

Granules India 2.0: Scale is Built, Growth is Next

BUY

October 1, 2026 | CMP: INR 847 | Target Price: INR 1,010

Sector View: Positive

Change in Estimates	✖
Change in Target Price	✖
Change in Recommendation	✖

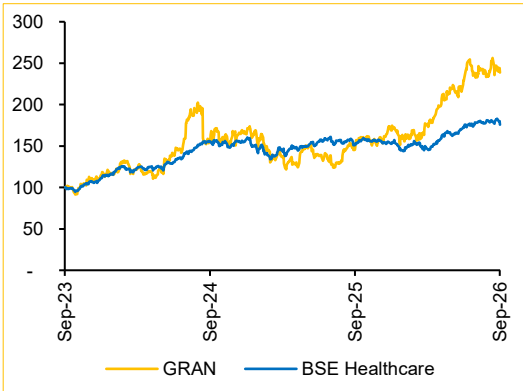
Company Info	
BB Code	GRAN IN EQUITY
Face Value (INR)	1.0
52-week High/Low (INR)	922 / 520
Mkt Cap (Bn)	INR 208 / USD 2.2
Shares o/s (Mn)	273
3M Avg. Daily Volume	1,09,53,336

Change in CIE Estimates						
	FY27E			FY28E		
INR Bn	New	Old	Dev. (%)	New	Old	Dev. (%)
Revenue	65.6	65.6	-	80.5	80.5	-
EBITDA	15.1	15.1	-	19.1	19.1	-
EBITDAM %	23.0	23.0	-	23.7	23.7	-
PAT	8.2	8.2	-	11.0	11.0	-
EPS (INR)	30.0	30.0	-	40.4	40.4	-

Key Financials					
INR Bn	FY25	FY26	FY27E	FY28E	FY29E
Revenue	44.8	53.7	65.6	80.5	95.8
YoY (%)	(0.5)	19.7	22.2	22.7	19.1
EBITDA	9.5	11.9	15.1	19.1	23.0
EBITDAM %	21.1	22.1	23.0	23.7	24.0
PAT	5.0	6.0	8.2	11.0	13.8
EPS (INR)	20.7	24.0	30.0	40.4	50.7
ROE %	13.5	11.7	11.8	13.8	15.0
ROCE %	14.4	13.8	14.2	16.8	18.4
PE(x)	41.0	35.3	28.2	21.0	16.7
EV/EBITDA	22.5	18.0	14.7	11.4	9.1

Shareholding Pattern (%)			
	Sep 2026	Jun 2026	Mar 2026
Promoters	37.39	38.01	38.02
FIIIs	20.29	17.50	15.31
DIIIs	15.40	16.11	17.01
Public	26.93	28.36	29.67

Relative Performance (%)			
YTD	3Y	2Y	1Y
BSE Healthcare	75.6	13.1	16.2
DRRD	138.6	51.6	64.0



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Plant Visit Note

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Controlled Substances at Scale, Complex Generics and Oncology Next, Peptides Long Dated

In its Granules 2.0 investor meeting, management mapped clear, well-planned themes it expects to drive its next phase of growth. **Controlled substances, complex generics and oncology launches from FY28E form the medium-term growth engines, while peptide CDMO provides a longer-term growth option.**

The **pivot from volume to value** is supported by a strong legacy franchise and a net-cash balance sheet following the Sep-26 warrant proceeds. Organic capex of ~INR 20 Bn over the next 3–4 years is expected to remain milestone-linked.

Controlled substances is already at scale, with Granules moving from #8 to #3 in the US by value, based on the latest IQVIA data cited by the management.

We see the **medium-term growth engines as relatively de-risked**, supported by existing capabilities and a strong pipeline of launches. **Peptide CDMO provides additional long-term optionality** in a fast-growing market. FTF filings are already in place, while the mix shift is becoming visible in reported numbers.

EBITDA margin conversion and a clean Gagillapur re-inspection remain the key near-term catalysts. We maintain our estimate, with Revenue/EBITDA/PAT projected to expand at respective CAGRs of 21%/25% /32% in FY26–29E. We maintain our **TP at INR 1,010** and continue to view Granules as a **high-conviction pick** as these growth engines translate into earnings.

Granules 2.0 Growth Runway: Medium-term Engines, Long-term Lever

MEDIUM-TERM ENGINES			LONG-TERM LEVER
Controlled Substances	Complex Generics	Oncology	Peptide CDMO
#3	~33%	FY28E	USD 100 Mn
US rank by value (#8 in Jul-25)	of revenue (1% in FY20)	launches begin	Senn: 5-year revenue ambition
• Adderall XR share: 5% to 29%	• 2 sole-FTF ANDAs filed	• 2 products filed	• USD 50 Mn run-rate in 3 years
• 3 launches in ~12 months	• 4–5 more FTFs in pipeline	• ~6 more to file by early next year	• Profitable in FY27
			• Oligo and ADC extension
CORE FUNDS THE GROWTH: Legacy + CII Net cash post Sep-26 warrants ~INR 20 Bn capex (3–4 yrs)			

Source: GRAN, CIE

Key Themes Discussed

Controlled Substances' Scale is Proven and Still Compounding

- Granules ranks #3 in US controlled substances by value, up from #8 in July 2025. Adderall XR share has risen from 5% to 29%.
- Supply remains constrained, with the Adderall shortage unresolved as of June 2026. Granules benefits from near-100% service levels, a clean DEA record and US-based API and finished dosage manufacturing.
- Pipeline depth provides further upside, with methylphenidate coverage rising from 6% to 87% and dexamethylphenidate from 39% to ~89% of market value. Adderall IR and three further launches are due in the next ~12 months.
- Competitor supply constraint create an additional advantage, with several approved players unable to manufacture complex products consistently and retain quota.

Complex generics increased from 1% to 33% of revenue in FY20 to FY26.

The reset to selective, differentiated entry makes oncology a third, medium-term engine.

Senn targets USD 100 Mn revenue in five years, about 36% to 38% annual growth, against a market growing at ~16%.

Gagillapur reinspection: All 100+ CAPAs are closed and the FDA is expected any time now, so, clearance would remove the main regulatory overhang.

Complex Generics and First-to-File Launches Lift Value Per Product

- Complex generics rose from 1% of revenue in FY20 to 33% in FY26, **shifting growth from volume-led filings towards higher value per product.**
- **Exclusivity supports pricing**, with the FDA estimating a ~52% price decline after the second generic entrant.
- **Two sole-FTF ANDAs**, gLumryz and gDyanavel, target a combined US innovator market above USD 350 Mn.
- Sole FTF opportunities are increasingly scarce. Granules targets 10–20% of its portfolio in these products, with 95+ US ANDAs filed and annual filings scaling from 6-10 towards 10-15.

Oncology Reset Adds a Third Medium-term Engine

- Granules is **shifting towards selected oncology molecules** with differentiated formulations and early entry, leveraging existing API, formulation R&D, ASD and Vizag Unit V capacity.
- Capital deployment remains milestone-linked across development, regulatory and commercial stages, limiting upfront risk. Revenue contribution is yet to begin.
- **Two products have been filed**, with one already present in ~15 countries. **~6 additional filings are planned by early next year**, including sole FTF and NCE-1 opportunities. Launches are expected from FY28E.
- Competition remains active among domestic peers, but **Granules is targeting differentiation through formulation depth and early entry rather than portfolio breadth.**

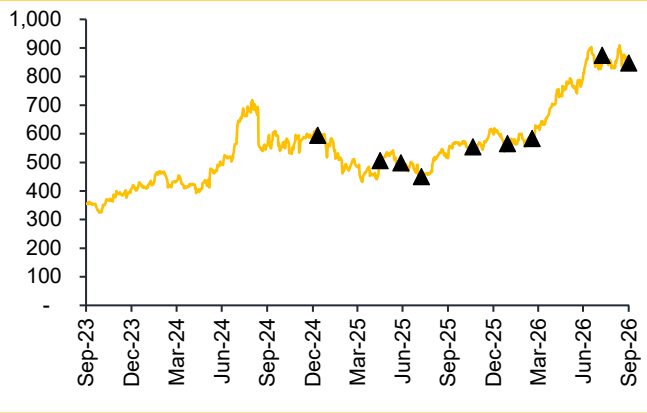
Peptide CDMO is Long-term Growth Lever

- **Senn combines 60+ years of peptide expertise and innovator relationships** with Indian scale and cost advantages.
- Revenue was ~USD 20 Mn last year, split broadly across development, commercial and CDMO work.
- **The peptide CDMO market is projected to grow rapidly**, with one estimate at USD 4.5 Bn in 2025 and ~16.2% CAGR through 2035.
- **~800 peptide drug projects are under development**, supporting demand for specialist CDMOs.
- **Senn targets USD 50 Mn revenue in three years and USD 100 Mn in five**, with profitability expected in FY27. **This implies ~36–38% annual growth**, well above the estimated average market growth. Successful innovator programmes could add further upside.
- Competition remains high, with 75+ CDMOs offering peptide API manufacturing.
- **Senn starts from a small base, leaving significant headroom if execution remains on track.** Oligonucleotides and ADCs provide additional platform optionality.

Margin and Balance Sheet Fund the Runway

- **Remediation and failure-to-supply costs of ~INR 1 Bn is expected to roll off.** With >50% of the cost base fixed, operating leverage should improve as volumes scale. Peptide CDMO is expected to turn profitable in FY27.
- Granules is now **net-cash following the Sep-26 warrant proceeds.** CFO/EBITDA averaged ~73% over four years, while free cash flow remained positive from FY23 to FY26.
- ~INR 20 Bn of capex over the next 3–4 years is milestone-linked.

Historical Price Chart: GRAN



Date	Rating	Target Price
January 27, 2025	HOLD	623
May 29, 2025	BUY	640
June 27, 2025	BUY	640
August 13, 2025	BUY	640
November 14, 2025	ADD	660
January 24, 2025	BUY	690
April 30, 2026	ADD	835
July 21, 2026	BUY	1,110
September 17, 2026	BUY	1,010

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Choice Rating Distribution & Methodology

Large Cap*	
BUY	The security is expected to generate upside of 15% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 15% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -5% over the next 12 months
SELL	The security is expected to show downside of 5% or more over the next 12 months
Mid & Small Cap*	
BUY	The security is expected to generate upside of 20% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 20% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -10% over the next 12 months
SELL	The security is expected to show downside of 10% or more over the next 12 months
Other Ratings	
NOT RATED (NR)	The stock has no recommendation from the Analyst
UNDER REVIEW (UR)	The stock is under review by the Analyst and rating may change
Sector View	
POSITIVE (P)	Fundamentals of the sector look attractive over the next 12 months
NEUTRAL (N)	Fundamentals of the sector are expected to be in stasis over the next 12 months
CAUTIOUS (C)	Fundamentals of the sector are expected to be challenging over the next 12 months

*Large Cap: More Than INR 20,000 Cr Market Cap
*Mid & Small Cap: Less Than INR 20,000 Cr Market Cap

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