motilal oswal
Financial Services

21 July 2026
1QFY27 Results Update | Sector: Healthcare

Granules India

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	GRAN IN
Equity Shares (m)	243
M.Cap.(INRb)/(USDb)	217 / 2.3
52-Week Range (INR)	910 / 433
1, 6, 12 Rel. Per (%)	11/67/81
12M Avg Val (INR M)	800

Financials & Valuations (INRb)

Y/E MARCH	FY26	FY27E	FY28E
Sales	53.7	63.3	73.0
EBITDA	11.9	14.4	17.6
Adj. PAT	6.0	7.8	10.2
EBIT Margin (%)	16.6	17.5	19.4
Cons. Adj. EPS (INR)	24.3	31.6	41.1
EPS Gr. (%)	26.2	29.8	30.0
BV/Sh. (INR)	205.2	235.9	276.2
Ratios			
Net D:E	0.3	0.2	0.2
RoE (%)	13.7	14.3	16.0
RoCE (%)	11.7	12.4	14.2
Payout (%)	4.9	3.7	2.8
Valuations			
P/E (x)	35.8	27.6	21.2
EV/EBITDA (x)	14.5	12.0	9.6
Div. Yield (%)	0.1	0.1	0.1
FCF Yield (%)	2.4	-0.4	3.2
EV/Sales (x)	3.2	2.7	2.3

Shareholding Pattern (%)

As On	Jun-26	Mar-26	Jun-25
Promoter	38.0	38.0	38.8
DII	16.1	17.0	23.5
FII	17.5	15.3	13.2
Others	28.4	29.7	24.4

FII includes depository receipts

CMP: INR876 TP: INR1,010 (+15%) Buy

FDF/API drive earnings

Strong start to FY27; complex generics lead the way

- Granules India (GRAN) delivered in-line revenue/EBITDA/PAT in 1QFY27. Higher formulation (FDF) and API sales sustained growth momentum in 1QFY27 as well. Notably, 1QFY27 was the fifth consecutive quarter of healthy YoY growth in earnings.
- CDMO business remained in the ramp-up phase, with revenue of INR600m in 1QFY27. Due to changes in project milestone services, GRAN reported an EBITDA loss of INR24m in 1QFY27.
- The growth in Europe (+50% YoY) was driven by API/FDF, supported by products/dossiers filed in prior periods.
- The complex generics revenue share has increased considerably from 39% YoY to 50% for 1QFY27. GRAN remains on track to shift from a volume-driven to a value-driven complex-Gx-led business model.
- GRAN is enhancing its prospects in the CDMO segment by adding solid-phase peptide synthesis and lyophilization capabilities at its Zurich facility.
- Notably, CFO increased to INR3.8b in 1QFY27, aided by lower receivable days in the US segment.
- We raise our earnings estimates by 1.0%/1.2% for FY27/FY28, factoring in: 1) increased off-take of complex-Gx products, b) the scale-up of CDMO peptide business, c) improved API sales, and d) better operating leverage. We value GRAN at 23x 12-month forward earnings to arrive at our TP of INR1,010. Reiterate BUY.

Product mix/operating leverage drive margins

- GRAN's 1QFY27 sales grew 22% YoY to INR14.8b (our est. of INR14.4b), led by steady momentum in FDF sales.
- Gross margin (GM) expanded 75bp to 65.6% due to a better product mix.
- EBITDA margin expanded 255bp YoY to 22.9% (our est. of 22.8%). Lower other expenses (down 230bp as % of sales) were partially offset by higher employee expenses (up 50bp as % of sales).
- EBITDA grew by 37.4% YoY to INR3.4b (our est. of INR3.3b) for the quarter.
- Adjusted PAT grew by 35.5% YoY to INR1.8b (our estimate: INR1.77b).

FDF leads momentum; CDMO witnesses a YoY spike

- FDF sales grew 22% YoY to INR10.9b (74% of sales).
- Intermediate (PFI) sales grew 9% YoY to INR1.3b (9% of sales).
- API sales grew 19% YoY to INR2b (13% of sales).
- CDMO sales grew 106% YoY to INR600m (4% of sales).

Tushar Manudhane - Research Analyst (Tushar.Manudhane@MotilalOswal.com) / **Eshita Jain - Research Analyst** (Eshita.Jain @MotilalOswal.com)
Research Analyst - Vipul Mehta (Vipul.Mehta@MotilalOswal.com) / **Khyati Sonthalia** (Khyati.Sonthalia@MotilalOswal.com)

Highlights from the management commentary

- Management expects to sustain overall EBITDA margin at ~22-23%.
- GRAN plans 1-2 more controlled-substance launches over the next ~1.5-2 years.
- CDMO performance is expected to be stronger in 2HFY27 vs. 1HFY27. In 1Q, GRAN initiated three new customer projects and re-engaged with customers on two discontinued products, with one potentially being reactivated in FY27.
- CDMO business is expected to be PAT positive in FY27, with revenue targeted to reach ~USD50m by FY30.
- Higher opening inventory in the US insulated the 1QFY27 performance from geopolitical pressure.
- FY27 capex guidance remains at ~INR6b; INR890m was incurred in 1QFY27. Capex was relatively moderate as major investments at Genome Valley have largely been completed.

Consolidated - Quarterly Earnings

Y/E March	FY26				FY27E				FY26	FY27E	FY27E	Var.
INRm	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			1Q	vs Est
Net Sales	**12,101**	**12,970**	**13,879**	**14,706**	**14,768**	**15,345**	**16,387**	**16,819**	**53,656**	**63,319**	**14,413**	**2.5**
YoY Change (%)	2.6	34.2	22.0	22.8	22.0	18.3	18.1	14.4	19.7	18.0	19.1	
Total Expenditure	9,634	10,188	10,799	11,185	11,379	11,923	12,635	12,934	41,805	48,870	11,127	
EBITDA	**2,467**	**2,782**	**3,081**	**3,521**	**3,389**	**3,422**	**3,753**	**3,885**	**11,851**	**14,449**	**3,286**	**3.1**
YoY Change (%)	-4.8	36.8	33.8	39.5	37.4	23.0	21.8	10.3	25.4	21.9	33.2	
Margins (%)	20.4	21.5	22.2	23.9	22.9	22.3	22.9	23.1	22.1	22.8	22.8	
Depreciation	688	720	735	817	796	806	861	884	2,961	3,347	764	
EBIT	**1,779**	**2,062**	**2,346**	**2,704**	**2,593**	**2,616**	**2,892**	**3,002**	**8,890**	**11,102**	**2,522**	
YoY Change (%)	-13.8	36.7	35.1	43.2	45.8	26.8	23.3	11.0	23.5	24.9	41.8	
Margins (%)	14.7	15.9	16.9	18.4	17.6	17.0	17.6	17.8	16.6	17.5	17.5	
Interest	238	292	287	327	211	276	276	276	1,144	1,038	276	
Other Income	163	-11	-36	88	23	58	62	64	203	207	55	
PBT before EO expense	**1,704**	**1,759**	**2,022**	**2,464**	**2,404**	**2,398**	**2,678**	**2,790**	**7,950**	**10,270**	**2,301**	
Extra-Ord expense	259	0	0	-159	0	0	0	0	100	0	0	
PBT	**1,445**	**1,759**	**2,022**	**2,624**	**2,404**	**2,398**	**2,678**	**2,790**	**7,850**	**10,270**	**2,301**	
Tax	319	453	520	608	604	561	629	650	1,900	2,445	529	
Rate (%)	22.1	25.7	25.7	23.2	25.1	23.4	23.5	23.3	24.2	23.8	23.0	
(Profit)/Loss of JV/Asso. Cos.	0	0	0	0	0	0	0	0	0	0	0	
Reported PAT	**1,126**	**1,306**	**1,502**	**2,016**	**1,800**	**1,837**	**2,049**	**2,140**	**5,950**	**7,825**	**1,771**	**1.6**
Adjusted PAT	**1,328**	**1,306**	**1,502**	**1,893**	**1,800**	**1,837**	**2,049**	**2,140**	**6,030**	**7,825**	**1,771**	**1.6**
YoY Change (%)	-1.4	34.3	27.7	47.5	35.5	40.6	36.4	13.0	26.2	29.8	33.4	
Margins (%)	11.0	10.1	10.8	12.9	12.2	12.0	12.5	12.7	11.2	12.4	12.3	

Key performance Indicators (Consolidated)

Y/E March	FY26				FY27E				FY26	FY27E	FY27E	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			1QE	vs Est
FD	8,989	9,657	10,548	10,691	10,927	11,588	12,553	12,508	39,893	47,576	10,877	0.5
YoY Change (%)	0.9	28.9	21.6	15.5	21.6	20.0	19.0	17.0	16.2	19.3	21.0	
PFI	1,194	1,331	1,481	1,341	1,297	1,411	1,496	1,502	5,347	5,706	1,361	-4.7
YoY Change (%)	19.8	76.1	13.1	8.8	8.6	6.0	1.0	12.0	24.5	6.7	14.0	
API	1,627	1,705	1,515	1,975	1,943	2,036	1,970	2,054	6,822	8,003	1,855	4.8
YoY Change (%)	-13.9	20.1	8.8	33.2	19.4	19.4	30.0	4.0	10.3	17.3	14.0	
Cost Break-up												
RM Cost (% of Sales)	35.1	34.3	36.1	34.3	34.4	36.1	35.7	35.5	65.0	64.6	35.1	
Staff Cost (% of Sales)	16.8	16.9	16.3	16.4	17.2	15.8	15.3	15.3	16.6	15.9	16.0	
Other Cost (% of Sales)	27.7	27.3	25.4	25.4	25.4	25.8	26.1	26.1	26.4	25.9	26.1	
Gross Margins(%)	64.9	65.7	63.9	65.7	65.6	63.9	64.3	64.5	35.0	35.4	64.9	
EBITDA Margins(%)	20.4	21.5	22.2	23.9	22.9	22.3	22.9	23.1	22.1	22.8	22.8	
EBIT Margins(%)	14.7	15.9	16.9	18.4	17.6	17.0	17.6	17.8	16.6	17.5	17.5	

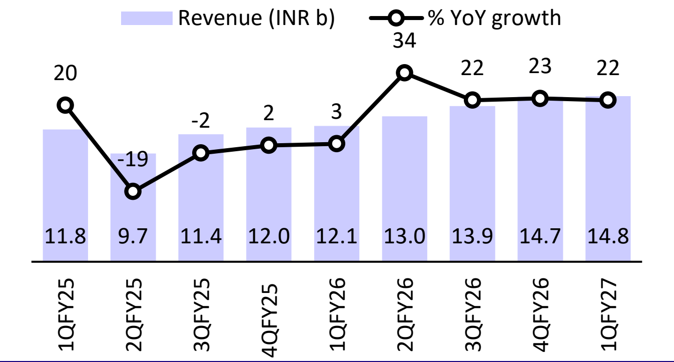
CONFERENCE CALL

Key highlights from the management commentary

- US facility is running at 70% utilization. While the mix is tilting toward high-value products, GRAN is expanding capacity to meet its production requirement for FY28.
- CFO increased to INR3.8b in 1QFY27, reducing receivable days and lowering incremental working capital needs.
- R&D spending is expected at ~5.5-6% of sales.
- GRAN has 50 dossiers awaiting approval across various geographies, with 26 being complex generics. Specifically, it filed five dossiers in 1QFY27.

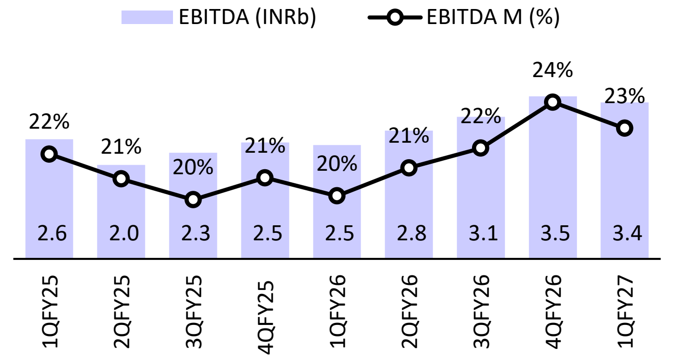
Key exhibits

Exhibit 1: Revenue grew 22% YoY in 1QFY27



Source: MOFSL, Company

Exhibit 2: EBITDA margin expanded 255bp YoY in 1QFY27



Source: MOFSL, Company

Deepening market presence in Europe/ROW to improve growth prospects

Scaling up peptide CDMO/complex generics to drive the next leg of growth

- GRAN delivered FDF sales growth of 22% YoY in 1QFY27.
- Notably, the FDF share in 1QFY27 revenue was 74%, driven by the scale-up of the ADHD portfolio.
- The complex generics segment's share has significantly scaled up to 50% in 1QFY27 from 46% in 1QFY26. Notably, GRAN's focus has shifted to high-value/complex therapies over the medium-to-long term.
- The peptide CDMO emerged as a revenue pillar, delivering 1.1x YoY growth. However, it posted an EBITDA loss of ~INR124m due to project/product mix, uneven opex and timing of revenue recognition rather than any material one-off event.
- The emerging peptide CDMO platform adds a new growth lever, while the core integrated generics business continued to provide stability.
- GRAN reiterates its plan to add 1-2 products in the controlled substance category as part of its complex generics portfolio annually over the next 2-2.5 years.
- We expect an 18% sales CAGR in the FDF segment over FY26-28 to reach INR55.3b.

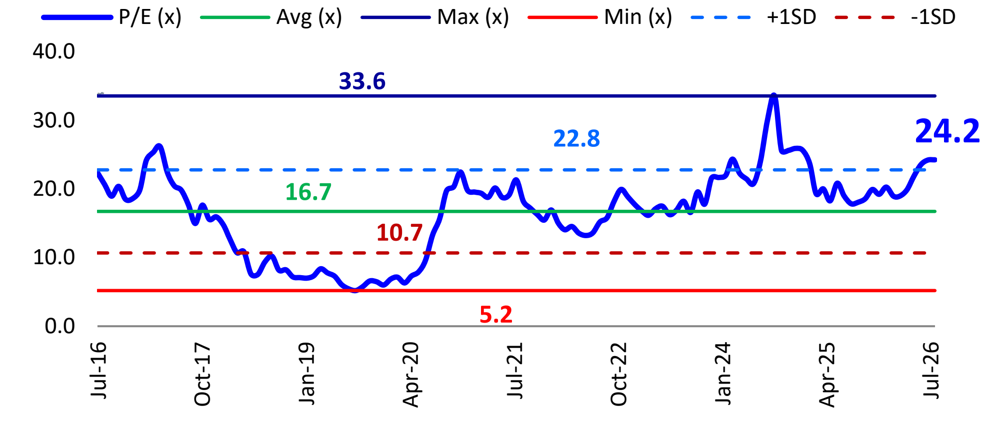
Gagillapur re-inspection outcome awaited

- In 1QFY27, GRAN's GPI facility in Virginia received USFDA clearance in Jun'26.
- Consequently, seven of its eight facilities now have a clean EIR, with Gagillapur being the only facility awaiting regulatory resolution. Management indicated that remediation at Gagillapur is complete and responses have been submitted to the USFDA on time.
- Operations/supplies from Gagillapur remain unaffected. However, nine ANDAs pending for approvals are subject to successful USFDA inspections.
- Collectively, these developments reflect material progress in strengthening regulatory compliance and transitioning toward a more stable and audit-ready operating environment.

Reiterate BUY

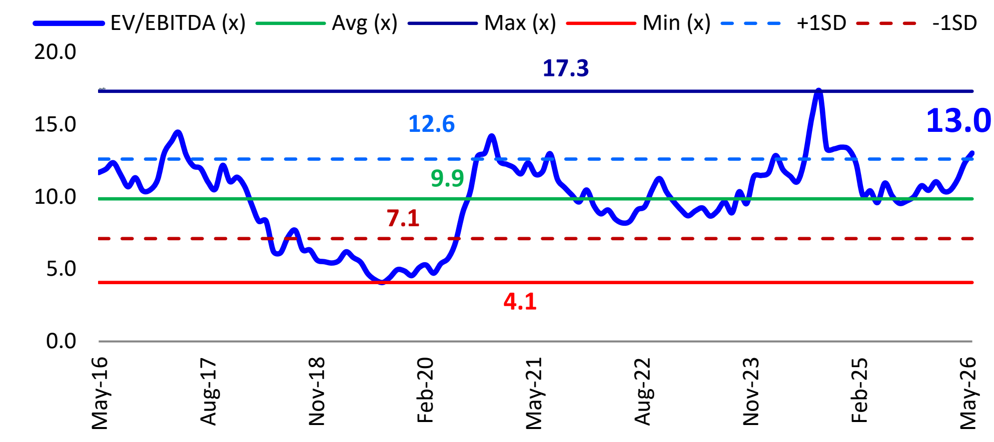
- We slightly raise our earnings estimates by 1.0%/1.2% for FY27/FY28, factoring in: 1) increased off-take of complex-Gx products, b) the scale-up of CDMO peptide business, c) improved API sales, and d) better operating leverage.
- We value GRAN at 23x 12-month forward earnings to arrive at our TP of INR1,010. Reiterate BUY.

Exhibit 3: P/E chart



Source: MOFSL, Company, Bloomberg

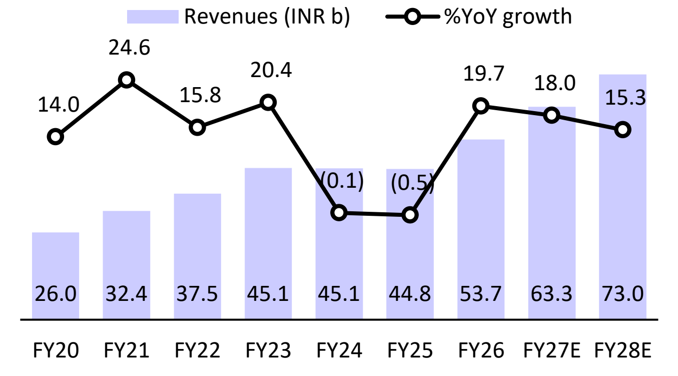
Exhibit 4: EV/EBITDA chart



Source: MOFSL, Company, Bloomberg

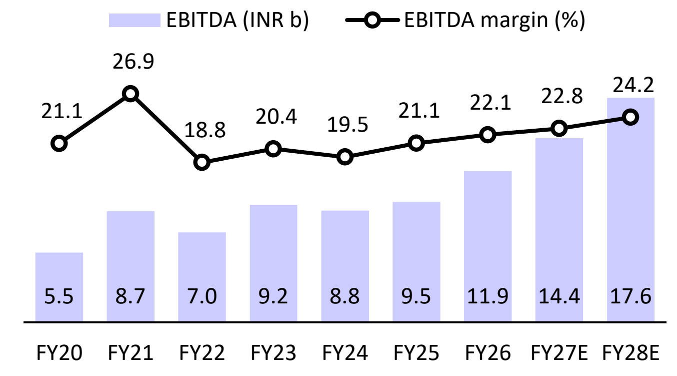
Story in charts

Exhibit 5: Expect a revenue CAGR of ~17% over FY26-28



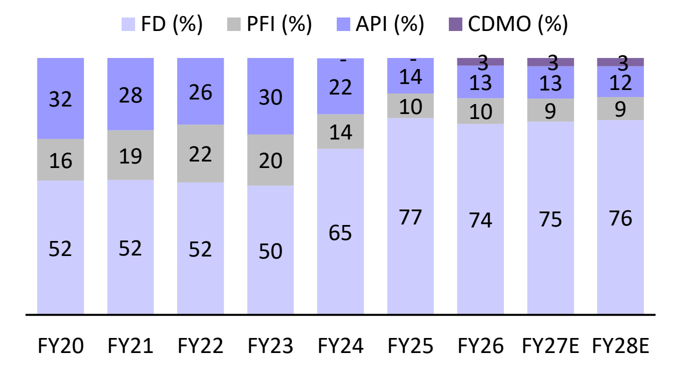
Source: MOFSL, Company

Exhibit 6: EBITDA margin to expand 205bp over FY26-28



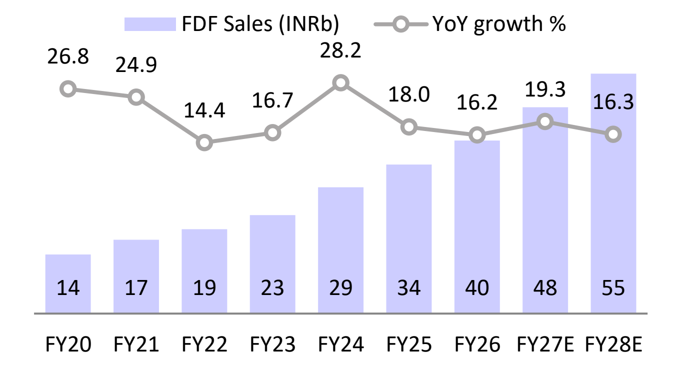
Source: MOFSL, Company

Exhibit 7: Expect FD to increase to 76% in FY28



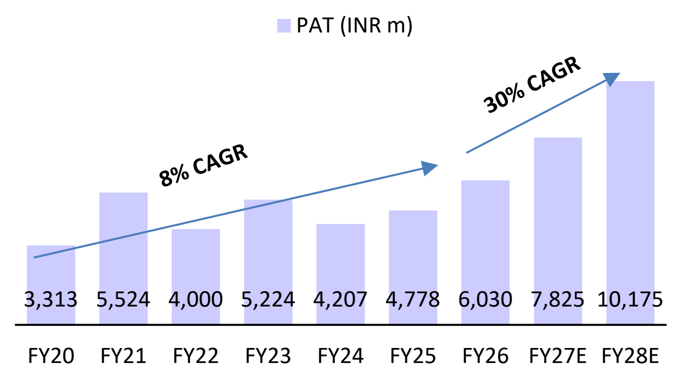
Source: MOFSL, Company

Exhibit 8: FDF sales to clock 18% CAGR over FY26-28



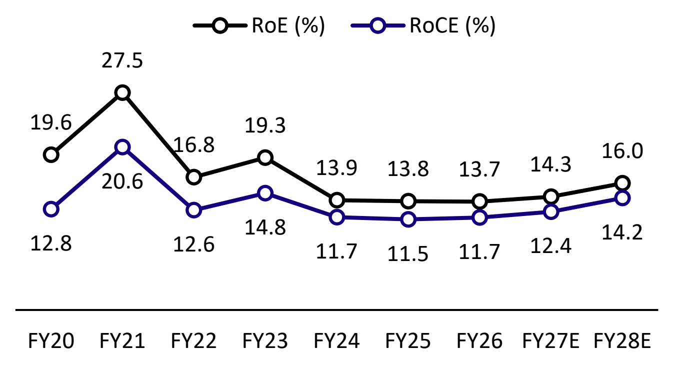
Source: MOFSL, Company

Exhibit 9: PAT to exhibit 30% CAGR over FY26-28



Source: MOFSL, Company

Exhibit 10: Return ratios in an uptrend over FY26-28



Source: MOFSL, Company

Financials and valuations

Consolidated - Income Statement

Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Total Income from Operations	**37,477**	**45,119**	**45,063**	**44,816**	**53,656**	**63,319**	**73,014**
Change (%)	15.8	20.4	-0.1	-0.5	19.7	18.0	15.3
Total Expenditure	**30,427**	**35,901**	**36,293**	**35,364**	**41,805**	**48,870**	**55,380**
% of Sales	81.2	79.6	80.5	78.9	77.9	77.2	75.8
EBITDA	**7,050**	**9,218**	**8,770**	**9,452**	**11,851**	**14,449**	**17,634**
Margin (%)	18.8	20.4	19.5	21.1	22.1	22.8	24.2
Depreciation	1,586	1,845	2,073	2,255	2,961	3,347	3,482
EBIT	**5,464**	**7,373**	**6,697**	**7,197**	**8,890**	**11,102**	**14,152**
Int. and Finance Charges	232	559	1,058	1,032	1,144	1,038	1,041
Other Income	176	138	44	129	203	207	277
PBT bef. EO Exp.	**5,407**	**6,952**	**5,683**	**6,294**	**7,950**	**10,270**	**13,388**
EO Items	173	-80	-211	308	-100	0	0
PBT after EO Exp.	**5,580**	**6,872**	**5,472**	**6,601**	**7,850**	**10,270**	**13,388**
Current Tax	1,382	1,772	1,652	1,828	1,961	2,486	3,213
Deferred Tax	70	-66	-233	-242	-62	-41	0
Tax Rate (%)	26.0	24.8	25.9	24.0	24.2	23.8	24.0
Add: Associate income	0	0	0	0	0	0	0
Reported PAT	**4,128**	**5,166**	**4,052**	**5,015**	**5,950**	**7,825**	**10,175**
Adjusted PAT	**4,000**	**5,224**	**4,207**	**4,778**	**6,030**	**7,825**	**10,175**
Change (%)	-27.6	30.6	-19.5	13.6	26.2	29.8	30.0
Margin (%)	10.6	11.5	9.3	10.6	11.2	12.3	13.9

Consolidated - Balance Sheet

Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Equity Share Capital	248	242	242	243	248	248	248
Total Reserves	25,617	28,107	32,013	36,913	50,602	58,200	68,192
Net Worth	**25,865**	**28,349**	**32,255**	**37,156**	**50,850**	**58,447**	**68,439**
Minority Interest	6	0	0	0	0	0	0
Deferred Liabilities	139	77	231	314	370	370	370
Total Loans	10,928	11,362	13,151	14,548	15,120	14,290	13,460
Capital Employed	**36,938**	**39,788**	**45,637**	**52,017**	**66,341**	**73,108**	**82,270**
Gross Block	25,355	30,897	34,817	40,381	51,462	55,846	60,229
Less: Accum. Deprn.	9,943	11,788	13,861	16,116	19,078	22,425	25,907
Net Fixed Assets	**15,412**	**19,109**	**20,956**	**24,265**	**32,384**	**33,421**	**34,322**
Capital WIP	3,562	2,394	2,717	4,402	4,095	5,066	5,841
Total Investments	**197**	**361**	**382**	**426**	**228**	**228**	**228**
Curr. Assets, Loans&Adv.	**25,945**	**27,168**	**30,783**	**32,755**	**39,737**	**46,394**	**55,586**
Inventory	9,786	11,494	13,005	13,428	16,730	18,075	20,483
Account Receivables	9,250	9,485	9,858	9,422	9,094	15,092	17,403
Cash and Bank Balance	4,095	3,128	3,864	5,964	9,491	6,895	10,398
Loans and Advances	2,815	3,060	4,056	3,941	4,422	6,332	7,301
Curr. Liability & Prov.	**8,191**	**9,258**	**9,573**	**10,509**	**10,859**	**12,756**	**14,462**
Account Payables	6,386	7,821	7,495	7,261	6,728	10,443	11,835
Other Current Liabilities	1,294	998	1,580	2,614	3,107	1,900	2,190
Provisions	511	439	497	634	1,023	412	437
Net Current Assets	**17,753**	**17,910**	**21,211**	**22,247**	**28,878**	**33,639**	**41,124**
Appl. of Funds	**36,938**	**39,788**	**45,637**	**52,017**	**66,340**	**73,108**	**82,270**

Financials and valuations

Ratios

Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
EPS	**16.1**	**21.1**	**17.0**	**19.3**	**24.3**	**31.6**	**41.1**
Cash EPS	22.5	29.2	25.9	29.0	36.3	45.1	55.1
BV/Share	104.3	117.1	133.1	153.2	205.2	235.9	276.2
DPS	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Payout (%)	7.0	5.5	7.0	5.7	4.9	3.7	2.8
Valuation (x)							
P/E	54.0	41.3	51.3	45.2	35.8	27.6	21.2
Cash P/E	38.7	29.8	33.6	30.0	24.0	19.3	15.8
P/BV	8.4	7.4	6.5	5.7	4.2	3.7	3.2
EV/Sales	4.6	3.9	3.9	3.9	3.2	2.7	2.3
EV/EBITDA	24.5	18.9	20.0	18.4	14.5	12.0	9.6
Dividend Yield (%)	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Return Ratios (%)							
RoE	16.8	19.3	13.9	13.8	13.7	14.3	16.0
RoCE	12.6	14.8	11.7	11.5	11.7	12.4	14.2
RoIC	15.1	17.6	13.7	13.7	14.4	14.9	17.0
Working Capital Ratios							
Asset Turnover (x)	1.0	1.1	1.0	0.9	0.8	0.9	0.9
Inventory (Days)	86	86	99	108	103	100	96
Debtor (Days)	82	76	78	79	63	70	81
Creditor (Days)	71	72	77	76	61	64	73
Leverage Ratio (x)							
Current Ratio	3.2	2.9	3.2	3.1	3.7	3.6	3.8
Interest Cover Ratio	24	13	6	7	8	11	14
Debt/Equity	0.4	0.4	0.4	0.4	0.3	0.2	0.2

Consolidated - Cash Flow Statement

							0
Y/E March	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
OP/(Loss) before Tax	5,580	6,952	5,472	4,272	5,358	10,270	13,388
Depreciation	1,586	1,845	2,073	1,462	1,645	3,347	3,482
Interest & Finance Charges	232	559	1,058	628	614	832	764
Direct Taxes Paid	-1,450	-1,758	-1,903	-908	-1,520	-2,383	-3,106
(Inc)/Dec in WC	-2,572	-103	-2,463	2,570	322	-7,357	-3,982
CF from Operations	**3,376**	**7,495**	**4,238**	**8,024**	**6,420**	**4,710**	**10,547**
Others	-56	-27	156	203	13	0	0
CF from Operating incl EO	**3,321**	**7,467**	**4,394**	**8,227**	**6,433**	**4,710**	**10,547**
(inc)/dec in FA	-3,967	-4,107	-3,788	-2,109	-2,521	-5,354	-5,159
(Pur)/Sale of Investments	0	2,035	159	0	0	0	0
Others	166	158	28	-3,416	-7,811	207	277
CF from Investments	**-3,801**	**-1,914**	**-3,602**	**-5,524**	**-10,332**	**-5,147**	**-4,882**
Issue of Shares	37	-3,084	32	50	3,019	0	0
(Inc)/Dec in Debt	2,530	-600	1,435	-2,422	-1,207	-830	-830
Interest Paid	-242	-533	-1,027	-571	-539	-1,038	-1,041
Dividend Paid	-372	-186	-363	-364	-364	-290	-290
CF from Fin. Activity	**1,900**	**-4,403**	**77**	**-3,399**	**4,444**	**-2,158**	**-2,161**
Inc/Dec of Cash	**1,419**	**1,151**	**869**	**-696**	**545**	**-2,596**	**3,504**
Opening Balance	2,711	4,095	3,128	3,863	5,964	9,491	6,895
FX	-35	-2,118	-134	2,796	2,982	0	0
Closing Balance	**4,095**	**3,128**	**3,863**	**5,964**	**9,491**	**6,895**	**10,398**

Explanation of Investment Rating	
Investment Rating	**Expected return (over 12-month)**
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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Nainesh Rajani
Email: nainesh.rajani@motilaloswal.com
Contact: (+65) 8328 0276

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Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com
Mr. Neeraj Agarwal	022 40548085	na@motilaloswal.com
Mr. Siddhartha Khemka	022 50362452	po.research@motilaloswal.com

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