

Sector: Pharmaceuticals

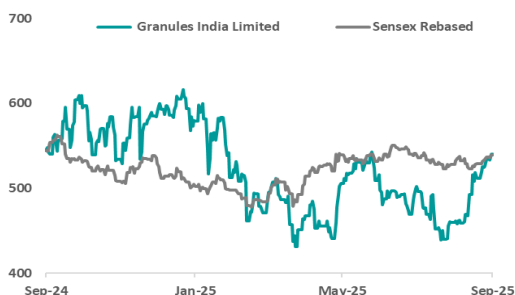
18th September 2025**Accumulate**

Key Changes:						Target	Rs.630
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame	CMP	Rs.543
Small Cap	GRAN:IN	83,014	GRANULES	532482	12 Months	Return	+16%

Data as of: 18-09-2025, 17:00 hrs

Company Data			
Market Cap (Rs.cr)	13,232		
52 Week High — Low (Rs.)	627 - 412		
Enterprise Value (Rs. cr)	14,359		
Outstanding Shares (cr)	24.3		
Free Float (%)	59.6		
Dividend Yield (%)	0.3		
6m average volume (cr)	1.3		
Beta	1.2		
Face value (Rs.)	1.0		
Shareholding (%)	Q3FY25	Q4FY25	Q1FY26
Promoters	38.8	38.8	38.8
FII's	15.9	15.1	13.2
MFs/Institutions	19.6	22.5	23.5
Public	25.7	23.6	24.4
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil
Price Performance	3 Month	6 Month	1 Year
Absolute Return	8.4%	8.8%	-0.8%
Absolute Sensex	1.0%	9.2%	-0.8%
Relative Return	7.4%	-0.4%	0.0%

over or under performance to benchmark index



Consolidated (Rs.cr)	FY25A	FY26E	FY27E
Sales	4,482	4,999	5,574
Growth (%)	-0.5	11.5	11.5
EBITDA	945	1,099	1,337
EBITDA Margin(%)	21.1	22.0	24.0
PAT Adj.	532	559	710
Growth (%)	31.2	5.1	26.9
Adj.EPS	21.9	23.1	29.3
Growth (%)	30.9	5.1	26.9
P/E	24.7	23.6	18.6
P/B	3.5	3.1	2.7
EV/EBITDA	15.5	13.3	10.8
ROE (%)	15.3	14.1	15.5
D/E	0.3	0.2	0.2

Aspiring to Build a Solid CDMO Platform.

Granules India Ltd. (Inc.) is a vertically integrated, high growth pharmaceutical company headquartered in Hyderabad, India. The company manufactures Active Pharmaceutical Ingredients (API), Pharmaceutical Formulation Intermediates (PFI) and Finished Dosages (FD).

- Granules reported Q1FY26 revenue of Rs.1,210cr, reflecting a 3% YoY growth despite manufacturing disruptions related to the warning letter.
- EBITDA declined 5% YoY to Rs.247cr in Q1FY26, impacted by Senn integration and significant remediation costs, which weighed on margins.
- The company plans to develop the Ascelis platform through dedicated capex projects and business development activities.
- Granules is nearing completion of the remediation process for the Gagilapur plant and expects the FDA to conduct a re-inspection by the end of the year.
- The company expects growth to be driven by the ramp-up of prescription supplies from the Genome Valley facility, new launches in Europe, higher-value launches in the US, expected normalisation of operations, and new product approvals from Gagilapur.

Outlook & Valuation

We remain positive on Granules' long-term growth and profitability, supported by new product launches across geographies, a focus on backward integration, and rising market share. Entry into the CDMO segment via the Senn acquisition, along with higher-margin oncology filings, is expected to strengthen financials. Moreover, resolution of regulatory issues at the Gagilapur facility could act as a key re-rating catalyst. Hence, **we maintain an Accumulate rating on the stocks with a revised target price of Rs. 630, based on 22x FY27E EPS.**

Quarterly Financials (Consolidated)

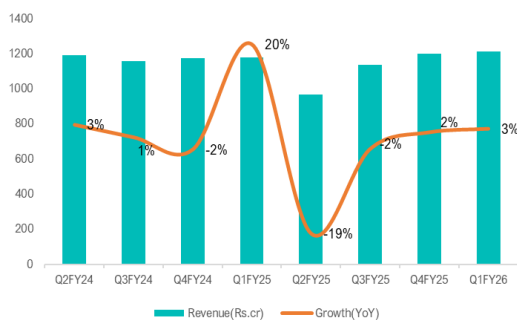
Rs.cr	Q1FY25	Q1FY25	YoY (%)	Q4Y25	QoQ (%)
Sales	1,210	1,180	2.6	1,197	1.1
EBITDA	247	259	-4.8	252	-2.2
Margin (bps)	20.4	22.0	-159bps	21.1	-69bps
EBIT	178	206	-13.8	189	-5.8
PBT	145	181	-20.3	198	-26.8
Rep. PAT	113	135	-16.3	152	-25.9
Adj PAT	143	135	6.5	183	-21.6
EPS (Rs)	6	6	6.5	8	-21.6



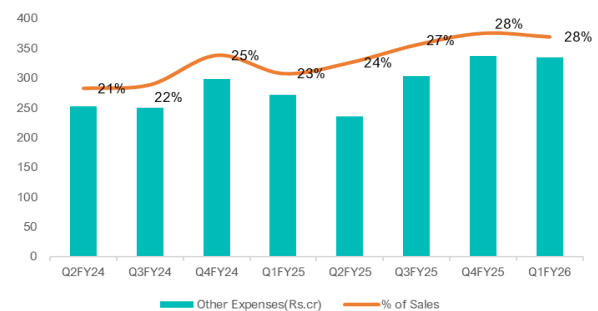
Key Highlights

- Granules is expecting pre-audit from the FDA by December and is hoping for a clearance a few weeks afterwards. The clearance will free up capacity and enable the company to launch new products.
- Over the last three quarters, the company incurred Rs. 80 crore in OPEX, primarily for remediation and air freight, and an additional Rs. 50 crore in CAPEX, focused on infrastructure upgrades including IT and MES systems.
- The company aim to position Ascelis as a credible mid-sized CDMO in tight modalities over the next 3–5 years, by deepening innovator partnerships and establishing dual manufacturing facilities to drive long-term innovation-led growth.
- The annualized peptide order book stands at CHF 15–20 million. With Ascelis providing India-based supply support and scale-up capabilities, Senn Chemicals is now well-positioned to pursue opportunities it previously couldn't due to infrastructure constraints.
- Granules expects Europe to contribute 15-20% of sales in the next few years on the back of product launches
- The company continues to strategically increase investments in ADHD and oncology, including first-to-file opportunities, with oncology product launches planned 3–4 years after key patent expiries.

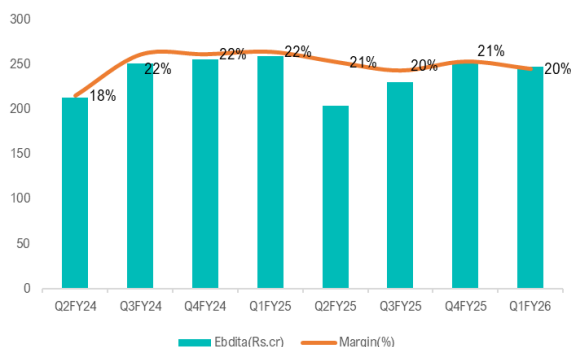
Revenue



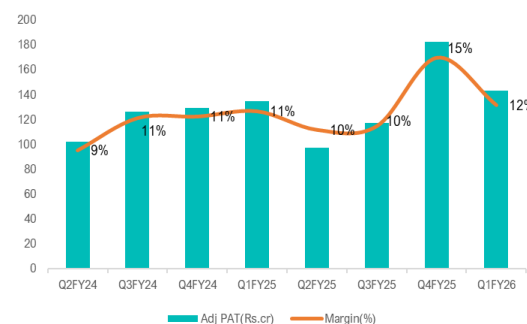
Other Expenses



EBITDA



Adj. PAT



Change in Estimates

	Old estimates		New estimates		Change (%)	
Year / Rs cr	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	4970	5592	4999	5574	0.6	-0.3
EBITDA	1,043	1,313	1,099	1,337	5.4	1.8
Margins (%)	21	23.5	22.0	24.0	99bps	49bps
Adj. PAT	517	692	559	710	8.2	2.5
EPS	21	29	23	29	9.8	0.9



Consolidated Financials

Profit & Loss

Y.E March (Rs. cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Sales	4,512	4,506	4,482	4,999	5,574
% change	19.8	-0.1	-0.5	11.5	11.5
EBITDA	914	856	945	1,099	1,337
% change	26.7	-6.3	10.4	16.3	21.6
Depreciation	184	207	226	286	329
EBIT	729	649	720	814	1,008
Interest	56	106	103	93	96
Other Income	14	4	13	20	28
PBT	687	548	660	741	940
% change	23.3	-20.3	20.5	12.2	26.9
Tax	171	142	159	181	230
Tax Rate (%)	24.8	25.9	24.0	24.5	24.5
Reported PAT	517	406	502	559	710
Adj.*	-	-	30.75	-	-
Adj. PAT	517	406	532	559	710
% change	25.4	-21.5	31.2	5.1	26.9
No. of shares (cr)	24	24	24	24	24
Adj EPS (Rs.)	21	17	22	23	29
% change	28.5	-21.5	30.9	5.1	26.9
DPS (Rs.)	1.0	1.5	1.5	1.5	1.5

Balance Sheet

Y.E March (Rs. cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Cash	292	381	466	487	518
Accts. Receivable	949	986	942	1,233	1,451
Inventories	1,149	1,301	1,343	1,292	1,466
Other Cur. Assets	306	232	234	329	366
Investments	21	38	43	45	47
Gross Fixed Assets	2,462	2,791	3,391	3,891	4,441
Net Fixed Assets	1,558	1,731	2,022	2,339	2,568
CWIP	228	260	437	250	250
Intangible Assets	291	252	212	221	212
Def. Tax -Net	9	14	36	47	58
Total Assets	4,912	5,498	6,221	6,583	7,281
Current Liabilities	897	908	987	884	959
Provisions	44	50	63	56	76
Debt Funds	219	152	471	521	531
Other Liabilities	782	871	947	842	916
Equity Capital	24	24	24	24	24
Res. & Surplus	2,811	3,201	3,691	4,214	4,886
Shareholder Funds	2,835	3,226	3,716	4,238	4,911
Total Liabilities	4,912	5,498	6,221	6,583	7,281
BVPS	117	133	153	175	202

Cash Flow

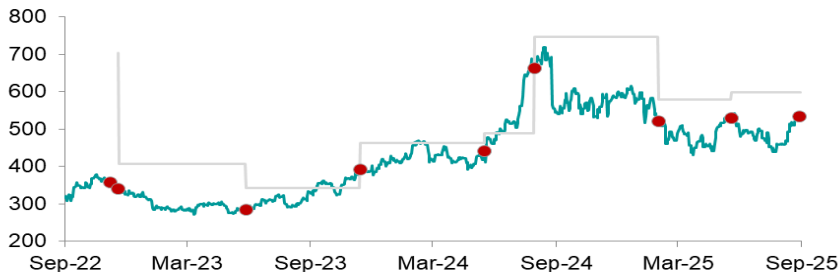
Y.E March (Rs. cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Net inc. + Depn.	872	755	886	1026	1269
Non-cash adj.	-128	-227	-31	-181	-230
Changes in W.C	-10	-104	6	-444	-335
C.F. Operation	739	439	867	450	704
Capital exp.	-410	-381	-572	-313	-550
Change in inv.	203	2	2	-2	-2
Other invest.CF	-	18	-123	-	-
C.F - Investment	-191	-360	-691	-332	-554
Issue of equity	-308	-	-	-	-
Issue/repay debt	-60	155	60	-50	-70
Dividends paid	-19	-36	-36	-36	-37
Other finance.CF	-19	-136	-135	-47	-49
C.F - Finance	-440	8	-93	-97	-119
Chg. in cash	107	87	83	21	32
Closing Cash	292	381	466	487	518

Ratios

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
Profitability. & Return					
EBITDA margin (%)	20.3	19.0	21.1	22.0	24.0
EBIT margin (%)	16.2	14.4	16.1	16.3	18.1
Net profit margin.(%)	11.5	9.0	11.9	11.2	12.7
ROE (%)	19.1	13.4	15.3	14.1	15.5
ROCE (%)	18.8	15.1	14.7	14.9	16.8
W.C & Liquidity					
Receivables (days)	76	78	79	79	88
Inventory (days)	86	99	108	96	90
Payables (days)	112	149	192	159	144
Current ratio (x)	1.6	1.6	1.6	2.0	2.1
Quick ratio (x)	0.9	0.9	0.9	1.3	1.3
Turnover & Leverage					
Gross asset T.O (x)	2.0	1.7	1.4	1.4	1.3
Total asset T.O (x)	1.0	0.9	0.8	0.8	0.8
Int. covge. ratio (x)	13.0	6.1	7.0	8.8	10.5
Adj. debt/equity (x)	0.3	0.3	0.3	0.2	0.2
Valuation					
EV/Sales (x)	3.2	3.3	3.3	2.9	2.6
EV/EBITDA (x)	16.0	17.2	15.5	13.3	10.8
P/E (x)	25.4	32.4	24.7	23.6	18.6
P/BV (x)	4.6	4.1	3.5	3.1	2.7



Recommendation Summary (last 3 years)



Dates	Rating	Target
24.11.2022	Accumulate	408
13.06.2023	Buy	342
01.12.2023	Accumulate	464
03.06.2024	Accumulate	488
16.08.2024	Accumulate	748
17.02.2025	Accumulate	580
06.06.2025	Accumulate	599
18.09.2025	Accumulate	630

Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%
Not rated/Neutral			

Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

Symbols definition:



Upgrade



No Change



Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

The recommendations are based on 12 month horizon, unless otherwise specified. The investment ratings are on absolute positive/negative return basis. It is possible that due to volatile price fluctuation in the near to medium term, there could be a temporary mismatch to rating. For reasons of valuations/ return/lack of clarity/event we may revisit rating at appropriate time. Please note that the stock always carries the risk of being upgraded to BUY or downgraded to a HOLD, REDUCE or SELL.

Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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