

## LAURUS LABS LTD.

Sector

May 18, 2026

Buy at CMP: Rs 1324 | Target: Rs 1484 (12%) | SL: Rs 1220

Healthcare

Laurus Labs Limited offers broad and integrated portfolio of AP) including intermediates, Generic Finished dosage forms (FDF) and Contract Research services to cater to the needs of the global pharmaceutical industry.

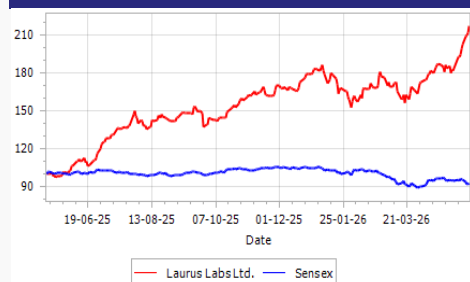
### Script Details

BSE Group	A
BSE Code	540222
NSE Code	LAURUSLABS
Bloomberg Code	LAURUS IN
Market Cap (INR Cr.)	71,021
Free Float (%)	72.5%
52wk Low/High	1323/584
Beta (1yr Nifty 50)	0.97
Face Value (INR)/ D. Yield (%)	2/0.2
Total paid Up Shares (Mn.)	539.9

### Share Holding Pattern (%)

FII's	DII's	Public
45.0%	20.8%	34.2%

### Share Price Relative Performance



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### Investment Rationale

- ♦ **Structural Pivot toward a High-Margin CDMO-led Model:** Laurus Labs is successfully executing a multi-year strategy to reduce its reliance on the volatile Antiretroviral (ARV) segment while aggressively scaling its CDMO division. The CDMO share of total revenue has increased from 13% in FY 2019 to 31% in FY 2026, with a long-term goal to reach 50% by 2030. Small-molecule CDMO alone recorded 38% year-on-year growth in FY 2026. The company has de-risked its CDMO portfolio by moving from early-stage clinical programs to late-stage and commercial supplies. The project pipeline has expanded significantly to 125 active projects (nearly doubling from approximately 60 projects just three years ago).
- ♦ **Significant Operating Leverage and Margin Expansion:** The shift in business mix toward higher-value CDMO services is directly translating into sharp margin expansion and improved return on capital. Gross Margins reached 60.4% (up 500 bps), and EBITDA Margins expanded to 26.8% (up 670 bps). Management highlighted that as revenues grow, fixed costs like R&D and quality staffing (which already account for ~40% of the workforce) will not increase proportionately, allowing more revenue to flow directly to the bottom line.
- ♦ **Aggressive Capex Backing Future Growth Modalities:** Laurus is investing heavily "ahead of the curve" to establish leadership in complex, specialized technologies that are currently seeing high demand due to global supply chain diversification. The company is implementing an aggressive INR 3,000 crore capex program over the next two years. This is bolstered by a massive \$600 million 8-year investment plan for a new 532-acre manufacturing complex in Vizag (Unit 7). A commercial-scale peptide manufacturing block is expected to be ready for validation in Q2 FY 2027. Phase 1 of a new greenfield fermentation site (400 KL) in Vizag is on track to be operational by end-2026, with a total potential site capacity of 2 million litres.
- ♦ **Valuations:** We model a Revenue/PAT CAGR of 8%/21% and estimate LAURUSLABS to clock PAT of Rs 1,192 Cr by FY28E. LAURUSLABS is trading at forward P/E(x) of 59.6x and we value at 66.8(x) FY28E and Recommend BUY on LAURUSLABS with TP Price of Rs. 1,484 (12.1%).

Year	Revenue	EBITDA	PAT	PE Ratio (x)	EV/EBITDA (x)
FY23	6,041	1,592	790	89.9	46.4
FY24	5,041	778	161	442.4	94.9
FY25	5,554	1,055	358	198.2	69.9
FY26	6,813	1,778	889	79.9	41.5
FY27E	7,358	1,839	1,104	64.3	40.1
FY28E	7,947	1,987	1,192	59.6	37.1

Source: Company Data, Ace Equity, GEPL Research

## Observation

- Laurus Labs has been witnessing a strong uptrend since March 2026 and continues to form a higher top-higher bottom structure on the charts, indicating a sustained bullish trend and strong buying interest at lower levels.
- Technically, the stock is trading comfortably above its key 12-week, 20-week, and 50-week EMAs, reflecting strong trend strength and positive price alignment across higher timeframes. This positioning suggests that the broader trend remains firmly in favour of the bulls.
- The momentum indicator MACD also continues to remain in a positive upward trajectory, further supporting the ongoing bullish momentum and indicating strength in the prevailing uptrend.
- In addition, the stock has demonstrated notable relative strength amid recent broader market volatility, highlighting resilience and continued accumulation by market participants.
- Considering the strong technical setup across multiple timeframes, the stock appears well positioned for further upside towards the 1,484 level. Traders may consider maintaining a closing-basis stop loss at 1,220 to manage downside risk effectively.



TradingView

Source: Tradingview.in, GEPL Research

## Inference & Expectations

- Considering these factors, it can be inferred that LAURUSLABS stock is set to continue uptrend.
- Going ahead we expect the prices to move higher till 1484 level.
- The stop loss must be at 1220 level, strictly on the closing basis.

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