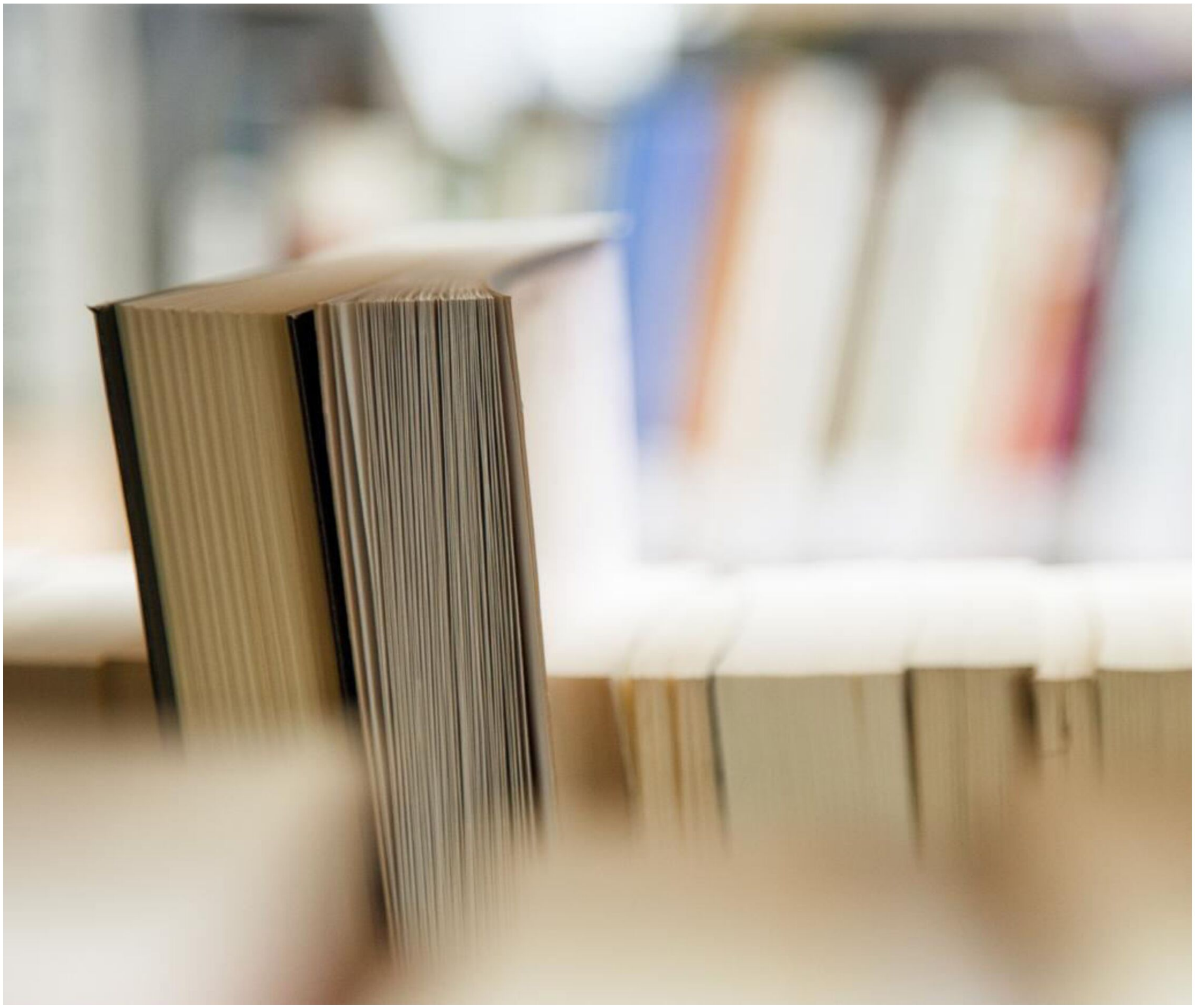

Equity Valuation of Granules India Limited

SVRJ & Co LLP
Chartered Accountants

Dt. December 22, 2025

To,
The Board of Directors,
Granules India Limited,
15th Floor, Granules Tower, Botanical Garden Road,
Kondapur, Hyderabad, Telangana – 500084, India.

Dear Sir,

Sub: “Equity Valuation report” of Granules India Limited

With reference to the engagement letter dated December 19, 2025 and as desired, we enclose herewith our Report on fair valuation of equity shares of Granules India Limited as of December 22, 2025 for the purpose as stated in the report.

Thanking You,

Rakesh Jain

VIRA Financial Advisors Pvt. Ltd. Hyderabad

For SVRJ & Co LLP
Chartered Accountants
FRN. 013164S/S200064

For VIRA Financial Advisors Private Limited
(An IBBI Registered Valuer Entity)
IBBI Regn. No. IBBI/RV-E/06/2020/133

Rakesh Jain
Chartered Accountant and
IBBI Regd. Valuer
ICAI Regn No. 218197
IBBI Regn. No. IBBI/RV/06/2019/11637

VALUATION REPORT

1. ENGAGEMENT, CONTEXT AND PURPOSE

As desired, we have carried out fair valuation attributable to equity holders of **Granules India Limited** (“**GIL**” / “**the Company**”) bearing CIN: **L24110TG1991PLC012471** having its Registered office at **15th Floor, Granules Tower, Botanical Garden Road, Kondapur, Hyderabad – 500084, Telangana, India** at the request of the management of the Company, vide engagement letter dated December 19, 2025, for the purpose of determination of fair valuation of equity shares as of **December 22, 2025** for the purpose of proposed issue of securities on preferential basis.

2. CONDITIONS AND MAJOR ASSUMPTIONS

Conditions

The financial information about the Company presented in the report is included solely for the purpose to arrive at the value determined in this report. We have not audited or reviewed the financial statements and express no assurance on the same. This report is only to be used for the purpose stated in this report.

Assumptions

The value of the Company’s equity given in this report is based on the information provided by the management of the Company. The information as provided are assumed to be accurate and complete. We have relied upon the representation contained in the documents in our possession as well as verbal representation by the management. We have also assumed that the business will be operated prudently and there are no unforeseen adverse changes in the economic conditions affecting the business, the market and the industry. This report presumes that the management of the Company will maintain the character and integrity of the Company through any sale, re-organization or reduction of any owner’s / manager’s participation in the existing activities of the Company.

We have been informed by the management that there are no environmental or toxic or contamination problems, any significant lawsuits or any other undisclosed liabilities which may potentially affect the business.

3. BACKGROUND OF THE COMPANY

Granules India Limited (“GIL” or “the Company”) bearing CIN: L24110TG1991PLC012471 having its Registered office at # 15th Floor, Granules Tower, Botanical Garden Road, Kondapur, Hyderabad – 500084, Telangana, India was incorporated on March 18, 1991, under the Companies Act, 2013.

Rakesh Jain

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Hyderabad

Granules India Limited is a vertically integrated pharmaceutical company engaged in the manufacturing and supply of active pharmaceutical ingredients, pharmaceutical formulation intermediates, and finished dosage forms to global markets. The company focuses on scale, cost efficiency, and quality-driven operations, supported by integrated manufacturing, strong regulatory compliance, and a diversified product portfolio across key therapeutic segments.

The Company has the following wholly owned subsidiaries:

Sl. No.	Name of the Subsidiary	% Holding
1	Granules CZRO Private Limited	100.00%
2	Granules Life Sciences Private Limited	100.00%
3	Ascelis Peptides Private Limited	100.00%
4	Granules Pharmaceuticals Inc, USA	100.00%
5	Granules Pharmaceuticals GmbH, Germany	100.00%

The shareholding pattern of GIL as on December 22, 2025 is as under:

Class of shares	Face Value per share (Rs.)	No. of shares
Equity shares	1.00	24,26,68,716
Fully dilutive number of equity shares		24,26,68,716

Current business overview:

Granules India Limited operates across the pharmaceutical value chain, offering end-to-end capabilities from active pharmaceutical ingredients and formulation intermediates to finished dosage forms. Its operations are supported by integrated manufacturing facilities in India and a global distribution footprint, enabling cost-efficient and reliable supply to customers across regulated and semi-regulated markets. The company serves multiple therapeutic segments with a focus on scale, quality, and compliance.

Granules positions itself as a long-term pharmaceutical partner, supporting customers through product development, process optimization, regulatory compliance, and lifecycle management. Its capabilities span process chemistry, formulation development, large-scale manufacturing, and quality assurance, enabling consistent delivery rather than isolated offerings. The company leverages operational excellence, data-driven decision-making, and continuous improvement to enhance efficiency and sustain value across its global operations.

Market positioning and strengths:

Granules India Limited is positioned as a large-scale, cost-efficient pharmaceutical manufacturer with integrated capabilities across active pharmaceutical ingredients, pharmaceutical formulation intermediates, and finished dosage forms. Its business model is built around scale, backward integration, and operational efficiency, allowing the company to serve both innovator and generic pharmaceutical customers across regulated and semi-regulated markets.

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The company's strengths lie in its strong manufacturing footprint, consistent regulatory compliance, and ability to execute high-volume production with predictable quality. Granules has established long-term relationships with global customers, supported by a diversified product portfolio across key therapeutic areas and a growing presence in value-added formulations. Its focus on process optimization, capacity expansion, continuous R&D pipeline and quality systems enables reliable supply, margin resilience, and repeat business, reinforcing its competitive position within the global pharmaceutical value chain.

Future outlook:

The global pharmaceutical market continues to expand, driven by increasing demand for affordable generics, peptides CDMO, and reliable supply from regulated markets. Granules India Limited is well positioned to benefit from these trends through its integrated manufacturing model, focus on scale-driven efficiencies, and growing presence in finished dosage formulations.

Management's strategy is focused on strengthening its portfolio in high-volume and value-added products, expanding capacities across APIs and formulations, and deepening relationships with global customers in regulated markets. Continued investments in process innovation, quality systems, and regulatory compliance are expected to support margin stability and revenue growth. With a disciplined capital allocation approach, operational leverage from existing assets, and emphasis on backward integration, the company is positioned to achieve sustainable growth and improve profitability over the medium to long term.

4. VALUATION DATE

The analysis of fair value attributable to the equity holders of the Company has been carried out as on December 22, 2025.

5. VALUATION METHODOLOGY AND APPROACH

Generally accepted methods are as follows:

A. Net Asset Method;
B. Earnings Capitalization method;
C. Dividend Yield method;
D. Discounted free cash flow method.

The valuation has been carried out in accordance with the Valuation Standards issued by the Institute of Chartered Accountants of India (ICAI), and in compliance with the applicable provisions of the Income Tax Act, 1961, the Foreign Exchange Management Act, 1999 (to the extent applicable), Regulation 161 to 166A of SEBI (ICDR) Regulations, as relevant to the valuation of the subject matter.

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The methods used for valuation of equity share of the company are as under:

1. Discounted Cash Flow Method.
2. Method prescribed for listed companies under Regulation 161 to 166A of SEBI (ICDR) Regulations.

Fair value has been defined in Accounting Standard 13 (IND AS-13) on 'Fair Valuation' issued by Institute of Chartered Accountants of India and notified by Ministry of Company Affairs as ***'the amount for which an asset could be exchanged between a knowledgeable and willing parties in an arm's length transaction'***. The definition of fair value refers to terms 'knowledgeable and willing parties'. In this context, the term 'knowledgeable' means that both the parties, willing buyer and willing seller, are reasonably informed about the nature and characteristics of the investment property, its actual and potential uses, and market conditions at the end of reporting period. A willing buyer is motivated, but not compelled, to buy. This buyer is neither over-eager nor determined to buy at any price. The assumed buyer would not pay higher price than market comprising knowledgeable, willing buyers and sellers would require. A willing seller is neither over-eager nor a forced seller who has determined to sell at any price nor the one prepared to hold out for a price not considered reasonable in current market conditions. The willing seller is motivated to sell the investment property at market terms for best price obtainable.

5.1 Net Asset Value Method ('NAV')

Under this method shares are valued on the basis of net assets of the Company. This takes into consideration all the liabilities payable to the stakeholders other than equity shareholders. Thus the value of assets available for equity shareholders is considered for the purpose of valuation. The net assets available for equity shareholders are then divided by number of outstanding equity shares to arrive at the net asset value per share.

Net asset value is calculated with reference to the historical costs of the assets owned by the Company. While the historical cost is adopted in respect of the assets that are to continue as a part of the going concern, it is necessary to adjust the market value of non-operating assets like unused land which are capable of being easily disposed without affecting the operations of the Company. However, miscellaneous expenditure and debit balance in profit and loss account is not taken into consideration. Net liability is represented by all external liabilities and preference shareholders claims, if any. This also takes into consideration the borrowings of the Company. Number of shares is the equity share of the company outstanding as on the date of valuation.

Under this approach we estimate what the assets owned by an enterprise are worth currently. We consider what the market will be willing to pay for the assets if they were liquidated on the date of the valuation and evaluate replacement cost of assets on that date. **Application of this method is not suggested in case of enterprises with foreseeable going concern ability.**

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5.2 Discounted free cash flow method

The DCF method values the business by discounting its free cash flows for the explicit forecast period and the perpetuity value thereafter. The free cash flows represent the cash available for distribution to the owners of the business. The perpetuity value of the entity is calculated to fully capture growth capacity of the Company to infinity, after explicit period. Valuation takes into account the past growth rate of the concern as well as future projections for the explicit period, while determining the perpetuity growth rate. The free cash flows and perpetuity are discounted by a Weighted Average Cost of Capital (WACC). WACC is an appropriate rate of discount to calculate the present value of cash flows as it considers equity-business risk and the debt-equity ratio of the Company. The discounted cash inflows are then divided by the number of outstanding shares to arrive at valuation per equity share.

The DCF analysis represents net present value (NPV) of the projected cash flows, net of cash needed to be invested for generating the projected growth. This method is forward looking and depends more on future expectations, rather than historical results. Moreover, this method is focused on cash generating capacity of the entity and is less affected by accounting practices and assumptions.

Considering the factors discussed above, and the fact that estimates have been drawn for future cash flows for next 3-7 years, in our opinion it is the most appropriate method for carrying out fair valuation of equity share of the Company.

5.3 Regulation 161 to 166A of SEBI (ICDR) Regulations

In case of preferential issue of equity shares, the “relevant date” as per Regulation 161 of SEBI (ICDR) Regulations, means the date thirty days prior to the date on which the meeting of shareholders is held to consider the proposed preferential issue:

As informed to us, the Relevant Date for the purpose of determination of floor price will be 23 December 2025.

If the equity shares of the issuer have been listed on a recognized stock exchange for a period of 90 trading days or more as on the relevant date, the price of the equity shares to be allotted pursuant to the preferential issue as per Regulation 164(1) of SEBI (ICDR) Regulations shall be not less than higher of the following:

a. the 90 trading days’ volume weighted average price of the related equity shares quoted on the recognized stock exchange preceding the relevant date; or

b. the 10 trading days’ volume weighted average prices of the related equity shares quoted on a recognized stock exchange preceding the relevant date.

Provided that if the Articles of Association of the issuer provide for a method of determination which results in a floor price higher than that determined under these regulations, then the

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same shall be considered as the floor price for equity shares to be allotted pursuant to the preferential issue.

As informed to us the Articles of Association of the Company (being the issuer) does not provide for any method for determination of the floor price or issue price for issuance of equity shares or any other convertible securities.

As per Regulation 166A of SEBI (ICDR) Regulations any preferential issue, which may result in a change in control or allotment of more than five percent of the post issue fully diluted share capital of the issuer, to an allottee or to allottees acting in concert, shall require a valuation report from an independent registered valuer and consider the same for determining the price.

Provided that the floor price, in such cases, shall be higher of the floor price determined under sub-regulation (1), (2) or (4) of regulation 164, as the case may be, or the price determined under the valuation report from the independent registered valuer or the price determined in accordance with the provisions of the Articles of Association of the issuer, if applicable.

6. VALUATION OF THE COMPANY AND ITS SHARES

Method – I: Discounted Cash Flow (DCF) Method

Under the discounted cash flow method, present value of future cash flows is determined and it is divided by the outstanding number of shares to arrive at fair value per equity share. The management has provided the projections of sales, margins and net profit after tax, capital expenditure, sources of fund and free cash flows for 4.5 years until March 31, 2030. Such free cash flows have been discounted using weighted average cost of capital (WACC).

WACC is the rate that a Company is expected to pay on an average to all its security holders to finance its assets. The WACC is the minimum return that a Company must earn on an existing asset base to satisfy its creditors, owners, and other providers of capital. WACC is calculated after taking into account relative weights of each component of capital structure. The terminal cash flow after projected period has been arrived at by taking the weighted average cost of capital as in Note 6.1 below and perpetuity growth rate of **5.00%** on free cash flow of last year. The present value of terminal cash flow has been added to the present value of the explicit period cash flows.

Weighted Average Cost of Capital is arrived at after giving proportionate weights to the equity and borrowed capital. The management has provided us the mix of equity capital and borrowed funds for the projected period. The cost of equity, cost of debt, projected capital mix, cost of capital (the WACC) computed is tabulated below. These WACCs has been considered for discounting the future cash flows of the Company. Future long-term growth rate is assumed to be at **5.00%.**

6.1 Cost of equity

Cost of equity is computed using capital asset pricing model. The assumptions factored to arrive at appropriate cost of equity is as under:

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Particulars		Remarks
Market rate of Return (Rm)	12.41%	Nifty500 return over 20 years
Risk free return (Rf)	7.34%	20 years ZCYC yield
Beta (β)	0.93	Re-levered beta computed from comparable companies unlevered beta
Risk Premium (Rp = Rm - Rf)	5.07%	
Cost of equity	**12.04%**	
Company specific risk	0.00%	
Adj. Cost of Equity (Ke)	**12.04%**	

6.2 Cost of debt

Cost of debt is arrived at based on average finance cost over the projected period as under:

Particulars	
Average borrowing rate	7.00%
Effective Tax rate	24.00%
Cost of debt (Kd)	**5.32%**

6.3 Weighted Average Cost of Capital

Weighted Average Cost of Capital (WACC) is arrived at after giving proportionate weights to the equity and borrowed capital. Mix of equity capital and borrowed funds is based on industry average – as computed for comparable companies. The cost of equity, cost of debt, projected capital mix, cost of capital (the WACC) computed is tabulated below.

Cost of equity	12.04%
Cost of debt	5.32%
Equity : Debt	75.00 : 25.00
WACC %	**10.36%**

6.4 Fair value under DCF Method:

The fair value as per DCF Method is arrived as under:

Value attributable to equity shareholders as on November 30, 2025 (INR Crs)	**12,837.28**
Forward Value as on December 22, 2025 (INR Crs)	**12,917.70**
Fully dilutive equity shares (numbers)	24,26,68,716
Fair value per equity share as on December 22, 2025 (INR)	**532.32**

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Method – II: Market Price (MP) Method

Under this method, the value of shares of a company is determined by taking the average of the market capitalization of the equity shares of such companies as quoted on a recognized stock exchange over reasonable periods of time where such quotations are arising from the shares being regularly and freely traded in an active market, subject to the element of speculative support that may be inbuilt in the market price.

The equity shares of GIL are listed on the BSE and NSE and are frequently traded in terms of Regulation 164(5) of the SEBI (ICDR) Regulations. Further, the highest trading volume in respect of the equity shares of GIL, during the preceding 90 trading days prior to the Relevant Date, has been recorded on NSE. Regulation 164(1) of the SEBI (ICDR) Regulations prescribes the approach to be followed for pricing of, equity shares in case of a preferential allotment, which is based upon 90 trading days' and 10 trading days' volume weighted average price of the related equity shares on the recognized stock exchange with highest trading volume preceding the relevant date.

In these circumstances, for arriving at the value per equity share of GIL under Market Price method, we have considered the share prices observed on NSE till 22 December 2025 (being the trading day preceding the Relevant Date) under 2 scenarios:

- as per Regulation 164 (1); and
- based on 2 weeks daily volume weighted average for fair value.

In light of the above, and on consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, in order to arrive at the fair value of the equity shares of GIL, we have given equal weight to value based on MP method i.e. price as per Regulation 164 (1) and DCF method.

Value as per regulation 164(1) of the SEBI (ICDR) Regulations: The fair value per share of GIL basis the price calculated as per regulation 164(1)

	Value per share
1. 90 trading days' volume weighted average price on NSE preceding the Relevant Date	527.09
2. 10 trading days' volume weighted average price on NSE preceding the Relevant Date	574.04
Concluded Value under Market Price Method	**574.04**

7 CONCLUSION

Having regard to all the factors in their totality and after considering appropriate weightage of these factors, the fair value per equity share is determined to be **INR 553.18 per share**, which is arrived as under:

Valuation Approach	Value per share (INR)	Weightage
1. Discounted Cash Flow (DCF) Method	532.32	50.00%
2. Market Price Method	574.04	50.00%
Fair Value per Equity Share	**553.18**	

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Note: Net asset value is not considered for the valuation because of the reasons mentioned in Para 5.1 of this report.

8 SOURCES OF INFORMATION

The management has provided the following details / documents and we have relied upon the same:

- Audited consolidated financial statements of the Company for the year 2024-25;
- Provisional consolidated financial statements of the Company of November 30, 2025;
- Consolidated Financial Projections of the Company and its subsidiaries for next 4.5 years till March 31, 2030;
- Capital expenditure, source of capital and depreciation information;
- Shareholding position of the Company as on December 22, 2025;

Further we have relied upon:

- Publicly available information of the Company and similar Companies in the same industry;
- Verbal information provided by the management and employees of the Company.

9 LIMITATIONS AND DISCLAIMERS

Our valuation is based on the information and the explanation furnished to us by the management which we believe is complete in all material respects. The valuation analysis contained herein represents the value on the date specifically stated in the report.

Our scope of the work does not enable us to accept responsibility for the accuracy and completeness of the information provided to us. Although, we have reviewed such data for consistency and reasonableness, we have not investigated or otherwise verified the data provided for material mis-statements. We have, therefore, not performed any audit, review or examination of any of the historical or prospective information used and therefore, do not express any with regard to the same.

The valuation analysis contained herein represents the value on the date specifically stated in this report. Further our report is meant for purpose mentioned in paragraph 1 and should not be used for any purpose other than the purpose mentioned therein. This report is confidential and has been prepared solely for the purpose stated herein. It shall not be copied, reproduced, or circulated, in whole or in part, for any purpose other than that for which it has been prepared, without our prior written consent, except for submission to statutory authorities.

We have relied upon written / oral representation from the management of the Company that the information contained in the report is materially accurate and complete, fair in the manner of its portrayal and therefore forms a reliable basis of the valuation.

Rakesh Jain

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The report is based on the financial projections provided to us by the management of the Company and thus the responsibility for the forecasts and the assumptions on which they are based is solely that of the management of the Company and we do not provide any confirmation or assurance on the achievability of these projections. It must be emphasized that profit forecasts necessarily depend upon subjective judgment. Similarly, we have relied on the data from external sources. These sources are considered to be reliable and therefore, we assume no liability for the accuracy of the data. We have assumed that the business continues normally without any disruptions due to statutory or other external / internal occurrences.

To the extent that the conclusions are based on forecasts, we express no opinion on the achievability of the forecasts. Also, in this connection, neither our firm nor any of our accountants undertake responsibility in any way whatsoever to any person in respect of any error arising out of any incorrect information provided by the management.

The valuation analysis contained herein represents the value only on the date that is specifically stated in this report. The report is issued on the understanding that the management of the Company has drawn our attention to all the matters of which they are aware, which may have an impact on our report up to the date of signature. We have no responsibility to update this report for the events and circumstances occurring after the date of this report.

We have no present or planned future interest in the Company and the fee for this report is not contingent upon the values reported herein.

Our valuation analysis should not be construed as investment advice, specifically, we don't express any opinion on the suitability or otherwise of entering into any transaction with the Company.

Place: Hyderabad

Date: December 22, 2025

Rakesh Jain

VIRA Financial Advisors Pvt. Ltd. Hyderabad

--End of the Report---

About SVRJ & Co LLP, Chartered Accountants:

We are a leading Firm of Chartered Accountants having a combined industry experience of more than 50 years in finance, accounting, taxation and business consulting. We are perfectly positioned to provide services to companies that are looking for an alternative to national or "Big Four" firms.

Our Firm has been founded on the principles of integrity, trust and commitment to customer service. We ensure that we create value for our clients by providing them with excellent timely service to achieve superior results through detailed analysis and minute perfection.

We proactively understand and identify critical issues faced by our clients and help them find a suitable solution. We are motivated by entrepreneurial thinking and want to become a trusted long-term partner in the growth and development of our clients. Our professionals constitute alumni from Deloitte, KPMG, Dr. Reddy's, Indiabulls, Wells Fargo, Hospira, Pfizer, Renault-Nissan, Piramal, NSL Group and other reputable consulting companies. We attract the best in the industry and provide superior services to our clients.

We provide services in the field of Assurance, Taxation, Accounting, Business valuations, Transaction Advisory, Due Diligence, Operations and business performance management, Bankruptcy consulting, international taxation, and transfer pricing, etc.

Our clientele includes companies, both listed and un-listed, based in India, United States of America (USA), Europe and Singapore.

Our locations: Hyderabad | Bengaluru | Chennai | Mumbai

Our website: www.svrjconsulting.com