



STOCK UPDATE

Result Update - Q3FY2026

SECTOR

Pharmaceuticals

COMPANY DETAILS

Market cap:	Rs. 57,133 cr
52-week high/low:	Rs. 1141/501
NSE volume: (No of shares)	27.4 lakh
BSE code:	540222
NSE code:	LAURUSLABS
Free float: (No of shares)	39.1 cr

Source: NSE, BSE, Mirae Asset Sharekhan Research

SHAREHOLDING (%)

Promoters	27.5
FII	26.5
DII	12.4
Others	33.6

Source: NSE, BSE, Mirae Asset Sharekhan Research

PRICE CHART



Source: NSE, BSE, Mirae Asset Sharekhan Research

PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	-5.5	8.9	20.1	76.2
Relative to Sensex	-1.7	11.4	19.0	68.5

Source: Mirae Asset Sharekhan Research, Bloomberg

Laurus Labs Ltd

Generics drive growth in Q3, Awaiting further scale up in CDMO

Reco/View: **HOLD**

CMP: **Rs. 1,000**

Price Target: **Rs. 1,101**

Quick Snapshot

- Generic formulations revenue drove growth, segment rose ~37% y-o-y
- Margins now back in 'high-20s', on a better mix (more CDMO and higher-value generics) and improved cost absorption. ROCE improved to ~18.5%, indicating better asset productivity as new capacities start contributing.
- CDMO business continues to scale up and can significantly add to bottomline in 2-3 years.
- With improving asset utilisations, we value the stock at 47x on FY28E earnings of 23.4 and retain the Hold rating with a PT of Rs.1,101.

Result overview

- Q3FY26 numbers were stellar with robust revenue growth, sharp margin expansion, and a big jump in profitability, led by generics segment. Revenue stood at ~Rs.1,778 crore, up ~26% y-o-y from Rs. 1,415 crore. Gross margin stood at ~60.9%, is the highest in the past eight quarters, and EBITDA at around ~Rs.480 crore, with EBITDA margin at ~27% vs ~20% a year ago is also at near its highest levels in the last eight quarters, reflecting a richer product mix and operating leverage. PAT stood at about Rs. 252 crore, up roughly 170-174% y-o-y from Rs. 92 crore.
- Generic formulations/division revenue was the main growth engine, with this segment growing at 37% y-o-y. The generics division's growth is supported by strong uptake in recently launched products within developed markets. The management guided for healthy visibility for the rest of FY26E. Phae 1 of the KRKA JV facility in Hyderabad is also expected to come on-stream in mid-2027 (phase 1) and will manufacture formulations for the European market.

- CDMO to get more traction in Q4FY26:** On a y-o-y basis, CDMO revenue growth was muted at 1%, and has been attributed to phasing of deliveries for very long and complex synthetic processes. The management expects the revenue growth to occur in Q4. Despite muted revenue growth in the segment in Q3, over a 9M period, revenue has improved by 50%, on account of strong recurring business and project ramp-ups. This has led to 3% increase in portfolio mix for the segment in the overall revenue mix resulting in margin improvements.

Our Call

Laurus Labs continues to invest and the improvements in RoCE indicate that the capex is being used effectively. The management continues to meet guidance and given the increase in margins, and positive outlook, we value the stock at 47x on FY28E EPS. of 23.4 and retain the Hold rating with a PT of Rs.1,101.

Key Risks

Delays in product approvals or any negative outcome of facility inspection by the USFDA can affect earnings prospects.

Valuation

Particulars	FY24	FY25	FY26E	FY27E	FY28E	Rs cr
Sales	5,040.8	5,554.0	6,412.2	7,566.3	8,852.6	
OPM(%)	15.4	19.0	26.3	26.9	27.4	
PAT	160.5	358.3	767.5	1,058.0	1,262.1	
NPM (%)	3.2	6.5	12.0	14.0	14.3	
EPS	3.0	6.7	14.2	19.6	23.4	
P/E	335.9	150.5	70.3	51.0	42.7	
P/BV	6.1	7.0	10.2	8.5	-	
EV/EBIDTA	32.0	23.6	14.8	12.2	10.3	
ROE (%)	3.9	8.0	14.6	16.8	-	
ROCE (%)	5.9	8.6	13.9	13.3	-	

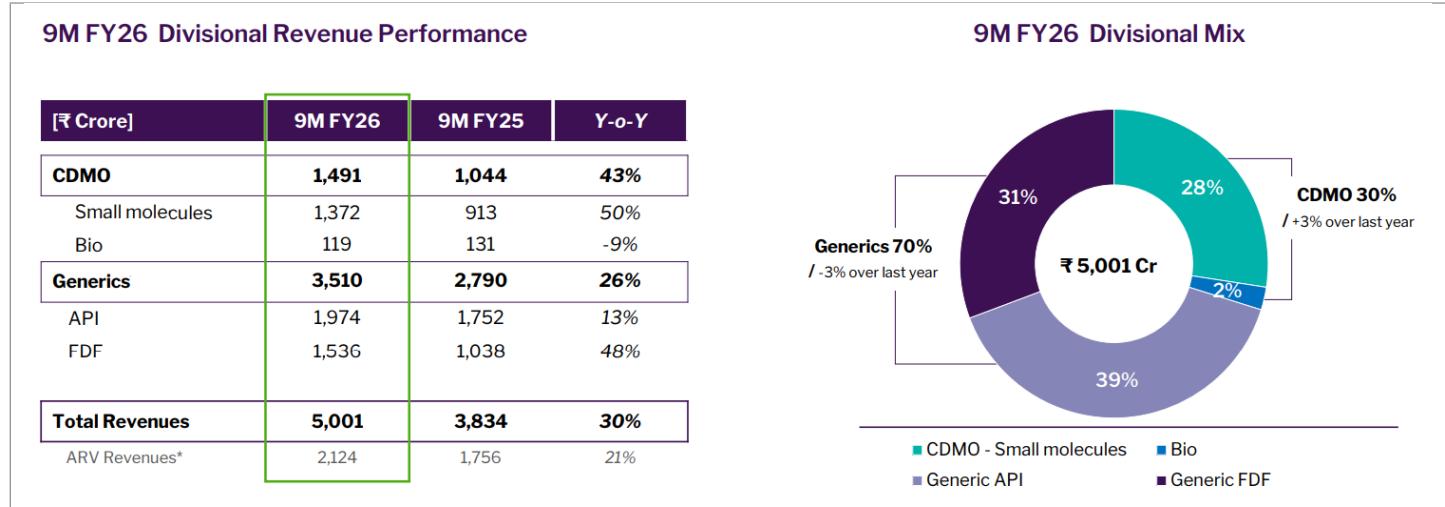
Source: Company; Mirae Asset Sharekhan estimates

Management commentary:

- In the anti-retrovirals (ARV) business, the steep price reductions and margin reductions have been largely offset by increased volumes, optimising asset utilisation, and cost improvement mechanisms.
- The management expects to maintain gross margins in the range of 60% with increased share of CDMO and formulations (fdf) business.
- For the CDMO segment, the majority of FY27 revenues are expected to come from commercial supplies of new molecules.
- Non-ARV formulations business expects sustained performance due to new launches in North America (US and Canada).
- Vizag commercial fermentation facility's Phase 1 capacity (>400 kL) expected operational by end-2026.
- Peptide commercial manufacturing facilities slated for qualification in 2026.
- Laurus Labs invested Rs.246 crore in capex during Q3 FY26, lifting 9MFY26 total to Rs.735 crore, with full-year FY26 guidance at ~Rs.1,000 crore (and over Rs.1,000 crore again in FY27).
- \$25 million has been allocated to the ADC GMP facility, but meaningful revenues from ADCs are not expected in the next two years.
- CDMO revenue will remain lumpy quarter-to-quarter due to timing of partner manufacturing needs and demand.

CDMO – Long-term growth story

- During 9MFY26, the CDMO division's contribution has increased by 4% in comparison with the previous year. While the segment's growth was muted in Q3, management expects Q4 to be better. Management continues to maintain its guidance in terms of revenue and additional capex for both generics and CDMO segments.



Other Highlights

- Generics drove growth in the quarter. Increase in volumes help negate price erosion effect and boost margins.
- Significant y-o-y growth is also on account of a low base effect.
- With the expected improvement in CDMO revenues, management expects to maintain gross margins in the range of 60% for the full year.

Results

Particulars	Q3FY26	Q3FY25	Y-o-Y %	Q2FY26	Rs cr Q-o-Q %
Revenues	1778.3	1415.1	25.7%	1653.5	7.5%
EBITDA	480.2	285.2	68.4%	403.3	19.1%
Adjusted PAT	251.9	92.9	171.0%	194.5	29.5%
EPS	4.7	1.7	171.9%	3.6	28.8%
			BPS		BPS
NPM(%)	14.2	6.6	760	11.8	240
EBITDA M (%)	27.0	20.2	685	24.4	262

Source: Company; Mirae Asset Sharekhan Research
Additional Data
Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	Chava Satyanarayana	23.28
2	Capital Grp Cos	9.56
3	Small cap world fund	3.82
4	Anukar projects pvt ltd	3.24
5	Mirae Asset Financial Grp	3.10
6	Vanguard Group Inc	2.80
7	Rao Chundru	2.65
8	Barclays Wealth Trustees Ind pvt ltd	1.61
9	Bhanshali Akash	1.32
10	Blackrock Inc	1.30

Source: Bloomberg
Key management personnel

Name	Designation
Dr. Satyanarayana Chava	Founder and CEO
Mr. V Ravi Kumar	Executive Director and CFO
G. Venkateswar Reddy	Company Secretary and Compliance Officer

Source: Company Website

Mirae Asset Sharekhan Limited, its analyst or dependant(s) of the analyst might be holding or having a position in the companies mentioned in the article.

DISCLAIMER

This information/document has been prepared by Sharekhan Ltd. and is intended for use only by the person or entity to which it is addressed to. This Document may contain confidential and/or privileged material and is not for any type of circulation, and any review, retransmission, or any other use is strictly prohibited. This information/ document is subject to change without prior notice.

Recommendation in reports based on technical and derivatives analysis is based on studying charts of a stock's price movement, trading volume, and outstanding positions, as opposed to focusing on a company's fundamentals and as such, may not match with a report on a company's fundamentals. However, this would only apply to information/documents focused on technical and derivatives research and shall not apply to reports/documents/information focused on fundamental research.

This information/document does not constitute an offer to sell or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. Though disseminated to all customers who are due to receive the same, not all customers may receive this report at the same time. Mirae Asset Sharekhan will not treat recipients as customers by virtue of their receiving this information/report.

The information contained herein is obtained from publicly available data or other sources believed to be reliable, and Mirae Asset Sharekhan has not independently verified the accuracy and completeness of the said data and hence it should not be relied upon as such. While we would endeavour to update the information herein on a reasonable basis, Mirae Asset Sharekhan, its subsidiaries and associated companies, their directors, and employees ("Mirae Asset Sharekhan and affiliates") are under no obligation to update or keep the information current. Also, there may be regulatory, compliance, or other reasons that may prevent Mirae Asset Sharekhan and its affiliates from doing so. This document is prepared for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. Recipients of this report should also be aware that past performance is not necessarily a guide to future performance, and the value of investments can go down as well. The user assumes the entire risk of any use made of this information. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved) and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. We do not undertake to advise you as to any change of our views. Affiliates of Mirae Asset Sharekhan may have issued other recommendations/ reports that are inconsistent with and reach different conclusions from the information presented in this recommendations/report.

This information/recommendation/report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject Mirae Asset Sharekhan and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to a certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restrictions.

The analyst certifies that the analyst might have dealt or traded directly or indirectly in the securities of the company and that all the views expressed in this document accurately reflect his or her personal views about the subject company or companies and its or their securities and do not necessarily reflect those of Mirae Asset Sharekhan. The analyst and Mirae Asset Sharekhan further certifies that either he or his relatives or Mirae Asset Sharekhan associates might have direct or indirect financial interest or might have actual or beneficial ownership of 1% or more in the securities of the company at the end of the month immediately preceding the date of publication of the research report. The analyst and Mirae Asset Sharekhan encourage independence in research report/ material preparation and strive to minimize conflict in the preparation of the research report. The analyst and Mirae Asset Sharekhan do not have any material conflict of interest or have not served as officers, directors or employees or engaged in market-making activity of the company. The analyst and Mirae Asset Sharekhan have not been a part of the team which has managed or co-managed the public offerings of the company, and no part of the analyst's compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this document. Sharekhan Ltd, or its associates, or analysts have not received any compensation for investment banking, merchant banking, brokerage services or any compensation or other benefits from the subject company or from a third party in the past twelve months in connection with the research report.

Either Mirae Asset Sharekhan or its affiliates or its directors or employees/representatives/clients or their relatives may have position(s), make market, act as principal or engage in transactions of purchase or sell of securities, from time to time or may be materially interested in any of the securities or related securities referred to in this report and they may have used the information set forth herein before publication. Mirae Asset Sharekhan may from time to time solicit from, or perform investment banking or other services for, any company mentioned herein. Without limiting any of the foregoing, in no event shall Mirae Asset Sharekhan, any of its affiliates or any third party involved in, or related to, computing or compiling the information have any liability for any damages of any kind.

Forward-looking statements (if any) are provided to allow potential investors the opportunity to understand management's beliefs and opinions in respect of the future so that they may use such beliefs and opinions as one factor in evaluating an investment. These statements are not a guarantee of future performance, and undue reliance should not be placed on them. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. Sharekhan Ltd and its affiliates undertake no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change, except as required by applicable securities laws. The reader/investors are cautioned not to place undue reliance on forward-looking statements and use their independent judgment before taking any investment decision.

Investment in securities market are subject to market risks, read all the related documents carefully before investing. The securities quoted are for illustration only and are not recommendatory. Registration granted by SEBI, and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Mirae Asset Sharekhan has been ranked as India's No.1 Retail Broker by Asiamoney Brokers Poll 2023. For more details, visit bit.ly/AsiamoneyPoll

Client should read the Risk Disclosure Document issued by SEBI & relevant exchanges and the T&C on www.sharekhan.com

Registered Office: 1st Floor, Tower No. 3, Equinox Business Park, LBS Marg, Off BKC, Kurla (West), Mumbai 400 070, Maharashtra, India. Tel: 022-67502000.

Correspondence/Administrative Office Address - Gigaplex IT Park, Unit No 1001, 10th floor, Building No.9, TTC Industrial Area, Digha, Airoli-West, Navi Mumbai - 400708. Tel: 022 61169000 / 61150000.

Registration and Contact Details: Name of Research Analyst - Sharekhan Limited - (AMFI-registered Mutual Fund Distributor), Research Analyst Regn No.: INH000006183. CIN: U99999MH1995PLC087498.

SEBI Regn. Nos.: BSE / NSE (CASH / F&O / CD) / MCX - Commodity: INZ000171337; BSE - 748, NSE - 10733, MCX - 56125, DP: NSDL/CDSL-IN-DP-365-2018; PMS: INP000005786; Mutual Fund: ARN 20669 (date of initial registration: 03/07/2004, and valid till 02/07/2026); IRDAI Registered Corporate Agent (Composite) License No. CA0950, valid till June 13, 2027.

Compliance Officer: Mr. Joby John Meledan; Tel: 022-4657 3809; email id: complianceofficer@sharekhan.com

For any complaints/ grievances, email us at igc@sharekhan.com, or you may even call the Customer Service desk on 022-41523200/ 022-61151111.