SHRIRAM Financial Services
associated with Sanlam group

Result Update

Q2FY27

Laurus Labs Ltd

Book Profit

13 November 2026 | CMP*: ₹2,400/- | Sector – Book Profit

Q2FY27 Performance

During Q2FY27, Laurus Labs reported revenue growth of 33% YoY and 9% QoQ to ₹2,206crs, driven by strong performance in the CDMO business, particularly small molecules, which grew 86% YoY, while Affordable Medicines (Generics) revenue increased 15%. EBITDA grew 86% YoY and 18% QoQ to ₹750crs, with EBITDA margin expanding to 34% from 24% in Q2FY26 and 31% in Q1FY27, supported by higher commercial supplies, improved capacity utilisation and favourable segment mix. Gross margin improved to 63% from 60% yoy. PAT increased 124% YoY and 20% QoQ to ₹436crs, with PAT margin improving to 20% from 12% in Q2FY26. For H1FY27, revenue grew 31% to ₹4,233crs, EBITDA increased 77% to ₹1,389crs and PAT rose 124% to ₹798crs.

Segment performance

- CDMO: The CDMO business continued to be the key growth driver, with revenue increased by 75% YoY and 4% QoQ to ₹904crs in Q2FY27. Small molecule CDMO revenue grew 86% YoY and 5% QoQ to ₹875crs, driven by the developing of late-stage clinical projects, higher commercial API supplies and ramp-up of new manufacturing assets. The company also reported sustained demand for complex and integrated small molecule offerings, with its CDMO pipeline continuing to expand across molecules, technologies and therapeutic indications. For H1FY27, small molecule CDMO revenue grew 77% to ₹1,710crs. Bio revenue declined 38% YoY and 17% QoQ to ₹29crs due to campaign phasing. The company is scaling enzymatic technology applications across clinical and commercial API projects, while its LB-4 fermentation facility is progressing as planned, with commissioning expected in Q3FY27.
- Affordable Medicines (Generics): Revenue grew 15% YoY and 13% QoQ to ₹1,302crs, supported by higher order inflows, consistent volumes and pricing resilience across the broader ARV and US portfolio. API revenue remained largely stable, growing 1% YoY to ₹625crs, while it declined 4% sequentially. FDF revenue performed better, increasing 31% YoY and 35% QoQ to ₹677crs, supported by improved formulation sales. For H1FY27, Affordable Medicines revenue grew 13% to ₹2,458crs, with API and FDF revenue increasing 2% and 27%, respectively. ARV revenue remained largely flat at ₹735crs, growing just 0.3% YoY, but increased 10% QoQ. The company continues to focus on capacity expansion and integrated CMO supplies, while the KRKA JV's first-phase production blocks are expected to open around mid-2027.

Important Data

Nifty	25,299
Sensex	81,911
CMP* (₹)	2,400
M.CAP (₹ tn)	1.29
52 Week H/L (₹)	2,488/918
NSE Code	LAURUSLABS
BSE Code	540222
Bloomberg Code	LAURUS:IN

CMP is Close as on 12th November 2026

Shareholding	Mar-26	Jun-26	Sep-26
Promoter	27.5%	27.5%	27.5%
FII	25.8%	28.0%	30.8%
DII	14.0%	13.7%	11.9%
Public	32.7%	30.8%	29.9%

Financials

(₹ crs)

Particulars	FY23	FY24	FY25	FY26	FY27E	FY28E
Revenue	6041	5041	5554	6813	8370	9745
Growth %		-17%	10%	23%	23%	16%
EBITDA	1592	778	1055	1778	2505	2923
EBITDA margins %	26%	15%	19%	26%	30%	30%
PAT	793	162	358	890	1366	1581
PAT margins %	13%	3%	6%	13%	16%	16%
EPS	15	3	7	16	25	29
ROE %	20%	4%	8%	17%	20%	19%
P/E Ratio	157.8	771.8	349.6	140.7	96.4	83.3
EV/EBITDA (x)	83.8	172.2	127.1	75.3	53.6	46.1
Debt / Equity	0.5	0.6	0.6	0.4	0.4	0.4

Source: Company, ShriramFS Research

Relative Performance

Return %	1 yr	3yr	5yr
Laurus	144	560	437
Nifty 50	-3	30	39
SENSEX	-3	26	35

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Concall highlights

- CDMO updates
  - Management expects growth momentum to continue, supported by commercial supplies, late-stage projects and ramp-up of new assets.
  - Management indicated that the sequential growth in CDMO was not driven by any specific one-off order. It expects business momentum to remain consistent, supported by multiple commercialised programmes and projects at different stages. It has 18–24 months of visibility across programmes and does not expect any significant customer concentration or destocking issues.
  - Customer diversification: Laurus has been adding technical capabilities and expanding its customer relationships. Management indicated that it can offer almost any chemistry, modality and scale, except monoclonal antibodies, cephalosporins and penicillins.
  - Project pipeline: The company continues to add clinical programmes across different manufacturing technologies and therapeutic areas. Management refrained from disclosing the number of commercial or Phase III molecules, as project count does not necessarily reflect revenue potential.
- Peptides: Commercial-scale peptide facility at Vizag has been commissioned, with SPPS capacity of over 16,000 litres. Validation batches are expected over the next 12–18 months, while commercial revenues from some programmes are expected around FY29. Further capacity expansion is planned based on customer requirements.
  - Peptide manufacturing and backward integration: Peptide manufacturing involves SPPS, LPPS, hybrid and fermentation-based technologies, with the choice depending on the peptide sequence and programme requirements. Laurus expects all these technologies to remain relevant and has acquired a majority stake in SI&C Resins to strengthen its resin supply chain and improve competitiveness. Resin accounts for around 10–20% of peptide raw material costs, depending on peptide lengt
- GLP-1 opportunity: Management expects Laurus to play a meaningful role in the peptide and GLP-1 market, supported by its integrated manufacturing capabilities. However, no specific customer contracts were disclosed.
- Oligonucleotides: The proposed acquisition of 60% stake in Galenvs Sciences, Canada, will strengthen oligonucleotide development, purification and manufacturing capabilities. Management indicated that the company currently has no customers in this segment but expects the investment to add value in the near to medium term.
- Laurus Bio: LB-4 fermentation facility is expected to be qualified in Q3FY27, followed by trials in Q4FY27. Commercial supplies are expected to commence from Q1FY28.
- Affordable Medicines: Management expects formulation revenue growth to continue, supported by new product registrations and launches. KRKA JV production is expected to commence around mid-2027, with meaningful revenue contribution from FY28–FY29.
- Margin outlook: Management reiterated its comfort with maintaining gross margins above 60% and EBITDA margins above 30%. Q2 margin improvement was supported by better product mix and operating leverage.
- Capex: The ₹3,000crs capex plan for FY27–FY28 remains unchanged, with the majority directed towards API capacity expansion. Annual capex is expected to be around ₹1,500crs thereafter.
- Debt and cash flow: Net debt stood at ₹2,466crs, with net debt/EBITDA at 1.02x. Management indicated that additional inventory held at September-end is expected to be utilised in the current or coming quarter.

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Valuation & Outlook

Management remains positive on the medium-term growth outlook, supported by strong demand from existing customers, a healthy late-stage CDMO pipeline, increasing commercial supplies and ramp-up of new capacities. The CDMO business is expected to maintain its growth momentum, with 18–24 months of program visibility. In peptides, the newly commissioned facility with over 16,000 litres of SPPS capacity provides a platform for future growth, although validation batches are expected over the next 12–18 months and meaningful commercial revenues from some programs are likely around FY29. Laurus Bio is expected to improve from Q1FY28, following qualifications of the LB-4 facility and commencement of commercial supplies. The company is also expanding its capabilities in oligonucleotides, gene therapy, ADCs and other advanced technologies to build long-term growth opportunities. In Affordable Medicines, formulation growth and the KRKA JV are expected to support performance, with meaningful JV revenues likely from FY28–FY29. Management reiterated its margin targets of gross margin above 60% and EBITDA margin above 30%, along with its ₹3,000crs capex plan for FY27–FY28. It also aims to increase CDMO's contribution to at least 50% of revenue by FY30. Going ahead, capacity utilization, execution of new projects and cash flow generation will be key monitorable, given the elevated capex program and net debt of ₹2,466crs.

Laurus is expected to deliver strong earnings growth over FY26–FY28E, with revenue, EBITDA and PAT projected to grow at CAGRs of 20%, 28% and 33%, respectively. EBITDA growth is expected to outpace revenue growth, supported by an improvement in gross margins from 60% in FY26 to 64% in FY28E, operating leverage and a favourable business mix. Growth will be driven by continued CDMO expansion, higher commercial supplies and ramp-up of new capacities, including peptides and advanced biologics. EBITDA margins are projected to improve to around 30% from 26% in FY26.

Laurus Labs is currently trading at 96x FY27E and 83x FY28E earnings, with EV/EBITDA multiples of 53x and 46x, respectively. While the company is expected to deliver strong earnings growth over FY26–FY28E, valuations remain premium. We had assigned an Accumulate rating with a target price indicating an upside potential of 25% in our report dated 19 July. The stock touched a 52-week high on 9th November 2026 and has delivered a return of around 60%, thereby meeting our target. We continue to advise long-term investors to remain invested for potential future gains, supported by the company's growth outlook. However, with the target achieved, **we are closing our recommendation and booking profit in this report.**

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Quarterly Performance

(₹ crs)

Particulars	Q2FY27	Q2FY26	YoY %	Q1FY27	QoQ %	1HFY27	1HFY26	YoY %
Revenue (net)	2,206	1,653	33%	2,026	9%	4,233	3,223	31%
Costs of Materials Consumed	901	677	33%	786	15%	1,686	1,276	32%
Purchase of Base Depot / Spares	45	31	47%	35	28%	80	69	16%
Stock Adj. (Inc) / Dec.	(130)	(44)	195%	(65)	100%	(194)	-45	336%
Cost of goods sold	816	663	23%	756	8%	1,572	1,301	21%
% of Revenue	37%	40%		37%		37%	40%	
Gross Profit	1,390	990	40%	1,270	9%	2,661	1,922	38%
% Margin	63%	60%		63%		63%	60%	
Employees exp	266	216	23%	259	3%	524	430	22%
% of Revenue	12%	13%		13%		12%	13%	
Other expenses	374	371	1%	373	0%	748	707	6%
Total expenses	1,456	1,250	16%	1,388	5%	2,844	2,438	17%
% of Revenue	66%	76%		69%		67%	76%	
EBITDA	750	403	86%	638	18%	1,389	785	77%
% Margin	34%	24%		31%		33%	24%	
Depreciation	127	120	6%	124	3%	251	237	6%
Operating Profit	623	283	120%	514	21%	1,137	548	108%
% Margin	28%	17%		25%		27%	17%	
Other Income	13	27	-52%	9	42%	22	37	-41%
EBIT	636	310	105%	524	21%	1,160	585	98%
Finance Cost	44	40	10%	42	4%	86	92	-6%
EBT	592	270	119%	481	23%	1,073	494	117%
Total Tax Expense / (Credit)	155	76	104%	119	30%	274	139	97%
Add: Profit / (Loss) from JV/ Assoc.	(1)	1	-174%	0	-788%	(0)	1	-135%
PAT (Reported)	436	194	124%	362	20%	798	356	124%
% Margin	20%	12%		18%		19%	11%	
PAT (Adjusted)	436	194	124%	362	20%	798	356	124%
% Margin	20%	12%		18%		19%	11%	
EPS - Reported	8.1	3.6	124%	6.7	20%	15	7	124%

Source: Company, ShriramFS Research

(₹ crs)

Segment performance	Q2FY27	Q2FY26	YoY %	Q1FY27	QoQ %	1HFY27	1HFY26	YoY %
CDMO	904	518	75%	870	4%	1,774	1,040	71%
Small molecules	875	471	86%	835	5%	1,710	964	77%
Bio	29	47	-38%	35	-17%	64	76	-16%
Generics (Affordable Medicines)	1302	1135	15%	1156	13%	2,458	2,183	13%
API	625	617	1%	654	-4%	1,279	1,254	2%
FDF	677	518	31%	502	35%	1,179	929	27%
Total Revenues	2,206	1,653	33%	2,026	9%	4,232	3,223	31%
ARV Revenues*	735	733	0%	669	10%	1,404	1,380	2%

Source: Company, ShriramFS Research

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Particulars	FY23	FY24	FY25	FY26	FY27E	FY28E
Revenue (net)	6041	5041	5554	6813	8,370	9,745
Growth %		-17%	10%	23%	23%	16%
TOTAL INCOME	6041	5041	5554	6813	8,370	9,745
Total Costs of Goods Consumed	2774	2432	2478	2695	3,227	3,508
% of Revenue	46%	48%	45%	40%	39%	36%
					0	0
Gross Profit	3266	2608	3076	4117	5,143	6,237
% Margin	54%	52%	55%	60%	61%	64%
					0	0
Employees exp	581	640	720	895	1,021	1,267
% of Revenue	10%	13%	13%	13%	12%	13%
					0	0
Other expenses	1093	1191	1301	1444	1,617	2,046
TOTAL OPER EXPENDITURE	4448	4263	4499	5035	5,865	6,821
% of Revenue	74%	85%	81%	74%	70%	70%
EBITDA	1592	778	1055	1778	2,505	2,923
% Margin	26%	15%	19%	26%	30%	30%
Depreciation	324	385	430	480	506	597
Operating Profit	1268	393	625	1298	2,000	2,327
% Margin	21%	8%	11%	19%	24%	24%
Other Income	6	26	75	55	42	40
EBIT	1274	419	700	1353	2,042	2,367
Finance Cost	165	183	216	171	196	231
EBT	1109	236	484	1182	1,846	2,136
Total Tax Expense / (Credit)	312	68	130	292	480	555
Add: Profit / (Loss) from JV/ Assoc.	-3	-6	4	0	0	0
PAT (Reported)	793	162	358	890	1,366	1,581
% Margin	13%	3%	6%	13%	16%	16%
PAT (Adjusted)	793	162	358	890	1,366	1,581
% Margin	13%	3%	6%	13%	16%	16%
EPS - Reported	15	3	7	16	25	29

Source: Company, ShriramFS Research

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Disclosure of Interest Statement: Laurus Labs Ltd as on 13 November 2026

Name of the Security	Laurus Labs Ltd
Name of the analyst	Rupali Singh
Analysts' ownership of any stock related to the information contained Financial Interest Analyst : Analyst's Relative : Yes / No Analyst's Associate/Firm : Yes/No	NIL No No No
Conflict of Interest	No
Receipt of Compensation	No
Shriram FS ownership of any stock related to the information contained	NIL
Broking relationship with company covered	NIL
Investment Banking relationship with company covered	NIL

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