November 03, 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**

Dear Sir / Madam,

Sub: Transcript of the Q2 FY '27 Results Conference Call hosted on October 29, 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 October 13, 2026, please be informed that the results conference call for Q2 FY27 was hosted on October 29, 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

Q2 FY27 Earnings Conference Call”

October 29, 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 DIRECTOR, HEAD CDMO – LAURUS LABS LIMITED
MRS. SOUMYA CHAVA – EXECUTIVE DIRECTOR AFFORDABLE MEDICINES AND COMMERCIAL – LAURUS LABS LIMITED
MR. VIVEK KUMAR – ASSISTANT VICE PRESIDENT – INVESTOR RELATIONS – LAURUS LABS LIMITED

MODERATOR: **MR. NITIN AGARWAL – DAM CAPITAL ADVISORS LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Laurus Labs Q2 FY27 Earnings Conference Call hosted by DAM Capital Ltd. 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 star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Nitin Agarwal from DAM Capital Advisors Limited. Please go ahead, sir.

Nitin Agarwal: Thank you. Good afternoon, everyone, and a very warm welcome to Laurus Labs Q2 FY27 Earnings Call hosted by DAM Capital Advisors Limited. On the call today, we have representing Laurus Labs management are, Dr. Satyanarayana Chava, Founder and CEO; Mr. V. V. Ravi Kumar, Executive Director and CFO; Mr. Krishna Chaitanya Chava, ED, Head CDMO; Mrs. Soumya Chava, ED, Affordable Medicines 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: Thanks, Nitin. Good afternoon to all our stakeholders. We are pleased with the substantial progress company making across various business segments. We continue to report strong growth in CDMO business, steady momentum in affordable medicine portfolio because of our major advancement in our partners' clinical and commercial programs.

The strong performance reflects sustainable robust demand for our specialized capabilities, integrated offerings, depth of our customer relationships and disciplined operational execution by our team. In line with our accelerating transformation strategy, we are actively investing into building scientific capabilities and capacities across complex and new modalities.

The company's total reactor volume for small molecules API in operation has now reached over 9,000 kiloliters, and we will continue to expand further. We are also pleased to highlight some of the important disclosures we have made in this quarter's investor presentation on the advancements we are making in our integrated peptide CDMO capability.

We commissioned commercial-scale peptide manufacturing block. Our current reactor volume for solid-phase peptide synthesis is over 16,000 liters, and we have taken up a significant further expansions to meet diverse program requirements. We continue to strengthen the capacity of liquid-phase peptide synthesis and several new technologies.

We are also augmenting our capacity through disciplined business development. During the quarter, we have announced investment into 2 technology platform companies. The one is an

agreement to acquire majority 60% stake in Canada-based Galenvs Sciences, specializing in oligonucleotides and precision magnetic nanoparticles-based purification.

By leveraging Galenvs's expertise in early-stage oligo projects, process development, conjugation, advance purification and fill finish, along with Laurus's large-scale expertise in complex chemistry, we intend to support clients with seamless journey from complex RNA DNA-based therapies as a one-stop solution. Together, this will expand Laurus's position to participate in emerging high-growth oligo market.

Second is an acquisition of majority stake in SI & C Resins, a peptide resin technology-focused company based out of Hyderabad. This will allow us to enhance long-term supply security by in-sourcing critical solid support resins for peptide synthesis and also chromatography stationary phases for large-scale peptide purification. This will bolster Laurus's manufacturing competitiveness and reliability with our current and future partners' programs.

These acquisitions are aimed to advance Laurus's integrated scientific capabilities under one roof. These acquisitions are strengthened by Laurus's quality infrastructure that will cater to more complex customized projects, along with significant increase in future therapeutic demands.

Moving on to our financial results. Laurus has maintained its growth trajectory and once again delivered a record revenue and profits for quarter 2. Total revenues were INR2,206 crores, reflecting a continued strength of our CDMO platform, growing contribution from commercial-based supplies and ongoing momentum in Affordable medicines portfolio.

Gross margins were also healthy and maintained at around 63%, and EBITDA margins further expanded over previous quarters by 2.7 percentage points to 34.5%. Our product mix and operating leverage continue to do well, supporting healthy margins overall.

I would request Mr. Krishna Chaitanya to share key updates on our CDMO business.

Krishna Chava: Thank you. Coming to the small molecule CDMO, the business has continued to deliver robust operational execution in Q2, reporting an 86% growth with the sales of INR875 crores. For the first half of the current financial year, the division recorded INR1,710 crores. That equates to about 77% growth.

This performance was driven by successful delivery of critical late-stage programs as well as commercial API supplies to multiple global partners. We also continue to see encouraging demand on the newly commissioned assets across both Human Health and Animal Health businesses, both in terms of the volumes and opportunities with existing partners as well as with new client engagements.

The company remains focused on enhancing our core capabilities and capacities to better meet customer demand driven by continuous expansions. As Dr. Satya highlighted in the opening

remarks, we have commissioned our peptide manufacturing facility and our investment towards other multiple large-scale API opportunities continues to take place in our Vizag site.

Strategically, we are elevating client collaboration on complex new modalities and our focus remains on securing fully integrated projects, seamlessly supporting partners from preclinical development going all the way to finished drug product services. Driven by this end-to-end capability, our CDMO pipeline continues to expand.

We are adding clinical programs across a highly diversified mix of manufacturing technologies as well as therapeutic indications. I would say with our capability expansion, deeper integration and expanding pipeline, Laurus is well positioned to sustain a healthy business growth in the coming years.

Now moving on to Laurus Bio. The Laurus Bio division reported a Q2 sales at INR29 crores. And for the first half of this financial year, that is at INR64 crores. The year-over-year variation is primarily due to the campaign phasing, though our underlying pipeline momentum remains strong. We are actively increasing longer-term strategic relationships with our major customers across both AOF as well as CDMO programs towards anchoring our future pipeline.

On the capacity front, our commercial fermentation facility, Laurus Bio 4 is progressing as planned, and we expect this to be operational by the end of this year. And we are already advancing on customer capacity reservations for this facility.

Now I would request Ms. Soumya Chava to share key updates on our affordable medicines portfolio.

Soumya Chava: Yes. Thank you. Revenues from the affordable medicines stood at INR1,302 crores in Q2, which represents a strong 15% year-on-year growth. For the first half of this financial year, we achieved a healthy growth of 13%. This growth was driven by continued expansion of our order book across various established portfolios, which was also supported by stable pricing in both our ARV portfolio and developed market portfolios.

Looking ahead, we remain committed to investing in the business in line with evolving market requirements. Our positive long-term outlook is underpinned by a robust pipeline of new product launches, integrated CMO engagements and ongoing expansion of product registrations across key emerging markets, which is creating new business opportunities for us.

I'm also pleased to report that despite the heightened global volatility, our supply chain has demonstrated exceptional agility, enabling us to maintain highly reliable delivery performance for all our global partners. With respect to our strategic KRKA joint venture, progress at the formulation facility remains firmly on track.

The Phase 1 production blocks are scheduled to commence operations in mid-2027, which will significantly enhance our commercial capabilities with a focus on high-potent and general OSD manufacturing. On the filings front, we have cumulatively filed 92 DMFs to date. In developed

market formulation business, we filed 2 dossiers and received 2 approvals during H1. Overall, we have cumulatively filed 96 products to date. Thank you.

Satyanarayana Chava: Thanks, Krishna, Soumya for the overview on CDMO and affordable medicine segments. On the R&D front, overall spending to sales for the first half of this financial year was at 4.3%, increased by over 34% year-on-year, which has been exceptionally high, primarily on account of capability development efforts for our gene therapy, ADC technology infrastructure. We maintain our commitment to invest in portfolios focusing on product complexity, scale and sustainable technology platforms.

I would also like to share a brief on quality and ESG. In the first half, Laurus underwent 59 quality audits by multiple drug regulatory agencies and key partners and has been successfully cleared audit inspections without any critical findings. On ESG front, we continue to drive sustainability initiatives with continued recognition by leading global rating agencies. Meanwhile, we're also making operational progress against our SBTi-validated near-term GHG reduction targets. You can see more in our IR slides.

To conclude, we are pleased the way we are executing our transformation strategy and headway we are making into building a stronger foundation for future. By broadening our integrated capabilities, diversifying our pipeline and advancing key commercial opportunities, we are well positioned to accelerate our long-term growth trajectory.

Now I request Mr. Ravi Kumar, our CFO, to share overall financial highlights.

V. V. Ravi Kumar: Thank you, Doctor. A very warm welcome to everyone to our quarter 2 and H1 earnings call. Let me take you quickly through the highlights. Total income from operations for H1 is at INR4,233 crores, registering a growth of 31%. We continue to deliver strong growth mainly due to continuing strength in CDMO execution and stable performance in affordable medicine.

For the quarter 2, total income from operation is INR2,206 crores, which is the highest in the -- from the beginning. Gross margin maintained at a healthy level for H1 at 62.9% and for quarter 2 at 63%, mainly due to better product mix and division mix and improved operational efficiencies.

EBITDA for H1 stands at INR1,406 crores with a margin of 33.2%. For the quarter 2, EBITDA reported at INR762 crores with a margin of 34.5%. This profitability is on account of improved operational leverage. Profit after tax for H1 at INR809 crores and for the quarter 2 at INR441 crores.

So our ROCE is moving upwards to 22.5% for the H1 versus FY26 of 17.7%. On the capex front, we invested close to INR470 crores for the quarter and INR864 crores for the H1. We are making good progress in executing ongoing key capex across diversified growth projects.

Our net debt stood at INR2,466 crores and debt-to-EBITDA is around 1.02 versus 1.28 for the last quarter on the back of strong internal cash flows. 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 for all our stakeholders. You can refer to our IR presentation for more details.

With this, I would request the moderator to 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 comes from the line of Tushar from Motilal Oswal Financial Services.

Tushar: Sir, firstly, on the peptide large-scale manufacturing block we started. So as a trajectory, how to think about the commercial level sort of revenue coming through, considering the customer might require certain regulatory approvals to come in place or you will have the inventory buildup quantity. If you can just explain that business trajectory?

Satyanarayana Chava: Krishna, would you like to answer this question?

Krishna Chava: Sure. Thanks for that question, Tushar. As you rightly said, for every program, there's a certain runway towards commercialization, as you rightly identified related to validations and regulatory approvals.

With that being said, we have several programs in the pipeline, which I can't really divulge too much about, but that are in various stages, including development, scale-up validations. So we already have a visibility into how we would leverage these facilities and thereby having the visibility to invest more in furthering this capacity.

Tushar: For the existing capacity, not getting into product specific or company specific, but in terms of time line where we see the commercial benefit starting to and what could be the quantum for the existing capacity, maybe in terms of asset turn over a period of time, how to think about it?

Krishna Chava: For the commercial revenues, we expect somewhere around the '29 time frame for some of these peptide capacities that we are talking about today. But with that being said, in terms of utilization, even for some of these validation campaigns also, it will be fairly high for the asset itself.

Satyanarayana Chava: Tushar, as we mentioned in our investor presentation, we are also expanding our peptide capacity significantly. We'll give you more details as and when the facilities are qualified. So we have good visibility on the programs, progress of the programs and the volumes requirement for these programs. We have visibility.

One point I would like to add here is our peptide manufacturing capabilities are fully integrated. In the sense, we are not making fragments. We are doing complete synthesis of the peptide purification isolation. We are offering an API, not just fragments.

Tushar: Got it, sir. That's really helpful on peptide side. And on the overall CDMO side, like considering multiple projects at multiple stages, is there any in the near term where the inventory buildup

has happened at the customer end and hence, there would be some buffer before the revenue picks up on the overall basis in the CDMO segment? Or we have certain projects which are yet to sort of scale up and hence, we will continue to have growth in this segment maybe over the next say, next 12 months or 6 to 9 months?

Krishna Chava: Based on what we know at the moment, we don't anticipate such a situation. But with that being said, we have several programs that are commercialized in nature. So these volume changes generally tend to balance out. So we are not anticipating any such sudden surprises, at least from the perspective that we have today.

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

Sajal Kapoor: Yes. Congrats, am I audible?

Satyanarayana Chava: Yes. You are audible.

Sajal Kapoor: So congratulations, Dr. Satya, Raviji and team. Yes, sure. The numbers are finally catching up with the work you have been doing for years, well deserved. I have 3 questions. First, Dr. Satya, if you remember in April 2023 on that NDTV Profit interaction with me, you agreed that a bigger surface area would mean better growth. Since then, CDMO has grown about 4x. What can Laurus do for customers today that it couldn't 3 years ago? Thank you.

Satyanarayana Chava: As years passed by, we are not just adding reactor volume. We are also adding various technical capabilities as well. See, our first commercial scale biocatalysis happened in 2021. And then flow chemistry happened later on. Flow hydrogenation happened later on, fermentation happened later on.

So we're adding technical capabilities over a period of time. Today, if any partner comes with a tech pack, we will not say no because we don't have capabilities, except monoclonal antibodies and cephalosporins and penicillins. Those are the areas we don't have right now. Other than that, we can offer any chemistry, any modality, any scale, any potency also.

So we just commercialized OEB 5 facility for payload linker now. So we are adding capacity and capabilities for a period of time. In 2023, we don't have this many capabilities. Now we have capacity and capabilities.

Sajal Kapoor: So my second question is execution to my mind is earning customer trust and trust is bringing more complex programs, something you alluded to in a private function at the CPHI. Over the next 5 years, what is most likely to break this winning loop? That's my second question. And I've got one more.

Satyanarayana Chava: It is difficult to predict, Sajal Kapoor. We are putting our best efforts to keep our service level constant, if not increase. So our ability to take projects, we are very cautious not to compromise on our service levels. So our project abilities, we are choosing where we will add value to our customer, not deplete value to our customers.

That's where we would like to maintain service levels. Business will not come today, it will come tomorrow. So we don't want to spoil partnerships or relationships by taking too much that we cannot handle.

Sajal Kapoor: That's helpful. And finally, Dr. Satya, alongside the large capex, you are making small bets across peptides and oligonucleotides, which one could become a flywheel for Laurus in, let's say, 5 years, give or take?

Satyanarayana Chava: Our investment in peptide resins is not going to give so much a financial benefit, but it will strengthen our position in our peptide synthesis. But our investment in oligo peptide start-up for Galenvs in Canada, we have no customer right now in oligos. So we believe that will add significant value in the near to medium-term future.

Sajal Kapoor: And I think, Dr. Satya, is that exactly the loop that we have been playing over and over again, we try and control the full value chain, integrated. And I think what we did with ARV, we are kind of, in my view, and correct me if my understanding is wrong here, we are just playing the same playbook of integrated end-to-end value capture in the entire pharmaceutical space and new modalities are -- the thinking for the new modalities is along the same playbook as we have already executed over the period of time.

Is that how one should look at this transaction? Because you're not spending too much into this, but the capability that you are getting is meaningful, perhaps 5 years, 6 years out, if not immediately. Thank you.

Satyanarayana Chava: Thank you. I would say it is not same, but maybe similar. The scale is also not same. It could be different. ARV is a mammoth, but I don't expect the oligos will go to ARV level in the next 4, 5 years. We are investing because our customers are asking. It's not that we are investing, we are liking. Our customers are asking us to get there. So we're invested. Yes. That's the message I can give you right now.

Moderator: The next question comes from the line of Chirag Shah from White Pine.

Chirag Shah: Congratulations for good set of numbers. Sir, I have first a very short-term question. If I look at Q1 to Q2 on the CDMO side, can you give some color what has driven such a strong ramp-up sequentially?

Is it a large-sized molecule which you have supplied? Or is that some projects have moved from either Phase I to Phase II or Phase II to Phase III that has driven or sheer number of molecules for which the supply has happened is driving it? So it would be helpful if you can give some more granular whatever you can share on the qualitative side?

Krishna Chava: I think it's like a meaningful growth between the quarter 1 of this year and this quarter. But as we've highlighted in the quarter 1 conference call, we expect this to be pretty consistent is what we have alluded to also in the last call. But to answer your question, there's no specific one-offs that we are looking at in this case.

Chirag Shah: Okay. No, it's not about one-off. It is about the quality and the nature that is driving it. Is it more molecules getting added or it is some large molecule or some Phase II, Phase III movement, which is driving this? So I'm just trying to understand that side.

V. V. Ravi Kumar: I think if you look at the increase in quarter 1, quarter 2 by INR200 crores is because of the overall revenue increase. The CDMO revenue increase only contributed by INR40 crores, but our affordable medicine increased by INR160 crores. It is an overall performance.

Chirag Shah: Fair point. And sir, second, on the peptide side, can you just indicate the kind of capacities that we have currently? And the infrastructure, what kind of capacity addition that can happen? So that's one. And I presume you already have soft commitments or soft confirmations from customers or that is also yet to happen because it's a new facility, that's why I'm asking.

Krishna Chava: So on the capacities for the peptides only quoting the SPPS synthesizer capacities as we captured in our investor presentation, it's a little over 16 KL. And of course, LPPS, I don't want to quote at this point in time. But like we've always maintained, we'll provide a meaningful update whenever we reach that stage.

But yes, generally, we tend to shy away from quoting too much information, which might not be meaningful or translate into actual numbers. Again, I think we'll keep you updated on peptides as and when there's some updates there. But yes, that's something that I can share at the moment that we continue to invest extensively in enhancing the capacity further.

Chirag Shah: And is it a fair assumption the lead times are longer in peptides versus small molecules? It's a fair assumption, right, sir?

Krishna Chava: It's not a statement that's always true. It depends on the complexity of the small molecule, the number of steps involved and also the complexity of the peptide, if you're doing the fragments, if you're doing the API. So it is a question that has probably 3, 4 follow-on questions. But yes, I think at a high level, maybe you could say that, but it might not be always true.

Moderator: The next question comes from the line of Sekhar Kadiyala from Family Office.

Sekhar Kadiyala: So Dr. Chava, congratulations on, just not for this quarterly numbers, but I think the journey that Laurus has been giving all of the investors quarter after quarter. My question is primarily on the peptides, although many questions were already there, but I think I wanted to get a broader color from you or from Mr. Krishna.

So in the peptides world, I think what we've been hearing about is the solid-phase, liquid-phase, hybrid. And then, of course, I also read somewhere that fermentation peptides are the cheapest one in terms of manufacturing. So what I would like to understand from you is how do you see this whole scenario emerging in terms of how over the next 3 to 5 years, would it be the hybrid that will probably drive most of the manufacturing? Or could it be fermentation?

And how Laurus is preparing as we are building the peptides capacities? And the fact that we also have the fermentation capabilities, how we are preparing for this 3- to 5-year sort of a story? If you could throw some color. I don't need any numbers, but just the color around peptide manufacturing and how we are developing our capabilities. Thank you.

Satyanarayana Chava: The use of fermentation in peptide synthesis depend on how many amino acids, natural amino acids are there in sequence. If the sequence is small, nobody will go to fermentation based. Currently, the programs what we have mostly SPPS, LPPS or hybrid. So that's where our capacity expansion is also going on.

Krishna Chava: Just to add on to that, I think every program in the peptide space is unique and comes with its own unique requirements. So it's not very easy to say that 5 years down the road, there'll only be a certain type of programs. We believe there will continue to be a space for SPPS, LPPS, hybrid and as you have said, for the fermentation-based as well. That they'll continue to play a meaningful role because they offer unique characteristics depending on the peptide requirements.

Sekhar Kadiyala: Thank you. My second question and the last question is, if you could throw some light on the fermentation. In terms of our facilities, if they are GMP-approved, do they have any limitations, so to say, or they could do any type of fermentation requirements that our customers may have?

Satyanarayana Chava: See, we have one GMP facility in Bangalore that will do up to 5,000 liters fermentation. And we have a food grade and industrial grade facility in Tumkur with 200,000-liter fermentation capacity.

And we are building 500,000-liter facility, which will be operational in this quarter. That's also food grade and industrial grade, not a GMP grade. We're also building a GMP-grade fermentation facility for some of the products in animal health. That will be operational second half of next year.

Moderator: The next question comes from the line of Foram Parekh from BOB Capital Markets.

Foram Parekh: My first question is on the capex. We have announced INR3,000 crores capex over a period of '27 to '28. And it's across various modalities. So could you give us some color which modalities would have like higher contribution? Or would the capex be equally distributed amongst oligo, peptides, some color there?

Satyanarayana Chava: It's difficult to break into several segments for communication purpose. So we are investing significantly in growth capex and majority into API, yes.

Foram Parekh: Okay. My second question is on the EBITDA margin. While on a sequential basis, I see gross margin is almost flat, but EBITDA has increased, EBITDA margin has increased. And I see that's largely because of R&D cost rationalization. So just wanted to understand why has R&D come down steeply on a Q-o-Q basis? And how sustainable is it?

V. V. Ravi Kumar: I think the quarter 1, we have filed some ANDAs. So there is a reason the cost has gone up in quarter 1. It is not that we are defocusing on our R&D expenditure.

Satyanarayana Chava: And second, there is operational leverage as well. So from Q1 FY27 to Q2, we also achieved INR200 crores extra revenue. So our EBITDA margin improvement, not just lower R&D cost, but higher operational leverage.

Foram Parekh: Sure. And sir, any guidance on the sustainable run rate of EBITDA margin because 34% seems to be the highest ever. And now CDMO segment is also stabilizing at 40% contribution. So what's the stable EBITDA margin we can expect for the year?

Satyanarayana Chava: At the beginning of the year, we already indicated we were comfortable in maintaining over 60% gross margin and over 30% EBITDA. I think we still stick to our guidance.

Foram Parekh: Sure. And my last question is on the, again, custom synthesis side. Sir, some color or some dynamics, like how many molecules have been commercialized and how many molecules are there in Phase III?

Krishna Chava: Unfortunately, that is not something that we are in a position to divulge ma'am because of various confidentiality reasons. And also, like we've alluded to in the last call as well, that at least internally, we believe that number does not necessarily translate into the actual numbers like in terms of revenue because one program might give, let's say, USD1 million versus another program could potentially give USD100 million.

So that number, at least from our end, we believe, does not paint the full picture, and that's why we've always refrained from quoting that number.

Foram Parekh: Okay. And sir, lastly, if you can give us the number on the CC constant currency growth and the percentage exports of the total sales?

V. V. Ravi Kumar: Percentage exports, I have to check. I think majority is there actually, I think domestic, domestic must be less than 20%. And the constant currency on a sequential basis, it's not a significant number on a sequential basis. It's about INR12 crores.

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

Rahul Bharadwaj: So my question is primarily to understand the CDMO space a little better. So we probably have around 100-plus active programs. Can you give us some color into what percentage of the commercial stage supplies they are originating either from, let's say, Phase I/II development versus late-stage tech transfers?

Satyanarayana Chava: I think it's difficult to give that granular answer for this question. See, as Krishna mentioned, the number of projects may not give you right color of revenue. So we have projects from USD200,000 to several tens of million dollars.

So if we give say, we have 200, 300 projects, whether you multiply that number by USD200,000, multiply that number by USD10 million. So I think that may not give you a right picture to our investors. So we refrain from giving that number.

Moderator: The next question comes from the line of Dhawal from Jefferies.

Dhawal: So again, joining the peptide bandwagon, what is the gross block of the peptide facility that we have put up? And any very broad high-level estimate of what peptide business can generate in terms of peak asset turn whenever we achieve, but very high level?

Satyanarayana Chava: I think after a lot of deliberation internally, we agreed to give the reactor volume. I think beyond that, we are not going to give you how much of capex we invested, what is the asset turn ratio we are going to get. So unfortunately, we were not able to give you further details on that.

Dhawal: Okay, sure. And in the call earlier, it was mentioned that even the validation batches will require significant capacity and will drive a good utilization. So any broad time line when these validation batches you think could begin for the peptide facility?

Satyanarayana Chava: See, in the modalities like peptides, the complexity of synthesis is very high. So nobody would like to do validation at some scale and scale up later on, or move reactor, or move facility, move manufacturing block. So for these modalities, the commercial scale facilities are needed for the validation itself. So we have built facility, not just do validation, but also meet our customer commercial demands from the same manufacturing block.

Dhawal: Yes. Definitely. I got the concept. But any broad time line you think when these validation batches could begin?

Krishna Chava: Broadly speaking, 12 to 18 months is the number that you can take. But again, in clinical programs, things can move around, but you can assume that number.

Dhawal: Okay. And last question, it seems like we are trying to do some backward integration in SPPS manufacturing by investing in resin facility and resin capabilities. So again, approximately how large is resin cost when the peptide is getting manufactured using SPPS or hybrid?

Again, it can vary a bit. I understand it depends on how large the fragment is, how much is SPPS, how many LPPS. But very broadly, given you guys are doing investment, what is the typical resin cost versus the total cost of manufacturing the peptide?

Satyanarayana Chava: I'll be able to give you a range. It's a smaller the fragment, the cost of resin is higher. Longer the peptide, the resin contribution is less. So in the cost of manufacturing of raw material cost of peptide, it will vary between 10% to 20%.

Krishna Chava: Yes, raw material cost.

Satyanarayana Chava: The raw material cost to peptide resin contribution vary between 10% to 20%, depending on the length of the fragment of the peptide.

Dhawal: Got it. Understood. Very helpful. And any other major cost beyond resin, which is involved? Or is it all the regular solvents and typical raw materials, nothing specific beyond resin that one should be aware of?

Satyanarayana Chava: We will not give you that granular answer.

Krishna Chava: Hope you are not building a model here, cost model.

Satyanarayana Chava: So I think it would be difficult for us to go that granular.

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

Vivek Agrawal: Sir, one question is on capex. So this year for this as well as the next year, you have guided INR3,000 crores capex. So how good you are in terms of completion of this amount given that in the first half, the run rate is slightly on the lower side?

And second, a related question. How do you see investment or the overall capex, let's say, even beyond these 2 years, even '28 -- and if you want to look at, let's say, another 3 years, '29, '30, '31?

V. V. Ravi Kumar: Vivek, your voice is not clear. Can you just remove your speaker?

Vivek Agrawal: Should I ask this question again?

Vivek Agrawal: Capex -- so in terms of capex right, so we have guided INR3,000 crores capex for this as well as the next year. And given that the current run rate is slightly on the lower side, how good you are in terms of completion of this? And second, even beyond these 2 years, if you want to build the model, let's say, for another 3, 4 years, what kind of the investment or the overall capex you are envisaging? Thank you.

Satyanarayana Chava: So although the first half, the number is less, most of the investments are going on track. So as we guided INR3,000 crores capex for '27, '28 is the right number. And the second we expect the investments will continue to at that range in the years to come. So around INR1,500 crores per year capital expenditure based on the current understanding. It may go up if the opportunities come. But otherwise, it will be in that range.

Vivek Agrawal: Understood. And if I look at asset turns, right, so you are consistently seeing that asset turns are moving up. So what is the fair level of asset turns, let's say, you are expecting to reach in the next couple of years? And at what level you think that overall asset turn can stabilize?

V. V. Ravi Kumar: See, the average asset turn even for 6 years is 1.1. We are at 1. Definitely, we can move up to 1.1. But our peak asset turn was 1.4. We also wish we should go there, but like, somewhere in between, it will go. But it's over a period of time based on the maturity of the projects, it depends.

Vivek Agrawal: Understood. And one question on peptides. So when you are expecting the commercial revenues to kick in of this 16,000 liter capacity? And how much in your view has already been committed or what percentage of the capacity has already been committed by the customer?

Satyanarayana Chava: Unfortunately, Vivek, for both of those questions, we'll not be able to give you an answer primarily because of confidentiality reasons and also for strategic reasons, I'm sorry about that.

Vivek Agrawal: No problem. And you also talked about that you're also looking to expand the peptide capacities, right? So is it an aspirational statement or you already have some visibility from some of the customers that you are looking to expand the capacity? Or is that it depends on the execution in the existing capacity projects, etcetera, you are expecting more products and that can the expansion? I'm just trying to understand the thought process behind the statement that you are looking to expand the peptide capacity.

Satyanarayana Chava: See, current capacities we foresee may not be enough for us to cater to the requirements in the near to midterm. So we are significantly increasing capacities because we see some of the programs in the early clinical phases. When they move to validation phase, we want to move those programs to a commercial manufacturing plant. That's the intention we are building new capacities.

Vivek Agrawal: Are you also involved or let's say, do you sense any opportunity to be involved in some of the existing GLP-1 products, or through peptide GLP-1 products?

Krishna Chava: We don't want to comment.

Vivek Agrawal: No problem at all and just dragging here a bit more. In terms of backward integration, how important it is, right? So you are building the resins, etcetera. But in terms of building blocks and amino acids, so how backward integrated you are on these aspects? Or are you also looking to add capacities in building blocks, amino acids, etcetera?

Satyanarayana Chava: See, these programs will have multiple sources of amino acid supplies, including us. So these partners' programs are so large. They don't want to depend on one vendor for any of the key amino acid derivatives also. So we have programs where our derivatives will go into the validation like we buy some amino acid derivatives from the other party, third vendors also.

Vivek Agrawal: Understood. And sir, one question I have on affordable medicine side. So this quarter, you have clocked a decent number and first half around INR1,300 crores. So what drove the sharp uptick this time around? How sustainable it is? And how you think that the finished dose formulation revenue can pan out, let's say, in the next 1 to 2 years once this KRKA project becomes live?

Soumya Chava: So for the formulation revenue, as mentioned earlier, we are doing project registrations in multiple countries. So we see our formulation revenues will continue to grow in the upcoming quarters as well. And regarding the pricing for APIs, they have stabilized, though there is a lot of geopolitical pressure, our supply chain resilience has helped us stabilize those prices.

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

Nayan Padsala: Regarding the KRKA joint venture, how is the business progressing? And when can we expect it to make a meaningful contribution to Laurus Labs' revenue and profit?

Soumya Chava: So the KRKA formulation facility is getting ready, and we will start validations for products mid-2027. So we're already working towards validation. So once the validations are done, we'll do the filings. So '28, '29, we should see meaningful revenues.

Nayan Padsala: And secondly, you mentioned around 125 active CDMO projects. What is the current number?

Krishna Chava: That number is a very dated number, but that we don't want to say further. But yes, you could assume 125 even today.

Moderator: The next question comes from the line of Shrikant Akolkar from Nuvama.

Shrikant Akolkar: Congratulations to the management for the good set of numbers. I have two questions. Firstly, on the peptides, is it possible for the management to quantify ballpark number that they have invested in solid phase, liquid phase, isolation, purification, and amino acids, total investment in this?

Krishna Chava: Unfortunately, we would not like to divulge that information due to strategic reasons.

Shrikant Akolkar: Understood, but any ballpark number or any quantification like a percentage of total investment that we have incurred so far without giving any proper number?

Krishna Chava: I'm sorry, but we are not able to provide that color. As Dr. Satya mentioned and Ravi mentioned, even this peptide capacity that we've created, we've shared after a lot of deliberation and feedback from a lot of customer. And beyond that, we are not in a position to share at this point in time, yes.

Satyanarayana Chava: If we can share, we'll to all investors, not the selective so, please bear with us.

Shrikant Akolkar: Okay. No problem. No problem. And again, on peptides, so I know that you don't want to talk on any GLP-1 opportunity in the near term. But do you think that in next 5 years, there will be right for us to get any peptide GLP-1-related contract?

Krishna Chava: Yes. I think given the capabilities and the capacities that the company is investing in, I think we certainly expect to play a very meaningful role in that.

Shrikant Akolkar: Understood. Understood. And the last question is, now recently, this is broader industry level question. So recently, China has banned the export any technologies outside China, and U.S. has also banned some of the investment that will happen in Chinese biotech. Now what kind of opportunities or any industry trends that will emerge because of this?

Krishna Chava: From a geopolitical standpoint, I would not want to comment on this call at the moment.

Moderator: The next question comes from the line of Krish Mehta from Enam Holdings.

Krish Mehta: I have 2 questions. The first is on understanding the sustainability of this quarter's revenue and EBITDA margin run rate. So if I were to look out, say, to FY28, would it be a fair assumption to assume that what we've done this quarter can be repeatable in terms of looking at something like a broad INR10,000 crores revenue at 35% EBITDA margin? Or should we kind of normalize this current quarter's run rate? That's my first question.

Satyanarayana Chava: The one we are always answering without giving any guidance, 2 things we are committing. One is we were able to maintain 60-plus percentage of gross margin and 30-plus percentage of EBITDA. We are comfortable to guide all our investors. Beyond that, it's very difficult to give any guidance at this point of time.

Krish Mehta: Sure. Thank you. And my second question is on if you could provide the breakup of your ARV API and ARV FDF for this quarter?

Soumya Chava: So ARV API for this quarter is 625 and FDF is 677.

Moderator: The next question comes from the line of Alankar Garude from Kotak Institutional Equities.

Alankar Garude: Sir, first question on peptides. Within peptides, how important do you think will be purification as your programs move from clinical to commercial over the next 2 years, and this is particularly for the longer peptides?

Krishna Chava: I think yes, purification is similar to synthesis, the downstream, which includes the isolation, purification and isolation are equally important as complex, yes.

Satyanarayana Chava: Just to give you a or break the complexity, synthesis, purification, isolation, all 3 will be equally important, maybe 1/3, 1/3, 1/3 kind of situation, yes.

Alankar Garude: From a complexity...

Satyanarayana Chava: Complexity point of view. Yes.

Alankar Garude: Understood, sir. And where are we in that journey when it comes to scaling up both say, downstream purification or isolation capacity in parallel to creating the overall reactor capacity?

Krishna Chava: So like we've mentioned in our investor presentation, when we say we've created peptide capacity, that includes the entire value chain of synthesis, purification and isolation.

Alankar Garude: Got it. Just one follow-up there. From, say, 2,000 liter currently, are there any plans to move to 3,000-liter synthesizers? And if yes, possible to give any time line for that?

Krishna Chava: I would not like to answer this question at this point in time.

Alankar Garude: Fair enough. No problem. And just one final question. Given that you have been working on various modalities, as Dr. Satya mentioned, pretty much all capabilities, except maybe mAbs and cephalosporin, penicillin.

In terms of talent availability, how would you assess the current situation? There are multiple companies working on multiple modalities, adding capacities. So just from an industry standpoint and your own talent hiring standpoint, do you assess any challenges? And yes, where are we in that journey?

Satyanarayana Chava: As you have seen in this quarter earnings presentation -- so we invested in oligonucleotide company because we believe talent is there. Whereas we can manufacture because oligonucleotides, manufacturing, purification, isolation are similar to peptides. So we have that expertise. But synthesis wise, we don't have so R&D-wise, we invested there. And like that, we invested in solid support resins company because we don't have talent right now. So we are trying to build the gaps in our technology development by investment in these companies, like we invested in Laurus Bio to get expertise in enzymes and fermentation.

So our investments are to build the capabilities where we don't have right now. Otherwise, we are not investing in capacities, if you have seen for the last several years. We build capacities. We bridge the gaps by acquiring technology-based companies.

Moderator: Next question comes from the line of Yasser Lakdawala from M3.

Yasser Lakdawala: Wish you all a Happy Diwali in advance. My question was on the CDMO side. Is there any color you could give in terms of -- for H1, our mix between Animal Health, Crop Science and Human Pharma?

Krishna Chava: Well firstly, Happy Diwali in advance to you as well. Coming to the breakup, while we've not given a split between our Human Health and Animal Health side of things. What I can say is Crop Science, we continue to discuss with several partners and hope to have meaningful contribution from that, but that's still miniscule compared to our human health and animal health initiatives.

Yasser Lakdawala: And just as you said, we've got more than 100, 120-odd customers. Could you give us some sort of color on -- is there any customer concentration like, say, are there like 5 or 10 customers who are responsible for a larger pool of the CDMO revenue?

And the reason I just asked that is in case there is some destocking event or there is a competitive program that replaces the dominant customer, would that have sort of a material impact on our revenues going forward? Just to understand the concentration of the CDMO business, I think that would be helpful.

Satyanarayana Chava: Currently, we don't have a significant concentration of customers or programs. We are managing -- actually, we are not managing. We were lucky that the projects are coming like that. I'll put it

that way. And second, we don't foresee any significant supplies for launch and then destocking events. So we don't have that problem because the visibility for next 18 to 24 months.

Krishna Chava: In addition, fortunately, in the space that we've been in, we're not necessarily looking at any patent cliff for any of the programs that we support. So there's a fair bit of good visibility for some of these programs that we've successfully commercialized.

Yasser Lakdawala: That's very helpful. And lastly, as we look at some of these newer modalities, be it peptides, ADCs, in terms of when we sort of look to announce these capacity additions, how do you sort of weigh that?

Because a lot of these new modalities don't tend to be very high-volume products, right, if I got the understanding right. So how are you sort of balancing on one side, capability addition and on the other side, capacity addition? If you could sort of help us understand that, that would be great.

Krishna Chava: Let's say, from an ADC perspective, like you rightly said, these might not be large volume like it will not be multi-metric scale. But from a value point of view, it will be quite significant from a general value point of view in the commercial side. And also from an investment point of view, can also be sizable given the type of modality and how complex it can get.

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

Arindam Mukherjee: Good evening. Am I audible?

Krishna Chava: Yes.

Arindam Mukherjee: Firstly, congrats on the fabulous set of numbers. My first question is H1 operating cash flow fell 26% on strategic inventories and free cash flow after INR864 crores of capex was slightly negative and the net debt rose a bit. What are those inventories? When do they convert to cash? And is FY27 free cash flow positive after capex and the investments you have announced?

V. V. Ravi Kumar: The inventory is a regular inventory. We are not saying the extra inventory. So there is some additional absolute number inventory as of 30th September. That will be what we call utilized in the current quarter in the coming quarter.

And coming to the free cash flow, yes, last year only we have a free cash flow when you are making that kind of a capex investment, we have taken a call between the free cash flow versus the growth capital, and then we are investing growth capex. So I think we may not be worried on the free cash flow front because if you look at our net debt to EBITDA is still at a very healthy level of 1x, around 1x. So I think we will manage. We will see how it can move.

Arindam Mukherjee: Got it. Thank you for the clarification. I just have one more question. Laurus Bio did INR64 crores in H1, and it's down 16% against the roughly INR200 crores base you cited in July. With LB4 commissioning this quarter and customers reserving capacity, what are the reservation

terms, take-or-pay or advances? And what does H2 look like? If you can throw some color on that?

Satyanarayana Chava: We expect Laurus Bio will be on good track from quarter 1 next financial year. The facility will be qualified this quarter, but we will only do trials in the Q4 of this financial year. Actual commercial supplies may start in Q1 FY28. So although there is a reduction in the revenues, but that's as part of some customer allocations or projects scale up from the customer side from outside. So the prospect looks good.

Arindam Mukherjee: Yes. Sorry, I think there was some connection issue. But just one more follow-up. The minority losses suggest that Laurus Bio's net loss is around INR50 crores for H1. Is that about right? And what is the EBITDA breakeven?

Krishna Chava: I think we will provide offline.

Satyanarayana Chava: Please write to Vivek, our Investor Relations, we'll get back to you on that.

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

Tushar Manudhane: Sir, just to understand how the asset turn would improve from, say, 1.1x to 1.4x. What are the major key factors that would drive this scale up?

V. V. Ravi Kumar: I think 1 year we achieved 1.4x. That's actually based on the large purchase order. I think in future, I think the lot of unlocked assets are there, like we are not generating to the full extent. Once every asset is being generated, I think there is a possibility. I'm not saying that we will reach a 1.4x, but we will inch towards it.

Tushar Manudhane: But given the ongoing capex, we will continue to have certain assets or let's say, certain investments in the gross block, which will then sort of suppress this asset turn, which is why I was trying to ask that how or, let's say, over what period we think that even if the incremental investment that happens, still we will be able to do the asset turn of 1.4x?.

V. V. Ravi Kumar: You are right. But we also have a greenfield and brownfield capex. Like we are investing a lot of investment in our Unit 4, that is a brownfield capex and then our Unit 2 investments are a brownfield capex, which are going to do better. But we will see. But as I said, like our first target is 1.1x, which is our average of last 6 years.

Tushar Manudhane: Got it. And just lastly, while many questions on peptide, just one last from my side. Unlike in other set of products, is the validation batch also similar to that of a commercial size batch in what we are manufacturing in the peptide block?

Krishna Chava: That is generally the case, Tushar. But generally, you could say that, yes.

Moderator: The next question comes from the line of Dhawal Khut from Jefferies.

Dhawal Khut: Last quarter, you guys had mentioned about a small molecule project about to go commercial. So what's the status on it? And do you think it will be a meaningful growth driver given generally in first year, there is a significant supply that happens. So is that a growth lever in the CDMO business given now we have a really large base? Or is it more like a typical smaller projects that you work on?

Satyanarayana Chava: I think there are several programs at NDA filing stage, NDA filed stage even now. So we feel comfortable with the projects at various scales we have right now. We're not able to give you more granular than this.

Dhawal Khut: Sure. No problem. Second question, maybe it could be a bit technical, but just want to understand the concept behind it. So you guys emphasized quite a lot that you are doing API, not just fragment and you have full API capability. So let's say, there's an API, whatever is the chain length, let's say, 10x is the chain length.

So how does the realization vary versus API versus a fragment, which is half the size, let's say, a 5 amino acid fragment versus a full 10 length API, just ballpark range, just to understand the significance of having full API capability?

Krishna Chava: It can be small or it can be quite drastic. While I know the answer, I don't want to go into too much detail as to in our cost model and all that, but...

Satyanarayana Chava: It is difficult to give. The reason is if 5 fragments uses all unnatural amino acid, cost could be very significant. If the 15 amino acids all natural, then the cost is very, very significant lower. So it gives a wrong signal. Any answer, it is project specific. As you mentioned, your question was very technical. We don't want to give you a very generalized answer for such a complex question.

Moderator: Thank you. Ladies and gentlemen, we will take this as the last question for today. I now hand over to the management for closing comments. Over to you, sir.

Satyanarayana Chava: Thank you, all the stakeholders for your active participation in the call. And thanks for asking very interesting detailed questions. And in advance, we wish you a Happy Diwali for all the stakeholders. Thank you.

Krishna Chava: Thank you.

Moderator: Thank you. On behalf of Laurus Labs, that concludes this conference. Thank you for joining us. You may now disconnect your lines.