

May 05, 2026

To The Corporate Relations Department BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001 Code: 540222	To The Listing Department National Stock Exchange of India Ltd., Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051 Code: LAURUSLABS
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Dear Sir / Madam,

Sub: Transcript of the Q4 FY '26 Results Conference Call hosted on April 30, 2026

Pursuant to Regulation 30 & 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and with reference to our results conference call intimation dated April 09, 2026, please be informed that the results conference call for Q4 FY26 was hosted on April 30, 2026 and the transcript of the conference call is enclosed herewith.

This is for your information and records.

Thanking You

Yours faithfully,
For **Laurus Labs Limited**

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“Laurus Labs Limited
Q4 FY26 Earnings Conference Call”

April 30, 2026



MANAGEMENT: **DR. SATYANARAYANA CHAVA – FOUNDER AND
CHIEF EXECUTIVE OFFICER – LAURUS LABS LIMITED
MR. V. V. RAVI KUMAR – EXECUTIVE DIRECTOR AND
CHIEF FINANCIAL OFFICER – LAURUS LABS LIMITED
MR. KRISHNA CHAITANYA CHAVA – EXECUTIVE
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MR. SOUMYA CHAVA – EXECUTIVE DIRECTOR
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MR. VIVEK KUMAR –AVP – INVESTOR RELATIONS –
LAURUS LABS LIMITED**

MODERATOR: **MS. PAYAL SHAH – DAM CAPITAL ADVISORS**

Moderator: Ladies and gentlemen, good day, and welcome to the Laurus Labs Q4 FY26 Earnings Conference Call hosted by DAM Capital Advisors. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Payal Shah from DAM Capital Advisors. Thank you, and over to you, ma'am.

Payal Shah: Thank you. Good afternoon, everyone, and a very warm welcome to Laurus Labs Q4 FY26 Earnings call hosted by DAM Capital Advisors. On the call today, we have representing Laurus Labs management, Dr. Satyanarayana Chava, Founder and CEO; Mr. V. V. Ravi Kumar, Executive Director and CFO; Mr. Krishna Chaitanya Chava, ED, Head CDMO; Mr. Soumya Chava, ED, Generics and Commercial and Mr. Vivek Kumar, AVP, Investor Relations.

Before we proceed, I would like to remind you that some of the statements made during the call today could be forward-looking in nature, and a safe harbor statement to this effect has been included in the press release that has been shared on the company's website. I hand over the call to Dr. Chava to make the opening comments, and then we'll open the floor for questions. Please go ahead, sir.

Satyanarayana Chava: Good afternoon to all our stakeholders. Our company's purpose of chemistry for better living guides everything what we do. In 2026, we significantly accelerated our performance, reflecting sustained demand in technology-driven commercial offerings. The transformation of our portfolio is well underway. The momentum is building as we continue to execute on our strategy with clear focus.

In 2026, our business benefitted from successful clinical and commercial supplies for complex NCE compounds, ramp-up of supplies of the few new launches and sustained global leadership in anti-retroviral therapy, where we continue to service 1/3 of the global HIV population. We continue to advance our well-recognized development and manufacturing platform capabilities with global customers.

I'm confident in our ability that this will further expand business opportunities in coming years. The company has exceeded 8,200 cubic meters of reactor volume for small molecule, API and intermediate manufacturing in FY '26. As we progress, we are making significant investment behind important technologies, high-growth modalities, large-scale manufacturing infrastructure to support our clients' needs.

Currently, we are managing several capex growth projects, which will be executed in the next 2 years. 90% of project spend is towards mid- and large-scale manufacturing. I will just mark a few areas where we are investing. We are creating a large manufacturing greenfield project, Unit 7, and the first production will be ready for commercial validation by March '27 and four additional manufacturing during the next financial year FY '28 with a combined reactor volume of over 2,000 cubic meters. Second, commercial scale peptide manufacturing block will be ready

for commercial scale validation during Q2 of this financial year FY '27. Animal Health, there is some capacities at Unit 10, which is addition to LSPL Unit 2.

Fourth, a fermentation greenfield site for our Laurus Bio, Phase 1 will start by end of 2026. Lastly, we are also spending on formulation facility under our KRKA joint venture in Hyderabad, and we expect Phase 1 will be completed by mid-2027. Moving on to our financial results. Laurus maintained its business momentum and delivered robust operational and financial performance for the financial year 2026.

The company's revenues were INR6,813 crores with a growth of 23% over previous year. This was mainly driven by significant growth in CDMO business, supported by Affordable Medicine portfolio, which is Generics. Gross margins were healthy and maintained around 60% range and EBITDA margins expanded by 6.7 percentage points to 26.8%.

Our product mix within business division and operating leverage have continued to do well, supporting our healthy margins overall. When we look back at our last 6 years, Laurus has delivered on successful transformation across both business and product portfolio. Today, our share of CDMO business has increased from 13% 6 years back to over 30% right now. The contribution from ARV revenues come down from 67% to 41% in the current financial year, while sustaining absolute sales and global leadership in HIV therapy. And we are deepening our CMO partnership based on consistent supply track record of large volume API and FDF. I would request Mr. Krishna Chaitanya to share key updates on our CDMO business.

Krishna Chaitanya Chava: Thank you. The CDMO business delivered robust operational execution for the full year, clocking at a little over INR2,000 crores at INR2,080 crores. For the small molecule CDMO, we have clocked a growth of about 38% with the sales for the full year at INR1,896 crores. The growth essentially came from late-stage pipeline programs, commercial NCE API supplies to several global partners and also ramp-up of the growth projects.

For the small molecule side in Q4, our sales stood at about INR524 crores. As I said, majority of the business has come from the commercial revenues, which are programs that are very early in their commercial journey. The underlying demand momentum for complex APIs remains strong, driving increase of outsourcing activities with trusted partners like Laurus, which operates in advanced technology platforms, offering leading solutions in both chemistry and biology with large manufacturing capacities.

Our small molecules pipeline continues to expand with focus on high-value programs and fully integrated programs across technologies such as biocatalysis, flow chemistry, hydrogenations, continuous manufacturing of drug products, High potent APIs, amongst others. There is continued investment into capacity creation at Vizag. And also, we are advancing quite well, as Dr. Satya mentioned, on commercial peptide manufacturing capabilities based on customer demand. Coming to Laurus Bio, the Bio division reported a Q4 sales of about INR65 crores.

On a year-on-year basis, that's about 124%, partly due to the lower base that was there last year. If you look at our full year numbers, sales has increased by about 15%, which is largely along

the expectations that we had. The good part is that this growth is supported by customer revenue diversification and also continued pipeline progress on global accounts (both in AOF, animal-origin-free portfolio and the CDMO). Construction work for the commercial scale fermentation facility in Vizag is progressing well in line with the plan, and we expect the Phase 1 capacity to be operational by the end of 2026. Now I'd like to request Ms. Soumya Chava to share key updates on our Affordable Medicines portfolio.

Soumya Chava:

Thank you. Revenue from the Affordable Medicines division, formerly Generics, stood at INR1,223 crores in Q4 with the momentum sustained on an absolute basis, though the growth has been slightly moderated. For the full year, the division delivered INR4,733 crores in revenue, reflecting a strong 18% growth.

FY '26 growth was driven by higher volumes across ARV and oncology portfolios, along with strong traction from recent launches in developed markets. We maintained a consistent supply track record despite global supply chain challenges. However, increasing geopolitical disruptions may impact raw material availability and logistics, potentially creating a near-term pressure on OTIF performance across the industry.

That said, the business outlook remains steady. We continue to focus on optimized capacity allocation, improved supply efficiency, ramp-up of new product launches, integrated CMO opportunities and expanding our footprint across developed and emerging markets, particularly in the non-ARV segments.

The oral solid facility expansion is progressing well with formulation capacity increased by 20% in FY '26 to 12 billion units. On the regulatory front, we have filed a cumulative 92 DMFs to date. In developed markets, we filed 7 dossiers and received 6 approvals in FY '26, taking the total to 94 products filings cumulative. Thank you.

Satyanarayana Chava:

Thanks, Krishna and Soumya, for the overview of generics and CDMO business segments. On R&D front, our overall R&D spending to sales for FY '26 was at 4.1%, increased by 10% year-on-year, including our expenditure on cell and gene therapy space. The spend is in line, and we expect a similar percentage going into the next year as well.

We continue to invest in portfolio, focusing on product complexity, scale and sustainable technology platforms. Let me share a brief on our quality and ESG side as well. In 2026, the company underwent close to 132 quality audits by multiple drug regulatory agencies and several customers. Company has successfully passed audit inspections without any critical findings.

We remain committed to advancing quality systems, meeting highest compliance standards from clients and global regulators as well. Besides, we continue to advance on our EHS/ESG initiatives, which is getting sustained recognition from global rating agencies. You may refer to our IR presentation for more details.

To conclude, our business model has proven as resilient, and we remain well positioned to execute on our growth strategy ahead. We will continue to focus on deepening strategic

partnerships and integrated capabilities, strengthening technology platforms and ecosystems, advancing pipeline as well as focused investment into capacity creation that will sustain our success in the long term.

I would like to again recognize the commitment and efforts of our dedicated teams towards strong R&D and operational execution, enabling continuous transformation of our company. Now I request Mr. Ravi Kumar, ED and CFO, to share overall financial highlights.

V. V. Ravi Kumar:

Thank you, Dr. Satya. A very warm welcome to everyone on quarter 4 and full year FY '26 earnings call. Let me quickly take you through the highlights. Total income from operations is INR6,813 crores with a growth of 23%. For the quarter 4, we are at INR1,812 crores with a 5% growth. Despite the ongoing macroeconomic challenges, we have continued to see the high level of demand in our integrated offerings.

Gross margin maintained at a healthy level of 60.4% and for quarter 4, it is at 61.4%, mainly due to better product mix and some of the process improvement efforts. EBITDA for the year stands at INR1,826 crores with a 26.8% margin, which is well in line with our broader outlook. For the quarter 4, EBITDA reported INR523 crores with a margin of 28.9% due to strong operating leverage.

Profit after tax for the year INR889 crores with a growth of 148% and quarter 4 is at INR279 crores. ROCE is around 17.7% improved from 9.7% for the previous year. On the capex front, which is a key enabler for Laurus for future growth and also a key focus for the organization now and going forward, we invested close to INR335 crores for the quarter and INR1,070 crores for the full year.

More than 75% invested into expansion of CDMO and CMO capabilities, rest in common infrastructure like ETP and maintenance. Our net debt stood at INR2,285 crores and debt by EBITDA is 1.25 versus 2.3 last year on the back of strong internal cash flows. Of course, though there is a debt increase in the quarter 4, still we are at a 1.25 debt EBITDA level. On the capital allocation front, our strategy remains unchanged, and we will continue to prioritize investment into high-value business segments to drive near and long-term growth and returns for our shareholders. You can refer our IR presentation for more details.

And last, actually, because of this crisis today, we are able to manage our supply chain, and we don't have any supply disruptions for this quarter, and we are expecting not to have any disruptions even till the end of June. With this, I would request the moderator to open the lines for Q&A.

Moderator:

The first question comes from the line of Sajal Kapoor from Antifragile Thinking.

Sajal Kapoor:

Yes. Dr. Satya, as we commission and scale the upcoming Vizag 400 KL fermentation, what could be the single biggest source of yield variability from things such as contamination, oxygen transfer, strain stability to even downstream recovery? And how tight do we expect the batch-to-batch variance when we actually commercialize that 400 KL capacity?

Satyanarayana Chava: I think the initial batches, what we are going to take up in our expanded fermentation capacity is non-pharmaceutical, non-food also. It is mostly industrial chemicals, surfactants and then polymers. So where the tighter is very very high. See the biggest challenge in any fermentation is contamination and we don't have a very long tedious downstream processing for the products what we intend to manufacture in that facility. Wouldn't expect any challenges in downstream manufacturing, Sajal.

Sajal Kapoor: Right. Okay. So just a quick follow-up on that one. So clearly, we are moving into the world of material sciences and biomaterials. I mean what does it mean for the steady-state economic model for Laurus, I mean, in terms of utilization, yields, pricing structure and customer concentration? And which of these kind of variables are most sensitive in achieving the aspirational return thresholds?

Satyanarayana Chava: The products what are moving to Vizag are from our Bangalore facility. So the commercials are achieved and we made those products in our 45,000 liters fermenters. And then those are moving to 110,000 liters fermenters here. We believe that is the optimum size for these products what we are making.

So this unit will see the early commercial stage production for those products. So we have crossed multiple lines of multiple gates, I would say, in the commercialization of those products. The uncertainty of the commercial success for those products is very very less. So we have very good visibility. Once those products are commercialized, we have to move to much bigger facility, and that is not the commercial size for the product what we intend to initially manufacture.

Sajal Kapoor: Sure. Sure. That's helpful, Dr. Satya. And my second question is, so beyond the R2 at Bengaluru and this 400 KL at Vizag, looking at the horizon beyond 2030, if I may, is biotech getting the attention it truly deserves? Because that's the sort of coming wave, we may or may not accept it publicly, along with the AI, of course. So just to understand the capex better, I mean, how much of what we are planning over the next few years, say, 3 to 5 years is already backed by committed or highly visible demand versus any speculative capacity we may be building ahead of demand?

Satyanarayana Chava: Our biotech initiatives spread across many things, biocatalysis, enzyme manufacturing, animal-origin-free cell culture ingredients, precision fermentation, cell therapy, gene therapy, fermentation of pharmaceutical intermediates. So what we are talking right now in our Unit 4 at -- Bio expansion at Vizag is only for non-pharmaceutical one. As you are aware, we are also investing in our gene therapy and ADC manufacturing facility in Hyderabad. And our subsidiary in Bombay, they are also investing further in our cell therapy CAR-T manufacturing. So there are multiple fronts going on, Sajal ji.

Sajal Kapoor: Sure, sure. Just a quick follow-up on that one, Dr. Satya, for the capacities we commissioned about, let's say, 2, 3 years back, where is the utilization level at the moment on those capacities versus what you or the team initially expected? Are we broadly in line with the utilization for the capacities that went live about 2 years, 3 years back or are we below that aspirational threshold or above that threshold?

Satyanarayana Chava: In R2, our 4 X 45,000 liter fermenters are fully occupied. And that is the reason we quickly expanded capacity in Vizag. And we expect this current capacity to manufacture 2 products. And once the commercialization happens and the first 2 commercial production is delivered, we expect to expand there itself to 1 million liters.

There we have the space. And one product is downstream without any chemical operations. The one product we had to do some chemical operations. That also will be done by us. So we don't see any capacity un-utilization challenges for the plant, which will go online by end of this year, Sajal.

Moderator: The next question comes from the line of Bharath Siripurapu from Quest for Value Capital.

Bharath Siripurapu: Yes. So if you see our Indian CDMO landscape, some of the CDMOs are getting impacted due to inventory destocking. Yes. So this is common scenario because CDMOs are dependent on ordering pattern of innovator. Yes. So more we are concentrated on a few products with more risk of destocking. So can you say that do we have enough number of CDMO commercial products to say that we do not have product concentration risk and we are insulated from this inventory destocking risk?

Satyanarayana Chava: In the last 18 months, we delivered 3 APIs for commercial. And those have patent life of several years. So they're very early in their commercial phase. And based on indications from our partners, they gave a very clear forecast for the next several years. And we don't see any destocking challenges for these molecules at this point of time.

Bharath Siripurapu: Good. So you don't have any product concentration, just like on single product or 2, 3 products contributing more in the CDMO basically, that's what you're saying?

Satyanarayana Chava: Yes. That's what I said.

Bharath Siripurapu: And my second question is like if you see our yearly performance of our results, so last year, our EBITDA margin was 20% and this year is around 26%. So there is an increase of around 600 basis points. Yes. And majority of this increase is coming from gross margin improvement because our gross margins have improved from 55% last year to 60%. So we did not see the operating leverage playing out significantly yet. Yes. So is it right to assume that the operating leverage is going to play significantly over the next 2 years?

Satyanarayana Chava: We expect so, Bharath. So your point is very valid. So operational leverage will come. And see, we keep on expanding capacities. So we are at the border of leverage or deleverage. So next year, we expect some operational leverage will come. And see, as you observed, our EBITDA margins are going up. If you even look at 4 quarters of the FY '26, EBITDA margin continuously kept improving. So if you look at the Q4, it is almost at the 29% EBITDA margin.

Moderator: The next question comes from the line of Chirag Shah from Whitepine Investment Management.

- Chirag Shah:** Yes. Sir, congratulations for good results. Sir, I have 3 questions. The question one on continuing the CDMO side. So if you can indicate that when will CDMO transitions to CMO, how does the gross margin and EBITDA margin interplay happen? Question two, on the ARV business, anything on the pricing that you would like to comment that is which has helped you on the margin side or realization side? And I'll come to the third question based on your response?
- Satyanarayana Chava:** See, I would like to clarify on the 2 terminology what we use, CDMO and CMO. CDMO is proprietary brands, one customer one product and some development is also included. When we say CMO, CMO is a generic fully integrated projects where we make API and formulations to a generic customer. So when we are saying our CDMO revenues, we are not including any CMO revenues coming from generic products.
- Chirag Shah:** Yes. Sir, I was more referring to the development phase, how does the margin trajectory between gross and EBITDA margin play out, if you can educate us on that?
- Satyanarayana Chava:** See, we are not publishing our EBITDA and gross margins segment-wise. So we don't want to do that. And second, maybe on the ARV pricing, ARV pricing broadly were constant during the financial year. We improved our sales. We used to say INR2,500 crores plus or minus INR200 crores, but we did INR2,800 crores. That was because of a full utilization of our ARV assets. Yes.
- V.V. Ravi Kumar:** Gross margin improvement is on account of raw material price softening and process improvements.
- Chirag Shah:** Yes. Okay. Sir, would it be fair to make an assumption that when you move from development to commercial while your gross margin would be lower in commercial, the operating leverage will ensure that your EBITDA margins are similar to the development phase. Is it the right statement?
- Satyanarayana Chava:** I would say whether it is development or commercial, in our opinion, gross margins will remain similar but we make more profit in commercial rather than development because development we employ more people during R&D, tech transfer and all. So I would say whether development or commercial, NCE programs will have similar gross margins.
- Chirag Shah:** We'll have similar gross margin. And commercial would have a higher EBITDA margin because of more volumes and operating leverage?
- Satyanarayana Chava:** Yes, correct.
- Chirag Shah:** Fair point, sir. And just to follow up on this. So you indicated 3 projects have moved from development to commercial. How should we look at next 2 years of CDMO space, given the stupendous growth that we have seen? Can we maintain that kind of journey given the pipeline that you have? And what are the key monitorables if you would like to highlight from your perspective?

- Satyanarayana Chava:** Krishna, would you like to answer this question?
- Krishna Chaitanya Chava:** Yes, I think while we are not giving any indicative numbers, we expect to post positive growth in the CDMO in the coming years as well.
- Chirag Shah:** Okay. What I was referring to is, it hinging on 1 or 3 large projects or it is more even spread. So that concentration risk doesn't play out that significantly. I was more referring to that?
- Krishna Chaitanya Chava:** At this point in time, given the visibility that we have, we're not expecting a concentration risk or heavy reliance on one single program. So yes, from current standpoint, I think we are fairly well de-risked from a concentration perspective.
- Moderator:** The next question comes from the line of Mehul Panjuani from 40 Cents.
- Mehul Panjuani:** My first question is about CDMO pipeline. Out of the expanding CDMO pipeline, how much is expected to convert into commercial revenues in FY '27? And what is the revenue visibility from late-stage molecules?
- Krishna Chaitanya Chava:** We are unfortunately not in a position to give you like very specifics in terms of what programs are we working on. But with that being said, there's multiple late-stage programs that we are currently involved in. But as you're aware, given the clinical nature of the compounds, we can't necessarily accurately put in and say that FY '27 will be the commercialization of that molecule or not. But yes, the pipeline is quite robust, and we're confident in continuing to post growing numbers in the CDMO side.
- Mehul Panjuani:** Right, sir. Sir, my second question is about the margins. How sustainable are the current 29% EBITDA margins? And how much is driven by mix versus temporary operating leverage?
- Satyanarayana Chava:** We are very confident on maintaining or improving this EBITDA margin in FY '27. We are comfortable in maintaining that. Yes.
- Mehul Panjuani:** Sir, my last question. Give us some visibility on the growth trajectory of Laurus in CDMO business. So when would be Laurus identified as a CDMO company and not as all categories company kind of?
- Satyanarayana Chava:** I think you have to say what is the revenue coming from CDMO segment, determines how much exposure is to CDMO business. See more than 1/3 of revenue comes from CDMO business, but in sizeable, INR2,000 crores. There are not many companies with INR2,000 crores CDMO revenues, which they are well-recognized CDMO companies.
- So it is up to see how much reactor capacity, how much R&D capacity, how many programs, what is the size of the program. Earlier, people used to ask us how many clinical programs you have. Say clinical programs may confuse everyone. One program may give \$500,000, one program may give \$50 million. So giving a number of programs may not give you any perspective.

The question is, Laurus is a strategic partner or tactical partner to customers? So we are a strategic partner for many big pharma right now. So we have a flow of RFPs, commercial, early-stage, mid-stage, late-stage commercial. So we have a robust pipeline. That much we can tell you. It is up to the market to gauge how much revenue and who is doing well in CDMO.

Mehul Panjuani: Right. Sir, I obviously am with you in trends that we are bigger than quite a few companies in the CDMO space. But when we compare ourselves with ourselves, what would be that year inflection point?

Satyanarayana Chava: One good thing we are happy, most of our clinical programs are APIs. So we are not doing RSMs or early-stage intermediates. Either we do advanced intermediates or APIs. So that way, the sustainability of our customers and our offerings is much more longer than offering very early-stage intermediates or RSMs.

Moderator: The next question comes from the line of Abhijith, an Individual Investor.

Abhijith: My first question is what is the asset turnover currently?

V. V. Ravi Kumar: 0.89

Abhijith: Okay. So considering this growth for the year, I think overall CDMO business has grown 20% and it's reached a good base at the moment. What is the trajectory going forward? Can we expect this growth momentum to maintain or do you see some sort of lumpiness? Because as another analyst mentioned, there are other CDMO companies which are talking about destocking and couple of variations in funding for alternative medicines from the smaller. So keeping that in mind, do you see lumpiness in the earnings?

Satyanarayana Chava: If you compare year-to-year, we expect a good growth in CDMO segment. There could be lumpiness quarter-on-quarter. But we don't expect any challenges for us to record the growth in FY '27.

Abhijith: Okay. And Mr. Ravi Kumar mentioned that your EBITDA margins have gone up because of operational changes in the input costs and other stuff softening, right? But I have 2 questions on this regard. Now because of the geopolitical situation, etc do you see any challenges in the next few months going forward in the operating cost to go up because of the raw material prices.

Satyanarayana Chava: In quarter 4 of FY '26 some impact was there because of the solvent price increase. But I can tell you our production hasn't been impacted so far and we have enough visibility that in the next 3 months we don't have any challenges of curtailing operation because of higher prices of solvents or the availability of solvents. There will be some pressure, but as our mix operationally it is going up, more capacity utilization, we will be able to weather that challenge well, Abhijith

Abhijith: Okay. So with regards to this gross margins going up, the gross margins right now is 61.4%. So as and when the CDMO contribution of the business goes up, can we expect this to go

substantially higher? I think this is the highest gross margin since the one-off CDMO contract that happened in '21. Am I correct?

Satyanarayana Chava: See, we are very comfortable to say we'll maintain gross margin for sure despite our challenges on the solvent price and all. We are confident.

Abhijith: Okay. That's good to know. And one last question with regards to the peptides opportunity that is available. Are you guys looking at the weight loss sector or are you looking at overall peptide revolution that is going around? And is it like the breakthrough is near term or is it like still substantially time away or et cetera? Just an insight, please?

Krishna Chaitanya Chava: Yes. Without diving into too much details, we are currently working in several sectors in peptides, including weight loss and a few other sectors. With that being said, there are some medium term opportunities that we are already collaborating on. And of course there's several other opportunities that we are also in active discussions. But as soon as we have something meaningful coming out of that investment, we will certainly make our partners aware of here.

Moderator: The next question comes from the line of Tushar Manudhane from Motilal Oswal Financial Services.

Tushar Manudhane: So if you could give the breakup of ARV business into API and formulations, please?

Satyanarayana Chava: It is two-third, one-third, two-third is API, one-third is roughly formulations. We are not giving exact, but it is broadly that two-third, one-third.

Tushar Manudhane: Okay. So effectively, just trying to understand the non-ARV formulation business, has that grown or declined for the quarter?

Satyanarayana Chava: Actually non-ARV formulations is going up.

V. V. Ravi Kumar: Yes.

Tushar Manudhane: The growth number, if you could. So correct me if I'm wrong, so INR683 crores of ARV business for fourth quarter '26 effectively. And you're saying two-third is formulation, which means INR450 crores of formulation business. Is that the way to understand?

Satyanarayana Chava: No, two-third is API, one-third is formulations. My answer was for the overall year I mentioned. So it is around that number. It may change 1 month, 1 quarter. But broadly, two-third of ARV revenue comes from API and one-third comes from our own formulation sales.

Tushar Manudhane: Got it. And on the balance sheet side, how much would be the customer advances at the end of FY '26?

V. V. Ravi Kumar: We did not disclose specifically, Tushar.

Tushar Manudhane: Has that increased compared to last year

- V. V. Ravi Kumar:** Full year basis, there is an increase.
- Moderator:** The next question comes from the line of Jeevan Patwa from Sahasrar Capital.
- Jeevan Patwa:** Congratulations first. One question on the CDMO side. So was there any revenue from the Crop Science business in FY '26?
- Krishna Chaitanya Chava:** There has been some, but very marginal, I would say. There has been some.
- Jeevan Patwa:** Okay. And Animal Health is still, I would say, not too meaningful yet in the CDMO side or it is meaningful? So basically the context is FY '27. Can we see meaningful contribution from Crop Science and Animal Health both?
- Krishna Chaitanya Chava:** In the Animal Health space within this year as well we've had some meaningful API shipments that we had undertaken. And in FY '27 also we'll see a good contribution from that space. But in the Crop Science segment I think we need a couple of more financial years to really ramp that up. But we have a few ongoing projects that are in the registration phase or in the development phase. So yes.
- Jeevan Patwa:** Okay. And on the electronics side, one customer that we have, I think as I understand it's still in the development stage, but they have got the breakthrough some months back. So any visibility on the kind of shipment of the delivery from their side? Any contract have you signed with them?
- Krishna Chaitanya Chava:** We are in active discussion with them. But as you've rightly said, it's still under development phase and application phase. So it will take a few more quarters for us to see the actual demand outlook from them.
- Jeevan Patwa:** Perfect. And on the formulation side new facility that's coming up and going to commission in June. So that's for the new CMO contract, right, that we have? The 3 billion tablet contract?
- Satyanarayana Chava:** Yes, that's for an existing partner. Most of that capacity came online and we are using it commercially.
- Jeevan Patwa:** So after we have the tertiary packaging capacity will be coming in June, right?
- V. V. Ravi Kumar:** Most of the proposed capex has been implemented and then we started generating a revenue out of it in the back end of the year.
- Jeevan Patwa:** Okay, okay. So basically the majority revenue will start from Q1?
- V. V. Ravi Kumar:** Yes.
- Moderator:** The next question comes from the line of Venkat Vellipalli an Individual Investor. Please go ahead.

Venkat Vellipalli: My question is related to fermentation capacity. Given that we have acquired Richcore in 2021, why are we not able to, I mean, scale it up to 2 million? And if you are able to scale it up to 2 million, what would be the revenue?

Satyanarayana Chava: See, we thought we'll expand to 2 million, but we are doing in a phased manner. We have 250,000 liters right now. By end of this year, another 400,000 liters will come. And that facility can accommodate another 600,000. Overall, we're inching towards the number. See, if you look at when we acquired them in '21, majority stake, their revenues were about INR50 crores.

Now they have gone up significantly we are closer INR185 crores, INR190 crores revenue with INR35 crores, INR40 crores EBITDA levels now. So then significant improvement happened. But creating capacity takes its own time. The R1 to R2 it took 1 year. R2 to R4, it took 2 years for us to create that capacity. So we are gauging the market dynamics there and we have interesting projects. I think we'll update you as and when we have a significant information on that.

Venkat Vellipalli: Okay. One more question. It's related to Amplia Therapeutics. I'm not sure if you are aware that they stopped this AMPLICITY project. Are we like supplying any API to the project?

Krishna Chaitanya Chava: Any customer-related topics, we don't necessarily want to comment from our end. Unfortunately because of confidentiality terms, we are not able to comment.

Moderator: The next question comes from the line of Vihaan Bagri from Umayo Advisors.

Vihaan Bagri: So I actually had a few questions. The first one being, what will be the capex and gross debt outlook for FY '27 and '28? As we had indicated earlier, INR1,000 crores capex. And what can be the effective tax rate considered for the year?

V. V. Ravi Kumar: Effective tax rate will be around 25% to 26%. The standalone is definitely 25%. Then capex guidance is around INR3,000 crores in 2 years' time.

Satyanarayana Chava: Although we said INR1,000 crores earlier, now depending on the prospects what we need capacity and what projects in front of us, we are increasing our capex spend there. And we expect to spend around INR3,000 crores in the next 2 years.

Vihaan Bagri: Okay. And regarding the gross debt outlook for the next 2 years?

V. V. Ravi Kumar: Gross debt, It may slightly go up in the current year FY '27, but the debt by EBITDA may be maintain at the similar levels or may be softening from the current level.

Moderator: The next question comes from the line of Vivek Agrawal from Citi Group.

Vivek Agrawal: One question on affordable medicine, it's a generic businesses all put together. This year, you have done well with around 18% kind of growth. Just want to understand what's your outlook, let's say, for '27 and '28? What kind of the growth that you are looking at in this particular segment?

- Soumya Chava:** So for the next year also we have our order book pretty much in place. So we will continue to reflect a strong growth in the next year as well.
- Vivek Agrawal:** Is it possible to say that it can grow in the double-digit as well in the next year or it's like a single-digit growth?
- V. V. Ravi Kumar:** Vivek, you know we don't want to give any quantitative guidance.
- Soumya Chava:** It's definitely growth, but we will not be able to comment on the percentage over here.
- Vivek Agrawal:** Perfect. No problem at all. So in CDMO, the pipeline shaping up well. So is it possible for you to just help us understand how the pipeline of products is at an advanced stage and let's say Stage 3, et cetera. So that is looking like at this point of time? And secondly, in FY '27 are you expecting any new product that is getting commercialized by your partners?
- Krishna Chaitanya Chava:** So while we're not giving concrete numbers on different phase-wise split, we have several exciting programs that are late phase programs. As I mentioned, given the clinical nature of these programs, it's difficult to predict when and how it will be commercialized. But within the visibility that we have, we expect some of the programs that we're working on to get commercialized and some of the projections that we've had for volumes from our partners have been along those lines.
- Vivek Agrawal:** Perfect. And just one last question on the CDMO, out of around the INR1,900 crores kind of revenue. So are you comfortable sharing the share of revenue that is coming from the projects which are still in the development or the share of revenue that is coming from the product which are commercialized by our customers?
- V. V. Ravi Kumar:** We are not disclosing, Vivek, on that.
- Moderator:** The next question comes from the line of Foram Parekh from BOB Capital markets.
- Foram Parekh:** Could you please disclose or highlight on the peptide capacity, the dedicated peptide capacity? And what would be the capex allotted for the peptides?
- Satyanarayana Chava:** We are building a large capacity for peptides and we have several programs, as Krishna mentioned. But we don't want to comment on how many tons capacity we are creating or how many projects we have right now. We don't want to comment at this juncture.
- Foram Parekh:** Okay. And would you be comfortable disclosing the capex dedicated towards the peptide program?
- Satyanarayana Chava:** I can only say it is large capex. I don't want to give a specific number.
- Foram Parekh:** Okay, My second question is on the CDMO side. In the previous con calls, you had alluded that you envisaged CDMO contribution going towards 50% of the total sales. So as per your internal

assessment and now that the CDMO pie is growing well and we have strong order books, so how soon do you see, as per the internal assessment, 50% number being achievable?

Satyanarayana Chava: See we said the 2 things. One is we'll go to 50%. We also said by 2030.

Foram Parekh: Okay. And last question, if I may. Now that we have increased our capex from INR1,000 crores annually to INR1,500 crores annually, so how do you see the return ratios shaping out? And do we still expect operational leverage with increase in capex?

Satyanarayana Chava: Most of the capex what we're doing is growth capex. See at least now we have visibility. We are not putting capex and hoping customer will come and give projects. We are not doing that. So mostly, we have visibility which product, which customer, how much we are going to make in these new capacities which will come online.

Foram Parekh: Sure. And just last question. Could you please talk on the ARV to non-ARV split for FY '27? Right now it's 40%. So do you still see non-ARV or ARV pie shrinking from this 40% or it will remain at 40% around?

Satyanarayana Chava: Quantum wise, we did INR2,800 crores ARV. That will remain constant. It will be around that number. But percentages, it will go down. It will go down.

Moderator: The next question comes from the line of Rahul Bharadwaj, an Individual Investor.

Rahul Bharadwaj: Dr. Satya, if we go back about 5, 6 years, the split of the revenue mix was more inclined towards ARV, and then you know over the last couple of years we've increased our footprint on the CDMO business. Can you throw some colors on how do you foresee the mix will be if we look out next 5 to 10 years?

That will be my first question. And my second question will be, at some point, you may pass on the reins to someone else. Do you have a wish list where you would like to see Laurus before you decide to hand over the reins to someone else? So that will be my 2 questions?

Satyanarayana Chava: I will be able to answer the first question easily. The first question is, see our ARV, as you mentioned, our absolute quantum wise ARV revenues I would say was around INR2,500 plus or minus 200 now I would say INR2500 plus or minus 300 because we did INR2,800 crores this FY26. By FY30, we expect CDMO revenues in general will be 50% of our overall sales. And the ARV percentage will come down significantly.

While the ARV sales remain constant, but percentage contribution will come down significantly. And the second question is, see right now Laurus is engaged in lot of modalities in small molecule. Our focus is large volume generic APIs, integrated CMO opportunities and doing CDMO for clinical programs in human health and animal health and also working with discovery-based companies in Crop Sciences, not generic Crop Science molecules.

That's the focus. When it comes to biology, as I mentioned to Mr. Sajal Kapoor's question also. So we have investments made in cell culture, precision fermentation, enzymes, biocatalysis, cell therapy, gene therapy, ADCs and all. So our investments are in multiple lines. And that's where my focus is currently. And the rest of the businesses are handled by Krishna, Soumya and other team members. So my focus is going on new modalities right now.

Moderator: The next question comes from the line of Bharath Siripurapu from Quest for Value Capital.

Bharath Siripurapu: Dr. Chava, regarding this new greenfield capex of 500 acres in Atchutapuram, may I know when can we expect this new greenfield capex coming online?

Satyanarayana Chava: We'll be able to give you more color on that maybe in the next quarter, Bharath.

Moderator: The next question comes from the line of Sajal Kapoor from Antifragile Thinking.

Sajal Kapoor: Dr. Satya, many CDMOs do well at micro or pilot scale but fail to manufacture a multi-ton batch with consistency. So the key word here is consistency. In that context, for the recent CDMO programs that successfully moved from lab or pilot to commercial scale, what percentage met target yield and quality spec in the first 3 commercial batches? And how predictable is the scale up process we have today going from few kilos to 500 kilos and more depending on the molecule of course?

Satyanarayana Chava: Why Laurus is investing in large capacities well in advance of commercial launches. Nowadays big pharma wants the validation, engineering batches at the commercial scale. They don't want to have any uncertainties of scale up or moving from one plant to another plant for lack of capacities.

So all the commercializations what we have done in the last 2 years were scaled up. Validation is done at the same scale, validation done in the same line of equipment. So there are no surprises. So when we did validation, we do with the same train or equipment train for commercialization, same batch size, same facility and all. So fortunately, we haven't had any challenges so far.

Moderator: The next question comes from the line of Yash Lahoti, an Individual Investor.

Yash Lahoti: My question is, the revenues from LORDIN collaboration, when will they start kicking in, sir?

Krishna Chaitanya Chava: Yes. This is again related to the OLED opportunity that I talked about in the Q&A session. We'll be able to concretely comment on this in a couple of quarters. But at this moment in time, it's difficult to put a finger on the actual numbers.

Moderator: The next question comes from the line of Venkat, an Individual Investor. Please go ahead.

Venkat: I have one question. I don't have complete understanding on the pharma part of it. My question was, with AI it is disrupting multiple industries. I want to understand in the discovery phase or do you see any challenges in how discovery is getting evolved with -- how is discovery phase is getting impacted because of AI? Do you see any challenges in that front?

Krishna Chaitanya Chava: So at a high level, Laurus within the CDMO space, we are not involved in the discovery side of things for any partners. But speaking from a general standpoint, there's certainly a lot of AI being leveraged in the discovery space. So what of that is some of the discovery molecules, the pipeline generation is significantly faster.

But also interestingly, given that these molecules are designed by AI, they tend to be also more complex in terms of structures or the synthesis itself. So yes, there's certainly AI being leveraged globally, but given that we are not in the discovery space, that's not something that we typically look at.

Venkat: And also, do you see any disruptions in the day to day standard operating of process in general? Do you see any other companies leveraging it differently or something? I want to understand the application in the industry itself. It may not be limited to Laurus, as a general channel process itself?

Krishna Chaitanya Chava: I mean, there are several, at least what we are aware of, there are several companies that are leveraging it, especially in the discovery space, in designing molecules and predicting some of their profiles. Yes, there's certainly quite a lot of interesting publications that also been put out there. This is certainly being leveraged extensively across the industry.

Venkat: Yes. I think as you are mostly in the manufacturing part of it, we don't see a risk. Can I put it this way

Krishna Chaitanya Chava: That's correct to say. Our split from AI or impact of it is minimal, if any.

Moderator: The next question comes from the line of Tushar Manudhane from Motilal Oswal Financial Services.

Tushar Manudhane: So on the non ARV-formulation side, there has been decent growth for full year '26 compared to '25. So what kind of outlook can we expect for the coming year? Either of the new launches or the scale up of the existing molecules on non-ARV formulation side?

Soumya Chava: So for the non-ARV formulations, we expect to see growth from existing products. We will be utilizing the capacities to ramp up our formulation units.

Tushar Manudhane: But it was a sizable jump say in FY '26 compared to '25. So that momentum will sustain in '27 as well?

Soumya Chava: There is a momentum definitely compared to '26 to '27 as well.

Satyanarayana Chava: Thank you all the stakeholders, and for your insightful questions. And good evening, everyone. Thank you.

Moderator: Thank you, sir. Ladies and gentlemen, on behalf of Laurus Labs, that concludes this conference call. Thank you for joining us. And you may now disconnect your lines.