

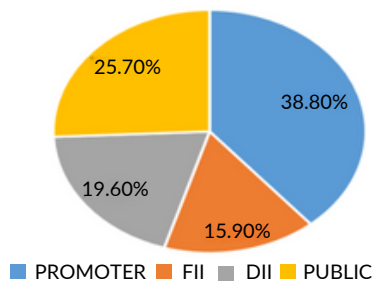
### Key Data

BSE Code	532482
NSE Code	GRANULES
52 Week High (₹)	725
52 Week Low (₹)	382
Market Cap (₹ Cr.)	12713
Face Value	1
Coverage Reported Date	18-Oct-24

### Industry Snapshot

Customers	Global
Market Presence	Global
Govt. Regulations	High
Msearch View	Positive

### Shareholding Pattern



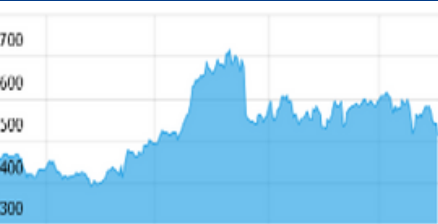
### Promoters/ Management

Mr. Krishna Prasad Chigurupati	Chairperson-MD
Mr. Kandiraju Venkata Sitaramrao	CEO
Mrs. Uma Devi Chigurupati	Executive Director
Mr. Harsha Chigurupati	Executive Director

### Key Ratios

PE	26.6
9MFY 2025 EPS	14.41
ROE	13.40%
ROCE	15.40%

### Price Chart



### Research Analyst

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### Introduction

Granules India Ltd (GIL) is Hyderabad-based leading vertically integrated, high-growth pharmaceutical company that is specialised in manufacturing active pharmaceutical ingredients (APIs), Pharmaceutical Formulations Intermediates (PFIs) and Finished Dosages (FDs). By FY24, the company has 7 manufacturing facilities, five manufacturing facilities in and around Hyderabad, one in Vishakapatnam and one in the US, the company is one of a global leader in the production of APIs such as Paracetamol, Metformin, Guaifenesin, and Methocarbamol. With 4 decades of establishment it has built a strong global presence, catering to customers in over 80+ countries across the world.

### 3Q FY 2025 Result Update

- GIL revenue fell by 1.1% compared to previous period Q3FY2025 from ₹ 1,149.71 Cr to ₹ 1143.37 Cr in the Q3FY25. While revenue from operations soared by 18.9% on QoQ basis.
- Companies net profit declined by 6.4% to Rs. 117.6 crore in Q3FY25 compared to ₹ 125.6 crore in Q3FY24. Whereas company showed growth of 20.95% on QoQ basis i.e increase in PAT from ₹ 97.23 crore to ₹ 117.6 crore. Company's PAT margin decreased by 59 bps to 10.3% in Q3FY25 from 10.9% in Q3FY24.
- The company's EBITDA declined by 6% to ₹ 230.2 crore compared to ₹ 244.6 crore in Q3FY24, with EBITDA margins contracting by 110 bps to 20.2% from 21.3%. This decline was primarily due to higher freight costs, FTS and professional expenses incurred in relation to the USFDA inspection. Additionally, the company voluntarily paused production at its Gagillapur plant in Sept 2024 to conduct a risk assessment following USFDA observations, impacting overall performance during the quarter.

### Company Updates and Management Guidance

- The North American market emerged as a key driver for the company, contributing 77% of its total revenue in the quarter, compared to 66% in the corresponding period last year.
- Finished dosages remained the largest revenue contributor, accounting for 76% of the total, while API and Pharmaceutical Formulation Intermediates contributed 12% each.
- Key drivers include new launches from their GPI facility in the US, growth from large volume products in the US and Europe, capacity addition and commercialization of greenfield formulation facility at Genome Valley, value chain advancements in Europe and their expanding oncology pipeline from Unit V in Vizag.
- In Q2FY25, company have received US FDA approval for Lisdexamphetamine chewable tablets.
- As on date, Granules has 83 ANDAs in the US with 15 ANDAs awaiting approval, 12 applications in Europe with 4 awaiting approval and 15 applications in rest of the world with 8 awaiting approval.
- Granules is developing medicines to serve the fastest growing therapeutic segments and health concerns in the US and world.
- Diabetes treatment is another cornerstone of the company's portfolio. Company is currently working on 8 to 9 diabetic medication portfolio and it is anticipating submitting several of the medications for approval in the upcoming quarters.

### MView

We continue to recommend Granules India's as a long term investment story due to its strong growth seen in its largest revenue contributor Finished dosages which accounts to ~76% of the total business. Despite weaker Q3FY25 in terms of topline & bottom-line, we expect healthy recovery in production from its Gagillapur plant in coming quarters which can uplift margins. Expecting progress in GIL's greenfield formulation expansion is on track, driving future growth in topline as well as bottom-line. Overall GIL has been a key beneficiary of the growth of the Indian pharmaceutical sector, which has been driven by factors such as increasing healthcare spending and a growing population. Based on our estimation and growth prospects, we are assigning a "HOLD & ACCUMULATE MORE ON DIPS" with a 12-15 months investment horizon.

### Technical View

Technically, based on the monthly time frame charts, Granules India appears to be in an accumulation zone between ₹ 480 - ₹ 520. With the stock trading within this strong accumulation zone, we believe it presents a good buying opportunity for potential upside targets of ₹ 720 - ₹ 800 over the next year. A major support level is near ₹ 440, which should serve as a potential stop-loss to mitigate investment risk.



## CONSOLIDATED FINANCIAL TABLES

### BASIC FINANCIAL DETAILS

Particulars ₹ (in Cr)	31-12-2025	31-12-2024	YoY (%)	31-09-2024	QoQ (%)	9MFY 2024	9MFY 2025	YoY (%)
Revenue from Operations	1137.6	1149.7	-1.1%	956.5	18.9%	3321.1	3259.1	-2%
<b>Expenses:</b>								
Raw Material Consumed	444.7	553.2	-19.6%	362.4	22.7%	1661.6	1290.2	-22%
Stock Adjustment	-9.1	-55.9	-83.7%	4.7	-291.4%	-110	-2.9	-97%
Employee Expenses	167.6	157	6.8%	159.4	5.1%	446.1	490.6	10%
Other Expenses	304	250.7	21.3%	236.6	28.5%	83.7	90.2	8%
Total Expenditure	907.4	905.11	0.3%	763.3	18.9%	2730.3	2591.3	-5%
<b>EBITDA</b>	<b>230.2</b>	<b>244.6</b>	<b>-5.9%</b>	<b>193.2</b>	<b>19.1%</b>	<b>590.7</b>	<b>667.8</b>	<b>13%</b>
<b>EBITDA Margin</b>	<b>20.2%</b>	<b>21.3%</b>	<b>-4.9%</b>	<b>20.2%</b>	<b>0.2%</b>	<b>17.8%</b>	<b>20.5%</b>	<b>15%</b>
Other Income	5.6	0.6	773.8%	3.26	74.2%	2.5	11	335%
Depreciation	56.6	52.3	8.1%	52.5	7.8%	154.1	162	5%
<b>EBIT</b>	<b>179.2</b>	<b>192.8</b>	<b>-7.0%</b>	<b>143.9</b>	<b>24.5%</b>	<b>439.1</b>	<b>516.8</b>	<b>18%</b>
<b>EBIT Margin</b>	<b>15.8%</b>	<b>16.8%</b>	<b>-6.1%</b>	<b>15.1%</b>	<b>4.7%</b>	<b>13.2%</b>	<b>15.9%</b>	<b>20%</b>
Interest	26.5	28.6	-7.3%	25.6	3.5%	77	79.2	3%
PBT	152.7	170.1	-10.2%	128.3	19%	371.5	462.6	24%
Tax	36.9	54	-31.7%	31.2	18.1%	115.9	121	4%
Deferred Tax	-1.7	-9.6	-81.8%	-0.1	1246.2%	-20	-7.8	61%
<b>PAT</b>	<b>117.6</b>	<b>125.6</b>	<b>-6.4%</b>	<b>97.2</b>	<b>21%</b>	<b>275.6</b>	<b>349.4</b>	<b>27%</b>
<b>PAT Margin</b>	<b>10.3%</b>	<b>10.9%</b>	<b>-5.4%</b>	<b>10.2%</b>	<b>1.7%</b>	<b>8.3%</b>	<b>10.7%</b>	<b>29%</b>
Equity Capital	24.2	24.2		24.2		24.2	24.2	
Face Value	1	1		1		1	1	
Outstanding Shares	24.2	24.2		24.2		24.2	24.2	
Diluted EPS	4.8	5.1	-6.4%	4.01	21%	11.3	14.4	



# MSEARCH

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**Buy: > 20% within the next 12 Months**

**Accumulate: 5% to 20% within the next 12 Months**

**Sell : < -20% within the next 12 Months**

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