Laurus Labs Limited

July 03, 2026

Facilities	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	936.53 (Enhanced from 830.61)	CARE AA; Stable	Reaffirmed
Long-term / Short-term bank facilities	2,114.00 (Enhanced from 1,445.00)	CARE AA; Stable / CARE A1+	Reaffirmed
Short-term bank facilities	1,390.00 (Enhanced from 1,365.00)	CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

The list of facilities / instruments falling under the purview of various financial sector regulators (FSRs), along with the names of respective FSRs has been disclosed under Annexure-7.

Rationale and key rating drivers

The reaffirmation of ratings assigned to bank facilities of Laurus Labs Limited (Laurus) reflects the company's sustained improvement in performance in FY26, marked by growth in total operating income (TOI), uptick in profitability margins, and strengthening of debt coverage indicators. In FY26, TOI rose ~23% year-over- year (y-o-y) to ₹6844 crore, driven by strong growth in contract development and manufacturing organisation (CDMO) and generics segments. CDMO benefited from late-stage pipelines and commercial supplies, while generics growth was led by higher volumes in anti-retroviral (ARV)/oncology portfolios, and uptake of recent launches in developed markets. The profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin improved to 26.53% in FY26, compared to 19.04% in FY25, owing to better absorption of fixed costs, softening of raw material prices, and process improvements. Ratings are also underpinned by experienced promoters, strong product portfolio spread across active pharmaceutical ingredients (API), formulation and synthesis, geographically diversified customer base, its strong corporate governance, and accredited manufacturing facilities. Laurus has 15 manufacturing sites and has successfully completed 132 audit inspections without critical observations.

However, ratings are constrained by lumpy CDMO revenues and ongoing debt-funded capital expenditure, which are expected to keep pressure on the capital structure. The company is also exposed to regulatory risks and foreign exchange fluctuation risks.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significant improvement in TOI and PBILDT margin.
- Total debt (TD) to PBILDT remaining below 1x on a sustained basis.

Negative factors

- TD/PBILDT, going beyond 2.75x on a sustained basis.
- Pressure on PBILDT margin on a sustained basis.
- Significant elongation of operating cycle beyond 200 days.

Analytical approach: Consolidated

CARE Ratings Limited (CareEdge Ratings) has adopted a consolidated approach for arriving at ratings of Laurus, given the strong operational and financial linkages with its subsidiaries. List of companies considered for consolidation is given under Annexure-6.

Outlook: Stable

Stable outlook reflects the expectation of continued improvement in the entity's operational and financial performance, leading to a gradual strengthening of its credit profile through better cash flows, improved debt coverage, and increased financial flexibility.

Detailed description of key rating drivers:

Key strengths

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Strong product portfolio catering to different therapeutic segments

The company has a strong product portfolio spread across API, formulation and synthesis. Laurus has a portfolio with over 90 commercialised APIs with strong presence in ARV and oncology, which put together contributed ~65% of total APIs, and 56% formulation revenues in FY26. The company has filed a total of 92 Drug Master File (DMFs), of which, two DMFs were filed in FY26. The company has filed 352 patents as on March 31, 2026, of which 244 have been approved. Apart from ARV in formulation, the company caters to therapeutic segments, such as cardiovascular, central nervous system (CNS), and anti-infectives. In CDMO, the company currently has over 125 active projects, including animal health projects.

Reputed and geographically diversified customer base

The company has a reputed and geographically diversified customer base for API and formulation. The expansion in scale of operation in the formulations segment has resulted in addition of new customers and other players in low-and-middle income countries (LMIC) market. In CDMO segment, it has also signed several new projects with few big pharma companies. Historically, the company's revenue profile has been well-diversified, with a substantial portion generated from export markets. Export sales are well-distributed across key geographies, contributing ~67% of FY26 sales. CareEdge Ratings expects revenue contribution from regulated market to be ~35-40% of the total revenue, and the balance shall be contributed by domestic and semi-regulated markets.

Accredited manufacturing facilities

Laurus has total 15 manufacturing sites in Vizag, Bangalore, Hyderabad, and Mumbai (through its associate company, ImmunoACT). Of 15 manufacturing facilities, seven are approved by the USFDA. Some sites are also approved by other regulatory authorities such as ANVISA Brazil, and WHO Geneva, among others. The company has successfully passed 132 audit inspections without critical findings as of March 2026.

Proven research and development (R&D) capabilities

Laurus' R&D centre spread over 56,000m^2 is at Hyderabad, Vizag, and Bangalore. The R&D centre houses regulatory affairs, IP management, and quality assurance. R&D facilities are staffed by over 1540 R&D scientists supporting 68 projects. The company incurred a total R&D spend of ~₹282 crore in FY26 (~4% of TOI), against ₹257 crore (5% of TOI) spent in FY25. The R&D team focuses on projects that would generate long term revenues/profits. The operational team also focuses on improving processes to expand yield and reduce waste. R&D centres are approved by the FDA (the US), FDA (Korea), and Therapeutic Goods Administration (TGA; Australia). The company had been consistently spending between 4-5% percent of its revenue towards R&D.

Operating leverage from recent capex and healthy growth in FY26 sales

TOI increased by ~23% y-o-y to ₹6844, driven by growth across CDMO and generics segments.

(1) The CDMO business saw strong traction from late-stage pipeline programs, commercial supplies of complex new chemical entities (NCE) APIs, and ramp-up of new projects with global partners. The CDMO segment has also witnessed the shift from clinical trials to commercial supplies in FY26.

(2) Meanwhile, the generics segment benefited from higher volumes in ARV and oncology portfolios, and strong uptake from recent launches in developed markets. Overall growth was supported by sustained leadership in ARVs and consistent execution despite global supply chain challenges.

Investments in growth capex in the recent past primarily focused on increasing its capacity in CDMO segment, fermentation, advanced chemistries, oral solids and through its subsidiary Laurus Synthesis Private Limited (LSPL) for building the facility for animal health and crop protection product. In FY26, stronger sales momentum i has driven higher capacity utilisation across facilities, enabling more efficient spreading of fixed costs over a larger revenue base, which in turn has supported a meaningful improvement in PBILDT margins. The PBILDT margin improved to 26.53% in FY26, compared to 19.04% in FY25, owing to raw material price softening and process improvements. PBILDT margins are expected to stay largely stable, with a slight improvement anticipated in the near term.

Improved capital structure and debt coverage indicators

In FY26, the improvement in overall business performance also translated into a healthier capital structure. Debt to equity ratio and overall gearing improved to 0.20x and 0.50x as on March 31, 2026 (0.24x and 0.64x, as on March 31, 2025), respectively. Other debt risk metrics (term debt/gross cash accruals [GCA] and TD/GCA) have improved in FY26, to 0.75x and 1.88x (against 1.38x and 3.64x in FY25) due to improvement in GCA. Total term loan outstanding has decreased from ₹978.08 crore as on March 31, 2025, to ₹904.85 crore as on March 31,2026. Interest coverage parameters (PBILDT/interest and profit before interest and taxes [PBIT]/interest) also improved to 10.64x and 7.82x, in FY26 (4.90x and 2.91x in FY25), considering improvement in profitability. CareEdge Ratings expects that the company's capital structure is expected to strengthen further, supported by improved operational performance and enhanced cash flow generation.

Key weaknesses

Ongoing capex partly funded through debt

The company spent ~₹2000-2500 crore from FY24-FY26 on growth capex. The capex is incurred in increasing its capacity in CDMO segment and through its subsidiary, LSPL for building the facility for animal health and crop protection product. The capex is partly funded through debt, which led to rise in TD and concomitantly higher interest cost. CDMO assets, which became operational recently have already started to scale up in FY26 and expected to improve further. CareEdge Ratings notes that the company plans to incur additional capital expenditure of ~₹3000-3500 crore from FY27–FY29, primarily to greenfield facility for small molecule, peptide manufacturing, animal health, fermentation at Vizag, and gene therapy/ADC/cell therapy. This planned investment and its successful execution, and the company's ability to generate meaningful returns, will remain key rating monitorable. However, the management's confirmation that capex is closely aligned with visible demand provides comfort.

Inherent volatility in CDMO revenues

Unlike the ARV generics business, which is anchored by multi-year tender frameworks providing volume predictability, each CDMO programme delivery is governed by the customer's development timeline, meaning a delayed regulatory approval, or a rescheduled batch campaign can impact revenue. With Laurus' current CDMO scale of ~₹2,080 crore, earnings continue to exhibit inherent lumpiness due to the project-based nature of the business. In FY26, there is a higher revenue contribution from late stage and commercial-stage deliveries when compared to FY25, and until commercial programmes constitute majority CDMO revenue, variability in revenue is expected to persist.

Exposure to regulatory risk

The company is exposed to regulatory risk with its operations centred majorly into manufacturing pharmaceutical APIs and formulations. The pharmaceutical industry is highly regulated in many other countries and requires approvals, licenses, registrations, and permissions for business activities. The approval process for a new product registration is complex, lengthy, and expensive. The time taken to obtain approval varies by country but generally takes from six months to several years from the date of application. Delays or failures in getting approval for new product launch could adversely affect the company's business prospect. Given India's significant share in the US's generic market, the USFDA increased its scrutiny of manufacturing facilities and other regulatory compliance of the Indian pharma companies supplying generics drugs to the US. Non-compliance may result in regulatory ban on products/facilities and may impact a company's future approvals from USFDA. Hence, ongoing regulatory compliance has become critical for Indian pharma companies.

Laurus has zero critical findings across 132 customer and regulatory audits in FY26, no active USFDA Warning Letters or import alerts at company-owned facility as in June 2026. This mitigates the exposure to regulatory risk to an extent.

Foreign exchange fluctuation risk

Laurus is exposed to foreign exchange fluctuation risk in view of large volume and high value transactions of export and import, a phenomenon common to players in the industry. However, Laurus uses derivative instruments, primarily to hedge foreign exchange. The company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. It hedges a part of these risks by using derivative financial instruments in line with its risk management policy.

Liquidity: Strong

The company's liquidity position is strong marked by healthy cash accruals of over ₹1365 crore in FY26, against repayment obligations of ~₹330 crore of principal and ₹171 crore of interest in FY26. The company had cash balance of ₹113 crore as on March 31, 2026. Considering cash accruals generated by the company in the past and its future business prospects, CareEdge Ratings expects the company to comfortably meet its total term debt obligation from FY27-FY29, including ~₹270-330 crore of principal repayments and ~₹170 crore of interest payments. The company is also expected to incur capex of ~₹1000-1500 crore each year for the next three years, which will be funded through debt and internal accruals. The company has ~₹2000 crore of fund-based working capital limits, of which the utilisation for the past 12 months is ~60%.

Environment, social, and governance (ESG) risks

For the pharma industry, the main factor of ESG having the potential to materially impact financials are social aspects, such as product safety and quality, human capital and development, and access to healthcare. API and chemical synthesis manufacturing also carries inherent occupational health and safety risk. Governance remains a universal concept affecting all sectors and geographies. Among ESG factors, majority pharma companies seem to be focusing on product quality and safety, and regulatory compliance in governance. Since these companies have exposure to different geographies, each having its own regulatory requirements, which are continuously evolving, non-compliance with regulations or scrutiny process can result in product withdrawals, recalls, regulatory action, declining sales, reputational damage, increased litigation, and related expenses. It might also result in regulatory ban on products/facilities and may impact a company's future approvals from regulators, such as the USFDA.

Laurus's global Human Immunodeficiency Virus (HIV) treatment contribution, supplying APIs/FDF for approximately one-third of the global HIV patient population, represents among the most material social impact profile. The December 2022 Vizag fire led to process safety improvements. No subsequent reportable incidents from FY25–FY26. 132 customer quality audits have been successfully completed in FY26, without critical observations reflecting a well-managed quality and safety system. The company has implemented sustainability management and has also invested in green chemistry platforms, such as bio-enzyme catalysis and continuous flow chemistry. For clean energy, the company acquired ~26% stake in Ethan Energy to boost captive renewable power. The company signed greenhouse gas reduction target commitment with Science Based Targets initiative (SBTi) in December 2023. The company initiated new system certification ISO 50001:2018 (energy management systems) across all its companies.

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Pharmaceuticals
Financial Ratios – Non financial Sector
Consolidation
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Healthcare	Healthcare	Pharmaceuticals and biotechnology	Pharmaceuticals

Founded in 2005, Laurus is a research-driven pharmaceutical and biotechnology company. It is promoted by Dr C Satyanarayana. Laurus has a global leadership position in select APIs, including anti-retroviral, oncology drugs, cardiovascular, and gastro therapeutics. Laurus also offers integrated CDMO services to global innovators from clinical phase drug development to commercial manufacturing.

Brief Consolidated Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (A)
Total operating income	5556.82	6843.62
PBILDT*	1058.14	1815.91
Profit after tax (PAT)	358.34	890.14
Overall gearing (x)	0.64	0.50
Interest coverage (x)	4.90	10.64

A: Audited; UA: Unaudited; Note: These are latest available financial results.
*PBILDT: Profit before interest, lease rentals, depreciation, and tax

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	31/12/2031	936.53	CARE AA; Stable
Fund-based - LT/ ST-Working Capital Limits		-	-	-	2114.00	CARE AA; Stable / CARE A1+
Fund-based - ST-Working Capital Demand loan		-	-	-	446.00	CARE A1+
Non-fund-based - ST-BG/LC		-	-	-	895.00	CARE A1+
Non-fund-based - ST-Forward Contract		-	-	-	49.00	CARE A1+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2026-2027	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024
1	Fund-based - LT-Term Loan	LT	936.53	CARE AA; Stable	-	1)CARE AA; Stable (01-Jul-25)	1)CARE AA; Negative (20-Jun-24)	1)CARE AA; Stable (22-Jun-23)
2	Non-fund-based - ST-BG/LC	ST	895.00	CARE A1+	-	1)CARE A1+ (01-Jul-25)	1)CARE A1+ (20-Jun-24)	1)CARE A1+ (22-Jun-23)
3	Fund-based - LT/ ST-Working Capital Limits	LT/ST	2114.00	CARE AA; Stable /	-	1)CARE AA; Stable	1)CARE AA; Negative / CARE A1+	1)CARE AA; Stable

				CARE A1+		/ CARE A1+ (01-Jul-25)	(20-Jun-24)	(22-Jun-23)
4	Commercial Paper-Commercial Paper (Carved out)	ST	-	-	-	-	1)Withdrawn (20-Jun-24)	1)CARE A1+ (22-Jun-23)
5	Non-fund-based - ST-Forward Contract	ST	49.00	CARE A1+	-	1)CARE A1+ (01-Jul-25)	1)CARE A1+ (20-Jun-24)	1)CARE A1+ (22-Jun-23)
6	Commercial Paper-Commercial Paper (Standalone)	ST	-	-	-	-	1)Withdrawn (20-Jun-24)	1)CARE A1+ (22-Jun-23)
7	Fund-based - ST-Working Capital Demand loan	ST	446.00	CARE A1+	-	1)CARE A1+ (01-Jul-25)	1)CARE A1+ (20-Jun-24)	1)CARE A1+ (22-Jun-23)

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities – Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based - LT/ ST-Working Capital Limits	Simple
3	Fund-based - ST-Working Capital Demand loan	Simple
4	Non-fund-based - ST-BG/LC	Simple
5	Non-fund-based - ST-Forward Contract	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1.	Sriram Labs Private Ltd	Full	Subsidiary
2.	Laurus Synthesis Pvt Ltd	Full	Subsidiary
3.	Laurus Bio Pvt Ltd[5]	Full	Subsidiary
4.	Laurus Holdings Ltd	Full	Subsidiary
5.	Laurus Generics Inc.[3]	Full	Subsidiary
6.	Laurus Generics GmbH[2]	Full	Subsidiary
7.	Laurus Generics SA (Pty) Ltd	Full	Subsidiary
8.	Laurus Speciality Chemicals Pvt Ltd	Full	Subsidiary
9.	Immunoadoptive Cell Therapy Pvt Ltd	Moderate	Associate
10.	Ethan Energy India Pvt Ltd	Moderate	Associate
11.	KRKA Pharma Private Ltd[4]	Moderate	JV
12.	Kurnool Renewables Private Limited	Moderate	Associate

[2]Laurus Generics GmbH, Germany is wholly-owned subsidiary of Laurus Holdings Limited, UK and step-down wholly-owned subsidiary of the company.
[3]The company is holding 49.24% of Laurus Generics Inc., USA, and remaining 50.76% is held by Laurus Holdings Ltd., UK.
[4]KRKA Pharma Private Limited is a joint venture company, where the company is holding 49% and remaining 51% is held by joint venture partner, KRKA d.d., Novo mesto, a company registered in Slovenia.
[5]On fully diluted basis.

Annexure-7: List of facilities/instruments and FSRs

As required by SEBI Circular dated February 10, 2026, to Credit Rating Agencies (CRAs), the list of activities or instruments falling under the purview of various FSRs, along with the names of respective FSRs, is disclosed below:

Sr. No.	Facilities/Instruments Name	Regulator of the Instruments[2]
1.	Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities)	SEBI
2.	Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities)	MCA
3.	Listed PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	SEBI
4.	Listed PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	SEBI
5.	Unlisted PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	RBI
6.	Listed Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
7.	Unlisted Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
8.	Loan Facilities (Fund / Non-Fund Based) From Banks / NBFCs / NHB / FIs ^	RBI
9.	External Commercial Borrowings and Other Similar Borrowings	RBI
10.	Certificates of Deposit	RBI
11.	Fixed Deposits Raised by Banks, NBFCs, HFCs, FIs	RBI
12.	Fixed Deposits Raised by Corporates Other Than Banks, NBFCs, HFCs, FIs	MCA
13.	Inter Corporate Deposits / Loans Extended by Corporates	MCA
14.	Borrowing Programme ~	-
15.	Issuer Ratings #	-
16.	Credit Ratings for Capital Protection Oriented Schemes (By Mutal Funds and AIFs)	SEBI
17.	Credit Quality Ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18.	Listed Security Receipts	SEBI
19.	Unlisted Security Receipts	RBI
20.	Independent Credit Evaluation (ICE)	RBI
21.	Expected Loss Ratings (For Loan Facilities (Fund / Non-Fund Based) from Banks / NBFCs / NHB / FIs)	RBI
22.	Expected Loss Ratings (Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities))	SEBI
23.	Expected Loss Ratings (Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities))	MCA
24.	Unlisted PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	Investor-side regulator such as IRDAI, PFRDA @

* Includes securitisation transactions involving assignee payout, acquirer's payout.

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), among others. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In the rating reports subsequent to issuance(s), CareEdge Ratings shall separately capture the rated quantum details along with names of respective regulators.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

@ These ratings were assigned in regulatory regime prior to introduction of SEBI CRA Circular dated February 10, 2026, and the investor side regulators have accordingly been included.

Note: For facilities / instruments falling under the purview of FSRs other than SEBI, the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

[2] SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority.

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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