

January 28, 2026

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

Sub: Transcript of the Q3 FY '26 Results Conference Call hosted on January 23, 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 January 09, 2026, please be informed that the results conference call for Q3 FY26 was hosted on January 23, 2026 and the transcript of the conference call is enclosed herewith.

This is for your information and records.

Yours faithfully,

For **Laurus Labs Limited**

G. Venkateswar Reddy

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“Laurus Labs Limited Q3 FY’26 Earnings Conference Call”

January 23, 2026



MANAGEMENT: **DR. SATYANARAYANA CHAVA - FOUNDER & CHIEF EXECUTIVE OFFICER, LAURUS LABS LIMITED**
MR. V. V. RAVI KUMAR - EXECUTIVE DIRECTOR, LAURUS LABS LIMITED
MR. KRISHNA CHAITANYA CHAVA -EXECUTIVE DIRECTOR, HEAD (CDMO), LAURUS LABS LIMITED
MRS. SOUMYA CHAVA - EXECUTIVE DIRECTOR (GENERIC AND COMMERCIAL), LAURUS LABS LIMITED
MR. VIVEK KUMAR – AVP (INVESTOR RELATIONS), LAURUS LABS LIMITED
MODERATOR: **MR. NITIN AGARWAL - DAM CAPITAL ADVISORS LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Laurus Labs 3Q FY'26 Earnings Conference Call hosted by DAM Capital Advisors Limited.

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 the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Nitin Agarwal from DAM Capital Advisors Limited. Thank you and over to you, Mr. Nitin.

Nitin Agarwal: Thank you so much. Good afternoon, everyone and a very warm welcome to Laurus Labs Q3 FY'26 Earnings Call hosted by DAM Capital Advisors Limited.

On the call today, we have representing Laurus Labs Management, Dr. Satyanarayana Chava – Founder and CEO; Mr. V. V. Ravi Kumar – Executive Director; Mr. Krishna Chaitanya Chava – ED, Head (CDMO); Mrs. 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 now to Dr. Chava to make the opening comments and then we will open the floor for questions. Please go ahead, sir.

Satyanarayana Chava: Thank you, Nitin. Good afternoon, everyone.

We continue to execute our strategy, the advancement of important clinical and commercial programs with global partners. Successful ramp-up of new launches and strengthening our leadership in the ARV segment. Our large-scale development and manufacturing capabilities across small molecules as well as large molecules offering continue to gain traction with multiple partners. We are seeing a healthy level of interest across technologies and scale from our long-term existing partnerships. We are confident that we are investing in interesting technology platforms, many of those already underway. Successful execution on these projects will continue to transform our business portfolio and drive future growth.

Some of the notable progress I wish to highlight, we made significant investments in CAPEX so far in peptide development and manufacturing infrastructure to meet our current and future capacity requirements. In addition, we operationalized our antibody drug conjugate and gene therapy process development labs in Hyderabad this quarter and the construction of GMP manufacturing facility is well on track. Last month, we also announced increase in joint investments in Krka Pharma which is in line with our plan to support ongoing FDA facility construction in Hyderabad. Phase-1 is expected to be completed by mid-2027.

Moving on to financial results:

We delivered another quarter of strong operational and financial performance. Revenues for the third quarter stood at Rs. 1,778 crores. Gross margins has expanded further from the previous quarters and maintained around 60% and EBITDA margins expanded to little over 27%. We achieved these numbers through strong performance across our generic business and also clinical and commercial supplies of CDMO programs to our markets. Our product mix within business division, the operating leverage have continued to do well in supporting our healthy margins overall. As we look forward, we remain well on track to deliver a healthy operational growth for the entire financial year.

Now, I would like to request Mr. Krishna to share key updates on our CDMO business.

Krishna Chaitanya Chava: Thank you. On the CDMO side, we continue to see strong interest in our integrated service offerings across various complex technology platforms. Our cumulative 9-month performance has been very healthy, clocking more than 50% growth. This has been supported by strong recurring business from our existing long-term customer relationships across various scales.

Now, in the small molecule space, our Q3 sales have been at Rs. 408 crores. I would say this performance is in line with our expectation due to phasing of deliveries in the coming quarters involving very long and complex synthetic processes. Pipeline momentum has remained very healthy with well-balanced mix of big pharma clientele and also mid- and small-size biotechs. Majority of the pipeline programs under execution utilize several advanced technology platforms. And in line with that, we continue investment for large-scale capacity expansion in our Vizag sites and expanding our capabilities including peptides, flow, high-energy chemistries, purifications, etc.

Now, on the Bio division side of things, Q3 sales have been reported at Rs. 43 crores. The performance has been a bit muted, but we are seeing better and longer visibility on demand projections and executing longer campaigns on the CDMO side. Additionally, our AOF business is clocking healthy operational progress with continuing customer interest for dedicated lines. Construction work for the commercial-scale fermentation facility at Vizag is progressing in line with the plan and we expect a Phase-1 capacity of a little over 400 kiloliters to be operational towards the end of 2026.

Thank you, Krishna. I would request Ms. Soumya Chava to share key updates on our generic business.

Soumya Chava: Thank you. The revenues from the generic division have continued to perform well, reporting growth of 37% to Rs. 1,327 crores for Q3. And for the 9-month period, we achieved sales of Rs. 3,510 crores, reflecting growth of 26%. The growth has been supported by higher ARV volumes, and more specifically by strong offtake in recently launched products in the developed market. We continue to see stability from the established product portfolio and expect the benefits to

continue at least in the near term. The broad API market portfolio and production capacity in the ARV business continue to be fully optimized, ensuring that we are well-positioned to support additional orders as and when they arrive. This positions us well to meet customer requirements.

The oral solid facility expansion is progressing well. A significant part of the plant capacity became operational during the quarter and is currently undergoing ramp-up activities in line with the plan. Relatively, 92 DMFs have been filed to date. In developed markets, 4 formulation dossiers have been filed and 5 approvals received during the 9-month period. Overall, 91 products have been filed cumulatively to date. Thank you.

Satyanarayana Chava:

Thank you, Krishna and Soumya for the updating on CDMO and generic businesses. On the R&D front, overall R&D spend was at 4.1% of our sales for the 9 months FY'26 increased by 8% year-on-year including our spend on the Cell and Gene lab space. This R&D spend is in line with our full year target and we continue to invest in portfolio focusing on product complexity, scale and sustainable and new technology platforms.

Let me share a brief on the quality side:

The nine months the Company underwent close to 110 quality audits by multiple regulatory agencies and several customers. Company has successfully passed audit inspections without any critical points.

On the ESG front, one of the leading agency S&P Global has published its 2025 ESG score in which Laurus reported an impressive 10 percentage point in this, the score achieving 81 out of 100 points. This reflects our continued commitment to sustainable development and exceptional performance in ESG practices as we move along. Now we request Mr. Ravi Kumar to share overall financial highlights.

V. V. Ravi Kumar:

Thank you, Dr. Satya and very warm welcome to everyone for this Quarter 3 and 9-months FY'26 earning call.

Total income from operations for the 9 months came at around Rs. 5,001 crore we just crossed Rs. 5,000 in 9 months' time, registered a growth of 30%. We have continued to deliver strong growth mainly due to sustained yearly business momentum, strong CDMO and growth in other generic business for the Quarter 3 total income from operations was at Rs. 1,778 crore with a 26% growth. Gross margin maintained healthy way, for 9 months at 60.1% and for Quarter 3 it is at 60.9% mainly due to better product and division mix and continued process improvement efforts. EBITDA for 9 months stand at Rs. 1303 crore with a margin of 26.1% is well within our earlier guided range. Our Quarter 3 EBITDA reported at Rs. 485 crore with a margin of 27% with a strong operational leverage.

Profit after tax at 9 months, Rs. 610 crores it's a growth of 388% and for Quarter 3, Rs. 252 crores. ROCE has improved to 18.5%, if you look at last three quarters it is progressively improving. On the CAPEX front we invested about Rs. 246 crores for the quarter and

cumulatively for 9 months it is Rs. 735 crores. Our net debt stood at Rs. 2,092 crore which is similar range of quarter ended September and debt to EBITDA has further decreased to around 1.2x

On the capital allocation front, our strategy remains unchanged and we will continue to prioritize investments into high value business segments to drive near and long-term growth and return for our shareholder over period of time.

To conclude, as we will finish the year, we are confident in delivering growth and ongoing focus on execution. We remain well positioned to drive long-term growth. You can refer to our IR presentation for more details.

With this I would request the moderator open the lines for Q&A Thank you.

Moderator: Thank you very much. We will now begin the question-and answer-session. The first question is from the line of Tushar Manudhane from Motilal Oswal Financial Services. Please go ahead

Tushar Manudhane: Thanks for the opportunity and congrats on a good set of numbers. Just first to start from book keeping question in terms of you could break down ARV sales into formulations and API?

Satyanarayana Chava: In the 9 months, the formulation is Rs. 865 crores ARV. And the API is Rs. 1,259 crores.

Tushar Manudhane: Sorry how much?

V. V. Ravi Kumar: This numbers Vivek can give it to you Tushar you can ask any qualitative question, please.

Satyanarayana Chava: Total ARV revenues were Rs. 744 crores for Quarter 3.

Tushar Manudhane: Okay, sir. Secondly on the CAPEX side like this 9-months CAPEX is largely more than what we would have done in FY'25 and then we have certain contracts maybe on peptide side or now in ADC, so firstly, how much one can think about investment into peptides let's say next 12 months to 24 months, and ADC as well if you could? And then thirdly on the overall CAPEX for '27.

Satyanarayana Chava: ADC is still at the nascent stage right now. We have allocated \$25 million to the GMP facility which is under construction right now. We don't expect any meaningful revenues coming from ADCs in the next two years. When it comes to CDMO investment in peptide commercial manufacturing facilities, we expect qualification during this calendar year and we will give you more details as and when we are in position to give feedback to you.

Tushar Manudhane: And sir, overall CAPEX?

Satyanarayana Chava: The overall CAPEX this year will be about Rs. 1,000 crores and FY'26 based on the current estimate, we do feel it will be over Rs. 1,000 crores next year also.

- Tushar Manudhane:** And this would be largely done with keeping net debt at similar numbers?
- V. V. Ravi Kumar:** See, debt may be increased slightly, it is needed. But your debt by EBITDA will be there in a better way.
- Tushar Manudhane:** Got it. And just one last from my side, if you could at least just share in terms of pecking order the gross margin for different segments like API synthesis, FDF?
- Satyanarayana Chava:** We are not giving that segment wise details, but it is everybody's guess.
- Tushar Manudhane:** No sir, qualitatively while not a specific number but directionally if you have to think about this FDF, synthesis at a similar gross margin, API at a lower gross margin is that the way to think about?
- V. V. Ravi Kumar:** Tushar, the order remains same. CDMO, formulation, API. This is in order.
- Satyanarayana Chava:** Yes, API on the lower side, formulation on the higher side and CDMO is on the top.
- Tushar Manudhane:** Because sequentially if we see quarter-on-quarter there has been improvement in gross margin while the share of formulation has increased considerably in this quarter compared to previous quarter which is why I was trying to understand and in fact synthesis share has reduced and even API share has increased so which is why I was just trying to understand if there was anything in to look into as far as gross margin for the quarter is concerned
- V. V. Ravi Kumar:** I think the order remain same, Tushar.
- Satyanarayana Chava:** I think, see, there is a product mix. Within the same segments some products where higher margins were there. So, if you look at last quarter also we had the similar gross margin this quarter also that much and we expect to maintain gross margins of around 60% for the coming quarter and also next financial year.
- Tushar Manudhane:** Okay, sir. Thank you and all the best.
- Moderator:** Thank you. Next question is from the line of Rehan Syed from Trinetra Asset Management. Please go ahead.
- Rehan Syed:** Good evening to the team and congratulations for a good set of numbers and thank you for giving me the opportunity. So, sir I have a couple of questions, first on the CDMO side, like CDMO grew 88% in H1 FY'26, management has repeatedly warned that this business is lumpy. So, your consolidated Quarter 3 revenue grew only 7.5% sequentially over Quarter 2. So, my question here is your CDMO growth in H1 was phenomenal due to late phase NCE deliveries however looking at the sequential revenue growth in Quarter 3, so it seems the lumpiness might be entering at a plateau, it's the revenue we see in Quarter 3, the new sustainable quarterly base for

CDMO or did this quarter include a significant portion of registration basis and or large quantities that might not repeat in Quarter 4 or Quarters in FY'27. This is my first question.

Satyanarayana Chava: See, CDMO revenues if you look at the overall year nine months we have grown significantly and we are also confident that the growth will continue like although the Q3 was a little softer because of timing of deliveries to our partners but we expect, if you look at Q4FY'25 versus Q4FY'26 we expect to grow.

V. V. Ravi Kumar: Request you to take annual revenue then quarter-on- quarter for the CDMO.

Rehan Syed: Okay, fair enough. And sir my second question is around the OPEX done on specialized modalities. So, with the impressive PAT growth this quarter, the one from specialized modalities like CGT and ADC is less visible. So, however, as an analyst I want to understand the core efficiency. Could you quantify the specific quarterly EBITDA drag from these non-revenue generating activities and furthermore since you now recruited new leadership for ADCs, so is the INR 250 crore budget still sufficient or should we expect an upward revision in OPEX as you move towards bio-conjugation and fill-finish capabilities

Satyanarayana Chava: None of this pre-operative expenditure on any of our new initiatives is capitalized. So, every new modality expenditure is expensed. So, in the ADC space we are investing significantly both in OPEX and CAPEX but we are not capitalizing it.

V. V. Ravi Kumar: Okay. And coming to your question of the team, actually we have a separate team identified guy, who is relocated from US to India to take care of the ADC and then gene therapy.

Rehan Syed: Okay, and my last question is on the ROCE and ROE guidance that you have given in the last quarter, that management has highlighted that the Company's current size can absorb the INR 1,000 crore annual CAPEX better than in the past, so however with the groundbreaking of INR 5000 crores or \$600 million of Vizag complex and the current turnover of 0.9, so aren't we risking another multi-year period of operating deleverage, specifically if your Bangalore bio capacity is sold out until end 2026 and new biotech capacities are also a year away. So, from this specific division will it be incremental turnover came to bridge the gap to your 1.1 asset turn and 25% ROCE target in next 12 months?

Satyanarayana Chava: I think in case of bio, our revenues will stagnate until we operationalize our new capacity which will be by end of this calendar year and we are not committing that will achieve a ROCE of 25% in the next 12 months but we are confident that the ROCE percentage will go up from the current 18%.

Rehan Syed: Sir, you have said 18%, right?

Satyanarayana Chava: Right now it is 18.5% ROCE. We expect to go up, but we are not committing it will go to 25, with a time bound program.

- Moderator:** Thank you. The next question is from the line of Sajal Kapoor from Antifragile Thinking. Please go ahead.
- Sajal Kapoor:** Thank you for taking my question and good afternoon, team. It's heartening to see a very strong jump in the operating cash flow. I am looking at the 9-month number. It's about 600% increase, but there is an interesting trend here Raviji, if you can elaborate and help us better understand this wider picture. So, if I look at the 10-year data, so I am looking at 2016 to 2025 cumulative, we clocked EBITDA of Rs. 8,500 crores and against that EBITDA of Rs. 8,500 crores, we did an operating cash flow of about Rs. 5,400 crores so that's about 63% conversion. Whereas in the nine month, the conversion is 113%. So, 63% going to 70%-75% even 80% is understandable, there is a definite change in the net working capital strategy as far as I can understand. If you could just help us double click and understand a more longer term and more sustainable conversion of EBITDA into operating cash flow? Thank you.
- V. V. Ravi Kumar:** Sajalji, thanks for your very interesting question. So, this kind of a help happened because of some of the customer advances which helped this year, number one. But, of course, if you look at the absolute number of the NWC is close to the similar number for the March and December, but the revenue has increased, that's really helped. But you are right, from 63% to 80%-90%, but beyond that actually some part has helped through its customer advances. Thank you for your in-detailed understanding.
- Sajal Kapoor:** Sure, Raviji. Just to just to harp on that one, so given that the business characteristic is definitely changing in the favor of CDMO and this customer advances will be an ongoing thing, we cannot compare quarter-over-quarter for advances because in one year the advance may be higher than the other year, but on a broader 5-year basis for the going forward 5-years, I think the conversion should be a lot better than what we have delivered in the last 10 years. Is that a fair assumption?
- V. V. Ravi Kumar:** Yes, that's a fair assumption.
- Sajal Kapoor:** Okay, thank you. And my second question is for Dr. Satya and where not to go or what not to do is also equally important because business have got finite cash flows and capabilities, so in that context what is that one area where Laurus has chosen not to grow despite opportunity looking very interesting in the near term?
- Satyanarayana Chava:** Very thought provoking question you asked Sajalji. Right now, we decide not to enter into large-scale MAB manufacturing, we don't want to do that. That's the area we decide not to get in. And the other area we decide not to enter right now is also sterile manufacturing. These two areas we decide not to enter, although opportunities looks good but we also need to understand our management bandwidth to handle many things. So, we know, right now we are busy with what we are handling, we have visibility about our growth plans in the next 2-3-4-5 years. So, we are cautious in the areas where we wanted to enter and deploy our resources both man, material and money.

- Sajal Kapoor:** And that's understandable, Dr. Satya, because if you look at India, I have seen many large sterile and MAB monoclonal antibody players. One of the leaders in that space are struggling when it comes to their balance sheet and the ROCE profile. So, completely understand that strategy and thank you for clarifying. Thank you. That's all from my side. Thank you.
- Satyanarayana Chava:** Thank you.
- Moderator:** Thank you. The next question is from the line of Mehul Panjwani from 40 Cents. Please go ahead.
- Mehul Panjwani:** Hello, sir. Thank you so much for the opportunity and congratulations on a great set of numbers. Sir, if you can elaborate a little bit on the joint venture with Krka Pharma. Can you please elaborate what are we doing because I am not tracking, I am recently tracking this company?
- Satyanarayana Chava:** The joint venture with the Krka Pharma is to manufacture formulations for European market where APIs will be supplied by us and in the Phase-1, we are creating 3 billion solid oral capacity and 100 million solid oral capacity for potent molecules. In the Phase-2, we will create another 5 billion tablet capacity in the solid oral space. Phase-1 we expect to complete by mid of 2027. This unit will primarily will do formulations packaging for various European markets and also some markets in Asia Pacific as well.
- Mehul Panjwani:** Right, sir. Thank you, and the second question is on cell and gene update, gene therapy. If you can highlight or elaborate what kind of revenues will kick in and what are we trying to achieve for a layman who understands a little bit about pharma, it will be helpful. Thank you.
- Satyanarayana Chava:** In the cell therapy, our associate company ImmunoACT is already having commercial revenues and when it comes to gene therapy, we are at very initial stage of investments in antibody drug conjugates and gene therapy. Our process development labs were operationalized and the GMP facilities will come in the next 12 months and we don't expect any revenues from ADCs and gene therapy at least in the next 24 months.
- Mehul Panjwani:** Right, sir and what about the joint venture with Krka Pharma?
- Satyanarayana Chava:** We will have revenues in the next financial, not in this financial year.
- Mehul Panjwani:** Okay, thank you so much, sir. Thank you. All the best.
- Moderator:** Thank you. The next question is from the line of Chirag Shah from White Pine Investment Management. Please go ahead.
- Chirag Shah:** First question is, both for CDMO as well as for API and FDF business, Q-on-Q and Y-o-Y if you can just highlight is there anything with respect to volume and pricing especially in API and FDF. Have you benefited on pricing in API and FDF?

- Satyanarayana Chava:** The API, FDF we predominantly benefited from the volume gain.
- Chirag Shah:** Okay. So, pricing has not really changed much, correct?
- Satyanarayana Chava:** Pricing hasn't played a significant role in this the volume gain was significant.
- Chirag Shah:** It was the main reason, okay. And so second follow-up and just a clarification also on the CDMO side, if you look at sequentially a CDMO revenue is down by 13% YOY up by 1%. Now in the in the last two calls we have been indicating supplies to late-stage development as well as commercials. Despite that we are seeing a flattening out of revenue. So, is there any call out you would like to make on that side. Well, ideally if commercials are playing out then it ramp up should be slightly higher before we start flattening out and the new molecule pipeline start replacing or compensating for that.
- Satyanarayana Chava:** Yes, even while the late-stage supplies and also commercial supplies are ongoing, even in such situations, some of these supplies are once or twice per year, in some cases. So, there's not necessarily a supply going out every month. It comes down to their internal manufacturing capacity and demand requirements. So, even in the case of it going commercial, we will continue to expect lumpiness in some of the programs. I won't say that's the case for all, but some of the programs you will continue to see that lumpiness on a quarter-to-quarter basis. You have to look at the annual basis number one, number two on annual basis we are still committing to our earlier projection for the CDMO for full year.
- Chirag Shah:** Yes and sir, I was more keen on '27 because some new molecule supply has to start for us to compensate for this lumpiness, correct? We will see a kind of a flattening out or maybe 5% to 10% kind of a growth in CDMO business. So, if you can just talk a bit about that, how to look at '27 in CDMO revenue growth?
- Satyanarayana Chava:** While we are not giving any concrete numbers for '27, we still expect a healthy growth over whatever we expect to report in '26.
- V. V. Ravi Kumar:** So, if you look at '26, in the 9-months our growth is close to 50% plus. And we expect Q4, as I mentioned just now to another participant question. Q4 FY'25 was 461. We indicated that Q4 FY'26 will be better than Q4 FY'25. So, we have visibility now, how FY'27 looks like, but we are not giving any quantitative guidance.
- Chirag Shah:** It's more about qualitative, so are there any large molecules coming up for supplies for you in '27 based on the pipeline that we have created over the last 2-3 years? Is that the way to think that will drive the growth?
- Satyanarayana Chava:** Majority of FY'27 revenues in our CDMO division will be commercial supplies and I think that much I can make a statement.
- Chirag Shah:** Majority will be commercial supply, okay.

- Satyanarayana Chava:** Yes.
- Chirag Shah:** And sir, one last, because and this is more with gross margin improvement that we are seeing. Has currency played any role in your gross margin improvement because sequentially we would have benefited reasonably on the USD-INR movement and USD-Euro movement for that matter?
- V. V. Ravi Kumar:** Answer is yes but not very significant.
- Chirag Shah:** Could it contribute 20-30 bps or even 40-50 bps of gross margin improvement sequentially, so this is in context of adverse mix in the broader segment like CDMO share is down, API share is significantly up. That's why I was asking.
- V. V. Ravi Kumar:** Definitely we will get a benefit because we are a net exporter, but I am saying that it is not a very significant impact or positive impact.
- Chirag Shah:** Okay, thank you and all the best.
- Moderator:** Thank you. The next question is from the line of Jeevan from Sahasrar Capital. Please go ahead.
- Jeevan:** It's very heartening to hear the guidance of 60% gross margin going forward, I think it's very very positive. Coming to the CDMO side, I just want to understand your FY'27, so one is the animal health. So, I don't think animal health has still scaled up in '25 much. So, animal health how do you see the scale up in FY'27. Agrochemical also I don't think FY'26 we have done much of a delivery there. So, how do you see agrochemical growing in FY'27? And apart from that is there any large contract that we are talking or are in the pipeline with the big pharma if you can speak on that?
- Krishna Chaitanya Chava:** On the animal health, there's ongoing commercial supplies for a few compounds continue to do validations and filings for our partners in other programs. So, there is some meaningful revenue for this year as well and that we expect to continue or in fact grow on that. In the crop science space, we have commercialized one particular supplies for our partner and we expect that to continue shipments in the coming years as well but we look forward to adding more partners in the crop science space but meaningful revenues for the crop science probably will start maybe two years or 1 to 2 years down the road. And on your second question on the large commercial contracts, I mean unfortunately I can't necessarily comment on that, but we continue to have good discussions with several partners in several phases of the programs.
- Jeevan:** So, are you basically saying, any cases where the innovator large pharma is looking to move late stage molecules from other clients to us?
- Krishna Chaitanya Chava:** The opportunity exist but unfortunately without divulging confidential information I can't really fully comment on that, so yes.

- Jeevan:** No problem. Thanks a lot. And next question is about ImmunoACT, so I think we have done recently tied up with Cipla for South Africa region. So, any comment on that? How do you see that market or how do you see that opportunity?
- Satyanarayana Chava:** That opportunity will be meaningful only a year from now because of the regulatory approval needed in South Africa. So, clinical trials will start soon in South Africa. So, in FY'28 you will see that. But there are some milestones even already received from Cipla.
- Jeevan:** Okay, great, sir. Thanks a lot.
- Moderator:** Thank you. The next question is from the line of Bharath Siripurapu from Quest for Value Capital. Please go ahead.
- Bharath Siripurapu:** Congrats for good set of numbers. Dr. Chava regarding this new greenfield CAPEX of 500 acres in Atchutapuram, may I know when can we expect this new greenfield CAPEX start coming online? Can we expect 1st phase of it to come somewhere in FY'28?
- Satyanarayana Chava:** We are expecting the land allotment and handover will happen in the Q4 this year, financial year. And CAPEX will start from maybe second part of FY'27 and we expect to qualification and validations only two years from now.
- Bharath Siripurapu:** Okay, good. And my second question is to Krishna Chaitanya garu, so currently if you see there is a significant wave of demand coming to India on small molecule side from innovators, so basically what I understand is that the innovators are chasing for capacity. So, with this background, how is Laurus prepared to handle this surge of demand? Are the current capacities sufficient to satisfy the CDMO demand and are we considering scenarios like freeing up generic capacities and allocating them to CDMO?
- Krishna Chaitanya Chava:** I think one of the strategies that we have adopted is, investing ahead of time and that was the case over the last couple of years where we continue to do significant amount of CAPEX. That was in line with what we were expecting from capacity requirements and customer additions and therefore that has positioned strongly to meet some of these new opportunities that are coming about and that's also in line with our current guidance on CAPEX for this year and the next year this is to create capacities for our partners and opportunities that we are seeing.
- Bharath Siripurapu:** So, basically, we didn't lose any business because of not having capacities basically?
- Krishna Chaitanya Chava:** That's a fair statement to make, yes.
- Bharath Siripurapu:** Okay, thank you very much. And my last question is to Soumya garu. It's on generics. So, recently 3 billion tablet capacity has come online in Unit II for Krka, so may I know from when do we expect to generate revenue from this new capacity?

- Soumya Chava:** We have already started using the additional capacity and we will see a little bit of increase or jump from next financial year Q1.
- Bharath Siripurapu:** Okay, thank you very much. That's it from my side.
- Moderator:** Thank you. The next question is from the line of Vivek Agarwal from Citigroup. Please go ahead.
- Vivek Agarwal:** Thanks for the opportunity. First question is related to peptides, as you are making ongoing investments. So, just want to understand how much or what kind of investments you are making here, let's say, over the next couple of years and when you see the revenues starting from this particular segment? Thank you.
- Satyanarayana Chava:** I think we will give more details at the appropriate time, Vivek, on this. But what I can give you a glimpse. We are creating capacity for a fully integrated programs, protected amino acids and natural amino acids, fragments, final peptide and purification and isolation. So, the capacity being created is fully integrated. And we will give you both details at an appropriate time.
- Vivek Agarwal:** Sir, just trying to understand more. So, is it like that you already have some contracts or talks with some of the big pharma or is it like you are creating the capacity first and then for example you are expecting some kind of business from this facility?
- Satyanarayana Chava:** I think I can't give you more details on this.
- Vivek Agarwal:** No problem at all. And in CDMO, actually just harping on the comments that you made during the call. So, in a 4Q you are expecting growth YOY, so just want to understand if the growth is expected to come from a supply of a new commercial molecule or is kind of a late stage molecule, if you can provide some more color?
- Satyanarayana Chava:** Most of the revenue in Q4 is going to come from commercial supplies of molecules what we supplied earlier.
- Vivek Agarwal:** Okay, understood and just last question on CDMO. So, in calendar year 2026, right, so how many commercial molecules or the new commercial molecules you are going to supply?
- Satyanarayana Chava:** So, in the last 18 months, I can give you because we did had a review internally, so we supplied three commercial NCEs in the last 18 months.
- Vivek Agarwal:** Okay and just lastly on the generics. So, in CDMO you commented about that QoQ growth or YOY growth in the 4th Quarter, but how to think the performance of generic business in 4Q. So, in this quarter actually that there is significant step up, so I just want to understand what is the sustainability of the step up in 3Q and how to look this particular segment in FY'27? Thank you.

- Satyanarayana Chava:** In the generic space, lion's share of revenues are coming from ARV with both APIs and formulations and that business is pretty stable. Actually, we are able to increase our market share in both API and formulations and our North American formulation and European CMO sales also going up. I think we believe those numbers what we did in Q3 are sustainable.
- Vivek Agarwal:** Understood, sir. Thank you. That's from my side.
- Moderator:** Thank you. The next question is from the line of Ramesh Jain, a CA. Please go ahead.
- Ramesh Jain:** This is to Mr. Ravi Kumar. Just I want to understand why there was a marginal growth in CDMO business quarter-on-quarter as compared to our generic business, you are telling for 9-months of course I understand, but for this particular quarter why growth was not visible?
- V. V. Ravi Kumar:** If your question is why CDMO revenues are not growing, as we indicated, you can't compare in a quarter-on-quarter for a CDMO revenue. You have to see on a year basis. So, for 9-months as Dr. Satya said we already achieved a 50% growth. For a year also we expecting to have a higher growth. I hope that your question is answered.
- Ramesh Jain:** And the margins are sustainable, sir, even for the next quarter?
- V. V. Ravi Kumar:** Yes.
- Ramesh Jain:** Thank you.
- Moderator:** Thank you. The next question is from the line of Manavu Mehta from Vridhan Capital. Please go ahead
- Manavu Mehta:** Hi, sir. Good evening. So, my question is on the MoU where you have signed with LORDIN South Korea where we have announced entry into OLED materials. So, my question is, how does LORDIN enter into this structure apart from pharmaceutical
- Krishna Chaitanya Chava:** So, similar to our strategy across different areas right like for example human health, animal health and crop science, OLED represents another potential opportunity where we could be a potential player in the OLED materials which are again small molecules or chemically synthesized compounds, right? That is an MoU that we had agreed upon with LORDIN and we don't necessarily expect to see any meaningful revenues this year or the next, but that gives us an opportunity to potentially play in this very lucrative market.
- Manavu Mehta:** Understood, sir. Thank you.
- Moderator:** Thank you. The next question is from the line of Vishal Daga, an Individual Investor. Please go ahead.

- Vishal Daga:** Hi, my question was similar to what was the previous person asked. Just to add on to the question, what will be the total TAM of the market in the OLED segment, maybe '27-'28?
- Krishna Chaitanya Chava:** It's still an emerging development, given that the partner program that we are working on is also a developmental program. So, I can't necessarily comment on the market size itself because that's an emerging space that's currently under development.
- Vishal Daga:** Understood. Okay, thank you.
- Moderator:** Thank you. The next question is from the line of Aseem, an Individual Investor. Please go ahead.
- Aseem:** Hi, thanks for the opportunity. Many congratulations for the fabulous results for Quarter 3. So, one of my questions of the business is already answered, thank you for that. I have one question on the financials for Quarter 4. If you look at the last year Quarter 4, we have other income of around 40 crores to 50 crores which has led to a higher profitability. So, my question is was this a one-off or we can expect a similar level of other income in this quarter as well?
- V. V. Ravi Kumar:** We are not expecting Other income in the Quarter 4.
- Aseem:** Okay, so that was a one-off for last year.
- V. V. Ravi Kumar:** Yes.
- Aseem:** Okay, thank you.
- Moderator:** Thank you. The next question is from the line of Abhijit K. an Individual Investor. Please go ahead.
- Abhijit K.:** I have two questions; one question is regard to the asset turnover. May I know what is the asset turnover currently?
- V. V. Ravi Kumar:** 0.91 actually.
- Abhijit K.:** Look at the generic business and FDF, Mr. Chava had mentioned that you are entered into some new products and the volume growth was there significantly, how sustainable is this because we have seen that the API and the FDF sector has been fluctuating over the last 24 months, actually 24 months to 36 months if you see. But now this has been a significant ramp up in FDF and API both sectors. Is this like something that we can expect the Company to continue to grow on, because you also have new capacity that has come online, as you mentioned on the call also?
- Satyanarayana Chava:** The growth in generic API business would be very sustainable and when it comes to growth in our other FDF business, will also eventually sustainable despite up and down in few quarters because increased capacity for our CMO business in Europe with European customer will yield revenues starting from this quarter and fully operational by next quarter. So, we expect those

numbers are also sustainable in the long run, may not be in Q4 this year and Q1 next year but eventually we expect to do well there as well.

Abhijit K.: Okay and one last question with regards to the peptides sector that is happening, we understand that you are working with the American biotech company and we want to understand the timelines of these projects? Is it 24 months, 36 months or 48 months or is it really unpredictable. We have seen some data that there are some trials going on in the US without disclosing the company of course, but if you can understand the timelines because you've invested billions of dollars like in your Company and you are looking at the future of the sector which is obviously it is ADC and peptides which is like a revolutionary thing in pharma. So, we wanted to understand what is the timeline if you have any visibility or anything like that?

Satyanarayana Chava: I think you have to have bear with us for some more time. We will give you the details at appropriate time. But as you mentioned we are investing significant amount in peptides as well as also significant amount in ADCs.

Abhijit K.: So, in that part can we conclude that you are trying to move from being an API or CDMO sector to a biotech company, a company that is like the longer-term vision for the organization?

Satyanarayana Chava: No, see our investments in biotech, for example, cell therapy, gene therapy, ADCs are most emerging fields globally and we wanted to invest ahead of the curve and wet our hands to capture opportunities. In the case of peptides and all we are well established, we have investment, we have programs running right now. So, answer to your question is, we are more focused on large volume CDMO, right now

Abhijit K.: Okay, all right. Thank you.

Moderator: Thank you. The next question is from the line of Anjan Banerjee, an Individual Investor. Please go ahead.

Anjan Banerjee: I have question for Dr. Chava and thank you for the opportunity. Sir, I have question on CDMO space, like we have been seeing many of the Indian pharma players they have been expanding towards this CDMO segment. So, as per the understanding how big and long is this opportunity and given that Laurus has invested so much in the last couple of years towards expanding the capability and capacity, so what is the competitive advantage that Laurus Labs have as compared to its peers. So, that's one of my questions.

Satyanarayana Chava: I don't say we have an advantage, we were well prepared to take the opportunity. I will put it that way. So, people look at us, if there is a complex chemistry, if there is a scale involved, if it is a flow chemistry, if it is biocatalysis, if it's high energy chemistry and involves scale and we are the perfect partners. So, we have invested in these modalities and created capacities.

Anjan Banerjee: Okay, so as per you or whatever we say competitive that you talked about, so is it a fair assumption that developing these capabilities is a very long-term process and any pharma

company just cannot hire a scientist and let's foray into these because they are very skillful operations? So, is it fair that developing these and getting the customer approval is a very big thing because the capability matters a lot as compared to the capacity. So, is it a fair assumption?

Satyanarayana Chava: Yes, I think initially we are creating capabilities and then investing in capacities. So, what I mentioned, Laurus currently uses enzymes at the commercial scale. Laurus uses flow chemistry at commercial scale. So, we are going in phased manner. First, we create capabilities and then create capacities and we believe projects will come.

Anjan Banerjee: And sir, my second question for the CDMO space, in that you have constantly guided that we intend to reach that 50% of our share which will be driven from the CDMO segment overall. So, is it the ceiling or once we reach this 50%, it will look beyond breaching that 50% ceiling also, that's the second question?

Satyanarayana Chava: I think our first goal is to reach 50%. It's not going to be there in the medium term, it is a long-term goal for us to get there.

Anjan Banerjee: Okay, thank you very much, sir, and all the best.

Satyanarayana Chava: Thank you.

Moderator: Thank you. The next question is from the line of Kodandapani, an Individual Investor. Please go ahead.

Kodandapani: Good evening, very thanks for giving us good result for the quarter. So, I want to ask this, what is the exchange benefit for this quarter because of the huge dollar movement

V. V. Ravi Kumar: Yes, but not very significant.

Kodandapani: Okay, sir. Thank you. Most of the things already clarified and very thankful.

V. V. Ravi Kumar: Okay, thank you.

Moderator: Thank you. The next question is from the line of Nitin Agarwal from DAM Capital. Please go ahead.

Nitin Agarwal: Hi sir, thanks for taking my question. Sir, on the ARVs, you've been earlier mentioning that the business will stabilize around 2,400 crores-2,500 crores. We seem to be running significantly ahead of the run rate in the current year. So, has something changed in the ARV space per se which has enabled us to improve our scale in this business and is it sustainable?

Satyanarayana Chava: See, earlier we guided 2,500 plus or minus 200 crores. But you're right, current run rate is a little beyond that. The main contributor for that is, we have expanded our API capacities to meet our customer demand that is driving our positive growth there and now if I have to restate that

currently we are at 2,600 plus or minus 200, I will put it that way. But fundamentally hasn't changed much.

Nitin Agarwal: And sir, given there were some changes in the market landscape, has the profitability of the business also improved versus the dip it had a couple of years back? Is it a much better business profitability wise than it was maybe a couple of years back?

Satyanarayana Chava: It's profitable if we sweat assets more, that's what we are doing right now.

Nitin Agarwal: But there you don't see any major change in the competitive intensity in the business in that aspect?

Satyanarayana Chava: We are not seeing any.

V. V. Ravi Kumar: Nitin, actually what happened, actually we suffered for a few quarters because of the steep price reduction but that we could able to recover those things like because of some process improvements, raw material prices and productivity improvements. As we have been indicating for the last 6 quarters that we have been working on ARVs that is being resulted in this quarter.

Nitin Agarwal: It will be sustainable.

Satyanarayana Chava: Yes.

Nitin Agarwal: And sir, secondly on the non-ARV formulation business, what are the growth drivers for this business, when you look at next 12 months to 18 months?

Satyanarayana Chava: We expect to sustain those because of additional capacities coming up for our CMO partner in Europe and also volume gain in US and also some new launches in North America both the US and Canada.

Nitin Agarwal: Okay and because this quarter was probably the first decent quarter of ramp up which happened, we have pretty meaningful ramp up actually this quarter. So, is this like a run rate from here on or there will be lumpiness in this business as we go along?

Satyanarayana Chava: I think we expect little lumpiness but it is not significant.

Nitin Agarwal: And sir, lastly, on the CDMO business versus the kind of conversations we were having with our partners a couple of years back, to the kind of conversations we are beginning to have now, what has been the change I mean you can call that we indicate the change in the quality of discussions we are having scale and scope of discussions we are having with various partners on CDMO?

Krishna Chaitanya Chava: It's a long answer, but to just summarize that, I think the tone of the conversations continue to remain same in terms of what kind of capacities, capabilities and credentials that the Company

has, I think that's what primarily attracts our customers. With that being said, I think the global landscape has been a tailwind for potential conversations with customers, but the fundamentals need to be sound and that will only drive the businesses, our understanding is this.

Nitin Agarwal:

Okay, thank you so much.

Moderator:

Thank you. The next question is from the line of Abhijit K. an Individual Investor. Please go ahead.

Abhijit K.:

I had a clarification with regards to the CDMO business, you mentioned animal health and crop sciences; animal health will continue in FY'27 and crop sciences one product has been commercialized and meaningful supply will happen in 1-2 years. I remember in the previous concalls you had mentioned about human health CDMO contract also, is that still on track or is there like approval is pending and etc.?

Krishna Chaitanya Chava: In the human health space there are several different programs that we currently working with several partners and as Dr. Satya mentioned there's several commercial supplies ongoing in the human health.

Abhijit K.:

Okay, in percentage wise can you give a breakup like is it possible to say what are you looking more at, is it crop science versus animal health or is the future going to be human health because that's where I think a lot of companies are talking about it. So, just a picture, it's not to be too specific but just a rough?

Krishna Chaitanya Chava: Our largest share of CDMO is in the human health space by far and that will continue to be the case. After that we have a sizable portion coming in from animal health and the third one which is again currently very small is in the crop science space and this ranking of human animal health and crop science will be similar if I project a couple of years down the road as well.

Abhijit K.:

Okay, and the crop science is the one, it is a patented product or no? I am asking this question because next year or in the next two years a lot of products are going off patent. So, I just wanted to understand if it will affect you or not?

Krishna Chaitanya Chava: The commercial one is technically a product and some of the other opportunities that we are working on are also on the patented ones that we are looking at.

Abhijit K.:

Sure. Thank you.

Moderator:

Thank you. The next question is from the line of Dheeraj Kumar Reddy from AlphaSqr. Please go ahead.

Dheeraj Kumar Reddy:

Thanks for giving me this opportunity. I just have a couple of questions. The first question being, many CDMO players are talking about peptides as an opportunity today. Even Neuland or for Piramal etc. right they say that this is a \$10 billion opportunity. Dr. Chava I just wanted to

understand what out of this \$10 billion opportunity how much will probably come to India or is it only Indian opportunity and relevant players will get like what kind of market share out of this overall timing, you can just give me in a 3 year to 5 year timeframe maybe

Satyanarayana Chava: It's a very difficult question to answer see we don't have visibility on who is investing what capacity what products they have, but whoever gets the GLP opportunity people are investing in amino acids product, amino acids, fragments and some of them investing in small volume some of the investing large volume, opportunity is going to be meaningful for good number of players and I will not be in a position to comment any further on this.

Dheeraj Kumar Reddy: Got it. And my second question, Dr. Chava is, basically so if you are saying that ARV will be more or less in the range of this 2,500 crores to 3,000 crores what is the expected growth in the API segment going forward API and the formulations like how will they grow in the next 2 years to 3 years

Satyanarayana Chava: We will grow in the next year but significant growth will come in FY'28 because we are having capacities and we are validating some generic APIs and formulations. So, growth will be significant in FY'28 but there will be some growth in FY'27 as well, the generic API as well as the FDF space.

Dheeraj Kumar Reddy: Understood. Okay, got it. Thanks. That is it from my side.

Moderator: Thank you. Ladies and gentlemen, this will be the last question for today which is from the line of Mr. Bansal from NBG Investments. Please go ahead.

Bansal: You said while answering one of the questions from the participant that your asset turnover is 0.9, so what is the maximum achievable capacity, fixed asset turnover ratio

V. V. Ravi Kumar: If you look at one of our slide in the investor presentation, our 5-year average asset turn was 1.1. maybe 0.9 to 1.1 we will reach, but our peak asset turn was 1.4. We are not anticipating 1.4 at this moment but we are targeting 1.1 over a period of time.

Bansal: Okay, so that means you are almost at the full capacity utilization?

Satyanarayana Chava: The 0.9 to 1.1 actually we can do.

Bansal: Yes, correct. Thank you very much.

Moderator: Thank you. Ladies and gentlemen, as this was the last question for today, I now hand the conference over to management for closing comments.

Satyanarayana Chava: Thank you everyone for asking very insightful questions and thank you.

V. V. Ravi Kumar: Thank you.

Moderator: Thank you. On behalf of DAM Capital Advisors Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.