

Accumulate

26<sup>th</sup> February 2026

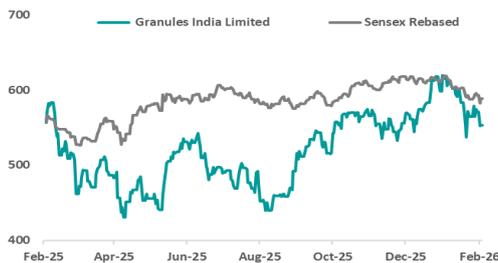
Sector: Pharmaceuticals

<b>Key Changes:</b>	<b>Target</b> ▲	<b>Rating</b> ●	<b>Earnings</b> ▲	<b>Target</b>	<b>Rs.694</b>		
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame	<b>CMP</b>	<b>Rs.600</b>
Small Cap	GRAN:IN	82,276	GRANULES	532482	12 Months	<b>Return</b>	<b>+16%</b>

Data as of: 25-02-2026, 18:00 hrs

Company Data			
Market Cap (Rs.cr)	14,580		
52 Week High — Low (Rs.)	627 - 412		
Enterprise Value (Rs. cr)	14,326		
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 (%)	Q1FY26	Q2FY26	Q3FY26
Promoters	38.8	38.8	38.8
FII's	13.2	14.1	13.6
MFs/Institutions	23.5	17.9	17.5
Public	24.4	29.2	30.1
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil
Price Performance	3 Month	6 Month	1 Year
Absolute Return	-4%	23%	-1%
Absolute Sensex	-3%	1%	6%
Relative Return	-1%	22%	-6%

over or under performance to benchmark index



Consolidated (Rs.cr)	FY26E	FY27E	FY28E
Sales	5,315	6,076	6,784
Growth (%)	18.6	14.3	11.6
EBITDA	1,169	1,427	1,628
EBITDA Margin(%)	22.0	23.5	24.0
PAT Adj.	613	780	905
Growth (%)	15.1	27.2	16.1
Adj.EPS	25.3	32.1	37.3
Growth (%)	15.1	27.2	16.1
P/E	22.8	17.9	15.5
P/B	3.3	2.8	2.4
EV/EBITDA	13.3	10.8	9.3
ROE (%)	15.3	16.7	16.6
D/E	0.2	0.2	0.1

## Steady Performance In Key Markets

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), along with CDMO (Contract Development and Manufacturing) projects.

- Granules recorded revenue of Rs.1,388cr for Q3FY26 against Rs.1,138cr in Q3FY25, exhibiting a 22% YoY growth, supported by stronger performance in the finished dosage segment and improved demand across key markets.
- EBITDA grew by 34% YoY to Rs. 308cr for this quarter on the back of operating leverage and reduced operating expenses.
- The company received tentative approval for generic Adzenys this quarter, with the company expecting final approval in one year.
- Granules has approved a total preferential issue of Rs.1,763 crore, raised through a combination of convertible warrants and equity shares, aimed at strengthening the balance sheet.
- 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 normalization of operations, and new product approvals from Gagilapur.

## Outlook & Valuation

We remain positive about the company's long-term profitability and growth prospects owing to new product launches across geographies, a focus on backward integration, and increased market share in existing geographies. The entry into the CDMO segment through the Senn acquisition and the oncology filings, which have much more attractive margins, can enhance Granules financials. A resolution of regulatory headwinds at the Gagilapur facility could serve as a significant re-rating trigger. **Hence, we maintain our Accumulate rating, with a target price of Rs.694 based on 19x FY28E EPS.**

## Quarterly Financials (Consolidated)

Rs.cr	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	9MFY26	9MFY25	YoY (%)
Sales	1,388	1,138	22.0	1,297	7.0	3,895	3,284	18.6
EBITDA	308	230	33.8	278	10.7	833	693	20.2
Margin (bps)	22.2	20.2	196bps	21.5	75bps	21.4	21.1	29bps
EBIT	235	174	35.1	206	13.8	619	531	16.5
PBT	202	153	32.4	176	15.0	523	463	13.0
Rep. PAT	150	118	27.7	131	15.0	393	350	12.6
Adj PAT	150	118	27.7	131	15.0	424	350	21.4
EPS (Rs)	6	5	27.7	5	15.0	17.49	14.41	21.4



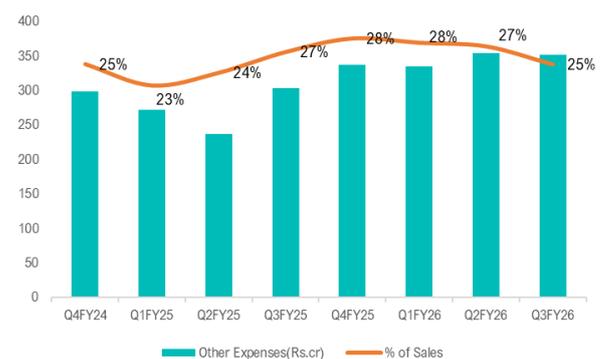
## Key Highlights

- The company continues to diversify its product portfolio by shifting select filings and manufacturing to its U.S. facility and the new GLS site. This broader operational footprint helps lower concentration risk and strengthens supply-chain resilience over the medium term.
- The company aims to position Ascelis as a credible mid-sized CDMO in complex modalities over the next 3–5 years, by deepening innovator partnerships and establishing dual manufacturing facilities to drive long-term innovation-led growth. The peptide business incurred a Rs.25cr loss, but management remains confident of achieving EBITDA neutrality by Q4.
- Paracetamol inventories have eased and volumes are rebuilding, supported by stronger API, PFI, and finished dosage demand from key customers, although some price erosion persists.
- 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.
- The company's remediation efforts are progressing, and it continues to stay closely engaged with the FDA through periodic updates.

## Revenue



## Other Expenses



## EBITDA



## Adj. PAT



## Change in Estimates

Year / Rs cr	Old estimates		New estimates			Change (%)		
	FY26E	FY27E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	4999	5574	5315	6076	6784	6.3	9.0	-
EBITDA	1,099	1,337	1,169	1,427	1,628	6.3	6.8	-
Margins (%)	22.0	24.0	22.0	23.5	24.0	0bps	-50bps	-
Adj. PAT	559	710	613	780	905	9.6	9.9	-
EPS	23	29	25	32	37	9.6	9.9	-



## Consolidated Financials

### Profit & Loss

Y.E March (Rs. cr)	FY24A	FY25A	FY26E	FY27E	FY28E
<b>Sales</b>	<b>4,506</b>	<b>4,482</b>	<b>5,315</b>	<b>6,076</b>	<b>6,784</b>
% change	-0.1	-0.5	18.6	14.3	11.6
<b>EBITDA</b>	<b>856</b>	<b>945</b>	<b>1,169</b>	<b>1,427</b>	<b>1,628</b>
% change	-6.3	10.4	23.7	22.1	14.0
Depreciation	207	226	286	329	371
<b>EBIT</b>	<b>649</b>	<b>720</b>	<b>883</b>	<b>1,098</b>	<b>1,256</b>
Interest	106	103	93	96	91
Other Income	4	13	21	30	34
<b>PBT</b>	<b>548</b>	<b>660</b>	<b>812</b>	<b>1,033</b>	<b>1,199</b>
% change	-20.3	20.5	22.9	27.2	16.1
Tax	142	159	199	253	294
Tax Rate (%)	25.9	24.0	24.5	24.5	24.5
<b>Reported PAT</b>	<b>406</b>	<b>502</b>	<b>613</b>	<b>780</b>	<b>905</b>
Adj.*	-	30.75	-	-	-
<b>Adj. PAT</b>	<b>406</b>	<b>532</b>	<b>613</b>	<b>780</b>	<b>905</b>
% change	-21.5	31.2	15.1	27.2	16.1
No. of shares (cr)	24	24	24	24	24
<b>Adj EPS (Rs.)</b>	<b>17</b>	<b>22</b>	<b>25</b>	<b>32</b>	<b>37</b>
% change	-21.5	30.9	15.1	27.2	16.1
DPS (Rs.)	1.5	1.5	1.5	1.5	1.5

### Balance Sheet

Y.E March (Rs. cr)	FY24A	FY25A	FY26E	FY27E	FY28E
<b>Cash</b>	<b>381</b>	<b>466</b>	<b>416</b>	<b>433</b>	<b>746</b>
Accts. Receivable	986	942	1,311	1,582	1,766
Inventories	1,301	1,343	1,373	1,598	1,784
Other Cur. Assets	232	234	350	400	446
Investments	38	43	45	47	49
Gross Fixed Assets	2,791	3,391	3,891	4,441	4,991
Net Fixed Assets	1,731	2,022	2,339	2,568	2,755
CWIP	260	437	250	250	250
Intangible Assets	252	212	221	212	204
Def. Tax -Net	14	36	47	58	72
<b>Total Assets</b>	<b>5,498</b>	<b>6,221</b>	<b>6,693</b>	<b>7,494</b>	<b>8,420</b>
Current Liabilities	908	987	938	1,042	1,159
Provisions	50	63	60	83	93
Debt Funds	152	471	521	531	541
Other Liabilities	871	947	896	999	1115
Equity Capital	24	24	24	24	24
Res. & Surplus	3,201	3,691	4,267	5,010	5,879
Shareholder Funds	3,226	3,716	4,291	5,034	5,903
<b>Total Liabilities</b>	<b>5,498</b>	<b>6,221</b>	<b>6,693</b>	<b>7,494</b>	<b>8,420</b>
<b>BVPS</b>	<b>133</b>	<b>153</b>	<b>177</b>	<b>208</b>	<b>243</b>

### Cash Flow

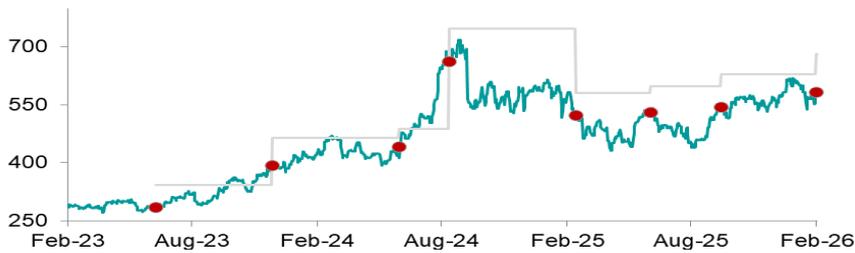
Y.E March (Rs. cr)	FY24A	FY25A	FY26E	FY27E	FY28E
<b>Net inc. + Depn.</b>	<b>755</b>	<b>886</b>	<b>1097</b>	<b>1362</b>	<b>1571</b>
Non-cash adj.	-227	-31	-199	-253	-294
Changes in W.C	-104	6	-568	-418	-290
<b>C.F. Operation</b>	<b>439</b>	<b>867</b>	<b>380</b>	<b>691</b>	<b>987</b>
Capital exp.	-381	-572	-313	-550	-550
Change in inv.	2	2	-2	-2	-2
Other invest.CF	18	-123	-	-	-
<b>C.F - Investment</b>	<b>-360</b>	<b>-691</b>	<b>-333</b>	<b>-555</b>	<b>-554</b>
Issue of equity	-	-	-	-	-
Issue/repay debt	155	60	-50	-70	-70
Dividends paid	-36	-36	-36	-37	-37
Other finance.CF	-136	-135	-47	-49	-50
<b>C.F - Finance</b>	<b>8</b>	<b>-93</b>	<b>-97</b>	<b>-119</b>	<b>-120</b>
Chg. in cash	87	83	-50	18	313
<b>Closing Cash</b>	<b>381</b>	<b>466</b>	<b>416</b>	<b>433</b>	<b>746</b>

### Ratios

Y.E March	FY24A	FY25A	FY26E	FY27E	FY28E
<b>Profitability. &amp; Return</b>					
EBITDA margin (%)	19.0	21.1	22.0	23.5	24.0
EBIT margin (%)	14.4	16.1	16.6	18.1	18.5
Net profit margin.(%)	9.0	11.9	11.5	12.8	13.3
ROE (%)	13.4	15.3	15.3	16.7	16.6
ROCE (%)	15.1	14.7	16.1	18.0	18.3
<b>W.C &amp; Liquidity</b>					
Receivables (days)	78	79	77	87	90
Inventory (days)	99	108	93	89	91
Payables (days)	149	192	154	142	142
Current ratio (x)	1.6	1.6	2.0	2.0	2.2
Quick ratio (x)	0.9	0.9	1.2	1.3	1.4
<b>Turnover &amp; Leverage</b>					
Gross asset T.O (x)	1.7	1.4	1.5	1.5	1.4
Total asset T.O (x)	0.9	0.8	0.8	0.9	0.9
Int. covge. ratio (x)	6.1	7.0	9.5	11.5	13.8
Adj. debt/equity (x)	0.3	0.3	0.2	0.2	0.1
<b>Valuation</b>					
EV/Sales (x)	3.5	3.5	2.9	2.5	2.2
EV/EBITDA (x)	18.2	16.4	13.3	10.8	9.3
P/E (x)	34.4	26.3	22.8	17.9	15.5
P/BV (x)	4.3	3.8	3.3	2.8	2.4



## Recommendation Summary (last 3 years)



Dates	Rating	Target
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
26.02.2026	Accumulate	694

## 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 HOLD, REDUCE or SELL.

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

## DISCLAIMER & DISCLOSURES

**Certification:** I, Antu Eapan Thomas, author of this Report, hereby certify that all the views expressed in this research report reflect our personal views about any or all of the subject issuer or securities. This report has been prepared by the Research Team of Geojit Investments Limited, hereinafter referred to as GIL.

For general disclosures and disclaimer: Please [Click here](#).

### Regulatory Disclosures:

Group companies/ Fellow subsidiaries of Geojit Investments Ltd (GIL ) are Geojit Financial Services Limited (GFSL), Geojit Technologies Private Limited (Software Solutions provider), Geojit Credits Private Limited (NBFC), Geojit Fintech Private Ltd, Geojit IFSC Ltd (a company incorporated under IFSC Regulations), Qurum Business Group Geojit Securities LLC ( a subsidiary of holding company in Oman engaged in Financial Services ), Barjeel Geojit Financial Services LLC (a joint venture of holding company in UAE engaged in Financial Services), and BBK Geojit Consultancy and Information KSC (C) (a joint venture in Kuwait-engaged in Financial services). In the context of the SEBI Regulations on Research Analysts (2014), GIL affirms that we are a SEBI registered Research Entity and in the course of our business as a stock market intermediary, we issue research reports /research analysis etc. that are prepared by our Research Analysts. We also affirm and undertake that no disciplinary action has been taken against us or our Analysts in connection with our business activities.

In compliance with the above-mentioned SEBI Regulations, the following additional disclosures are also provided which may be considered by the reader before making an investment decision:

#### 1. Disclosures regarding Ownership:

GIL confirms that:

(i) It/its associates have no financial interest or any other material conflict in relation to the subject company (ies) covered herein, at the time of publication of the research report.

(ii) It/its associates have no actual beneficial ownership of 1% or more in relation to the subject company (ies) covered herein, at the end of the month immediately preceding the date of publication of the research report.

Further, the Analyst confirms that:

(i) He, his associates and his relatives shall take reasonable care to ensure that they do not have any financial interest in the subject company (ies) covered herein, and they have no other material conflict in the subject company, at the time of publication of the research report.

(ii) He, his associates and his relatives have no actual/beneficial ownership of 1% or more in the subject company covered, at the end of the month immediately preceding the date of publication of the research report.

#### 2. Disclosures regarding Compensation:

During the past 12 months, GIL or its Associates:

(a) Have not received any compensation from the subject company; (b) Have not managed or co-managed public offering of securities for the subject company (c) Have not received any compensation for investment banking or merchant banking or brokerage services from the subject company. (d) Have not received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company. e) Have not received any compensation or other benefits from the subject company or third party in connection with the research report (f) The subject company is / was not a client during twelve months preceding the date of distribution of the research report.

#### 3. Disclosure by GIL regarding the compensation paid to its Research Analyst:

GIL hereby confirms that no part of the compensation paid to the persons employed by it as Research Analysts is based on any specific brokerage services or transactions pertaining to trading in securities of companies contained in the Research Reports.

**4. Disclosure regarding the Research Analyst's connection with the subject company:** It is affirmed that I, Antu Eapan Thomas, Research Analyst (s) of GIL have not served as an officer, director or employee of the subject company.

**5. Disclosure regarding Market Making activity:** Neither GIL/its Analysts have engaged in market making activities for the subject company.

**6. Disclosure regarding conflict of interests:** GIL shall abide by the applicable regulations/ circulars/ directions specified by SEBI and Research Analyst Administration and Supervisory Body (RAASB) from time to time in relation to disclosure and mitigation of any actual or potential conflict of interest. GIL will endeavour to promptly inform the client of any conflict of interest that may affect the services being rendered to the client.

**7.** "Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors."

**8.** Clients are required to keep contact details, including email id and mobile number/s updated with the GIL at all times.

**9.** In the course of providing research services by GIL, GIL cannot execute/carry out any trade (purchase/sell transaction) on behalf of, the client. Thus, the clients are advised not to permit GIL to execute any trade on their behalf.

**10.** GIL will never ask for the client's login credentials and OTPs for the client's Trading Account Demat Account and Bank Account. The Clients are advised not to share such information with anyone including GIL.

**11. Standard Warning:** "Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

**12.** Disclosures regarding Artificial Intelligence tools. Neither Geojit Investments Limited nor its Analysts have utilized any AI tools in the preparation of the research reports.

Please ensure that you have read the "Risk Disclosure Documents for Capital Market and Derivatives Segments" as prescribed by the Securities and Exchange Board of India before investing.

**Geojit Investments Ltd.** Registered Office: 7th Floor 34/59-P, Civil Line Road, Padivattom, Kochi-682024, Kerala, India. Phone: +91 484-2901000, Website : [www.geojit.com/GIL](http://www.geojit.com/GIL) . For investor queries: [customer@geojit.com](mailto:customer@geojit.com)

### GRIEVANCES

**Step 1:** The client should first contact the RA using the details on its website or following

contact details: Compliance officer: Ms. Indu K. Address: 7th Floor, 34/659-P, Civil Line Road, Padivattom, Ernakulam,; Phone: +91 484-2901367; Email: [compliance@geojit.com](mailto:compliance@geojit.com). For Grievances: [grievances@geojit.com](mailto:grievances@geojit.com). **Step 2:** If the resolution is unsatisfactory, the client can also lodge grievances through SEBI's SCORES platform at [www.scores.sebi.gov.in](http://www.scores.sebi.gov.in) **Step 3:** The client may also consider the Online Dispute Resolution (ODR) through the Smart ODR portal at <https://smartodr.in>

Corporate Identity Number: U66110KL2023PLC080586, Research Entity SEBI Reg No: INH000019567; Depository Participant : IN-DP-781-2024.

