

**REGISTERED OFFICE**

**GRANULES INDIA LTD.**, 2nd Floor, 3rd Block, My Home Hub,  
Madhapur, Hyderabad - 500 081, Telangana, INDIA.  
Tel: +91 40 30660000, Fax: +91 40 23115145, mail@granulesindia.com, www.granulesindia.com  
CIN: L24110TG1991PLC012471

**Dated October 23, 2019**

To,  
National Stock Exchange of India Limited  
BSE Limited  
Symbol: NSE: GRANULES; BSE: 532482

Dear Sir,

**Sub: Presentation to the Analysts/Investors**

We refer to Un-audited financial results for the second quarter and half-year ended September 30, 2019 submitted to you on 22<sup>nd</sup> October 2019.

We are now enclosing the presentation in this regard to the Analysts/Investors which is also being uploaded on our website.

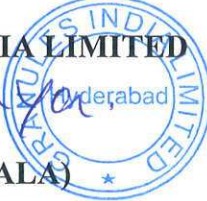
This is pursuant to Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Kindly take the above information on record.

Thanking you.

Yours faithfully,

**FOR, GRANULES INDIA LIMITED**

*(Chaitanya Tummala)*  


**(CHAITANYA TUMMALA)  
COMPANY SECRETARY &  
COMPLIANCE OFFICER**

Granules India Limited



# Earnings Presentation

Q2FY20



# Agenda



**1** Q2FY20 update

**2** About Granules

**3** Performance metrics

**4** Way forward

The Presentation is to provide the general background information about the Company's activities as at the date of the Presentation. The information contained herein is for general information purposes only and based on estimates and should not be considered as a recommendation that any investor should subscribe / purchase the company shares. The Company makes no representation or warranty, express or implied, as to, and does not accept any responsibility or liability with respect to, the fairness, accuracy, completeness or correctness of any information contained herein.

This presentation may include certain "forward looking statements". These statements are based on current expectations, forecasts and assumptions that are subject to risks and uncertainties which could cause actual outcomes and results to differ materially from these statements. Important factors that could cause actual results to differ materially from our expectations include, amongst others general economic and business conditions in India, ability to successfully implement our strategy, our research and development efforts, our growth and expansion plans and technological changes, changes in the value of the Rupee and other currencies, changes in the Indian and international interest rates, change in laws and regulations that apply to the Indian and global pharmaceuticals industries, increasing competition, changes in political conditions in India or any other country and changes in the foreign exchange control regulations in India. Neither the company, nor its directors and any of the affiliates or employee have any obligation to update or otherwise revise any forward-looking statements. The readers may use their own judgment and are advised to make their own calculations before deciding on any matter based on the information given herein.

No part of this presentation may be reproduced, quoted or circulated without prior written approval from Granules India Limited.

**1** Q2FY20 update

**2** About Granules

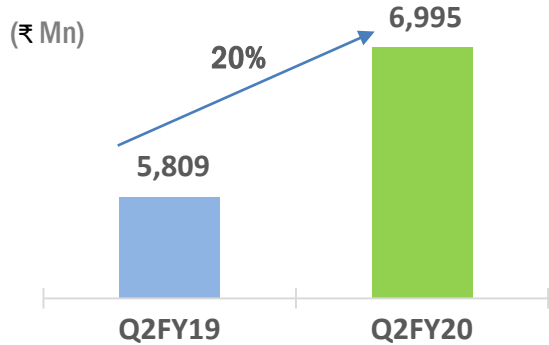
**3** Performance metrics

**4** Way forward

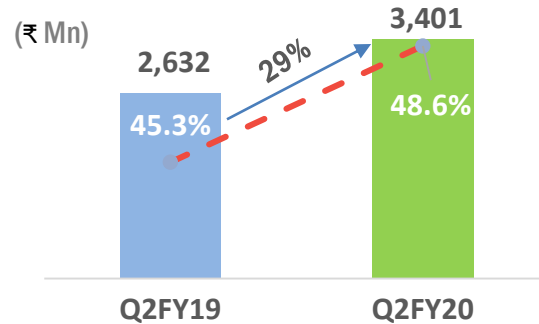


# Q2FY20 Financial highlights

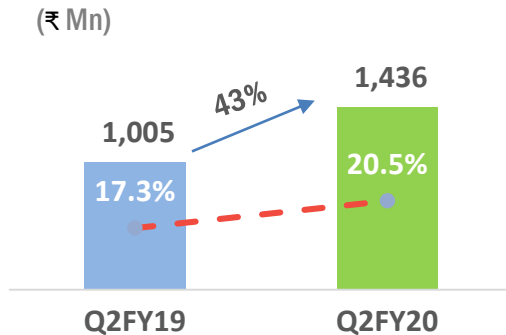
## Revenues



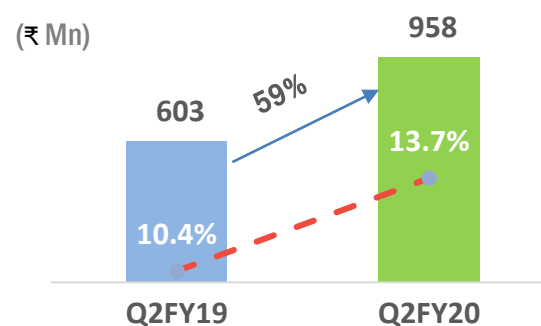
## Gross Margin (%)



## EBITDA and EBITDA margin



## PAT and PAT margin



## Key Highlights

### • Gross Revenues:

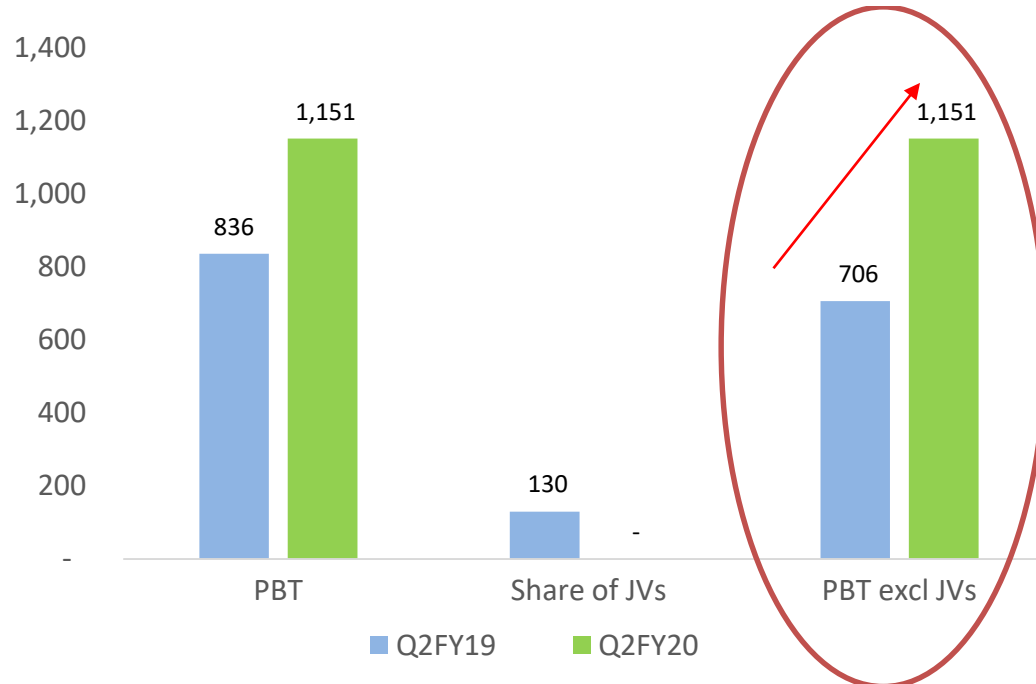
- Revenues were up 20% YoY on account of PFI sales growth of 37% and FD sales growth of 34%
- Increase in regulated markets' sales by 34%

### • PAT:

- PAT has increased due to an increase in overall sales volumes and a reduction in tax rate

# Profit Reconciliation

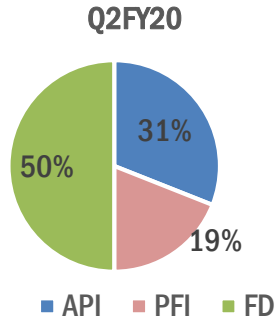
(₹ Mn)



**63% YoY growth in PBT despite divestment of JVs**

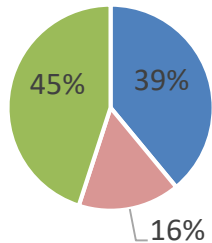
# Segment Performance Highlights

Revenue mix — Segment

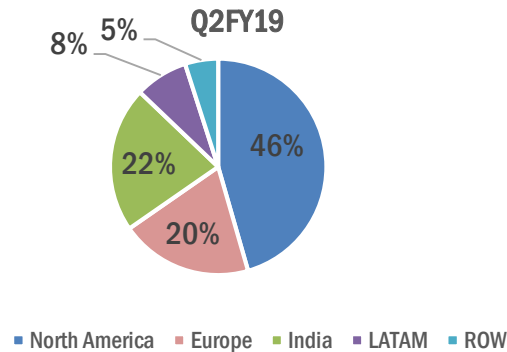
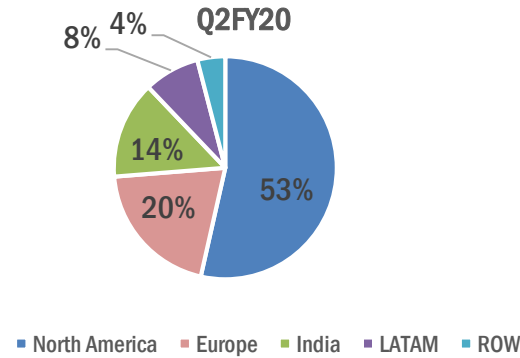


**Q2FY19**

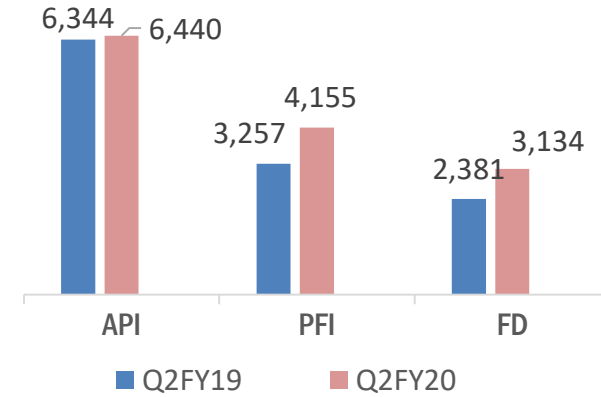
■ API ■ PFI ■ FD



Revenue mix — Geography



Production (MT/Mn)



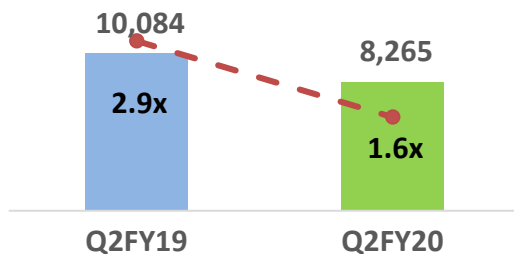


# Continued focus on improvement

(INR Mn)

## Net Debt & Net debt-to-EBITDA (x)

(₹ Mn)



## ROCE (%)

17.6%

21.7%

Q2FY19

Q2FY20

## ROE (%)

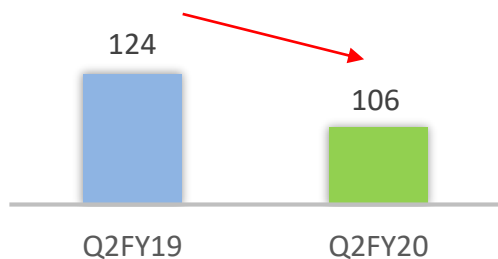
16.5%

22.2%

Q2FY19

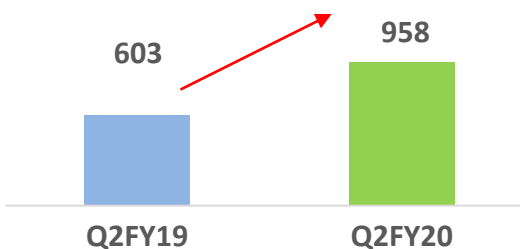
Q2FY20

## Cash-to-Cash cycle (days)



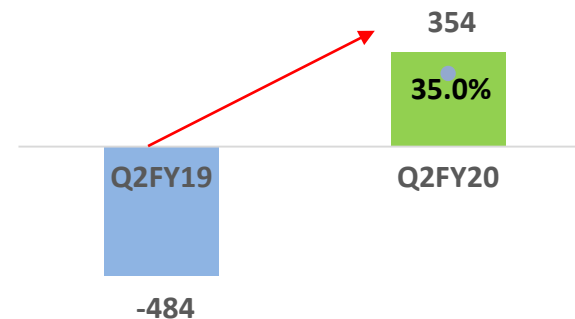
## PAT

(₹ Mn)



## FCF and FCF-to-EBITDA

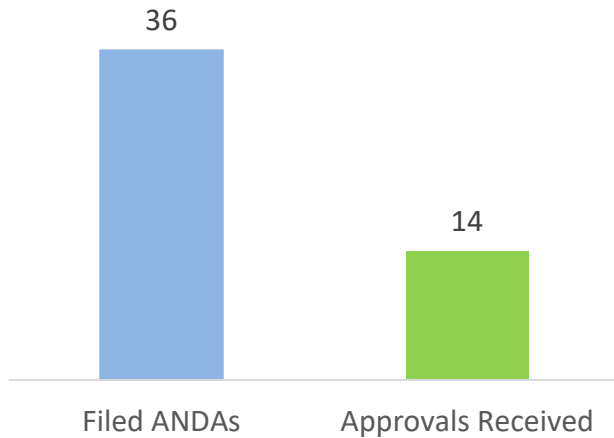
(₹ Mn)



Note: JVs not included in ROCE for Q2FY20

# Other Business Highlights

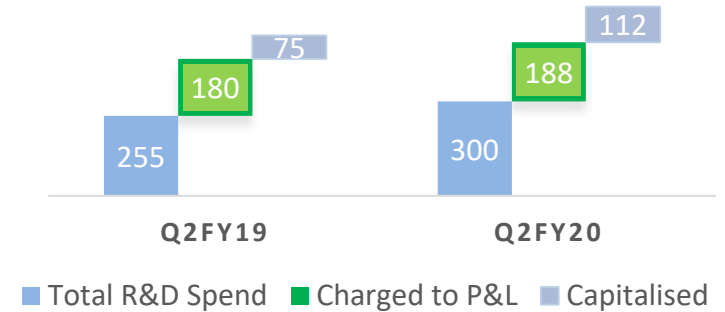
## ANDA Filings



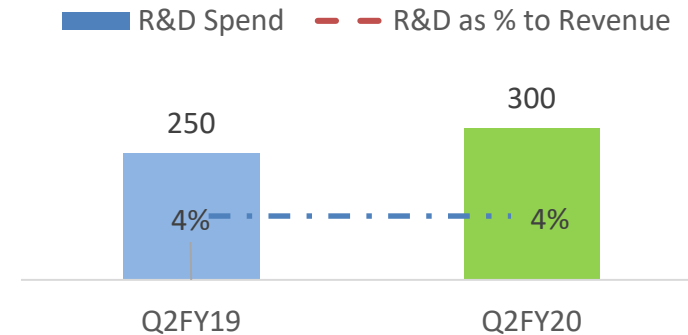
- Two ANDAs filed during the quarter - One each from GPI and GIL
- One ANDA approved during the quarter

## R&D Spend

(₹ Mn)



## R&D Spend and % to Revenue



**1** Q2FY20 update

**2** About Granules

**3** Performance metrics

**4** Way forward



# Granules at a glance



## Building Blocks

Regulatory compliance  
Operational efficiency  
Customer centricity  
Scales of operation



## Installed Capacity

39,360 TPA of API  
290 KL  
24,640 TPA of PFI  
21.3 Bn dosages of FD



## Regulatory Approvals

USFDA, EDQM, EU  
GMP, COFEPRIS, WHO  
GMP, TGA, KFDA, DEA,  
MCC, HALAL



## Business Divisions

Core business  
US generics  
Multi API and Onco



## Global Reach

60+ countries  
250+ customers

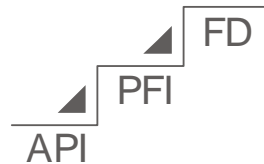


## Revenue Mix

80% of revenues are exports  
66% of revenues from regulated markets of US, Europe and Canada  
LATAM contributes nearly 10% of revenues



## Business Verticals



Vertically integrated across value chain



## People Strength

2,789 people as on 31 March 2019 in GIL



## Intangible Assets

36 ANDA filings;  
14 approved  
17 US & 6 European DMFs  
14 CEPs with EDQM  
10 other country's DMFs



## Manufacturing Base

6 Operational facilities; 5 in India, 1 in US  
One of the world's largest paracetamol API facilities  
World's largest PFI facility  
One of the largest single-site FD facilities

# Business Structure – Granules India



**Core Business**

Focus on volume based products such as Paracetamol, Metformin HCl, Ibuprofen, Guaifenesin, Methocarbamol, Naproxen and newly added Cetrizine and Fexofenadine

Large scale manufacturing enables sustained competitive advantage & secured supply source for the customers

Pioneered the concept of commercializing PFIs – suits large volume drugs



**Multi APIs/Oncology**

Auxiliary growth engine to secure the future

Multiproduct and multi-stage API-to-FD manufacturing facilities in Vizag with special focus on Oncology

Fully-integrated facility to offer APIs and FDs in onco therapeutics, a top growth segment



**US Generics**

Fully integrated infrastructure including R&D, manufacturing and marketing to enable “Make in America”

Business-to-Consumer model (B2C)

Focus on developing niche/differentiated modified and immediate-release products in varied dosage forms

# Excellence in quality & being best-in-class



## Granules India

Incorporated in 1991, this is the only listed entity in the group, with 5 operational plants located at Hyderabad (Jeedimetla, Bonthapally and Gagillapur) and one at Vizag Pharma City

Granules USA Inc

100% subsidiary with front-end marketing for OTC products in US

Granules Pharmaceuticals Inc

100% subsidiary focused on advanced formulation development, with manufacturing set-up and front-end marketing in Rx products at Chantilly, US

Granules Europe Ltd

100% subsidiary for front-end marketing in Europe

Value chain	Facility location	Installed capacity	Approvals
API	Bonthapally	34,560 TPA	US FDA, EDQM, WHO, COFEPRIS, INFARMED
	Jeedimetla	4,800 TPA	US FDA, EDQM, COFEPRIS, WHO, CDCSO
	Vizag	290 KL	US FDA, KFDA, EU GMP, WHO GMP, EDQM
PFI	Gagillapur	23,200 TPA	US FDA, COFEPRIS, TGA, MCC, INFARMED
	Jeedimetla	1,440 TPA	WHO GMP, COFEPRIS, INFARMED
FD	Gagillapur	19.8 Bn	US FDA, MCC, COFEPRIS, TGA, INFARMED
	Virginia, USA	1.5 Bn	US FDA, DEA
API Intermediates	Bonthapally	61.5 KL	

## Overview

Presence across the entire pharmaceutical manufacturing value chain from API to finished dosages

Large-scale manufacturing enables not only sustain competitive advantage but also build operational efficiencies into the system

Focus on first line of defence portfolio products such as Paracetamol, Metformin HCl, Ibuprofen, Guaifenesin, Methocarbamol, Cetirizine and Fexofenadine

Pioneered the concept of commercializing PFIs which is for large volume molecules

3 US FDA-approved plants located in Hyderabad (Jeedimetla, Bonthapally and Gagillapur)

## Drivers

### Scale



### Presence across value Chain



### Expanding portfolio



### Regulatory complianc



## Value enablers

Among the world's largest PFI and single-site FD facilities

API capacity 39,360 MT; PFI 24,640 TPA; finished dosages 19.8 billion

DMFs, Dossiers, ANDAs for APIs and finished dosages, which can be repacked and marketed by customers under their own brand

Fully integrated in key molecules from APIs to finished Dosages

Selective addition of molecules to the portfolio

Enhance existing products by introducing controlled released products

Access to value-added products such as rapid-release caplets and bi-layer tablets

All plants are approved by FDA and other regulatory bodies

Regular customer audits ensures continuous compliance

Dedicated resource to monitor and improve compliances

## Overview

Multiproduct and multi-stage API-to-FD manufacturing facilities in Vizag with special focus on Oncology

Fully integrated facility to offer APIs and FDs in onco therapeutics, a top growth segment

## Drivers

## Value enablers

### Infrastructure



Multiproduct API and oncology manufacturing facility on over 18 acres of land

Integrated API-to-FD facility for oncology

IT-enabled infrastructure to ensure efficiency and compliance

### Customer centricity



Supplying to domestic and international markets with own and customer products

### Regulatory record



Products are under stability and expect faster site approval once filed

### Portfolio



Robust product pipeline for other limited competition APIs.

30 techpacks ready for onco block



## Overview

Fully integrated infrastructure from R&D, manufacturing to marketing enabling “Make in America”

Balanced product portfolio, combination of internal capabilities and market dynamics

Strategic portfolio selection focusing on limited competition in Para 3

US FDA approved facility in Virginia with a team strength of 90+

Access to talent pool in the US

Business to Consumer — front end sales and marketing for Rx & OTC products

## Drivers

### Portfolio



### Capabilities



### Granules' advantage



## Value enablers

“Niche products,” hidden opportunities with different layers of complexities

Differentiated dosage forms; limited competition

Complex generics; products within the modified release solid oral dosage forms

Controlled substances; Schedule 2 to Schedule 5

Differentiated technology platforms across the solid oral category

Competent teams across all departments; combination of experiences from global to more small to mid tier pharmaceuticals companies

100,000 sft facility set up with established R&D and manufacturing capabilities with all necessary approvals required for the development and manufacturing of controlled substances

Balanced portfolio with a combination of high volume and “niche,” products

Integration across the value chain for development; from API, PFI to FD

Integration across the value chain; from R&D to front end commercialization

Focus on quality and compliance

## Granules Omnichem

**Investment sold to JV partner for  
INR 1,098.5 mn**

Entered in 2012

INR 500 mn: Book value of investment  
as on 30 June 2019

### Reason for exit

Does not fit in our evolving business  
model

JV resulted in lower capacity utilization  
and lower return on capital

## Granules Biocause

**Decision to sell investment to  
JV partner**

Entered in 2007

INR 1436.5 Mn: Book value of  
investment as on 30 June 2019

### Reason for exit

Large investments required for Chinese  
environmental compliances

Improved availability of Ibuprofen API in  
domestic and international markets  
makes JV unnecessary

# Core management team



**C Krishna Prasad**

*Chairman and Managing Director*

Mr Prasad's journey as pharma entrepreneur began in 1984, when he set up a paracetamol API manufacturing facility that focused on capital and process efficiency. Pharmaceutical formulations intermediates (PFIs) as a cost efficient product for global formulations manufacturer is a concept pioneered and popularized by Mr Prasad.



**Uma Devi Chigurupati**

*Executive Director*

Experienced over 30 years in various fields, Ms Uma cofounded with Mr Prasad Triton Laboratories in 1984, which was later amalgamated with Granules. Currently, she heads Granule's CSR activities and HR initiatives.



**Harsha Chigurupati**

*Executive Director*

Responsible for Sales, Marketing and Manufacturing Operations of Granules India Limited. He will drive business performance through operationalising Company strategy into business plan, conducting periodic operations reviews and driving corrective - preventive measures to bridge gap or enhance performance.



**Priyanka Chirugupati**

*Executive Director*

*Granules Pharmaceuticals, Inc.*

Responsible for the US Generics business including commercial and strategic initiatives. Ms Chigurupati's numerous roles in her 5 years at Granules' divisions in the US and India include the Core Business, Emerging Business and Consumer Health.



**GSR Prasad**

*Chief Operating Officer*

Responsible for all the manufacturing operations of GIL. He will continue to lead Projects related responsibilities too. GSR Prasad is Masters in Pharmacy and possess more than 30 years of rich experience in Manufacturing, Engineering, SCM and Projects. He joined us as Head of Projects in January 2017. Earlier, he worked with various pharmaceutical companies like Astra Zeneca, Themis, Sangfroid Granules, Pharmeng, Biovail, and Novast Laboratories in India, US, Canada and China.



**Mr. Stefan Lohle**

*Chief Marketing Officer*

Mr. Lohle has over two decades of experience in the Pharmaceutical industry. Mr Lohle has been associated with Granules since 2001 and previously was Head of Latin American Operations, where he primarily focused on the PFI Business. Mr Lohle previously served at Kimberly Clark Corporation for New Project Development



**Mr. Atul Dhavale**

*Chief Human Resources Officer*

Mr. Atul Dhavle is a Graduate in Production Engineering from Nagpur University and holds a Postgraduate certificate in Business Management from XLRI. He has over 26 years of experience with reputed organizations like Mahindra & Mahindra, DuPont, Welspun, Dr. Reddy's and handled various assignments in Human Resources and Operational Excellence functions.

**1** Q2FY20 Updates

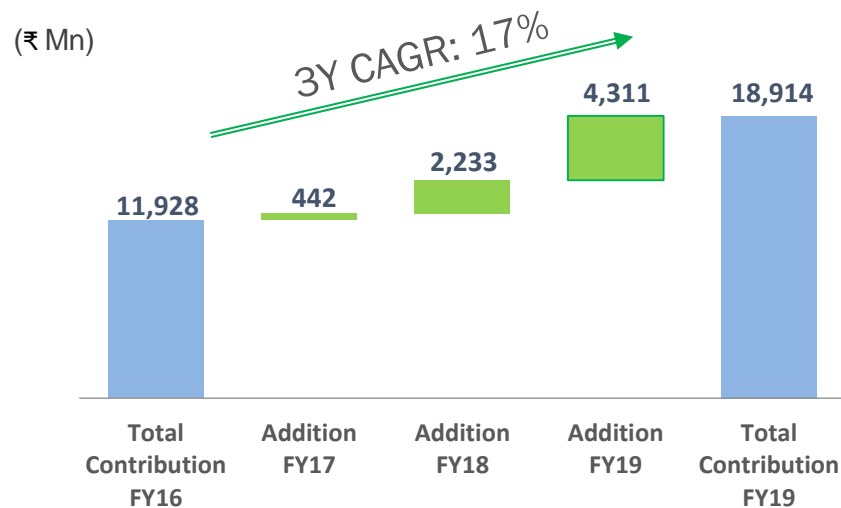
**2** About Granules

**3** Performance metrics

**4** Way forward



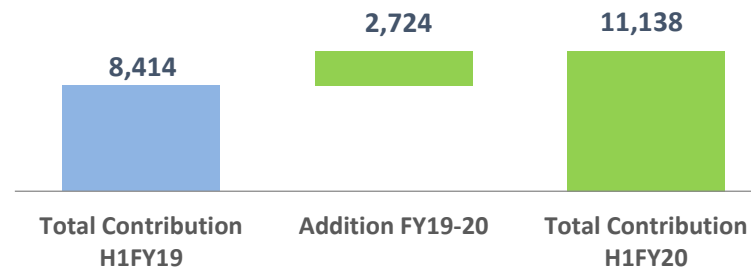
# High volume molecules showing stable growth



## High volume based molecule business contribution

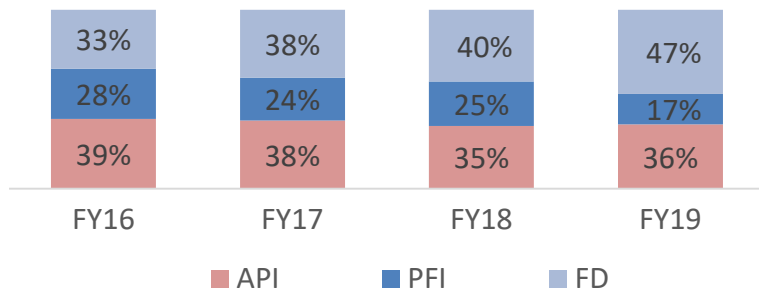
### Revenue contribution from core molecules

(₹ Mn)

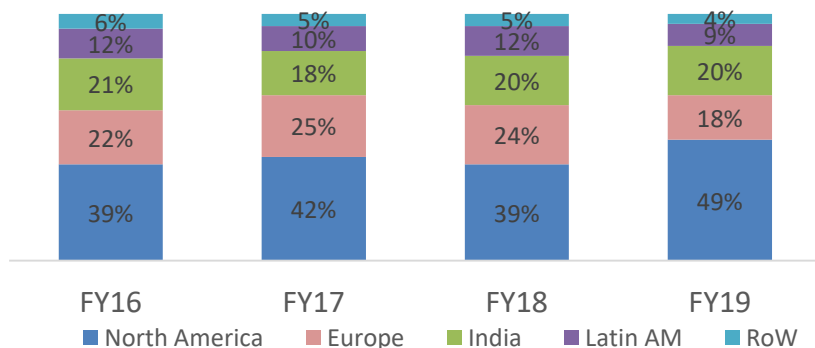


# Consolidated financials overview

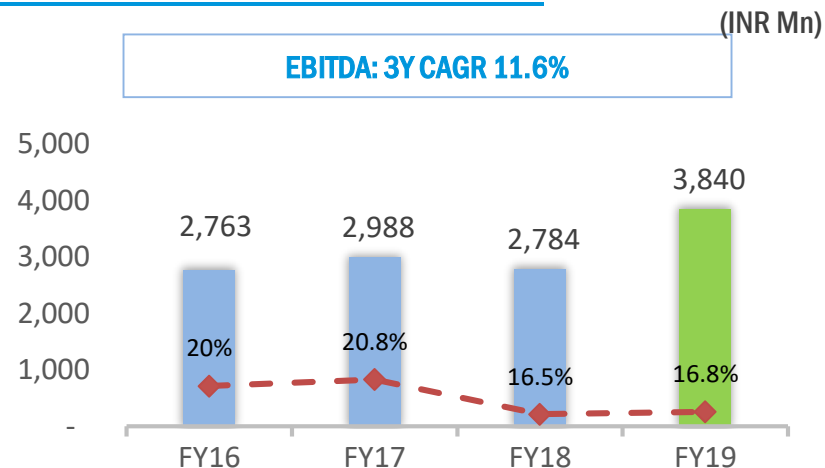
**Sales: 3Y CAGR 18%**



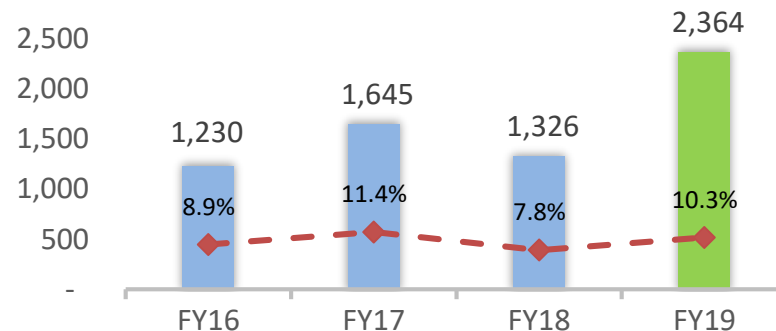
**Revenue break-up (geography)**



**EBITDA: 3Y CAGR 11.6%**

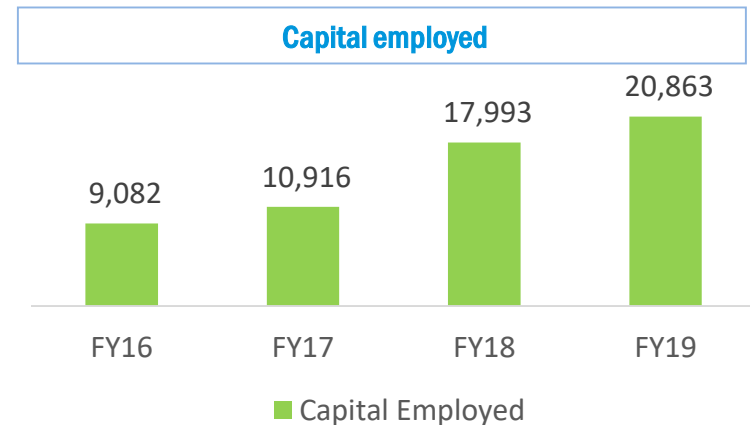
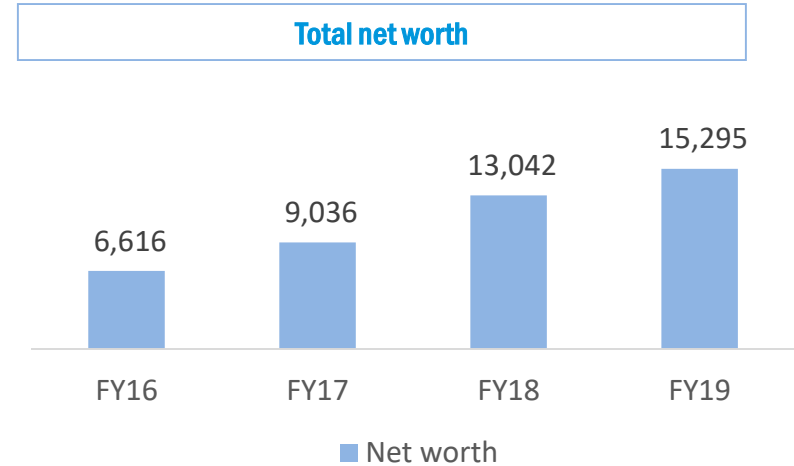
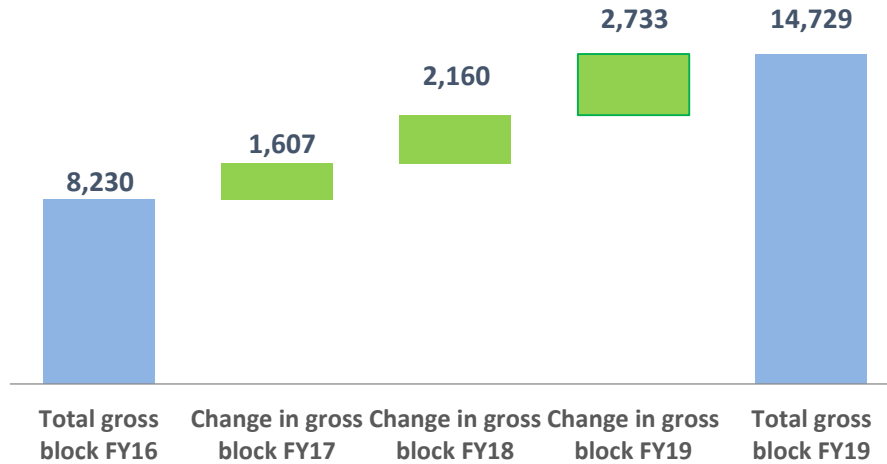


**PAT: 3Y CAGR 24%**



# Balance sheet trends

(₹ Mn)



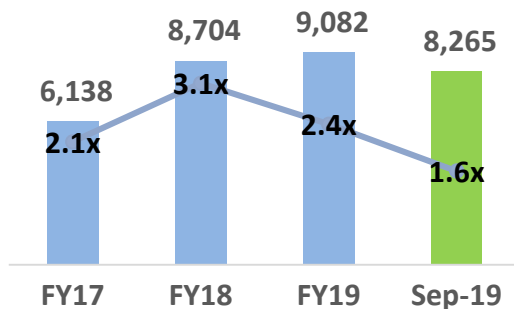
	FY16	FY17	FY18	FY19	YTD
Cash outflow for Capex	1,622	3,166	4,464	2,788	1,156

Moderation in Capex and reduction in debt going forward

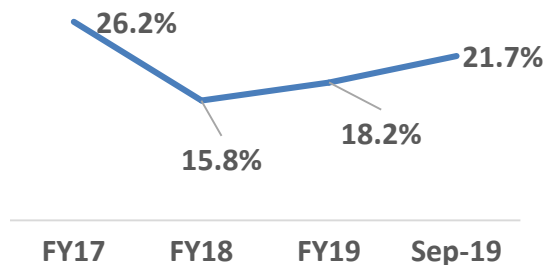
# Continued focus on improvement

(₹ Mn)

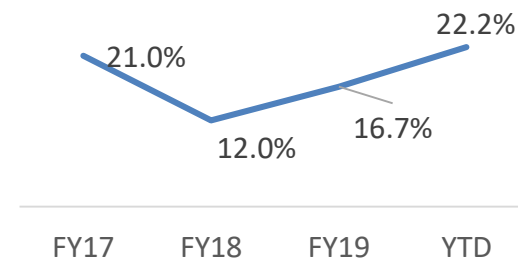
**Net Debt & Net debt-to-EBITDA (x)**



**ROCE (%)**

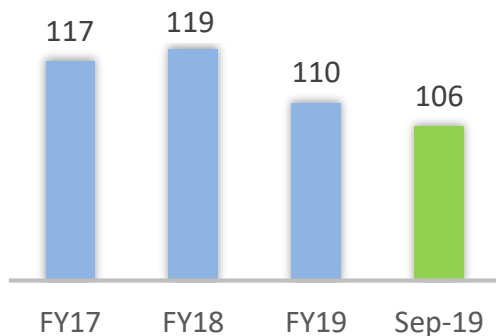


**ROE (%)**

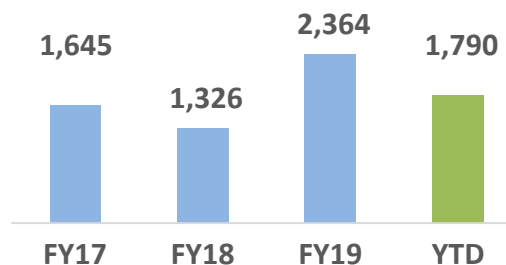


(₹ Mn)

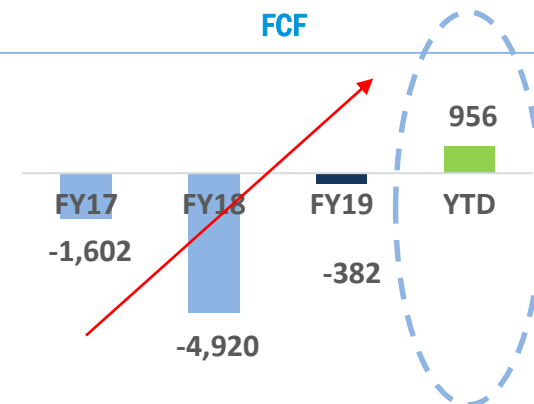
**Cash-to-Cash cycle (days)**



**PAT**



**FCF**



Note: JVs not included in ROCE for Sep-2019



**1** Q2FY20 update

**2** About Granules

**3** Performance metrics

**4** Way forward





Huge  
Economies  
of Scale

Foundation  
of Quality &  
Compliance

Experienced  
and Proven  
Management  
team



## **Building blocks in place**

Integrated platform in place to address the entire value chain from intermediates to finished dosages

Investments in FD including pulsatile drug release, orally disintegrating modified release and abuse deterrent technology platform for controlled substances



## **Profitable growth through execution**

Expanding portfolio range with addition of differentiated and limited competition products in API/FPI

Building portfolio of strong brands in regulated markets



## **Steady returns to stakeholders**

Financial discipline is a key focus

Focus on generating operating leverage

Identifying newer growth avenues to deliver sustainable growth



# GRANULES

## Thank you

**Granules India Ltd**

Floor 2 Block 3 My Home Hub Madhapur Hyderabad 500081

CIN: L24110TG1991PLC012471

Voice: +91 40 30660000/30663600 Fax: +91 40 23115145/30663602

[www.granulesindia.com](http://www.granulesindia.com) | [saiprasad.madishetti@granulesindia.com](mailto:saiprasad.madishetti@granulesindia.com)

[richa10.singh@in.ey.com](mailto:richa10.singh@in.ey.com)

**BSE** 532482

 **NSE** GRANULES

**Bloomberg** GRAN:IN

 **REUTERS** GRAN:NS