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CIN: L24110TG1991PLC012471

Dated December 2, 2019

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

Dear Sir,

Sub: Presentation to the Analysts/Investors


Pursuant to Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing the presentation to be made to the Analysts/Investors during the UK NDR scheduled from 2nd to 5th December, 2019.

Kindly take the above information on record.

Thanking you.

Yours faithfully,

FOR, GRANULES INDIA LIMITED


(CHAITANYA TUMMALA)
COMPANY SECRETARY &
COMPLIANCE OFFICER





GRANULES

Granules India Limited

Unlocking potential Unleashing value

Investor Presentation
December 2019





Safe harbor

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.

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Agenda

- 1 Our Company**
- 2 Levers for Growth**
- 3 Innovative Manufacturing for Scale**
- 4 Robust Financials; goals**
- 5 Key Investment Highlights**



Agenda

- 1** **Our Company**
- 2** Levers for Growth
- 3** Innovative Manufacturing for Scale
- 4** Robust Financials; goals
- 5** Key Investment Highlights



Fast growing, integrated pharmaceutical giant



Core Business

- ✓ Focus on volume based products such as **Paracetamol, Metformin HCl, Ibuprofen, Guaifenesin, Methocarbamol and newly added Losartan, Cetrizine and Fexofenadine**
- ✓ **Large scale manufacturing with sustained competitive advantage** & secured supply source for the customers
- ✓ **Pioneered the concept of commercializing PFIs** — suits large volume drugs



US Generics

- ✓ **Fully integrated infrastructure** including R&D, manufacturing and marketing to enable “Make in America”
- ✓ Business-to-Consumer model (B2C)
- ✓ Focus on developing **controlled substances and niche/differentiated modified and extended-release** products in varied dosage forms



Multi APIs/ Oncology

- ✓ Auxiliary growth engine
- ✓ **Multi-product and multi-stage API to FD manufacturing site**
- ✓ **Fully integrated facility to offer APIs (Onco and Non Onco) and FDs in onco therapeutics**, a top growth segment



Granules at a glance



Building Blocks

Large scale of operations
Operational efficiencies
Long-term customer relationships
Adherence to regulatory compliances



Installed Capacity

36,560 TPA of API
290 KL capacity of API
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



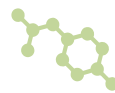
Global Reach

60+ countries
250+ customers

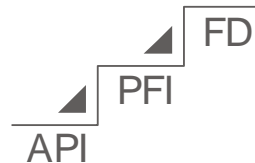


Revenue Mix

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
90+ people at GPI, Chantilly- VA



Intangible Assets

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



Manufacturing Base

6 operational manufacturing 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



What makes Granules unique?

01

Sustainable base of first line of defense products; limited competition with respect to integration- presence across both Rx and OTC

02

Presence across the value chain: APIs, PFIs and FDs which builds in efficiencies at multiple levels and ensures security of supply

03

Strong regulatory history; Quality and regulatory compliance built into our DNA

04

Focus on R&D: A combination of high volume molecules and complex products. "Sustainable portfolio"

05

Engineering R&D solutions for large scale manufacturing, strengthening our core molecules for exiting and future APIs. R&D has ability to make us untouchable.





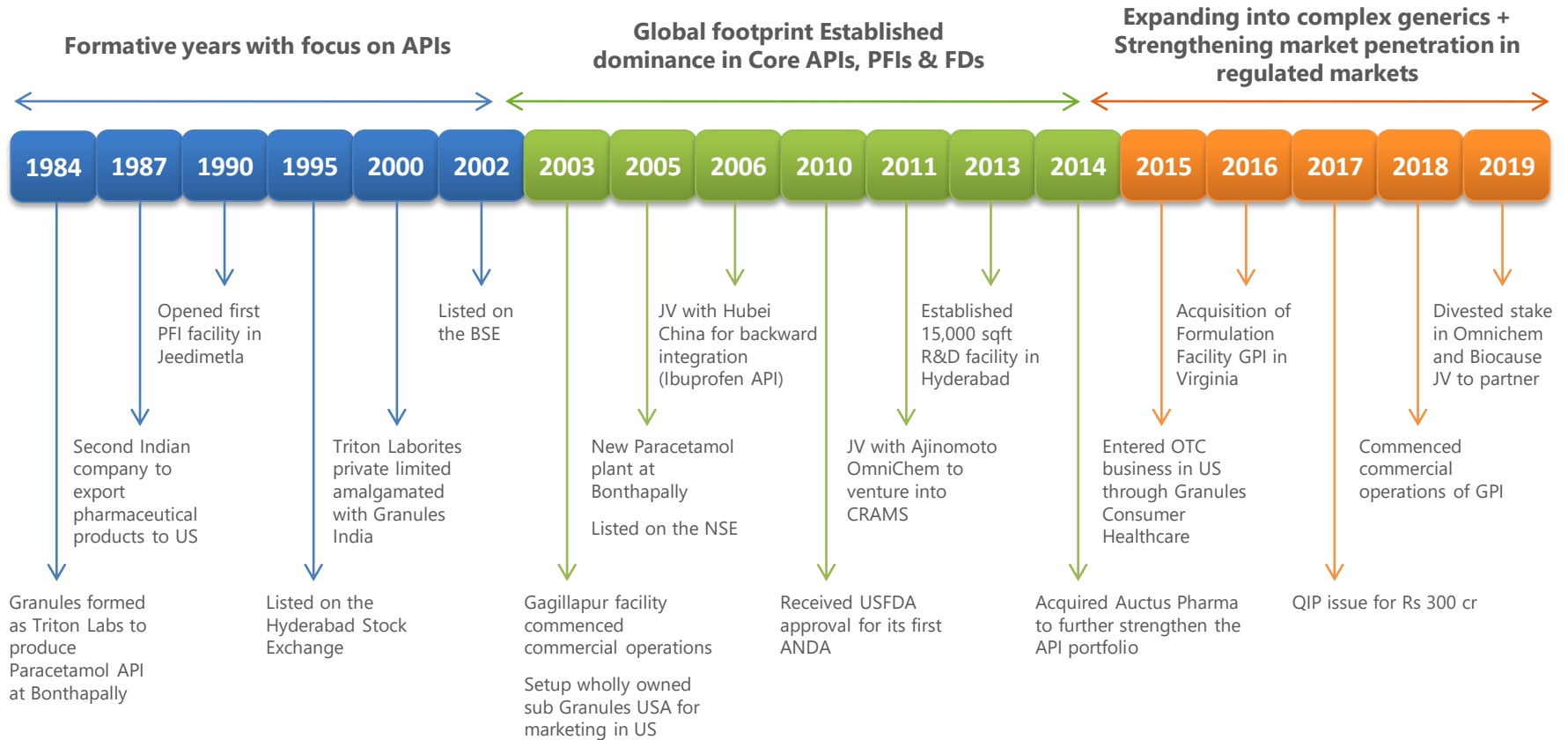
Our Vision

To be the global leader in pharmaceutical manufacturing by process innovation and unparalleled efficiencies





Our Evolution





A vertically-integrated, fast-growing pharmaceutical company

APIs



PFIs



FDs



Sales & Marketing

Inhouse Active Pharmaceutical Ingredients (**API**) manufacturing with focus on efficiently creating high-quality APIs in key therapeutic categories

World's largest Pre-formulation Ingredients (PFI) facility at Gagilapur. PFIs taken from drums to hopper and compressed into tablets directly

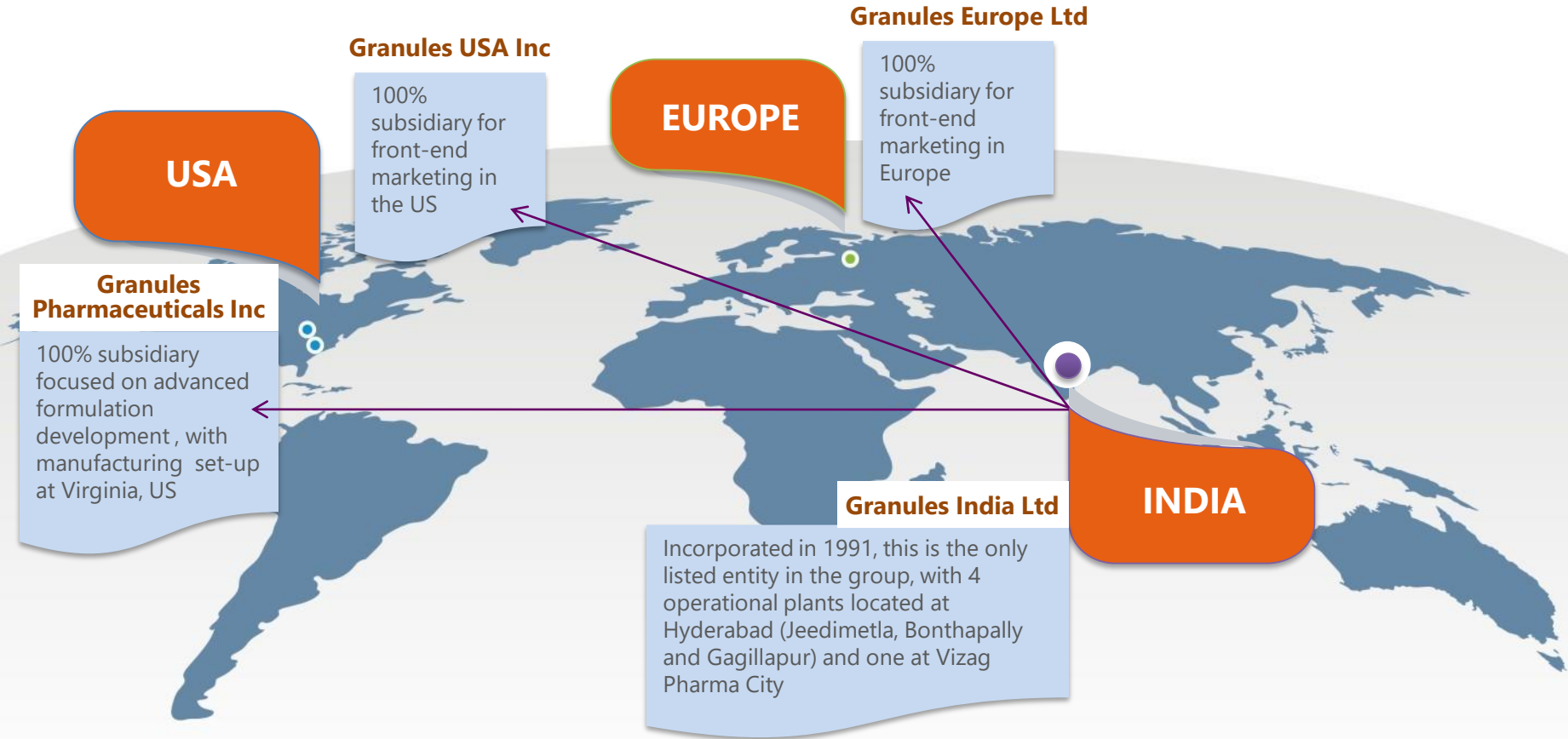
Multiple Finished Dosage (FDs) forms comprising tablets, caplets and press-fit capsules in bulk, blister packs and bottles

B2B: Work with strategic partners who sell the finished dosages to end customers
B2C: Granules Consumer Health and Granules Pharmaceuticals Inc; **our front end Sales & Marketing** divisions in US for OTC & Rx products respectively





Our Global footprint; with presence over 50 countries





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



Priyanka Chirugupati

Executive Director , GPI

Responsible for the US Generics business including commercial and strategic initiatives. Ms Chigurupati's numerous roles in her 6 years at Granules' divisions in the US and India include the Core Business, Emerging Business and Consumer Health



Harsha Chigurupati

Executive Director

Responsible for Manufacturing Operations of Granules India Limited (standalone division) and marketing of regions other than United States. 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



Sandip Neogi

Chief Financial Officer

Chartered Accountant and Cost Accountant with post qualification experience of 26 years. Worked in areas of Strategic Financial Planning and Analysis, Business valuations, Risk Management, SEC Expertise, Mergers & Acquisitions, Treasury, US and Indian GAAP Accounting and Internal controls



GSR Prasad

Chief Operating Officer

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



Stefan Lohle

Chief Marketing Officer

With over 20 years in the pharmaceutical industry. Mr Lohle has been associated with Granules since 2001 and was Head of Latin American Operations, where he primarily focused on the PFI Business. He was previously with Kimberly Clark Corporation for New Project Development



Atul Dhavle

Chief Human Resources Officer

In his over 26 years with reputed organizations such as Mahindra & Mahindra, DuPont, Welspun and Dr Reddy's, Mr Dhavle has handled various responsibilities in human resources and operational excellence, He is a graduate in production engineering from Nagpur University and has a postgraduate certificate in business management from XLRI



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Core Business

An Overview

- ❑ Presence across the entire pharmaceutical manufacturing value chain from API to finished dosages
- ❑ Large-scale manufacturing enables not only to 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, Cetrizine, and Fexofenadine
- ❑ Pioneered the concept of commercializing PFIs which is for large volume molecules
- ❑ 4 US FDA-approved plants located in Hyderabad (Jeedimetla, Bonthapally, Gagillapur and Vizag)

1

Expanded to 7 molecules: Fexofenadine & Cetirizine added to the existing core portfolio in FY20

2

Expanded capacities in (API + FD) high volume products (paracetamol, metformin, ibuprofen, guaifenesin, methocarbamol)

3

Ramp up of utilization at the new capacities to expand global market shares in these APIs and integrated from API to FD.

4

Widening existing portfolio into several dosage forms

E.g. Paracetamol 500, Paracetamol 650, Metformin XR

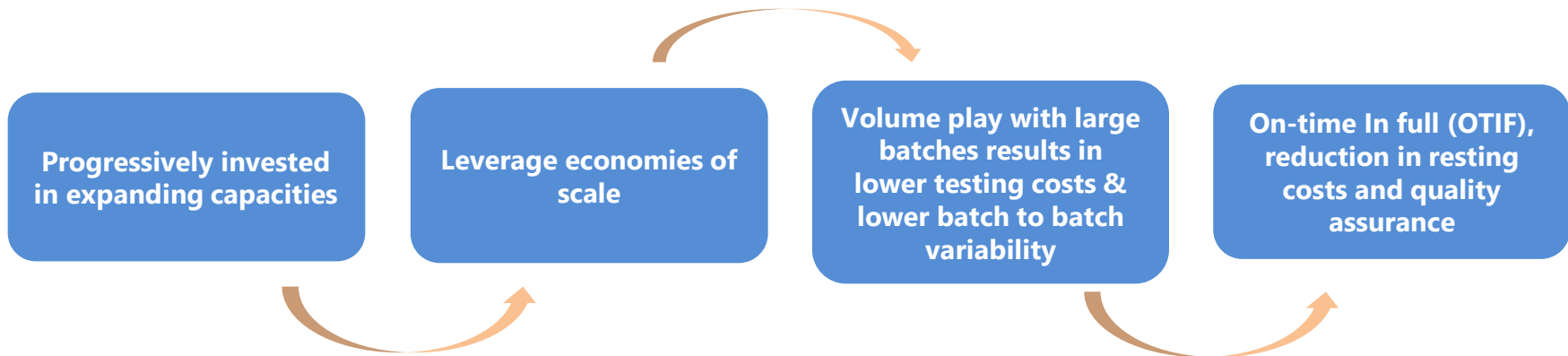
5

Expanding market to other regions by extending our filings footprints in UK and Europe

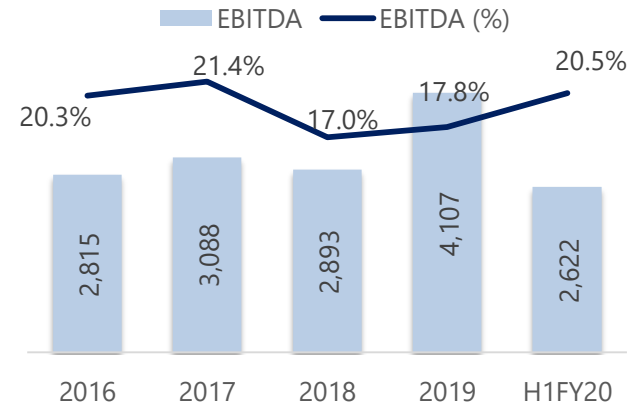
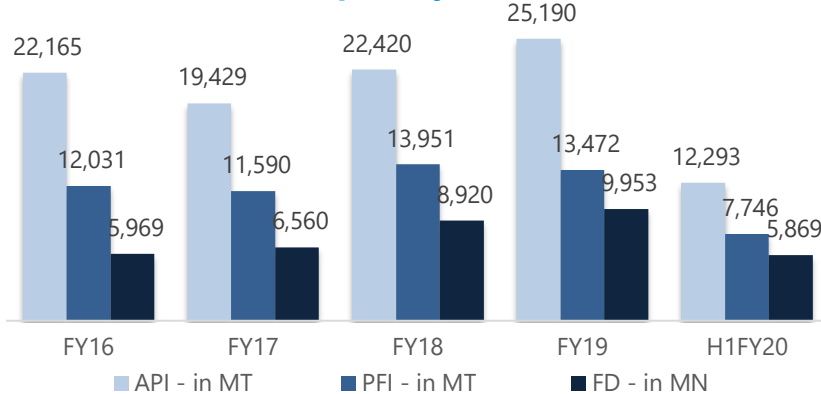


Economies of scale driving profitability

Empowering business sustainability through.....



Production Capability – MT/Mn





US Generics: Granules Pharmaceuticals Inc.

- ❑ Fully integrated infrastructure from R&D, manufacturing to sales and marketing enabling “Make in America” (TAA compliance for Govt. business)
- ❑ Balanced product portfolio, combination of internal capabilities and market dynamics.
- ❑ Strategic portfolio selection focusing on limited competition products across oral solids; tablets, capsules, oral solids and powder for oral solutions
- ❑ US FDA approved facility in Virginia with a team strength of 90+.
- ❑ 100,000 sft facility with established R&D and Manufacturing capabilities with all necessary approvals for development and manufacturing of controlled substances.
- ❑ Business to Consumer – front end sales and marketing for Rx & OTC products

1

Gained traction with a **first to generic product**; Methergine in June 2014. Set up a front ends sales and **marketing division and launched 5 products under the GPI label (as of date)**. “Control your own destiny”

2

27 Rx ANDAs filed and 9 ANDAs approved currently. 18 products to be approved. 9 products under development between GPI and GIL (Rx).

3

Expects 8-9 launches in FY21 with an addressable market size of about 2.5bn USD based on IQVIA

4

Near to medium -term opportunities (within the next 2-3 quarters) include 7 ANDA approvals for immediate release products with limited API sources, modified-release oral solids, controlled substance modified release products, oral solutions and powders

5

80% of the GPI products have less than or below three to four players as of date.



US Generics: GUSA

- ❑ **B2B:** Marketing & Distribution arm for API's, PFIs and FDs (Rx & OTC) from GIL
- ❑ **B2C:** Granules Consumer Health; our front end division for private label OTC products
- ❑ Incorporated in 2003 to set up a sales and marketing arm for real time communication with customers
- ❑ Set up to market APIs & PFIs to some of the largest OTC and Rx customers in the US; branded and non branded
- ❑ First FD launched in 2010 to market our first ANDA through a partner in US
- ❑ GCH - our front end division for private label OTC products incorporated in 2014
- ❑ **Supply over 100 SKUs to both B2B and private and home label customers.** Supplying to both is a part of our risk mitigation strategy which enables us to focus on our manufacturing capabilities while taking advantage of the partner's distribution capabilities (B2B)
- ❑ **11 OTC ANDA products approved. 4 in pipeline.**





Multi APIs/Oncology

- Two Multi-product and multi-stage manufacturing facilities in Vizag
- Facility 1:** Directly relates to our core business with ~15 APIs, fully commercialized and profitable



- Facility 2:** Multi API facility with Onco capabilities, fully integrated facility to offer a) APIs and FDs in onco therapeutics, a top growth segment and b) development of new APIs. To be operational by Q4FY20



1

Multi-product API and oncology manufacturing facility; integrated API-to-FD facility for oncology

2

Infrastructure: IT-enabled infrastructure to ensure efficiency and compliance

3

Customer Centricity: Supplying to domestic and international markets with own and customer products

4

Regulatory Record: Products are under stability testing and expect faster site approval once filed

5

Portfolio: Robust product pipeline for other limited-competition APIs focused on **forward integration**.



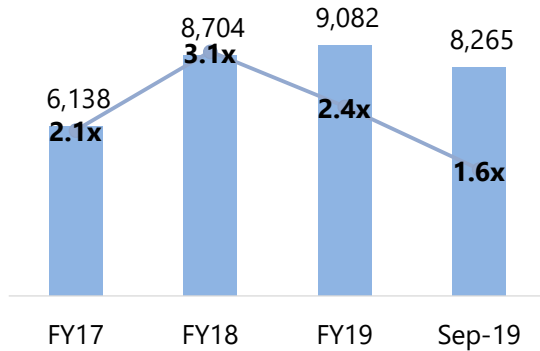
Financials goals to unlock value

(₹ Mn)

1

Focus on reduction of debt, target 1x net debt to EBITDA by FY22

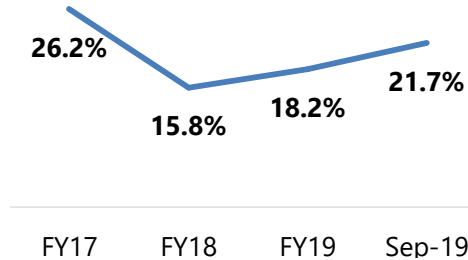
Net Debt & Net debt-to-EBITDA (x)



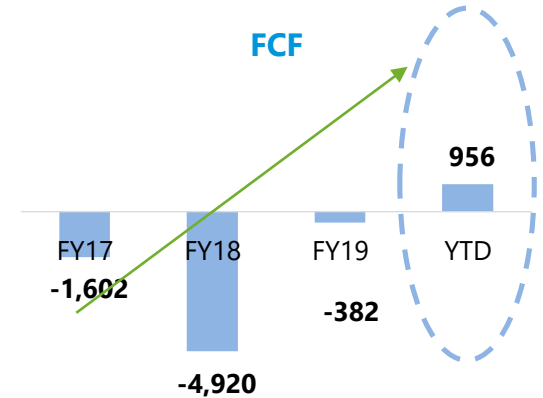
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ROCE target of 20%+, Free cash flow generation

ROCE (%)



FCF



3

Capex cycle completed, operating leverage to result in ~1% EBITDA margin improvement every year

4

Pledged shares, taken for Capex funding, to become zero by FY21



Joint Venture Divestments

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

Rationale for exit in August, 2019

- ❑ High dependence on JV partner for product marketing and pricing supply resulted in lower capacity utilization and lower return on capital

Granules Biocause

Agreement to sell investment to JV partner

- ❑ Entered in 2007
- ❑ INR 1436.5 mn: Book value of investment as on 30 June 2019

Rationale for exit in October 2019

- ❑ Improved availability of Ibuprofen API in domestic and international markets has rendered the JV obsolete
- ❑ Large investments required for China regulatory compliances



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Strong Technical Capabilities and Infrastructure

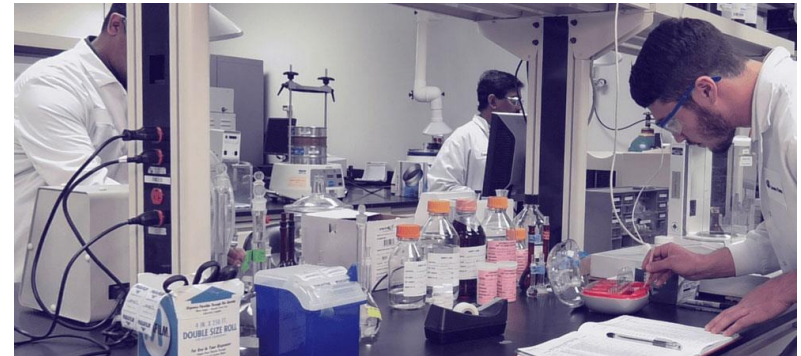
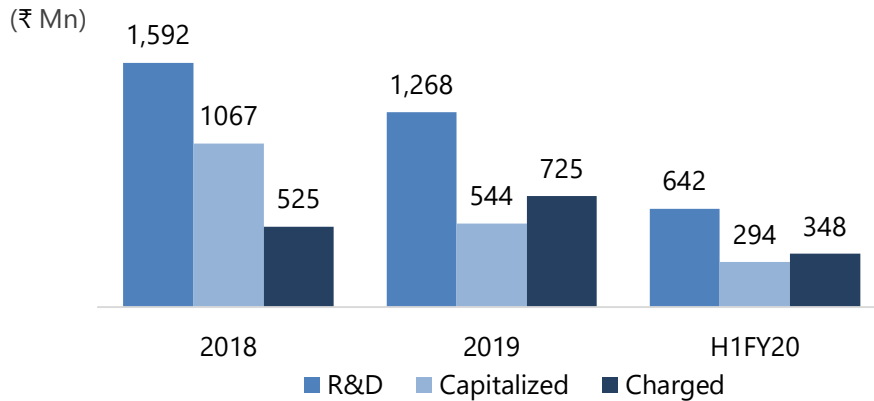


Value chain	Facility location	Installed capacity	Approvals
API	Bonthapally	34,560 TPA	U.S. FDA, EDQM, WHO, COFEPRIS, INFARMED
	Jeedimetla	4,800 TPA	U.S. FDA, EDQM, COFEPRIS, WHO, CDCSO
	Vizag	290 KL	U.S. FDA, KFDA, EU GMP, WHO GMP, EDQM
PFI	Gagillapur	23,200 TPA	US FDA, COFEPRIS, TGA, MCC, INFARMED
	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	



Manufacturing excellence driven by innovation and state-of-the-art facilities

- ❑ Offering end-to-end product development solutions with unique analytical methods
- ❑ R&D equipment, which are geometrically scaled down for trouble-free scale-up of commercialization, as per the 10x principle
- ❑ Dossier development in CTD / e-CTD formats, suitable for global submissions of PFIs and Finished Dosage products
- ❑ Ability to manufacture rapid release gel cap and bilayer tablets
- ❑ Steady movement towards complete expensing of R&D spend





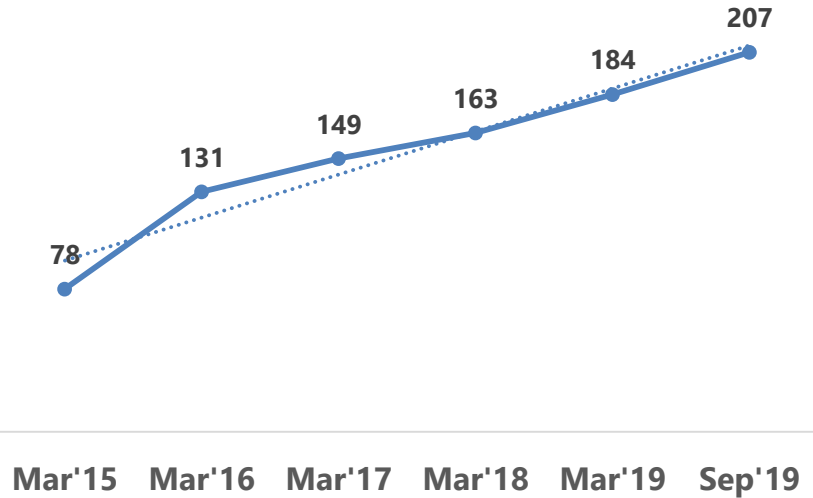
With our continued commitment towards R&D

We invest in R&D to develop products that create intellectual wealth and commercialize cost-effective, quality products in diversified therapeutic areas

Patent Highlights

Country	No of Patents
India	55
PCT	12
United States	4
Europe	1
Egypt	1
Canada	1
TOTAL	74

No. of R&D employees - GIL



- ❑ 38 ANDAs in total - 11 OTC and 27 Rx.
- ❑ 4 ANDAs pending approval for OTC and 18 ANDAs pending approval for Rx. Total 22 to be approved.
- ❑ 13 ANDAs to be filed within the next year and a half.



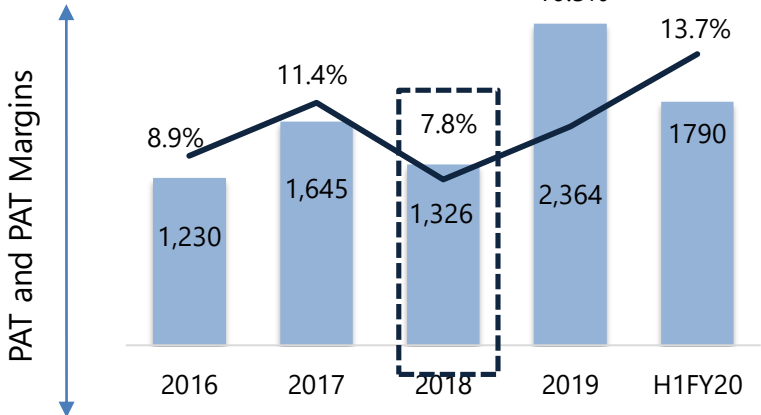
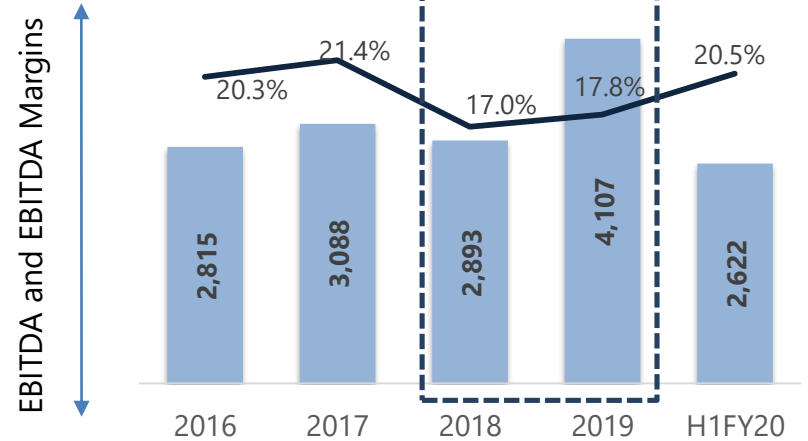
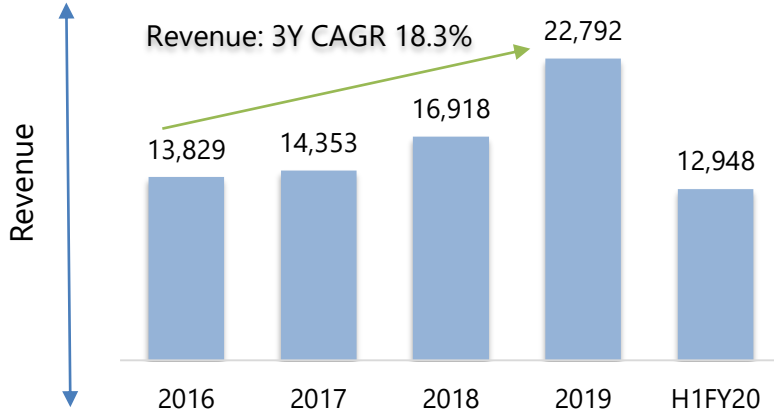
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Building on solid base; unlocking value underway

(₹ Mn)



Invested Capex to drive

~20% 3-year CAGR in revenues

~25% 3-year CAGR in profits

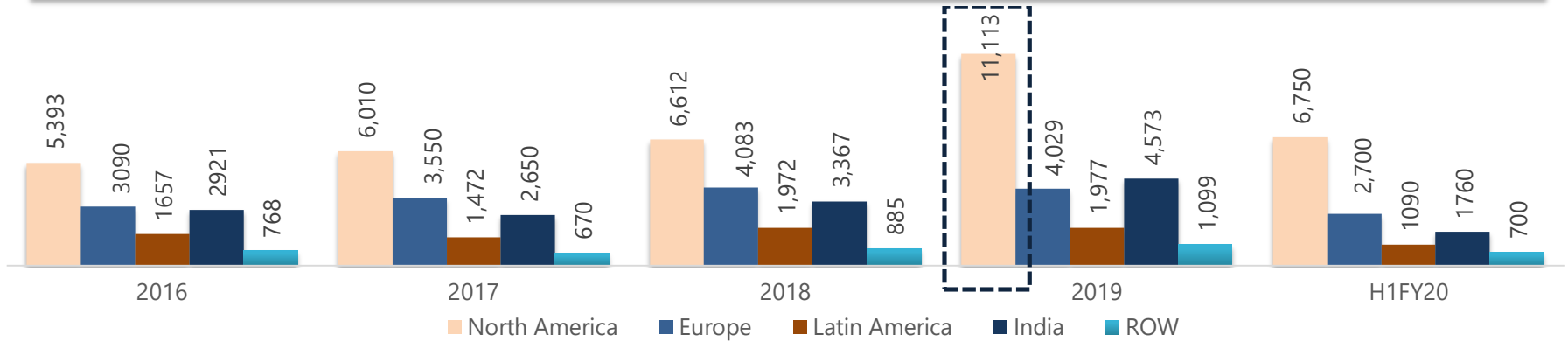
Steady-state EBITDA margin at 21%



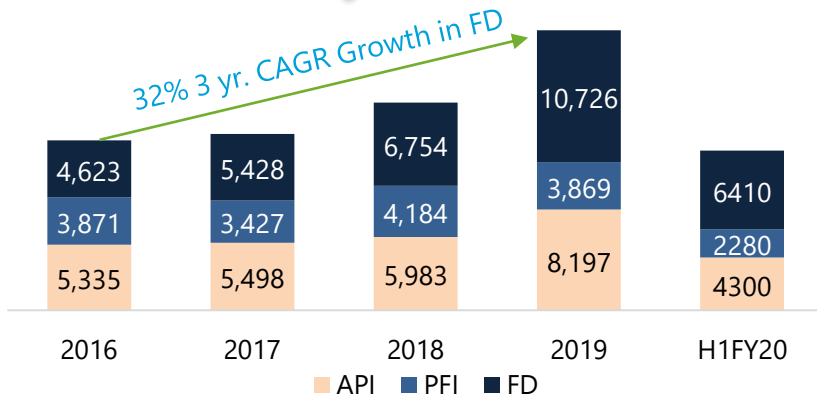
Increasing contribution from higher-margin FDs, generics, while remaining backward integrated in APIs

(₹ Mn)

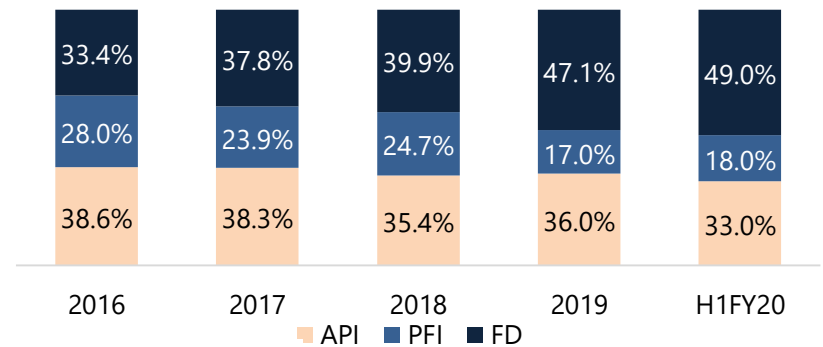
Higher revenue contribution coming from regulated market, which contributed 49% to total revenue



Finish Dosage: 3Y CAGR 32%



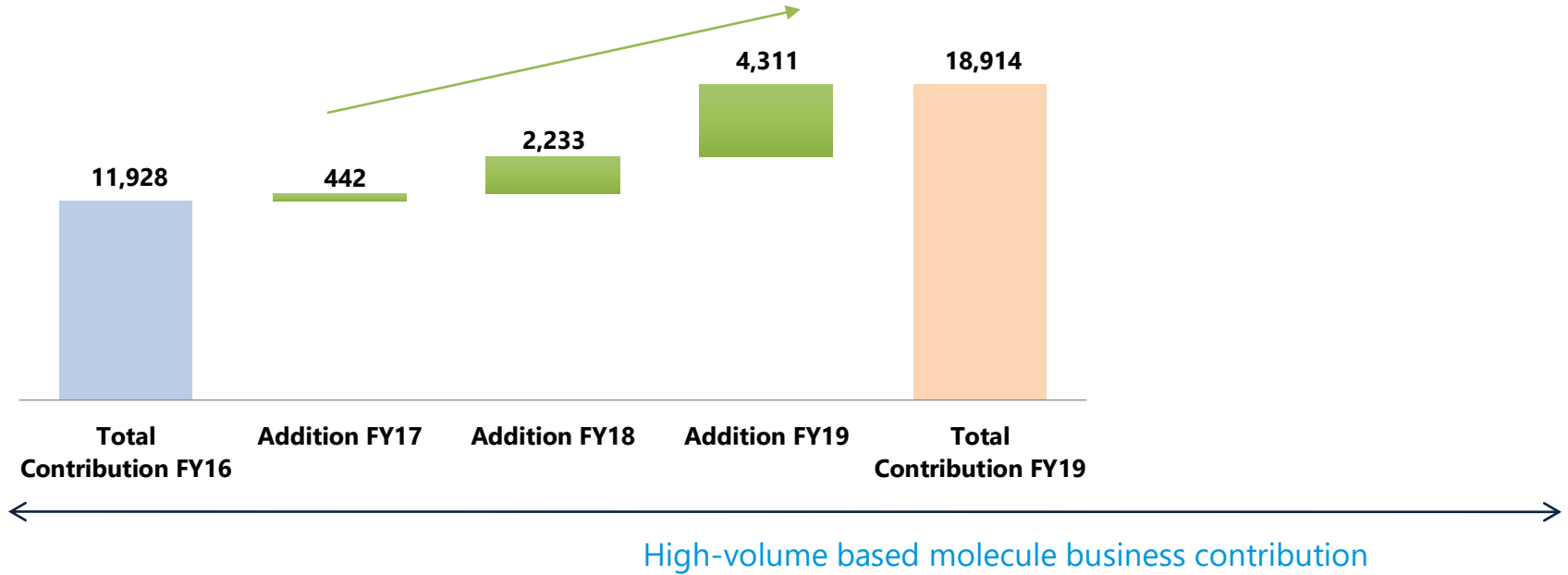
Revenue contribution increased in FDs to 47% from 33% in last 3 years



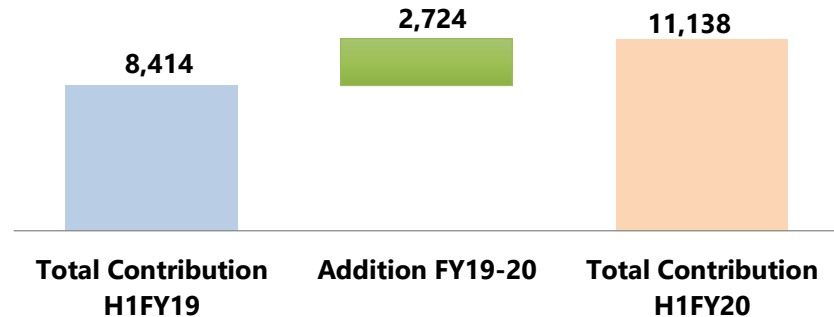


Growth led by high-volume molecules

(₹ Mn)



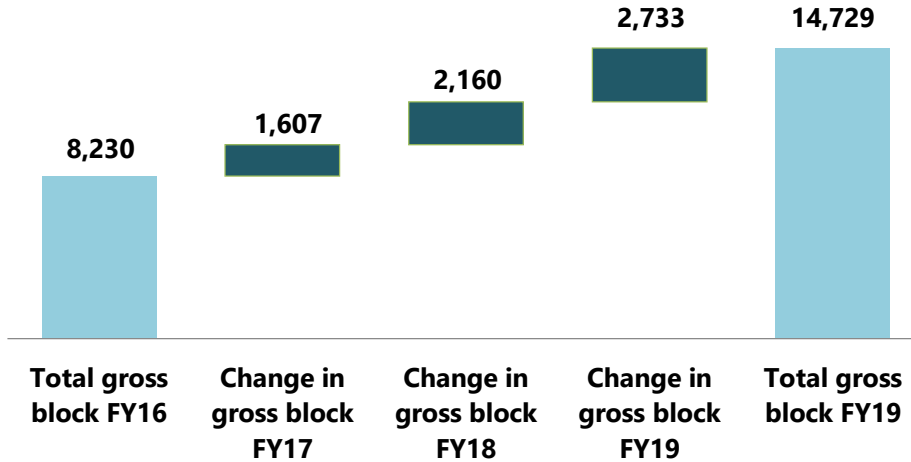
Revenue contribution from core molecules





Completed capex cycle to unleash value

(₹ Mn)

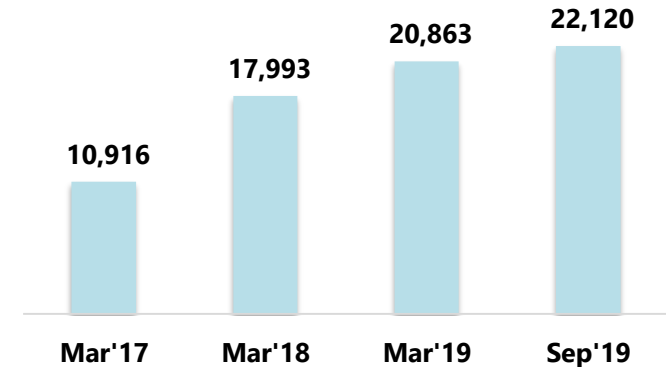


Capex Funding details

Funded through	₹ Mn
QIP	3,000
ECB	5,500
Warrants (Promoters' Pledge)	2,000
Internal Accruals	2,000

Particulars	FY16	FY17	FY18	FY19	YTD
Cash outflow for Capex	1,622	3,166	4,464	2,788	1,156
Asset Turnover	1.8x	1.6x	1.5x	1.7x	1.7x

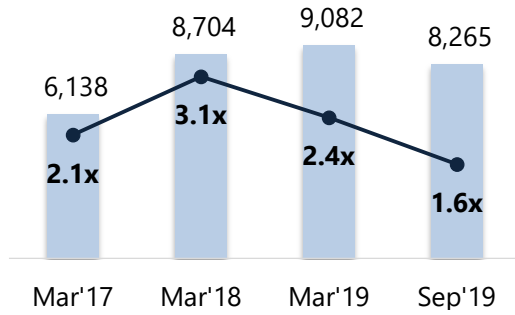
Capital Employed



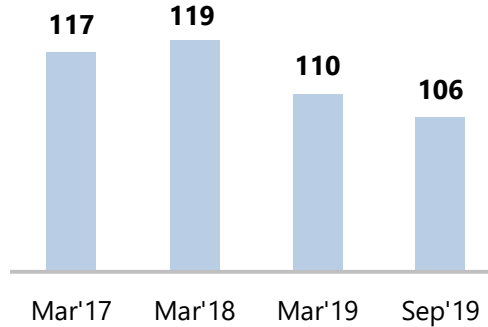


Improving returns; focus on FCF generation

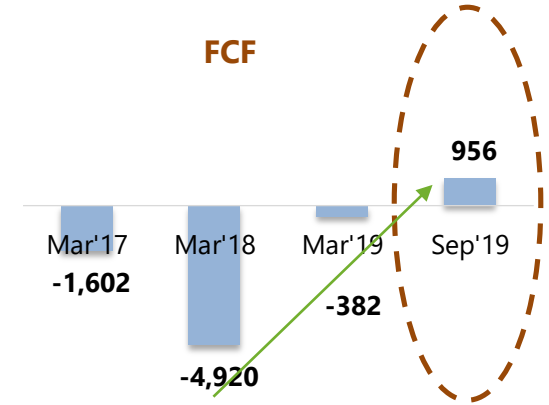
Net Debt & Net debt-to-EBITDA (x)



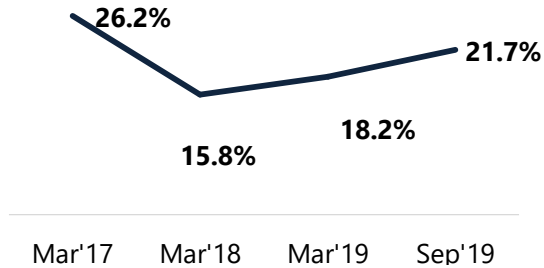
Cash-to-Cash cycle (days)



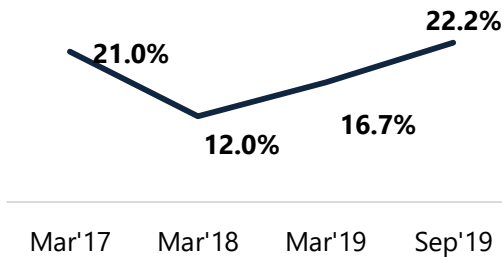
FCF



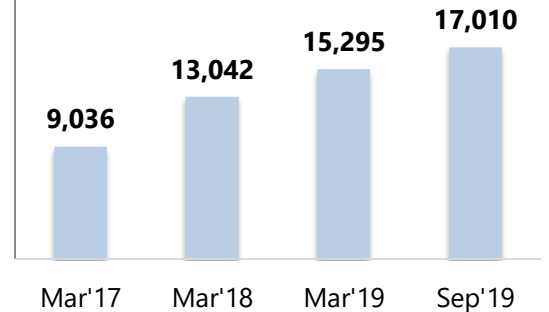
ROCE (%)



ROE (%)



Net Worth



Note: 1. Nos excluding multi API/ oncology business segment
2. ROCE = [EBIT/Avg. Capital Employed (excluding short-term debt)]



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Key Investment Highlights

**Commercialization of Multi
API/ Oncology** block in Vizag

Shift towards **high margin
business; in next 2-3 years**
~75% of revenues likely
from FDs

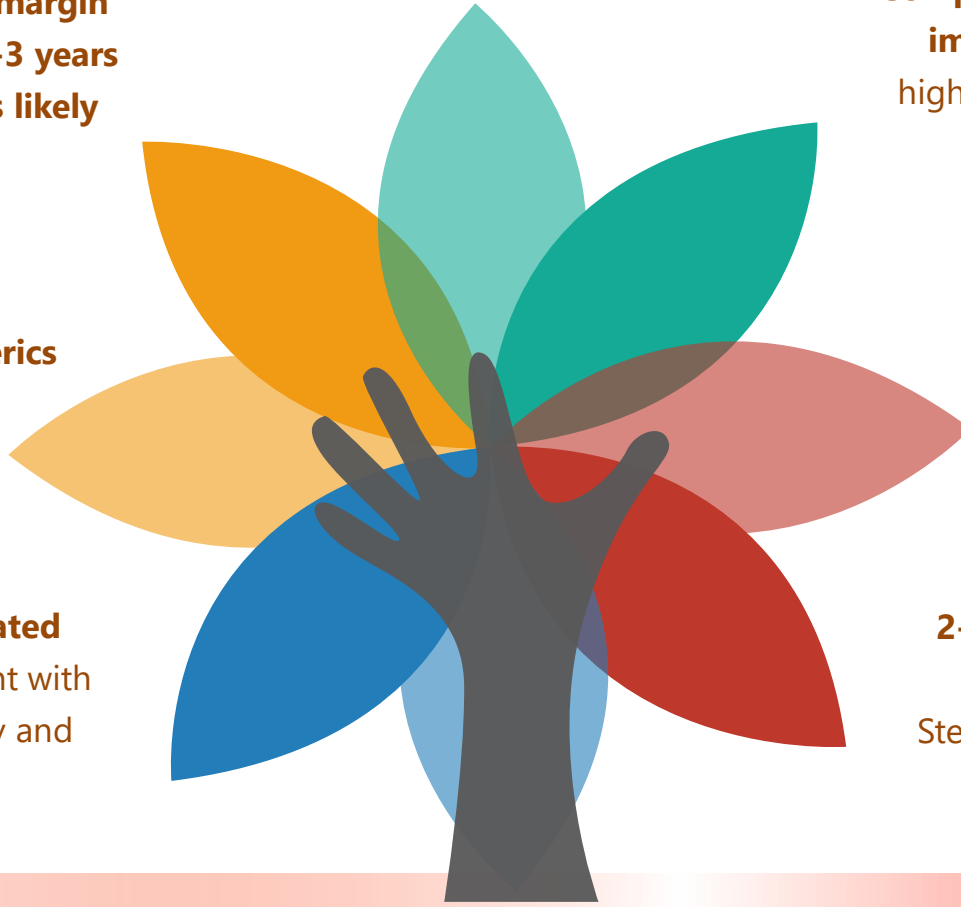
**Scale up of US generics
business**

Vertically integrated
pharmaceutical giant with
significant capacity and
scale

**Completed Capex; EBITDA
improvement** due to
higher capacity utilization

**Balance Sheet
strengthening continues**
with reduction in debt .
Going forward, no
incremental large Capex
planned

2-3 year Financials Goals:
Revenue CAGR ~20%
Steady-state EBITDA of 21+%
PAT CAGR ~25%
ROCE of 20%+





GRANULES

Thank you

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