BUY Granules India

Underappreciated US model; multiple optionalities in play

Pharmaceuticals ▸ Initiating Coverage ▸ **March 31, 2026**

CMP (Rs): 620 | TP (Rs): 800

We initiate coverage of Granules with BUY and SOTP-based Mar-27 TP of Rs800 (implied target EV/EBITDA of ~12x; ~30% upside). Granules fits into our framework of backing companies with a smaller US base + a US portfolio construct with strong near-term growth visibility. Granules's margin resilience over the last 6 quarters, despite its flagship Gagillapur facility being impacted by a regulatory escalation, has been a positive surprise for us (as well as a large section of the street). Strong share gains in the US controlled substance market, as seen in the case of Granules, lead to a virtuous cycle (the ability to fulfill quotas in a particular year leads to higher quotas in the subsequent year). While FY27 growth will be driven by further scale-up in recent launches, we expect controlled substances (FY26E consolidated sales share at close to 30%) to be a key multi-year growth driver, given the expected addition of more products to the portfolio starting FY28. The company is witnessing a transition on 3 fronts—API/PFI to FDF, B2B to B2C, and legacy to complex generics—all of which are margin-accretive. Gagillapur clearance in FY27 could pose an upside to our formulation sales estimates + growth in Senn (peptide CDMO), subject to the conversion of a few large-scale project opportunities, could turn out to be non-linear in the medium term. The recent capital raise will keep inorganic opportunities in play. We expect EPS CAGR of ~20% over FY26-28E. Granules is our high-conviction small-cap pick.

Controlled substances – Key driver of a derisked US business model

We believe a major driver of the company's recent US sales + overall margin performance is not well understood. The sharp 950bps gross margin improvement seen over FY24-26E has been a function of an evolved formulation-focused US business model and, more importantly, a successful pivot to controlled substances (a post-FY23 phenomenon and a high-margin portfolio). While controlled substances is admittedly a sticky business (we attempt to demystify the highly-regulated, shortage-prone US controlled substance landscape to the extent possible) with a relatively favorable pricing environment, the business has not been kind even to some larger generic peers. Granules, with its Virginia facility, has ensured supply reliability, validated by its rapid share gain in new launches. Hence, the segment's revenue share has sharply risen in FY26E (vs ~10% in FY23E).

Unique case of margin resilience in the face of regulatory challenges

Granules's has been a rare case of a company growing its US base/expanding margins despite facing remediation-linked challenges at its key FDA-approved site (refer to Exhibit 40 for a list of warning letters issued in the past to peers and the impact on their margins). Notably, the company's margin resilience (~270bps expansion over FY24-26E and expansion of a similar magnitude expected over FY26-28E) has come in the face of Gagillapur-linked remediation expenses, elevated R&D spend, and EBITDA loss in Senn.

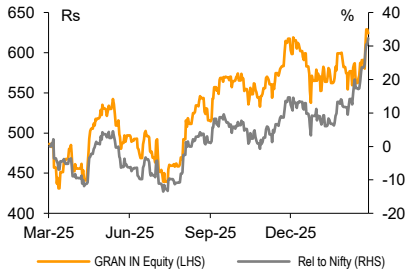
Target Price – 12M	
Change in TP (%)	**NA**
Current Reco.	BUY
Previous Reco.	NA
Upside/(Downside) (%)	29.0

Stock Data	**GRAN IN**
52-week High (Rs)	640
52-week Low (Rs)	412
Shares outstanding (mn)	247.8
Market-cap (Rs bn)	154
Market-cap (USD mn)	1,621
Net-debt, FY26E (Rs mn)	515.6
ADTV-3M (mn shares)	1.0
ADTV-3M (Rs mn)	526.3
ADTV-3M (USD mn)	5.6
Free float (%)	62.0
Nifty-50	22,331.4
INR/USD	94.8

Shareholding,Feb-26	
Promoters (%)	38.0
FPIs/MFs (%)	13.8/18.5

Price Performance			
(%)	**1M**	**3M**	**12M**
Absolute	6.6	3.7	27.6
Rel. to Nifty	20.1	20.4	34.3

1-Year share price trend (Rs)



Granules India: Financial Snapshot (Consolidated)

Y/E (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	45,064	44,816	53,277	59,999	67,826
EBITDA	8,560	9,452	11,561	13,770	16,482
Adj. PAT	4,053	4,708	5,793	7,177	9,030
Adj. EPS (Rs)	16.7	19.4	23.8	29.0	34.4
EBITDA margin (%)	19.0	21.1	21.7	23.0	24.3
EBITDA growth (%)	(6.3)	10.4	22.3	19.1	19.7
Adj. EPS growth (%)	(21.2)	16.1	22.4	21.9	18.8
RoE (%)	13.4	13.6	13.4	13.7	13.8
RoIC (%)	14.1	14.7	16.2	17.1	18.6
P/E (x)	37.1	30.0	26.1	21.4	18.0
EV/EBITDA (x)	18.5	16.8	13.7	11.5	9.6
P/B (x)	4.7	4.0	3.1	2.8	2.2
FCFF yield (%)	0.4	1.3	0.7	1.8	2.8

Source: Company, Emkay Research

Shashank Krishnakumar
shashank.krishnakumar@emkayglobal.com
+91-22-66242466

Bhavya Gandhi
bhavya.gandhi@emkayglobal.com
+91-22-66242409

Mohd Suheb Alam
suheb.alam@emkayglobal.com
+91-22-66242413

Investment Thesis

Stellar execution in a highly challenging albeit rewarding US controlled substances market

US controlled substances is a market where even late entrants in a genericized market can drive meaningful sales subject to strong execution (for instance, in Lisdexamfetamine Mesylate, Granules is now among the top-3 players despite over 10 incumbents in the market at the time of Granules's entry). API security + dedicated formulation capacities are crucial to a company's ability of meeting its DEA-authorized quota commitments. Consistency in supply is contingent on streamlining incoming API and outgoing FDF volumes. The market is also characterized by high failure-to-supply penalties. A combination of such challenges has led to the exit of larger generic peers in several product markets in the past and persistent drug shortages. Per our estimate, Granules's controlled substance revenue doubled YoY in FY26E (also, ~1.9x over FY23-25). Over the next 3 years, Granules intends to further expand its presence in an overall market worth ~USD10bn (brand + generics with generic pricing remaining attractive). The company's DEA-approved Virginia facility has sufficient capacity to cater to 2x the current volume, with no incremental capex required in the medium term.

Transition on 3 fronts—API/PFI to FDF, B2B to B2C, and legacy to complex generics with backward integration—all of which are margin-accretive

Granules's overall revenue mix has decisively shifted in favor of formulations post-FY23, and the API/PFI to FDF shift will continue to play out (FY28E FDF share at ~78% vs ~50% in FY23). Share of formulations in Europe, for instance, is still relatively low at ~50%. Genome Valley + Gagillapur EU clearance and transfer of high-volume commercial products from Gagillapur to Genome Valley eliminate capacity constraint, which was a key hurdle in scaling up FDF in Europe and RoW markets. The pivot to B2C in US + Europe as well as new markets will also be margin accretive, with the company aiming to establish control over the entire value chain over the next 5 years. Legacy molecules (consolidated sales share has now nearly halved vs 84% in FY23, per our estimate) such as Guaifenesin and Methocarbamol are no longer among the top-5 products within the FDF portfolio (ex-controlled substances).

In oncology formulations (a key post-FY28 growth driver), the focus will be on launching in the first wave while remaining backward-integrated. The company is also working on backward integration projects at its Vizag unit for certain non-legacy formulation products, where margins are currently lower on account of reliance on external API manufacturers. Even in formulation products where the generic market is well-formed, Granules's backward integration + ongoing process improvements have been the key competitive levers (the company is among the top-3 players in terms of prescription share in ~50% of its commercialized US portfolio). In products where in-house API itself might not serve as a competitive advantage, the company has chosen the relatively lucrative OTC path (for instance, Ibuprofen).

Multiple optionalities—including non-linear growth in Senn, Gagillapur clearance, and inorganic opportunities—in play

Senn offers Granules a differentiated CDMO platform with Liquid-Phase Peptide Synthesis (LPPS) capabilities and a team with strong technical expertise (Senn's patent registries indicate collaborations with the likes of J&J on their oral IL-23 peptide platform). Even as Solid-Phase Peptide Synthesis (SPPS) is currently the dominant technology for peptide manufacturing, a hybrid approach that combines SPPS (for fragment formation) and LPPS (for coupling) is increasingly being evaluated by companies for high-volume peptides, given that LPPS can address the twin hurdles of cost and scalability. While generic GLP-1 could be a medium-to-long term growth driver (given that Granules's focus is largely on regulated markets), Senn will showcase its clinical to commercial CDMO capacities and focus on monetizing its capabilities in non-GLP-1 peptides to sweat the asset in the near term. We expect a reversion to the pre-acquisition revenue of ~Rs2bn for Senn in FY27. The funds raised via the recent preferential allotment and issuance of warrants could also be deployed toward value-accretive M&A opportunities, likely with a focus on the US market. Potential regulatory clearance for Gagillapur in FY27, in line with the management's expectations, could result in a flurry of new product approvals and lead to an upside potential for our formulation sales estimates for FY27/28.

Table of Contents

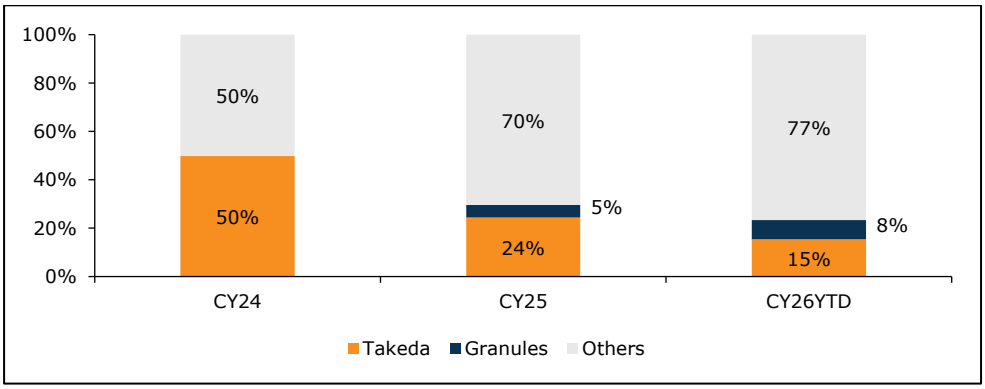
Contents **Page No**

US controlled substances: Stellar execution in a highly challenging albeit rewarding market

Granules has established a strong presence in the highly regulated and challenging US controlled substances market. The company has, so far, commercialized 12 products (primarily Schedule II drugs) in this segment, with 4 products commercialized in CY25. Granules is already among the top-2 players and holds >25% prescription share in three key products—Dexmethylphenidate HCl, Methylphenidate HCl, and Butalbital + Acetaminophen + Caffeine. These products are competitive, with presence of notable generic players such as Dr Reddy's, Lannett, and Teva. However, several larger peers within this segment including Sun Pharma, Amneal, and Rhodes Pharma have exited markets of some of these products owing to stringent regulatory requirements and the complex nature of the business. Despite such challenges and being a late entrant, Granules has rapidly gained share in new launches, underscoring its strong capabilities in controlled substances.

In CY25, the company successfully commercialized Lisdexamfetamine Dimesylate tablets and capsules (a generic version of Takeda's blockbuster Vyvanse), along with 2 other combination products (Hydrocodone Bitartrate + Acetaminophen and Oxycodone + Acetaminophen). Among these launches, that of Lisdexamfetamine Dimesylate capsules delivered exceptional performance, with the company achieving a 5% prescription share in CY25 despite launching the product at the end of Feb-25; its share had further increased to ~8% by Feb-26. Granules also filed the DMF for Lisdexamphetamine in May-25 and will be vertically integrated; this will drive higher margins and supply-reliability for the product. Mixed Salt Amphetamine, Dexmethylphenidate HCl, and Methylphenidate HCl (all in the ER capsule presentation) are the other key products in Granules's portfolio, contributing meaningfully to the segment's revenue. Per our estimate, the segment's consolidated revenue share has inched up in FY26E to close to 30% (vs ~10% in FY23E). We expect sustained mid-teens growth for Granules in this segment in the medium term (basis of this is further explained ahead).

Exhibit 1: Evolution of prescription share in Vyvanse Capsules – Takeda vs Granules vs others



Source: Bloomberg, Emkay Research; Note: CY26 figures as of Feb-26

Granules manufactures controlled substance formulations at its DEA (Drug Enforcement Administration)-approved GPI facility in Virginia. All the APIs are manufactured in the US (in-house or by external vendors), with certain permitted intermediates exported from India. Granules has ensured API security by developing strategic tie-ups with multiple vendors as well as by supporting its API suppliers in the procurement of KSMs. This segment operates under stringent regulations, with regular facility inspections and quotas assigned by the DEA. Due to this quota-based system, price erosion does not mirror the trends typically seen in other segments of the US generic market, enabling the company to maintain a high gross margin. Granules plans launching 1-2 new products annually in this segment for the next three years. The company has recently received tentative approvals for Amphetamine Extended-Release tablets (with 180-day exclusivity, following a successful pre-approval inspection of the Virginia facility) and orally disintegrating tablets. Beyond these, several products are in the pipeline, most with the addressable market size ranging from USD100mn to USD1bn. The company also plans to expand into Europe in the future by exporting controlled substances from India in compliance with European regulations (which, in contrast with US regulations, do not mandate manufacturing within Europe).

Exhibit 2: Granules's prescription share and market rank in its US controlled substance portfolio

Brand	Generic Name	Dosage Form	CY21	CY22	CY23	CY24	CY25	CY26YTD	Granules - Market Rank, CY25 (Rx)	Players that have exited the market
EVEKEO	Amphetamine Sulfate	Tablets	18.4%	22.9%	22.8%	25.3%	25.8%	27.2%	2	
FOCALIN XR	Dexmethylphenidate HCl	Extended-Release Capsules	12.6%	19.6%	21.5%	26.1%	25.7%	30.6%	2	Sun Pharma, Viatris
RITALIN LA	Methylphenidate HCl	Extended-release Capsules	50.6%	52.4%	50.8%	51.0%	53.3%	59.0%	1	Mayne Pharma
RITALIN-SR	Methylphenidate HCl	Extended-Release Tablets	4.1%	5.0%	4.5%	2.1%	1.3%	1.5%	7	Dr Reddy's, Viatris, Amneal
ADDERALL	Dextroamphetamine Saccharate, Amphetamine Aspartate, Dextroamphetamine Sulfate and Amphetamine Sulfate	Tablets	-	-	0.3%	0.5%	0.6%	0.1%	9	Sun Pharma, Zydus
ADDERALL XR	Dextroamphetamine Saccharate, Amphetamine Aspartate, Dextroamphetamine Sulfate and Amphetamine Sulfate	Extended-release Capsules	-	-	3.1%	9.5%	9.6%	10.2%	5	Sandoz, Endo
VYVANSE	Lisdexamfetamine Dimesylate	Chewable Tablets	-	-	-	-	7.6%	13.6%	4	
VYVANSE	Lisdexamfetamine Dimesylate	Capsules	-	-	-	-	5.1%	7.9%	9	
NORCO	Hydrocodone Bitartrate and Acetaminophen	Tablets	-	-	-	-	0.9%	1.9%	6	Lupin, Endo, Sun Pharma
PERCOCET	Oxycodone and Acetaminophen	Tablets	-	-	-	-	0.8%	1.4%	7	Aurobindo
FIORICET	Butalbital, Acetaminophen, and Caffeine	Capsules	5.5%	10.2%	8.4%	8.6%	8.1%	9.2%	5	Aurobindo
FIORICET	Butalbital, Acetaminophen, and Caffeine	Tablets	-	0.1%	11.8%	25.5%	25.1%	25.6%	2	Endo, Mayne, Hikma

Source: Bloomberg, Emkay Research; Note: CY26 figures as of Feb-26

The DEA (Drug Enforcement Administration)'s Quota System explained: Root cause of persistent shortages in controlled substances

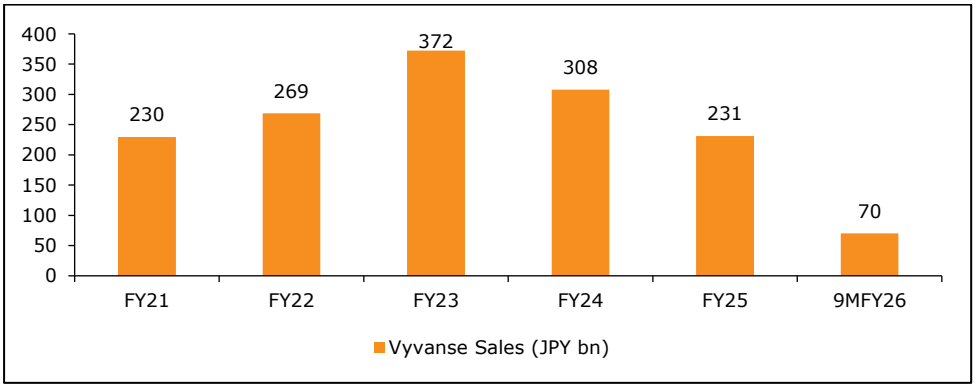
The DEA's controlled substance quota system is designed to prevent diversion from medical uses but tends to result in persistent shortages in the US. The process begins with the Aggregate Production Quota (APQ), which sets a nationwide cap on the annual production of each controlled substance. As the APQ is based on historical demand, once a shortage begins, the allocated quota in the subsequent year may not be aligned with the actual requirement as it fails to capture current trends or sudden demand spikes. The DEA then breaks the aggregate limit into facility-level quotas that include API manufacturing quotas, which authorize the quantity of API that a plant can manufacture, and procurement quotas, which allow formulation manufacturers to receive API to manufacture the end-product.

Given that each stage of manufacturing requires a separate quota, delays/disruptions at any point can stall the entire supply chain. Beyond these core quotas, the DEA has additional micro-quotas for commercial manufacturing, product development, packaging, transfer, and replacement that are further subdivided into domestic vs export use. This results in a situation where a manufacturer might have unused export quota while the domestic market faces shortages, but the company cannot use that quota without DEA approval. The DEA also imposes strict API inventory limits (35%/40% of previous year's volume sales for formulation manufacturers/API manufacturers, respectively). Such limits include not only the finished goods but also the raw material and work-in-progress inventory, further reducing the buffer stock in case of shortages. The quota allocations can be tweaked during the course of the year; however, it takes at least 6-7 weeks to receive a response from the DEA in case of an additional quota request. Notably, even for mid-year adjustments, the DEA assigns a lower weightage to anticipated sales and will largely be guided by the company's past sales performance.

Company-level quota is determined by the extent to which a manufacturer utilized its allocated quota in the previous year and its compliance with regulations. Companies that utilize higher levels of their quota in one year are more likely to receive a higher allocation the following year. In the case of Lisdexamfetamine (the largest controlled substance product in Granules's portfolio), demand increased sharply following the shortage of Adderall (Mixed

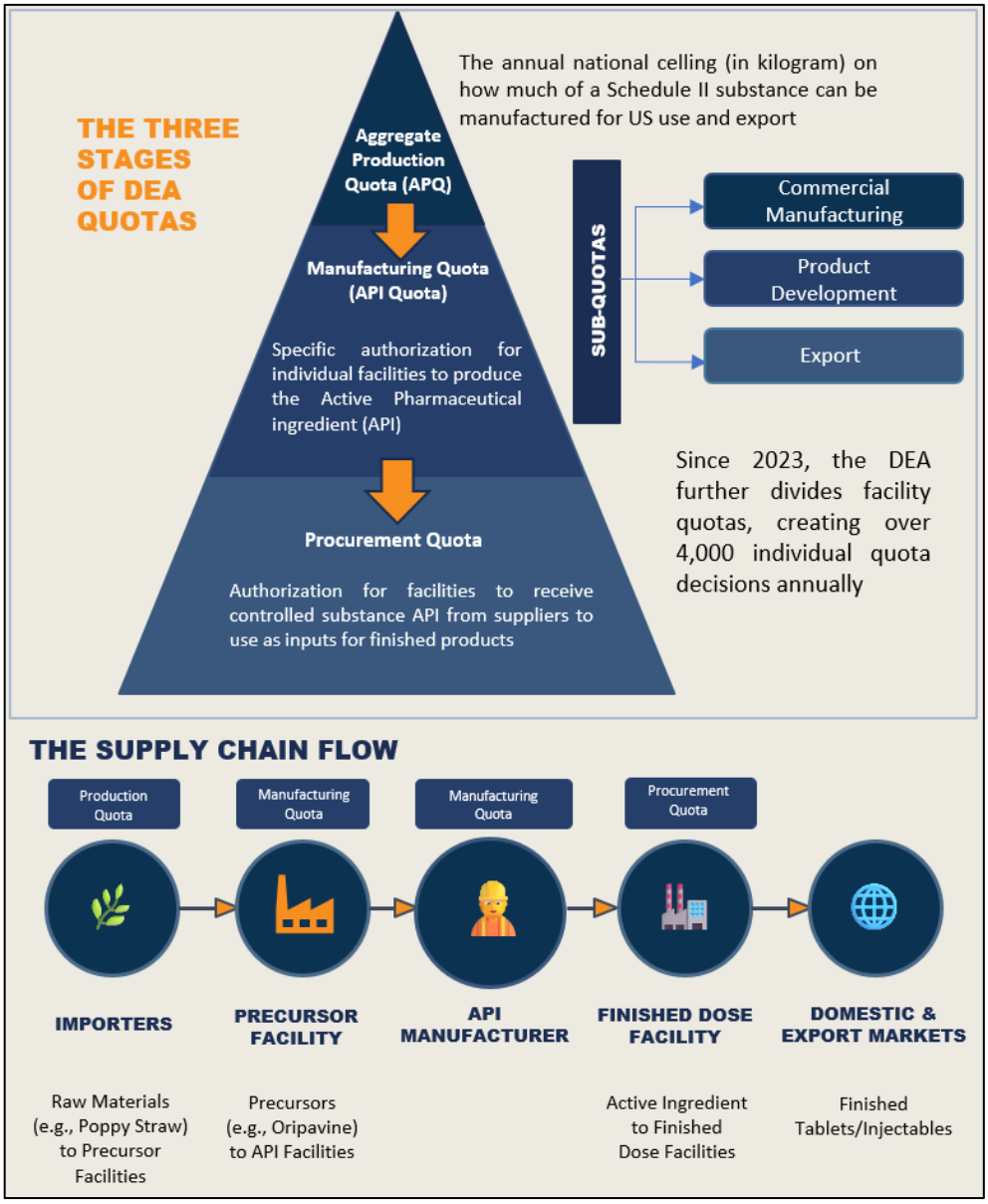
Salt Amphetamine). Despite the expiry of brand Vyvanse's patent in Aug-23, brand sales remained elevated in FY24 (as well as FY25) as the DEA continued to allocate a higher quota to the innovator (Takeda) rather than to generic manufacturers, who lacked prior-year sales and, therefore, did not qualify for a higher quota.

Exhibit 3: Takeda's Vyvanse sales remained elevated in FY24 despite patent expiry



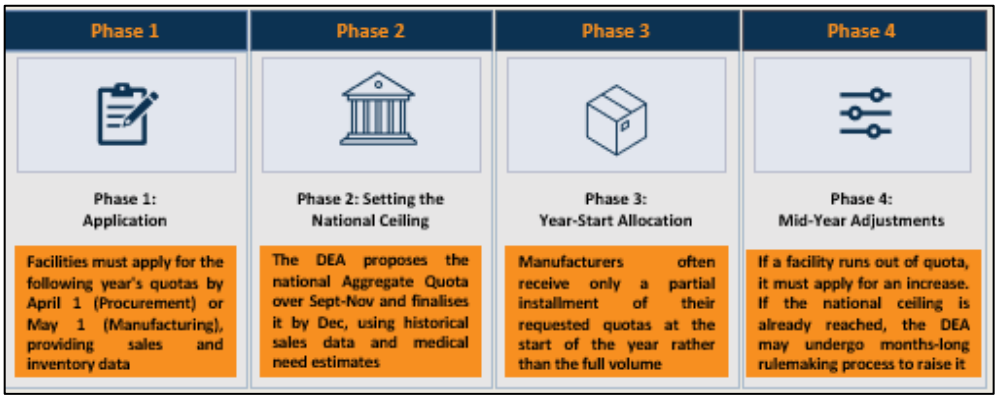
Source: Company, Emkay Research; Note: FY basis the Indian financial year

Exhibit 4: DEA's regulatory mechanism to allocate production limits for controlled substances



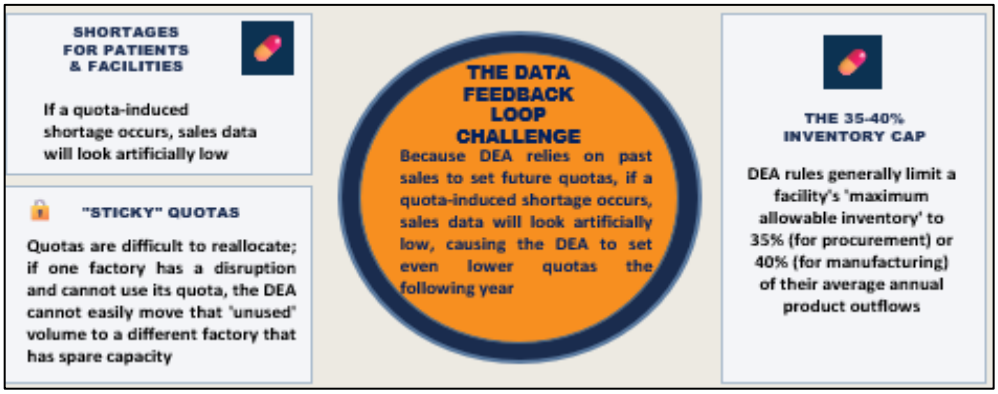
Source: Industry, Emkay Research

Exhibit 5: DEA's quota allocation process



Source: Industry, Emkay Research

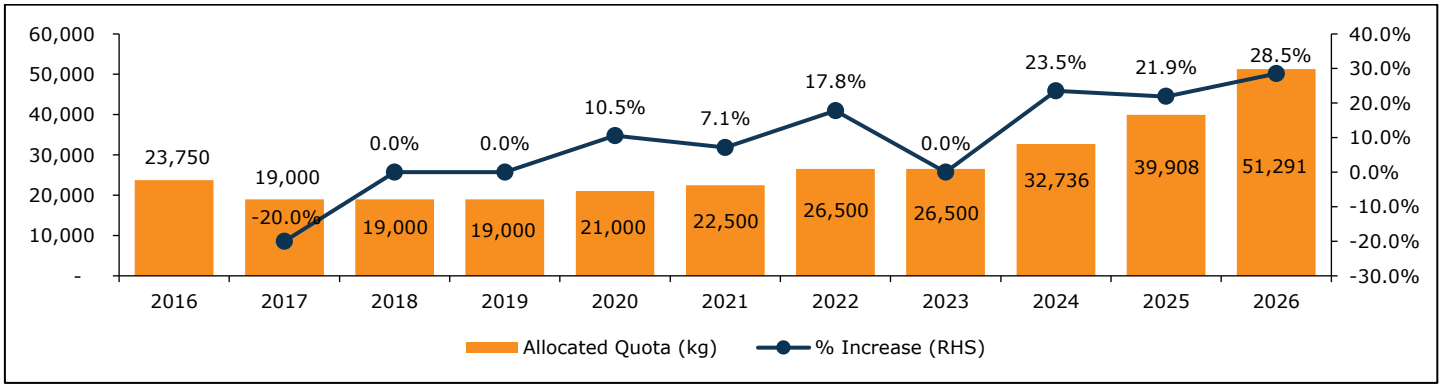
Exhibit 6: DEA's quota system – Root cause of persistent shortages



Source: Industry, Emkay Research

As Granules continues to scale up its sales of Lisdexamfetamine (as well as that of other products in its controlled substance portfolio), it is expected to utilize higher levels of its allocated quota. As DEA's quota methodology rewards higher utilization with higher future allocations, this improved utilization should translate into increased allocations going forward, enabling sustained growth for the product as well as the overall portfolio. Despite being a late entrant, Granules held a 5% prescription volume share in Lisdexamfetamine capsules in CY25; this is well below the ~20% share still held by the innovator and other established players such as Amneal, thus indicating that the company has significant headroom to expand its market share. Further, the DEA has increased the CY26 APQ quota for Lisdexamfetamine by ~29% YoY, indicating that the market is expected to grow further and, if Granules simply maintains its current share, its sales of the product should broadly mirror these growth trends. Moreover, for all the products that Granules has presence in (except Hydrocodone), the DEA has either increased the quota or kept it constant for CY26 over CY25. This indicates that the company is well-positioned, with presence in fast-growing products within the controlled substances segment, and any incremental gain in market share for Granules will remain a key tailwind.

Exhibit 7: DEA has increased the APQ quota for Lisdexamfetamine for CY26 by ~29% YoY



Source: DEA, Emkay Research

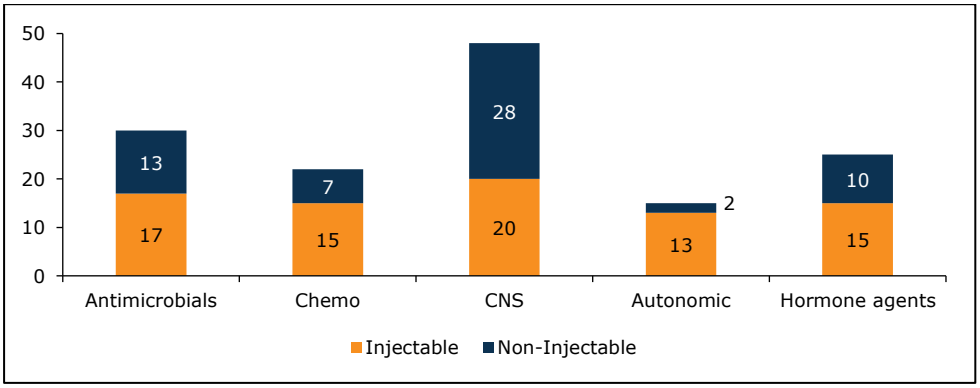
According to the American Society of Health-System Pharmacists (ASHP), ~15% of the active shortages as of CY25 involved controlled substances, particularly ADHD stimulants, which continue to see prolonged disruptions. Historically, there have been 26 documented instances of Amphetamine-based drug shortages in the US between CY01 and CY23, with major spikes in CY12, CY13, CY15, and CY23. The present wave of ADHD-related shortages began in CY22 and has persisted into CY25. Manufacturing data for Amphetamine highlighted a significant utilization gap in CY22, when manufacturers produced only 70% of the DEA-authorized quota; this underutilization continued through CY24. By CY24, inventory levels reached only 75% of the allocated quota for Amphetamine products, 58% for Methylphenidate, and 35% for Lisdexamfetamine. Such trends, in terms of low quota utilization and inventory levels, indicate that shortages in controlled substances in the US are likely to persist in the near term.

Exhibit 8: Controlled substance shortages in the US are largely API-driven

Company name	Reason for shortage
Lidexamphetamine Dimesylate	
Amneal Pharma	Shortage of an active ingredient
Elite Labs	Shortage of an active ingredient
Hikma Pharma	Shortage of an active ingredient
Mylan	Shortage of an active ingredient
Solco Healthcare	Shortage of an active ingredient
SpecGx	Shortage of an active ingredient
Teva	Not specified
Dextroamphetamine Saccharate, Amphetamine Aspartate, Dextroamphetamine Sulfate, and Amphetamine Sulfate	
Alvogen	Increase in demand
Aurobindo	Shortage of an active ingredient
Elite Labs	Shortage of an active ingredient
Epic Pharma	Increase in demand
Lannett	Shortage of an active ingredient
Oryza Pharma	Delay in shipping of the drug
Sandoz	Shortage of an active ingredient
Teva	Not Specified

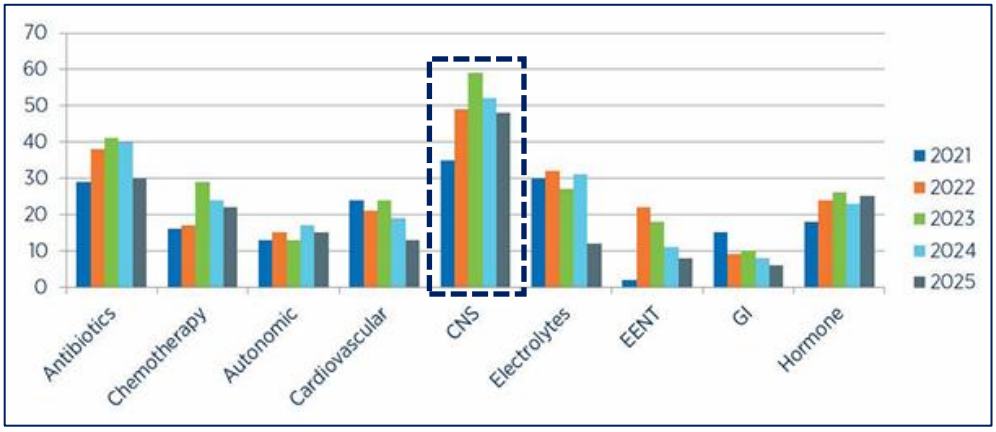
Source: USFDA, Emkay Research

Exhibit 9: Active shortages in CNS the highest among top-5 drug classes, in terms of shortages



Source: American Society of Health-System Pharmacists, Emkay Research; Note: Figures as of CY25

Exhibit 10: Shortages in CNS have been the highest across the years, indicating that shortages have remained unresolved



Source: American Society of Health-System Pharmacists, Emkay Research

Transition on 3 fronts—API/PFI to FDF, B2B to B2C, and legacy to complex generics with backward integration—all margin-accretive

Granules has evolved from predominantly being an API player into a fully integrated formulations company, with the overall revenue share decisively shifting in favor of formulations post-FY23. This transformation has been an outcome of planned vertical integration, continuous technological improvements, and steady expansion across the pharma value chain. The first major shift was in 1993, when the company noticed that a number of manufacturers were not producing intermediates efficiently; Granules introduced Pharmaceutical Formulation Intermediates (PFIs)—bulk granulated material in a ready-to-compress form. This allowed customers to skip several steps in tablet production and move directly from 'drum to hopper to compression', helping them save on both time and production costs. The PFI model proved successful when the USFDA approved Granules's first PFI for Metformin tablets in 2006. The next transformative phase commenced in 2008, when Granules formally entered the Finished Dosage Form (FDF) segment. This was a natural progression, with the company leveraging its experience in APIs and PFIs to build a fully integrated business model. Granules started developing finished dosage products for regulated markets and received approvals from Portugal's regulatory authority, enabling it to expand into Europe with its FDF portfolio.

In 2010, Granules received its first USFDA approval for its ANDA for Metformin, marking the company's entry into the US generic market. To enhance its backward integration capabilities, the company set up an API R&D facility in 2013 in Hyderabad. In 2014, Granules created a wholly-owned subsidiary in the US – Granules Pharmaceuticals Inc (GPI), specifically focused on formulation research and development. Located in Virginia, this facility plays a crucial role in developing low-volume, high-value complex generics such as controlled substances that cannot be imported into the US. Granules strengthened its formulations business further in 2015 by entering the US OTC market through its own label—Granules Consumer Healthcare (GCH). Moreover, in 2023, the company established its own packaging facility (GPAK) in Virginia for private label OTC products, enabling it to package products locally and supply OTC products directly to its B2B clients/major retail chains. In 2019, the company expanded its front-end presence by launching prescription products under the GPI label in the US. Granules is currently among the top-3 players in terms of prescription share in ~50% of its commercialized portfolio in the US (Exhibit 12).

Exhibit 11: ANDA and Dossier filing status

Entity	Geography	Approved	Tentatively approved	Filed	Total no of products
GPI (US)	USA	31	1	4	36
GIL (India)	USA	36	1	15	52
	Europe	8	0	10	18
	Canada	7	0	0	7
	ROW	8	0	7	15
	UK	2	0	0	2
Total		**92**	**2**	**36**	**130**

Source: Company, Emkay Research; Note: Figures as of 3QFY26

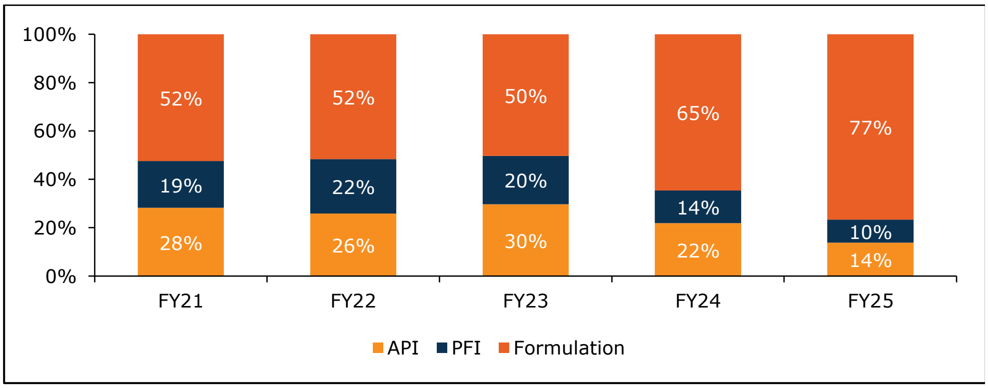
Exhibit 12: Granules is among the top-3 players in terms of prescription share in ~50% of its commercialized portfolio in the US

Generic name	Dosage form	Rx rank	CY25 - Rx share	CY24 - Rx share
Metoprolol Succinate	TABLET, EXTENDED RELEASE	2	12.7%	4.6%
Metformin Hydrochloride	TABLET	1	36.8%	30.8%
Metformin Hydrochloride	TABLET, EXTENDED RELEASE	1	49.1%	62.1%
Metformin ER 500mg	TABLET, EXTENDED RELEASE	1	51.0%	66.1%
Metformin ER 750mg	TABLET, EXTENDED RELEASE	1	34.2%	26.4%
Naproxen	TABLET	3	8.1%	8.9%
Methocarbamol	TABLET	1	43.2%	46.9%
Cetirizine Hydrochloride*	TABLET	3	14.2%	NA
Loratadine*	TABLET	2	21.1%	NA
Potassium Chloride	CAPSULE, EXTENDED RELEASE	1	60.0%	56.6%
Colchicine	CAPSULE	3	23.0%	5.5%
Dexmethylphenidate HCl	CAPSULE, EXTENDED RELEASE	3	25.7%	26.1%
Methylphenidate Hydrochloride	CAPSULE, EXTENDED RELEASE	2	53.3%	51.0%
Potassium Chloride	TABLET, EXTENDED RELEASE	1	23.2%	21.5%
Trospium Chloride	CAPSULE, EXTENDED RELEASE	3	18.2%	23.1%
Amphetamine Sulfate	TABLET	2	25.8%	25.3%
Valganciclovir HCl	SOLUTION	2	24.5%	20.4%
Butalbital, Acetaminophen and Caffeine	TABLET	2	25.1%	25.5%
Methylergonovine Maleate	TABLET	1	50.8%	35.3%

*Source: Company, Bloomberg, Emkay Research; * denotes prescription sales initiated by Granules in CY25*

The aforementioned steps led to a visible change in the company's revenue mix across its three segments – API, PFI, and Finished Dosages. In the early 2010s, revenue was mainly driven by API and PFIs, with formulations contributing a relatively modest proportion. As Granules executed its strategy of moving up the value chain, the formulations business saw rapid growth. By FY20, finished dosages accounted for ~52% of the total revenue, up from 32% only five years ago. This trend accelerated further in subsequent years, with formulations contribution increasing to ~65% in FY24 and rising to ~77% in FY25. Excluding the spike in the share of controlled substances, the strong jump in formulations share in FY24 was primarily driven by the US market on the back of a scale-up in products such as Gabapentin, Fexofenadine HCl, Paracetamol, and Sertraline HCl.

Exhibit 13: Sales share of formulations increased to ~77% in FY25 from ~50% in FY23



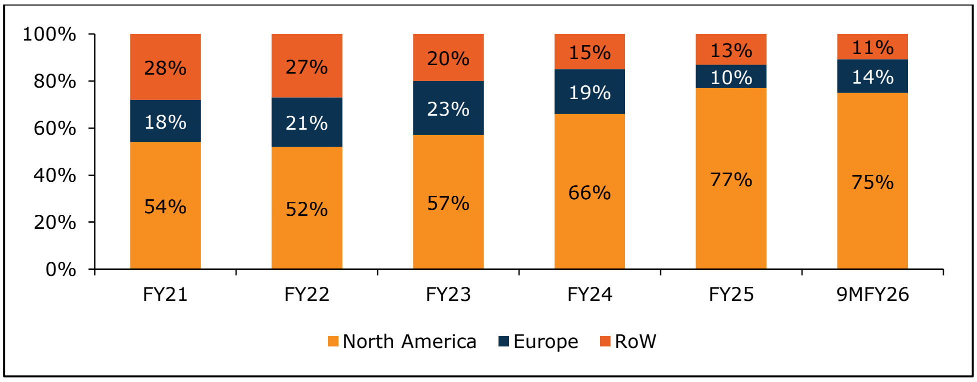
Source: Company, Emkay Research

To support the expansion of its formulations business, Granules undertook significant capacity-building initiatives. In 2021, the company acquired land in Genome Valley near Hyderabad to set up a new greenfield manufacturing facility with ~10bn units of solid oral dosages and additional PFI capacity. This facility, operating under the subsidiary Granules Life Sciences (GLS), was designed to add substantial finished dosage capacity to the company's existing 26.8bn unit capacity available at the Gagillapur facility. The phased construction was completed in mid-2025, and the facility received its first USFDA approval (Metformin) following a pre-approval inspection in Jul-Aug 2025, thus strengthening its manufacturing

base and supporting its long-term strategy of scaling up formulation exports. Alongside capacity expansion, Granules has also invested in R&D to build a strong pipeline aimed at sustaining growth in formulations. By 3QFY26, Granules had received 67 final ANDA approvals, with 19 additional products already filed. Beyond the US, Granules has also received 8 FDF approvals in Europe (with 10 more products filed), with the company planning to leverage its US portfolio in other markets.

A key element of the evolved formulation-focused business model has been the company's shift toward complex and differentiated formulations. In 2020, the company began building one of the largest Multi-Unit Pellet System (MUPS) blocks in Gagillapur, an advanced technology platform that combines the benefits of tablets and pellet-filled capsules into a single dosage form. This technology enabled Granules to develop complex, modified release products that offer better therapeutic outcomes and fewer side effects, positioning the company in higher-margin segments. At the same time, Granules strengthened its focus on controlled substances through its DEA-approved facility in Virginia, anticipating significant growth in this segment over the next decade. The controlled substance portfolio has been one of the major contributors of the formulations business growth over the last three years. From a geographical standpoint, growth of the formulations business has been primarily driven by regulated markets, particularly North America and Europe, which together accounted for ~96% of Granules's formulation exports in FY25.

Exhibit 14: North America + Europe accounted for ~89% of the reported sales in 9MFY26

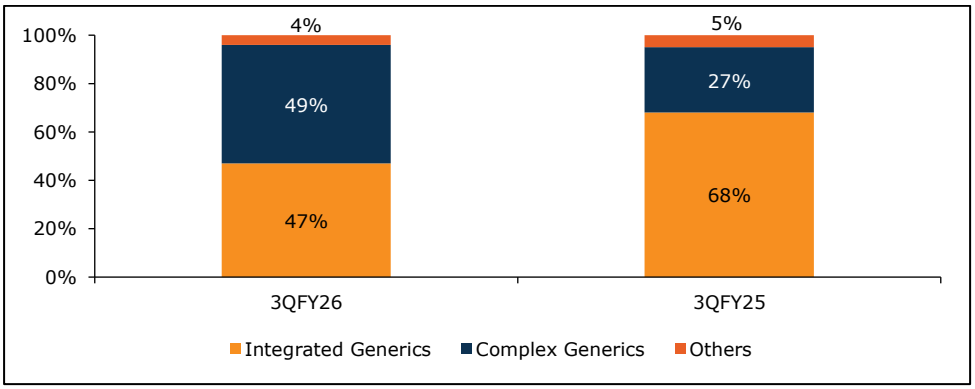


Source: Company, Emkay Research

The company plans making a strategic transition from a B2B model to a B2C model in the US and Europe, while strengthening its commercial footprint across the LatAm and AMEA markets through sharper focus on BD-led portfolio expansion. The recent establishment of subsidiaries in Germany and Canada is a part of this broader shift. Historically, the company has been a supplier to prominent clients such as Ascend Labs (Alkem), Haleon, Perrigo, Reckitt, and GlaxoSmithKline. By rapidly scaling up its B2C business, the company expects to improve margins through better realizations and better control on distribution. The management views this as a medium-to-long term initiative, targeting full control over the value chain within the next five years. This transition will also imply a deeper push into the OTC segment through its own label as well as into branded generics in RoW markets. However, the shift to B2C will require maintaining higher inventory levels and increased investment in country-specific regulatory teams + sales personnel + backend operational infrastructure.

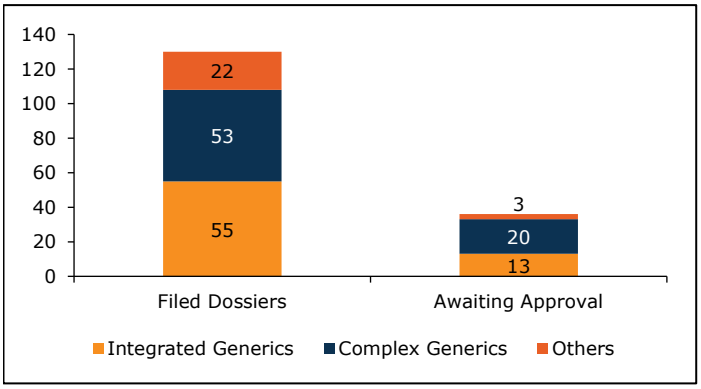
The formulations segment is expected to remain the company's primary growth driver, with its consolidated revenue share expected to inch up further to ~78% by FY28E (vs ~50% in FY23). While some legacy molecules such as Guaifenesin and Methocarbamol are no longer among the top-5 products within the FDF portfolio (ex-controlled substances), other legacy molecules (Paracetamol, Metformin, and Ibuprofen) and backward-integrated generics will continue to see steady growth and remain central to the formulations business. However, the company is now increasingly focusing on higher-margin complex generics (including controlled substances, oncology products, MUPS products, and non-oral solids), validated by the rising share of complex generics in FDF sales as well as the company's recent dossier filing trends. Granules's oncology pipeline, which will come on-stream from its backward-integrated Vizag (Unit 5) facility, is expected to start contributing meaningfully post-FY28, with the company primarily targeting FTF/Day 181 launches and 10-12 oncology oral solid filings over the next 5 years.

Exhibit 15: Share of complex generics in formulation sales – 3QFY26 vs 3QFY25



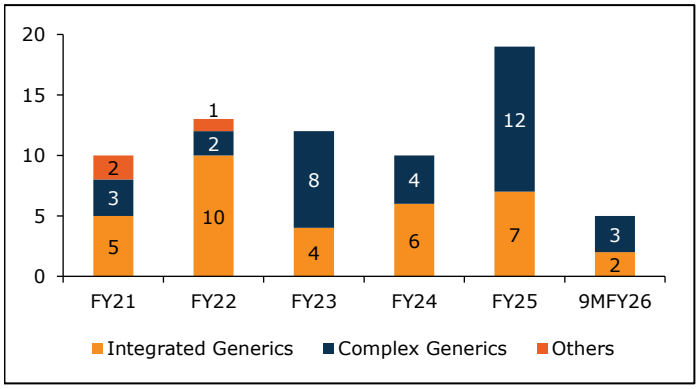
Source: Company, Emkay Research

Exhibit 16: Segmentation of filed dossiers (as of 3QFY26)



Source: Company, Emkay Research

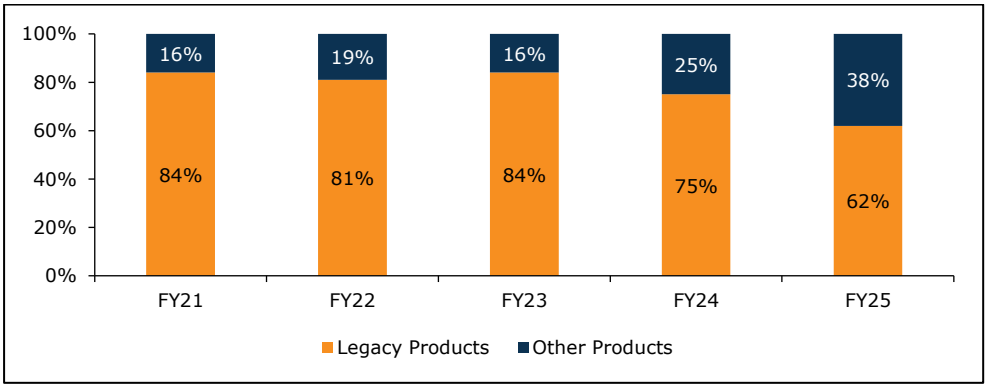
Exhibit 17: Recent dossier filing trend reflects the shift toward complex generics



Source: Company, Emkay Research

Granules has also diversified its overall product portfolio away from the legacy 5 products, with their share declining from 84% of overall sales in FY23 to 62% in FY25. This shift has been driven by products such as Metoprolol Succinate, Potassium Chloride, Bupropion HCl, Fexofenadine HCl, and Trazodone HCl, which together accounted for ~15% of the company's overall exports in 11MFY26, up from ~4% in FY23, alongside contributions from controlled substances and other new products. The company is working on backward integration projects at its Vizag unit for certain non-legacy formulation products, the margins of which are currently lower due to its reliance on external API manufacturers. An analysis of Granules's current US portfolio indicates the potential for backward integration for at least 20 non-legacy products while more than 20 products present opportunities for forward integration. Besides, the company's US pipeline includes multiple Para IV filings (some of which have already been settled). The company also holds multiple CEP approvals in Europe with meaningful opportunities for forward integration. Several of these CEP-approved products do not have an approved formulation in Europe or other regions, and several USDMFs do not have a corresponding approved CEP. This also offers an opportunity for the company to forward integrate these products or file them across markets.

Exhibit 18: Share of 'Legacy-5 products' in overall reported sales declined from 84% in FY23 to 62% in FY25



Source: Company, Emkay Research

Exhibit 19: Backward + Forward integration opportunities

Integration opportunities	No of products
ANDAs without backward integration	21
DMFs without forward integration	33
CEPs without forward integration	14
CEPs with formulations not approved in any other market	5
DMFs without a corresponding approved CEP	28
CEPs without a corresponding approved DMF	2

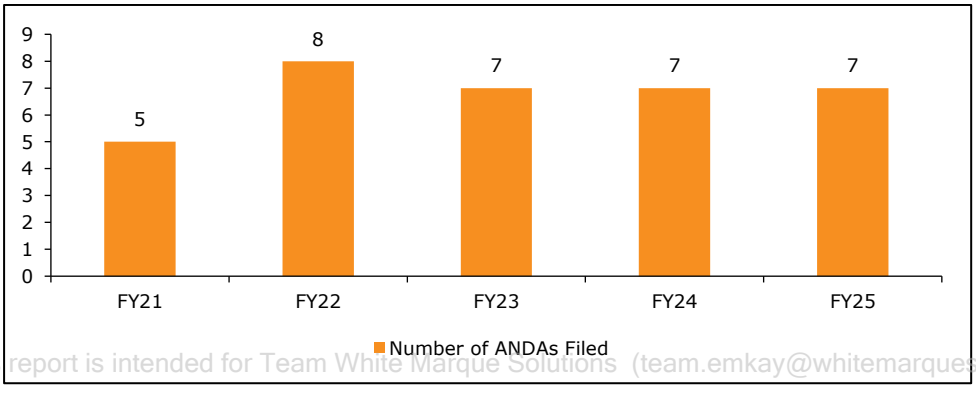
Source: Emkay Research

Exhibit 20: US Para IV pipeline

Innovator	Drug	Filing date	Status
Genentech	Esbriet (Pirfenidone)	28-Jan-19	Settled
Boehringer Ingelheim	Tradjenta (Linagliptin)	25-Jun-24	Settled
Boehringer Ingelheim	Jentadueto (Linagliptin / Metformin HCl)	30-Sep-24	-
Aytu BioPharma	Adzenys XR-ODT (Amphetamine)	11-Dec-24	Tentative Approval
Tris Pharma	Dyanavel XR (Amphetamine)	24-Apr-25	Tentative Approval
Boehringer Ingelheim	Jardiance (Empagliflozin)	29-May-25	-
Incyte	Jakafi (Ruxolitinib)	11-Jul-25	-
Jazz Pharma	Xywav (Calcium, magnesium, potassium, and sodium oxybates)	13-Aug-25	Settled
Bausch & Lomb	Lumify (Brimonidine tartrate)	09-Dec-25	-

Source: Emkay Research

Exhibit 21: ANDA filing trend



Source: Company, Emkay Research

Senn Chemicals: Strong platform for exposure to peptides across use cases

The acquisition of Senn Chemicals AG, a Switzerland-based peptide CDMO, and the creation of the dedicated subsidiary Ascelis Peptides, together establish a new high-value business vertical that extends Granules's capabilities beyond its traditional strength in small-molecule generics to advanced modalities. The strategic rationale for its foray into the peptide domain is underpinned by the significant market opportunity, driven by GLP-1 receptor agonists used for treating diabetes and obesity. The increasing adoption of peptides in other use cases, including oncology, rare diseases, cosmetics, and theragnostics, further underscores the long-term potential of this platform.

Senn Chemicals AG was acquired by Granules in Apr-25, with the company valued at an overall enterprise value of ~Rs4.5bn (equity plus debt; ~Rs2bn for a 100% stake at ~1x sales). Senn Chemicals carries a six-decade legacy in peptide synthesis, a strong regulatory track record (including Swissmedic oversight and USFDA quality standards alignment), and a robust global client base. Its specialized expertise spans custom peptide development, amino acid derivatives, peptide fragments, and complex APIs in the pharmaceutical, cosmetics, and theragnostic spaces. Senn Chemicals specializes in Liquid-Phase Peptide Synthesis (LPPS) alongside Solid-Phase Peptide Synthesis (SPPS) and views LPPS as the future of peptide manufacturing, providing a distinct competitive advantage to Granules for accelerating its participation in the global peptide CDMO market. With >80 highly qualified professionals, including a high share of PhDs in R&D, manufacturing, and analytical sciences (Senn's patent registries indicate collaborations with the likes of J&J on their oral IL-23 peptide platform), Senn provides Granules with immediate capability in a domain that would otherwise take years to build organically.

The incorporation of Ascelis Peptides and the integration of Senn's expertise will help position Ascelis as a full-spectrum CDMO and peptide development platform that will eventually span the entire value chain—from amino acid derivatives and peptide fragments to full-length peptide APIs and, over time, select finished dosage forms. Such an approach will enable Granules to serve both innovator requirements through CDMO and its own generic peptide pipeline. The execution roadmap involves establishing a dual-site manufacturing network to leverage complexity as well as scale. The Swiss facility (Senn) will concentrate on small-scale high-complexity manufacturing, ensuring IP protection/data confidentiality, maintaining close ties with innovator clients, and building on its existing orderbook. Concurrently, Ascelis will build large-scale, cost-efficient commercial manufacturing capacity in India. A commercial-scale peptide facility in India (intended to be USFDA-compliant) is targeted for completion by the end of FY27. Further, a crucial focus is on backward integration in India, rapidly creating the infrastructure for manufacturing amino acid derivatives and peptide fragments, which serve as essential building blocks and ensure supply resilience + cost control. The company has recently inaugurated the Ascelis Center of Excellence for Peptide Development and Characterization at IIT Hyderabad (Granules will own the IP) for cosmetic, therapeutic, and pharmaceutical peptides; this has been developed in coordination with Senn's R&D team, utilizing the India-based process development, characterization, and scale-up capabilities.

Per the management, the integrated platform will advance peptide R&D and manufacturing across 4 key strategic pillars:

- Focus on strengthening the CDMO arm for deepening engagement with top innovators, expanding the customer base to include more innovators, and enhancing service offerings across complex peptide development.
- Establish a backbone in India for amino-acid derivatives and peptide fragments, ensuring multi-segment applications across target markets for current and future customer needs.
- Build a dual-site manufacturing network, utilizing the Swiss site for small-scale high-value peptides and India for large-scale cost-efficient manufacturing, to serve global markets.
- Expand into specialized, high-growth segments such as cosmetic peptides, especially TFA (Trifluoroacetic acid)-free actives, as the industry shifts toward more sustainable formulations, and theragnostic peptides, which act as precision-targeting vectors for radiolabeled imaging and targeted treatments in oncology/rare diseases.

Senn Chemicals has been in a transition phase in YTDFY26, and its profitability has been impacted by the higher operating expenses/maintenance spend incurred as part of the turnaround. The company is now expected to shift to the execution phase, with key project deliveries expected to commence from 4QFY26. Besides, the company will incrementally focus on shipping samples, responding to RFPs, and building a strong pipeline for the medium term. Senn Chemicals is expected to revert to its pre-acquisition annualized revenue of ~Rs2bn in FY27. The company anticipates rapid growth going forward owing to reduced delivery constraints through the India-based supply infrastructure and enhanced scale-up capabilities offered by Ascelis. Additionally, Senn is well-positioned to capitalize on the market transition from SPPS to LPPS, an area in which it holds a strong competitive advantage and is recognized for its capabilities. The company is actively engaging with customers (innovators as well as other CDMOs seeking reliable partners in the peptide segment) for developing new products and is receiving enquiries for early-phase clinical assets. The increasing demand for cost-efficient and dependable sources outside China for amino acid derivatives and small peptide fragments (an area where Senn can effectively serve through the Ascelis platform) is also likely to be a key tailwind.

Granules has invested ~Rs1bn in Switzerland and Rs200-300mn in India toward the R&D lab + backend manufacturing capabilities in FY26. The company is currently developing APIs for GLP-1s and intends to transition to formulations in the future, with formulation development in India and manufacturing through partners in the near term. The primary target market for the company is the US, with plans to expand globally as GLP-1 patents expire going forward. While the CDMO business typically has a longer gestation period, Senn Chemicals already has an active order book, ensuring medium-term revenue visibility. Through the integration of CDMO services, generics, and advanced R&D, Granules is well-placed to meaningfully participate in the global peptide market.

Exhibit 22: Indicative list of products in Senn's portfolio (clients serviced in the past include Piramal Pharma and PolyPeptide)

Product	Description
Boc-FG1-OH Liraglutide	Protected peptide fragment used in the stepwise synthesis of Liraglutide API
D-Leu14 Semaglutide	A modified Semaglutide analogue
FMOC ALA THR PSIME MEPRO OH	A pseudoproline dipeptide building block used in SPPS
FMOC GLY SER PSIME MEPRO OH	A pseudoproline dipeptide building block used as a protected amino acid unit in SPPS
Fmoc-FG2-OH Liraglutide	A protected peptide fragment of Liraglutide
Fmoc-FG2-OH Semaglutide	A building block for Semaglutide (protecting group with the peptide backbone)
Fmoc-Phe-Ile-Ala-TrpBoc-Leu-Val-ArgPbf-GlyOH	A peptide fragment used in SPPS of longer GLP-1 analogues
H-ArgPbf-Gly-OtBu x HCl	Short protected dipeptide as HCl salt, a typical SPPS building block
H-CYSBZI-OH S-BENZYI-L-CYSTENIE	Used as a protected cysteine intermediate and peptide building block
H-GLY-OET. HCI GLYCINE ETHYL ESTER HYDROCHLORIDE	Small ester intermediate widely used for peptide/amide synthesis and as a starting material
H-Phe-Ile-Ala-TrpBoc-Leu-Val-ArgPbf-GlyArgPbf-Gly-OtBuFG3	Larger, heavily protected peptide fragment used in assembling GLP-1 analogues
H-TYR-OET.HCI	Tyrosine ethyl ester hydrochloride – A common protected amino acid intermediate

Source: Industry, Emkay Research

Liquid-Phase Peptide Synthesis (LPPS): Novel capability ripe for increase in adoption + non-linear growth

Liquid-phase peptide synthesis (LPPS) is one of the four main methods of peptide manufacturing. Per this, peptide chains are assembled step-by-step in a homogeneous solution. In this approach, amino acids are sequentially coupled in a solution while functional groups are protected and 'deprotected' to prevent unwanted side reactions. Unlike solid-phase peptide synthesis (SPPS), where the growing peptide chain is attached to an insoluble resin, LPPS reactions occur entirely in a solution, and intermediate peptide fragments can be isolated and purified during the synthesis process.

The typical LPPS process generally involves a series of activation, coupling, protection, 'deprotection', and purification steps. First, an amino acid is chemically activated using coupling reagents to increase the reactivity of the carboxyl group. The activated amino acid is then made to react with another amino acid to form a peptide bond. Protective groups such

as Fmoc or Cbz are used to block reactive sites and prevent undesired reactions during chain elongation. After each coupling step, the protecting groups are selectively removed to allow the addition of the next amino acid. Once the peptide sequence is fully assembled, the final product is purified and any remaining protecting groups are removed to obtain the active peptide.

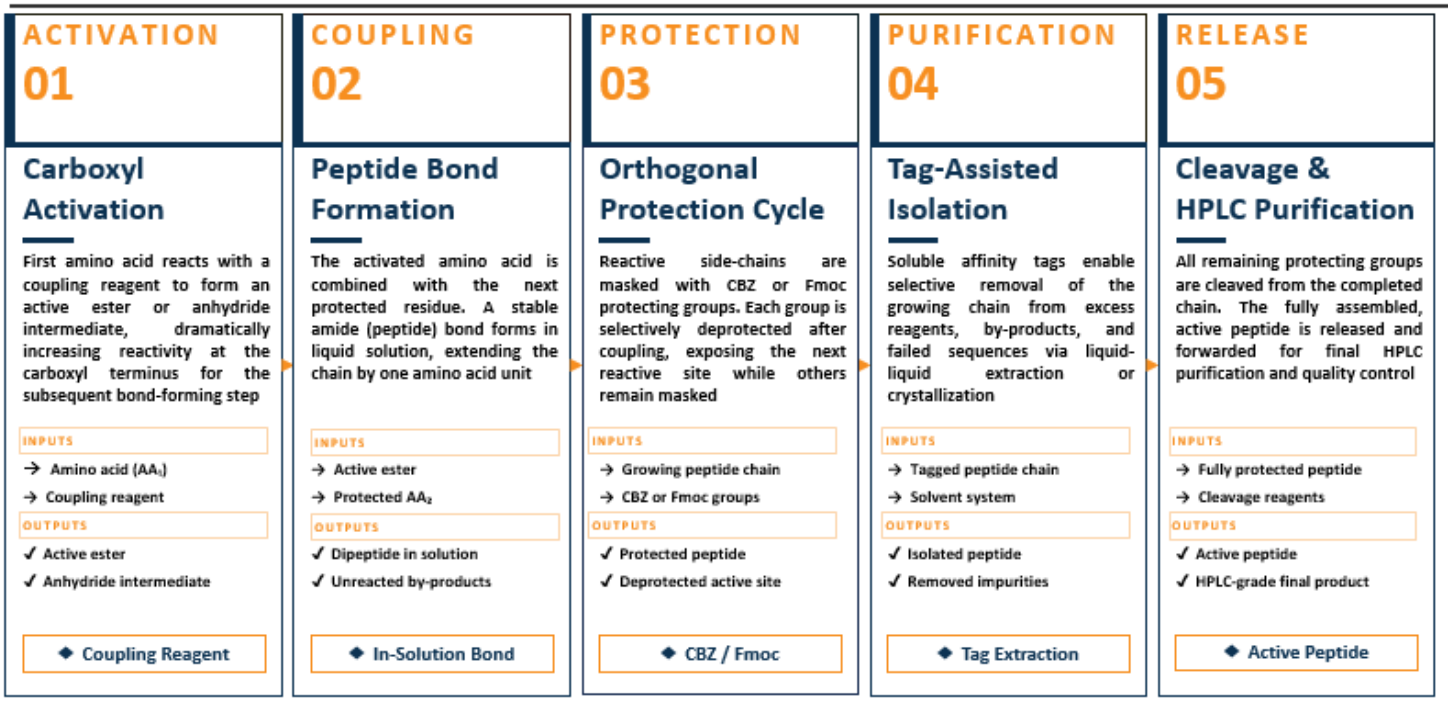
Historically, SPPS has been the dominant technology for peptide manufacturing because of its operational simplicity and reliability in assembling peptide chains. However, SPPS has several limitations at the commercial scale. The method typically requires large quantities of expensive resins, excess coupling reagents, and substantial solvent volumes to drive reactions to completion and wash the resin after each step. As peptide production scales up, these requirements can lead to high manufacturing costs and significant solvent waste.

LPPS is increasingly gaining traction as a manufacturing platform due to several operational and economic advantages:

- **Lower solvent and reagent consumption:** SPPS typically requires large amounts of solvents and excess coupling reagents for repeated resin washing steps. LPPS reactions occur in a homogeneous solution and can be optimized more efficiently, potentially reducing solvent usage, reagent consumption, and overall process waste.
- **Compatibility with standard manufacturing infrastructure:** LPPS can be performed in conventional batch reactors or continuous-flow systems commonly used in small-molecule pharmaceutical manufacturing. This eliminates the need for specialized solid-phase synthesizers and allows peptide production to be integrated into existing manufacturing facilities.
- **Improved scalability for industrial production:** As LPPS processes resemble traditional small-molecule synthesis, scale-up from laboratory to commercial production can be more straightforward. Intermediate fragments can also be isolated and purified during synthesis, helping improve impurity control and process robustness at scale.
- **Greater flexibility in reaction conditions:** As intermediates are isolated between steps, each coupling reaction can be optimized independently using different solvents, reagents, or activation strategies. This flexibility can improve yields and is particularly useful for sequences containing bulky chemical groups or difficult-to-couple amino acids.
- **Better handling of challenging peptide sequences:** Peptides containing highly hydrophobic amino acids may be difficult to synthesize using SPPS; LPPS reactions occur in a homogeneous solution which helps address this issue and improve reaction efficiency.
- **Facilitates fragment-based synthesis strategies:** LPPS commonly employs convergent synthesis, where shorter peptide fragments are synthesized separately and then coupled together. This approach reduces the accumulation of side reactions that can occur during long sequential syntheses.
- **Greater compatibility with modified amino acids and complex structures:** The liquid-phase environment allows the incorporation of non-standard amino acids, specialized protecting groups, and structural modifications that may not be compatible with solid-phase conditions.

Despite the advantages of LPPS, solid-phase peptide synthesis is the dominant technology for peptide discovery and early-stage development because of its operational simplicity and reliability. However, SPPS becomes increasingly expensive at a commercial scale. As a result, companies are developing peptides using SPPS during early research and development and later explore LPPS or hybrid synthesis strategies for large-scale commercial production. LPPS can be particularly attractive for peptides required in high volumes, where reductions in solvent use, reagent consumption, and equipment costs can significantly improve manufacturing economics. As the demand for peptides continues to grow, LPPS is increasingly being evaluated as a scalable and potentially more sustainable approach to peptide manufacturing.

Exhibit 23: A typical 5-stage liquid-phase peptide synthesis (LPPS) process



Source: Industry, Emkay Research

Export Analysis: Gradually but firmly moving beyond 'Legacy 5'

While Granules exports its products to various geographies, North America (~71%) and Europe (~14%) collectively accounted for ~85% of the company's exports in 11MFY26. Other key markets include Latin America, select Asian countries, and regulated markets such as Japan, Australia, and South Korea. The company exports products across the pharma value chain with APIs contributing ~14.5%, PFIs ~12.5%, and formulations accounting for ~73% of the exports in 11MFY26. The contribution of the 'Legacy 5' molecules to overall exports (as opposed to the reported consolidated sales) across segments has sharply dropped, from ~88% in FY23 to ~73% in 11MFY26. We dive deep into Granules's exports across segments; our key observations:

Exhibit 24: Share of formulations basis export data rose to ~73% in FY26 from ~51% in FY23

Segment	FY23	FY24	FY25	FY26
FDF	51.4%	63.7%	69.7%	72.9%
API	28.3%	22.8%	16.6%	14.6%
PFI	20.4%	13.6%	13.7%	12.6%

Source: Industry, Emkay Research; Note: FY26 figures as of Feb-26

API

The company's API exports accounted for ~14.5% of its overall exports in 11MFY26, a decline from ~16.5% in FY25 and ~23% in FY24. Around 40% of these exports were directed toward Europe, with the UK, Ireland, Cyprus, France, Spain, Czech Republic, and Germany being the primary markets in the region. North America is another significant market, contributing ~35% to API exports in 11MFY26. Other notable export destinations include Japan, South Korea, Thailand, Indonesia, and Australia. The contribution of North America to exports has declined significantly, from ~42% in FY23 to ~35%, primarily due to a sharper decline in exports to the US even as a decline in absolute terms is seen across geographies. The API segment's decline in value terms over the last 3 years has been driven by a double-digit decline in both overall volumes and realizations. This decline can be attributed to multiple factors, including inventory buildup, pricing pressures due to increased competition, and an increase in the captive consumption of APIs. The top-10 customers account for ~48% of the API exports, with Haleon being the company's largest customer. We do a deep dive into the major molecules (collectively ~80% of exports) in the API segment:

Exhibit 25: API Exports – Growth trends in top products

Product	Top-3 geographies	Overall volume CAGR over FY23-26	Overall value CAGR over FY23-26
Paracetamol	Ireland, Puerto Rico, France	-24.2%	-34.7%
Metformin	South Korea, Czech Republic, Puerto Rico	5.7%	2.5%
Guaifenesin	United States, United Kingdom, Canada	-5.1%	-10.2%
Methocarbamol	United States, Spain, Canada	-13.1%	-13.1%

Source: Industry, Emkay Research; Note: CAGR is calculated basis FY26 annualized values

Paracetamol

Paracetamol has historically been the company's leading API export, contributing ~70% to the total API exports in FY23. However, its share declined significantly to ~47% in 11MFY26. The US was the primary market till FY24, but exports to the US dropped sharply from FY25 onward, as a consequence of inventory buildup and a continued drop in realizations. Europe (comprising Ireland, France, Spain, the UK, and Germany), another major market, also witnessed a sharp decline in Paracetamol exports in FY25, with exports stabilizing at similar levels in 11MFY26. Realizations have dropped ~35% over the last 3 years due to pricing pressures and increased competition resulting from additional capacities that came onstream during the Covid period. Granules plans focusing on select high-value customers going forward, even as the API saw a double-digit volume recovery in FY26.

Metformin

Exports of Metformin API have shown considerable volatility in recent years. While exports increased from ~USD5mn in FY23 to ~USD6.5mn in FY24, they subsequently declined sharply to ~USD2.5mn in FY25, before recovering to ~USD5mn in 11MFY26. Metformin API exports are heavily concentrated in Europe and South Korea, which together accounted for ~90% of the total exports in FY23 and ~85% in 11MFY26. The significant decline in FY25 was primarily driven by a steep reduction in export volumes, as the company has prioritized captive consumption to support its growing formulations business. While exports have witnessed a strong recovery in FY26, growth could be relatively muted going forward, due to the company's strategic shift toward formulation-led sales.

Guaifenesin

Guaifenesin API exports have seen a gradual decline over FY23-11MFY26, from ~USD14mn in FY23 to ~USD9mn in 11MFY26. Product exports are primarily directed to the US and the UK, which together account for ~80% of the total product exports. Over the last three years (FY23-26 point-to-point), export volumes and realizations for Guaifenesin API have both declined ~15%. Reckitt in the UK and Haleon in Canada are the company's largest customers. We have conservatively not built in a recovery in Guaifenesin API exports to FY23 levels in the near term.

Methocarbamol

The exports of Methocarbamol API have been volatile over the last 3 years, with exports valued at ~USD6.5mn in FY23 declining to ~USD4mn in FY24, recovering to ~USD6mn in FY25, and then again declining to ~USD4mn in 11MFY26. The export base remains geographically concentrated with the US, Canada, Mexico, and Spain together accounting for ~87% of the total exports in 11MFY26. Over the last 3 years, the realizations for the product have been stable, with export volatility being entirely volume-driven. Major customers include Prinston Pharma (Zhejiang Huahai), Haleon, and Faes Farma; these together account for ~70% of the exports.

PFI

Granules's PFI exports contributed 12.5% to the total exports in 11MFY26, down from ~20% in FY23. The company primarily exports Paracetamol and Ibuprofen PFIs, which together account for ~93% of the PFI exports. Metformin PFI exports have been gaining traction, increasing their share to ~7% in 11MFY26 from ~2% in FY23. The value of PFI exports has halved over FY23-26 (vs ~USD90mn in FY23) owing to a ~60% decline in Paracetamol exports and a ~20% decline in Ibuprofen exports which have only been marginally offset by an uptick in Metformin. The decline in Paracetamol has been a function of the challenging market conditions as well as the company's primary focus on forward integration. PFIs are primarily shipped to the US, Mexico, Colombia, Chile, and Europe. The company has a well-diversified PFI customer base, with no country accounting for >25% of the exports and the top-10 customers accounting for ~43% of the total exports. Moreover, Paracetamol's share of PFI exports has declined, from ~80% in FY23 to ~63% in FY26.

Exhibit 26: PFI Exports – Growth trends in top products

Product	Top-3 geographies	Overall volume CAGR over FY23-26	Overall value CAGR over FY23-26
Paracetamol	United States, Colombia, Chile	-17.3%	-25.8%
Ibuprofen	Colombia, Mexico, Chile	-2.3%	-7.6%
Metformin	Turkey, Colombia, Indonesia	29.9%	23.9%

Source: Industry, Emkay Research; Note: CAGR is calculated basis FY26 annualized values

FDF

Granules's formulation exports accounted for ~73% of the total exports in 11MFY26, a significant rise from ~51% in FY23, underscoring the company's strategic transition toward higher-value margin-accretive finished dosage products. The US remains the dominant market, accounting for ~80% of the formulation exports in 11MFY26 (vs ~70% in FY23), followed by Canada and Europe. The company has posted overall formulation exports CAGR of 5.5% over FY23-26 (annualized), from ~USD226mn to ~USD265mn, primarily driven by scale-up in new products. We do a deep dive into some major products in this segment:

Exhibit 27: Formulation Exports – Growth trends in top products

Product	Top-3 geographies	Overall value CAGR over FY23-26
Paracetamol	United States, Egypt, Australia	18.4%
Metformin	United States, France, Germany	-14.2%
Ibuprofen	United States, Canada, Colombia	-13.7%
Potassium Chloride	United States	12.1%
Metoprolol Succinate*	United States	216.2%
Bupropion HCl*	United States	434.9%
Fexofenadine HCl	United States	18.2%
Trazodone HCl^	United States	119.1%
Methocarbamol	United States, Mexico, Germany	-14.9%
Guaifenesin	United States	5.5%

*Source: Industry, Emkay Research; Note: CAGR is calculated basis FY26 annualized values; * denotes products exported for the first time in FY24; ^ denotes product exported for the first time in FY25*

Paracetamol

Paracetamol is the company's most exported formulation, accounting for ~35% of its total formulation exports. Exports CAGR of the product is a strong ~18%, up from USD55mn in FY23 to ~USD92mn in FY26 (annualized). North America is the primary market for Paracetamol, accounting for ~73% of the product exports, with the US alone contributing ~70%. Other meaningful markets include Europe, Australia, and Egypt. The strong growth in exports has been mainly driven by supply of Tylenol starting FY24 which has quickly scaled up to account for ~30% of the company's Paracetamol exports (~USD25mn in 11MFY26).

Metformin

Metformin is the company's second-largest exported formulation product, accounting for ~21% of the formulation exports in 11MFY26, down from ~40% in FY23. The exports of Metformin have declined at a CAGR of ~14% over FY23-26 (annualized). The US is the primary market for the product, contributing ~85% to exports in 11MFY26, followed by France and Germany. The decline in exports over the last three years is owing to the drop in exports to the US (at a CAGR of ~11%), no exports of the product to Canada in FY26 (which otherwise accounted for ~5% of exports), and exports to the top-5 European countries more than halving over FY23 to 11MFY26.

Ibuprofen

Ibuprofen is the fourth-largest formulation product exported by the company; however, exports of the product have halved over FY23-26. The decline is seen in both key markets—US and Canada, which account for ~90% of the product's exports. The largest customer for Ibuprofen is Alkem (US subsidiary), accounting for ~50% of the exports in 11MFY26, followed by Pharmascience (Canada) with a ~13% share. The remaining volumes are primarily supplied to Granules's own US subsidiaries. The company expects future growth in Ibuprofen formulations to be driven by volume expansion.

Key Products beyond 'Legacy 5'

Other key products in Granules's formulations segment include Potassium Chloride, Metoprolol Succinate, Bupropion HCl, Fexofenadine HCl, and Trazodone HCl, which together accounted for ~20% of the formulation exports in 11MFY26. These products are almost entirely exported to the US and have seen a CAGR of ~37% over FY24-26 (annualized). Potassium Chloride is now the third-largest exported formulation product for Granules, accounting for ~8% of the formulation exports in 11MFY26, with exports of the product (US is the sole export market) posting a CAGR of ~12% over FY23-26 (annualized). Metoprolol Succinate has scaled to become a USD10mn product in 11MFY26, emerging as a key growth driver beyond the 'Legacy 5' products. Notably, Methocarbamol and Guaifenesin (part of the 'Legacy 5') currently do not feature among the top-5 formulation exports. Methocarbamol, historically exported to the US and Canada both, has seen decline in exports over FY23-26 across both the geographies, with no shipments made to Canada in FY26. Guaifenesin and Gabapentin have also seen a sharp drop in exports in 11MFY26. Granules exported >10 other products, contributing over USD1mn each to exports in 11MFY26, largely to regulated markets such as the US and Europe.

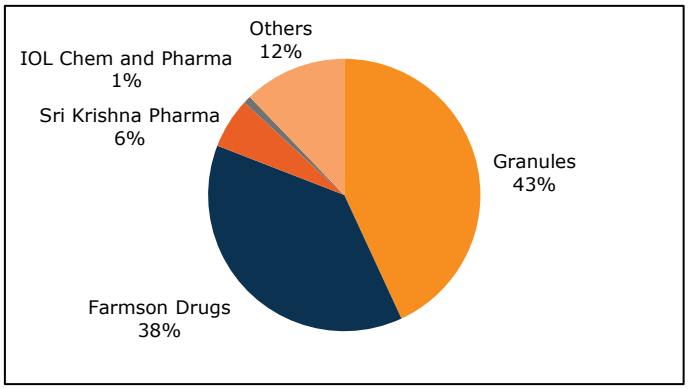
Competitive landscape in 'Legacy 5' products: Still the first among equals

Granules exports API, PFI, and Finished Dosage Formulations (FDF) across its 'Legacy 5' product portfolio, which includes Paracetamol, Metformin, Ibuprofen, Guaifenesin, and Methocarbamol. These 5 products together accounted for ~73% of the company's total exports in 11MFY26. While this contribution remains significant, it has gradually declined in recent years as Granules has diversified into newer molecules. An analysis of the competitive landscape for these key molecules exported from India indicates that Granules has sustained a strong market position across all these key products, supported by its established customer relationships in major export markets.

Paracetamol

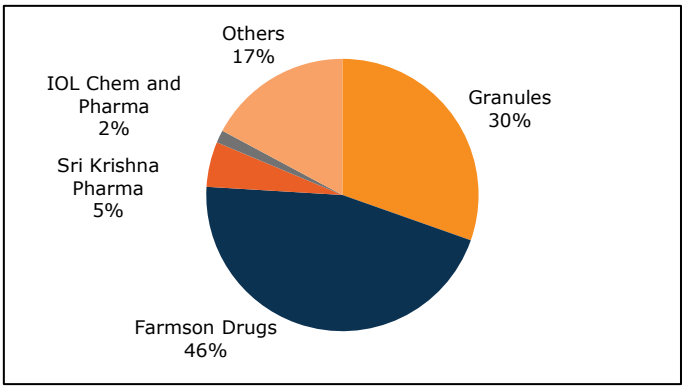
Granules exports Paracetamol in API, PFI, and FDF forms to Europe, North America, and LatAm. Paracetamol API exports are concentrated in Europe, which accounted for ~43% of Granules's Paracetamol API exports in 11MFY26. Farmson Drugs, which has the largest installed Paracetamol API capacity in India, is Granules's largest competitor in the API market. Sri Krishna Pharma and IOL Chemicals are the other notable players with a meaningful export presence from India. In the FDF segment, the US, Europe, Egypt, and Australia are Granules's key export destinations. The main competitors, in terms of exports to these geographies, include Marksans Pharma, Zentiva, and Sri Krishna Pharma. Among these, Marksans has demonstrated strong growth over the last three years. Due to its challenging competitive landscape, Granules has lost its API export share over FY23-26. Looking ahead, IOL Chemicals has commissioned a 10,800mtpa Paracetamol API facility in 1QFY26, aimed at supplying Europe and other regulated markets.

Exhibit 28: Paracetamol API export share (FY23)



Source: Industry, Emkay Research

Exhibit 29: Paracetamol API export share (FY26)

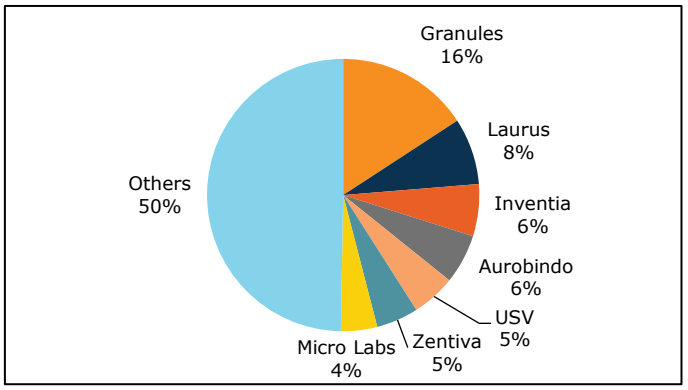


Source: Industry, Emkay Research; Note: FY26 figures as of Feb-26

Metformin

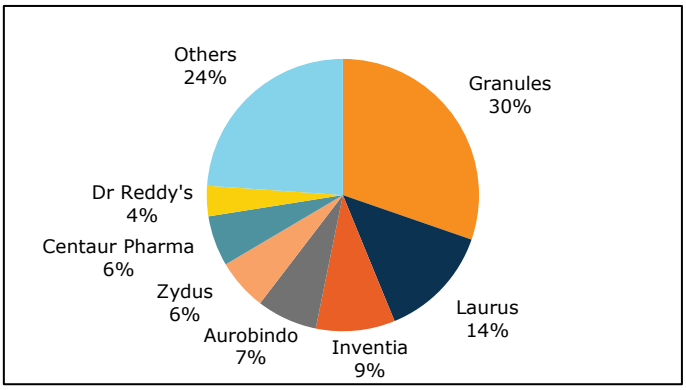
Granules primarily exports FDF of Metformin with small export quantities of API and PFI. The major export markets include the US, Europe, and South Korea. Notably, the US accounts for ~85% of Granules's Metformin FDF exports, with France and Germany being the other key markets. Granules holds leadership position in Metformin exports, accounting for ~16% of India's Metformin FDF exports and holding ~30% share in terms of FDF exports to the geographies it serves. The FDF competitive landscape is intense, with key Indian players such as Aurobindo, Laurus, Micro Labs, and Zydus operating in the same space. Additionally, USV, Inventia Healthcare, and Hetero Labs are active in geographies not currently served by Granules. In the API segment, South Korea, Puerto Rico, and Czech Republic are the major markets for Granules. Wanbury is the leading Indian export player in these markets, followed by Granules. Over time, the overall Metformin API market has contracted significantly, with a noticeable shift toward formulation-based sales. Granules currently holds the highest prescription share in Metformin in the US (~41% in CY25), followed by Laurus, Aurobindo, and Zydus.

Exhibit 30: Metformin FDF export share (FY26)



Source: Industry, Emkay Research; Note: FY26 figures as of Feb-26

Exhibit 31: Metformin FDF covered market export share (FY26)

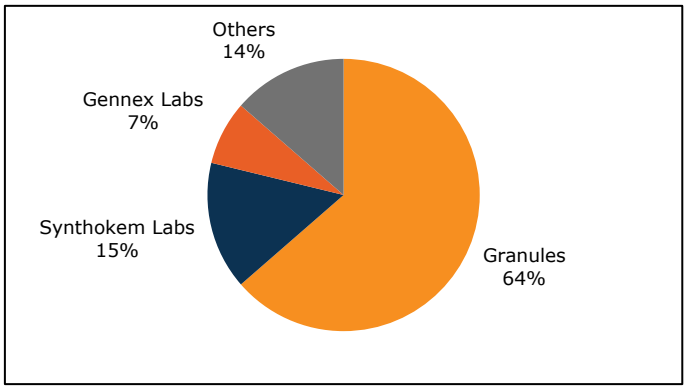


Source: Industry, Emkay Research; Note: FY26 figures as of Feb-26

Guaifenesin

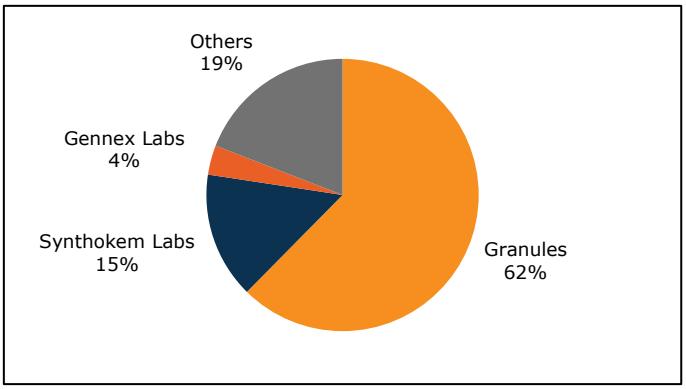
Granules exports API and FDF of Guaifenesin, with the US accounting for ~53% of the exports in 11MFY26. APIs represent ~84% of Granules's total exports of this molecule (disproportionately high in 11MFY26 due to a decline in formulation exports). Granules has maintained its leadership position in Guaifenesin API exports, holding over 75% share in terms of exports from India to the geographies it serves. Synthokem Labs is the only other major player in these markets. Granules exports Guaifenesin FDF exclusively to the US and is also the leading FDF exporter from India to the US. Key competitors in the US FDF market include Marksans Pharma, Aurobindo, Amneal, Dr Reddy's, and Sun Pharma. Although Glenmark Pharma is the largest Indian exporter of Guaifenesin FDF globally, it does not currently compete in the US market.

Exhibit 32: Guaifenesin API export share (FY23)



Source: Industry, Emkay Research

Exhibit 33: Guaifenesin API export share (FY26)

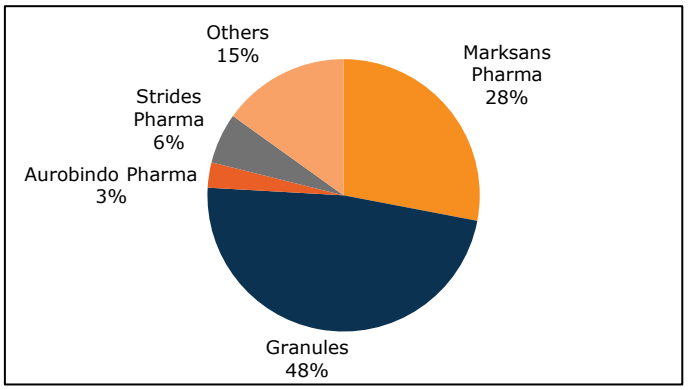


Source: Industry, Emkay Research; Note: FY26 figures as of Feb-26

Ibuprofen

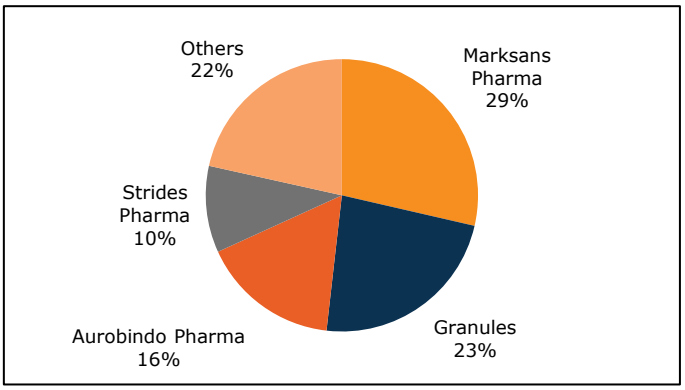
Granules exports Ibuprofen FDF and PFI, with the company primarily exporting FDF to the US and Canada, while PFI exports are driven by LatAm (Colombia, Mexico, Chile, Paraguay) and Germany. The FDF market is highly competitive, with several companies such as Marksans Pharma, Amneal, Strides Pharma, Aurobindo Pharma, and Dr Reddy's also exporting to North America. Granules has lost its FDF export share over FY23-26 in overall terms as well as in terms of exports from India to the geographies it serves. Marksans is now the largest exporter of Ibuprofen FDF from India.

Exhibit 34: Ibuprofen FDF covered market export share (FY23)



Source: Industry, Emkay Research

Exhibit 35: Ibuprofen FDF covered market export share (FY26)

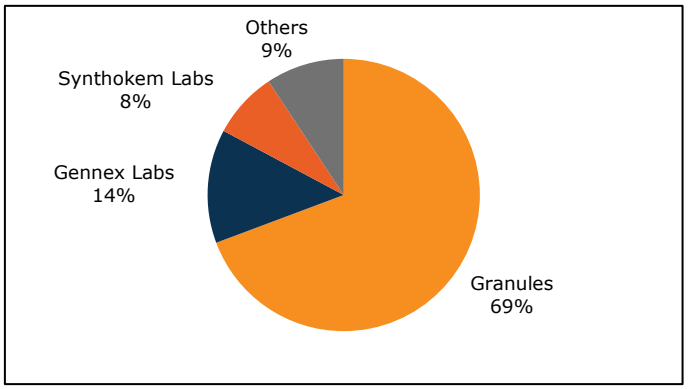


Source: Industry, Emkay Research; Note: FY26 figures as of Feb-26

Methocarbamol

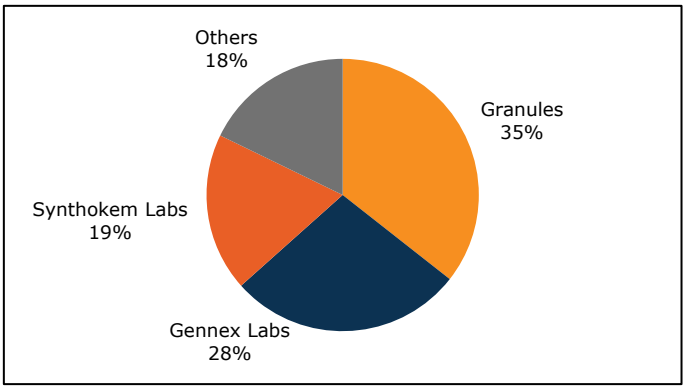
Granules exports API and FDF of Methocarbamol, with API exports driven by North America and Spain, while FDF exports are almost exclusively made to the US. Granules is the largest exporter of Methocarbamol API from India, accounting for ~50% of the Methocarbamol API exports to the geographies it serves. Other notable players include Gennex and Synthokem, who have a meaningful presence in the same markets. Granules holds the leading position even in FDF, with key competitors in the US including Hetero Labs and Aurobindo. Granules currently holds the highest prescription share in Methocarbamol in the US (~43% in CY25).

Exhibit 36: Methocarbamol API export share (FY23)



Source: Industry, Emkay Research

Exhibit 37: Methocarbamol API export share (FY26)

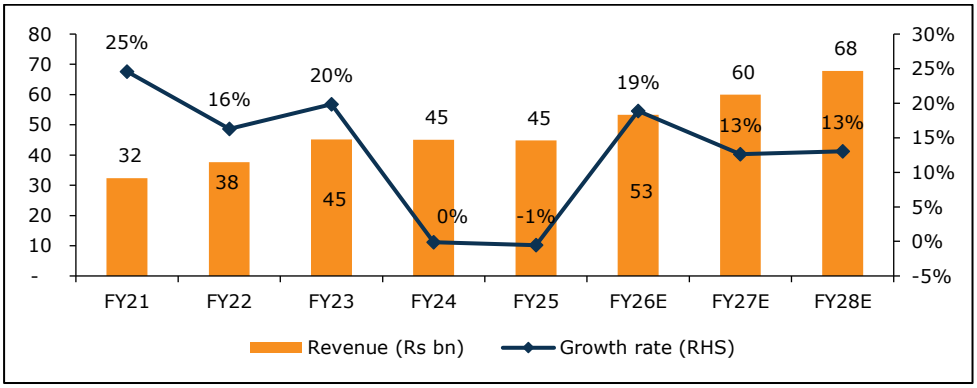


Source: Industry, Emkay Research; Note: FY26 figures as of Feb-26

Financial Analysis and Valuation

Granules delivered a modest revenue CAGR of ~6% over FY22-25, primarily due to weakness in its legacy molecule portfolio (particularly in Paracetamol where realizations in the API and PFI segments witnessed a sharp correction), the exports of which have declined at a CAGR of ~19% over FY23-25, the ransomware attack in FY24, and regulatory headwinds at the Gagillapur facility. These pressures were offset by the strong momentum in the US controlled substance portfolio (sales ~1.9x over FY23-25, per our estimate) and robust growth in formulations across newer products (exports 2x over FY23-25). We expect an overall sales (FY26E YoY growth at ~19%) CAGR of ~13% over FY26-28E, on the back of the overall formulations business CAGR of ~14.5% (continued traction in controlled substances + ex-Legacy 5 formulations), and a rapid scale-up in peptide revenue on a small base.

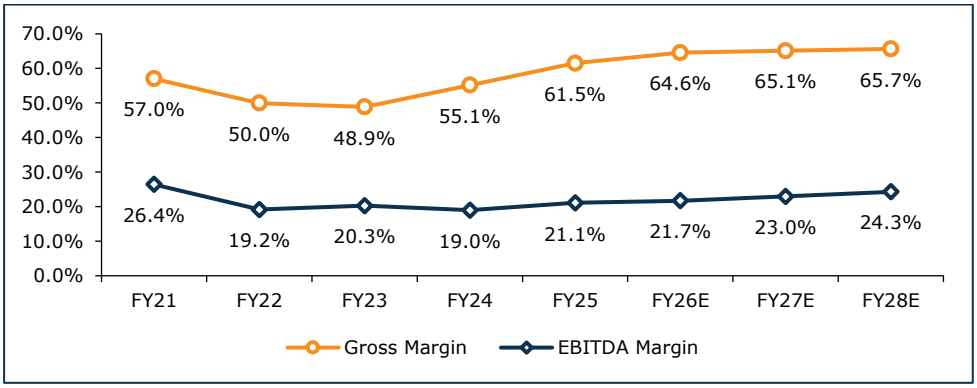
Exhibit 38: We expect an overall sales CAGR of ~13% over FY26-28E



Source: Company, Emkay Research

Gross margin expanded by ~1,150bps over FY22–25, driven by the strategic shift toward higher-margin formulation sales (including controlled substances, which is a high-margin portfolio), the share of which increased from 52% in FY22 to 77% in FY25. This was further supported by vertical integration and lower input costs for key raw materials such as PAP and DCDA. However, EBITDA margins did not expand proportionately, improving by ~190bps, mainly due to higher employee expenses following the commissioning of the MUPS block in Gagillapur and the packaging facility in Virginia, increased IT personnel spending after the ransomware attack, and investments in building a global marketing team. Other expenses as a percentage of sales also rose by ~550bps, largely due to an increase in R&D investments and consultancy charges linked to Gagillapur remediation. R&D spend has inched up meaningfully, from 2.6% of sales in FY23 to 5.3% in FY25 (~2.5x over FY23-26E in absolute terms), and the management expects the R&D spend to remain elevated at ~6% going forward, given the increased focus on controlled substances, oncology products, other complex generics, and on peptides. With rise in staff costs due to the Senn consolidation now in the FY26 base, we expect EBITDA margin expansion (of ~260bps over FY26-28E) to now be a function of modest gross margin expansion, reduction in Gagillapur-related remediation costs, and operating leverage gains.

Exhibit 39: Gross margin expanded by ~1,150bps over FY22–25; expect ~260bps EBITDA margin expansion over FY26-28E on the back of leverage gains and lower remediation spend



Source: Company, Emkay Research

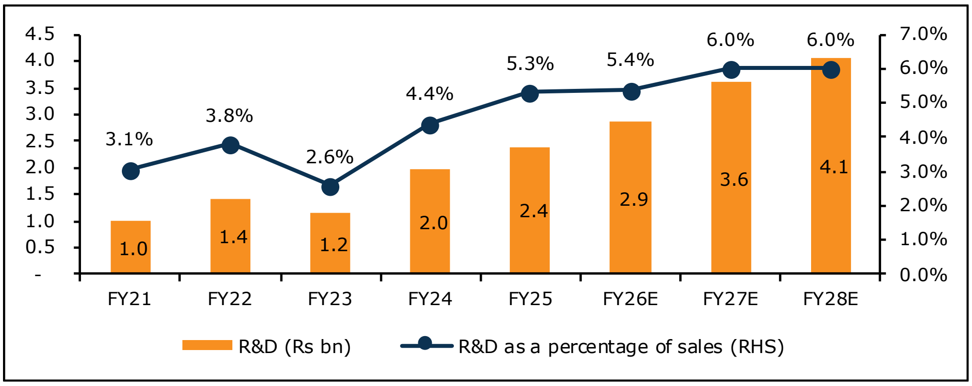
Granules received a warning letter for its flagship Gagillapur facility in Feb-25 following a USFDA inspection in 2QFY25. However, the company did not see any impact on its margins over the last 6 quarters due to this regulatory escalation. We struggle to come up with similar instances of companies growing their US base/expanding margins despite facing remediation-linked challenges at their key FDA-approved site (refer to Exhibit 40 for an exhaustive list of warning letters issued in the past to Granules's peers and the consequent impact on their margins). Notably, the company's margin resilience has come in the face of Gagillapur-linked remediation expenses, elevated R&D spend, and EBITDA loss in Senn.

Exhibit 40: Warning letters issued in the past to Granules's peers and the consequent impact on their EBITDA margins vs Granules's margin resilience despite regulatory escalation

Company	Facility	Date of Warning Letter issuance	Warning Letter Q-1	Quarter in which the Warning Letter was issued	Warning Letter Q+1	Warning Letter Q+2
Granules	**Gagillapur**	**Feb-25**	**20.2%**	**21.1%**	**20.4%**	**21.5%**
Wockhardt	Waluj	May-13	36.7%	31.0%	16.4%	19.5%
Ipca	Ratlam, SEZ Indore, Piparia	Jul-14	24.7%	17.3%	16.4%	5.4%
Aurobindo Pharma	Unit VI	May-11	18.9%	15.2%	10.7%	14.9%
Lupin	Goa, Pithampur Unit-2	Nov-17	21.6%	17.3%	17.6%	13.7%
Lupin	Mandideep Unit-1	Sep-19	19.5%	16.8%	11.4%	13.7%
Indoco	Goa	Dec-24	9.3%	2.9%	-0.2%	4.0%
Shilpa Medicare	Jadcherla	Oct-20	24.6%	11.0%	12.6%	13.4%

Source: Company, Emkay Research

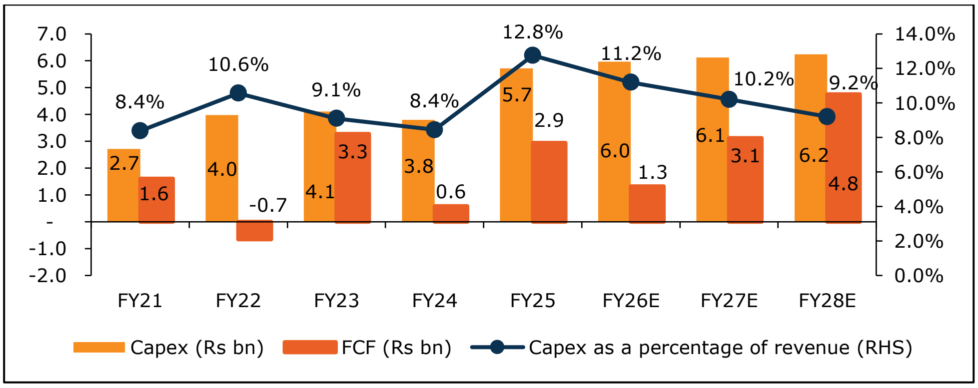
Exhibit 41: R&D spend likely to remain elevated at ~6% of sales, given the focus on controlled substances, oncology products, other complex generics, and peptides



Source: Company, Emkay Research

Granules incurred capex of ~Rs5.7bn in FY25; of this, ~Rs3bn was directed toward capacity addition in Phase II of the greenfield formulation facility at Genome Valley. Going forward, annual capex is expected to remain at ~Rs6bn (including ~Rs2bn maintenance capex) in the near term, although capex intensity is likely to moderate. Incremental spend will primarily be directed toward the completion of Genome Valley Phase II, residual investments in the Vizag oncology unit + backward integration initiatives (~Rs2.5bn), and a commercial scale peptide manufacturing facility targeted for completion by FY27.

Exhibit 42: We expect cumulative FCF generation of ~Rs9bn over FY25-28E with capex intensity expected to moderate going forward

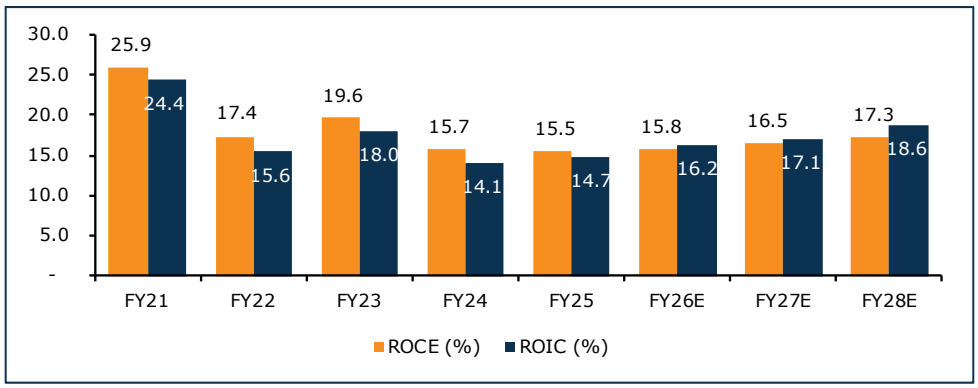


Source: Company, Emkay Research

Granules has generated positive free cash flow over the last 3 years, a trend that is expected to continue with expected cumulative FCF generation of ~Rs9bn over FY25-28E. Consequently, the company, which has historically not been net debt free, is expected to turn net cash in FY27 (cash on books also partly aided by the recent capital raise). Notably, the strong FCF generation has come in the face of the company's working capital cycle increasing from 135 days in FY23 to 207 days in FY25, mainly due to higher number of inventory days. This spike was driven by the need to hold inventory of OTC products for certain key customers in the US, higher levels of controlled substance inventory, and a longer inventory cycle in India due to backward integration. Additionally, the company builds up inventory ahead of commercial launches to help accelerate sales, which had also partly helped mitigate the impact of the Gagillapur regulatory escalation.

The company's RoCE has declined from its peak of ~26% in FY21 to ~16% in FY26E, mainly due to capital-intensive expansion programs and relatively weak margin performance vs its Covid-driven highs. Note that return metrics have been depressed by the low-capacity utilization at Genome Valley + Vizag units as well as the recent Senn acquisition. We expect return metrics to improve as the company transitions from an investment phase to an execution phase, with the Genome Valley facility expected to reach optimal utilization by FY27, the Gagillapur facility reverting to full compliance, and the peptide CDMO platform turning profitable within the next 2 years. This will be supplemented by the company's strategic shift toward high-margin formulation products and the launch of new FDF products across markets, contributing to incremental margin expansion.

Exhibit 43: Return metrics impacted by capital-intensive expansion programs; expected to improve as the company transitions to an execution phase



Source: Company, Emkay Research

Granules has completed a preferential allotment of equity shares to 360One, along with issuance of convertible warrants to the promoters. The company has already raised ~Rs6.7bn, with the remaining ~Rs11bn (75% of the proceeds from the warrant issue) expected to be received by Aug-27. Following the full conversion of these instruments, the promoter group's stake will rise from 38.8% to 43.7%. The funds raised through this issuance will be deployed toward ongoing + planned infrastructure projects and for pursuing value-accretive M&A opportunities, likely with a focus on the US market.

We estimate ~25% PAT CAGR for Granules over FY26-28E. We initiate coverage of Granules with BUY and SOTP-based Mar-27 TP of Rs800 (blended target EV/EBITDA of ~12x). Note that historical trading multiples no longer serve as a guide for Granules, given the dramatic change in the business mix in favor of formulations and the overall margin profile.

Exhibit 44: SOTP-valuation

Mar-28E (Rs mn)	API	PFI	Formulation	Peptides	Total
Revenue	6,735	5,794	52,894	2,403	67,826
% of total	9.9%	8.5%	78.0%	3.5%	
EBITDA	1,010	1,043	14,017	412	16,482
% margin	15.0%	18.0%	26.5%	17.9%	24.3%
Target EV/EBITDA	8x	8x	13x	13x	12.3x
EV	8,082	8,344	1,82,220	5,352	2,03,997
Net Debt					(11,457)
Equity value					2,15,454
NOSH (mn)					273
Fair Value (Mar-27; Rs)					**800**

Source: Emkay Research

Exhibit 45: Peer comparison

Company	Market cap (Rs bn)	P/E (x)		EV/EBITDA (x)		PAT CAGR FY26-28E
		FY27E	FY28E	FY27E	FY28E	
Strides	86	13.8	9.3	9.2	7.1	27%
Alembic	131	15.4	12.9	10.2	8.8	22%
Natco	174	25.7	21.7	21.4	18.0	-21%
Supriya	45	18.3	13.9	12.7	9.8	28%
Alivus	119	20.3	18.0	13.4	11.8	9%
Aarti Pharmalabs	54	18.1	16.8	10.7	9.7	14%
Marksans	71	14.2	12.1	9.7	8.3	23%
Caplin	114	16.6	15.1	12.4	11.4	14%
Concord	107	24.9	20.0	17.6	14.4	27%
Shilpa	68	22.1	20.0	12.3	11.3	25%
Rubicon	127	38.9	29.5	26.4	20.7	36%
Gland	279	23.7	19.8	13.8	11.9	23%
Average		**21.0**	**17.4**	**14.1**	**11.9**	**19%**
Granules	**151**	**21.4**	**18.0**	**11.5**	**9.6**	**25%**

Source: Bloomberg, Emkay Research; Note: Basis Emkay estimates for Granules and Bloomberg consensus estimates for peers

Key risks

- **Share losses or supply disruptions in the US controlled substance portfolio:** Granules has rapidly gained market share on the back of its strong execution as well as drug shortages in the US controlled substances segment. However, any meaningful decline in market share, inability to meet prescribed quotas due to API supply constraints, or lapses in compliance with the stringent DEA regulations could adversely impact the segment's performance (Earnings impact: High).
- **Increase in competitive intensity in legacy products:** While the sales contribution of legacy products continues to decline, an increase in competitive intensity, particularly in the API and PFI segments, could impact realizations and result in sales growth for these products undershooting our expectations (Earnings impact: Moderate).
- **Delay in ramp-up in new facilities:** A delay in achieving optimal utilization at the Genome Valley or Vizag oncology (Vizag, albeit not a near-term risk) facilities could exert pressure on margins in the event of a potential cost-revenue mismatch in the interim, following commercialization (Earnings impact: Moderate).
- **Gagillapur's protracted reversion to full compliance:** While the regulatory escalation at Gagillapur does not have a bearing on our FY27/28 estimates, failure to resolve the warning letter would remain a regulatory overhang. With the FDA unlikely to reinspect the facility for ~2 years, in the event of another adverse outcome, new approvals from Gagillapur may not come through until FY29 (Earnings impact: Low).

Appendix I: Company overview

The story so far

Granules traces its origins to 1984, when Triton Laboratories was founded to manufacture Paracetamol API at its Bonthapally facility in Hyderabad. During these formative years, Triton's scientists developed more efficient production processes for Paracetamol API, significantly reducing both capital and raw material requirements. By 1987, Triton had become the second Indian company after Dr Reddy's to export pharmaceutical products to the US. In 1990, Granules expanded beyond its single-molecule focus by commissioning the Jeedimetla facility, its first multi-product API manufacturing plant. This facility enabled the company to produce multiple APIs and continues today as the manufacturing hub for Metformin, Guaifenesin, and Methocarbamol APIs. Granules India was incorporated in 1991 and, in 2001, merged with Triton Laboratories, thereby consolidating all manufacturing operations under a single corporate entity. In 2003, the company commissioned a large volume PFI facility in Gagillapur and established its US-focused marketing subsidiary, Granules USA (Granules USA was merged with Granules Pharma Inc, both wholly-owned subsidiaries, with effect from Apr-25). The company diversified into the Finished Dosage Formulations (FDF) segment in 2008 and received its first USFDA approval for Metformin HCl ANDA in 2010, marking a significant milestone in its formulations business.

In 2013, the company established an API Research & Development facility in Pragathi Nagar, Hyderabad, to focus on vertical integration by developing full-scale generic APIs that could be integrated into the company's finished dosage formulations. In 2014, Granules acquired Auctus Pharma, adding a multi-product API facility in Vizag (Unit IV) with 380klpa capacity and regulatory approvals from the USFDA, EU GMP, and WHO GMP. As part of the same transaction, the company also acquired an intermediate manufacturing facility in Bonthapally dedicated to manufacturing Key Starting Materials (KSMs) and intermediates, to further support its vertical integration initiatives. The Auctus acquisition added 12 APIs to Granules's portfolio, significantly broadening the company's molecule base beyond its original five core products. During this period, the company also set up a subsidiary, Granules Pharma Inc, in the US and acquired a facility in Virginia aimed at strengthening its formulation R&D capabilities. This site later evolved to be the primary facility for developing and manufacturing controlled substance formulations.

In 2016, Granules laid the foundation for its Oncology API and OSD plant, along with a multi-product API facility in Vizag, designed with a total API capacity of 15klpa (4.33kl for oncology and 10.54kl for non-oncology) and a formulations capacity of 1.1bn units (1bn tablets and 71mn capsules). In FY17, Granules Pharma Inc (GPI) achieved a major regulatory milestone by receiving authorization from the US Drug Enforcement Agency (DEA) to store and develop narcotic products. Leveraging these capabilities, the Virginia site was scaled up to a 100,000sqft facility with R&D and manufacturing infrastructure for controlled-substance formulations. During FY19-21, the company executed major capacity expansion initiatives such as the Bonthapally API facility expansion for Paracetamol, Metformin, and Guaifenesin APIs, and the Jeedimetla facility for multi-product API and PFI manufacturing, taking the total installed capacity to ~40,000tpa across facilities. In FY21, API production reached an all-time high, driven by the demand for Paracetamol during Covid.

In FY19, GPI commenced commercial operations, launching its front-end marketing under the Granules Pharmaceuticals label. The initial set of commercialized products included Methergine (Methylergonovine), in partnership with Hikma, Metformin ER tablets, and Methocarbamol. By FY21, GPI had significantly accelerated its commercial expansion in the US market, introducing ten products under its own label. These launches included those of Penicillamine Capsules, Trospium Chloride ER Capsules, Vigabatrin Oral Solution, Butalbital/Acetaminophen/Caffeine combination analgesics, and Ramelteon Tablets. In parallel with these developments, Granules executed strategic joint-venture divestments as part of its broader effort to focus on core businesses, enhance free cash generation, and strengthen the balance sheet. In FY20, the company divested its 50% stake in Granules Biocause, the China-based Ibuprofen JV, for Rs1.12bn, resulting in an exceptional gain of ~Rs941mn. The company also exited its 50% stake in Granules OmniChem, the CRAMS joint venture, for Rs1.1bn, recording a gain of ~Rs670mn.

In FY21, the company initiated the construction of its MUPS (Multi-Unit Pellet System) facility at Gagillapur, investing Rs2.4bn for building advanced drug-delivery capabilities for modified-release formulations. During the same period, Granules also acquired land in Genome Valley for a large-scale finished dosage facility designed to add 10bnpa units capacity. In FY23, the company announced the establishment of Granules CZRO, a wholly-owned subsidiary focused on achieving near-zero carbon manufacturing through green chemistry, biocatalysis, and renewable-energy-driven processes. As part of this initiative, Granules entered a strategic partnership with Greenko, to develop an integrated Green Pharmaceutical Zone in Kakinada, Andhra Pradesh. The CZRO program was focused on backward integration into PAP (KSM for Paracetamol) and DCDA (KSM for Metformin), using sustainable green-chemistry platforms. The CZRO DCDA plant commenced pilot-scale operations in Mar-24, successfully validating green-chemistry–based manufacturing for the Metformin KSM.

Exhibit 46: Manufacturing capacity across business segments and facilities

Facility	API capacity	PFI capacity	FD capacity (no of units)
Bonthapally	34,560tpa	-	-
Jeedimetla	4,800tpa	1,440tpa	-
Bonthapally II	61.5kl pa (Intermediate)	-	-
Vizag (Unit 4)	380kl pa	-	-
Vizag (Unit 5)	15kl pa	-	1.1bn
Gagillapur	-	23,200tpa	26.8bn
Virginia, USA	-	-	2bn
GPAK, USA	-	-	2 OTC lines; 1 Rx line
Genome Valley	-	-	10bn

Source: Company, Emkay Research; Note: This list excludes the Senn Chemicals facility in Switzerland

Exhibit 47: USFDA inspection track record

Facility	Inspection End Date	Classification
Gagillapur	Sep-24	Official Action Indicated (OAI)
Gagillapur	Feb-20	Voluntary Action Indicated (VAI)
Gagillapur	Mar-18	No Action Indicated (NAI)
Gagillapur	Oct-16	No Action Indicated (NAI)
Gagillapur	Mar-15	No Action Indicated (NAI)
Gagillapur	Sep-12	Voluntary Action Indicated (VAI)
Gagillapur	Nov-09	No Action Indicated (NAI)
GPAK, USA	Dec-25	No Action Indicated (NAI)
Bonthapally API Unit 1	Jun-25	Voluntary Action Indicated (VAI)
Vizag (Unit V)	Apr-24	No Action Indicated (NAI)
Vizag (Unit IV)	Jun-23	No Action Indicated (NAI)
Jeedimetla	Jun-23	No Action Indicated (NAI)
GPAK, USA	Mar-23	No Action Indicated (NAI)
Virginia, USA	Jan-22	Voluntary Action Indicated (VAI)
Bonthapally API Unit 1	Jul-19	Voluntary Action Indicated (VAI)
Jeedimetla	Mar-18	Voluntary Action Indicated (VAI)
Virginia, USA	Dec-17	Voluntary Action Indicated (VAI)
Vizag (Unit IV)	Dec-15	Voluntary Action Indicated (VAI)
Jeedimetla	Dec-15	No Action Indicated (NAI)

Source: Company, USFDA, Emkay Research

In May-23, the company faced operational disruptions due to a major ransomware cyber-attack that impacted production scheduling, quality-systems documentation, and product-release timelines. The incident resulted in the encryption of critical IT and OT systems and adversely affected revenue and profitability in 1HFY24, leading to an estimated loss of ~Rs1.5bn in sales and Rs211mn in failure-to-supply penalties. In response, Granules undertook a comprehensive overhaul of its digital security infrastructure and established a 24/7 IT Security Operations Center to monitor all critical servers across the company. In

2023, the company also commissioned the GPAK facility in Virginia, a packaging and distribution facility comprising four packaging suites, and a dedicated warehouse. The facility underwent a USFDA inspection in Dec-25 and received 0 observations. In FY24, Granules commercialized Phase 1 of its Genome Valley facility, initiating exports of monograph products (which do not require an FDA facility inspection/approvals). The facility subsequently completed a pre-approval inspection in Aug-25 and received its first USFDA approval for Metformin HCl in Nov-25.

In Feb-25, the USFDA issued a Warning Letter to the Gagillapur finished-dosage facility following an Aug-24 inspection that resulted in six Form 483 observations. The Warning Letter temporarily halted the review and approval of all pending product submissions from this site. The company is undertaking remediation and expects the facility to be cleared from the Warning Letter by FY27. In Apr-25, Granules acquired Senn Chemicals AG, a Swiss peptide CDMO with capabilities in both liquid-phase and solid-phase peptide synthesis. This acquisition positioned the company at the forefront of peptide API development, including GLP-1 receptor agonists. Alongside the acquisition, Granules established Ascelis Peptides as its dedicated platform for peptide R&D and CDMO services in India, supported by the newly inaugurated Centre of Excellence for Peptide Development at IIT Hyderabad.

Exhibit 48: Timeline of key events

Year	Event
1984	Triton Laboratories founded; Paracetamol API manufacturing started at Bonthapally
1987	Second Indian company after Dr Reddy's, to export pharmaceuticals to the US
1990	Jeedimetla facility commissioned (first multi-product API plant)
1991	Granules India incorporated
1993	First PFI facility setup in Jeedimetla
2001	Granules India merged with Triton Laboratories
2003	PFI facility commissioned at Gagillapur
2003	Granules USA established (later merged with Granules Pharma Inc, in Apr-25)
2005	A new Paracetamol plant built in Bonthapally, Hyderabad
2008	Entered the Finished Dosage Formulations (FDF) segment
2010	First USFDA approval (Metformin HCl ANDA)
2013	API R&D facility established at Pragathi Nagar (vertical integration)
2014	Acquired Auctus Pharma (Vizag Unit IV; 380kl capacity)
2014	Acquired intermediate/KSM facility at Bonthapally
2014	Established Granules Pharma Inc. and acquired Virginia facility (controlled substances)
2015	Entered the OTC business in the US through its own label Granules Consumer Healthcare
2016	Foundation for Oncology API + OSD facility in Vizag (15kl API + 1.1bn units formulations)
2016	DEA authorization received for narcotics R&D and storage at Virginia facility
2019	Granules Pharma Inc. commenced US commercial operations (Methergine, Metformin ER, Methocarbamol)
2019	Major expansions at Bonthapally and Jeedimetla; total capacity ~40,000tpa
2020	Exited Granules Biocause JV (Rs1.12bn; Rs941mn gain)
2020	Exited Granules OmniChem JV (Rs1.1bn; Rs670mn gain)
2020	MUPS facility construction initiated at Gagillapur (Rs2.4bn investment)
2020	Land acquired at Genome Valley for 10bn units FDF facility
2023	Granules CZRO established (green chemistry)
2023	Ransomware cyberattack; Rs1.5bn revenue loss; Rs211mn penalty
2023	GPAK facility commissioned in Virginia (packaging and distribution)
2024	Genome Valley Phase 1 commercialized (exports of monograph products)
2024	CZRO DCDA plant pilot operations commenced (green chemistry validation)
2025	First USFDA approval (Metformin HCl) from the Genome Valley facility
2025	USFDA Warning Letter issued to the Gagillapur FDF facility
2025	Acquired Senn Chemicals AG (entry into peptide APIs)
2025	Established Ascelis Peptides platform; IIT Hyderabad CoE
2025	Granules USA merged with Granules Pharma Inc

Source: Company, Emkay Research

Granules CZRO

Granules CZRO (Carbon Zero, Responsible Operations), established in Jan-23 and a wholly-owned subsidiary of Granules India, was created to drive the company's next phase of sustainable pharmaceutical manufacturing. CZRO is focused on developing near zero carbon manufacturing platforms by leveraging green chemistry, advanced biocatalysis, renewable energy-based processes, and responsible supply-chain practices, with the long-term goal of achieving Net Zero emissions by 2050. As part of this initiative, the company announced an ambitious plan to develop India's first Integrated Green Pharmaceutical Zone (GPZ) at Kakinada, Andhra Pradesh, in partnership with Greenko, where Greenko will provide 24/7 carbon-free energy and green molecules including green hydrogen, green ammonia, and green nitric acid to support sustainable large-scale pharmaceutical manufacturing. The initial phase was focused on backward integration into key starting materials such as DCDA (Dicyandiamide – KSM for Metformin) and PAP (Para-aminophenol - KSM for Paracetamol).

The company has finalized two sites for the initiative – a smaller facility in Vizag and a larger 100-acre site in Kakinada. The original capital outlay for the program was intended to be Rs20bn over five years (FY23-28), to be deployed in phases. For FY24, Granules had earmarked Rs2.5bn, comprising Rs1bn for land acquisition and civil work at Kakinada and

Rs1.5bn for the DCDA pilot-plant infrastructure + a commercial PAP facility. The company has successfully commissioned and operationalized the DCDA pilot plant at Vizag, which began pilot-scale manufacturing in Mar-24. This facility demonstrates India's first industrial-scale biocatalysis-based DCDA production, validating the technical feasibility of using green-chemistry platforms for KSM manufacturing at a meaningful scale. The pilot plant has been built with a nominal capacity of 108mtpa, with its primary objective being to stabilize and master this technology before scaling to commercial production at the Kakinada site.

However, the CZRO initiative has encountered multiple headwinds, necessitating a strategic recalibration of timelines and capital-deployment priorities. Paracetamol API prices saw a sharp correction in FY24 due to global oversupply and continued inventory destocking by customers. This collapse significantly altered the economic rationale for PAP backward-integration under CZRO. When Granules announced the CZRO initiative in FY23, Paracetamol API prices were at healthy levels, making inhouse PAP production attractive for margin improvement. However, with prices declining in FY24, the economics of internal PAP manufacturing became substantially less compelling. As a result, Granules is now proceeding with caution, with plans to focus on CZRO scale-up only at the appropriate time (for instance, an increased emphasis on ESG in US/Europe which could result in Granules being able to command a higher price vs Chinese players on the back of sustainable manufacturing processes).

API business segment

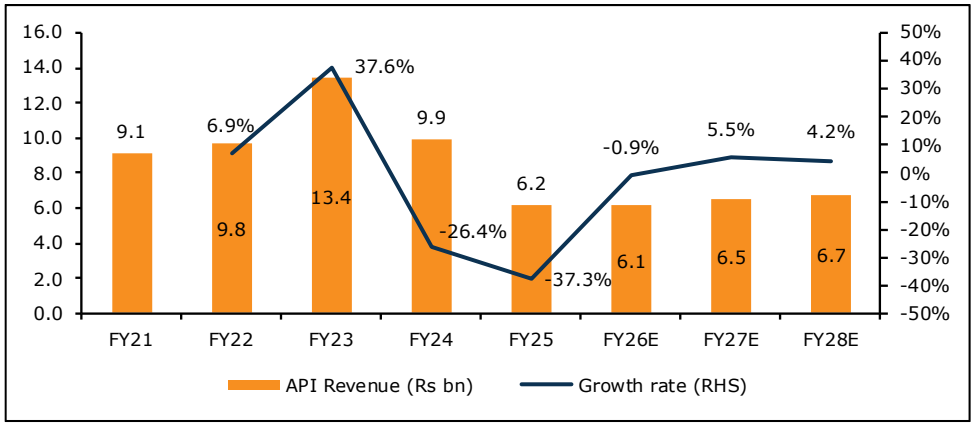
Granules operates one of the most cost-effective and efficient API manufacturing operations globally, with leadership in high-volume, first-line of defense molecules. The API business remains the foundation of Granules's competitive advantage through vertical integration, allowing the company to capture margins at every stage and ensure supply security for its growing formulations portfolio. The API segment has undergone a significant transformation over the past four decades, evolving from a single-molecule (Paracetamol) in 1984 into a highly integrated, globally competitive API platform. The segment's revenue contribution has declined from ~48% in FY18 to ~14% in FY25, reflecting a strategic pivot toward higher margin finished dosage formulations.

Over four decades, Granules has evolved from a single manufacturing facility in Hyderabad into a network of five dedicated API manufacturing complexes, with an aggregate installed capacity of ~40,000tpa, spanning high-volume commodity molecules to complex oncology products. The company's API portfolio is anchored by legacy molecules, which continue to be the foundation of the business. Paracetamol remains the flagship product, with Granules operating the world's largest single-site Paracetamol manufacturing facility at Bonthapally. The plant has an installed capacity of 34,560tpa, featuring state-of-the-art automation with 5.2-tonne batch sizes and produces five distinct grades of Paracetamol. Metformin is the second-largest API by both volume and revenue. While Metformin was historically manufactured at the Jeedimetla facility, Granules undertook significant capacity expansion at its Bonthapally site during FY16-18, adding ~7,000tpa to cater to the rising global demand. Guaifenesin and Methocarbamol are produced at the multi-product Jeedimetla facility. Ibuprofen was historically sourced through a strategic joint venture with Biocause in China established in 2007. The company divested this stake in FY19-20 as part of a deliberate focus on core manufacturing operations and developed alternative supply arrangements.

Beyond its core portfolio, Granules has progressively expanded into emerging API categories through a combination of strategic acquisitions and organic development initiatives. The acquisition of Auctus Pharma in 2014 added a multi-product API facility in Vizag along with 12 APIs, significantly broadening the company's molecule base. The commissioning of the Vizag Unit V facility between 2015 and 2019 marked Granules's strategic entry into specialty, high-barrier APIs, including oncology molecules and high-potency APIs (HPAPIs). The facility has dedicated capacities of 4.33kl for oncology and 10.53kl for non-oncology products. In parallel, the company has invested in controlled substance API development at its Pragathi Nagar R&D facility in Hyderabad. Granules has strengthened this site with specialized infrastructure and a skilled technical team focused on Schedule II (CII) API development, enabling efficient scale up and smooth technology transfer to its US formulation subsidiary, GPI, post-development. Most recently, the acquisition of Senn Chemicals AG in Apr-25 has

positioned Granules at the forefront of peptide API manufacturing, including GLP 1 receptor agonists, one of the fastest-growing pharmaceutical segments globally. Granules is currently developing two GLP 1 APIs for its generic pipeline and is establishing a dedicated Centre of Excellence for Peptide Development at IIT Hyderabad to complement Senn's Swiss operations.

Exhibit 49: API revenue and growth trajectory



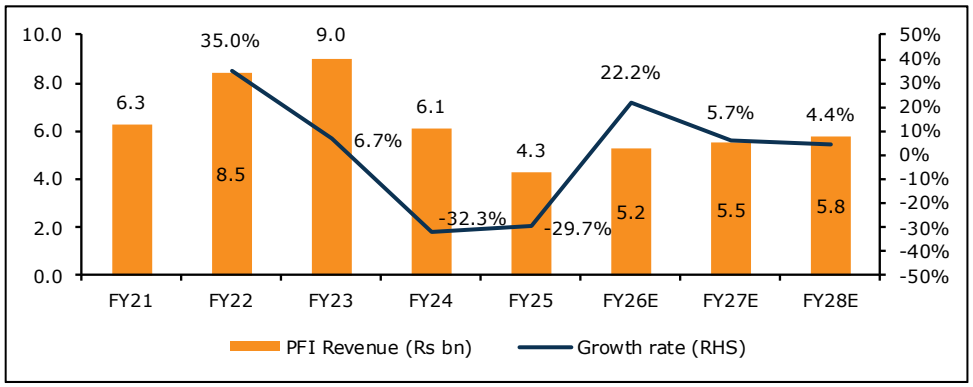
Source: Company, Emkay Research

PFI (Pharmaceutical Formulation Intermediates)

Granules is a global pioneer and market leader in the Pharmaceutical Formulation Intermediates (PFI) business model. The company conceptualized and commercialized PFIs in the early 1990s as an innovative manufacturing solution aimed at lowering costs and improving operational efficiency for finished dosage manufacturers. PFIs are preprocessed, formulation-ready intermediates that can be transferred directly from drums to hoppers and compressed into tablets or filled into capsules, thereby eliminating multiple intermediate processing steps typically required in conventional formulation manufacturing. Granules identified a structural inefficiency in the value chain where most finished dosage manufacturers were performing capital-intensive granulation and pre-formulation processes in-house, despite lacking scale efficiencies. This resulted in elevated production costs, longer development timelines, higher capital expenditure requirements, and increased operational complexity. By industrializing and centralizing these intermediate processing steps at scale, Granules reshaped formulation economics for its customers while embedding itself into their supply chains.

The PFI portfolio is centered on high-volume, legacy molecules, including Paracetamol, Metformin, and Ibuprofen, offering customers formulation-ready intermediates. Granules benefits from industry-leading scale in these products, with an installed PFI manufacturing capacity of 24,640tpa across its Gagillapur facility (23,200tpa) and the Jeedimetla facility (1,440tpa). This positions Granules among the world's largest PFI manufacturers, supported by industry leading batch sizes of up to 6ton. The PFI business serves as a crucial bridge within Granules's vertically integrated model, enabling the company to capture incremental value from backward-integrated APIs while simultaneously supporting the scale-up of its rapidly growing Finished Dosage Formulations segment.

Exhibit 50: PFI revenue and growth trajectory



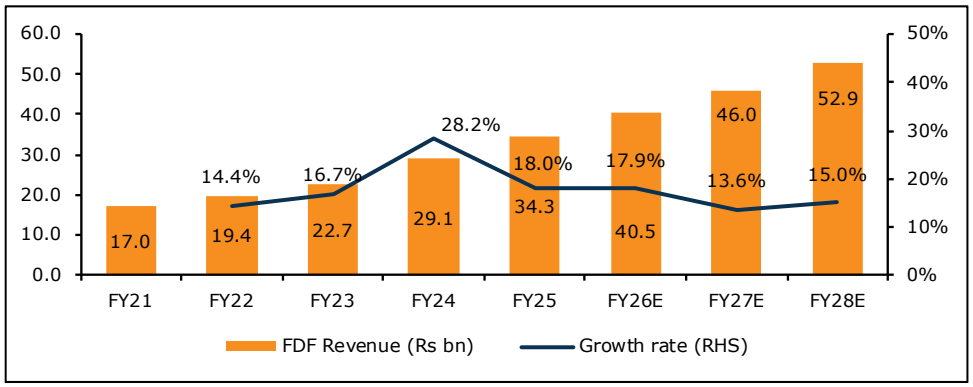
Source: Company, Emkay Research

FDF (Finished Dosage Formulations)

Granules manufactures finished dosages across multiple facilities, including Gagillapur, Vizag (Unit V), Granules Pharmaceuticals Inc (GPI) in Virginia, and the newly established Granules Life Sciences (GLS) facility at Genome Valley, Hyderabad. Gagillapur is among the world's largest single-site finished dosage manufacturing facilities, with annual capacity of 26.8bn units. The facility also houses a large-scale, dedicated Multi Unit Pellet System (MUPS) block, built following an investment of ~Rs2.4bn to support the manufacture of complex formulations. Several products from this block have already received regulatory approvals, with the company aiming to become one of the largest MUPS suppliers globally. The GPI facility in Virginia focuses on the development and commercialization of low-volume, high-complexity generic formulations, particularly in the CNS/ADHD segment. The site is approved by both the USFDA and the DEA (for controlled substances), and has an annual manufacturing capacity of 2bn units. It also includes a dedicated packaging facility designed to streamline the supply chain for both OTC and Rx products in the US market. The Vizag (Unit V) facility holds EU GMP, WHO GMP, and USFDA approvals, is designed to manufacture high potency and oncology formulations, and is poised to commence commercial production. Meanwhile, the Genome Valley facility was commercialized in Mar-24 and is expected to reach full utilization by FY27. Phase I has started supplying monograph products to the US market, while Phase II will expand into prescription formulations, scaling up total capacity to 10bn units and increasing Granules's overall manufacturing scale by ~40%.

As of 3QFY26, Granules has filed 88 ANDAs in the US, of which 67 have received final approval. In Europe, the company has submitted 18 applications, with 8 approvals to date. In Canada, all 7 filed applications have been approved, while in Rest of World (RoW) markets, Granules has filed 15 applications, of which 8 have been approved. These approvals have enabled successful product launches across the US, Europe, and Canada, while also expanding the company's commercial footprint in Latin America and other RoW markets. The rising diversification of the portfolio beyond the company's five legacy molecules (Paracetamol, Ibuprofen, Metformin, Guaifenesin, and Methocarbamol) is reflected in the rising contribution of non-legacy products which increased from 16% of the total revenue in FY23 to 38% in FY25. The Genome Valley facility is expected to play a pivotal role in accelerating exports to the US and European markets, supported by a dual-source manufacturing strategy alongside the Gagillapur facility. Going forward, growth momentum is expected to be driven by three key developments: 1) continued scale-up of CNS/ADHD formulations from the GPI facility in the US, 2) ramp-up of legacy product exports from Genome Valley, and 3) commercialization of oncology and complex generic formulations from the Vizag (Unit V) facility.

Exhibit 51: FDF revenue and growth trajectory



Source: Company, Emkay Research

Granules India: Consolidated Financials and Valuations

Profit & Loss

Y/E (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	**45,064**	**44,816**	**53,277**	**59,999**	**67,826**
Revenue growth (%)	(0.1)	(0.5)	18.9	12.6	13.0
EBITDA	**8,560**	**9,452**	**11,561**	**13,770**	**16,482**
EBITDA growth (%)	(6.3)	10.4	22.3	19.1	19.7
Depreciation & Amortization	2,073	2,255	2,899	3,374	3,856
EBIT	**6,486**	**7,197**	**8,662**	**10,395**	**12,626**
EBIT growth (%)	(11.1)	11.0	20.3	20.0	21.5
Other operating income	-	-	-	-	-
Other income	44	129	154	218	403
Financial expense	1,058	1,032	1,092	1,043	988
PBT	**5,472**	**6,294**	**7,724**	**9,570**	**12,041**
Extraordinary items	0	308	0	0	0
Taxes	1,419	1,587	1,931	2,392	3,010
Minority interest	0	0	0	0	0
Income from JV/Associates	0	0	0	0	0
Reported PAT	**4,053**	**5,015**	**5,793**	**7,177**	**9,030**
PAT growth (%)	(21.5)	23.7	15.5	23.9	25.8
Adjusted PAT	**4,053**	**4,708**	**5,793**	**7,177**	**9,030**
Diluted EPS (Rs)	**16.7**	**19.4**	**23.8**	**29.0**	**34.4**
Diluted EPS growth (%)	(21.2)	16.1	22.4	21.9	18.8
DPS (Rs)	**1.5**	**1.5**	**1.9**	**2.3**	**2.8**
Dividend payout (%)	**9.0**	**7.2**	**8.0**	**8.0**	**8.0**
EBITDA margin (%)	19.0	21.1	21.7	23.0	24.3
EBIT margin (%)	14.4	16.1	16.3	17.3	18.6
Effective tax rate (%)	25.9	25.2	25.0	25.0	25.0
NOPLAT (pre-IndAS)	**4,804**	**5,383**	**6,496**	**7,796**	**9,469**
Shares outstanding (mn)	242	243	244	248	262

Source: Company, Emkay Research

Balance Sheet

Y/E (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Share capital	242	243	248	248	273
Reserves & Surplus	32,013	36,913	48,894	55,497	74,749
Net worth	**32,255**	**37,156**	**49,142**	**55,745**	**75,022**
Minority interests	0	0	0	0	0
Non-current liab. & prov.	(140)	(365)	(365)	(365)	(365)
Total debt	**12,232**	**12,858**	**12,558**	**10,858**	**9,158**
Total liabilities & equity	**45,645**	**51,656**	**64,157**	**69,834**	**88,121**
Net tangible fixed assets	17,311	20,221	23,855	27,243	30,343
Net intangible assets	2,517	2,123	1,791	1,464	1,141
Net ROU assets	1,250	1,954	2,729	3,402	3,957
Capital WIP	2,595	4,369	4,369	4,369	4,369
Goodwill	0	0	0	0	0
Investments [JV/Associates]	-	-	-	-	-
Cash & equivalents	**3,864**	**5,964**	**12,042**	**11,852**	**24,335**
Current assets (ex-cash)	25,187	25,191	28,680	32,042	35,931
Current Liab. & Prov.	9,194	10,191	11,336	12,564	13,981
NWC (ex-cash)	**15,993**	**15,000**	**17,344**	**19,478**	**21,950**
Total assets	**45,645**	**51,656**	**64,157**	**69,834**	**88,121**
Net debt	8,368	6,894	516	(994)	(15,177)
Capital employed	45,645	51,656	64,157	69,834	88,121
Invested capital	**35,820**	**37,343**	**42,991**	**48,184**	**53,434**
BVPS (Rs)	133.1	153.2	201.5	225.0	285.9
Net Debt/Equity (x)	0.3	0.2	-	-	(0.2)
Net Debt/EBITDA (x)	1.0	0.7	-	(0.1)	(0.9)
Interest coverage (x)	6.2	7.1	8.1	10.2	13.2
RoCE (%)	**15.7**	**15.5**	**15.8**	**16.5**	**17.3**

Source: Company, Emkay Research

Cash flows

Y/E (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
PBT (ex-other income)	5,428	6,165	7,570	9,352	11,638
Others (non-cash items)	284	(117)	0	0	0
Taxes paid	(1,903)	(1,438)	(1,931)	(2,392)	(3,010)
Change in NWC	(2,547)	768	(2,344)	(2,133)	(2,473)
Operating cash flow	**4,394**	**8,666**	**7,286**	**9,244**	**10,999**
Capital expenditure	(3,725)	(6,545)	(6,202)	(6,435)	(6,633)
Acquisition of business	0	0	0	0	0
Interest & dividend income	-	-	-	-	-
Investing cash flow	**(3,602)**	**(6,913)**	**(5,813)**	**(5,902)**	**(5,837)**
Equity raised/(repaid)	-	-	5	0	25
Debt raised/(repaid)	1,646	626	(300)	(1,700)	(1,700)
Payment of lease liabilities	(376)	68	40	100	156
Interest paid	(1,058)	(1,032)	(1,092)	(1,043)	(988)
Dividend paid (incl tax)	(363)	(364)	(463)	(574)	(722)
Others	227	(223)	6,416	(315)	10,551
Financing cash flow	**77**	**(925)**	**4,606**	**(3,532)**	**7,322**
Net chg in Cash	869	828	6,078	(190)	12,484
OCF	4,394	8,666	7,286	9,244	10,999
Adj. OCF (w/o NWC chg.)	6,941	7,898	9,630	11,377	13,472
FCFF	669	2,121	1,084	2,809	4,366
FCFE	(389)	1,088	(8)	1,766	3,379
OCF/EBITDA (%)	51.3	91.7	63.0	67.1	66.7
FCFE/PAT (%)	(9.6)	21.7	(0.1)	24.6	37.4
FCFF/NOPLAT (%)	**13.9**	**39.4**	**16.7**	**36.0**	**46.1**

Source: Company, Emkay Research

Valuations and key Ratios

Y/E	FY24	FY25	FY26E	FY27E	FY28E
P/E (x)	37.1	30.0	26.1	21.4	18.0
P/CE(x)	24.5	21.6	17.4	14.6	12.6
P/B (x)	4.7	4.0	3.1	2.8	2.2
EV/Sales (x)	3.5	3.5	3.0	2.6	2.3
EV/EBITDA (x)	18.5	16.8	13.7	11.5	9.6
EV/EBIT(x)	24.5	22.1	18.3	15.3	12.6
EV/IC (x)	4.4	4.3	3.7	3.3	3.0
FCFF yield (%)	0.4	1.3	0.7	1.8	2.8
FCFE yield (%)	(0.3)	0.7	-	1.1	2.2
Dividend yield (%)	0.2	0.2	0.3	0.4	0.4
DuPont-RoE split					
Net profit margin (%)	9.0	10.5	10.9	12.0	13.3
Total asset turnover (x)	1.1	1.0	1.0	0.9	0.9
Assets/Equity (x)	1.4	1.4	1.3	1.2	1.2
RoE (%)	**13.4**	**13.6**	**13.4**	**13.7**	**13.8**
DuPont-RoIC					
NOPLAT margin (%)	10.7	12.0	12.2	13.0	14.0
IC turnover (x)	1.3	1.2	1.3	1.3	1.3
RoIC (%)	**14.1**	**14.7**	**16.2**	**17.1**	**18.6**
Operating metrics					
Core NWC days	129.5	122.2	118.8	118.5	118.1
Total NWC days	**129.5**	**122.2**	**118.8**	**118.5**	**118.1**
Fixed asset turnover	2.4	2.1	2.2	2.2	2.3
Opex-to-revenue (%)	36.2	40.4	42.9	42.2	41.4

Source: Company, Emkay Research

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ADD	5-15% upside
REDUCE	5% upside to 15% downside
SELL	>15% downside

Emkay Global Financial Services Ltd.
CIN - L67120MH1995PLC084899
7th Floor, The Ruby, Senapati Bapat Marg, Dadar - West, Mumbai - 400028. India
Tel: +91 22 66121212 Fax: +91 22 66121299 Web: www.emkayglobal.com

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Seshadri Kumar Sen

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