



REGISTERED OFFICE

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CIN: L24110TG1991PLC012471

Dated November 12, 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 Un-audited financial results for the second quarter ended September 30, 2021, submitted to you today i.e., on 12th November 2021.

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 30 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

T. Chaitanya
(CHAITANYA TUMMALA)
COMPANY SECRETARY &
COMPLIANCE OFFICER



As Encl:



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.

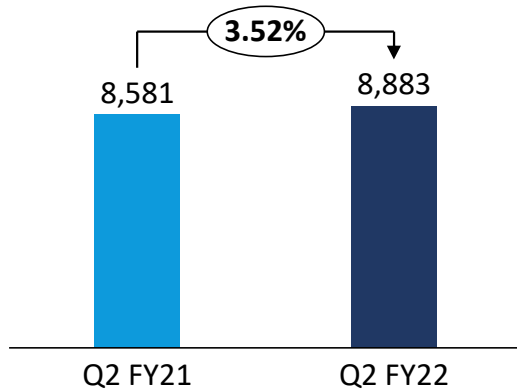
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Q2 FY22 Financial Highlights

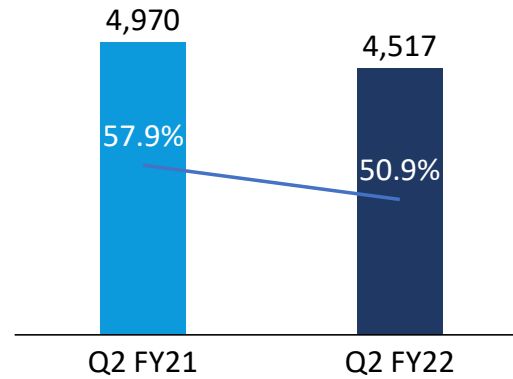
(In ₹ Mn)



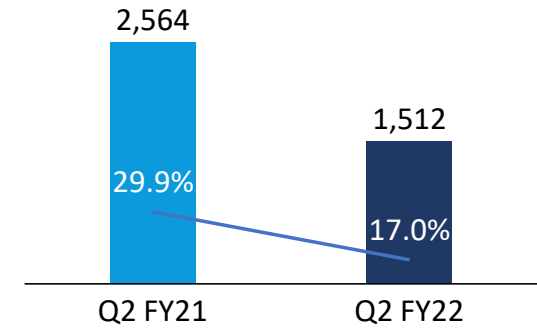
Income from Operations (Rs. Mn.)



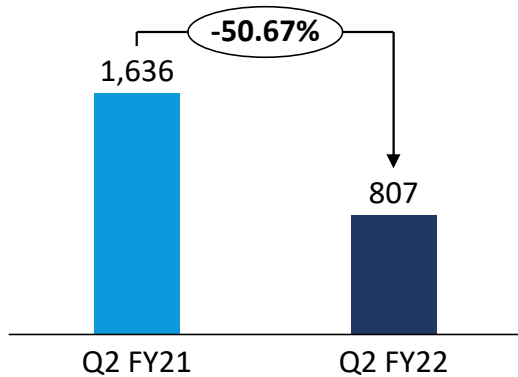
Gross margin and margin% (Rs. Mn.)



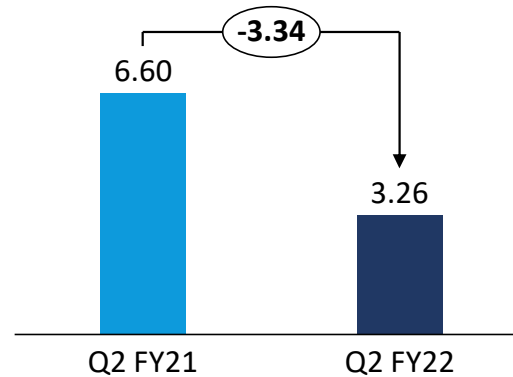
EBITDA and EBITDA margins (Rs. Mn.)



PAT (Rs. Mn.)



EPS (In Rs.)



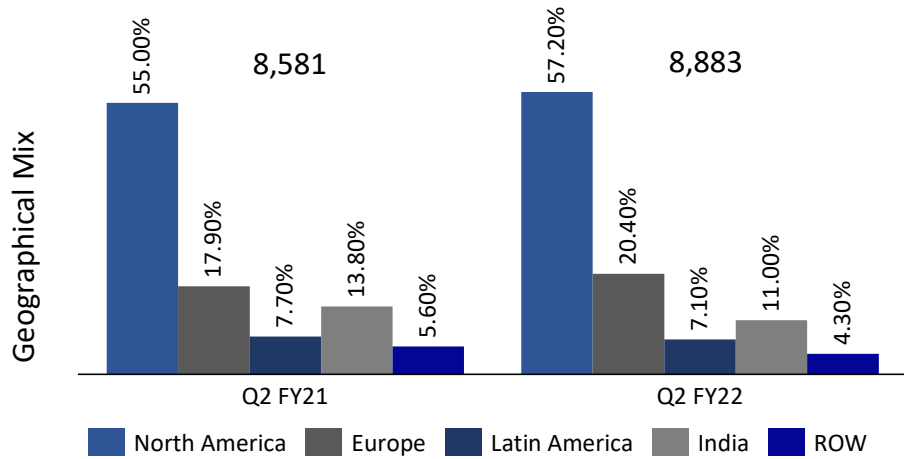
- Income growth driven by new launches and increased market share for existing products, partially offset by loss of MEIS benefit.
- Gross margin % drop was on account of reduction in margins of all major products especially Paracetamol due to increase in KSM prices and increased logistics cost. Price pressure in USA has also resulted marginal drop in Gross margin for Core products.
- EBITDA % drop is on account of lower profitability in Para products and higher logistic cost and R&D expenses.

Q2FY22 Revenue spilt by Market, Molecules and Segments

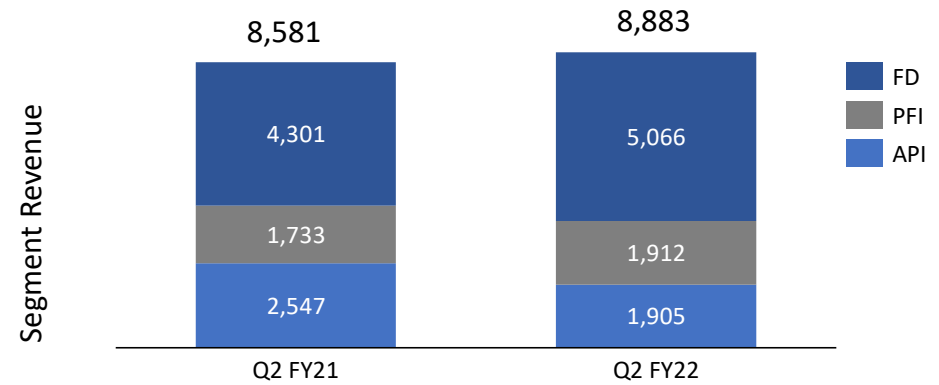
(In ₹ Mn)



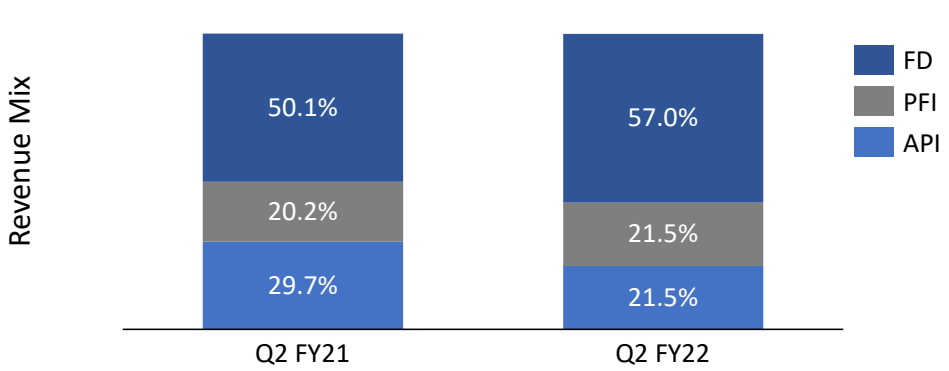
Growth momentum witnessed in North America



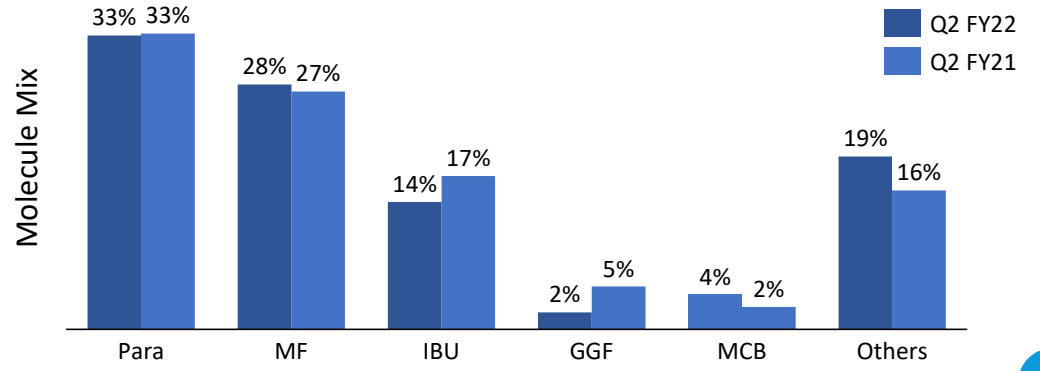
Finished Dosage and PFI segments grew 18% and 10%



Share of Finished Dosage and PFI increased YoY



Share of other molecules increased to 19%





Q2FY22- Key Financial and Business Highlights

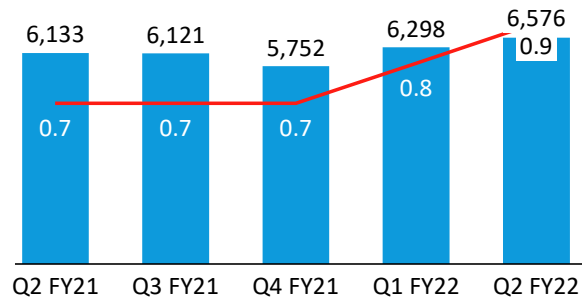
- Granules Q2 business was unfavourably impacted due to difficulties in procuring Raw materials, mainly from China due to Chinese dual energy policy and increased procurement prices for almost all items due to interruptions in supply of materials and increased logistics costs arising out of vessel shortage and port congestion in various part of the world
- Q2FY22 revenues at INR 8,883 Mn, growth of 3.5% YoY. EBITDA stood at INR 1,512 Mn, down by 41% YoY. EBITDA margins stood at 17% compared to 30%. PAT at INR 807 Mn, down by 50.7%
- Gross margin % drop from 57.9% to 50.9% was on account of reduction in margins of all major products especially Paracetamol due to increase in KSM prices and increased logistics cost. Price pressure in USA has also resulted in marginal drop in Gross margin for Core products. The entire loss of Gross margin for the current quarter was mainly absorbed by Granules. We expect to pass on some of the increases to our customers from Q3FY22 onwards
- Pharmaceutical Formulation Intermediates (PFI) segment grew 10% YoY, Finished Dosage (FD) grew 18% YoY and, Active Pharmaceutical Ingredients (API) segment down by 25% YoY mainly due to Paracetamol KSM supply disruption.
- Revenue share from other molecules has increased to 19% and Revenue share of FD has increased to 57% consistent with our strategy
- During the quarter we filed one ANDA, one European Dossier, one US DMF and one CEP. R&D expenses has significantly gone up in line with our accelerated R&D strategy.
- Due to high volatility and uncertainty in the entire pharmaceutical market segment, we believe that we will not be able to meet our guidance, and it will not be prudent on our part to give any future guidance until the situation become stable.

Q2 FY22 Financial Ratios

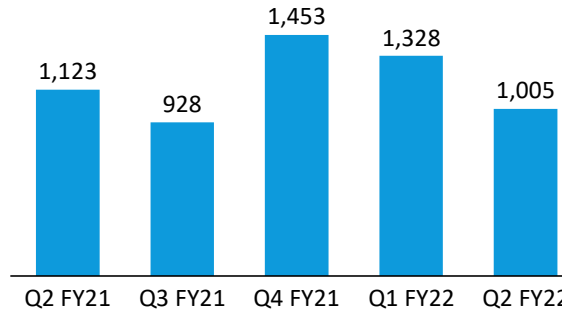
(In ₹ Mn)



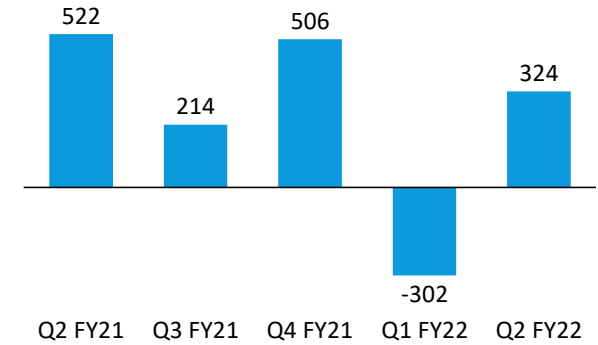
Net Debt & Net debt-to-EBITDA (x)



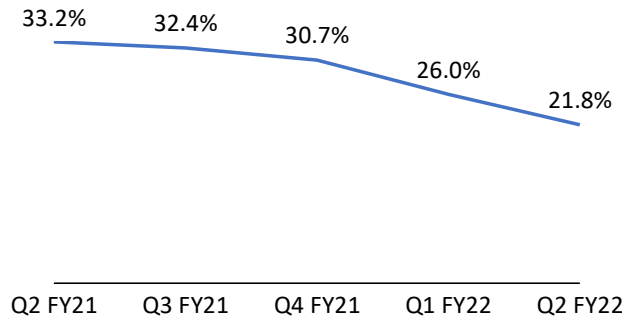
Operational Cash Flow



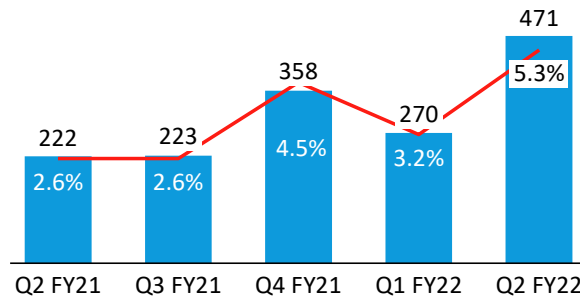
Free Cash Flow *



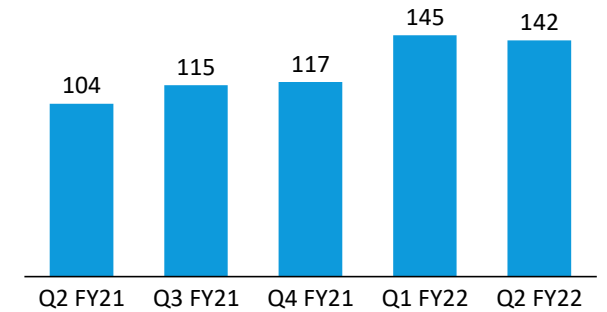
ROCE (%)



R&D and R&D % of sales



Cash to Cash cycle (days) *



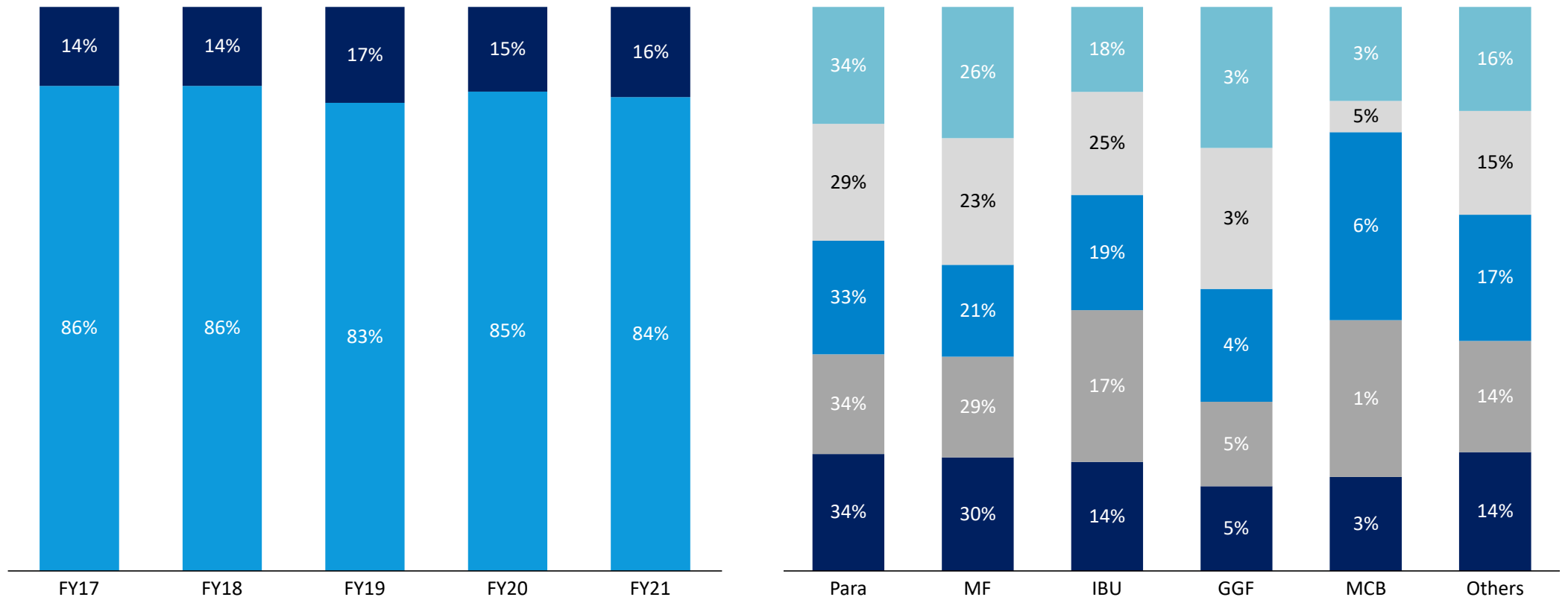
* Increased inventory due to non-availability of containers has resulted in temporary increase in CCC.



5 years Revenue – Contribution from Core vs Other Molecules

Others Core

FY17 FY18 FY19 FY20 FY21

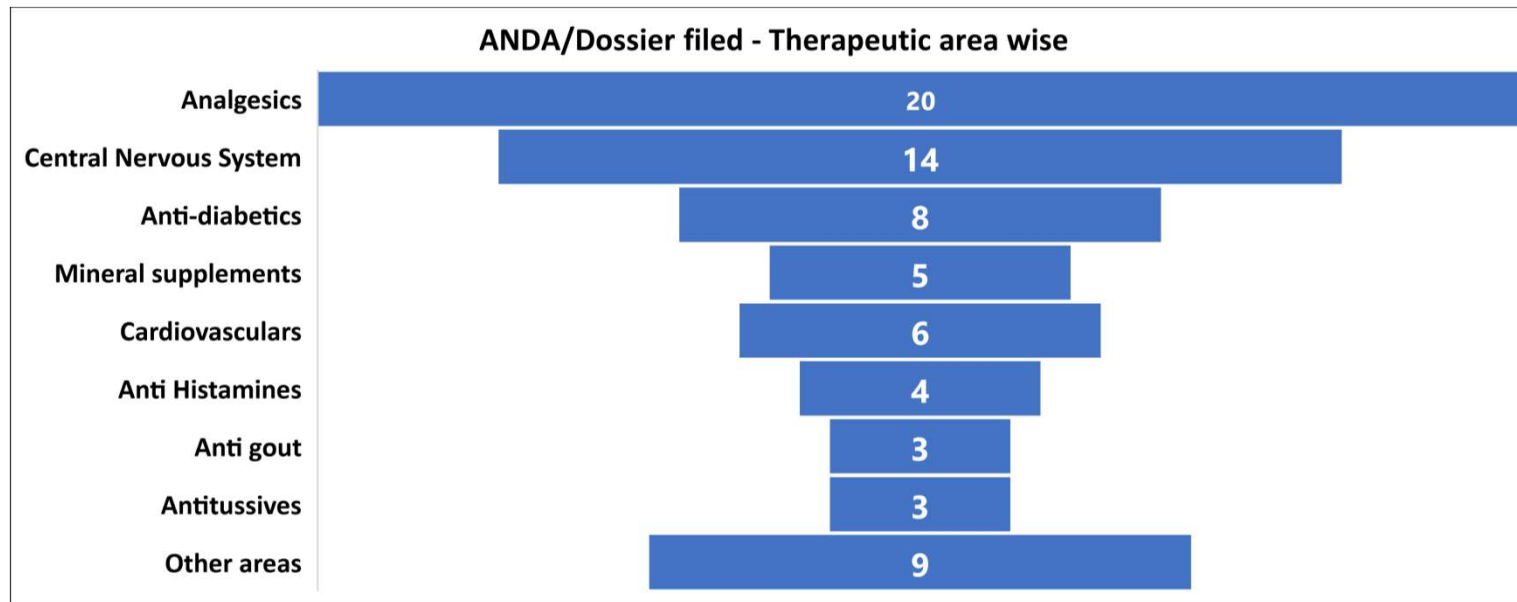


Core includes Paracetamol, Metformin, Ibuprofen, Methocarbamol and Guaifenesin



ANDA/Dossier filing status as of Sep'21

Filing Status	GPI IP	GIL IP					Total
	USA	USA	Europe	Canada	South Africa	UK	
Approved	20	24	2	2			48
Tentatively Approved	1	1					2
To be approved	7	5	5	1	2	2	22
Total Products	28	30	7	3	2	2	72



Total GPI products include:

- CII – 7
- PFOS – 4
- Liquid Orals - 3

IMS value for these products is approximately \$ 9,614 mn

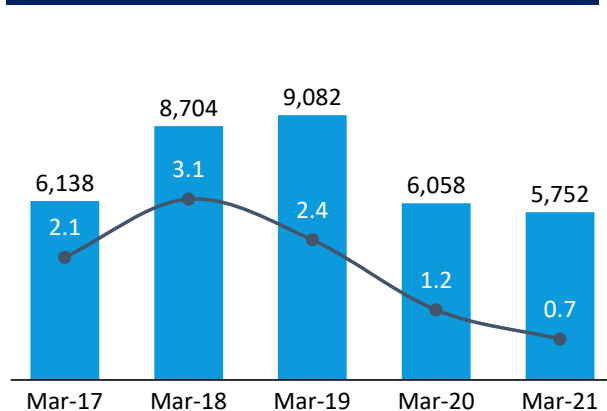
Source IMS MAT Aug 2021

Improving returns; focus on OCF generation for funding capex while meeting increased working capital requirement: 5-year trajectory

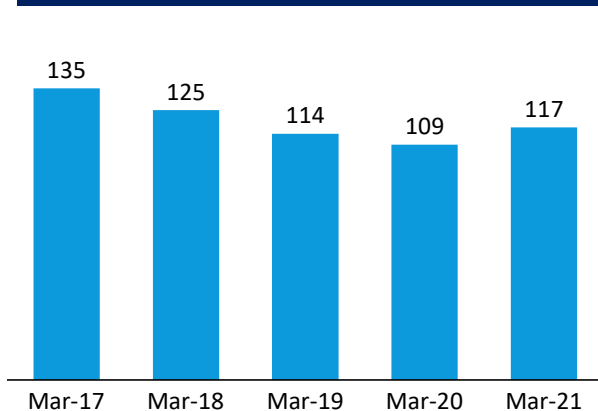


(In ₹ Mn)

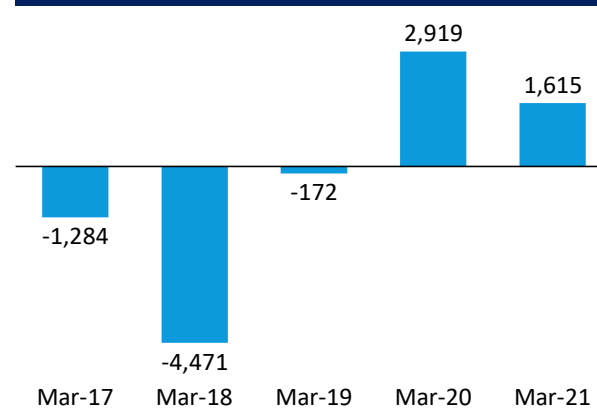
Net Debt & Net debt-to-EBITDA (x)



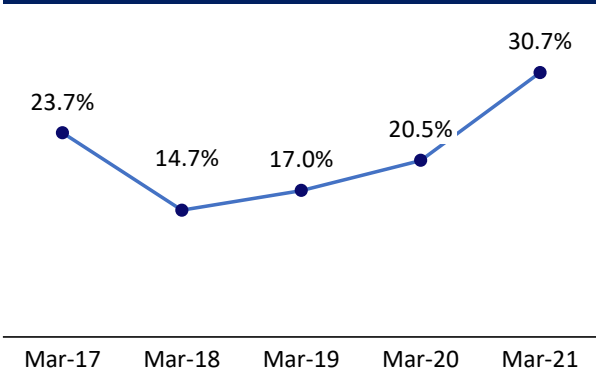
Cash-to-Cash cycle (days)



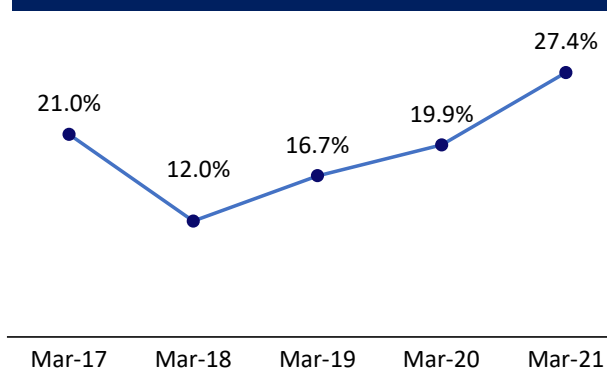
Free Cash Flow (FCF)



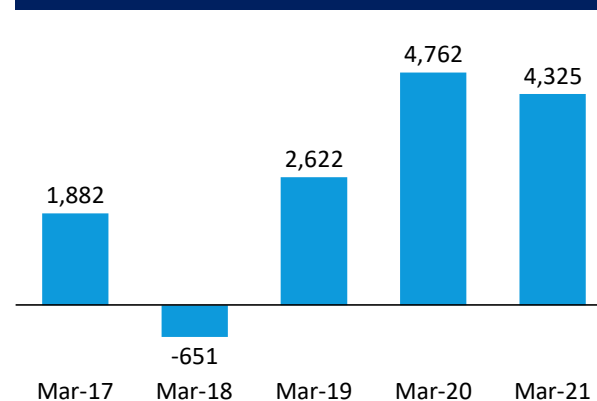
ROCE (%)



ROE (%)



Operating Cash Flow (OCF)



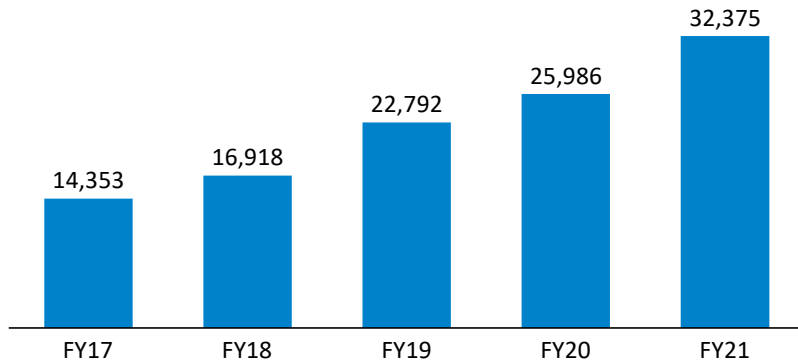
ROCE = [EBIT/Avg. Capital Employed (Total assets-current liabilities)]; FCF= CF from operating activities - Capex

5-year trajectory: Creating value for stakeholders

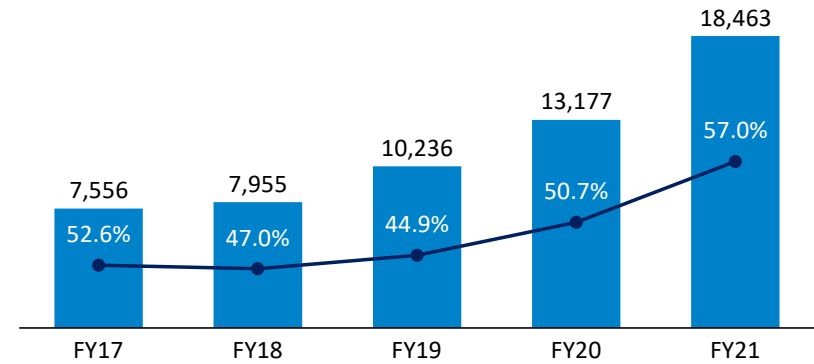


(In ₹Mn)

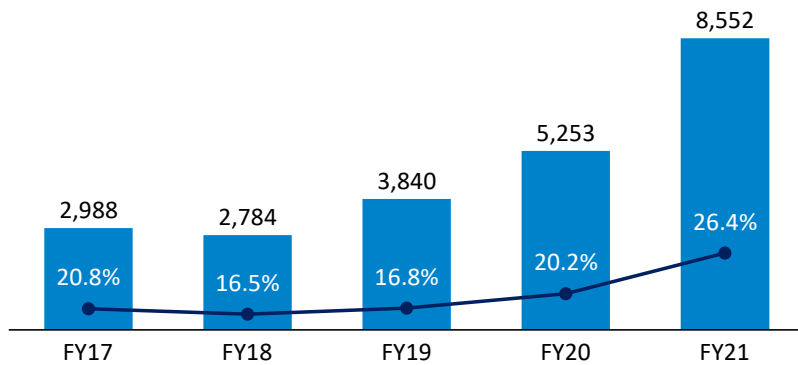
Revenue - 5-year CAGR 19%



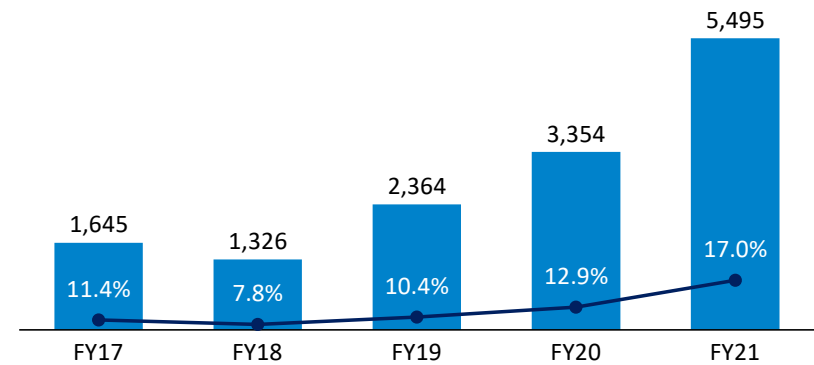
Gross Profit & Gross Margin - 5-year CAGR 23%



EBITDA* & EBITDA Margin - 5-year CAGR 25%



PAT & PAT Margin - 5-year CAGR 35%



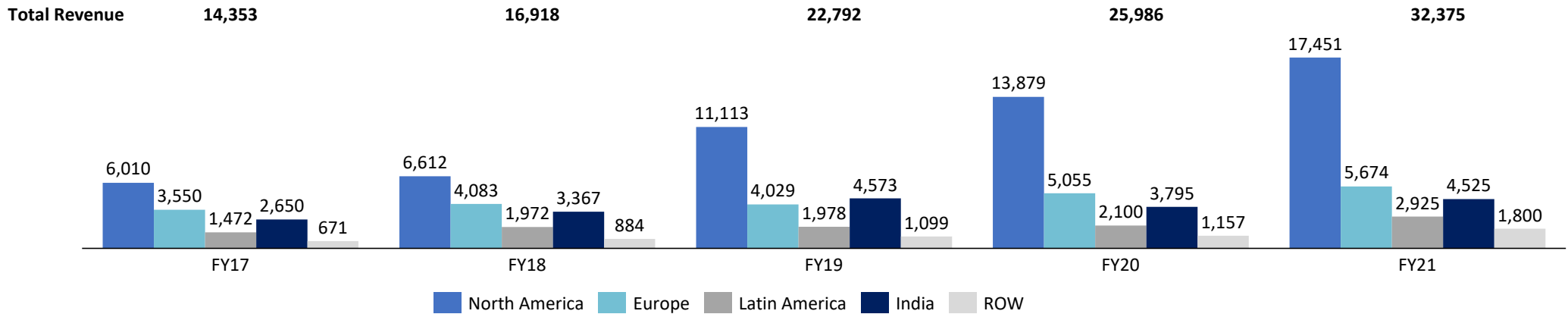
Note:-*FY20 EBITDA includes one time expense of INR 217 Mn for impairment of investment in the US



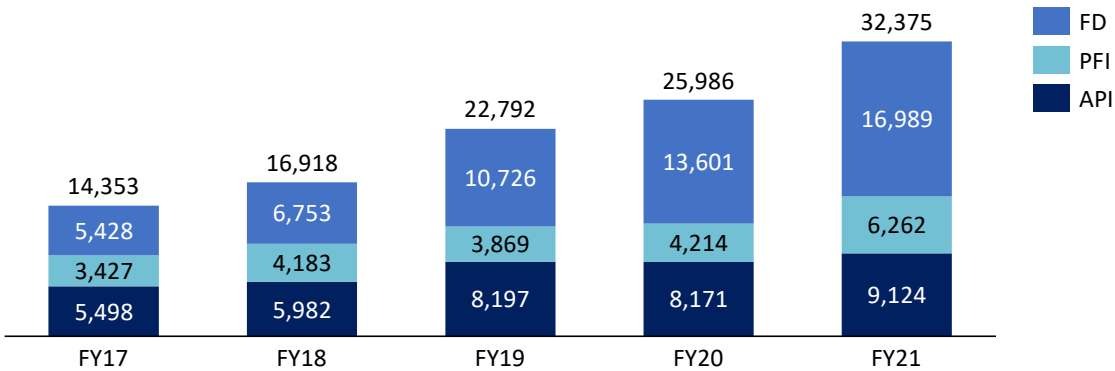
Increasing share from FDs while focusing on backward integration

(In ₹Mn)

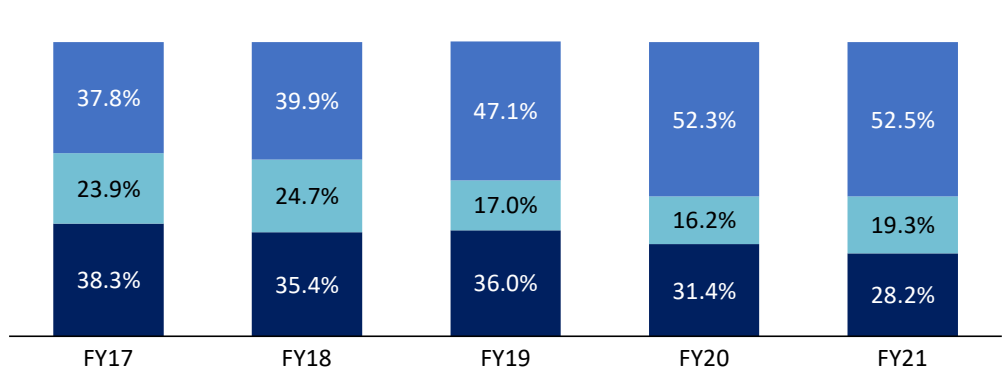
Higher revenue contribution coming from regulated market, 72% of total revenues



Finished Dosage: 5Y CAGR 30%



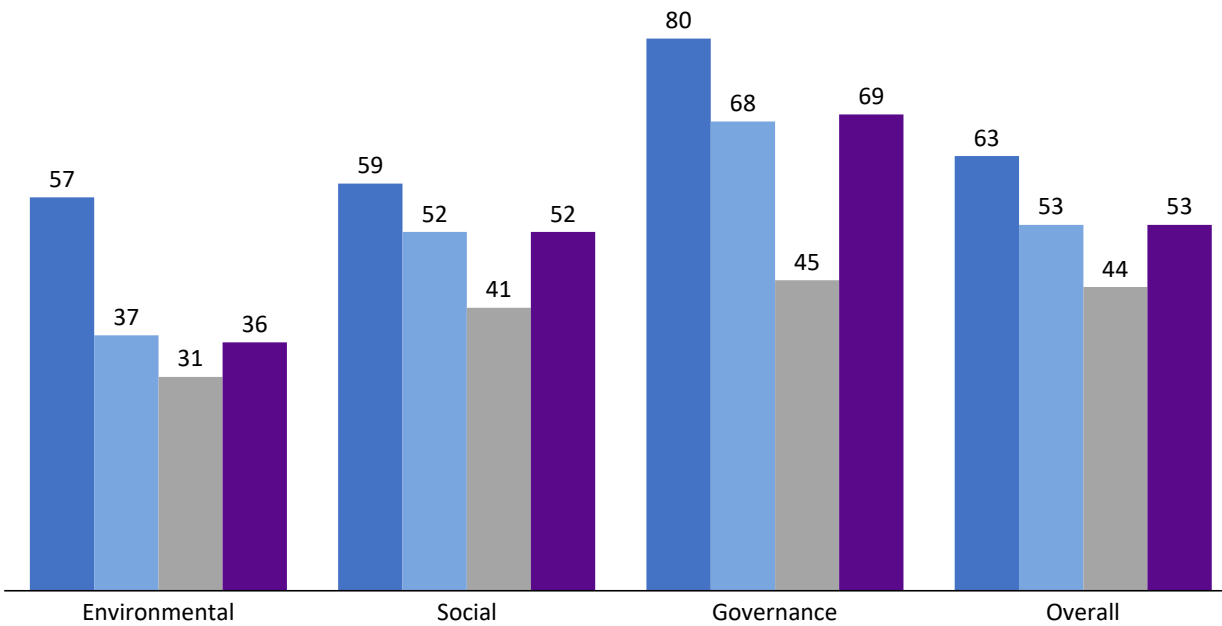
FD revenue contribution increased to 52% from 38% in last 5yrs



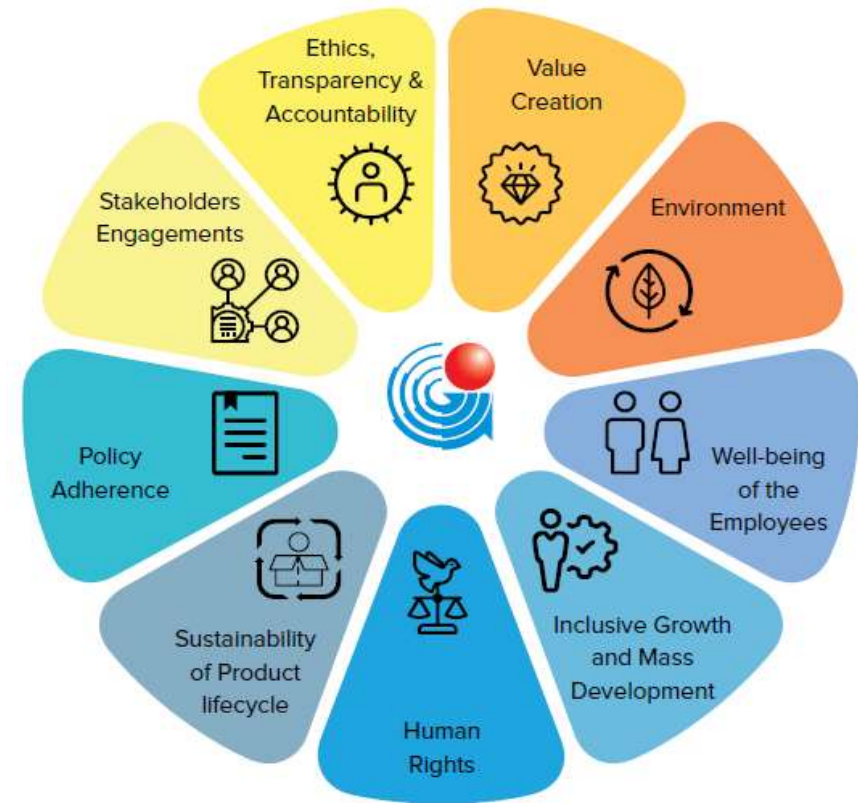


ESG Journey - Granules

■ Highest in Pharma ■ Median in Pharma ■ Lowest in Pharma ■ Granules



Source: S&P Global CRISIL Ranking



Our efforts have been recognized by CRISIL, an S&P Global company, with a healthy score among the pharmaceutical companies in their “ESG Gauge” of the top 225 Indian companies

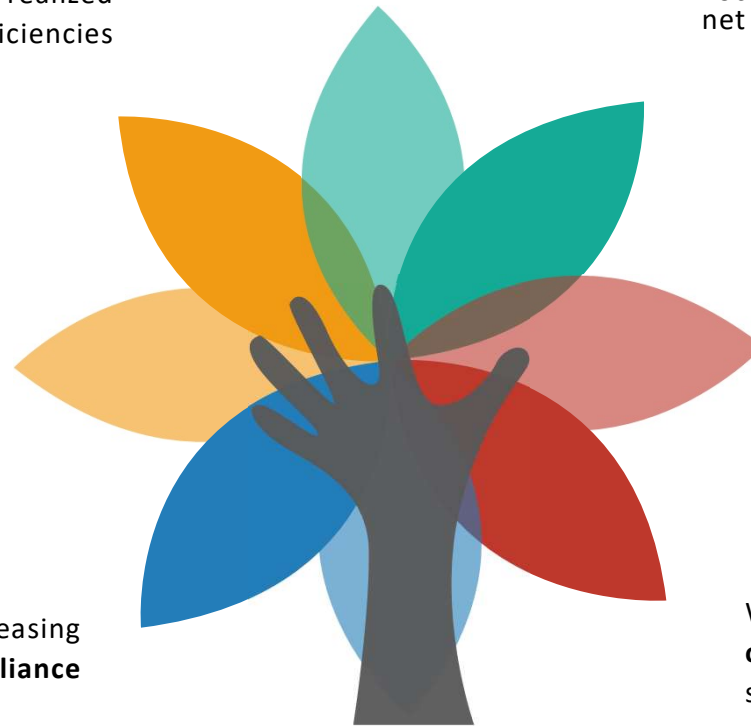
In Summary



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

Para: Paracetamol

MF: Metformin

IBU: Ibuprofen

GGF: Guaifenesin

MCB: Methocarbamol



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thank you!



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