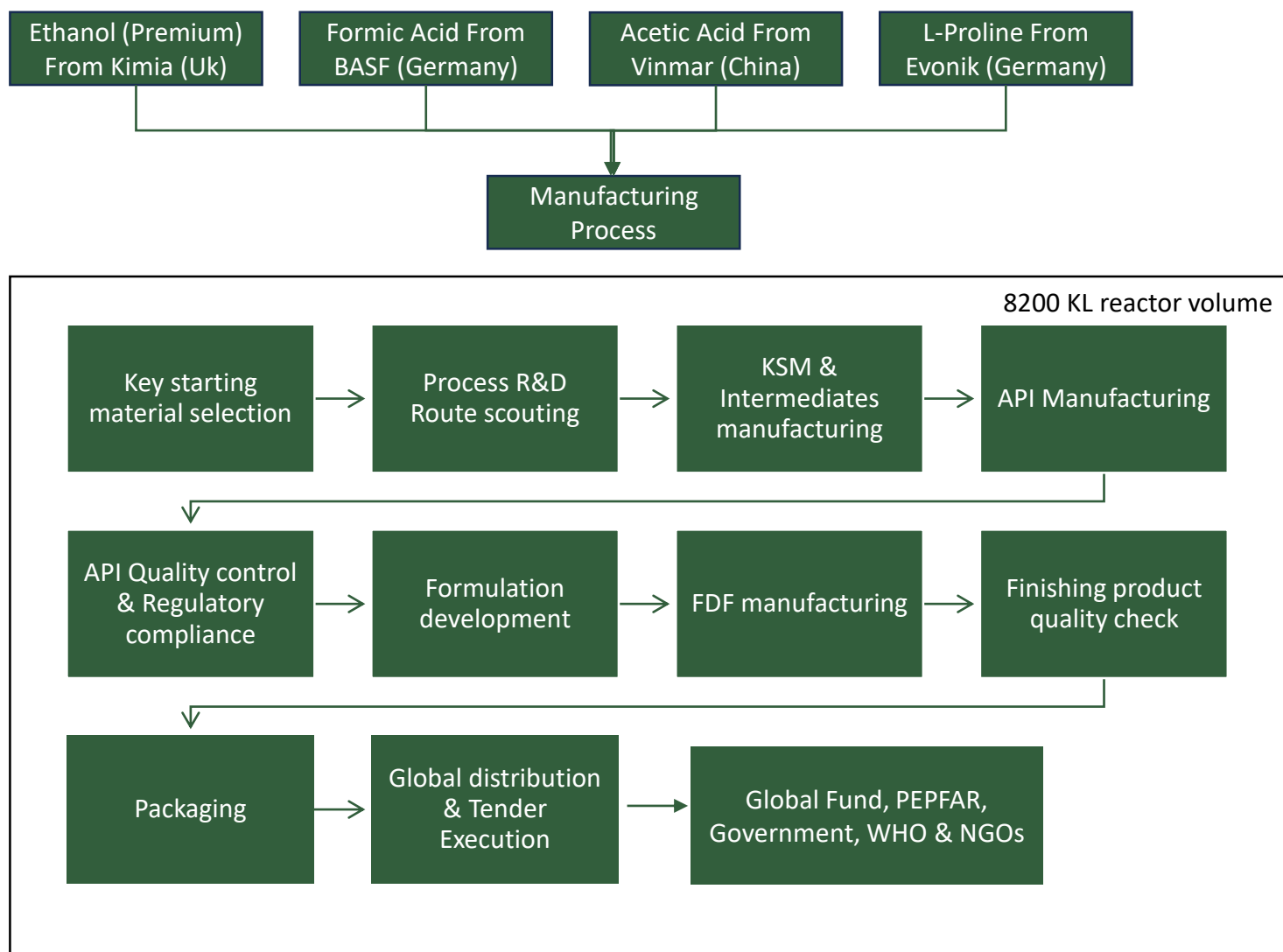
Laurus Labs began its forward integration into the FDF segment in 2015, utilising its in-house API strengths to manufacture oral solid formulations like tablets, capsules, and sachets.

This division serves two primary markets:

1) Low-middle-income countries (LMIC): Through tender-driven opportunities with agencies like the Global Fund and PEPFAR for HIV/AIDS treatments.

2) Developed Markets: Supplying high-quality generics to **North America and Europe**, with multiple product launches and contract manufacturing partnerships.

GENERIC API+ FDF VALUE CHAIN

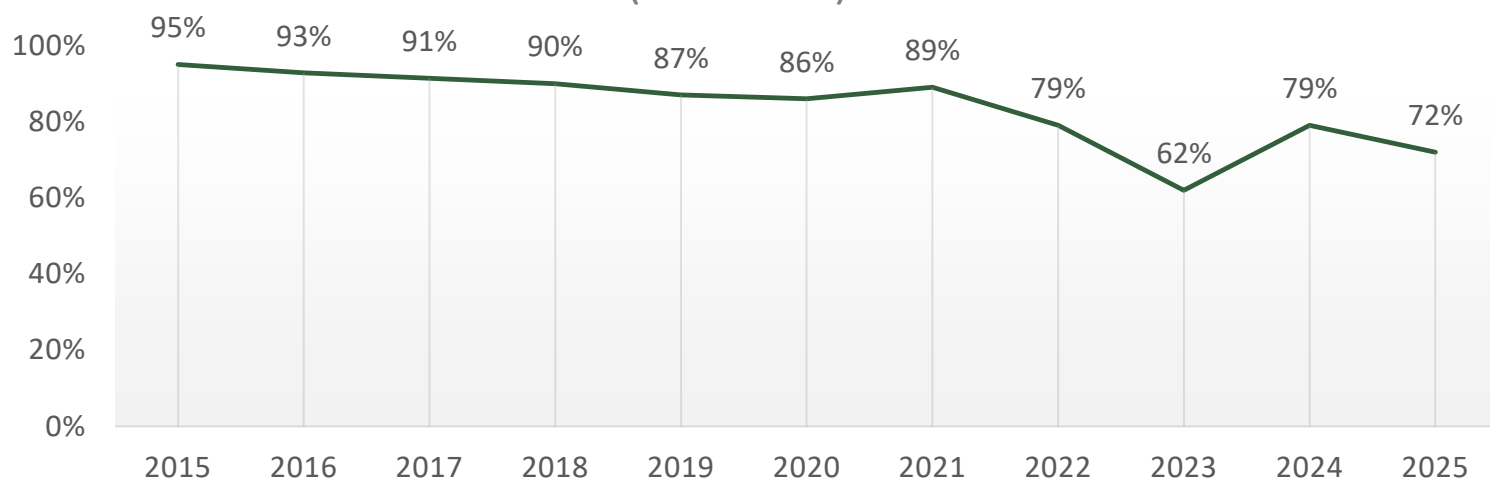


Key commercial partnerships have been established with firms such as **Krka** (through a joint venture), **Dr Reddy's (DRL)**, **Natco**, **CASI Pharma**, and **Rising Pharma** to market and distribute products like Hepatitis C and ARV formulations

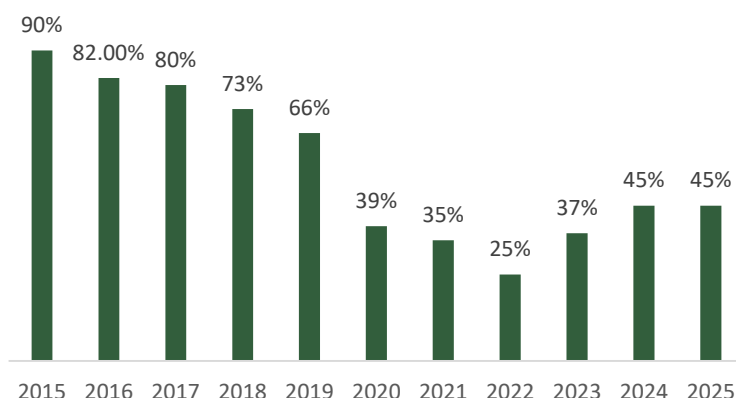
SUPPLY SIDE

On the supply side of its Generic API and FDF business, Laurus Labs operates a deeply integrated pharmaceutical input structure that spans from basic chemicals to advanced intermediates and final APIs. The process begins with the sourcing of essential commodity chemicals such as ethanol, formic acid, acetic acid, and amino-acid derivatives, which serve as foundational inputs in early synthesis stages. **These materials are procured from globally reputable suppliers, including Kimia (UK) for premium ethanol, BASF (Germany) for high-purity formic acid, Vinmar (China) for bulk acetic acid, and Evonik Operations (Germany) for specialty inputs such as L-proline.** These sourced chemicals are not medicines themselves but act as feedstock that enters Laurus' internal chemical synthesis chain. From this point onward, the Company's value creation accelerates, as Laurus manufactures key starting materials (KSMs) and intermediates in-house for therapy-critical molecules. This backward integration is particularly strong in Anti-Retroviral APIs such as Tenofovir, Lamivudine, Zidovudine, Efavirenz, and Dolutegravir, where cost efficiency, supply continuity, and scale are decisive competitive factors. In addition, Laurus applies similar integration for select oncology APIs, Hepatitis-C molecules like Sofosbuvir (through partnerships), and APIs used in chronic cardio-metabolic therapies. By internalizing the KSM and intermediate stages, which typically represent a large share of total API cost, Laurus reduces its dependence on external suppliers, protects itself from geopolitical and supply-chain disruptions, and achieves tight control over quality and pricing. This structure enables the Company to reliably supply large-volume ARV programs and regulated markets, where uninterrupted availability and cost leadership are more critical than branding, making backward integration a cornerstone of Laurus Labs' Generic API and FDF business model.

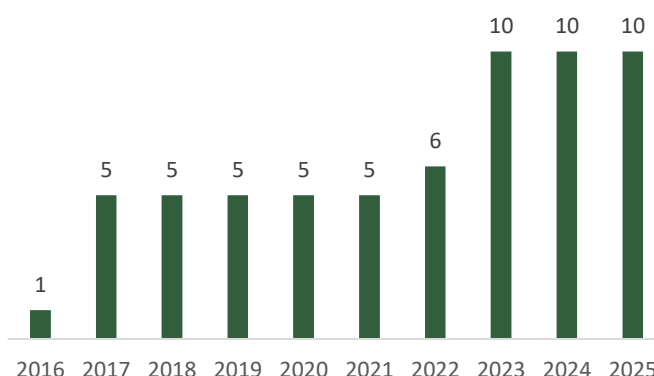
Generics (API & FDF) Revenue %



ARV % OF SALES



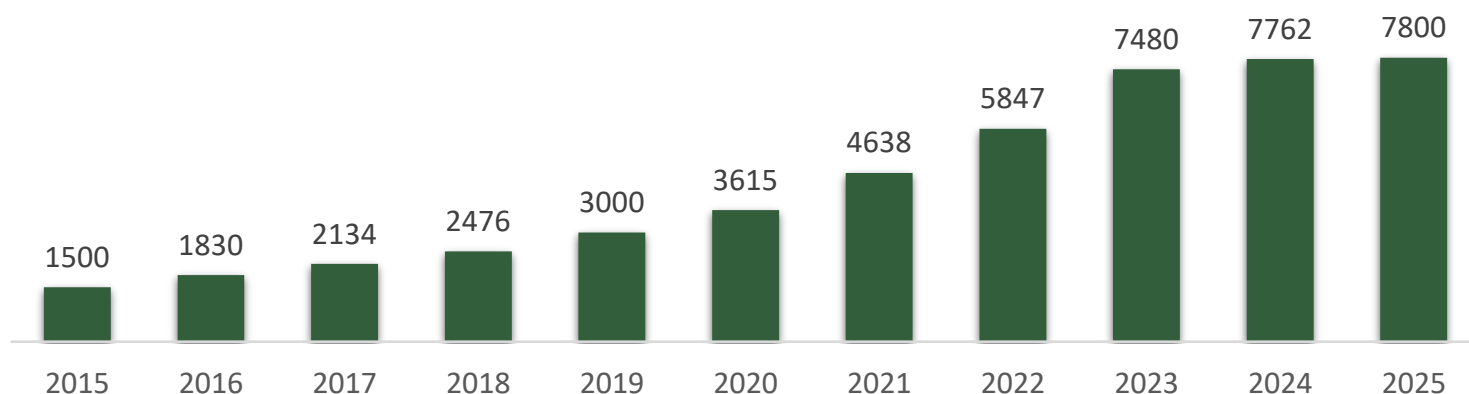
Oral Drug Capacity / Year



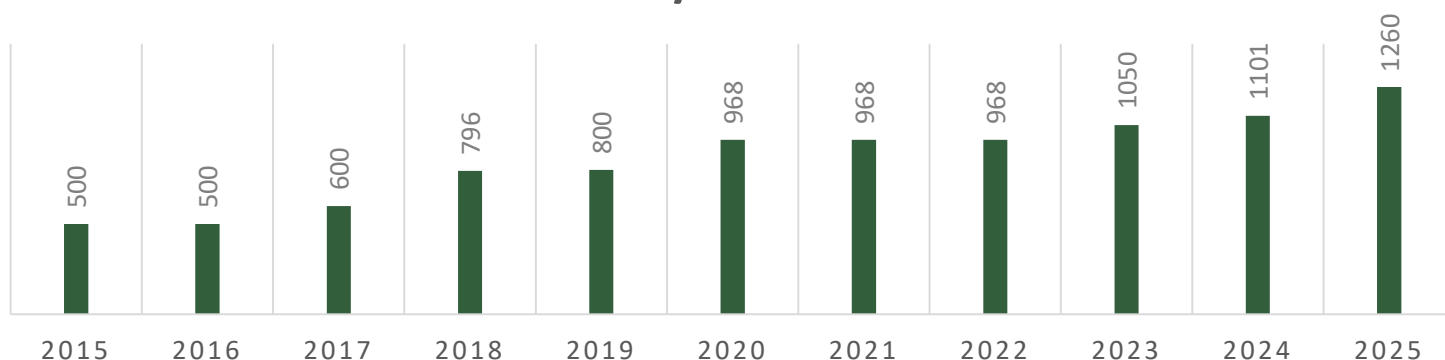
MANUFACTURING SIDE

The manufacturing process at Laurus Labs is a deeply integrated, chemistry-driven system that starts at the research stage and runs seamlessly through to finished medicines. A team of over **1,100 scientists** first designs the most cost-efficient manufacturing route for high-volume therapies such as HIV (ARVs), oncology, and chronic diseases, with a strong focus on **atom efficiency** to minimise raw-material waste. Manufacturing begins with basic chemicals like solvents, acids, and reagents, which are reacted in large-scale reactors to create **Key Starting Materials (KSMs)**—the core molecular backbone of the drug. These KSMs are then converted through multiple, tightly controlled chemical steps into advanced intermediates, where functional groups are added, molecular rings are formed, and the correct molecular orientation is fixed, making this one of the most skill-intensive stages of API production. The intermediates are further processed into the final **Active Pharmaceutical Ingredient (API)**, typically achieving purity levels above **99.5%**, followed by purification through crystallisation, filtration, and drying to ensure stability and uniform particle size. This entire API synthesis takes place across multiple manufacturing sites with a combined **reactor capacity exceeding 7,800 kilolitres**, increasingly using **continuous flow chemistry** to improve safety, consistency, and throughput, especially for high-volume ARV molecules. Once APIs are ready, they move directly into the **Finished Dosage Form (FDF)** stage, where they are blended with excipients and converted into tablets, capsules, or oral films. Laurus has the capacity to manufacture **around 10 billion dosage units annually**, benefiting from its **“API+” model**, where in-house APIs feed directly into formulations, ensuring cost leadership and supply reliability. Quality control is largely automated, with high-speed inspection systems using **24 cameras** capable of checking **up to 700,000 tablets per hour**, while digital tools such as **e-batch records and LIMS** eliminate manual errors. Finally, automated packaging lines pack and palletise **up to 200 bottles per minute**, enabling shipment to **over 80 countries**, all under a single global quality standard compliant with **US FDA, WHO, and European regulatory requirements**.

Total Reactor Volume (KL)



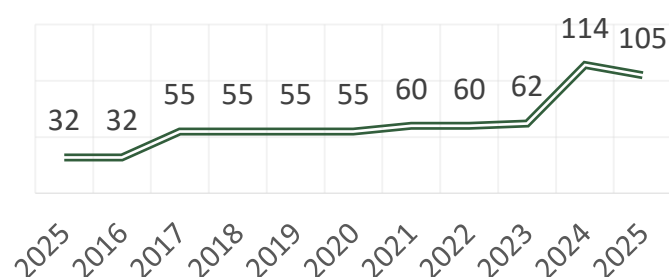
SCIENTISTS/ RESEARCHERS



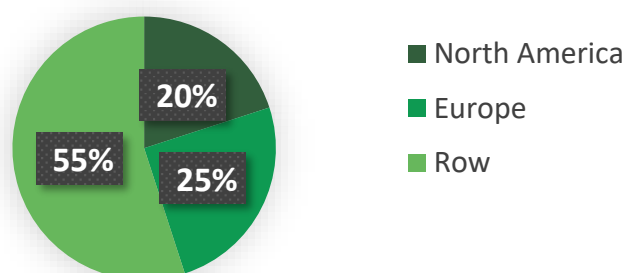
DEMAND SIDE

The demand-side value chain for Laurus Labs' Generic API and FDF business is underpinned by a structural global push toward affordable, high-quality medicines, driven by rising healthcare costs, an ageing population, and a significant patent expiry cycle. Between 2021 and 2025, drugs with cumulative sales of nearly **USD 251 billion** are expected to lose patent protection, materially expanding opportunities for generic manufacturers. Demand remains volume-led in **low- and middle-income countries**, particularly for **ARV therapies** across Sub-Saharan Africa, South-East Asia, and Latin America, while **developed markets such as the US and Europe** are increasingly focused on **complex generics and chronic therapies**. Laurus generates approximately **68% of its revenues from international markets**, supplying products to **80+ countries**, and serves as a key API partner to **9 of the top 10 global generic companies**, along with **6 of the top 10 innovator pharma companies**. Institutional demand through large global tenders remains a critical driver, with Laurus being a panel supplier to the **Global Fund for ARVs through 2025** and an active participant in **PEPFAR and national healthcare programs**. The Company's integrated **API + FDF model**, "**last-man-standing**" molecule strategy, and uniform global quality standards support sustained demand even amid pricing pressure, while its evolving product mix has reduced concentration risk, with **non-ARV segments (Oncology, Cardiovascular)**. **CDMO** now contributes around **36% of total revenue**, alongside rising demand for complex offerings such as **ODF-based paediatric HIV treatments** and **high-potency oncology APIs**.

COUNTRIES

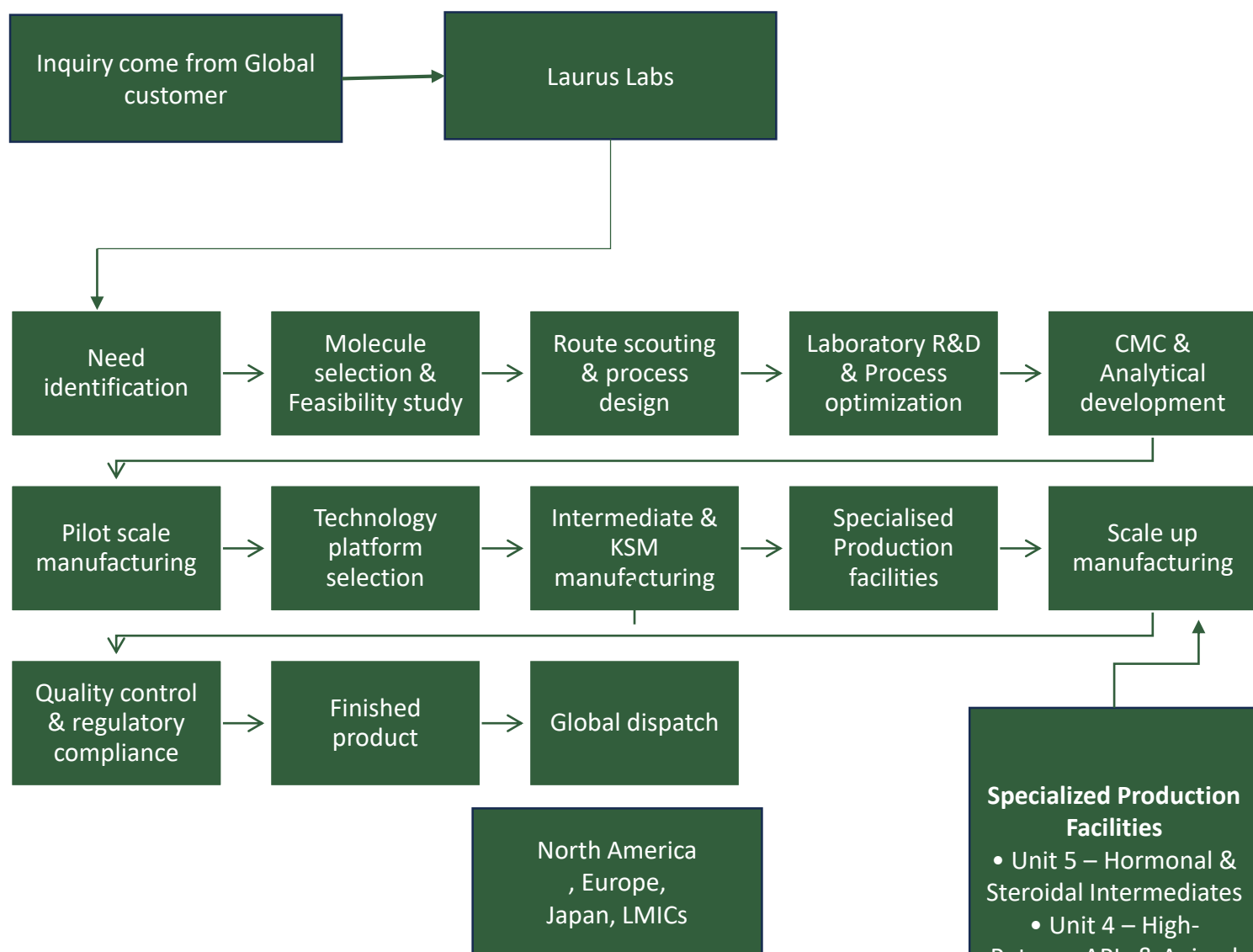


2025



Laurus Labs supplies to **9 of the world's top 10 generic pharmaceutical companies** and works with **6 of the top 10 global innovator companies**; detailed company-wise lists are not fully disclosed due to confidentiality. However, various annual reports, investor presentations, and licensing disclosures clearly identify several long-standing and strategic relationships. On the generics side, Laurus works with global players such as **Aspen**, one of the world's largest generic drug makers and its biggest custom synthesis customer; **Dr. Reddy's Laboratories**, with whom it has partnered for multiple anti-retroviral formulations; **Natco Pharma**, where collaborations are structured on profit-and cost-sharing models for therapies such as Hepatitis-C; and **KRKA**, a long-term partner with whom Laurus formed a joint venture in 2024 to expand access to regulated global markets. Other identified partners include **Citron Pharma** for finished dosage development, **Rising Pharmaceuticals** for the US market and COVID-related clinical programs, and **CASI Pharma**, which acquired the rights to Tenofovir in the Chinese market. On the innovation side, Laurus supports new drug development and licensed manufacturing through partnerships with companies such as Gilead, ViiV Healthcare, and Bristol-Myers Squibb, primarily in HIV therapies. Additionally, Laurus collaborates with **Merck** under a Medicines Patent Pool agreement to manufacture Molnupiravir for COVID-19. Additionally, collaborations with players like **C2 Pharma** for complex molecules such as Digoxin highlight Laurus Labs' role as a trusted chemistry and manufacturing partner across both generic and innovator ecosystems.

CDMO VALUE CHAIN



- **Front end (R&D + chemistry)** → decides *whether* Laurus should do the molecule
- **Middle (technology + plants)** → decides *how efficiently* it can be made
- **Back end (quality + scale)** → decides *who can buy it and at what margin*

SUPPLY SIDE

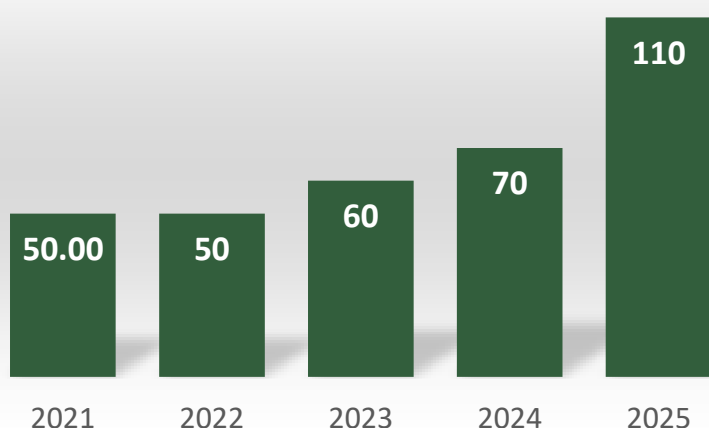
The supply side of Laurus Labs is designed with one core objective: **control costs, reduce dependency risks, and ensure uninterrupted supply to global customers**, especially in a volatile pharmaceutical raw-material environment. Unlike many pharma companies that rely heavily on third-party vendors for intermediates, Laurus has consciously built a **backwards-integrated supply chain**, manufacturing a significant portion of its **Key Starting Materials (KSMs) and advanced intermediates in-house**. This strategy reduces exposure to raw-material price swings, foreign supply disruptions, and logistics risks, while also improving gross margins and offering customers greater supply reliability—an important differentiator in regulated and institutional markets.

A major external driver strengthening Laurus' supply-side relevance is the **China+1 sourcing shift**. Over the last few years, global pharma companies have actively sought to diversify away from China due to geopolitical risks, environmental shutdowns, and supply uncertainty. Laurus, with its scale, regulatory approvals, and chemistry depth, has emerged as a **preferred alternate supplier from India**, particularly for complex and high-volume APIs. This positioning is not opportunistic but structural, as customers increasingly demand multi-source strategies and long-term supply contracts.

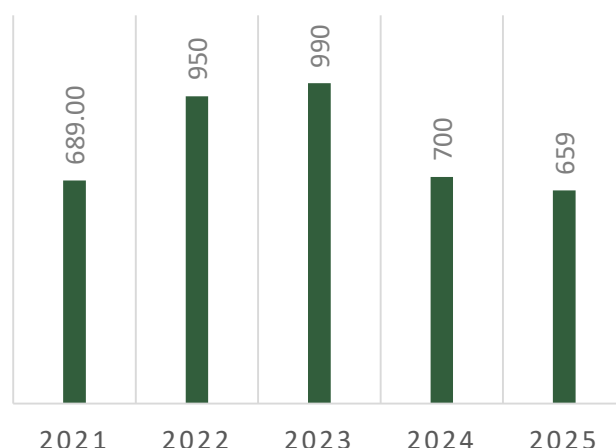
Procurement at Laurus is governed by stringent **quality, environment, health, and safety (EHS)** standards. Vendors are onboarded only after comprehensive technical, compliance, and sustainability audits, and critical suppliers undergo regular reviews under the Company's **Supplier Code of Conduct**. This ensures that external sourcing—where unavoidable, does not compromise regulatory compliance or ESG expectations, which is especially important for customers supplying into USFDA, EMA, and WHO-regulated markets.

Another critical supply-side advantage lies in Laurus' **global integration of chemistry talent and execution**. The Company's **US subsidiary in Boston** functions as an innovation and customer-interface hub, enabling early-stage collaboration with global innovators, faster problem-solving, and access to advanced chemistry capabilities. Once a process is stabilised, manufacturing is efficiently transferred to India, where Laurus benefits from cost-competitive operations and scale. This front-end presence, combined with back-end execution, creates a seamless and cost-efficient supply pipeline.

Active Projects



CAPEX



Finally, Laurus' supply chain is built for **resilience and scalability**. Its ability to move smoothly from lab-scale quantities to multi-tonne commercial production ensures that customers do not need to change suppliers as molecules progress from development to commercialization. This reliability is particularly valued in long-term CDMO relationships and large global tenders, where supply failure is not an option. Overall, Laurus Labs' supply-side strategy transforms raw material sourcing and chemistry capabilities into a **sustainable competitive advantage**, rather than just a cost center.

MANUFACTURING SIDE

Laurus Labs' CDMO business, operated through **Laurus Synthesis**, is structured to support pharmaceutical and biotech companies from the **earliest stage of drug discovery all the way to commercial supply**, ensuring clients do not need to change partners as a molecule matures. The entire system is designed around a **"grams-to-tonnes" philosophy**, where the same organization supports a molecule as it moves from lab curiosity to a revenue-generating commercial product.

1. Discovery, Route Design & Early Development

The CDMO journey begins when a client approaches Laurus with a **New Chemical Entity (NCE)** or a complex molecule concept. Laurus' scientists first focus on **route identification**, where multiple synthetic pathways are evaluated to determine which route is safest, most cost-efficient, scalable, and regulator-friendly. This stage is critical because a poorly chosen route can destroy economics at commercial scale. Laurus' strength lies in its deep **process chemistry expertise**, which allows it to redesign routes to reduce the number of steps, improve yields, and control impurities from day one.

2. Chemical Process Development (Pre-Clinical to Phase III)

Once the route is locked, Laurus moves into **process development**, supplying material for **pre-clinical studies and Phase I trials**, where quantities are small but quality expectations are extremely high. As the molecule progresses into **Phase II and Phase III**, production volumes increase, and the process is continuously refined to improve robustness, reproducibility, and safety. This phase-appropriate approach ensures that the process evolves naturally rather than being force-fitted later, which reduces development risk and cost for clients.

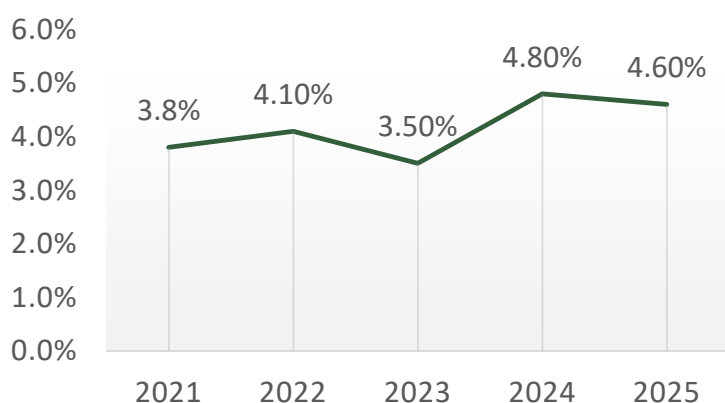
3. Analytical Development & Regulatory Readiness

Running parallel to process development is a comprehensive **analytical development program**. Laurus' teams develop and validate analytical methods, conduct **stability studies**, identify and control impurities, and generate detailed **CMC documentation** required by global regulators. This is not just a compliance function—it directly impacts approval timelines and the commercial success of the drug. Laurus' experience with US FDA, EMA, and other regulators gives clients confidence that the data generated will stand up to regulatory scrutiny.

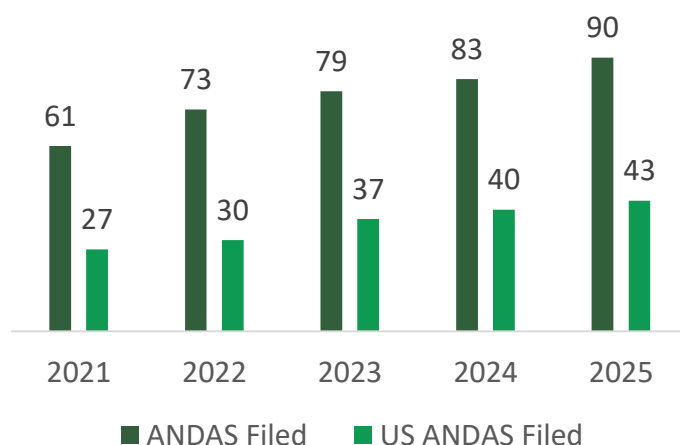
4. Scale-Up, Tech Transfer & Commercialization

One of Laurus' strongest CDMO capabilities is its ability to **translate lab-scale chemistry into commercial-scale manufacturing**. Many processes that work in a lab fail at plant scale; Laurus mitigates this risk through structured **scale-up and technology transfer protocols**, ensuring smooth movement from pilot to full-scale production. The Company's facilities can scale seamlessly from **grams to kilograms, tonnes, and multi-tonne volumes**, enabling clients to use the same supplier from clinical trials through commercial launch.

R&D spent as A % of Revenue



PATENTS FILED



5. Advanced Technology Platforms (Why Laurus Can Do What Others Can't)

Laurus differentiates itself through advanced manufacturing technologies. **Continuous Flow Chemistry** is used to improve reaction control, safety, and throughput, especially for hazardous or multi-step reactions. **Bio-catalysis and in-house enzyme engineering** enable greener synthesis with fewer steps and lower carbon footprint. Laurus also operates one of **Asia's largest Simulated Moving Bed (SMB) chromatography platforms**, critical for chiral separations that are difficult to achieve economically at scale. In addition, **Unit 5** is purpose-built to handle **hazardous chemistries** involving hydrogen, sodium borohydride, acetylene, and liquid ammonia—capabilities that act as high entry barriers for competitors.

6. Niche & High-Complexity Manufacturing

Laurus has built specialized capabilities in **high-potency APIs**, including cytotoxic and hormonal compounds, with strict containment systems to ensure operator safety and product integrity. Its dedicated, automated **steroid and hormone manufacturing facility (Unit 5)** supports long-term global partnerships. Recent investments have expanded capabilities into **peptide synthesis**, allowing Laurus to participate in one of the fastest-growing and most complex areas of modern pharmaceuticals.

7. Integrated API + Drug Product Offering

Beyond drug substance manufacturing, Laurus offers **forward integration into drug product (finished dosage forms)** such as tablets, capsules, and sachets for CDMO clients. This **API + FDF** model reduces coordination risk, shortens development timelines, improves supply chain reliability, and creates a “win-win” structure for both Laurus and its customers. For clients, it simplifies vendor management; for Laurus, it improves wallet share and margin stability.

8. Quality, Safety & IP Protection (Non-Negotiables)

Every CDMO project at Laurus follows a strict “**One Quality**” philosophy, meaning the same standards apply whether the product is destined for the US, Europe, or emerging markets. A dedicated **process safety lab** evaluates risks before any reaction is scaled up, reducing the probability of plant incidents. Equally important, Laurus places strong emphasis on **intellectual property protection**, with robust systems to safeguard client know-how across development and manufacturing stages—an essential requirement for innovator partnerships.

DEMAND SIDE

The demand for Laurus Labs' CDMO (Synthesis) business is driven by a clear shift among global companies toward outsourcing **complex and high-value chemical manufacturing** to specialised partners. To better serve this growing demand, Laurus has simplified its operating structure into two focused verticals, **CDMO and Generics**, allowing sharper execution and accountability. Today, Laurus works with a wide range of customers, including **large global pharmaceutical innovators, mid- and small-sized biotech firms**, and clients from **Animal Health, Crop Science, and Speciality Chemicals**. The Company currently serves **6 of the top 10 global innovator pharma companies**, which increasingly rely on Laurus as a long-term partner across the entire product lifecycle, from development to commercial supply. Demand is secured through stable contract structures such as **multi-year Master Service Agreements**, including a recent long-term agreement with a leading crop protection company, and **dedicated manufacturing facilities** for key customers such as **Unit 5 for Aspen's hormonal and steroidal intermediates** and a dedicated block in **Unit 4 for C2 Pharma's Digoxin**. In some niche API projects, customers also provide **commercial advances and fund development costs**, improving revenue visibility and lowering risk for Laurus. This demand momentum is reflected in a strong project pipeline, with **over 110 active projects in FY25**, comprising **90+ human health programmes** and **20+ animal health and crop science projects**, of which **more than 15 have already reached commercial supply**. Structurally, demand is further supported by global trends such as the **China+1 sourcing strategy**, increasing pressure on innovators to **shorten time-to-market**, and rising demand for **complex drug modalities** like peptides, high-potency oncology compounds, and steroids—areas where Laurus has built specialised infrastructure. While Laurus supplies to over **80 countries**, CDMO demand is primarily driven by **developed markets**, with **North America contributing ~20% of revenue**, **Europe ~25%**, and **the rest of the world, including Japan, ~55%**, reflecting its strong global footprint.

Biotechnology Segment — Laurus Bio (Subsidiary of Laurus Labs)

Laurus Bio, a wholly owned biotechnology arm of **Laurus Labs Limited**, represents the company’s strategic shift from a traditional small-molecule API manufacturer to a platform-driven, next-generation biotech player built around precision fermentation and bio-manufacturing. While Laurus Labs historically built its reputation in generics and chemical synthesis, Laurus Bio enables the group to participate in high-growth biological value chains, reducing dependence on animal-derived inputs and positioning the parent company at the forefront of sustainable and advanced biomanufacturing.

1. Manufacturing Depth — A Clone-to-Commercial Model

Laurus Bio operates on an integrated “**clone-to-commercialisation**” model, which covers the entire biotech value chain rather than just contract manufacturing. The process begins with **strain engineering and genetic modification**, where microbial hosts are designed to produce specific recombinant proteins. This is followed by **process development, pilot-scale trials, and large-scale fermentation**, ensuring consistent yield, purity, and cost efficiency.

A defining feature of Laurus Bio’s manufacturing moat is its commitment to **Animal-Origin-Free (AOF) recombinant proteins**, which replace traditional animal-derived biological ingredients. This is critically important for vaccines, regenerative medicine, and cell therapy, as animal-derived materials carry risks of viral contamination, variability, and regulatory scrutiny. By eliminating these risks, Laurus Bio provides safer, more scalable, and more sustainable biological inputs for global customers.

A key strategic advantage is the **biocatalysis synergy with the parent company, Laurus Labs**. Laurus Bio develops proprietary enzymes that Laurus Labs uses in its small-molecule API manufacturing. This reduces reaction steps, lowers chemical waste, improves process efficiency, and cuts carbon emissions, effectively making Laurus Labs’ traditional pharma operations greener and more cost-competitive. This parent-subsidiary integration is rare among Indian pharma companies and strengthens Laurus’ positioning as both a chemical and biological innovator.

2. Supply-Side Strategy — Scaling to Mega-Scale Fermentation

Laurus Bio is rapidly transitioning from mid-scale research operations to large-scale industrial biotechnology. At present, it operates two facilities in **Bengaluru**:

•**R1 Facility**: 10,750 litres

•**R2 Facility**: 180 KL (225 KL earlier estimate; updated operational base ~180 KL as per your input)

Recognising rising global demand, **Laurus Labs has initiated a major greenfield expansion in Vizag (LB4 facility)** with a committed investment of **₹250 crore (~\$40 million)**. Phase 1 will add **400 KL of fermentation capacity**,

Asset Type	FY 2006-11	FY 2011-16	FY 2024-25 (Current)
Reactor Volume (KL)	220	1,870	~8,000
FDF Capacity (Billions)	0	2	10
Manufacturing Sites	1	2	15
Fermentation Capacity	0	0	240 KL

marking a major leap toward commercial biotech scale. Over the long term, Laurus Bio aims to achieve a total fermentation capacity of 1 million litres, transforming it into one of India’s leading industrial biotech platforms.

In **December 2024**, Laurus Bio received a **₹120 crore equity infusion from Eight Roads Ventures and F-Prime Capital**, two highly reputed global life sciences investors. This investment provides both capital and credibility, signalling strong external confidence in Laurus Bio’s technology, business model, and growth trajectory. For the parent company, Laurus Labs, this also de-risks expansion while accelerating innovation.

3. Demand-Side — Structural Growth from Emerging Industries

Demand for Laurus Bio's capabilities is not cyclical but structural, driven by global shifts toward biologics, sustainability, and advanced therapeutics. Since its acquisition by **Laurus Labs in 2021**, Laurus Bio has delivered a **47% CAGR**, growing from **₹10.1 crore to ₹160 crore in FY25**, reflecting strong and consistent market traction rather than one-off contracts.

The customer base has expanded significantly, now serving:

•**80+ global customers for AOF solutions**

•**45+ customers for bio-CDMO services**

•In FY25 alone, the client base expanded **1.5x**, indicating an accelerating market pull.

Key demand drivers include:

•**Cultured Meat:** Laurus Bio supplies critical growth factors required for lab-grown protein production, placing Laurus Labs indirectly in the future food ecosystem.

•**Stem Cells & Regenerative Medicine:** Ultra-pure biological inputs are essential for advanced therapies, where Laurus Bio plays a key supplier role.

•**Vaccines & Biologics:** The shift toward recombinant proteins increases reliance on AOF materials.

•**Cell & Gene Therapy (CGT):** Laurus Labs has strategically entered this frontier by holding a **34% stake in ImmunoACT**, which recently launched India's first indigenously developed CAR-T cell therapy. Laurus Bio's fermentation capabilities provide the foundational infrastructure supporting this long-term ambition.

PRODUCT PORTFOLIO

Business Segment	Therapeutic Area / Category	Key Products & Portfolio Details
Generics - API	Anti-Retroviral (ARV)	Efavirenz, Tenofovir Disoproxil Fumerate (TDF), Emtricitabine, Abacavir Sulfate, Dolutegravir, Lamivudine, Lopinavir, and Ritonavir.
	Oncology	Gemcitabine, Carboplatin, Cisplatin, Docetaxel, Imatinib, Irinotecan, and Oxaliplatin.
	Other Therapies	Cardiovascular (CVS), Anti-diabetic (Metformin), Anti-asthmatic (Montelukast Sodium), Gastroenterology (PPIs), Ophthalmic (Brimonidine Tartrate, Latanoprost), and CNS.
	Hepatitis C	Sofosbuvir, Ledipasvir, Daclatasvir, and Velpatasvir.
Generics - FDF	Oral Solid Dosage	Tablets and capsules for ARVs (TLD, TLE 400/600 combinations), Metformin, Hydroxychloroquine, Pregabalin, and Oral Extended-Release products.

Novel Platforms		Paediatric Dolutegravir Sodium using Orally Disintegrating Film (ODF) technology.
CDMO - Synthesis	Custom Services	Contract development and manufacturing of RSMs, Intermediates, and NCE APIs (Drug Substance) and Drug Products.
	Specialised Modalities	High-Potency APIs (Oncology), Steroids, Hormonal intermediates, Peptides, and Antibody-Drug Conjugates (ADCs).
	Industry Verticals	CDMO services for Animal Health, Crop Science, Agrochemicals, and Consumer Health.
Biotechnology	Recombinant Products	Animal-Origin-Free (AOF) recombinant proteins, Growth Factors, and Cell-culture media supplements.
	Industrial Bio	Novel enzyme solutions for industrial biotechnology and bio-catalysis platforms used in green chemistry.
Ingredients	Nutraceuticals	Resveratrol, Curcumin (99%), Curcuminoids, Pterostilbene, 4-Hexylresorcinol, Ferulic Acid, Beta-carotene, and Astaxanthin.
Advanced Modalities	Cell & Gene Therapy	NexCAR19 (CAR-T cell therapy), Viral Vectors, and Gene Therapy products developed through partnerships with ImmunoACT and IIT Kanpur

Subsidiaries & Associates Relations with Laurus Labs

Category	Entity Name	Location	Stake (%)	Primary Purpose / Role
Wholly-Owned Subsidiary	Laurus Synthesis Private Limited (LSPL)	India	100%	Dedicated to the CDMO-Synthesis business; handles NCE projects for global clients.

Wholly-Owned Subsidiary	Sriam Labs Private Limited	India	100%	Manufacturing of intermediates and Active Pharmaceutical Ingredients (APIs).
Wholly-Owned Subsidiary	Laurus Holdings Limited	UK	100%	Serves as a holding company for the group's international commercial operations in the US and EU.
Wholly-Owned Subsidiary	Laurus Generics SA (Pty) Ltd	South Africa	100%	Acquired to cater specifically to the requirements of the South African pharmaceutical market.
Wholly-Owned Subsidiary	Laurus Specialty Chemicals Private Limited	India	100%	Incorporated in December 2022 to focus on the specialty chemicals business.
Majority-Owned Subsidiary	Laurus Bio Private Limited	India	76.32% - 91.14%	Specialises in precision fermentation and non-animal-derived biological solutions.
Joint Venture (JV)	Krka Pharma Private Limited	India	49%	A 51:49 partnership with Krka to establish a cGMP finished dosage form facility in Hyderabad.
Associate Company	Immunoadoptive Cell Therapy Pvt Ltd (ImmunoACT)	India	34.89%	Strategic investment into Cell and Gene Therapy (CGT), specifically CAR-T cell therapy.
Associate Company	Ethan Energy India Private Limited	India	26%	Supports the company's ESG goals by providing captive renewable solar power.
Step-Down Subsidiary	Laurus Generics Inc.	USA	100%*	Facilitates the marketing and distribution of formulations in the US market.
Step-Down Subsidiary	Laurus Generics GmbH	Germany	100%	Supports commercial operations and product distribution in the European Union

*Held partially through Laurus Holdings Ltd (UK) and partially directly by the parent company following a merger with Laurus Synthesis Inc.

Key Strategic Relationships and Evolutions

- **CDMO Consolidation:** In August 2025, the company announced a scheme for the **demerger/amalgamation of Laurus Synthesis Private Limited (LSPL)** to simplify the group structure and optimise resources.
- **Biotech Expansion:** Laurus Labs increased its stake in **Laurus Bio** from its initial acquisition in 2021, while also securing external equity investment from Eight Roads Ventures to accelerate fermentation capacity.
- **Commercial Agility:** The group utilizes step-down subsidiaries like **Laurus Generics Inc. (USA)** to maintain a direct presence in major regulated markets, which allows for faster market access for their **Generic FDF portfolio**.
- **Disruptive Innovation:** Through its associate **ImmunoACT**, Laurus Labs is pioneering advanced therapies in India, including the launch of **NexCAR19**, an indigenous cancer treatment

Understanding CAR-T Therapy

CAR-T therapy is a new-age cancer treatment where a patient's own immune system is trained to fight cancer more intelligently. Normally, our immune cells try to destroy harmful cells, but cancer cells are clever and often escape detection. In CAR-T therapy, doctors first take some immune cells (called T-cells) from the patient's blood. These cells are then sent to a specialised laboratory where they are genetically modified so they can clearly recognise cancer cells. After this training, the modified cells are multiplied and infused back into the patient. Once inside the body, these "reprogrammed" cells actively search for cancer cells and destroy them with high precision. Unlike chemotherapy, which attacks both healthy and cancerous cells, CAR-T therapy is targeted, personalised, and continues working inside the body even after the treatment is completed, which is why it is often called a "living medicine."

Laurus Labs entered this highly advanced space through its partnership with ImmunoACT, an IIT Bombay-incubated biotechnology company, to bring CAR-T therapy to India at an affordable scale. Together, they developed **NexCAR19**, India's first indigenously developed and manufactured CAR-T cell therapy, specifically designed to treat patients with relapsed or refractory B-cell lymphomas and leukaemia—patients who usually have very limited treatment options. NexCAR19 received regulatory approval from India's drug regulator, the CDSCO, in October 2023 and was commercially launched in November 2023. In clinical trials, the therapy demonstrated a strong overall response rate of around **70% to 73%**, which is comparable with global CAR-T products, while also showing a favourable safety profile with significantly fewer severe side effects such as cytokine release syndrome and neurological toxicity. These results were strong enough to be published in *The Lancet Haematology*, giving the therapy international scientific credibility.

Since launch, the adoption of NexCAR19 has been rapid and clearly visible in-patient data. By March 2024 (FY24), around **100 patients** had already received successful infusions. This number rose to approximately **300 patients by March 2025 (FY25)**, crossed **350 treatments by June 2025 (Q1 FY26)**, and surpassed **500 patients by September 2025 (Q2 FY26)**. Today, NexCAR19 is being administered across a growing network of **more than 80 hospitals**, reflecting rising doctor confidence, better awareness, and the therapy's affordability compared to imported CAR-T treatments that often cost several crores.

To support this growing demand, Laurus Labs has moved beyond just development and is actively building long-term manufacturing and scale capabilities. The company has increased its equity stake in ImmunoACT to around **34%**, underlining its strategic commitment to cell and gene therapy as a future growth engine. Alongside this, a second large, GMP-compliant manufacturing facility spanning **55,000 square feet** is being set up in Navi Mumbai and is expected to be operational by early 2026. Once commissioned, this facility will add capacity for **approximately 2,500 CAR-T treatments per year**, significantly improving availability and turnaround time.

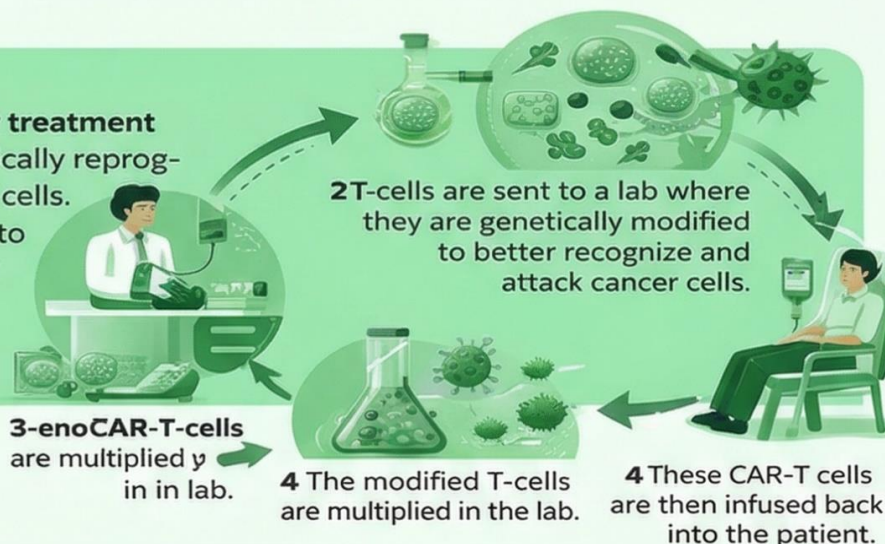
Importantly, NexCAR19 is not a one-time product but the foundation of a broader platform. Clinical trials have already begun for pediatric use of NexCAR19, Phase 1 dosing has started for a new CAR-T therapy targeting multiple myeloma (HCAR2), and a provisional patent has been filed for a CAR-T therapy aimed at gastric cancer. This shows that Laurus Labs and ImmunoACT are building a scalable, long-term oncology platform rather than a single therapy, positioning the company at the intersection of advanced science, affordability, and execution in India.



Understanding CAR-T Therapy

What is CAR-T Therapy?

CAR-T therapy is a cutting-edge cancer treatment where a patient's own T-cells are genetically reprogrammed to better target and kill cancer cells. These modified cells are infused back into the patient where they continue to seek out and destroy cancer cells with high precision.



Laurus Labs Pioneering CAR-T Therapy in India

India's first indigenously developed and manufactured CAR-T cell therapy.

BrIMlaie i & g mdh
Bitech firm
an affordable

Approved by India's CDSCO in 2023.
Published in *The Lancet Haematology*.
Affordable CAR-T treatment.

Rapid Adoption in India



Laurus Labs' Commitment



Invest heavily in expanding CAR-T research capabilities.



Conducting clinical research to improve efficacy and safety.



Building manufacturing facilities to scale up production and reduce costs.



Aiming to expand into other regions and cancer types in the future.

Leader in affordable, accessible, and life-saving CAR-T therapy in India.



Leader in affordable, accessible, and life-saving CAR-T therapy in India.

1. Global Macroeconomic & Demographic Shifts

Ageing Population

The global population structure is changing significantly, with a rapid increase in the number of elderly people. By 2050, the number of individuals aged 65 and above is expected to double and constitute around 16% of the world's total population. As people age, they are more prone to chronic illnesses such as cardiovascular diseases, diabetes, arthritis, and neurological disorders. This demographic shift is therefore creating a sustained and long-term increase in demand for pharmaceuticals, long-term treatments, and healthcare services.

- **Rising Income & Affordability**

Economic growth in developing or “pharmerging” markets such as India, China, and parts of Africa is leading to a growing middle class with higher disposable income. As people become wealthier, they are more willing and able to spend on better healthcare, quality medicines, and advanced treatments. This rising purchasing power is expanding access to pharmaceutical products and driving overall industry growth in these regions.

- **Increased Healthcare Spending**

Global spending on medicines is projected to exceed \$1.8 trillion by 2026, reflecting the growing importance of healthcare in national budgets and household expenditures. This increase is supported by expanded health insurance coverage and government-led initiatives such as India's Ayushman Bharat Yojana, which improves access to medical treatment for millions of citizens. As more people gain access to healthcare, demand for medicines continues to rise.

2. Evolving Disease Profiles & Medical Innovation

- **Epidemiological Transition**

There is a clear shift in global disease patterns from infectious diseases to non-communicable and lifestyle-related diseases (NCDs). Conditions such as cardiovascular diseases, cancer, diabetes, and central nervous system (CNS) disorders are becoming more prevalent due to urbanisation, sedentary lifestyles, stress, and changing dietary habits. This transition is increasing the need for long-term treatments and innovative therapies.

- **Speciality & Advanced Therapies**

The pharmaceutical industry is increasingly focused on speciality medicines rather than traditional generic drugs. These include biologics, cell and gene therapies (CGT), and orphan drugs for rare diseases. These advanced treatments are more complex, highly effective, and expensive, and they are expected to account for over 45% of global pharmaceutical spending by 2028, indicating a major shift in industry focus.

- **Demand for Preventive Healthcare**

Consumers are now prioritising prevention over treatment, leading to growing demand for nutraceuticals, supplements, and wellness products. There is also increasing preference for “clean” or animal-origin-free (AOF) products, as people seek safer and more sustainable health solutions. This trend is expanding opportunities in the biotechnology and bio-based segments of the industry.

3. The “Patent Cliff” and Generic Penetration

Loss of Exclusivity (LOE)

Between 2021 and 2025, patents for drugs worth approximately \$251 billion in sales are set to expire. Once patents lapse, generic manufacturers are legally allowed to produce and sell cheaper versions of these medicines. This creates a major growth opportunity for generic drug companies, particularly in countries like India.

Cost Control Pressures

Governments and healthcare payers around the world are under increasing pressure to control rising medical expenses. As a result, policies are being designed to promote the use of low-cost generic medicines instead of expensive branded drugs, further boosting demand for generic pharmaceutical manufacturing.

4. Strategic Shifts in the CDMO Segment

Outsourcing Trends

Large pharmaceutical companies are increasingly outsourcing non-core activities such as drug development, clinical research, and manufacturing to Contract Development and Manufacturing Organisations (CDMOs). This enables them to reduce costs, improve efficiency, and accelerate the time it takes to bring new medicines to market.

China + 1 Strategy

Due to geopolitical tensions and supply chain disruptions during the COVID-19 pandemic, global companies are reducing their reliance on China for pharmaceutical manufacturing. Instead, they are adopting a “China + 1” strategy by shifting part of their operations to alternative countries, such as India, to ensure supply chain security.

5. The “India Advantage”

Cost Efficiency

India offers a major cost advantage in pharmaceutical manufacturing, with production costs approximately 60% lower than those in the United States and Europe. This makes India an attractive destination for global pharma companies looking to reduce expenses.

Skilled Workforce

India has a large pool of highly trained scientists, chemists, biotechnologists, and regulatory professionals. This talent base is crucial for handling complex chemical synthesis, biologics development, and advanced pharmaceutical manufacturing.

Policy Support

The Indian government has introduced several initiatives to strengthen the domestic pharma industry, including the Production Linked Incentive (PLI) scheme, 100% Foreign Direct Investment (FDI) for greenfield projects, and the Pharma Vision 2020 initiative. These policies aim to position India as a global hub for drug discovery, innovation, and end-to-end pharmaceutical manufacturing.

6. Digital and Technological Catalysts

Advanced Analytics & AI

The use of Artificial Intelligence (AI) and Machine Learning (ML) is transforming drug discovery and development. These technologies help researchers analyse vast amounts of data, identify potential drug candidates faster, and optimise clinical trials, potentially reducing discovery timelines by up to 50%.

Manufacturing Innovation

New manufacturing techniques such as continuous flow chemistry, biocatalysis, and precision fermentation are improving efficiency and sustainability in pharmaceutical production. These innovations support “Green Chemistry” by reducing waste, energy consumption, and environmental impact while maintaining high-quality standards.

Company Growth Drivers

1. Strategic Pivot to High-Margin CDMO Services

Laurus Labs has strategically repositioned itself toward the high-margin CDMO (Synthesis) business, which has now become the Company’s primary earnings engine. The strength of this segment is evident in its rapidly expanding project pipeline, which has grown from 50 active projects in FY21 to more than 110 currently, including over 90 projects in human health and around 20 in emerging areas such as animal health and crop science. This diversification reflects Laurus’s increasing relevance beyond traditional pharmaceuticals.

The Company's engagement with global Big Pharma has also deepened significantly, with the CDMO division recording a historic revenue of ₹2,167 crore in FY23, representing a 136% year-on-year growth. This performance has been driven by rising demand for complex small molecules, where Laurus has developed strong technical credibility. To support this growth, the Group has dedicated more than 550 KL of reactor capacity exclusively for synthesis operations and is committing approximately \$100 million toward a new state-of-the-art R&D and manufacturing facility aimed at supporting late-stage New Chemical Entity (NCE) programs.

2. Massive Capacity Augmentation & Asset Utilisation

Laurus has followed a clear strategy of "investing ahead of time," executing an aggressive capital expenditure program to build large-scale, future-ready manufacturing infrastructure. The Company's total reactor volume has now reached around 8,000 KL, while its Finished Dosage Form (FDF) manufacturing capacity stands at 10 billion units annually, positioning it among the more scalable Indian pharma players.

A key part of this expansion includes greenfield investments such as the Vizag LB4 microbial fermentation facility, which is expected to become operational by 2026, and a new advanced R&D centre in Hyderabad focused on small molecules and high-potency APIs. As these new assets gradually move from the initial ramp-up phase to full utilization, management expects significant operational leverage, with EBITDA margins improving from about 19% in FY25 to approximately 28% by FY28.

3. Diversification into Non-ARV and Niche Portfolios

Laurus is deliberately reducing its historical dependence on Antiretrovirals (ARVs) by aggressively expanding into higher-growth, non-ARV therapeutic areas. The Oncology API segment has already demonstrated strong momentum, delivering 27% growth in FY24, reflecting robust global demand for cancer treatments.

Beyond oncology, the Company is actively scaling its Anti-diabetic, Cardiovascular (CVS), and Central Nervous System (CNS) portfolios to build a more balanced and resilient revenue mix. Additionally, the 51:49 joint venture with Krka aims to establish a large cGMP Oral Solid Dosage (OSD) facility in Hyderabad, which is expected to open access to new markets outside the European Union and India, thereby expanding Laurus's global footprint.

4. Leadership in Disruptive and Advanced Modalities

Laurus has committed up to 10% of its profits toward investments in next-generation "new modality" technologies, signalling a long-term strategic focus beyond traditional generics. A key highlight of this effort is its involvement in Cell & Gene Therapy (CGT) through its 34% stake in ImmunoACT. Through this partnership, Laurus played a role in launching NexCAR19, India's first indigenous CAR-T therapy, marking a major milestone in domestic biotech innovation. To scale this further, a second GMP facility in Navi Mumbai is being set up to increase treatment capacity to around 2,500 patients per year.

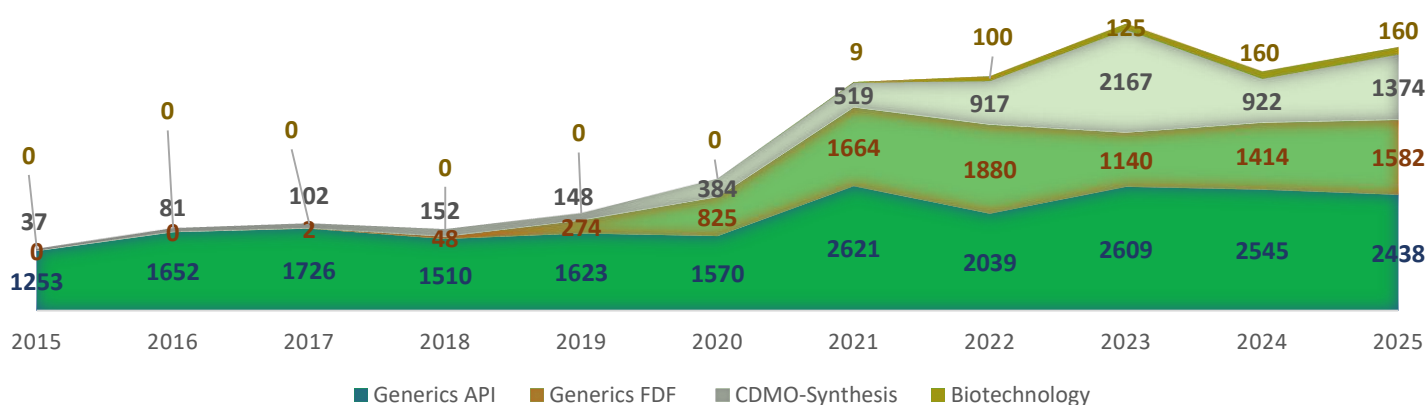
In parallel, Laurus has collaborated with IIT Kanpur to develop viral vectors and gene therapy products at a newly established GLP/GMP-compliant facility, strengthening its capabilities in advanced biologics and precision medicine.

5. Biotechnology (Laurus Bio) and Sustainable Platforms

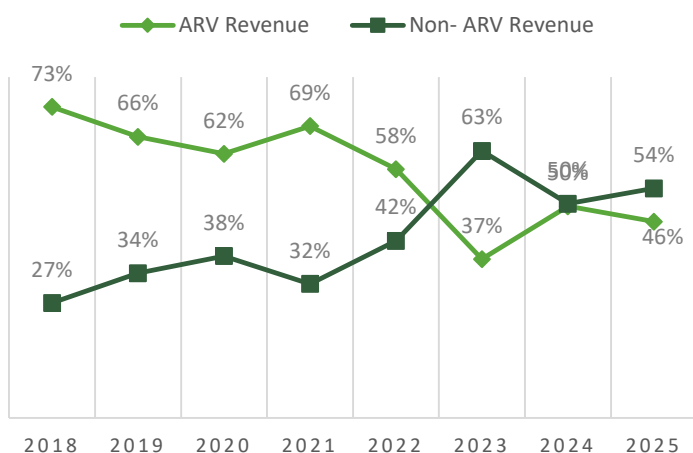
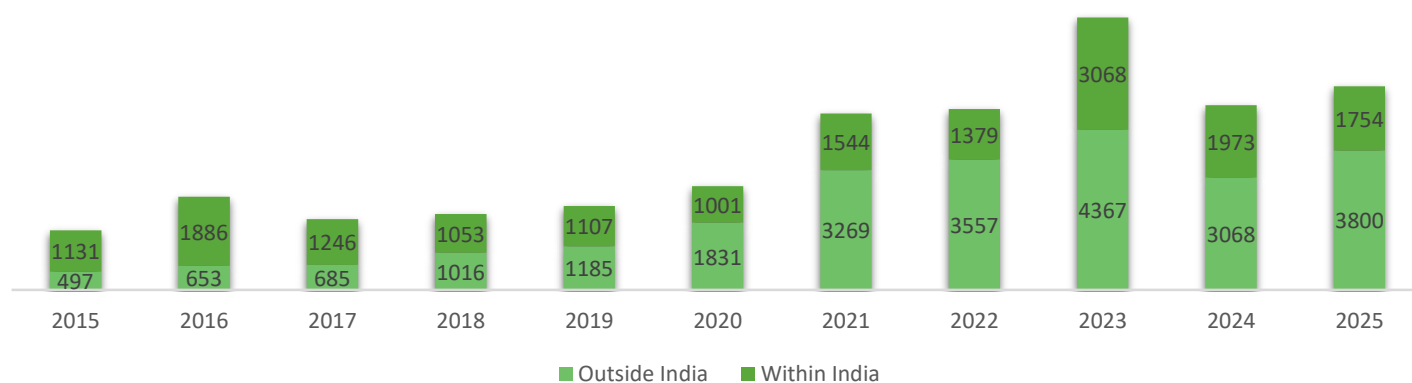
Since acquiring its biotechnology platform, Laurus Bio has delivered a strong 47% compound annual growth rate (CAGR), primarily driven by precision fermentation capabilities. The segment focuses on producing animal-origin-free (AOF) recombinant proteins and enzymes, aligning with global trends toward ethical, sustainable, and contamination-free biological products. A key competitive advantage for Laurus lies in its "Green Chemistry" approach, which integrates biocatalysis, continuous flow chemistry, and enzymatic processes. These technologies enable cleaner, more cost-efficient, and environmentally sustainable manufacturing, creating a durable technological moat that differentiates Laurus from many global peers.

Revenue Recognition Policy:- Revenue from the sale of products is recognised when control is transferred to the customer, generally upon delivery and acceptance, with amounts measured net of returns, discounts, rebates, and other deductions. Any revenue from profit-sharing arrangements is recorded only when it is highly probable that a significant reversal will not occur. In bill-and-hold arrangements, revenue is recognised only if the goods are ready for delivery, separately identified for the customer, and not available for redirection by the Company. For contract research services, revenue is recognised as services are performed or milestones are achieved. At the same time, any upfront non-refundable payments are deferred and recognised over the period of service delivery.

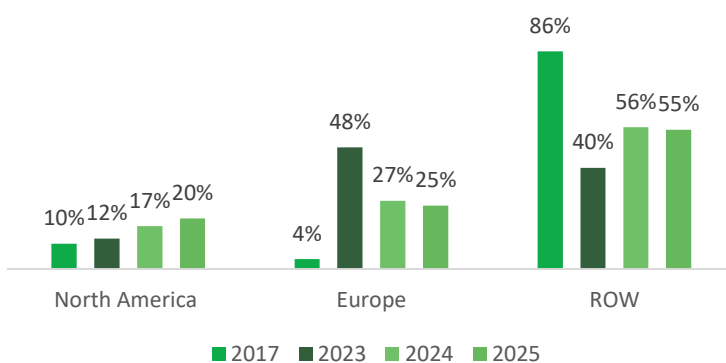
PRODUCT WISE BREAKUP



Geographic Wise (inr Cr)



REGION WISE



FY15–FY17: Foundational API Dominance

Between FY15 and FY17, Laurus Labs built its base as a leading global API manufacturer, with revenues increasing from ₹1,326.3 crore in FY15 to ₹1,904.6 crore in FY17. Growth during this phase was driven largely by Antiretroviral (ARV) and Oncology APIs, with ARVs contributing nearly 81% of total revenue. A key inflexion came in FY16 with the launch of the Hepatitis C franchise under a profit-sharing arrangement with a major formulation partner, which materially boosted revenues. The FY17 IPO further strengthened the balance sheet by enabling repayment of long-term debt and providing capital for future expansion, improving overall financial stability.

FY18–FY20: Shift Toward Forward Integration

From FY18 to FY20, revenues grew steadily from ₹2,056.2 crore to ₹2,831.7 crore as the company transitioned from a pure API player to an integrated pharmaceutical company. The Finished Dosage Form (FDF) business emerged as a major growth driver, with its revenue contribution rising sharply from just 2% in FY19 to 30% by FY20, supported by US launches such as Metformin and increasing participation in LMIC tenders. During the same period, the Synthesis (CDMO) segment also gained traction, aided by a multi-year contract with Aspen, laying the foundation for future contract manufacturing growth.

FY21–FY23: Exponential Scale-Up and the “Year of Synthesis”

The FY21–FY23 period marked a phase of sharp acceleration, with revenues jumping to ₹4,814.0 crore in FY21, ₹4,936.0 crore in FY22, and ₹6,041.0 crore in FY23. FY21 saw a strong 70% year-on-year growth driven by robust ARV API volumes and a 102% surge in FDF sales following multiple US product launches. Growth moderated to 3% in FY22 due to ARV channel destocking; however, this was largely offset by a 77% expansion in the CDMO business. FY23 was the defining “Year of Synthesis,” as the CDMO division grew by 136% after executing an exceptionally large and time-sensitive material purchase order from a Big Pharma client, significantly inflating the revenue base.

FY24–FY26E: Normalisation, Recovery and Structural Pivot

In FY24, revenues declined 17% to ₹5,040.8 crore, primarily due to the completion of the large one-off Big Pharma order that had boosted FY23, along with sharp price erosion in ARVs and delayed revenue from new capacities undergoing validation. FY25 marked a recovery, with revenues rising 10% to ₹5,554.0 crore, driven by 49% growth in the CDMO small-molecule core business, 27% growth in Oncology APIs, and 28% growth in the biotechnology segment (Laurus Bio), while total reactor volumes reached 7.8 million litres, improving asset utilisation. This momentum continued into H1 FY26, where revenues reached ₹3,223 crore, reflecting a 33% year-on-year increase. Looking ahead, management expects revenues to grow at a 19% CAGR through FY28, with CDMO’s contribution increasing from 28% in FY25 to 41%, supporting EBITDA margin expansion toward ~28% as asset turnover improves.

COGS ANALYSIS

PARTICULARS (Inr Cr)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
COMC	907	1018	1019	1061	1245	1614	2359	2269	2597	2422	2429
SIT	6	15	13	27	22	16	96	146	156	111	105
Change In Inventories	-84	-25	-35	-25	-32	-216	-297	-221	22	-101	-56
COGS	828	1008	997	1064	1236	1413	2158	2194	2774	2432	2478
GROSS PROFIT	510	803	935	1005	1056	1418	2655	2742	3266	2608	3076

FY15–FY17: High-Volume API Foundations

From FY15 to FY17, Laurus Labs’ cost of materials consumed increased from ₹899.5 crore in FY15 to ₹1,018.3 crore in FY16 before stabilising at ₹1,015.7 crore in FY17 on a standalone basis. During this phase, COGS was largely dictated by the high-volume ARV API business, which contributed nearly 80% of revenues. As Laurus operated primarily as a component supplier, material costs remained elevated as a percentage of sales. Recognising this structural limitation, the company began investing in backward integration for key starting materials (KSMs) to reduce dependence on external suppliers and limit exposure to raw-material price volatility.

FY18–FY20: Supply-Chain Volatility and China-Led Cost Pressures

Between FY18 and FY20, material costs rose sharply from ₹1,061.4 crore to ₹1,613.7 crore, reflecting heightened supply-chain stress. FY19 was a key pressure point, with material costs increasing to 53.9% of revenue from 51.7% in FY18, driven by a spike in raw-material and intermediate prices following environmental-related factory shutdowns in China. In response, Laurus accelerated its backward-integration roadmap, expanded in-house intermediate manufacturing, and diversified sourcing to reduce reliance on single-country imports, laying the groundwork for longer-term cost stability.

FY21–FY23: Operational Efficiency and the Integrated Advantage

The benefits of integration became visible during FY21–FY23, with material costs reported at ₹2,359.0 crore in FY21, ₹2,269.1 crore in FY22, and ₹2,596.6 crore in FY23. FY21 marked a structural efficiency improvement, as material costs declined to 44.8% of revenue, supported by better product mix, higher capacity utilisation, and successful backward integration of KSMs. However, by FY23, material costs as a percentage of revenue edged up by around 150 basis points to 45.9%, largely due to sharp pricing erosion in the ARV portfolio, which lowered realisations, and an adverse mix impact despite the execution of large, high-value CDMO orders.

FY24–FY26E: Normalization and High-Margin Cost Recovery

In FY24, material costs stood at ₹2,422.4 crore, with COGS rising to 51.7% of revenue as the company lapped the high-margin CDMO material purchase order from FY23 and experienced an unfavourable product mix. By FY25, despite absolute material costs remaining broadly flat at ₹2,428.6 crore, cost efficiency improved meaningfully, with material costs declining to 44.6% of revenue, representing a 370 basis-point recovery. This improvement was driven by a favourable business mix as the high-margin CDMO-Synthesis segment scaled up, along with improved asset utilisation from recently commissioned capacities, indicating a structurally stronger cost profile going forward.

EBITDA ANALYSIS

PARTICULARS (Inr Cr)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Employee benefit	133	189	246	258	289	345	434	502	581	640	720
Excise duty	11	33	27	13	0						
Other expense	165	219	254	321	411	509	671	818	1093	1191	1301
EBITDA	200	362	408	413	356	565	1551	1422	1592	778	1055
EBITDA MARGIN	15%	20%	21%	20%	16%	20%	32%	29%	26%	15%	19%

FY15–FY17: Improving Efficiency through Scale

Between FY15 and FY17, Laurus Labs saw a steady improvement in profitability, with EBITDA margins rising from 15% in FY15 to 20% in FY16 and further to 21% in FY17. This improvement was mainly due to the start of commercial operations at the Vizag Unit 3 plant and the launch of the high-margin Hepatitis C business, which was more profitable than the company's existing HIV drug portfolio. During this period, employee costs increased from ₹133 crore to ₹246 crore, and other operating expenses rose from ₹165 crore to ₹254 crore, largely because the company was expanding operations and preparing for its IPO. However, strong capacity utilisation under the "One Quality for all Markets" strategy allowed Laurus to spread these fixed costs over higher revenues, resulting in better overall margins.

FY18–FY20: Heavy Investment and Temporary Margin Pressure

From FY18 to FY20, EBITDA margins fluctuated, moving from 20% in FY18 to a low of 16% in FY19, before recovering to 20% in FY20. The dip in FY19 was driven by two major factors. First, raw material costs rose sharply due to factory shutdowns in China following environmental regulations, which disrupted global supply chains. Second, Laurus was investing heavily in its new Finished Dosage Form (FDF) business, which required upfront spending on R&D, regulatory approvals, and hiring before revenues could scale. During this phase, employee expenses increased from ₹258 crore to ₹345 crore, while other expenses rose significantly from ₹321 crore to ₹509 crore. As the FDF business began contributing meaningfully through LMIC tenders and the US launch of Metformin in FY20, margins recovered.

FY21–FY23: Peak Profitability and Gradual Normalisation

The FY21–FY23 period marked a sharp shift to high profitability for Laurus Labs. EBITDA margins peaked at 32% in FY21, supported by COVID-led demand, strong growth in HIV drugs, and a massive 102% jump in formulations revenue. Margins moderated to 29% in FY22 and further to 26% in FY23 as the business environment normalised. Employee benefits increased from ₹434 crore to ₹581 crore during this period, while other expenses surged from ₹671 crore to ₹1,093 crore. FY23 was referred to as the "Year of Synthesis," as the company executed a very large one-time purchase order from a global pharma client. However, rising energy costs, commissioning of new manufacturing blocks, and continued price pressure in the ARV segment led to higher operating expenses and gradual margin compression.

FY24–FY25: Normalisation Followed by Recovery

In FY24, Laurus Labs faced a sharp drop in profitability, with EBITDA margins falling to 15%, the lowest level in the decade. This decline was mainly due to the absence of the high-margin one-time Big Pharma order that had boosted FY23 results, along with ongoing price erosion in HIV drugs. Operating costs remained elevated, with employee expenses rising to ₹640 crore and other expenses reaching ₹1,191 crore. In FY25, margins recovered to 19% (around 20.1% for the full year) as the business mix improved. The high-margin CDMO division grew to 28% of total revenue, supporting profitability. Employee costs further increased to ₹720 crore due to the addition of more than 300 employees to support new Cell & Gene Therapy and bio-fermentation facilities, while other expenses rose to ₹1,301 crore as new capacities ramped up.

EBIT ANALYSIS

PARTICULARS (Inr Cr)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Depreciation	62	86	106	125	164	187	205	251	324	385	430
EBIT	139	276	302	288	192	377	1346	1171	1268	393	625
EBIT MARGIN	10%	15%	16%	14%	8%	13%	28%	24%	21%	8%	11%
Finance Income	0	2	2	1	1	1	1	2	5	6	15
Finance Cost	106	111	100	80	88	90	68	102	165	183	216
Other Income	34	2	32	28	15	5	22	14	1	21	60
Share loss of Associate	0	0	-1	0	0			0	-3	-6	4

FY15–FY17: IPO and Capacity Foundations

During FY15–FY17, Laurus Labs laid the base for scale and profitability, with EBIT margins expanding from 10% in FY15 to 16% by FY17. This improvement was driven by high-capacity utilisation and a favourable product mix, particularly from the high-margin Hepatitis C API franchise, alongside the expansion of Unit 3. Depreciation increased from ₹62 crore to ₹106 crore, reflecting gross block additions as API manufacturing infrastructure was built out. Despite this capex, finance costs remained stable and declined marginally from ₹106 crore to ₹100 crore by FY17, aided by the successful IPO in FY16, which enabled prepayment of long-term loans and reduced interest burden. Other income spiked to ₹34 crore in FY15 due to one-time gains from the sale of the informatics division and favourable foreign-exchange movements.

FY18–FY20: Forward Integration and Supply-Side Shocks

From FY18 to FY20, Laurus entered a forward-integration phase by moving into generic Finished Dosage Forms (FDF), which altered both the cost and profitability structure. EBIT margins moderated from 14% in FY18 to a decade-low of 8% in FY19 before recovering to 13% in FY20. The sharp FY19 margin compression was driven by elevated raw-material costs following environmental-related factory closures in China, combined with upfront operating expenses of the newly commissioned FDF business that had not yet scaled revenues. Depreciation rose steadily from ₹125 crore to ₹187 crore as new FDF blocks and a dedicated Synthesis facility for Aspen were capitalised. Finance costs increased moderately from ₹80 crore to ₹90 crore, reflecting incremental borrowing to support this expansion. Margin recovery in FY20 coincided with Unit 2 (FDF) achieving near-full capacity utilisation.

FY21–FY23: The High-Value Synthesis Cycle

The FY21–FY23 period marked a structural shift toward high-value manufacturing, with EBIT margins peaking at 28% in FY21, moderating to 24% in FY22 and 21% in FY23. FY21 profitability was driven by a 70% surge in revenues led by strong ARV API volumes and rapid scale-up of formulations. Although absolute EBIT remained elevated in FY23 due to execution of a large Big Pharma material purchase order, margins normalised as the base expanded. Depreciation increased sharply from ₹205 crore to ₹324 crore, reflecting a cumulative capex of approximately ₹2,600 crore undertaken since FY21 to build CDMO and biotechnology capacities. Finance costs more than doubled from ₹68 crore to ₹165 crore over the same period, as the company raised additional debt to fund these capital-intensive growth initiatives.

FY24–FY25: Recalibration and Asset Monetisation

FY24 represented a recalibration phase, with EBIT margins falling to 8% due to the absence of the large FY23 purchase order, continued ARV price erosion, and under-utilisation of newly commissioned facilities. Depreciation peaked at ₹385 crore in FY24 and further to ₹430 crore in FY25 as the gross block expanded to support future growth, nearly tripling from FY19 levels. Finance costs rose from ₹183 crore to ₹216 crore, reflecting sustained debt levels maintained for CDMO infrastructure. However, FY25 marked a recovery, with EBIT margins improving to 11%, supported by higher other income of ₹60 crore, largely driven by a ₹58.85 crore gain from the sale of land to the Krka joint venture. Additionally, the share of associates turned positive at ₹4 crore in FY25 from a loss of ₹6 crore in FY24, reflecting the successful commercial launch of NexCAR19 by ImmunoACT.

PAT ANALYSIS

PARTICULARS (Inr Cr)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
EBT	67	169	234	237	120	294	1301	1084	1106	230	488
Tax exp	-2	35	44	70	26	38	317	251	312	68	130
PAT	68	134	190	168	94	255	984	832	793	162	358
PAT MARGIN	5%	7%	10%	8%	4%	9%	20%	17%	13%	3%	6%
Effective Tax Rate	-2%	21%	19%	29%	22%	13%	24%	23%	28%	30%	27%
Basic EPS	44	21	21	16	9	5	18	15	15	3	7
Diluted EPS	31	14	19	16	9	5	18	15	15	3	7

FY15–FY17: Growth Powered by API Leadership and IPO

Between FY15 and FY17, Laurus Labs delivered consistent profit expansion, with PAT rising from ₹68 crore in FY15 to ₹134 crore in FY16 and ₹190 crore in FY17, while PAT margins improved from 5% to 10%. In FY15, earnings before tax were moderated by elevated depreciation and interest costs following the expansion of Unit 3, and the effective tax rate was negative at –2% due to the recognition of deferred tax credits. Profitability improved sharply over the next two years, driven by the high-margin Hepatitis C API franchise and rising volumes in Oncology APIs. A key inflection came with the FY17 IPO, which enabled debt reduction, lowered finance costs, and directly supported bottom-line growth. Reported EPS during this period appears diluted due to the 3:1 bonus issue announced in July 2016.

FY18–FY20: Investment Drag and China Supply Shocks

From FY18 to FY20, profitability went through a volatile phase, with PAT declining from ₹168 crore in FY18 to ₹94 crore in FY19 before rebounding strongly to ₹255 crore in FY20. PAT margins compressed from 8% in FY18 to 4% in FY19, reflecting a sharp spike in raw-material prices caused by environmental factory closures and intermediary shortages in China, along with upfront operating costs related to the newly established Finished Dosage Form (FDF) division. FY19 thus marked a cyclical earnings trough, with PAT contracting by 44%. In FY20, profitability recovered sharply, with PAT rising 172% as Unit 2 (FDF) achieved near-full capacity utilisation and higher-margin Custom Synthesis projects contributed more meaningfully to the revenue mix. The effective tax rate declined to 13% in FY20, supported by tax exemptions under Section 10AA.

FY21–FY23: The Synthesis-Led Super Cycle

The FY21–FY23 period represented a super-cycle in earnings, with PAT surging to ₹984 crore in FY21, followed by ₹832 crore in FY22 and ₹793 crore in FY23. FY21 was a record-breaking year, with PAT growing 286%, driven by COVID-19-related supplies, strong ARV volumes, and a 102% increase in formulations revenue. Although FY23 saw record revenues following the execution of a large purchase order for a Big Pharma client, absolute PAT remained below the FY21 peak. This was primarily due to severe pricing erosion in the legacy ARV portfolio and a higher effective tax rate of 28.2%, as the company transitioned to the new tax regime under Section 115BAA. EPS figures in this batch reflect the impact of the 1:5 stock split executed in September 2020.

FY24–FY25: Normalization and High-Margin Recovery

FY24 marked a sharp normalization phase, with PAT falling to ₹162 crore and margins compressing to a decade-low of 3%, representing an almost 80% year-on-year decline. This was driven by the completion of the exceptionally large FY23 purchase order, continued pricing pressure in ARVs, and low asset utilization as newly commissioned facilities were still under validation. FY25, however, saw a strong recovery, with PAT more than doubling to ₹358 crore and margins improving to 6%. The rebound was supported by operating leverage kicking in within the core CDMO-Synthesis business, which grew 49%, and a structurally improved divisional mix as Laurus shifted away from legacy, commodity-oriented segments toward higher-margin, innovation-led projects.

TURNOVERS

PARTICULARS (Inr Cr)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets Turnover	0.73	0.81	0.73	0.69	0.69	0.76	0.84	0.71	0.79	0.60	0.59
Fixed Assets Turnover	1.57	1.66	1.42	1.27	1.33	1.59	2.11	1.53	1.63	1.24	1.28
Net Working Capital Turnover	2.53	2.65	2.37	2.45	2.54	2.62	2.83	2.21	2.36	2.05	1.86
Debtor Turnover	4.69	4.07	3.40	3.63	3.23	3.58	3.69	3.64	3.82	3.03	2.77
Inventory Turnover	2.81	3.72	3.79	3.54	3.36	3.13	3.06	2.80	3.59	2.73	2.87
Payable Turnover	5.80	7.31	7.34	6.62	4.69	4.60	4.08	5.63	8.50	4.80	5.79

FY15–FY17: API Scale and IPO Foundations

From FY15 to FY17, Laurus Labs operated a lean, API-focused business model with relatively high efficiency ratios. Total asset turnover improved from 0.73 in FY15 to 0.81 in FY16 before moderating back to 0.73 in FY17, while fixed asset turnover peaked at 1.66 in FY16 as Unit 3 achieved high utilisation and the Hepatitis C franchise scaled rapidly without significant incremental capital. In FY17, asset turns softened to 1.42 as IPO proceeds were deployed toward large gross block additions in preparation for the pivot into formulations. Debtor turnover steadily declined from 4.69 to 3.40, reflecting a deliberate shift from spot sales to long-term customers with standardised credit terms.

FY18–FY20: Investment Drag and FDF Ramp-Up

During FY18–FY20, efficiency ratios came under pressure as new Finished Dosage Form (FDF) facilities were commissioned ahead of revenue generation. Total asset turnover remained subdued at 0.69 in FY18 and FY19 before recovering to 0.76 in FY20, while fixed asset turnover improved from 1.27 in FY18 to 1.59 in FY20 as Unit 2 approached near-full utilisation. Net working capital turnover showed gradual improvement from 2.45 to 2.62, indicating disciplined working-capital management even during the investment phase. Despite supply-chain disruptions and higher raw-material costs caused by China-led shocks, inventory turnover was maintained within a narrow range of 3.1 to 3.5 through sourcing diversification and tighter inventory control.

FY21–FY23: The “Year of Synthesis” Super Cycle

The FY21–FY23 period reflected extreme operating leverage and volatility in efficiency metrics. FY21 marked a decade-high fixed asset turnover of 2.11, driven by a 70% surge in revenues supported by COVID-19 related supplies and rapid scale-up in FDF volumes, with total asset turnover rising to 0.84. In FY22, asset turns dipped as ARV channel destocking and a high base effect weighed on revenues, with fixed asset turnover falling to 1.53 and

total asset turnover to 0.71. FY23 saw a recovery in efficiency, with total asset turnover improving to 0.79 and fixed asset turnover to 1.63, aided by the execution of a large Big Pharma material purchase order. Inventory turnover also improved sharply to 3.59 in FY23, while payable turnover spiked to 8.50 as the company tightly managed liabilities during the rapid execution of this high-value contract.

FY24–FY25: Capital-Intensive Normalization Phase

FY24–FY25 represented a normalisation phase marked by intentionally depressed efficiency ratios. Total asset turnover declined to 0.60 in FY24 and 0.59 in FY25, while fixed asset turnover remained subdued at 1.24 and 1.28, respectively, reflecting under-utilisation of newly commissioned CDMO and bio-fermentation assets. Net working capital turnover also softened from 2.05 to 1.86, and debtor turnover declined to 2.77 in FY25, driven by the inherently longer production cycles and complex logistics associated with CDMO contracts, particularly exports to North America. Management has indicated that this phase of negative operating leverage is temporary, following a cumulative ₹4,000 crore capex program, and expects asset turns to normalise toward ~1.1x as these multi-year projects move into their commercialisation phase.

CASH CONVERSION CYCLE

PARTICULARS (Inr Cr)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
CFO before WC changes/Revenue	15%	20%	22%	22%	16%	21%	32%	29%	26%	16%	20%
WC/Revenue	40%	38%	42%	41%	39%	38%	35%	45%	42%	49%	54%
Revenue/WC	2.53	2.65	2.37	2.45	2.54	2.62	2.83	2.21	2.36	2.05	1.86
CFO after WC changes/Revenue	-1%	10%	17%	17%	13%	12%	15%	18%	16%	13%	11%
CFO before taxes/EBITDA (CFO before taxes - LP/EBITDA- LP)	3%	59%	94%	98%	91%	69%	62%	77%	80%	98%	70%
CFO before taxes/EBITDA	3%	59%	94%	98%	91%	69%	62%	77%	80%	98%	70%
CFO Before Taxes	5	215	381	404	323	387	962	1093	1276	764	743
EBITDA	200	362	408	413	356	565	1551	1422	1592	778	1055
CFO Before tax /EBITDA (5 years)					76%	81%	75%	74%	74%	76%	76%

Between FY15 and FY17, Laurus Labs transitioned from an investment-heavy phase to operational stability. In FY15, the CFO before taxes was negligible at ₹5 crore, with a very low CFO/EBITDA conversion of 3%, as the company was deeply engaged in capacity expansion, particularly the build-out of Unit 3 in Visakhapatnam. By FY17, CFO before taxes improved sharply to ₹381 crore and the CFO/EBITDA ratio normalised to 94%, driven by strong cash generation from the high-margin Hepatitis C franchise, which scaled volumes without a proportional increase in working capital. Working capital intensity remained elevated but stable, with WC-to-revenue moving from 40% to 42%. The FY17 IPO also played a role in strengthening cash flows, as proceeds were used to reduce debt, lowering interest outflows and improving cash available for operations.

FY18–FY20: Working-Capital Intensity of the FDF Pivot

During FY18–FY20, Laurus' forward integration into Finished Dosage Forms (FDF) materially altered its cash-flow profile. Finished formulations inherently require higher working capital due to longer inventory cycles and more complex supply chains. While WC-to-revenue moderated slightly from 41% to 38%, and revenue-to-working-capital turnover improved from 2.45x to 2.62x, cash flow efficiency weakened, with CFO after working capital to revenue declining from 17% to 12% by FY20. This deterioration was largely structural rather than operational, reflecting upfront working capital investments for US product launches, such as Metformin, and the execution of the multi-year Aspen synthesis contract, where cash outflows preceded full revenue recognition.

FY21–FY23: The “Synthesis” Super-Cycle

The FY21–FY23 phase marked extreme volatility in cash-flow efficiency due to outsized growth events. CFO before taxes rose sharply from ₹962 crore in FY21 to ₹1,276 crore by FY23, supported by a surge in COVID-19 related supplies and a 102% increase in formulations in FY21, when CFO efficiency peaked at 32% of revenue. However, working-capital intensity increased materially throughout the cycle, with the Working Capital-to-Revenue Ratio rising from 35% to 42% and revenue-to-working capital turnover declining from 2.83 times to 2.36 times. By FY23—the “Year of Synthesis”—the execution of an exceptionally large material purchase order for a Big Pharma client significantly inflated working capital requirements, as rapid procurement and accelerated manufacturing timelines demanded substantial cash deployment upfront, despite record absolute EBITDA generation.

FY24–FY25: CDMO Complexity and Logistical Lead Times

In FY24–FY25, cash-flow efficiency reached its weakest point of the decade as Laurus transitioned deeper into complex CDMO operations. Working capital to revenue climbed further from 49% in FY24 to 54% in FY25, while CFO after working capital to revenue declined from 13% to 11%, and revenue-to-working-capital turnover fell from 2.05x to 1.86x. This deterioration was driven by two structural factors: first, the increasing share of long-cycle CDMO projects, where the time from order to delivery is significantly longer than in the generic API model; and second, logistical challenges arising from the scale-up of formulations in North America and Canada, which extended transit times and receivable cycles. Management has indicated that this negative operating leverage is temporary, and expects EBITDA-led deleveraging and improved asset utilisation to restore healthier cash-flow metrics and net cash positioning by FY27–FY28.

WORKING CAPITAL DAYS

PARTICULARS (Inr Cr)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Debtor Days	78	90	107	101	113	102	99	100	95	120	132
Inventory Days	130	98	96	103	109	117	119	130	102	134	127
Payable Days	63	50	50	55	78	79	89	65	43	76	63
Working Capital Cycle	145	138	154	149	144	139	129	166	154	178	196

FY15–FY17: API Scaling and Establishing Credit Terms

From FY15 to FY17, Laurus Labs consolidated its leadership in Antiretroviral (ARV) and Hepatitis C APIs, which reshaped its working-capital structure. Debtor days increased from 78 to 107 as the company deliberately shifted from spot-based sales to long-term contracts with large global partners, adopting standard industry credit terms ranging from 30 to 90 days. Inventory efficiency improved meaningfully, with inventory days declining from 130 to 96, supported by strong demand and rapid movement of high-volume products following the commissioning of Unit 3. As a result, the working capital cycle remained largely stable, inching up from 145 days to 154 days.

FY18–FY20: FDF Integration and China Supply Shocks

During FY18–FY20, Laurus executed its forward integration into Finished Dosage Forms (FDF), which inherently altered inventory dynamics. Debtor days remained largely stable at around 101–102 days, while inventory days increased from 103 to 117, reflecting longer holding periods required for formulations compared to APIs. Working capital cycles improved marginally from 149 days to 139 days, aided by tighter overall working-capital management. However, FY19 introduced significant stress, as environmental-related factory closures in China led to raw-material shortages and sharp price increases, forcing the company to hold higher buffer stocks of intermediates. To manage these pressures, payable days were stretched to 79, allowing Laurus to partially offset the working-capital impact through vendor credit.

FY21–FY23: The “Synthesis” Surge and Operational Speed

The FY21–FY23 period was marked by volatility driven by extraordinary operating conditions. FY21 benefited from a COVID-19-related demand surge, resulting in the company’s most efficient working-capital cycle of 129 days, alongside improved debtor days of 99 and inventory days of 119. However, by FY23, the working-capital cycle expanded sharply to 154 days despite improvements in debtor days to 95 and inventory days to 102. The genuine reason was FY23 being the “Year of Synthesis,” during which Laurus executed an exceptionally large and time-critical purchase order for a Big Pharma client. To ensure uninterrupted and rapid procurement, payable days fell to a decade-low of 43, as the company aggressively cleared vendor dues to meet tight delivery timelines, pushing up net working capital.

FY24–FY25: CDMO Complexity and Logistical Headwinds

In FY24–FY25, the working-capital cycle stretched to a ten-year high, rising from 178 days to 196 days. Debtor days increased significantly from 120 to 132, while inventory days remained elevated at 134 in FY24 before easing slightly to 127 in FY25. This deterioration was driven by three structural factors. First, the pivot toward CDMO-Synthesis introduced complex clinical and specialty compounds with long manufacturing lead times, resulting in cash being locked in work-in-progress for extended periods. Second, growing exposure to North American and Canadian formulation markets led to longer sea-based logistics cycles, delaying both inventory movement and receivable collections. Third, heavy investments in new R&D and manufacturing blocks—where the gross block has nearly tripled since FY19—created negative operating leverage, as assets were capitalised but remained under validation, inflating working capital before corresponding revenue generation.

ROE

PARTICULARS (Inr Cr)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Equity	10%	16%	14%	11%	6%	14%	38%	25%	20%	4%	8%
Asset Turnover	0.73	0.81	0.73	0.69	0.69	0.76	0.84	0.71	0.79	0.60	0.59
Leverage	2.56	2.60	1.99	2.03	2.14	2.12	2.21	2.07	1.89	2.04	2.03
Net Profit Margin	5%	7%	10%	8%	4%	9%	20%	17%	13%	3%	7%

FY15 to FY17 Early Scale and Balance Sheet Deleveraging

During FY15 to FY17, the company was in an early scaling phase, marked by its strategic expansion into the ARV segment and its Initial Public Offering in FY17. Return on Equity improved meaningfully during this period, rising from 10 percent in FY15 to 16 percent in FY16, before moderating to 14 percent in FY17. The sharp improvement in FY16 was driven by a combination of rising asset turnover, which reached 0.81, and an improvement in net profit margins to 7 percent as operating leverage began to play out. In FY17, despite net profit margins expanding further to a peak of 10 percent, ROE softened slightly to 14 percent. This moderation was not operationally driven but was the direct result of a sharp reduction in financial leverage from 2.60 to 1.99. The decline in leverage followed the company’s decision to utilise IPO proceeds to prepay ₹2,263 million of long-term borrowings, fundamentally strengthening the balance sheet and reducing financial risk.

FY18 to FY20 Material Cost Headwinds and Business Transformation

The period between FY18 and FY20 was characterized by a sharp compression in profitability followed by a gradual recovery. ROE declined steeply to 6 percent in FY19, representing a cyclical trough for the business, before rebounding to 14 percent in FY20. The collapse in FY19 was primarily driven by a sharp fall in net profit margins to 4 percent, as the company faced severe raw material cost inflation. Management attributed this pressure to shortages of key intermediates and widespread manufacturing shutdowns in China, which disrupted global supply chains and pushed procurement prices materially higher. FY20 marked a turning point as the company's long-term integration strategy began to yield results. The scaling up of the Finished Dosage Form segment improved cost control and margin resilience, with net profit margins recovering to 9 percent, enabling ROE to normalise back to 14 percent despite a challenging external environment.

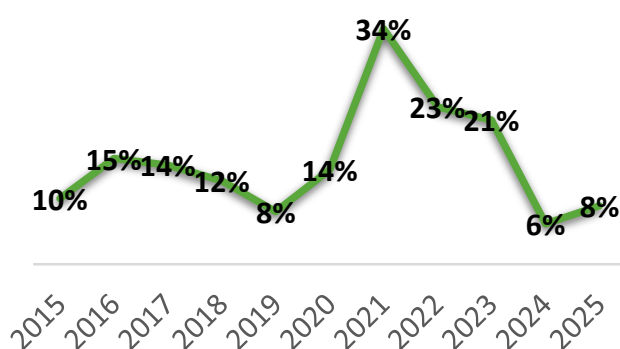
FY21 to FY23 Pandemic Peak and Subsequent Normalization

FY21 emerged as a structural outlier, with ROE surging to a record 38 percent, the highest level achieved by the company. This exceptional performance was underpinned by a combination of peak operating metrics, including a net profit margin of 20 percent and asset turnover of 0.84. The surge was driven by a 79 percent jump in ARV API volumes following the global shift toward Dolutegravir-based therapies, along with one-off demand related to COVID-linked products. From FY22 to FY23, ROE gradually normalised to 20 percent as the company entered an intensive investment phase. Over this period, the company undertook more than ₹3,200 crore of cumulative capital expenditure, which temporarily diluted returns by expanding the asset base ahead of revenue monetization. Lower asset turnover and higher depreciation costs during this phase were reflective of capacity creation rather than operational weakness.

FY24 to FY25 Capex Trough and the Beginning of Monetization

FY24 represented the lowest point in the return cycle, with ROE falling to 4 percent, the weakest level in over a decade. This decline was driven by a sharp compression in net profit margins to 3 percent and a fall in asset turnover to 0.60. The weakness was largely structural and timing related. The company had completed a large Big Pharma purchase order in FY23, leading to a high base effect, while simultaneously carrying substantial unutilised capacity created during the preceding capex cycle. This resulted in operating deleverage as fixed costs were absorbed over a lower revenue base. FY25 marks the early stages of recovery, with ROE improving to 8 percent and net profit margins rebounding to 7 percent. This improvement reflects the transition into the monetisation phase, as newly commissioned CDMO and bio fermentation assets begin to ramp up and contribute meaningfully to revenues and profitability.

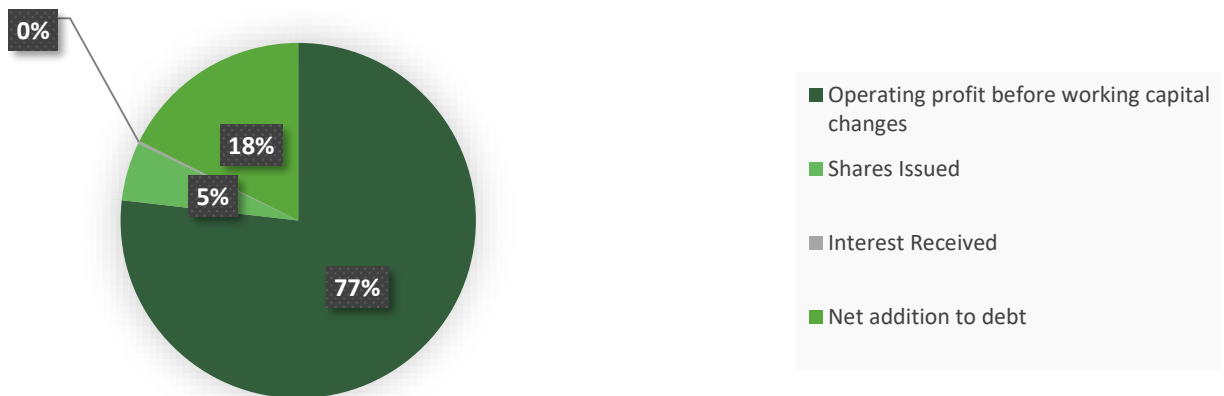
ROCE



ROCE for Laurus Labs has been highly cyclical, mirroring its investment and utilisation phases. It improved from 10% in FY15 to 15% in FY16 before stabilising at 14% by FY17 as ARV scale-up and IPO-led debt reduction optimised the capital base. ROCE then declined from ~12% in FY18 to a trough of ~8% in FY19 due to China-led raw-material inflation compressing EBIT despite ongoing capacity additions. The cycle reversed sharply during FY20–FY23, with ROCE rising from 14% to a peak of 34% in FY21 (internally 40%) on pandemic-driven demand and peak asset utilisation, before moderating to 21% by FY23 as a ₹4,000-crore capex cycle expanded capital employed ahead of earnings. FY24 marked the investment trough with ROCE falling to ~6% due to

operating deleverage and ramp-up assets, followed by early recovery to ~8% in FY25 and further improvement to ~16.3% by 1H FY26, signalling the onset of monetisation as utilisation improves, asset turnover trends toward ~1.1x, and the higher-margin CDMO segment (28% of revenue) begins to structurally lift returns.

INFLOWS



OUTFLOWS



The fund flow analysis clearly highlights that Laurus Labs' cash generation in the period is primarily driven by core operations, with ~77% of inflows coming from operating profit before working capital changes, underscoring the strength of the underlying business model despite margin pressure in recent years. Incremental funding support has been raised largely through net debt additions (~18%). In comparison, equity dilution remains minimal (~5%), indicating management's preference for funding growth through internal accruals and moderate leverage rather than aggressive equity issuance. Interest income contribution is negligible, reinforcing that cash generation is operational rather than treasury-driven.

On the utilisation side, the dominant use of funds is capital expenditure, with ~52% of total outflows directed towards net additions to fixed assets, reflecting the ongoing heavy investment cycle in CDMO expansion, peptides, biologics, ADCs and gene therapy infrastructure. This aligns with management commentary that the current phase prioritises capacity creation over near-term return optimisation. Net working capital absorption (~22%) is meaningful, indicating higher inventory and receivables linked to scale-up and CDMO execution, though partially offset by customer advances discussed in the conference call. Tax payments (~11%) are in line with profitability levels, while interest outgo (~11%) reflects the rising but controlled leverage profile. Dividend payout remains modest (~4%), reinforcing the company's growth-first capital allocation strategy.

Overall, the fund flow pattern confirms that Laurus Labs is in a deliberate reinvestment phase, where strong operating cash flows are being redeployed into long-gestation assets rather than returned to shareholders. While this suppresses near-term ROCE and free cash flow visibility, it strengthens the company's medium-to-long-term earnings capacity, provided execution and utilisation ramp up as planned. The absence of excessive equity dilution and a balanced reliance on debt suggest capital allocation discipline, even during an aggressive expansion cycle.

Risk Category	Definition and Impact	Mitigating Factors
Regulatory & Compliance	Adverse USFDA inspection outcomes (such as OAI status or warning letters) can lead to the loss of contracts, project delays, or a complete halt in sales from specific units.	The Group maintains a "One Quality Standard" approach across all markets and employs over 2,458 personnel in R&D and quality to ensure rigorous compliance.
Market & Pricing	Intense price erosion in key export markets, particularly the US and for legacy ARV portfolios, can significantly depress profit margins.	Laurus focuses on cost leadership through backward integration, process chemistry improvements, and diversifying into high-margin CDMO and Non-ARV segments.
Client Concentration	The top 10 customers contribute approximately 45% of total revenues, making the company vulnerable to the loss of a single major partner.	The Company is actively expanding its customer base, now serving over 250 clients globally, and increasing its pipeline of active CDMO projects to over 110.
Operational & Capacity	Inadequate capacity or delays in commissioning new manufacturing blocks can jeopardise the ability to meet customer demand, while under-utilisation of new assets weighs on return ratios.	Management proactively monitors product trends to align capacity and has invested ₹4,000 crore in a multi-year capex cycle to ensure future scale.
Supply Chain	High dependency on imports for intermediates (especially from China) and disruptions in global logistics (e.g., the Red Sea crisis) can increase input costs and lead times.	Laurus is implementing a "China + 1" strategy, increasing in-house manufacturing of key starting materials, and identifying alternative domestic suppliers.
Strategic/Partner Risk	Delays or failures in the clinical development program of strategic partners can defer revenue recognition and impact the timeline for new therapy launches.	The Company maintains a robust and diversified pipeline of over 60 active human health projects in various phases to offset individual project risks.
Financial	With 58–68% of revenue coming from exports, unfavourable forex swings and interest rate volatility can impact realisations and the cost of debt.	The Group utilizes a robust currency hedging strategy and derivative financial instruments to manage and mitigate exchange rate risks.
Geopolitical & Policy	Potential US tariffs, changes in USAID funding for HIV treatment, and the US BioSecure Act could lead clients to on-shore investments, resulting in lost contracts.	Laurus is diversifying its market presence across 114 countries and expanding into Animal Health and Agrochemicals to reduce exposure to any single policy change

Name	Designation	key expertise and Background
Dr. Ravindranath Kancherla	Chairman & Independent Director	A world-renowned expert in surgical gastroenterology and laparoscopic surgery. Appointed as Chairman effective May 18, 2024.
Dr. Satyanarayana Chava	Founder, CEO & Executive Director	Over 30 years of experience in the pharmaceutical industry with over 100 patents in his name. Previously COO at Matrix Laboratories.
Mr. V.V. Ravi Kumar	Executive Director & CFO	Nearly 30 years of experience in finance, IT, HR, and supply chain management. Instrumental in the Company's strategic growth since 2006.
Dr. C.V. Lakshmana Rao	Executive Director – Quality	Over 25 years of experience in quality control, assurance, and regulatory affairs. Heads the quality function for all units.
Mr. Krishna Chaitanya Chava	Executive Director – Synthesis	Heads the Synthesis division. Credited with driving CDMO-Synthesis into the top profit generator for the Group. Appointed to the Board in April 2024.
Ms. Soumya Chava	Executive Director – Generics	Heads the Commercial function, including supply chain and business development. Manages Group CSR initiatives. Appointed to the Board in April 2024.
Mrs. Aruna Bhinge	Independent Director	Over 30 years of experience in food security and strategic planning, including a long tenure at Syngenta India.
Dr. Rajesh Koshy Chandy	Independent Director	Professor of Marketing and Entrepreneurship at London Business School; expert in consumer behaviour and market dynamics.
Mr. Karnam Sekar	Independent Director	Extensive background in banking and financial services. Appointed to the Board in April 2024.
Mr. Ramesh Subrahmanian	Independent Director	Over 32 years of experience in pharmaceuticals and medical devices, including senior roles at Sanofi.

Name	Designation / Role	Focus Area
Dr. V. Uma Maheswer Rao	President – Chemical R&D	Over 30 years of experience in process R&D and API manufacturing.
Mr. Srinivasa Rao S.	President – Manufacturing & Operations	Manages the Visakhapatnam facility with over 29 years of industry experience.
Mr. Martyn Oliver James Peck	EVP – Business Development	Over 25 years in sourcing, sales, and market intelligence; leads the Generics business unit.
Mr. Thomas Versosky	President – FDF, North America	Leads commercial operations and product launches in the US market.
Mr. Rajaram Iyer	EVP – Portfolio Management	Over 26 years of experience in strategic planning and new business initiatives.
Mr. Ch. Sita Ramaiah	EVP – Finance	Expert in treasury, financial reporting, and taxation.
Mr. Narasimha Rao DVL	EVP – Synthesis	Over 30 years of experience in the pharmaceutical intermediates and synthesis field.
Mr. Narasimha Rao Chava	EVP – Human Resources	Manages the Group's administration and HR functions for its 7,000+ employees.
Mr. G. Venkateswar Reddy	CS & Compliance Officer	Heads the Legal and Secretarial departments

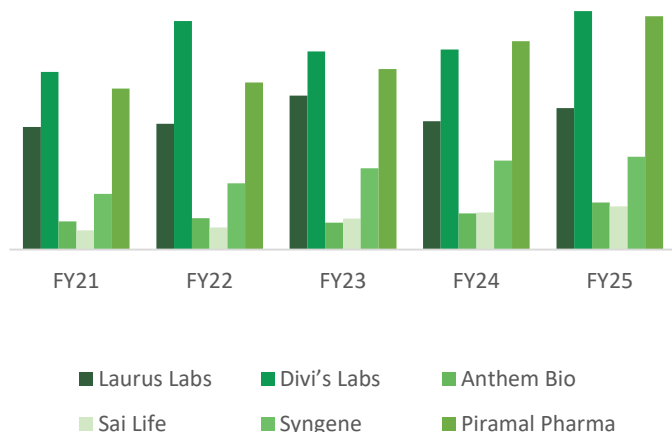
Board Independence: The Company maintains high standards of governance, with Independent Directors constituting **over 50% of the Board**.

Quality Culture: Management adheres to the "**One Quality Standard for All Markets**" philosophy, overseen by a dedicated team of 2,458 personnel in R&D and quality.

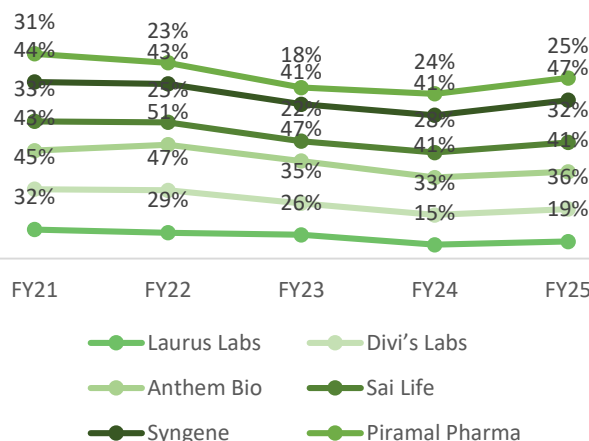
Succession Planning: The recent reorganisation of the Board, including the appointments of Dr. Ravindranath as Chairman and the elevation of Krishna Chaitanya and Soumya Chava, reflects a proactive approach to **long-term leadership stability**

Year	Target Entity / Partnership	Type of Transaction	Investment Details	Strategic Rationale / Outcome
2015	Viziphar Biosciences	100% Acquisition	Downstream investment.	Expanded the Company's presence into the ingredients segment.
2015-16	Sriam Labs	Initial 27% stake (2015), moving to 100% (Nov 2016).	Full acquisition completed for the balance 73% in 2016.	Secured additional API and intermediate manufacturing capacities in Visakhapatnam.
2020	Phalanx Labs (Vizag Unit)	Business Transfer (Slump Sale).	₹61 crores for a bulk drug manufacturing unit.	Acquired a ready bulk drug manufacturing unit to support the Laurus Synthesis division.
2021	Richcore Lifesciences (Laurus Bio)	72.55% Acquisition.	₹246.67 crores initial consideration.	Entry into biotechnology; focused on recombinant proteins, enzymes, and animal-origin-free ingredients.
2021	Phekolong Pharma (Laurus SA)	100% Acquisition.	Renamed Laurus Generics SA (Pty) Ltd.	Established a foothold in the South African ARV market, the world's largest generic-accessible market.
2021-23	ImmunoACT	Strategic Minority Investment.	Initial 26.62% (₹46 cr) in 2021; increased to 34.89% (additional ₹80 cr) in 2023.	Strategic entry into Cell and Gene Therapy (CGT); commercialized India's first indigenous CAR-T cell therapy, NexCAR19.
2022	Ethan Energy India	26% Strategic Stake.	₹3.90 crores investment.	Secured captive renewable energy (10 MW) to support ESG goals and reduce carbon footprint.
2024	Krka Pharma Pvt. Ltd.	Joint Venture (49% Laurus, 51% Krka).	Phased investment of €50 million (Laurus share ~₹105 cr in FY25).	Strategic expansion into the European OSD market and high-potent/oncology oral solids.
2024	Laurus Bio (Capital Infusion)	Strategic Equity Investment.	₹120 crores from Eight Roads/F-Prime; ₹40 crores co-invested by Laurus Labs.	Accelerate microbial fermentation scale-up and enzymatic biocatalysis for small molecule CDMO projects.
2024-25	Aarvik Therapeutics	Strategic Investment.	US\$ 2 million investment.	Gain access to next-gen Antibody-Drug Conjugate (ADC) technology and advanced R&D capabilities

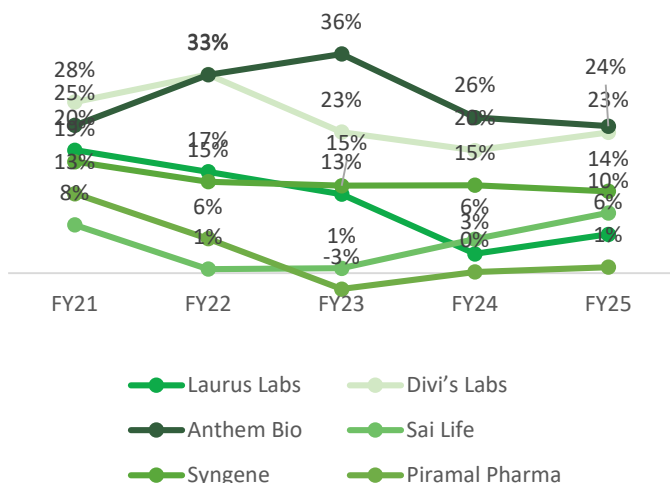
REVENUE



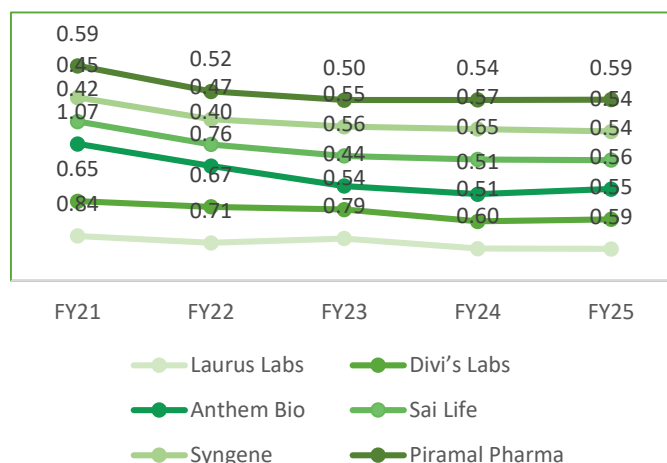
EBITDA MARGIN



PAT MARGIN



ASSET TURNOVER



Company	Revenue (INR Cr)	EBITDA Margin (%)	RoCE (%)	CDMO % of Sales	Reactor Volume (kl)
Laurus Labs	5,554	19.00%	9.70%	28%	8200
Divi's Labs	9,360	36.00%	19.30%	53%	16550
Anthem Bio	1,845	41.00%	27.80%	82%	607
Sai Life	1,695	32.00%	12.40%	100%	483
Syngene	3,642	47%	12.80%	100%	
Piramal Pharma	9,151	25.00%	5.80%	60%	

Source: Company, Trineta Asset Managers

In contrast, peers with a pure CDMO focus (Sai Life, Syngene, Anthem Bio) enjoy structurally higher margins and better capital efficiency but operate at smaller scale or narrower modality exposure. Piramal Pharma, despite scale and higher CDMO share (~60%), also shows weaker ROCE, highlighting execution and capital intensity challenges in complex pharma services.

Overall, Laurus Labs appears to be in a transition phase, sacrificing near-term margins and returns to build long-term CDMO and complex platform capabilities. As utilisation improves and CDMO contribution rises, there is potential for margin expansion and ROCE convergence toward peer averages over the medium term, albeit with execution risk.

Company	Current Capacity & Expansion Plans	Stated Future Targets
Laurus Labs	Doubling Gross Block in 5 years. Expanding reactor volume to 7,800+ KL. New 532-acre complex in Vizag (\$600m investment over 8 years).	40% revenue CAGR for small molecule CDMO through FY28.
Divi's Labs	Capitalised ₹16 billion (\$160m) in Kakinada Phase I for KSMs/intermediates. Custom synthesis capex of ₹20 billion underway.	17% sales CAGR and 21% EBITDA/PAT CAGR through FY28.
Sai Life Sciences	Targeting increase from 700 KL to 1,150 KL by H2FY27. Doubling process R&D capacity by end-FY26.	Sales CAGR of 15–20% over the next 3–5 years.
Anthem Bio	₹10 billion capex for Unit 4 (Harohalli) to add 400 KL. Increasing custom synthesis capacity by 57% (~271 KL to 425 KL).	Mid-to-long-term revenue CAGR of ~20%.
Neuland Labs	Fresh capex of ₹3.4 billion (\$40m), including ₹2.5 billion for Unit 1 expansion. Reactor capacity addition of 52 KL at Unit 3.	Topline growth of 18–20% CAGR; CMS to be 60–65% of revenue by FY28

Advanced Modalities: Peptides, ADCs, and Cell & Gene Therapy

Laurus Labs is placing long-term bets on advanced and complex therapies such as **Cell & Gene Therapy (CGT)** and **Antibody-Drug Conjugates (ADCs)**, which are cutting-edge but still at an early commercial stage. In contrast, many Indian pharma peers are currently prioritising **peptides**, especially **GLP-1-based drugs** used for diabetes and obesity, where demand and visibility are much higher today.

Peptides (GLP-1 Opportunity):

GLP-1 drugs like **Semaglutide** and **Tirzepatide** are among the fastest-growing medicines globally. These drugs are complex to manufacture, creating a large opportunity for companies that can reliably make their active ingredients.

•Laurus

Labs:

Laurus has already set up **commercial-scale peptide manufacturing capacity**. It has begun **small pilot shipments of Semaglutide** by July 2025, indicating early validation of its capabilities. While still nascent, this gives Laurus an entry point into a high-growth segment.

•Divi's Laboratories:

Divi's is moving up the value chain from basic amino acids to **higher-value peptide fragments**. Management has indicated ambitions to capture **60–70% market share** in select peptide APIs, highlighting its aggressive and focused peptide strategy.

•Sai Life Sciences:

Sai Life has commissioned a **dedicated peptide R&D centre in Hyderabad** in Q4 FY25. This positions the company to target the **\$8–9 billion global GLP-1 API market**, with a strong emphasis on innovation and customer-led development.

•Neuland Laboratories:

Neuland is significantly scaling its peptide building block capacity, a **12x expansion** from 0.5 KL to 6.4 KL, expected to be operational by FY27. It is already supplying **development-stage quantities for Tirzepatide**, suggesting early customer traction.

ADCs and Gene Therapy

Laurus Labs is selectively investing in **high-complexity cancer and gene-based treatments**, which are still niche today but could become meaningful over the long term.

•Laurus Labs:

Laurus is investing **\$25 million** to set up a **dedicated ADC and gene therapy facility in Hyderabad**, with **Phase 1 expected to be operational by mid-2027**. In parallel, its associate company, ImmunoACT, has already treated over 300 patients with **CAR-T therapy**, offering early real-world experience in this advanced treatment space.

•Piramal Pharma:

Piramal is taking a more scaled and commercially visible approach. It is investing **\$60 million** to expand **ADC manufacturing capacity at Grangemouth (UK)** and an additional **\$90 million** to **double sterile fill-finish capacity at its Lexington facility**, targeted for completion by **2027**. This positions Piramal as a more established global partner for large pharma clients in complex injectables and ADCs.

Takeaway:

Laurus' strategy here is **capability-led and long-term**, while Piramal is **scaling proven platforms with clearer near-term revenue visibility**.

3. Biotechnology & Fermentation

Laurus is using fermentation technology for **animal-origin-free (AOF) proteins**, which are increasingly preferred for safety and regulatory reasons. In contrast, peers are using fermentation mainly for **biosimilars and enzymes**, where commercial demand is more mature.

•Laurus Labs (Laurus Bio):

Laurus has set up a **new fermentation facility in Vizag**, with **Phase 1 capacity of 400 KL** expected to be operational by **end-2026**. Over time, the company plans to scale this to **2 million litres**, making it one of the larger fermentation platforms in India focused on AOF proteins.

•Aurobindo Pharma:

Aurobindo is investing **₹10 billion** to build **biologics contract manufacturing (CMO) capacity**, comprising **two 15-KL fermentation units**, aimed at serving biosimilar and biologics customers.

•Anthem Biosciences:

Anthem is expanding its fermentation capacity from **142 KL to 182 KL by FY26**. Its focus is on **Semaglutide biosimilars**, targeting opportunities after patent expiry in 2026.

Equity Table Particular (₹ cr)	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
No. of Shares (Mn)	15.51	15.77	105.76	106.03	106.44	534.57	536.60	537.36	538.65	538.97	539.25
Issued Capital	15.51	15.77	105.76	106.03	106.44	106.91	107.32	107.47	107.73	107.79	107.85
Fund Raised	300	—	300	—	—	—	—	—	—	—	160*
Reasons	Expansion	—	IPO/Debt	—	—	—	—	—	—	—	Bio-Capex
Investors	Warburg	—	Public	—	—	—	—	—	—	—	8Roads
Total Other Equity	243.5	710.3	1,252	1,407	1,452	1,663	2,490	3,244	3,930	4,003	4,365
SBP Reserve	2.94	2.66	2.64	5.85	5.37	4.63	4.92	9.17	12.08	21.47	26.05
Securities Premium	113.1	404.6	613.8	673.7	678.7	685.2	694.8	701.3	713.1	717.1	732.8
General Reserve	1.79	1.79	1.79	1.79	1.79	1.79	1.79	1.79	1.79	1.79	1.79
Retained Earnings	164.2	237.8	574.4	725.9	803.6	987.6	1,883	2,625	3,302	3,315	3,626
Total S.H. Fund	259	726	1,358	1,513	1,558	1,770	2,597	3,351	4,038	4,111	4,473

Laurus Labs has attracted several reputed global and domestic investors over different stages of its growth. In the early years before listing, the company raised capital from **Aptuit (Asia) Pvt Ltd in 2007**, followed by **Fidelity (through FIL Capital and Fidelity India Principals) in 2012**, which invested about **₹60 crore** and acquired a majority stake from Aptuit along with the promoter. Later, in **FY15 (2014)**, global private equity major **Warburg Pincus (via Bluewater Investment Ltd)** invested **₹300 crore**, which management viewed as strong validation of the business model. During the **IPO in December 2016**, Laurus raised around **₹300 crore through fresh shares**, while early investors like Aptuit, Fidelity, and Warburg Pincus partially exited by selling shares worth **₹1,030.8 crore**; notably, the employee quota in the IPO was oversubscribed, reflecting internal confidence. More recently, in **December 2024 (FY25)**, Laurus raised **₹120 crore** at the subsidiary level for **Laurus Bio** from **Eight Roads Ventures and F-Prime Capital** (both linked to Fidelity), not just for funding but also for technical expertise and global reach.

Borrowings / Debt (₹ cr)	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Total borrowings	544	781	1,015	950	1,036	1,057	1,453	1,732	1,972	2,507	2,693
YoY %	—	43%	30%	-6%	9%	2%	37%	19%	14%	27%	7.4%
Long Term Debt (NC)	304	461	100	142	259	165	429	596	761	798	645
Curr. Mat. LT Debt	86	87	66	80	93	101	138	225	215	248	332
NC Lease Liability	—	—	—	—	—	20.6	19.9	39.6	37.4	62.2	62.2
Short Term Debt	432	468	615	726	684	791	886	911	995	1,310	1,715
Working Cap. Loan	432	468	615	726	684	791	886	911	995	1,310	1,715
Curr. Lease Liab.	—	—	—	—	—	1.99	1.87	5.00	5.68	8.19	8.46
Finance Cost	106	120	97	75	86	72	68	96	165	183	216
Avg Cost of Debt %	19%	15%	10%	8%	8%	7%	5%	6%	8%	7%	8%
Other Income	1.69	3.41	1.48	0.81	0.89	34.1	5.4	7.6	5.6	1.4	75.1
As % of Revenue	0.1%	0.2%	0.1%	0.1%	0.1%	1.2%	0.1%	0.1%	0.1%	0.1%	1.3%
EBIT	133	175	248	237	216	706	1,270	1,610	1,473	414	700
Int. Coverage Ratio	1.25	1.46	2.56	3.16	2.51	9.80	18.7	16.7	8.93	2.26	3.24
ST Debt % of Total	79%	60%	61%	76%	66%	75%	61%	52%	50%	52%	64%
LT Debt % of Debt	21%	40%	39%	24%	34%	25%	39%	48%	50%	48%	36%
D/E	1.13	1.07	0.63	0.63	0.66	0.60	0.56	0.52	0.49	0.61	0.60

Income Statement	2021	2022	2023	2024	2025	2026E	2027E	2028E
Revenue	4,814	4,936	6,041	5,041	5,554	6,353	7,638	9,294
Cost of Goods Sold (COGS)	2,158	2,194	2,774	2,432	2,478	2,681	3,198	3,887
Gross Profit	2,655	2,742	3,266	2,608	3,076	3,673	4,440	5,407
GPM	55%	56%	54%	52%	55%	58%	58%	58%
Expenses								
Employee Benefit Expenses	434	502	581	640	720	762	905	1,110
Factory Maintenance	112	146	187	213	236	191	224	289
Power, Fuel and Water	158	204	324	338	323	381	362	453
Other Expenses	400	467	582	640	741	699	767	949
Short term/long term provisions								
EBITDA	1,551	1,422	1,592	778	1,055	1,640	2,181	2,606
Depreciation & Amortization	205	251	324	385	430	437	496	549
EBIT	1,346	1,171	1,268	393	625	1,203	1,685	2,057
Less: Interest (Long Term + Lease)	68	102	165	183	216	254	280	293
Add: Other Income	22	14	1	21	60	19	22	27
Add: Interest Income	1	2	5	6	15			
Add: Share of Associates' Profit	-	0	3	6	4			
EBT	1,301	1,084	1,106	230	488	968	1,428	1,791
Taxes	317	251	312	68	130	203	300	376
PAT	984	832	793	162	358	764	1,128	1,415
PAT Margin	20%	17%	13%	3%	6%	12%	15%	15%

YEAR	2021	2022	2023	2024	2025	2026E	2027E	2028E
P&L Ratios >>>>								
Gross profit Margin	55%	56%	54%	52%	55%	58%	58%	58%
EBITDA Margin	32%	29%	26%	15%	19%	26%	29%	28%
EBIT Margin	28%	24%	21%	8%	11%	19%	22%	22%
EBT Margin	27%	22%	18%	5%	9%	15%	19%	19%
PAT Margin	20%	17%	13%	3%	6%	12%	15%	15%
NOPAT	1,017	899	910	277	460	950	1,331	1,625
NOPAT Growth	-12%	1%	-70%	66%	106%	40%	22%	

Balance Sheet	2021	2022	2023	2024	2025	2026E	2027E	2028E
Liabilities								
Long Term Borrowings	429	596	761	798	646	646	646	646
Long Term Provisions	63	73	81	93	106	106	106	106
Deferred Tax Liabilities (Net)	19	69	82	57	32	32	32	32
Lease Liabilities	26	40	37	62	62	62	62	62
Other Financial Liabilities	83	83	91	42	-	-	-	-
Other Non current Liabilities	72	67	126	106	348	348	348	348
Long Term Liabilities	693	928	1,179	1,159	1,193	1,193	1,193	1,193
Accounts Payable	1179	876	711	1051	958	1,156	1,393	1,729
Short Term Borrowings (working capital loan)	886	1,136	1,211	1,709	2,048	1,895	2,151	2,285
Lease Liabilities	2	5	6	8	8	8	8	8
Other Financial Liabilities	236	301	192	139	338	338	338	338
Short Term Provisions	12	16	20	25	29	29	29	29
Current Tax Liabilities (Net)	13	38	65	36	57	57	57	57
Other current liabilities	129	309	228	144	101	101	101	101
Current Liabilities	2,457	2,681	2,432	3,112	3,540	3,585	4,078	4,548
Shareholders' Equity								
Share Capital	107	107	108	108	108	108	108	108
Reserves and Surplus	2,490	3,244	3,930	4,003	4,365	5,091	6,163	7,507
Non Controlling interest	-	8	11	5	130	130	130	130
Total Shareholders' Equity	2,598	3,359	4,049	4,116	4,603	5,329	6,400	7,744
Total Liabilities and Shareholders' Equity	5,748	6,968	7,660	8,387	9,336	10,107	11,672	13,485

Balance Sheet	2021	2022	2023	2024	2025	2026E	2027E	2028E
Assets								
PPE	1,860	2,257	3,016	3,446	3,668	3,690	4,194	4,645
CWIP	362	813	551	423	458	1,000	1,000	800
Goodwill	246	246	246	246	246	246	246	246
Intangible Assets	9	11	13	19	19	19	19	19
Other current Assets						-	-	-
Right to use Assets	55	138	133	178	189	189	189	189
Fixed Assets	2,533	3,466	3,959	4,313	4,582	5,145	5,649	5,899
Investments	3	31	50	124	233	233	233	233
Loans & Advances	42	60	49	47	49	48.66	48.66	48.66
Deffered Tax Assets	-	-	-	-	-	-	-	-
Non Current Tax Assets (Advance Taxes)	1	7	20	3	7	7	7	7
Other Non Current Asset	96	60	120	65	133	133	133	133
Financial Assets	143	158	239	239	422	422	422	422
Cash	48	75	46	139	100	346	745	1,763
Bank Balance	-	1	3	3	45	45	45	45
Accounts Receivable	1,306	1,354	1,580	1,663	2,007	1,851	2,275	2,509
Inventory	1,575	1,760	1,685	1,845	1,937	2,055	2,291	2,602
Investments	1	1	1	1	1	1	1	1
Short Term Loans & Advances						-	-	-
Other Financial Assets	39	2	16	9	6	6	6	6
Contract assets								
Other Current Assets	105	152	131	175	238	238	238	238
Current Assets	3,075	3,345	3,462	3,835	4,332	4,540	5,601	7,164
Total Assets	5,751	6,968	7,660	8,387	9,336	10,107	11,672	13,485

Cash Flow Statement	2021	2022	2023	2024	2025	2026E	2027E	2028E
Operating Cash Flow								
Net profit for the year	1,301	1,084	1,106	230	488	968	1,428	1,791
Add: Interest	58	86	145	175	210	254	280	293
Plus: Depreciation & Amortization	205	251	324	385	430	437	496	549
Less: Interest income	(1)	(2)	(5)	(6)	(15)	(19)	(22)	(27)
Less: Dividend income	-	-	-	-	-	-	-	-
Share based payment exp	3	7	7	11	10	-	-	-
Net Gain/Retirement on Sale of PPE	(0)	-	-	-	-	-	-	-
Bad Written off	3	-	2	5	53	-	-	-
Loss/gain on investments	-	-	-	(1)	-	-	-	-
Operating profit before working capital	1,556	1,435	1,591	793	1,118	-	-	-
Less: Changes in Working Capital	(594)	(342)	(315)	(29)	(375)	236	(424)	(209)
Less: Other Changes for CA and CL	-	-	-	-	-	-	-	-
Less: Taxes Paid	(229)	(182)	(285)	(105)	(138)	(203)	(300)	(376)
Cash Flow From Operations	733	911	991	660	606	1,672	1,457	2,020
Investing Cash Flow								
Payment towards Capital Expenditure	(689)	(877)	(990)	(678)	(641)	(1,000)	(1,000)	(800)
Payment towards Purchase of Fixed Assets	-	-	-	-	-	-	-	-
Proceeds from Sale of Fixed Assets	5	0	3	2	100	-	-	-
Investment in Associate	-	-	-	(80)	-	-	-	-
Changes in NCI	-	-	-	(72)	-	-	-	-
Investment in Joint Venture	-	-	-	-	(105)	-	-	-
Investments purchased	-	(12)	9	(0)	(41)	-	-	-
Acquisition in Subsidiary	(245)	(28)	(22)	-	-	-	-	-
Proceed from sale of investments	(14)	-	-	-	-	-	-	-
Interest and Dividend income	1	2	5	6	6	19	22	27
Cash Flow From Investing Activities	(941)	(914)	(996)	(822)	(682)	(981)	(978)	(773)
₹ 0								

Cash Flow Statement	2021	2022	2023	2024	2025	2026E	2027E	2028E
Financing Cash Flow								
Proceeds from issue of equity shares	₹ 0	₹ 0	₹ 0	₹ 0	₹ 0			
Proceeds from exercise of employee stock options	₹ 7	₹ 4	₹ 7	₹ 3	₹ 10			
Repayment of long - term borrowings	₹ -96	₹ -168	₹ -247	₹ -217	₹ -316			
Proceeds from long - term borrowings	₹ 398	₹ 414	₹ 384	₹ 364	₹ 179			
Payment of lease liabilities	₹ -11	₹ -73	₹ -8	₹ -33	₹ -31			
Proceeds from short - term borrowings (net)	₹ 89	₹ 24	₹ 85	₹ 394	₹ 324	(152)	256	134
Change in NCI	₹ 0	₹ 0	₹ 0	₹ 0	₹ 125			
Tax on dividend	₹ 0	₹ 0	₹ 0	₹ 0	₹ 0			
Interest paid	₹ -58	₹ -85	₹ -140	₹ -174	₹ -209	(254)	(280)	(293)
Dividend paid	₹ -75	₹ -86	₹ -107	₹ -86	₹ -43	(38)	(56)	(71)
Cash Flow From Financing Activities	₹ 255	₹ 30	₹ -27	₹ 250	₹ 39	(445)	(80)	(230)
Net increase (decrease) in cash	47	27	(32)	87	(37)	246	₹ 400	₹ 1,018
Opening Cash Balance	(1)	₹ 46	₹ 73	₹ 41	₹ 139	₹ 100	₹ 346	₹ 745
Closing Cash Balance	₹ 46	₹ 73	₹ 41	₹ 139	₹ 100	346	₹ 745	₹ 1,763

YEAR	2021	2022	2023	2024	2025	2026E	2027E	2028E
Total Asset Turnover	0.84	0.71	0.79	0.60	0.59	0.63	0.65	0.69
Fixed Asset Turnover	1.90	1.42	1.53	1.17	1.21	1.23	1.35	1.58
Working Capital Turnover	2.83	2.21	2.36	2.05	1.86	2.31	2.41	2.75
Receivable Turnover	3.69	3.64	3.82	3.03	0.56	3.43	3.36	3.70
Inventory Turnover	3.06	2.80	3.59	2.73	2.87	3.09	3.33	3.57
Payable Turnover	4.08	5.63	8.50	4.80	5.79	5.50	5.48	5.38
Debt/Equity	0.52	0.53	0.50	0.63	0.60	0.49	0.45	0.39
ROE	38%	25%	20%	4%	8%	14%	18%	18%
ROIC	24%	16%	14%	4%	6%	12%	15%	18%
Debt/EBITDA	0.87	1.25	1.27	3.31	2.62	1.59	1.31	1.15

Q3FY26 Concall Key Takeaway

Guidance: Key Takeaways (with Data Points)

Revenue Growth:

Q3 FY26 revenue at **₹1,778 Cr (+26% YoY)**; 9M FY26 at **₹5,001 Cr (+30% YoY)**.

Management is confident of **healthy full-year growth** led by Generics and CDMO.

Margins:

Gross margin: ~60–61% (Q3: 60.9%).

EBITDA margin: ~27% (Q3: 27%, 9M: 26.1%).

Guidance to **maintain ~60% GM and mid-20s EBITDA margins** going forward.

CDMO Outlook:

9M CDMO growth: >50% YoY.

Q3 small-molecule CDMO sales at **₹408 Cr**; biologics at **₹43 Cr**.

Quarterly volatility expected; **annual growth trajectory remains intact**.

Capex & Expansion:

Q3 capex: ₹246 Cr; **9M capex: ₹735 Cr**.

FY26 & FY27 capex guidance: ₹1,000+ Cr per year.

Peptide facilities under qualification; **biologics fermentation Phase-1 (~400 KL) by end-CY26**.

New Modalities (ADC & Gene Therapy):

~US\$25 Mn allocated for ADC GMP facility.

No meaningful revenues expected for next ~24 months.

Debt & Balance Sheet:

Net debt: ₹2,092 Cr.

Debt/EBITDA: 1.2x, expected to **improve further** despite capex.

Returns (ROCE):

Current **ROCE 18.5%**.

Management expects **gradual improvement**, but **no fixed timeline for 25% ROCE**.

Cash Flow:

9M operating cash flow >100% of EBITDA, aided by customer advances.

Management expects **structurally better cash conversion** over the next 5 years.

Strategic Discipline:

The company will **not enter sterile injectables or large-scale mAbs**, prioritising ROCE and capital efficiency.

Category	Key Information
Corporate Identity	Incorporated in 2005; Founded by Dr. Satyanarayana Chava; Headquartered in Hyderabad, India.
Stock Tickers	NSE: LAURUSLABS; BSE: 540222; Bloomberg: LAURUS IN.
Share Capital	Outstanding Shares: ~539.25 million; Face Value: ₹2 per share.
Shareholding Pattern	Promoters: 27.6%; FIIs: 26.2%; DIIs: 11.7%; Public/Others: 34.5% (approximate current mix).
Manufacturing Scale	12–15 Facilities (including drug substance and products); Total Reactor Volume of 8200+ KL.
R&D Infrastructure	5 State-of-the-art R&D centres; includes a new 200,000 sq. ft. facility in Telangana inaugurated in 2024.
Human Capital	7,042 Total Employees; includes a scientific and quality team of 2,632+ members.
Intellectual Property	292+ Patents filed; 237+ Patents granted; 91 DMFs filed globally.
Regulatory Standing	54 inspections passed by global regulators (USFDA, WHO, EMA, PMDA) since inception; Zero product recalls in the last 5 years.
ESG Ratings	MSCI ESG Rating: BBB; S&P Global ESG Score: 81 (up from 73 in the previous year).
Primary Auditor	M/s. Deloitte Haskins & Sells LLP, Chartered Accountants



¹ Through our Associate company ImmunoACT. * Earlier R1 & R2. * Ground broken in June 2025 and Capacity proposed in Phase 1

Disclosure

Disclosure Document – Trinetra Asset Managers

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Website: <https://trinetraassetmanagers.com/>

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