



Granules India Limited

Earnings Presentation - Q1FY25

30th July 2024

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Key business highlights for Q1 FY 25

- Strong gross margin for the quarter
- Continued growth in formulations share in the business
- Continued growth in North America region
- Decline in the Para API/ PFI sales due to higher customer inventory and price erosion
- Continued prioritization and investment in R&D for building product pipeline
- Healthy operating cashflow
- Net debt to EBITDA at 0.77
- Product approval for Colchicine Capsules
- New Product lunches in USA Colchicine Capsules and Esomeprazole Capsules Rx









Quarterly Performance Q1 FY 25

Q1FY25 P&L: Y-o-Y Performance highlights

(In ₹ Mn)

	Q1 FY25	Q1 FY24	Y-o-Y Gr%	Remarks on Y-o-Y performance
Revenue	11,799	9,855	20% 	Driven by formulations growth. Q1 FY24 had lower base due to cyber incident
Value Added <i>Value Added %</i>	6,954 58.9%	5,063 51.4%	37% 	Achieved a higher value-added percentage compared to Q1-FY24, attributed to a higher FD sales and lower raw material cost
EBITDA <i>EBITDA %</i>	2,593 22.0%	1,368 13.9%	89% 	Improved Value-Added Percentage (VA%) led to a better EBITDA percentage in Q1 FY25, despite increase in R&D spend for building R&D pipeline
PAT <i>PAT %</i>	1,346 11.4%	479 4.9%	181% 	Increase in the Value-Added Percentage (VA%) helped in achieving better PAT margin

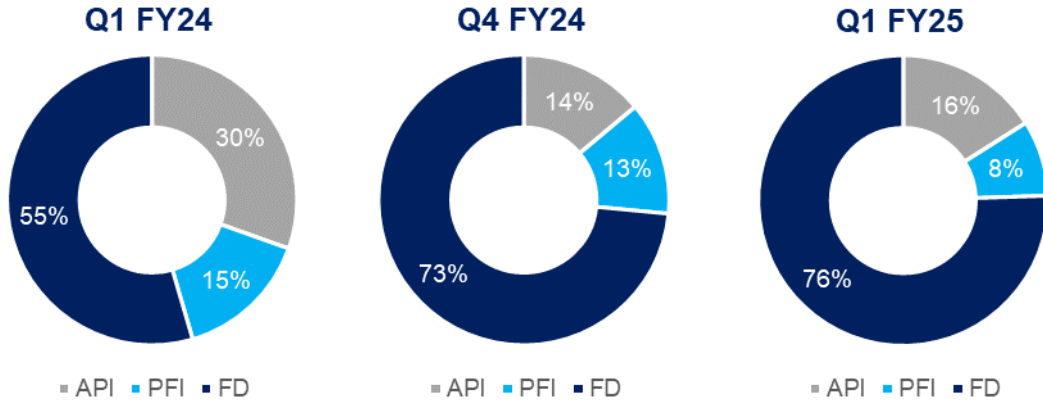
Q1FY25 P&L: Q-o-Q Performance highlights

(In ₹ Mn)

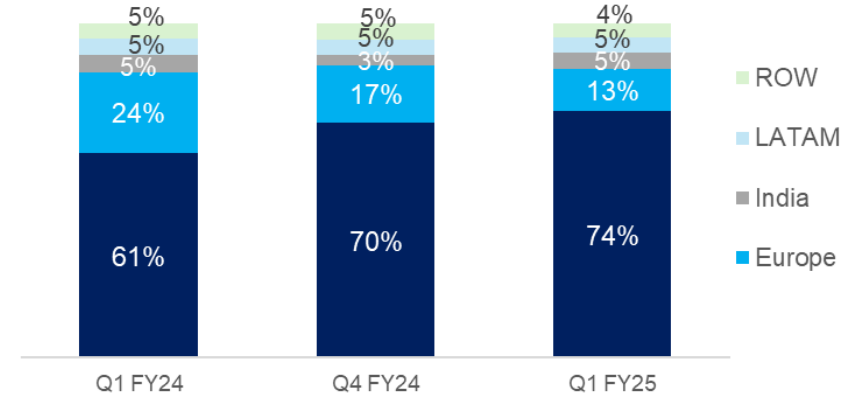
	Q1 FY25	Q4 FY24	Q-o-Q Gr%	Remarks on Q-o-Q performance
Revenue	11,799	11,758	0.3%	Continued growth in FD segment offset by decline in Para API/PFI sales volume, and price erosion
Value Added <i>Value Added %</i>	6,954 58.9%	7,062 60.1%	-1.5%	Lower VA%, Q-o-Q, is attributed to product mix
EBITDA <i>EBITDA %</i>	2,593 22.0%	2,557 21.7%	1.4%	EBITDA margins have improved compared to the previous quarter due to reduced operational costs
PAT <i>PAT %</i>	1,346 11.4%	1,296 11.0%	3.9%	Driven by higher EBITDA and lower finance cost

Q1FY25 : Revenue spilt by Segments and Market

Division wise share



Region wise share



	Q1 FY24	Q1 FY25	Y-o-Y Gr%
API	3,000	1,890	(37%)
PFI	1,482	997	(33%)
FD	5,373	8,912	66%

	Q1 FY24	Q1 FY25	Y-o-Y Gr%
North America	6,017	8,700	45%
Europe	2,405	1,493	(38%)
LATAM	481	535	11%
India	504	569	13%
ROW	448	503	12%

Q1FY25 Cashflow and Ratios : Q-o-Q highlights

	Q1 FY25	Q4 FY24
ROCE%	19.6%	16.5%
Increase in EBIT		
ROCE = Annualised EBIT / Average capital employed Capital employed = Equity + Total Borrowings + LT liabilities - Cash		

	Q1 FY25	Q4 FY24
Fixed asset turn	1.74	1.77
Slightly lower due to continued investment in new project - Granules Life Science		
Fixed asset turn = Annualised Sales / Average Tangible Gross block		

	Q1 FY25	Q4 FY24
Net debt/ EBITDA	0.77x	0.98x
Net debt decrease by Rs.481 Mn		
Net debt = Gross debt – Cash and cash equivalents		

	Q1 FY25	Q4 FY24
CCC	183	161
New launches and Red sea issues continued to impact both inventory days and overall CCC days		
CCC = DIO + DSO – DPO DIO and DPO are calculated using Material Cost consumed and DSO is calculated using Sales		

	Q1 FY25	Q4 FY24
Operating Cashflow	2,161	2,150
Healthy flat Q-o-Q operating cashflow despite increase in inventory days		

	Q1 FY25	Q4 FY24
Capex	1,444	987
Capex includes investment towards Granules life sciences (691 Mn) and CZRO (75 Mn)		

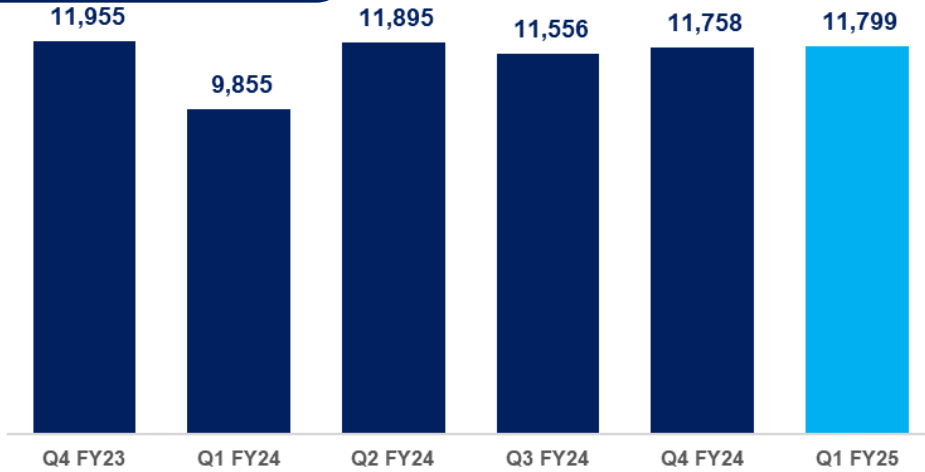
Historical Performance



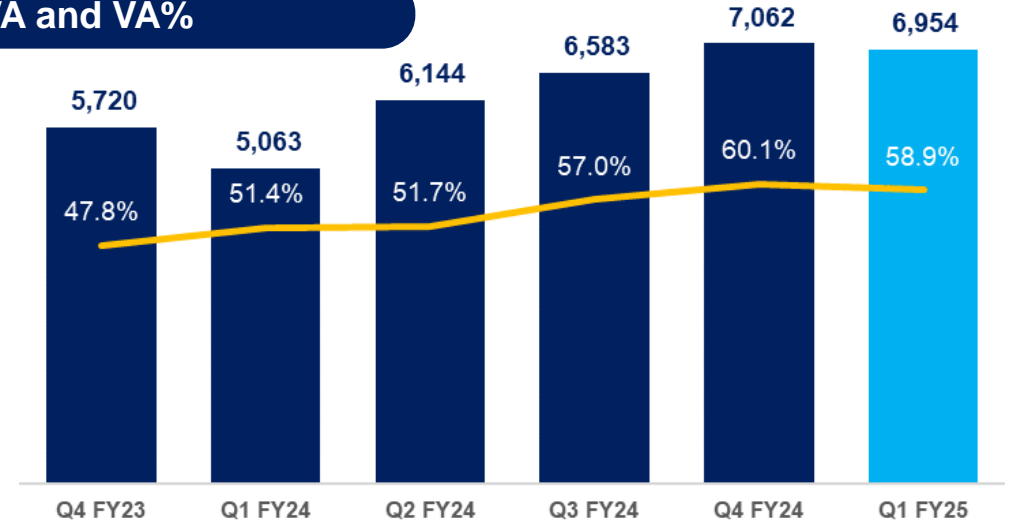
Sales and profitability : Last 6 quarters historical performance

(In ₹ Mn)

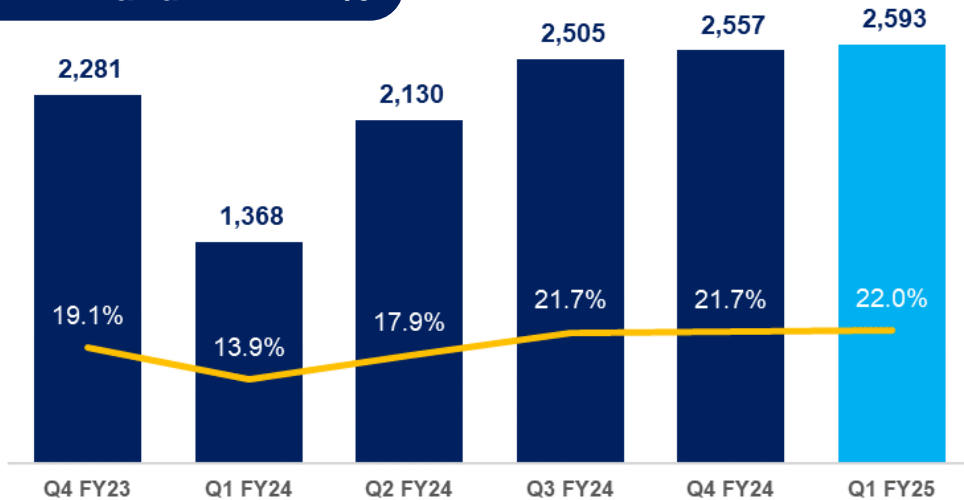
Sales



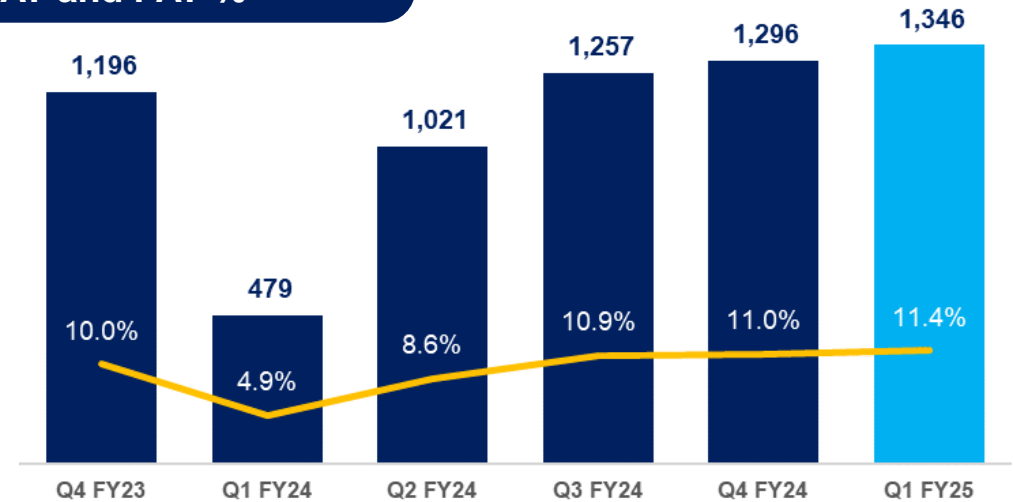
VA and VA%



EBITDA and EBITDA %



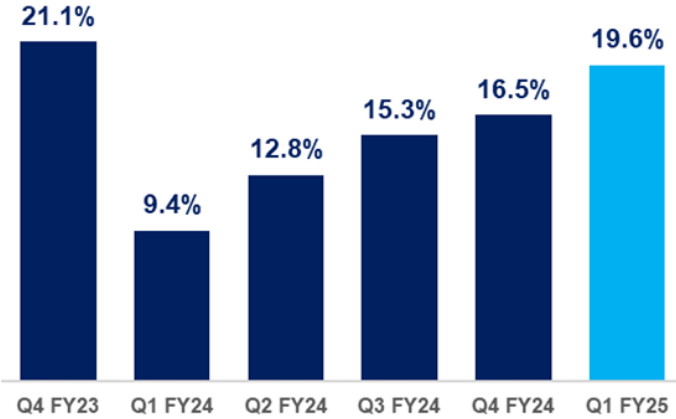
PAT and PAT %



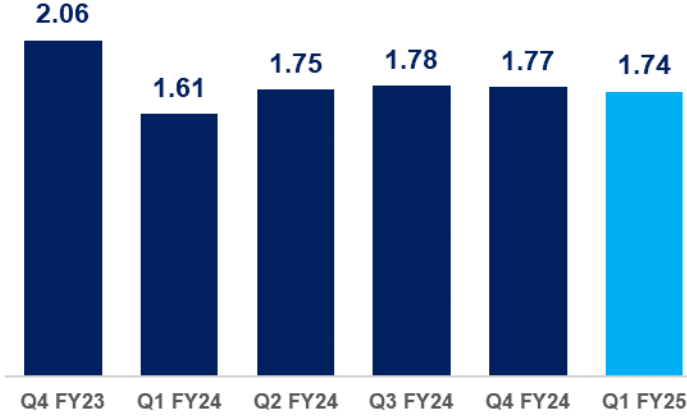
Cashflow and Ratios: Last 6 quarters historical performance

(In ₹ Mn)

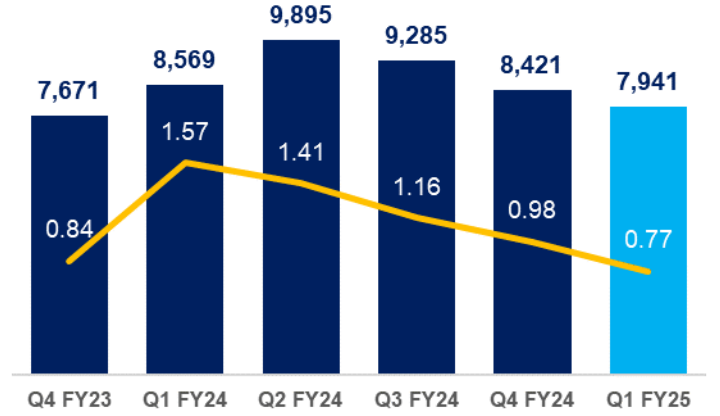
ROCE%



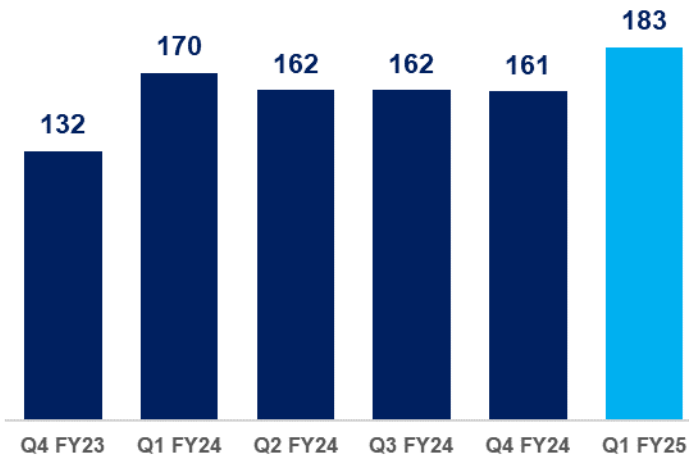
Asset turns



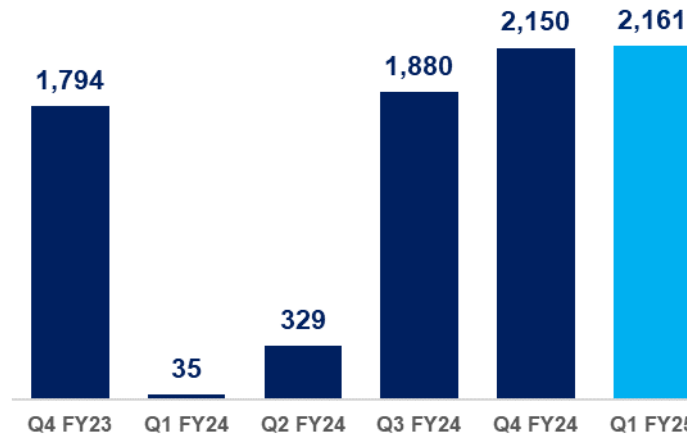
Net debt and Net debt/EBITDA



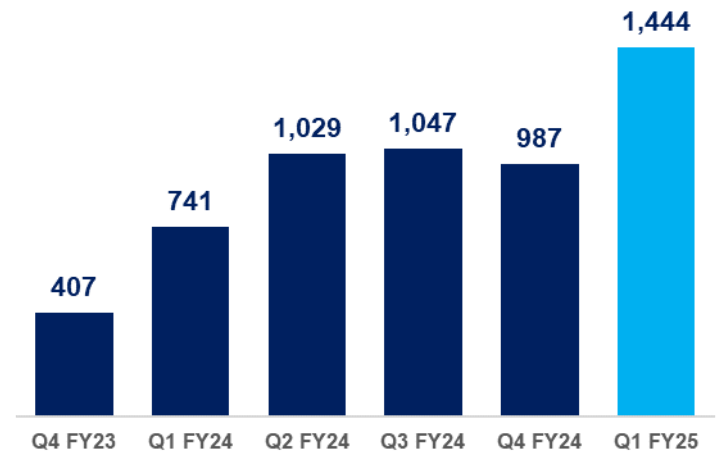
Working Capital days



Operating Cash flow



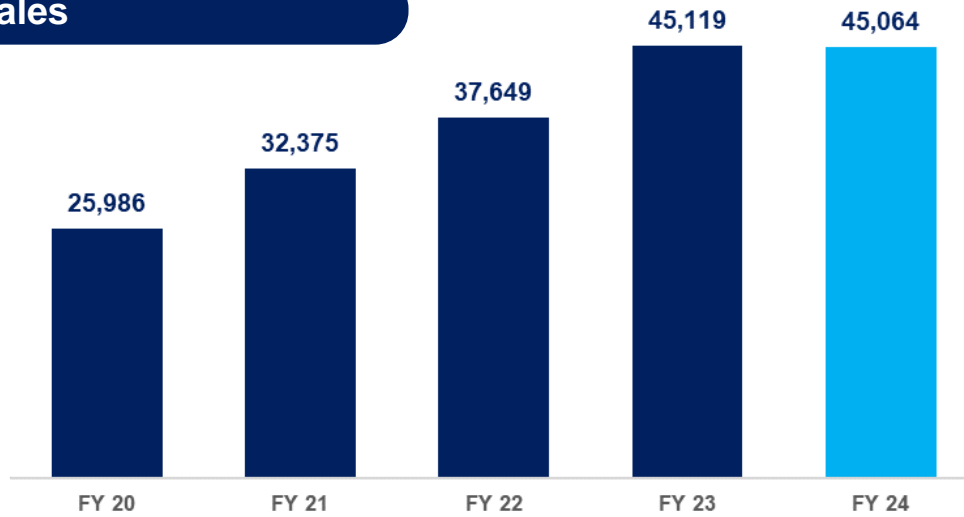
Capex



Sales and profitability : Last 5 years historical performance

(In ₹ Mn)

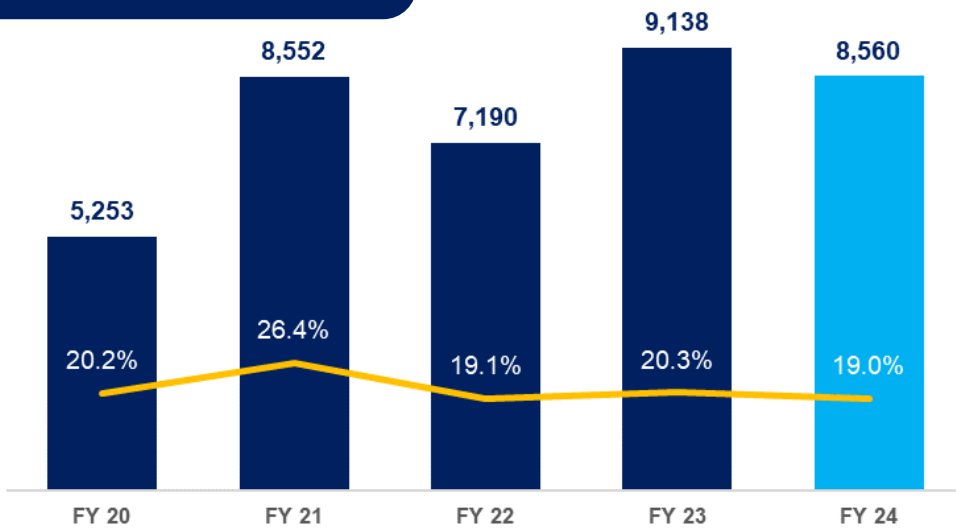
Sales



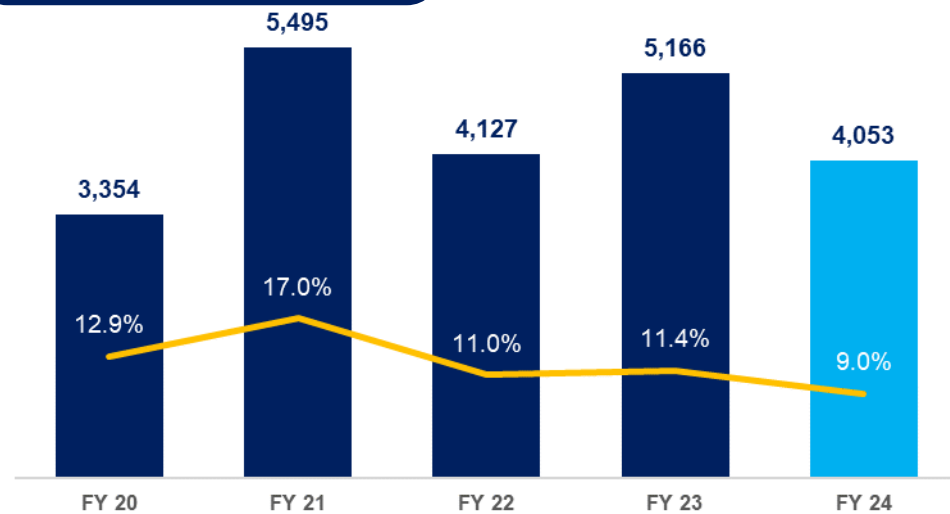
VA and VA%



EBITDA and EBITDA %



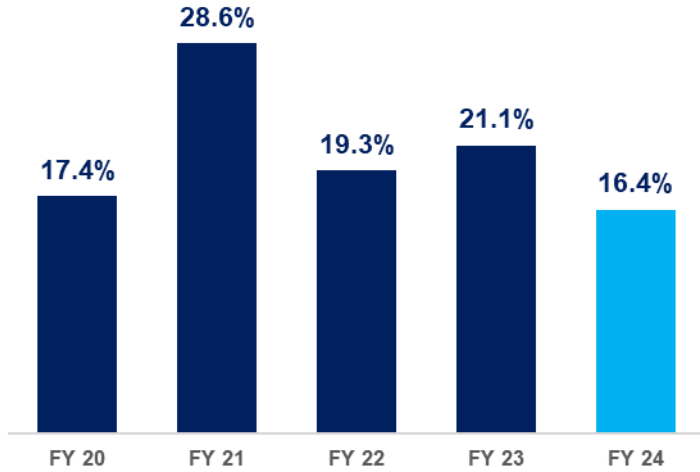
PAT and PAT %



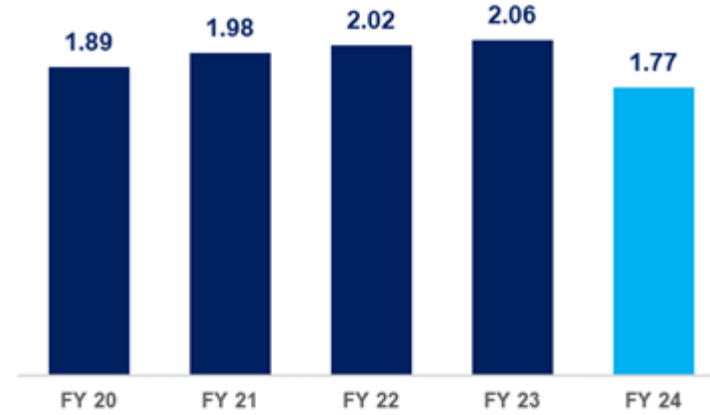
Cashflow and Ratios: Last 5 years historical performance

(In ₹ Mn)

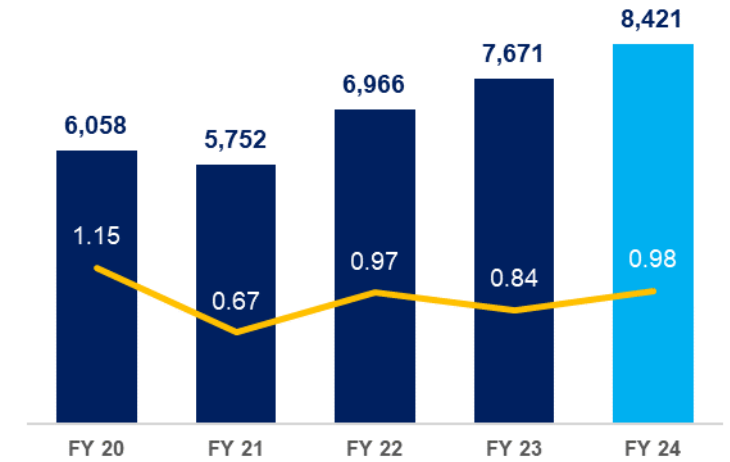
ROCE%



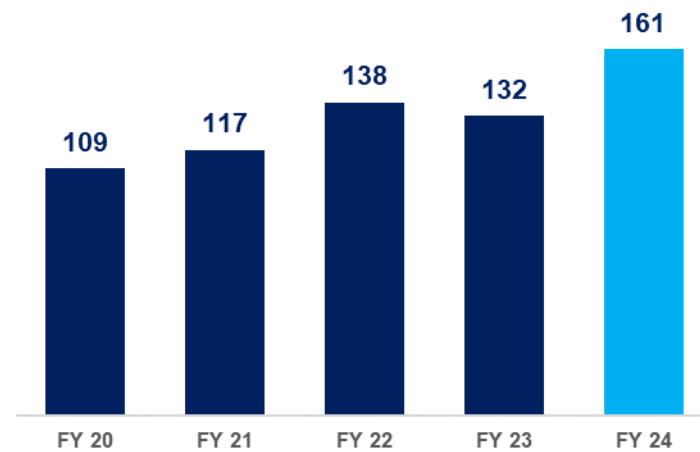
Asset turns



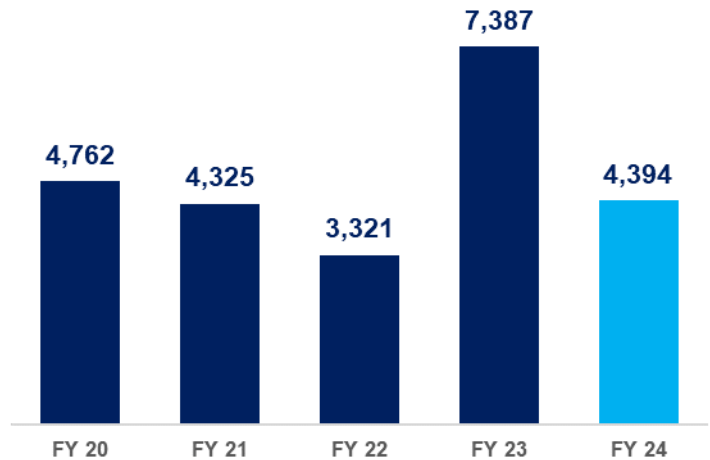
Net debt and Net debt/EBITDA



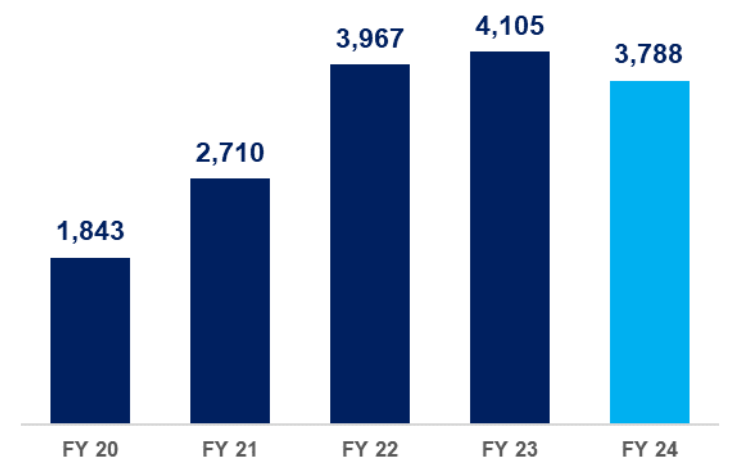
Working Capital days



Operating Cash flow



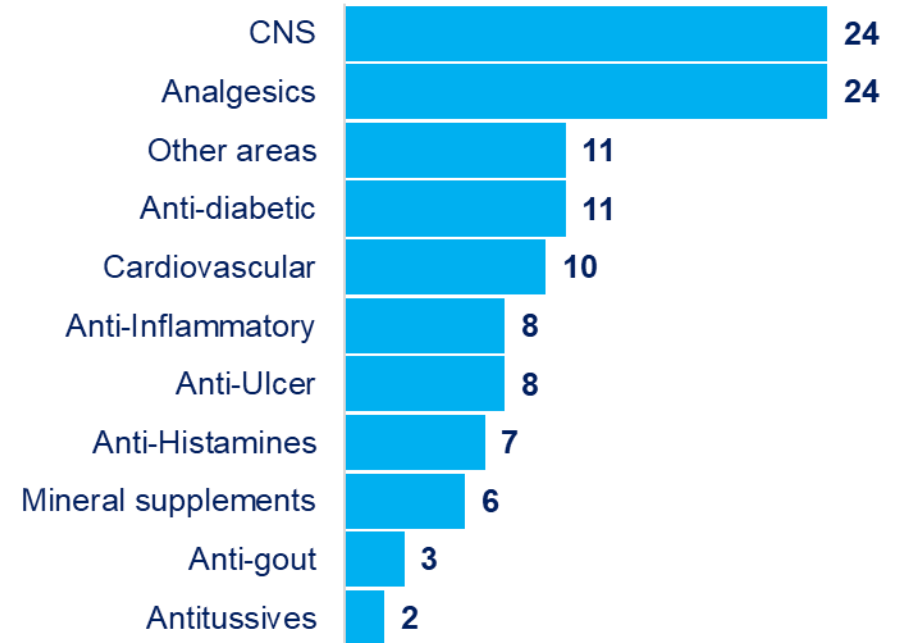
Capex



ANDA/Dossier filing status

Filing Status		Approved	Tentatively Approved	Filed	Total Products
GPI IP	USA	27	0	5	32
GIL IP	USA	36	1	11	48
	Europe	8	-	3	11
	Canada	6	-	-	6
	RoW	7	-	8	15
	UK	2	-	-	2
Total		86	1	27	114

ANDA/Dossier filed - Therapeutic area wise





Granules at a glance

Granules Purpose, Vision & Values

Purpose

Healing lives
responsibly
through pioneering
green science

Vision

To establish ourselves as a world leader in green chemical and pharmaceutical industry by harnessing cutting-edge technologies to enhance quality of life.

Values

- 1 Challenging Limits
- 2 Futuristic Thinking
- 3 Empowering Employees
- 4 Customer Driven
- 5 Quality Everywhere
- 6 Environmental Stewardship

An Illustrious Journey Spanning Four Decades

Building A World Class, Vertically Integrated Pharmaceutical Manufacturing Platform

From being a paracetamol API manufacturing facility to a multi-faceted global pharmaceutical company, we have consistently achieved manufacturing success, set new standards of quality and expanded our presence across the world.



Triton Laboratories was formed to produce Paracetamol API at our Bonthapally facility in Hyderabad



A new large volume PFI facility in Gagillapur and a wholly owned subsidiary - Granules USA for marketing in the US



Acquired Auctus Pharma - An API Manufacturing Facility with regulatory approvals



Laid foundation for Oncology OSD Plant in Visakhapatnam



GPAK is a 79,000 sq. ft. packaging facility with 4 packaging suites & WH facility



1984

1990

2003

2008

2013

2014

2016

2021

2023

2024

Triton opened its second manufacturing facility at Jeedimetla to produce multiple APIs

Entry into the Finished Dosage segment

Sets up a wholly owned subsidiary in the US; Granules Pharmaceutical to focus on formulation R&D to forward integrate its APIs

Largest single manufacturing site for Multi-Unit Pellet system facility

Granules Life sciences (GLS) a Formulation facility



Manufacturing Network & Capacity

Bonthapally



API: 34,560 TPA

Jeedimetla



API: 4,800 TPA
PFI: 1,440 TPA

Gagillapur



FD: 26.8 Bn
PFI: 23,200 TPA

Virginia, USA



FD: 1.5 Bn

GPAK, USA



2 OTC lines
1 Rx line

Bonthapally II



API (Intermediate):
61.5 KL PA

Vizag (Unit 4)



API: 380 KL PA

Vizag (Unit 5)



API: 15 KL PA
FD: 1.1 Bn

Genome Valley



FD: 8 Bn dosage (Upcoming)
(Phase 1: 2.5 Bn dosage by end of FY 25)

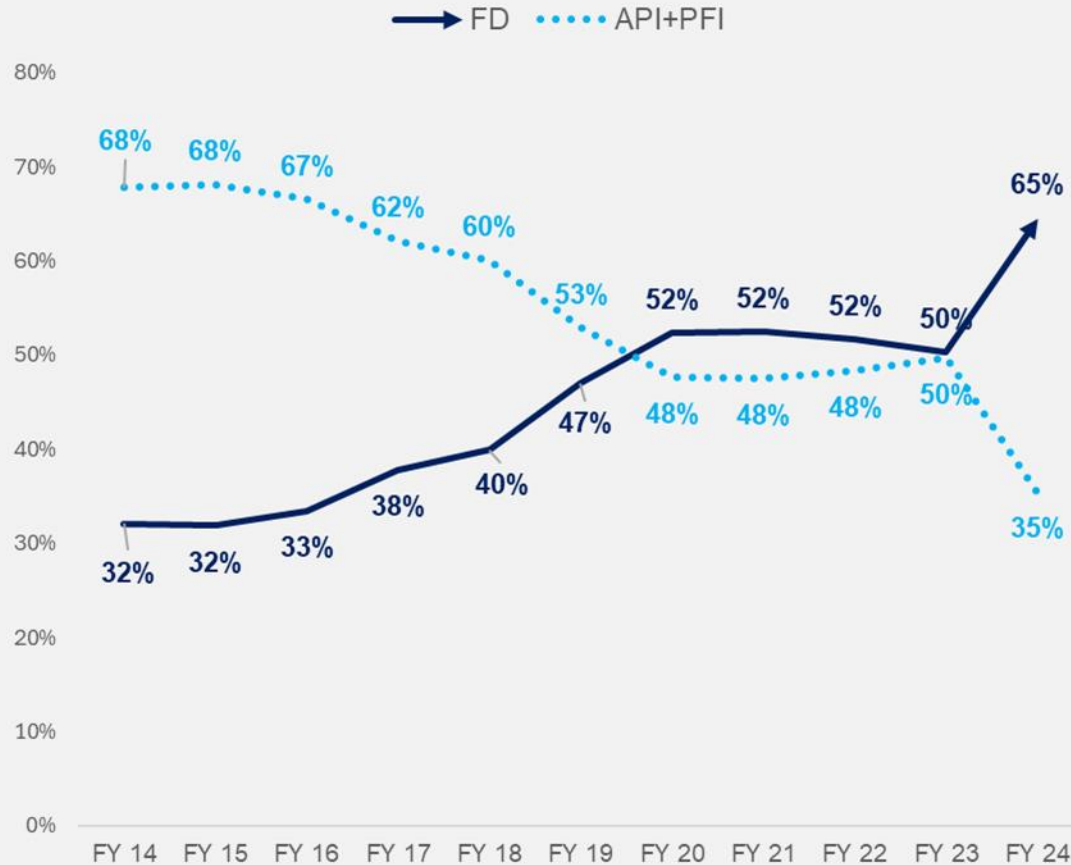
Business Strategy Update



Strategy In Action: Moving up the value-chain and Product Diversification

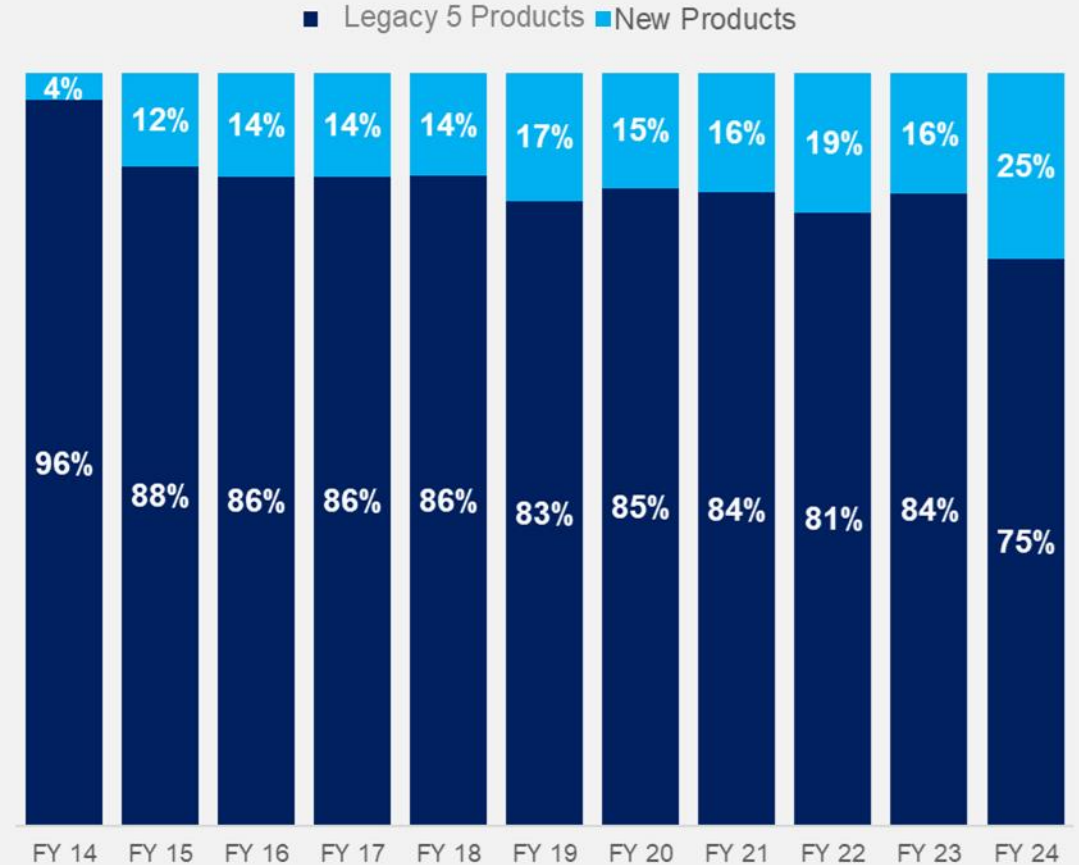
Moving Up the Value Chain

Revenue Share By Business Segment



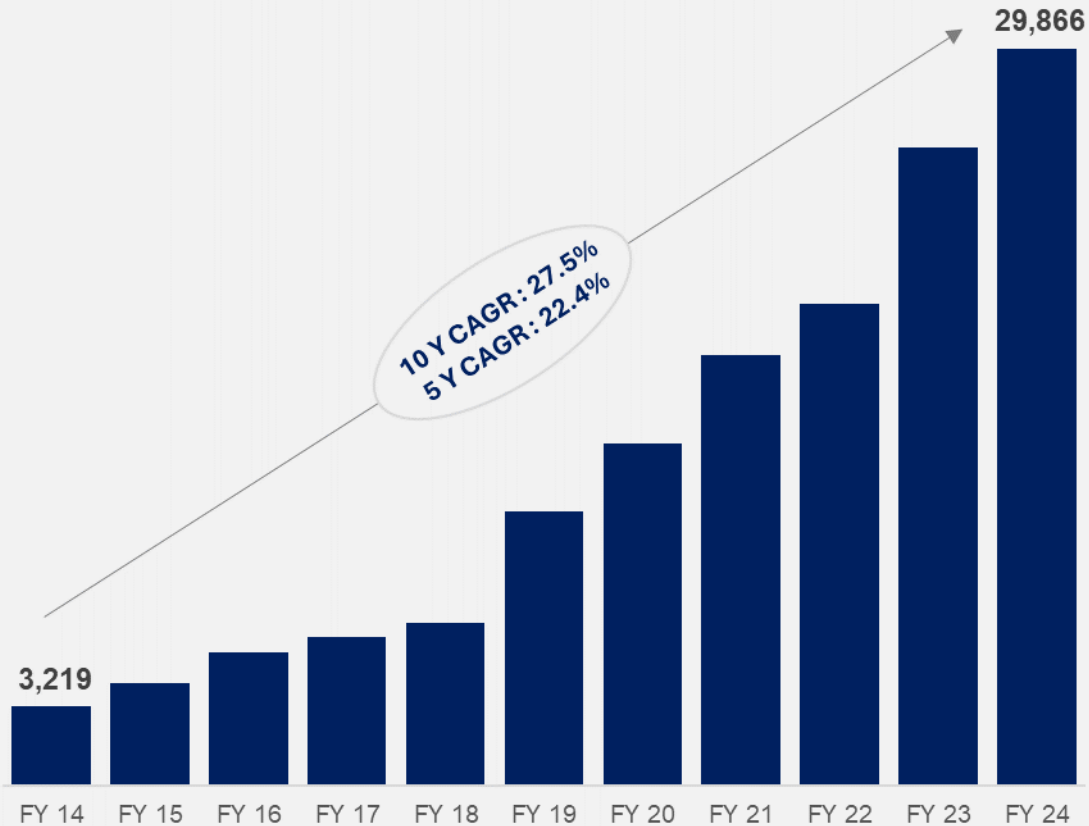
Product Diversification

Revenue Share By Product Segment



Strategy In Action: Strengthening Business in North America

North America Growth Trajectory (INR Mn)



Unique Manufacturing Platform of Optimizing “Make in India” (GIL) and “Make in America” (GPI , GPAK)

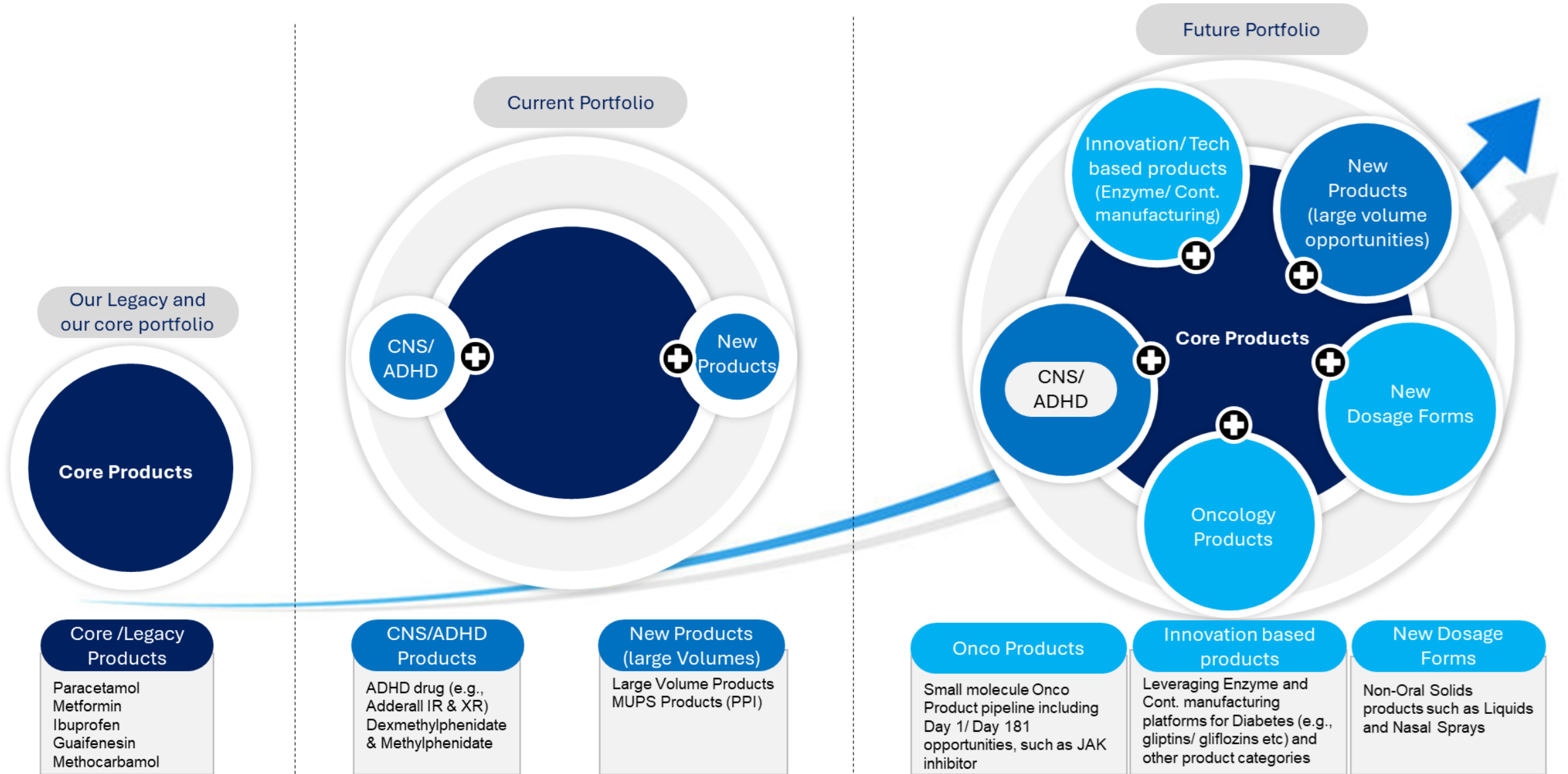
Market leadership in CNS/ADHD (GPI operations), adding to the leadership position in large volume molecules

GPI Market leadership: 7 products are ranked #1 (MAT March 24), contributing 70% to the GPI’s revenue.

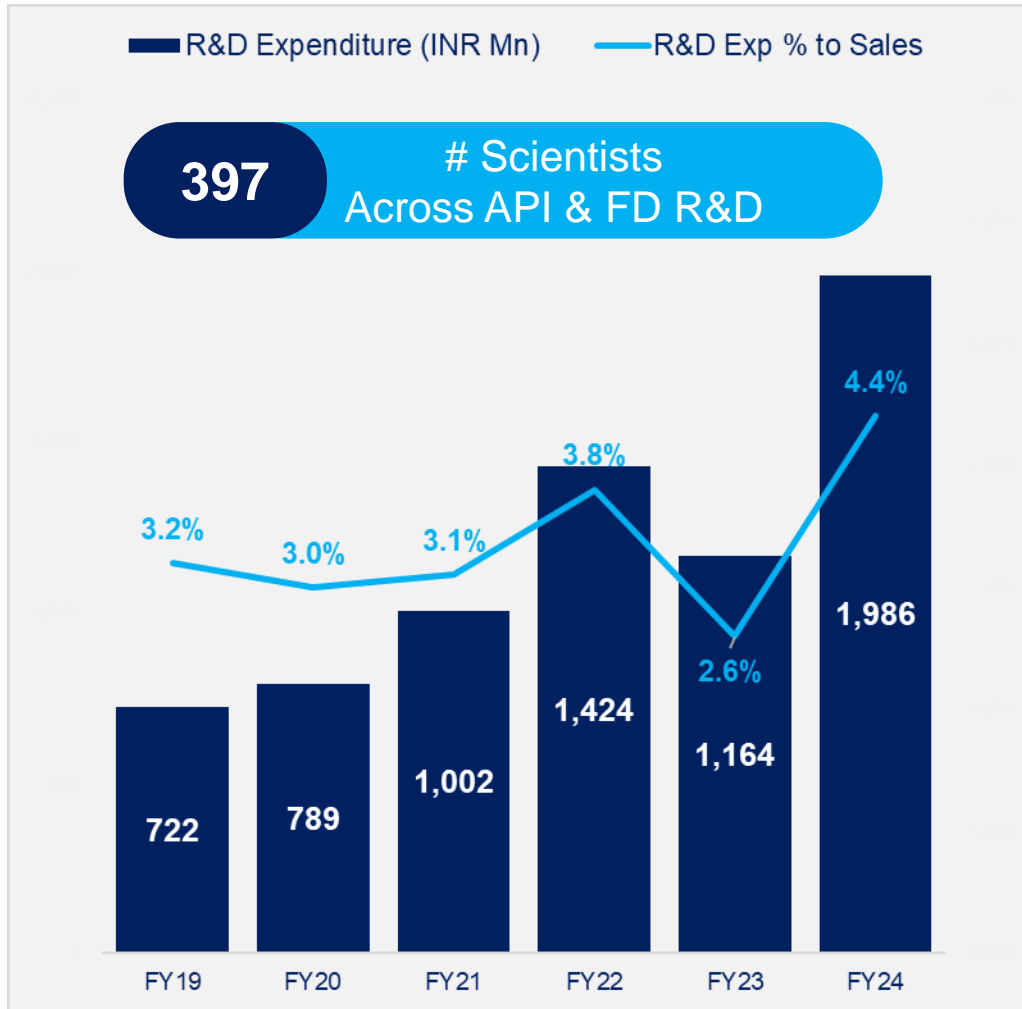
Prioritizing OTC business through GCH and GPAK : Growing OTC business through partnership with Brand owners and leading Retailers in the US.

Business Growth to be driven by primarily new launches, both in Rx and OTC, supplemented by BD in new dosage forms

Strategy In Action: Portfolio Expansion



Strategy In Action: Building R&D Capability and Product Pipeline



Integrated Product Development

Genome Valley – MN Park
R&D facility for Integrated Product Development

- Fast tracking product development through seamless coordination & shared analytical resource

Controlled Substances

Pragathi Nagar R&D

- CoE for CII API Development
- Select KSMs

GPI R&D

- CII Finished Dosage
- Complex technologies FD

New Technologies

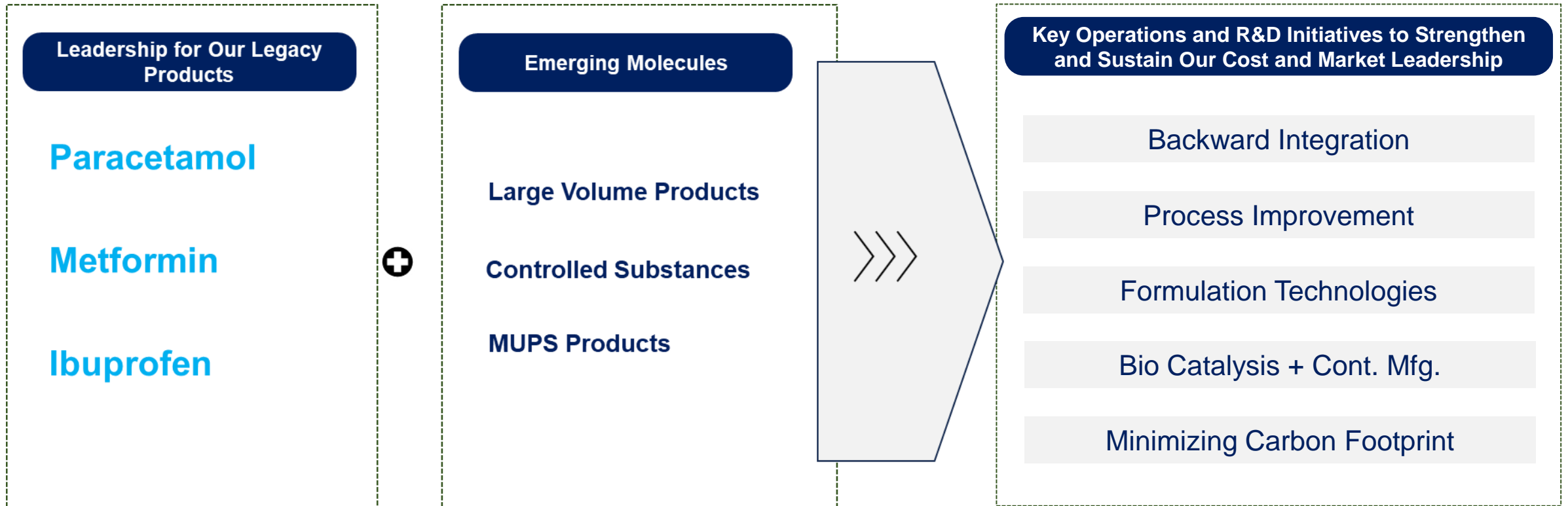
Bio Lab at Pragathi Nagar

- Enzyme & Fermentation

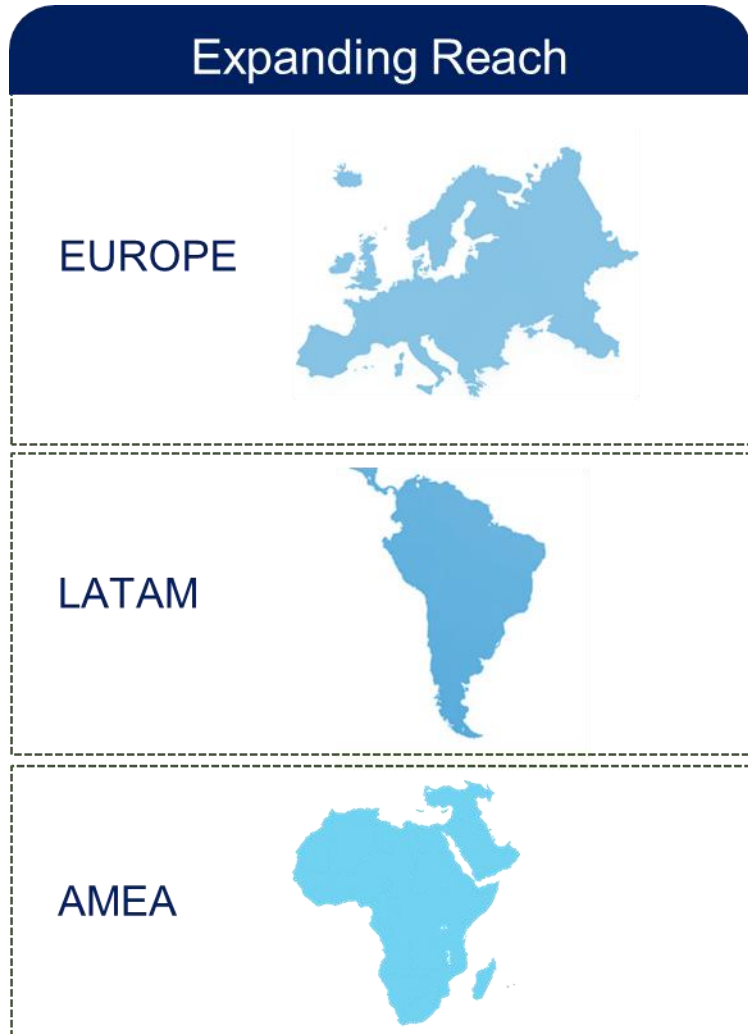
Pune R&D

- New technologies
- KSM & Backward Integration

Strategy In Action: Building & Sustaining Key Product Leadership



Strategy In Action: Expanding Reach Through Commercial Excellence



Replicate commercial success of North America in other key markets
Strengthening Teams | Building Commercial Excellence Processes

- Revamped and augmented **Commercial leadership team**
- **Formulation Driven Growth in Europe** through key partnerships and Dossier Sales/ BD Deals on existing and New Products
- **Extension of the Commercial portfolio and new products**
- **Customer focus:** New Initiatives focus on customer service excellence



Sustainability at Granules

Sustainability at Granules : Green Molecule Platform, beginning with our core products – Paracetamol & Metformin

GRANULES
CZRO

Commitment towards Net Zero

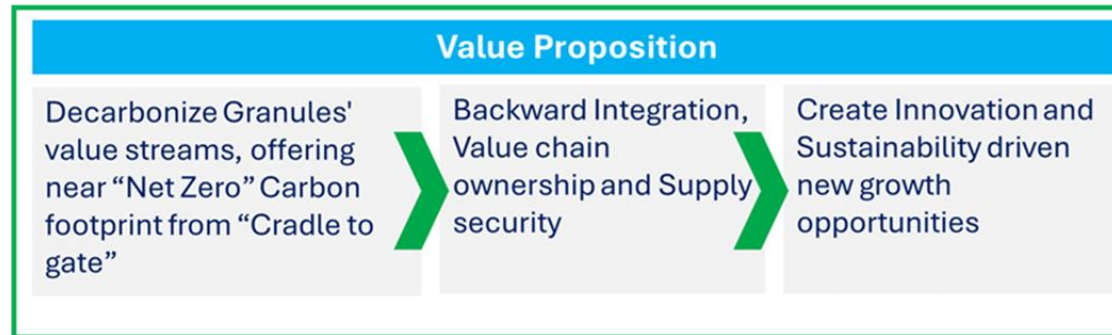
Medicine with *near Net Zero* Carbon footprint

24/7
Carbon-free energy

Green molecules
Such as Hydrogen(H₂), Ammonia(NH₃), Nitric acid(HNO₃) and Methanol(CH₃OH)

Built-in circularity

Develop and Promote State-of-the-art Integrated Green Pharmaceutical Zones (GPZ) with first collaboration in Kakinada, Andhra Pradesh	Supply of Carbon Free Green Energy and Green Molecules Solutions	To build a green field facility for large scale manufacturing of KSMs, Intermediates, APIs and fermentation-based products



CZRO Update

Granules CZRO has initiated a pilot DCDA plant in Visakhapatnam. The pilot plant has commenced operations in the month of March'24.

Sustainability at Granules : Pioneering Innovation for Complete Supply Chain Decarbonization of Pharmaceuticals

Net Zero by **2050**

The Granules Commitment

GRANULES CZRO

Building our flagship green pharmaceutical plant*
*(At Kakinada, AP, India)

C Score

Received for Climate change in our first CDP disclosure

BB

Our Inaugural MSCI ESG Rating

Silver Rating*

*Achieved by Unit-1 Bonthapally

Submitted our climate target for 1.5 ° pathway and Net Zero goal to SBTi for the validation

SCIENCE BASED TARGETS

COMMIT DEVELOP SUBMIT COMMUNICATE DISCLOSE

WE SUPPORT

27.8 %

Scope1 and Scope2 Intensity*

*Over last year

22.8 %

Scope1 and Scope2 Absolute Reduction*

*Over last year

47.7 %

Share of Renewable Energy of Electricity Consumed Including PPA & I-RECS *

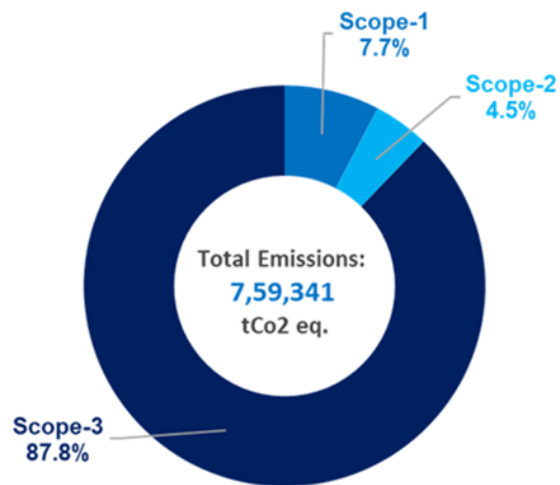
88.1 %

Haz.Waste generated sent for Co-processing

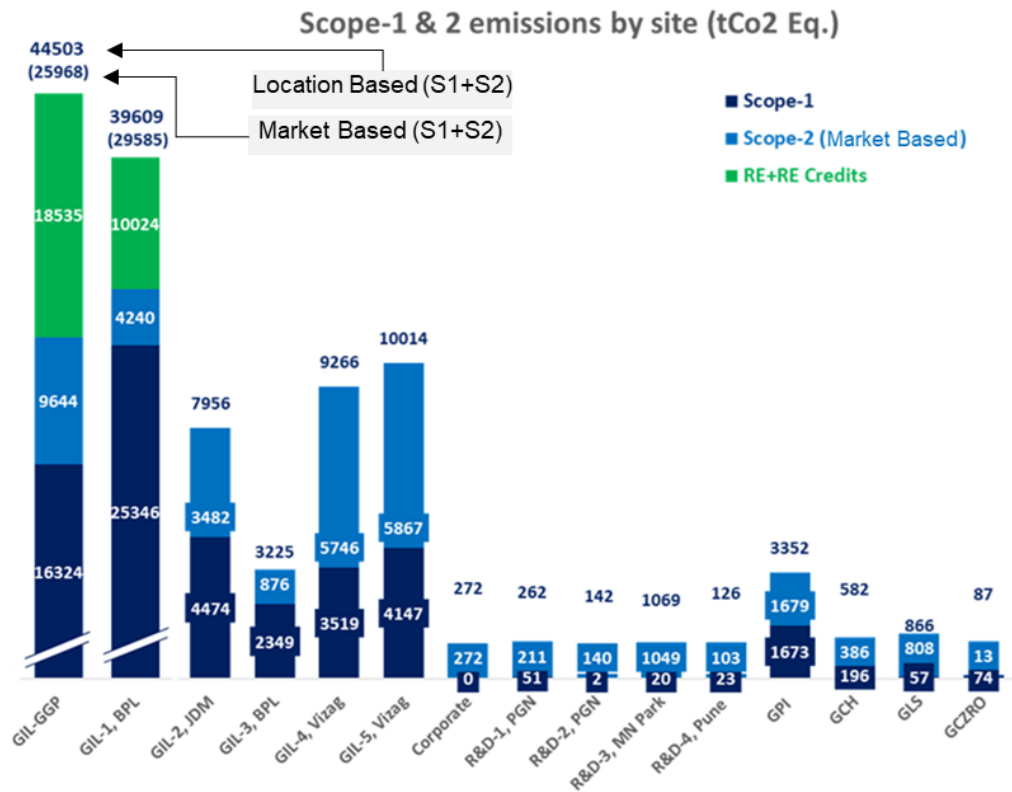
GIL's Carbon footprint

Scope (t Co2 Eq.)	FY23	FY24
Scope-1	57,816	58,247
Scope-2 Market Based	57,974	34,399
Scope-3	6,27,630	6,66,694
Total Emissions	7,43,420	7,59,341

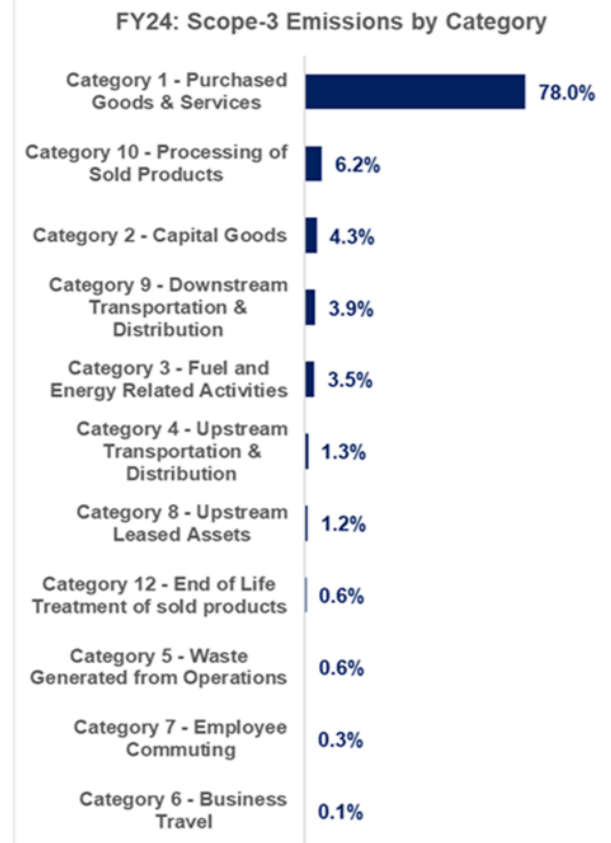
Granules Emission Profile - FY24



Our Scope 1 & 2 emission by unit



Our Scope 3 emission: by category



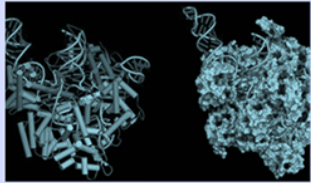
Our emission disclosures for FY 23 has been updated during FY 24 disclosure cycle to **include emissions for all our subsidiaries** and now includes disclosure of our **comprehensive scope 3 emissions** in addition to previously disclosed Scope 1 and Scope 2 emissions.

Granules scope 3 emission which represents 87.8% of our total carbon footprint, calculation of which is based on **GHG protocol's corporate value chain (scope-3) accounting** and includes **11 out of 15 categories** which are applicable to Granules operations.

Sustainability at Granules : Adopting Green Chemistry and Sustainable Formulation manufacturing

Adopting Green Chemistry Principles

Innovation & Sustainability built into product development



Enzyme & Bio Transformation

- Mild reaction conditions,
- Greater selectivity,
- Eco friendly substitute to metallo-catalysis



Flow Technology & Continuous Manufacturing

- Faster and efficient reactions
- Lower footprint
- Safer Operations

Sustainable Formulations Manufacturing

Plant based Excipients

Biodegradable Plastic

Solvent / Polymer free Pharmaceuticals

Energy Capture

Reducing Water Consumption

Green Score in R&D Development

Implementation of Green card and Eco scale initiatives from the early stages of development

Green Chemistry Matrix

Atom Economy

Atom efficiency

E-factor

Eco-Scale for process efficiency

6 parameters & 38 sub-parameters at every stage of the reaction

Yield

Safety

Effluent

Input/ RM Cost

Operations Parameters

Infrastructure considerations

Social Impact Initiative : Pharma Pathshala at Swarna Bharat Trust

Granules initiative to train a rural workforce through the Swarna Bharat Trust

Vocational education & technical skills in pharmaceutical operations to High School youth to ensure employment in any pharmaceutical manufacturing company.

GRANULES INDIA IS ENGAGED IN:

- Setting up of the infrastructure along with classrooms, laboratories, etc.
- Developing the course content
- Training the trainers
- Providing faculty
- Providing industrial internship for the students
- Assessing & certifying the students on completion of the course

1,200+

Students trained through Pharma Pathshala



COURSE CONTENTS:

Enhancing Technical Skills
CGMP
Unit Operations
Communication
Analytical Thinking

Basics of pharmaceuticals
Pharma Analysis
Enhancing Soft Skills
Time Management
Decision Making





thank you!



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