Dated: 24th October 2025

Laurus Labs (LAURUS) - SELL

Result Update

Current Market Price (CMP)	Fair Value (FV)
Rs.934	**Rs.625**

Rationale:

- Led by elevated ARV sales and robust overall gross margins, Laurus delivered its third consecutive beat in Q2FY26.
- Despite Synthesis sales declining 4% qoq, a higher commercial CDMO mix drove the gross margin resilience.
- Laurus continues to invest in new technologies and capacities to augment its CDMO offering.
- Aided by a low base, better utilizations and a higher CDMO (Synthesis + Bio) mix, we bake in ~28% EBITDA CAGR over FY2025-28E.
- We expect earnings to grow by 19.3% in FY27E & grow by 17.1% in FY28E.
- Stock is currently trading at valuation of 52.2x P/E FY28E EPS.
- At ~61X FY2027E P/E, the long anticipated earnings recovery is fully factored in.

Positives:

- Laurus' Q2FY26 sales at Rs1653.5 cr (+35% yoy) beat our estimates by 14%.
- CDMO on firm footing; investments in differentiated platforms augur well.
- We factor in robust growth in human CDMO opportunities (ex-Aspen).
- Forecast a hefty ~34% CAGR in Synthesis sales over FY2025-28E.

Negatives:

- ARV sales in Q2FY26 grew by 26% yoy, led by lumpiness in ARV FDF.
- Implied valuations for Laurus' Synthesis segment at >45X FY2027E EV/EBITDA are at a significant premium to its peers.

Holding Period: 12 months

RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

BUY	–	We expect the stock to deliver more than 15% returns over the next 12 months
ADD	–	We expect the stock to deliver 5% - 15% returns over the next 12 months
REDUCE	–	We expect the stock to deliver -5% - +5% returns over the next 12 months
SELL	–	We expect the stock to deliver < -5% returns over the next 12 months
NR	–	**Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
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NA	–	**Not Available or Not Applicable.** The information is not available for display or is not applicable
NM	–	**Not Meaningful.** The information is not meaningful and is therefore excluded.
NOTE	–	Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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