3 November 2026
2QFY27 Results Update | Sector: Healthcare

Granules India

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	GRAN IN
Equity Shares (m)	273
M.Cap.(INRb)/(USDb)	223.9 / 2.4
52-Week Range (INR)	924 / 520
1, 6, 12 Rel. Per (%)	-5/20/54
12M Avg Val (INR M)	809

Financials & Valuations (INRb)

Y/E MARCH	FY26	FY27E	FY28E
Sales	53.7	63.7	73.4
EBITDA	11.9	14.4	17.7
Adj. PAT	6.0	7.8	10.2
EBIT Margin (%)	16.6	17.4	19.4
Cons. Adj. EPS (INR)	24.3	31.6	41.3
EPS Gr. (%)	26.2	29.8	30.9
BV/Sh. (INR)	205.2	236.1	276.6
Ratios			
Net D:E	0.3	0.2	0.2
RoE (%)	13.7	14.3	16.1
RoCE (%)	11.7	12.3	14.3
Payout (%)	4.9	3.7	2.8
Valuations			
P/E (x)	33.7	26.0	19.9
EV/EBITDA (x)	14.5	12.0	9.5
Div. Yield (%)	0.1	0.1	0.1
FCF Yield (%)	2.4	-0.5	3.1
EV/Sales (x)	3.2	2.7	2.3

Shareholding Pattern (%)

As On	Sep-26	Jun-26	Sep-25
Promoter	37.4	38.0	38.8
DII	15.3	16.1	17.9
FII	20.3	17.5	14.1
Others	27.0	28.4	29.2

FII includes depository receipts

CMP: INR821 **TP: INR985 (+20%)** **Buy**

In-line 2Q; broad-based growth drives earnings

Niche launches and resolving regulatory constraint – key monitorables

- Granules India (GRAN) delivered in-line revenue/EBITDA/PAT performance in 2QFY27, with 20%/21%/39% YoY growth, respectively. Performance remained broad-based across FDF, API, PFI, and CDMO, supporting sustained earnings momentum.
- Geographically, North America grew 14% YoY, while Europe reported strong 65% growth, supported by higher CDMO revenue and improved performance across the broader portfolio. ROW also delivered healthy 17% growth.
- Complex Gx continued to gain traction, growing 32% YoY in 2QFY27 and accounting for 47% of the FDF portfolio versus 40% in 2QFY26 (up 700bp YoY). The company has filed 67 complex Gx dossiers, with 30 awaiting approval, alongside three potential sole FTF ANDAs.
- The USFDA completed its inspection of the Gagillapur facility in Oct'26. Management indicated that the inspection progressed constructively, with observations expected to be addressed through responses and corrective and preventive actions. Operations remained unaffected, with capacity utilization at ~75%.
- We maintain our FY27/FY28 estimates and expect revenue/EBITDA/PAT to expand at a CAGR of 17%/22%/30% over FY26-28, driven by complex generics, peptide CDMO scale-up, and controlled-substance opportunities, supported by growth across key geographies.
- We value GRAN at 21x 12-month forward earnings and reiterate BUY, supported by its improving product mix, expanding complex Gx pipeline, and multiple growth engines.

Revenue growth drives healthy earnings growth

- GRAN's 2QFY27 sales grew 20% YoY to INR15.6b (in line).
- Gross margin (GM) contracted 130bp to 64.4%.
- EBITDA margin remained stable YoY at 21.6% (our est. of 21.6%). Lower other expenses and employee expenses (down 110bp/40bp as % of sales) offset the impact of decline in gross margin.
- EBITDA grew 21.3% YoY to INR3.4b (in line) for the quarter.
- Adjusted PAT grew 39.2% YoY to INR1.8b (in line).
- For 1HFY27, revenue/EBITDA/PAT grew 21.1%/28.9%/37.3% to INR30.4b/6.7b/3.6b

Broad-based growth across key business segments

- FDF sales grew 18.2% YoY to INR11.4b (73% of sales).
- Integrated Gx declined 4% YoY to INR5.2b (48% of FDF sales, down 800bp YoY as % of FDF sales). Complex Gx grew 32% YoY to INR5.1b (47% of FDF sales, up 700bp YoY as % of FDF sales).
- Intermediate (PFI) sales grew 20.5% YoY to INR1.6b (10% of sales).

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Investors are advised to refer through important disclosures made at the last page of the Research Report.
Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

- API sales grew 22.6% YoY to INR2.1b (13% of sales).
- CDMO sales grew 76.8% YoY to INR488m (3% of sales).
- North America revenue grew 14% YoY to INR11.3b.
- Europe revenue sustained healthy growth of 65% YoY to INR2.5b.
- RoW revenue grew 17% YoY to INR1.8b.

Highlights from the management commentary

- US FDA conducted a two-week CGMP inspection with three inspectors at the Gagillapur facility from Oct 19-30, concluding with Form 483 observations focused on investigations, change control, process and equipment qualification, visual inspection controls, and documentation practices.
- Gagillapur plant is operating at approximately 75% capacity utilization with no disruption to ongoing manufacturing, packaging, or product distribution.
- Five new products scheduled for US launch in 2HFY27, including two limited-competition extended-release controlled substances from the GPI facility.
- Genome Valley facility operated at approximately 25% utilization in 2QFY27 and is projected to ramp up beyond 50% utilization by 4QFY27.
- GRAN holds 26 ANDAs pending USFDA approval, with eight pending product approvals tied to the Gagillapur facility, of which two have already been tech-transferred to the US manufacturing site.
- Net working capital to sales increased slightly to 30% from 29% in 1QFY27, reflecting a deliberate safety stock inventory build-up in the US for controlled substances and complex generics.

Consolidated - Quarterly Earning Model

Y/E March	FY26				FY27E				FY26	FY27E	FY27E	Var.
INRm	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			2Q	vs Est
Net Sales	**12,101**	**12,970**	**13,879**	**14,706**	**14,768**	**15,600**	**16,476**	**16,819**	**53,656**	**63,662**	**15,560**	**0.3**
YoY Change (%)	2.6	34.2	22.0	22.8	22.0	20.3	18.7	14.4	19.7	18.6	20.0	
Total Expenditure	9,634	10,188	10,799	11,185	11,379	12,224	12,703	12,934	41,805	49,239	12,199	
EBITDA	**2,467**	**2,782**	**3,081**	**3,521**	**3,389**	**3,376**	**3,773**	**3,885**	**11,851**	**14,423**	**3,361**	**0.4**
YoY Change (%)	-4.8	36.8	33.8	39.5	37.4	21.3	22.5	10.3	25.4	21.7	20.8	
Margins (%)	20.4	21.5	22.2	23.9	22.9	21.6	22.9	23.1	22.1	22.7	21.6	
Depreciation	688	720	735	817	796	839	861	879	2,961	3,375	814	
EBIT	**1,779**	**2,062**	**2,346**	**2,704**	**2,593**	**2,537**	**2,912**	**3,006**	**8,890**	**11,048**	**2,547**	
YoY Change (%)	-13.8	36.7	35.1	43.2	45.8	23.0	24.1	11.2	23.5	24.3	23.5	
Margins (%)	14.7	15.9	16.9	18.4	17.6	16.3	17.7	17.9	16.6	17.4	16.4	
Interest	238	292	287	327	211	210	276	276	1,144	972	276	
Other Income	163	-11	-36	88	23	107	62	64	203	256	59	
PBT before EO expense	**1,704**	**1,759**	**2,022**	**2,464**	**2,404**	**2,434**	**2,699**	**2,794**	**7,950**	**10,331**	**2,331**	
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**	**2,434**	**2,699**	**2,794**	**7,850**	**10,331**	**2,331**	
Tax	319	453	520	608	604	616	634	651	1,900	2,506	545	
Rate (%)	22.1	25.7	25.7	23.2	25.1	25.3	23.5	23.3	24.2	24.3	23.4	
(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**	**1,818**	**2,065**	**2,143**	**5,950**	**7,826**	**1,785**	**1.9**
Adjusted PAT	**1,328**	**1,306**	**1,502**	**1,893**	**1,800**	**1,818**	**2,065**	**2,143**	**6,030**	**7,826**	**1,785**	**1.9**
YoY Change (%)	-1.4	34.3	27.7	47.5	35.5	39.2	37.4	13.2	26.2	29.8	36.7	
Margins (%)	11.0	10.1	10.8	12.9	12.2	11.7	12.5	12.7	11.2	12.3	11.5	

KPIs (Consolidated)

Y/E March	FY26				FY27E				FY26	FY27E	FY27E	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			2QE	vs Est
FD	8,989	9,657	10,548	10,691	10,927	11,417	12,553	12,508	39,893	47,405	11,588	-1.5
YoY Change (%)	0.9	28.9	21.6	15.5	21.6	18.2	19.0	17.0	16.2	18.8	20.0	
PFI	1,194	1,331	1,481	1,341	1,297	1,604	1,496	1,502	5,347	5,899	1,411	13.7
YoY Change (%)	19.8	76.1	13.1	8.8	8.6	20.5	1.0	12.0	24.5	10.3	6.0	
API	1,627	1,705	1,515	1,975	1,943	2,091	1,970	2,054	6,822	8,058	2,036	2.7
YoY Change (%)	-13.9	20.1	8.8	33.2	19.4	22.6	30.0	4.0	10.3	18.1	19.4	
Cost Break-up												
RM Cost (% of Sales)	35.1	34.3	36.1	34.3	34.4	35.6	35.7	35.5	65.0	64.7	36.5	
Staff Cost (% of Sales)	16.8	16.9	16.3	16.4	17.2	16.5	15.3	15.3	16.6	16.1	15.8	
Other Cost (% of Sales)	27.7	27.3	25.4	25.4	25.4	26.2	26.1	26.1	26.4	26.0	26.1	
Gross Margins (%)	64.9	65.7	63.9	65.7	65.6	64.4	64.3	64.5	35.0	35.3	63.5	
EBITDA Margins (%)	20.4	21.5	22.2	23.9	22.9	21.6	22.9	23.1	22.1	22.7	21.6	
EBIT Margins (%)	14.7	15.9	16.9	18.4	17.6	16.3	17.7	17.9	16.6	17.4	16.4	

E: MOFSL Estimates

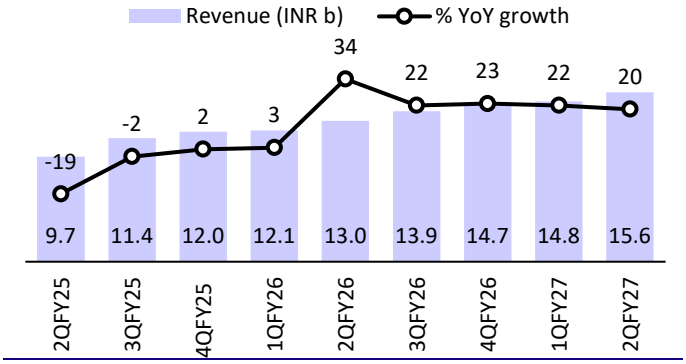


Key highlights from the management commentary

- North America: Remains the company's largest market, led by growth in controlled substances and complex generics; inventory was deliberately increased to ensure supply security.
- Europe: Sustained stable growth momentum across commercial products; Sen Tides Zurich completed successful regulatory inspection.
- Geopolitical conflict in West Asia created industry-wide cost pressures across key chemical inputs and international freight logistics.
- Customer price renegotiations are underway to absorb cost increases, though realization occurs with a commercial lag.
- GRAN has planned multi-year growth capex of INR20b across peptide CDMO, US manufacturing, oncology, API, and IT digitalization over the next 3 to 4 years.

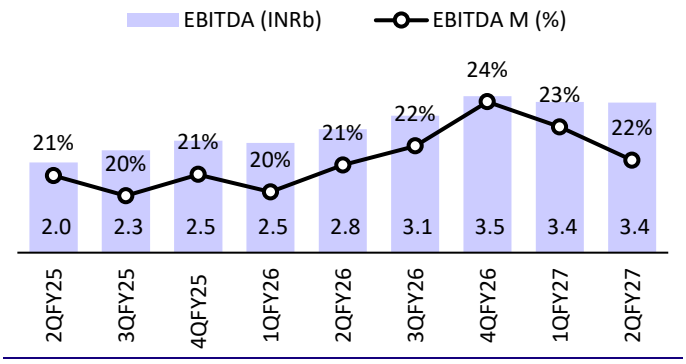
Key exhibits

Exhibit 1: Revenue grew 20% YoY in 2QFY27



Source: MOFSL, Company

Exhibit 2: EBITDA margin was stable YoY in 2QFY27



Source: MOFSL, Company

Portfolio transformation and global expansion to unlock the next growth phase

Complex generics gaining scale, with peptide CDMO adding a new growth lever

- GRAN delivered 21.1% YoY revenue growth in 1HFY27, with FDF sales growing 19.8% YoY in 1HFY27 to INR22.3b, contributing 74% of revenue.
- Complex Gx continued to gain traction, with its share of the FDF portfolio increasing to 48% in 1HFY27 from 40% in 1HFY26. Complex Gx revenue grew 48.4% YoY in 1HFY27, while its 2QFY27 growth stood at 32%.
- GRAN is progressing toward higher-value products, with 67 complex Gx dossiers filed and 30 awaiting approval. It has also filed three potential sole FTF ANDAs, including two during 1HFY27, with five additional sole FTF opportunities in the US pipeline.
- The Senn Chemicals acquisition provides an entry into peptide CDMO, creating an additional growth engine beyond generics. However, the segment reported an EBITDA loss of INR152m in 2QFY27 (INR276m in 1HFY27), compared with INR200m in 2QFY26, reflecting continued investments and project/product mix.
- GRAN continues to expand its global presence, with North America contributing 72% of revenue and growing 14% YoY in 2QFY27. Europe delivered strong 65% YoY growth, supported by higher CDMO revenue and broader portfolio performance.
- R&D investment stood at 5.8% of sales in 1HFY27, supporting 159 cumulative dossier filings across markets, including 94 US filings and 68 approvals.
- We expect an 17.6% FDF sales CAGR over FY26-28, supported by complex Gx launches and portfolio expansion.

Gagillapur re-inspected post warning letter

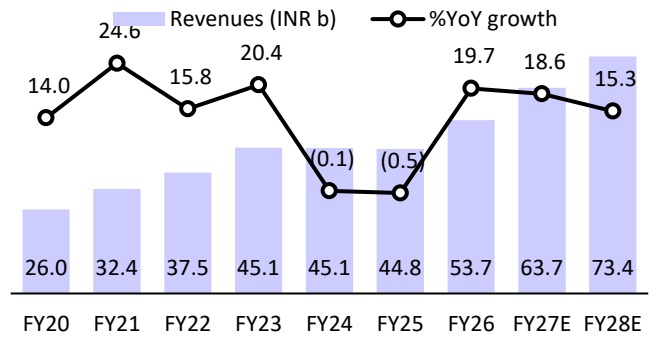
- GRAN's GPI facility in Virginia received USFDA clearance in Apr'26, taking the number of facilities with clean EIRs to seven out of eight.
- The USFDA completed its inspection of the Gagillapur facility in Oct'26. Management indicated that the inspection progressed constructively, with observations expected to be addressed through responses and corrective and preventive actions.
- Gagillapur operations remained unaffected, with capacity utilization at ~75% despite the ongoing regulatory process. However, regulatory resolution remains important for approvals of pending ANDAs.
- GRAN continues to strengthen its quality systems through digital initiatives, including LIMS connectivity, EMS, and Trackwise DMS, alongside ongoing regulatory and customer audits.

Reiterate BUY

- We maintain our FY27/FY28 estimates and expect revenue/EBITDA/PAT to expand at a CAGR of 17%/22%/30% over FY26-28, driven by complex generics, peptide CDMO scale-up, and controlled-substance opportunities, supported by growth across key geographies.
- We value GRAN at 21x 12-month forward earnings and reiterate BUY, supported by its improving product mix, expanding complex Gx pipeline, and multiple growth engines.

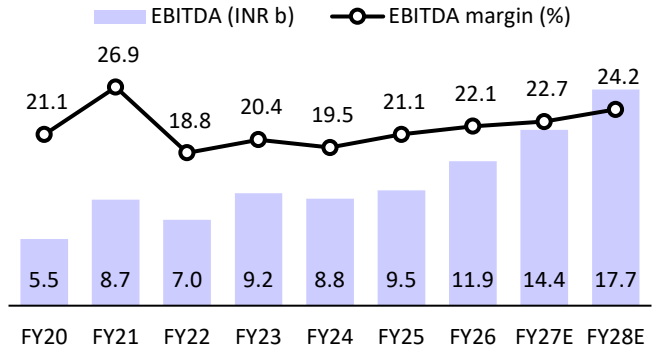
Story in charts

Exhibit 3: Expect a revenue CAGR of ~17% over FY26-28



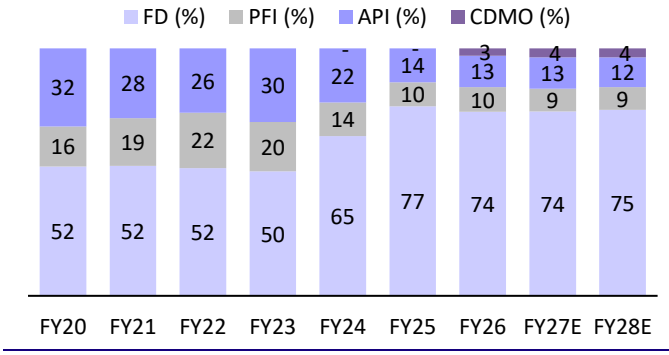
Source: MOFSL, Company

Exhibit 4: EBITDA margin to expand 210bp over FY26-28



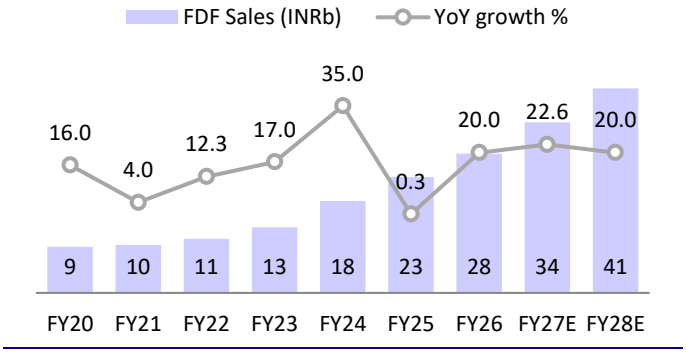
Source: MOFSL, Company

Exhibit 5: Expect FD to increase to 75% in FY28



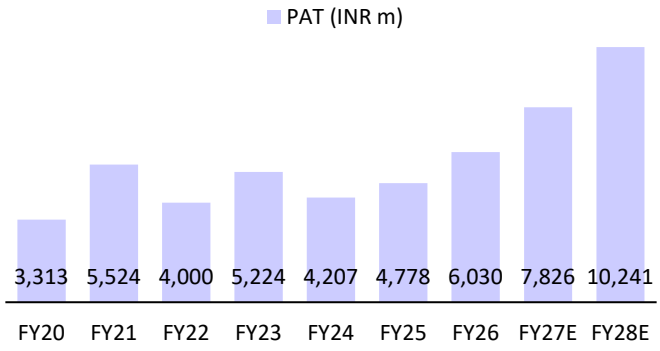
Source: MOFSL, Company

Exhibit 6: FDF sales to clock ~18% CAGR over FY26-28



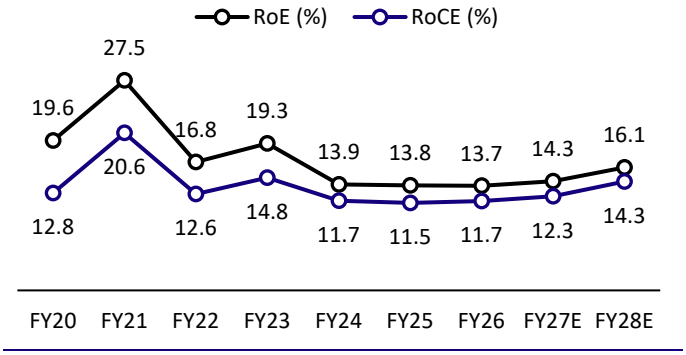
Source: MOFSL, Company

Exhibit 7: PAT to exhibit ~30% CAGR over FY26-28



Source: MOFSL, Company

Exhibit 8: Return ratios in an uptrend over FY26-28



Source: MOFSL, Company

Financials and valuations

Consolidated - Income Statement						INRm
Y/E March	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
Income from Operations	45,119	45,063	44,816	53,656	63,662	73,409
Less: Excise Duty	0	0	0	0	0	0
Total Income from Operations	**45,119**	**45,063**	**44,816**	**53,656**	**63,662**	**73,409**
Change (%)	20.4	-0.1	-0.5	19.7	18.6	15.3
Total Expenditure	**35,901**	**36,293**	**35,364**	**41,805**	**49,239**	**55,681**
% of Sales	79.6	80.5	78.9	77.9	77.3	75.8
EBITDA	**9,218**	**8,770**	**9,452**	**11,851**	**14,423**	**17,728**
Margin (%)	20.4	19.5	21.1	22.1	22.7	24.2
Depreciation	1,845	2,073	2,255	2,961	3,375	3,491
EBIT	**7,373**	**6,697**	**7,197**	**8,890**	**11,048**	**14,237**
Int. and Finance Charges	559	1,058	1,032	1,144	972	1,041
Other Income	138	44	129	203	256	278
PBT bef. EO Exp.	**6,952**	**5,683**	**6,294**	**7,950**	**10,331**	**13,475**
EO Items	-80	-211	308	-100	0	0
PBT after EO Exp.	**6,872**	**5,472**	**6,601**	**7,850**	**10,331**	**13,475**
Current Tax	1,772	1,652	1,828	1,961	2,545	3,234
Deferred Tax	-66	-233	-242	-62	-39	0
Tax Rate (%)	24.8	25.9	24.0	24.2	24.3	24.0
Add: Associate income	0	0	0	0	0	0
Reported PAT	**5,166**	**4,052**	**5,015**	**5,950**	**7,826**	**10,241**
Adjusted PAT	**5,224**	**4,207**	**4,778**	**6,030**	**7,826**	**10,241**
Change (%)	30.6	-19.5	13.6	26.2	29.8	30.9
Margin (%)	11.5	9.3	10.6	11.2	12.2	13.9

Consolidated - Balance Sheet						INRm
Y/E March	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
Equity Share Capital	242	242	243	248	248	248
Total Reserves	28,107	32,013	36,913	50,602	58,247	68,305
Net Worth	**28,349**	**32,255**	**37,156**	**50,850**	**58,495**	**68,553**
Minority Interest	0	0	0	0	0	0
Deferred Liabilities	77	231	314	370	370	370
Total Loans	11,362	13,151	14,548	15,120	14,290	13,460
Capital Employed	**39,788**	**45,637**	**52,017**	**66,341**	**73,155**	**82,384**
Gross Block	30,897	34,817	40,381	51,462	55,846	60,529
Less: Accum. Deprn.	11,788	13,861	16,116	19,078	22,453	25,944
Net Fixed Assets	**19,109**	**20,956**	**24,265**	**32,384**	**33,393**	**34,585**
Capital WIP	2,394	2,717	4,402	4,095	5,093	5,873
Total Investments	**361**	**382**	**426**	**228**	**228**	**228**
Curr. Assets, Loans&Adv.	**27,168**	**30,783**	**32,755**	**39,737**	**46,531**	**55,481**
Inventory	11,494	13,005	13,428	16,730	18,212	20,594
Account Receivables	9,485	9,858	9,422	9,094	15,174	17,497
Cash and Bank Balance	3,128	3,864	5,964	9,491	6,779	10,049
Loans and Advances	3,060	4,056	3,941	4,422	6,366	7,341
Curr. Liability & Prov.	**9,258**	**9,573**	**10,509**	**10,859**	**12,845**	**14,538**
Account Payables	7,821	7,495	7,261	6,728	10,522	11,899
Other Current Liabilities	998	1,580	2,614	3,107	1,910	2,202
Provisions	439	497	634	1,023	412	437
Net Current Assets	**17,910**	**21,211**	**22,247**	**28,878**	**33,686**	**40,943**
Appl. of Funds	**39,788**	**45,637**	**52,017**	**66,340**	**73,155**	**82,384**

Financials and valuations

Ratios

Y/E March	FY23	FY24	FY25	FY26	FY27E	FY28E
EPS	**21.1**	**17.0**	**19.3**	**24.3**	**31.6**	**41.3**
Cash EPS	29.2	25.9	29.0	36.3	45.2	55.4
BV/Share	117.1	133.1	153.2	205.2	236.1	276.6
DPS	1.0	1.0	1.0	1.0	1.0	1.0
Payout (%)	5.5	7.0	5.7	4.9	3.7	2.8
Valuation (x)						
P/E	38.9	48.4	42.6	33.7	26.0	19.9
Cash P/E	28.1	31.7	28.3	22.6	18.2	14.8
P/BV	7.0	6.2	5.4	4.0	3.5	3.0
EV/Sales	3.9	3.9	3.9	3.2	2.7	2.3
EV/EBITDA	18.9	20.0	18.4	14.5	12.0	9.5
Dividend Yield (%)	0.1	0.1	0.1	0.1	0.1	0.1
Return Ratios (%)						
RoE	19.3	13.9	13.8	13.7	14.3	16.1
RoCE	14.8	11.7	11.5	11.7	12.3	14.3
RoIC	17.6	13.7	13.7	14.4	14.7	17.0
Working Capital Ratios						
Asset Turnover (x)	1.1	1.0	0.9	0.8	0.9	0.9
Inventory (Days)	86	99	108	103	100	96
Debtor (Days)	76	78	79	63	70	81
Creditor (Days)	72	77	76	61	64	73
Leverage Ratio (x)						
Current Ratio	2.9	3.2	3.1	3.7	3.6	3.8
Interest Cover Ratio	13	6	7	8	11	14
Debt/Equity	0.4	0.4	0.4	0.3	0.2	0.2

Consolidated - Cash Flow Statement

INRm

Y/E March	FY23	FY24	FY25	FY26	FY27E	FY28E
OP/(Loss) before Tax	6,952	5,472	4,272	5,358	10,331	13,475
Depreciation	1,845	2,073	1,462	1,645	3,375	3,491
Interest & Finance Charges	559	1,058	628	614	717	763
Direct Taxes Paid	-1,758	-1,903	-908	-1,520	-2,397	-3,126
(Inc)/Dec in WC	-103	-2,463	2,570	322	-7,520	-3,987
CF from Operations	**7,495**	**4,238**	**8,024**	**6,420**	**4,506**	**10,616**
Others	-27	156	203	13	0	0
CF from Operating incl EO	**7,467**	**4,394**	**8,227**	**6,433**	**4,506**	**10,616**
(inc)/dec in FA	-4,107	-3,788	-2,109	-2,521	-5,381	-5,463
(Pur)/Sale of Investments	2,035	159	0	0	0	0
Others	158	28	-3,416	-7,811	256	278
CF from Investments	**-1,914**	**-3,602**	**-5,524**	**-10,332**	**-5,125**	**-5,185**
Issue of Shares	-3,084	32	50	3,019	0	0
(Inc)/Dec in Debt	-600	1,435	-2,422	-1,207	-830	-830
Interest Paid	-533	-1,027	-571	-539	-972	-1,041
Dividend Paid	-186	-363	-364	-364	-290	-290
CF from Fin. Activity	**-4,403**	**77**	**-3,399**	**4,444**	**-2,092**	**-2,161**
Inc/Dec of Cash	**1,151**	**869**	**-696**	**545**	**-2,712**	**3,270**
Opening Balance	4,095	3,128	3,863	5,964	9,491	6,779
FX	-2,118	-134	2,796	2,982	0	0
Closing Balance	**3,128**	**3,863**	**5,964**	**9,491**	**6,779**	**10,049**

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NOTES

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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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