



REGISTERED OFFICE

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CIN: L24110TG1991PLC012471

Dated May 11, 2021

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 audited financial results for the fourth quarter and year ended March 31, 2021 submitted to you today.

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**



Encl: As above

Granules India Limited

Earnings Presentation
Q4 and FY21



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.

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.

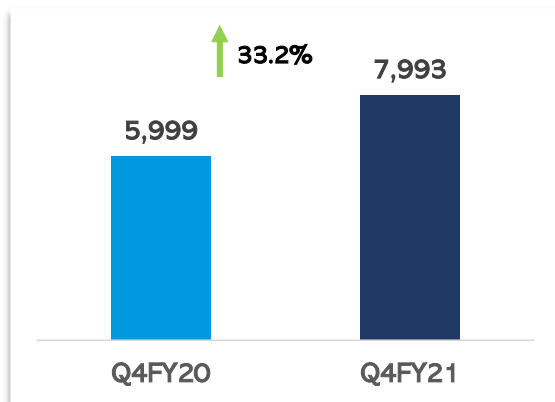
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Q4FY21 - Financial Highlights

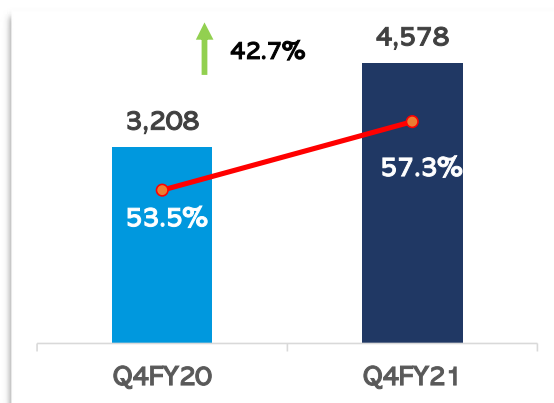


(In ₹ Mn)

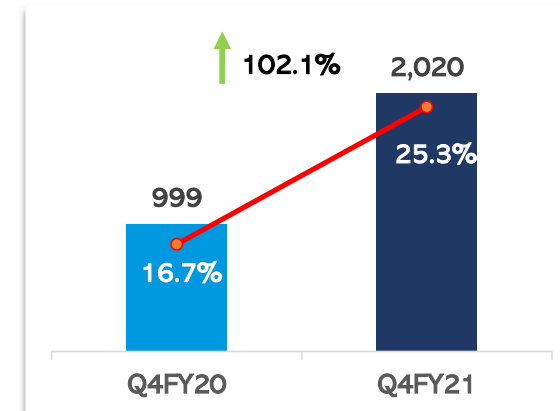
Income from Operations



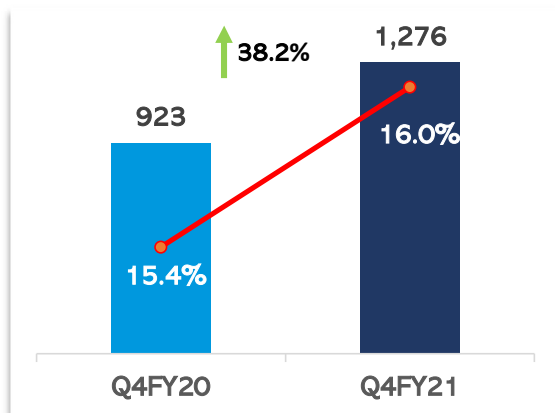
Gross Profit and Margins



EBITDA and EBITDA Margins



PAT and Margins



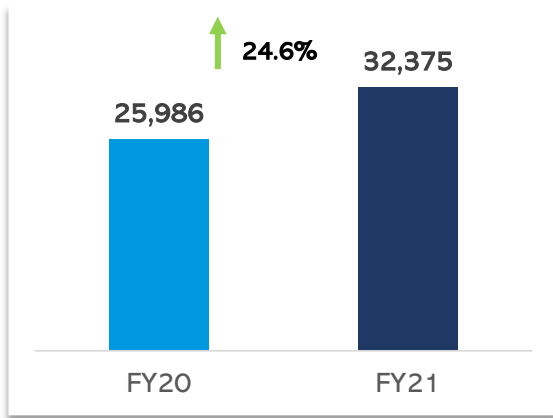
- Income growth driven by **new launches and increase in market penetration of existing approvals**. This also compensated for the loss of MEIS benefit earlier this year
- QoQ drop in income from operations and profits was mainly on account of **reduction in Paracetamol due to KSM shortage**. Situation likely to improve Q2FY22 onwards
- **Better realisations** across our existing molecules contributed to the increase in gross margins and new launches.
- EBITDA Margin improvement was mainly on account of **higher sales and volumes over a lower base of previous year**. The low base of the previous year was due to lockdowns and export ban of Paracetamol
- During the quarter, launched 2 new products, filed 3 ANDAs, 1 EU dossier and 1 product in Canada.
- We received approvals for 6 ANDAs, 1 EU dossier and 1 Canadian dossier

FY21 - Financial Highlights

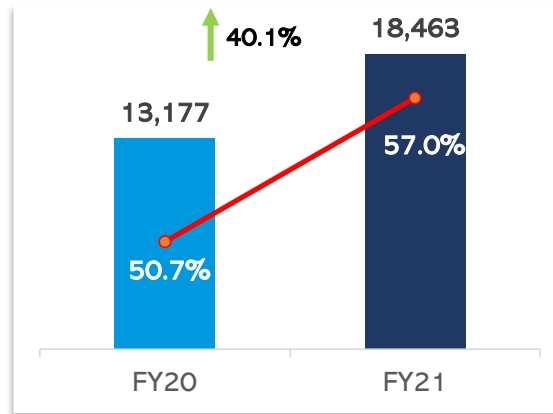


(In ₹ Mn)

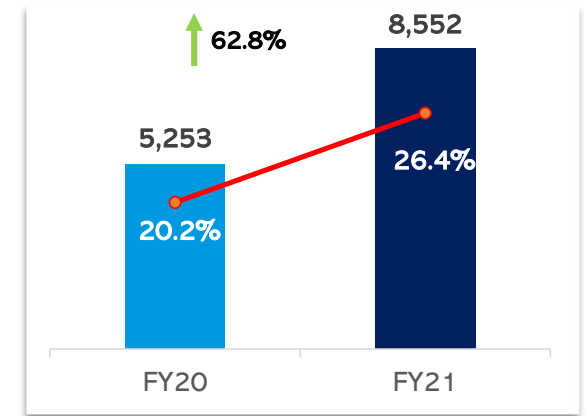
Revenue



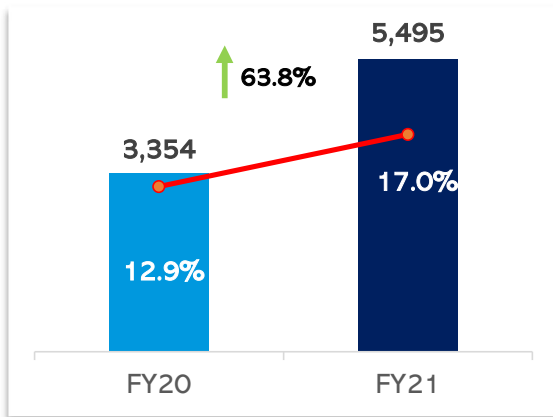
Gross Profit and Gross Profit Margin



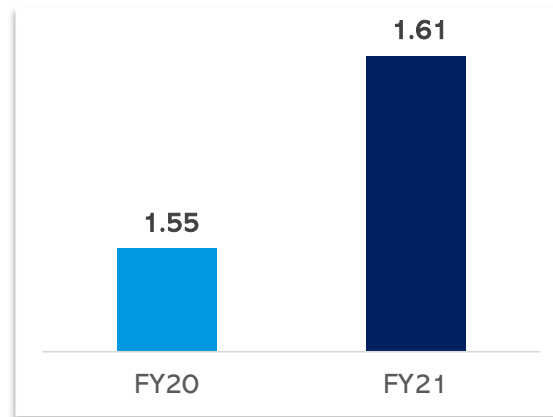
EBITDA and EBITDA Margins



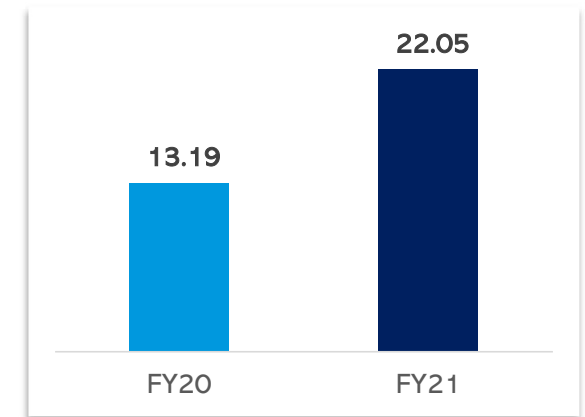
PAT and PAT Margin



Asset Turnover



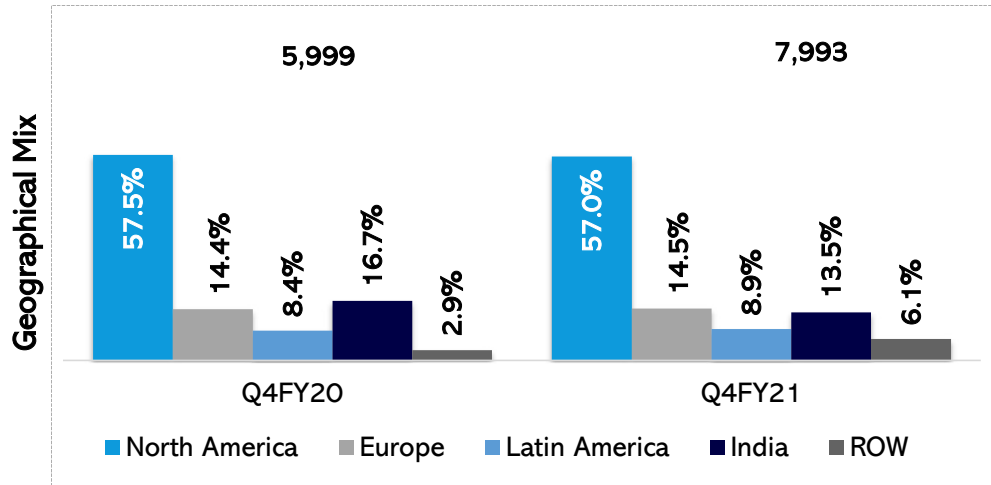
EPS (In ₹)



Q4FY21 - Revenue split by Market and Segments

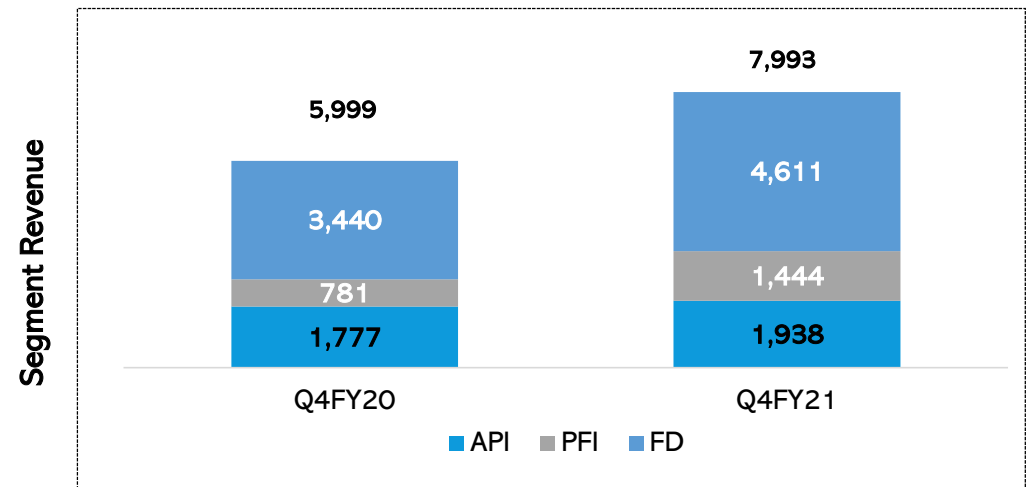


Strong growth momentum witnessed across geographies

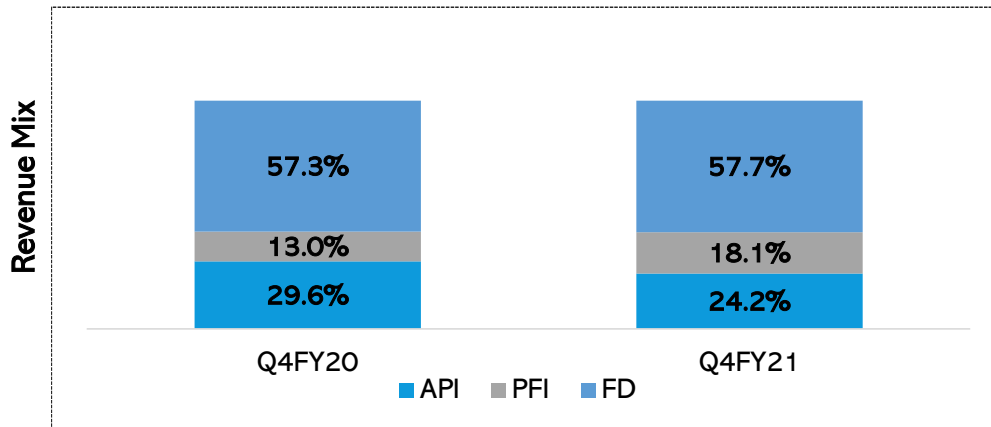


Finished Dosage and PFI segments grew 34% and 85%

(In ₹ Mn)



Contribution from PFI increased to 18% YoY

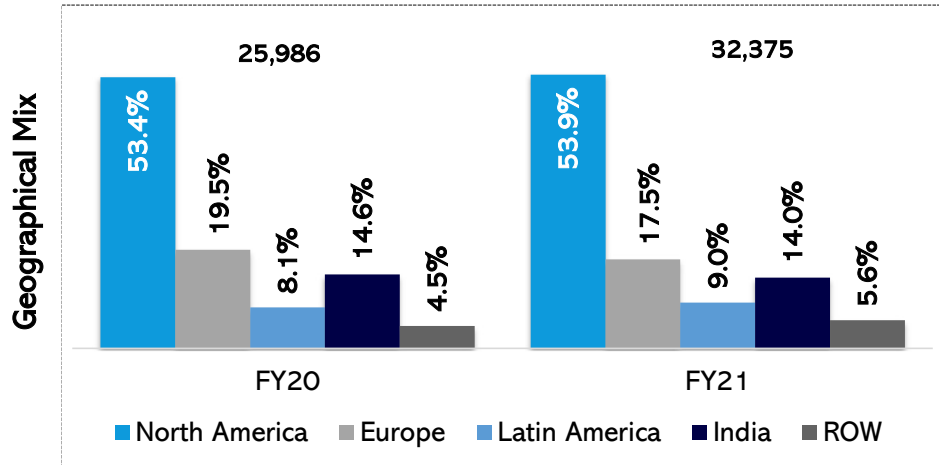


- Higher margin FD continues to grow in absolute terms from INR 3,440 mn to INR 4,611 mn up 34% YoY
- PFI is growing at 85% YoY, on account of increasing penetration of PFIs as a category
- API grew 9% YoY via on-boarding of new customers

FY21 - Revenue split by Market and Segments

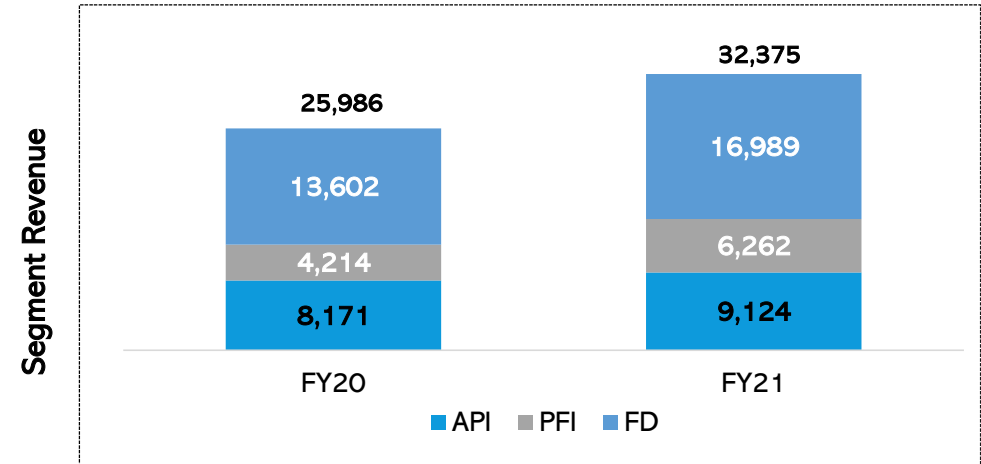


Strong growth momentum witnessed across geographies

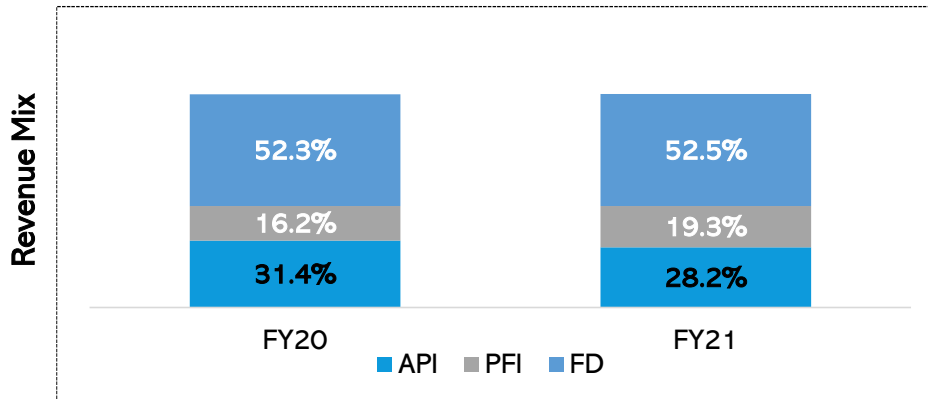


Finished Dosage and PFI segments grew 25% and 49%

(In ₹ Mn)



Contribution from PFI increased to 19% YoY



- Higher margin FD continues to grow in absolute terms from INR 13,602 mn to INR 16,989 mn up 25% YoY
- PFI is growing at 49% YoY, on account of increasing penetration of PFIs as a category
- API grew 12% YoY via on-boarding of new customers



FY21- Key Financial and Business Highlights (1/2)

- FY21 revenues at INR 32,375 Mn, record growth of 25% YoY. EBITDA stood at INR 8,552 Mn, a growth of 63% YoY. EBITDA margins stood at 26%. PAT at INR 5,495 Mn a growth of 64%
- **Increased market penetration through existing approvals and new product launches** contributed to growth in top-line
- Gross Margins moved mainly on account of **higher PFI and FD volumes** which have grown by around 50% over the previous year
- EBITDA improved mainly on back of higher volumes and new launches. Our operational efficiencies, in combination with our added capacities, have increased our FD volumes by nearly 50% which translated into higher EBITDA. In addition to this, our focus on our product rationalization based on profitability enabled us to achieve this growth
- During the year **Pharmaceutical Formulation Intermediates (PFI) segment grew 49% YoY, Active Pharmaceutical Ingredients (API) segment grew 12% YoY and Finished Dosage (FD) grew 25% YoY**
- High contribution from FD continues to grow in absolute terms from INR 13,602 Mn in FY20 to INR 16,989 Mn in FY21 up 25% YoY
- PFI grew 49% YoY from INR 4,214 Mn in FY20 to INR 6,262 Mn in FY21, on the back of increased market penetration and addition of new customers



FY21- Key Financial and Business Highlights (2/2)

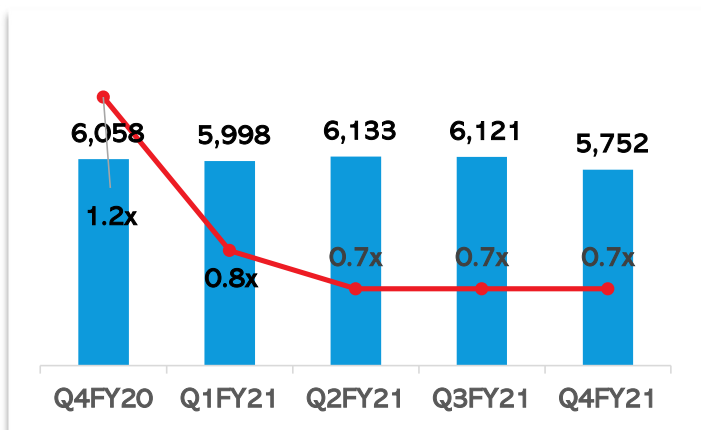
- API grew 12% YoY due to new customer additions
- Strong growth momentum witnessed across geographies
- Withdrawal of the MEIS scheme in H2FY21 had an impact of ~INR 390 Mn on profitability
- Net Debt down by 5.1% YoY
- **As of March 2021, Net debt to EBITDA at 0.7x vs. 1.2x as of March 2020**
- **ROCE at 30.7%**, up significantly on account of higher capacity utilization. Capacity increases came through quickly via addition of new modules and equipment with limited capital expenditure
- During the year, launched **12 new products**, filed **5 ANDAs**, **2 EU dossiers**, **3 products in Canada** and **1 in South Africa**. We also filed **4 US DMFs** and **3 CEPs**
- We received approvals for 14 ANDAs, 1 EU dossier and 1 Canadian dossier
- **Expected to invest ~INR 10,000 Mn** over the next three years. This is a largely in Finished Dosages, the new MUPS facility, expansion of the API facility and maintenance capex.
- In the US, added 800 Mn of capacity of solid oral tablets and another form of formulation, on a single shift basis and will be operational by Q1FY22

Q4FY21- Key financial ratios, impressive and consistent quarter delivered

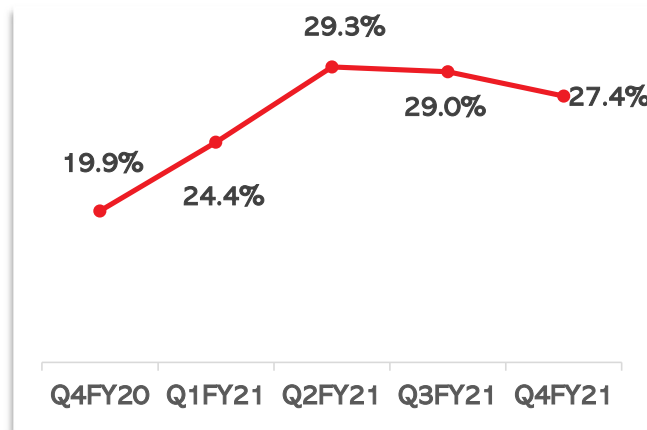


(In ₹ Mn)

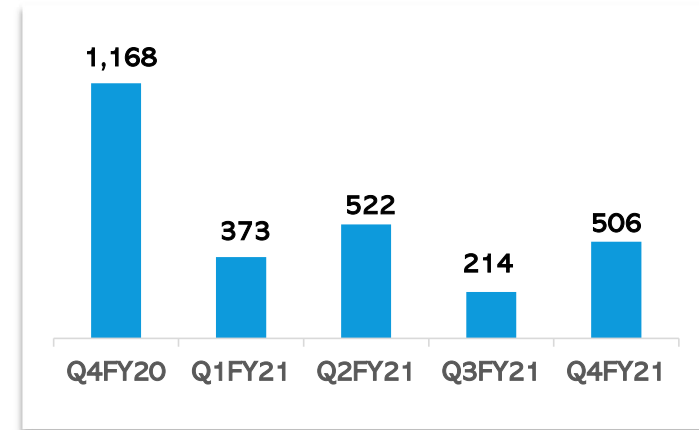
Net Debt & Net debt-to-EBITDA (x)



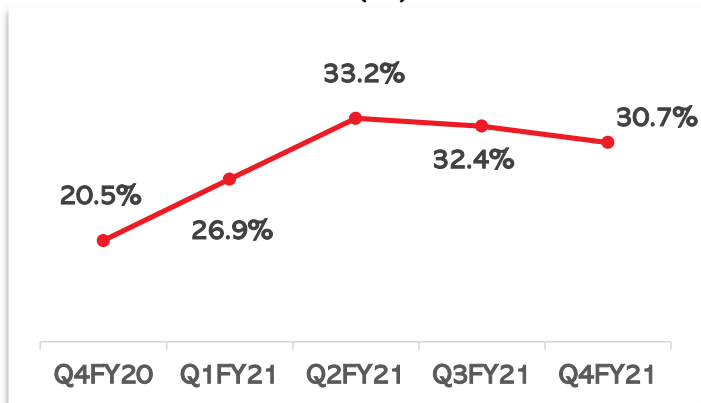
ROE (%)



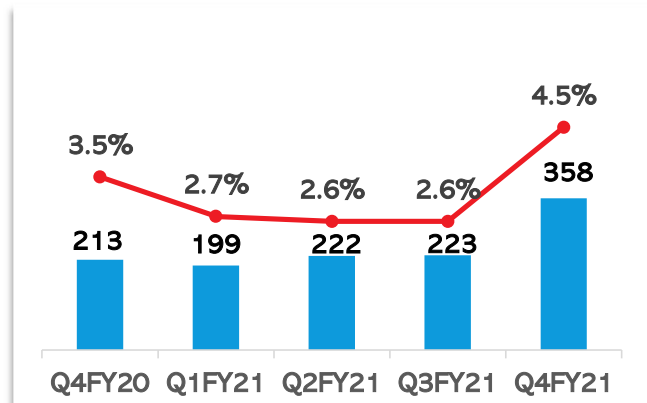
Free Cash Flow



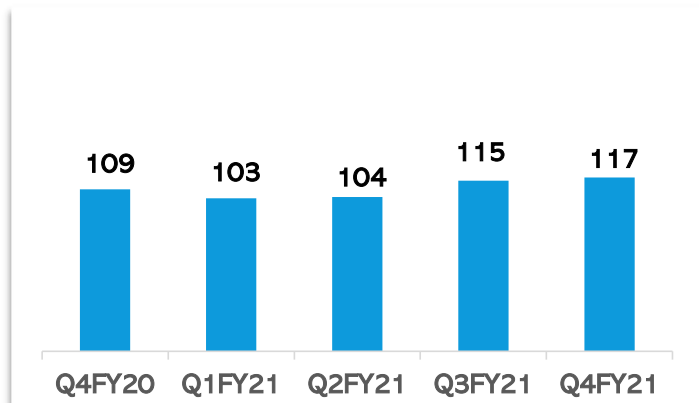
ROCE (%)



R&D and R&D % of sales



Cash to Cash cycle (days)

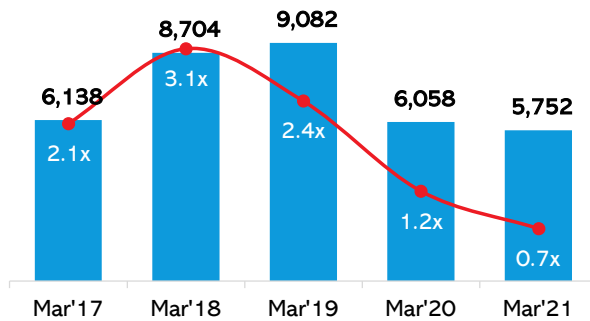


Improving returns; focus on FCF generation: 5-year trajectory (1/2)

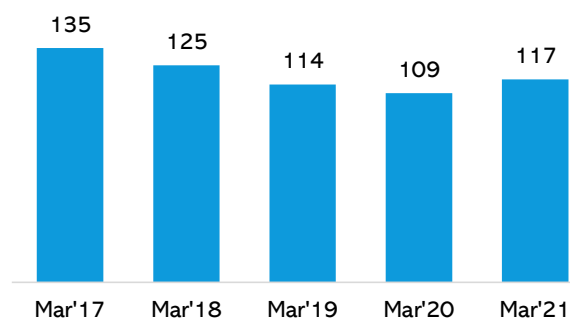


(In ₹ Mn)

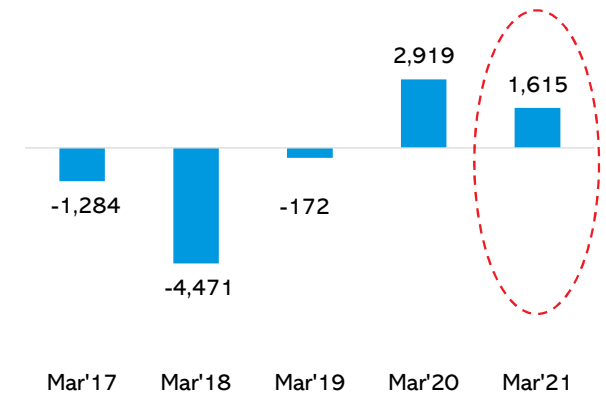
Net Debt & Net debt-to-EBITDA (x)



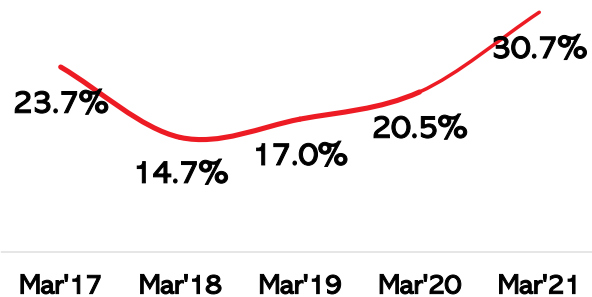
Cash-to-Cash cycle (days)



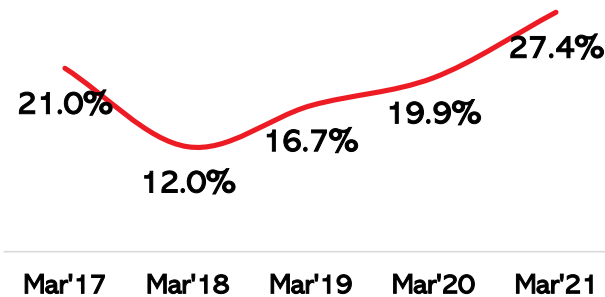
Free Cash Flow (FCF)



ROCE (%)



ROE (%)



Note:

ROCE = [EBIT/Avg. Capital Employed (Total assets-current liabilities)];

JV income is not incl. in Mar'19 and Mar'20;

FCF= CF from operating activities - Capex

Improving returns; focus on FCF generation: 5-year trajectory (2/2)

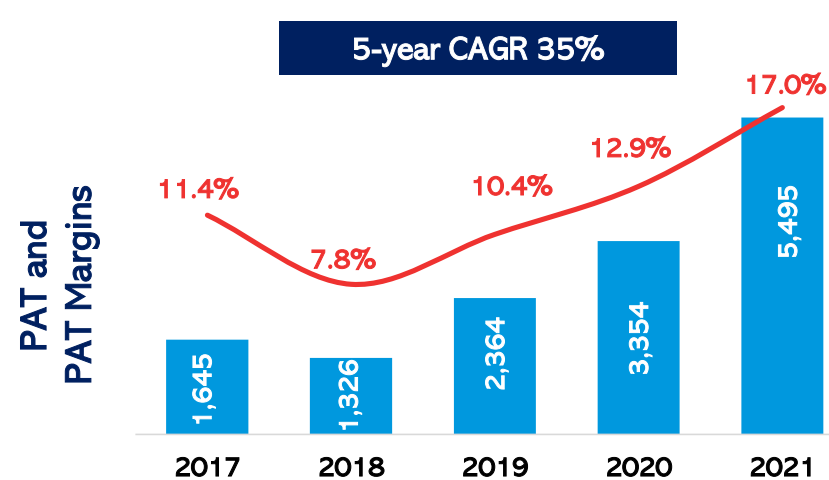
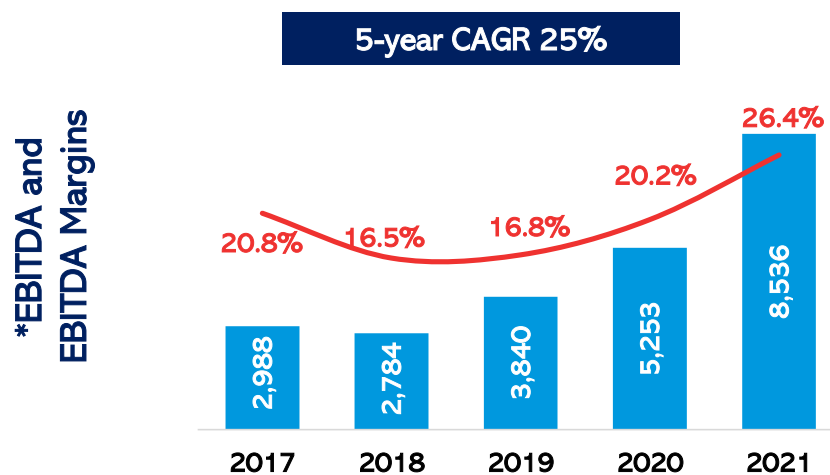
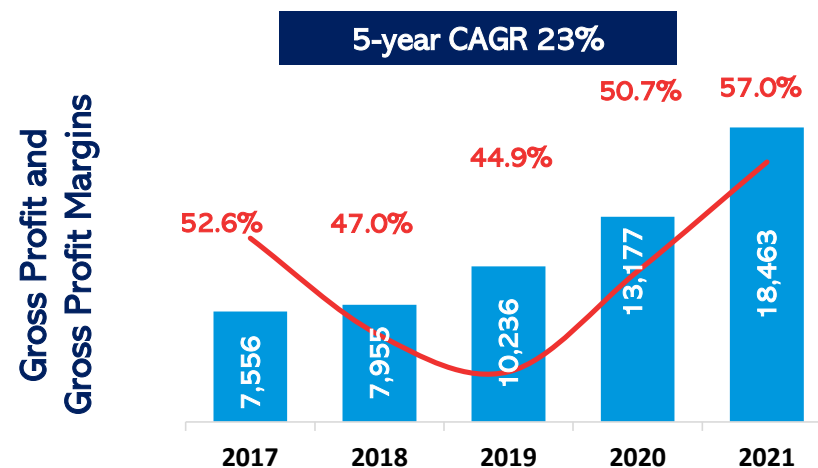
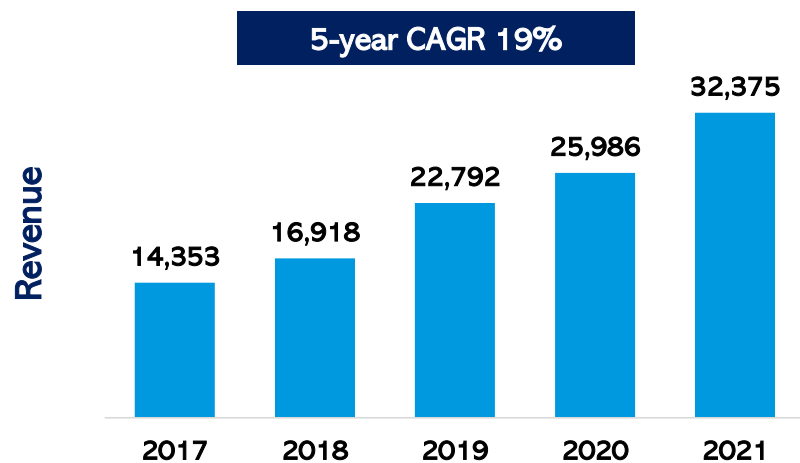


- Gross Debt reduced on account of reduction of our long-term loans by INR 830 Mn, while our short-term loans went up due to our increase in inventory build-up for new launches
- Net Debt reduced mainly on account of better realisations of receivables and factoring some part of our receivables at competitive rates
- Cash-to-cash cycle increased to 117 days mainly on account of increase in inventories which we are consciously building on account of new launches and also to tide over any crisis due to COVID second wave
- Operational cashflow for the year at INR 4,325 Mn mainly on account of increase in working capital changes for the increased business and also increase in inventory build-up for the new product launches
- Our free cash flow fell from INR 2,919 Mn in the previous year to INR 1,615 Mn in the current year for the higher Capex spend to cater the future business needs

5-year trajectory: unlocking value firmly underway



(In ₹ Mn)



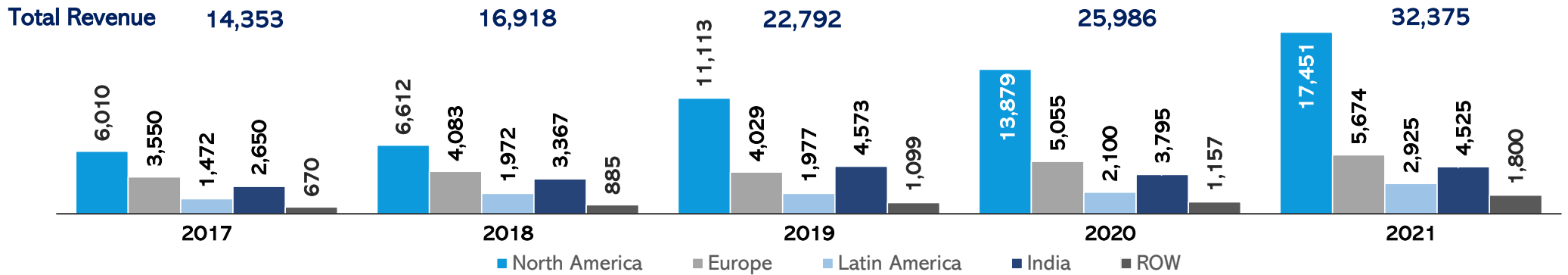
Note: *FY20 EBITDA includes one time expense of INR 217 Mn for impairment of investment in the US

Increasing share from FDs while remaining backward integrated in APIs



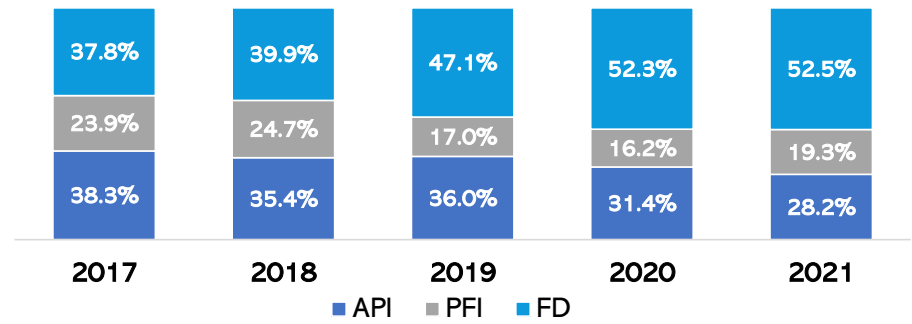
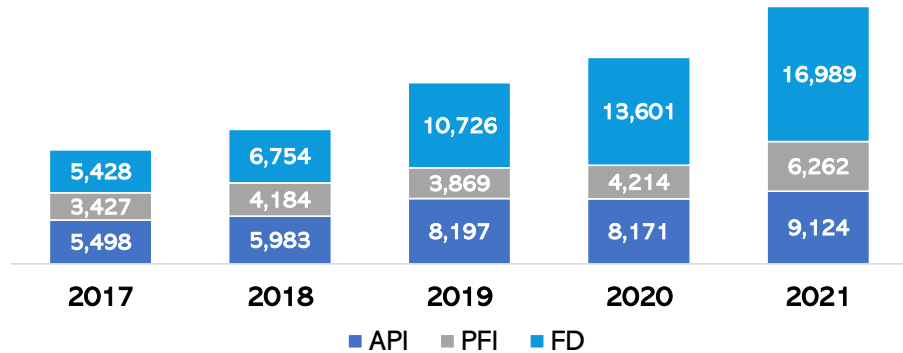
(In ₹ Mn)

Higher revenue contribution coming from regulated market, 72% of total revenues



Finished Dosage: 5Y CAGR 30%

FD revenue contribution increased to 52% from 38% in last 5yrs



ESG Philosophy @Granules



The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business, 2011 (NVGs) formulated the National Guidelines on Responsible Business Conduct (NGRBC). Granules has based its sustainability policy on the 9 Principles as mentioned in the NVGs.

In Summary



2-3 year Financial Goals:

Revenue CAGR ~20%+

PAT CAGR ~20%+

ROCE ~25%+

Timely launches of products expected FY22 while increasing the market share of existing products by passing on cost benefits realized through operational efficiencies

Focus on **Cash conservation** and liquidity management

Focus on Free cash flow generation and reduction in net debt

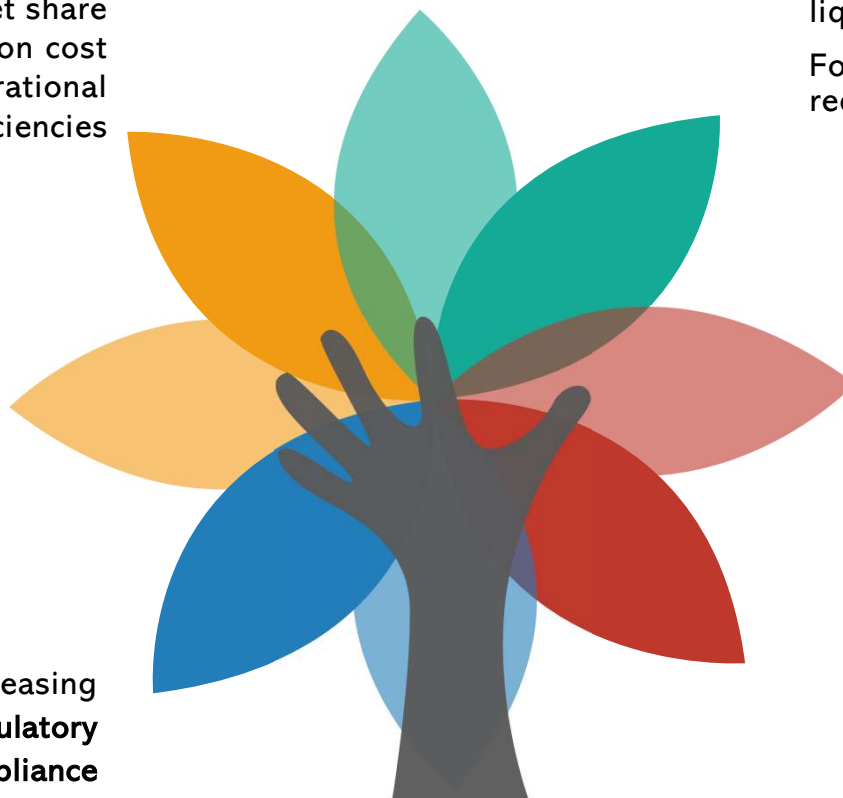
Continue rationalizing R&D portfolio while building towards sustainability

Timely completion of new block construction in Gagillapur and other expansion activities

Improve profitability through better capacity utilization and by enhancing product mix and operational cost efficiencies

Ensure employee safety while increasing productivity and **ensuring Regulatory Compliance**

Working capital management with high **focus on inventory management** to ensure supply security



Glossary



API: Active Pharmaceutical Ingredient

PFI: Pharmaceuticals Formulation Intermediates

FD: Finished Dosage

OTC: Over the counter drugs

Rx: Prescription drugs

IR: Immediate Release

ER: Extended Release

CII: Control substances

PFOS: Powder for oral suspensions and solutions

MUPS: Multi-unit pellet system



Thank you

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