



REGISTERED OFFICE

GRANULES INDIA LTD., 2nd Floor, 3rd Block, My Home Hub,
Madhapur, Hyderabad - 500 081, Telangana, India.
Tel: +91 40 69043500, Fax: +91 40 23115145, mail@granulesindia.com, www.granulesindia.com
CIN: L24110TG1991PLC012471

Date: November 09, 2023

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 the unaudited financial results for the second quarter and half year ended on September 30, 2023, submitted to you today i.e., on November 09, 2023. We are now enclosing the presentation in this regard to the Analysts/Investors.

This is pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Kindly take the above information on record.

For GRANULES INDIA LIMITED

CHAITANYA
TUMMALA

Digitally signed by CHAITANYA TUMMALA
DN: cn=PERSONAL, title=1722,
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Date: 2023.11.09 13:19:44 +05'30'

CHAITANYA TUMMALA
(COMPANY SECRETARY &
COMPLIANCE OFFICER)





**Transforming Healthcare
through Innovation and Sustainability**

Granules India Limited

Earnings Presentation

Q2FY24



Safe harbour

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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Key Business Updates

IT Incident Update

- Production and Sales restored to normalcy
- Enhanced security environment
- Continuous improvement process for systems and security are put in place

Regulatory Inspection Update

- ANVISA audit completed for Gagillapur formulations plant and Bonthapally API plant and cGMP approval received
- PMDA, Japan certification received for Bonthapally and Jeedimetla API plants
- Canada audit completed with zero observations for the Jeedimetla API plant

Product Approvals

- ANDA Approval for Esomeprazole Magnesium Delayed-Release Capsules
- ANDA Approval for Losartan and Hydrochlorothiazide Tablets
- ANDA Approval for Acetaminophen and Ibuprofen Tablets, 250/125 mg (OTC)

Sustainability Journey

- Received BB rating as our inaugural MSCI ESG rating
- Committed to set science-based climate target through SBTi initiative
- Committed to the principles of the United Nations Global Compact (UNGC)
- Signed MOU with NIPER Mohali to establish Centre of Excellence in Innovative and Sustainable Pharmaceutical Development



Commitment
towards Net Zero

Medicine with *near Net*
Zero Carbon footprint

CZRO Update

- **Third Party Technical Feasibility Report** received – under final review, Discussion with AM Green (Greenko) in-progress.
- **Identified and finalized two sites** at Vizag (12 Acres) and at Kakinada (100 Acres)
- **Phase I at Vizag:**
 - DCDA pilot plant – Projected completion: Q4 FY24
 - PAP – Projected completion: End of FY25
- **Phase II at Kakinada:** Project work expected to start in Kakinada in FY 25.
- **Tied-up with Technical consultants** for POC study from product development to commercial scale-up
- Ongoing **collaboration with multiple partners** on technological know-how for molecules envisaged under CZRO for Kakinada.

Q2FY24: Y-o-Y performance highlights – P&L

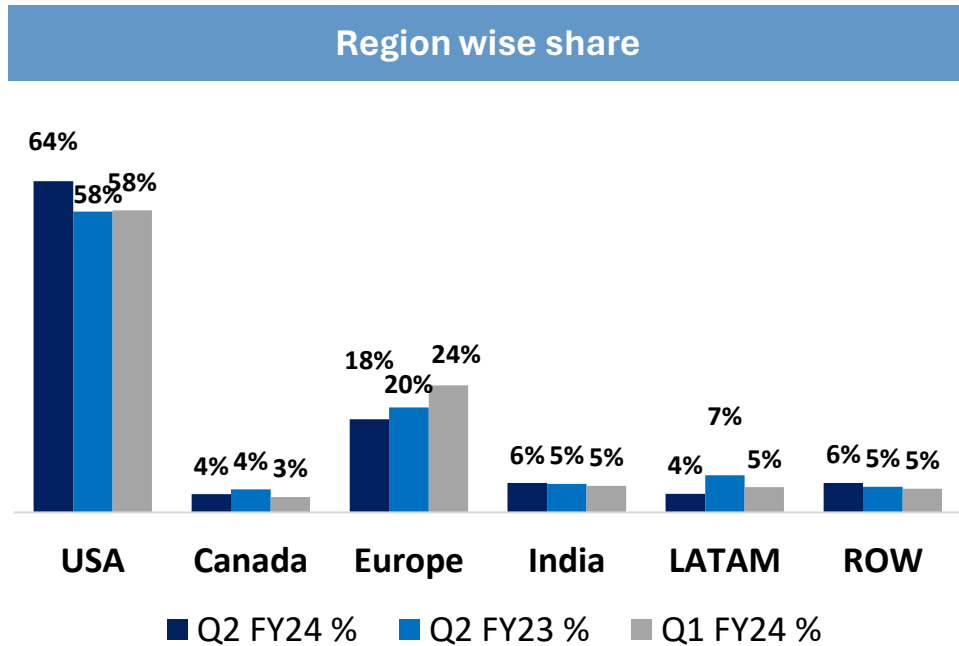
(In ₹ Mn)	Q2 FY24	Q2 FY23	Y-o-Y Gr%	Y-o-Y performance
Revenue	11,895	11,507	3% ↑	Volumes growth was higher as compared to value growth. Sales in the US region grew well, partially offset by the decline in the LATAM and European regions
Value Added	6,144	5,722	7% ↑	VA% has improved primarily on account of better product mix (increase in sales of Formulations) and focus on material cost improvement initiatives. Price erosions were offset by the reduction in rates of key raw materials
Value Added %	51.7%	49.7%		
EBITDA	2,130	2,429	(12%) ↓	Expenses (primarily manpower and R&D) increased as part of capability and capacity building which will drive future growth in short to medium term
EBITDA %	17.9%	21.1%		
PAT	1,021	1,451	(30%) ↓	Higher interest rate as compared to last year impacted PAT margins further
PAT %	8.6%	12.6%		

Q2FY24: Q-o-Q performance highlights – P&L

(In ₹ Mn)	Q2 FY24	Q1 FY24	Q-o-Q Gr%	Q-o-Q performance
Revenue	11,895	9,855	21% ↑	Grew significantly from the lower base of Q1 which was impacted heavily by the IT incident
Value Added	6,144	5,063	21% ↑	VA% is marginally better due to better product mix (increase in sales of Formulations). Price erosions were offset by the reduction in rates of key raw materials
Value Added %	51.7%	51.4%		
EBITDA	2,130	1,368	56% ↑	Increase in sales volume helped in leveraging the fixed operational expenses which resulted in better EBITDA margins
EBITDA %	17.9%	13.9%		
PAT	1,021	479	113% ↑	Increase in sales volume helped in leveraging the fixed operational expenses which resulted in better PAT margins
PAT %	8.6%	4.9%		

Q2FY24: Revenue split by market

(In ₹ Mn)

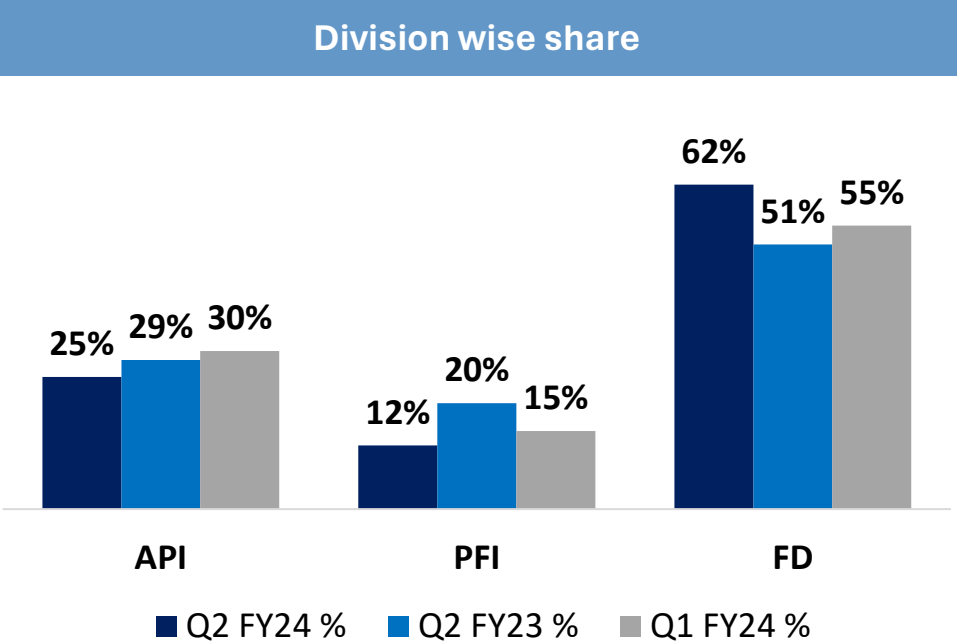


	Q2 FY24	Q2 FY23	Y-o-Y Gr%	Q1 FY24	Q-o-Q Gr%
North America	7,989	7,167	11%	6,017	33%
Europe	2,128	2,320	(8%)	2,405	(12%)
LATAM	429	822	(48%)	481	(11%)
India	673	631	7%	504	34%
ROW	676	568	19%	448	51%

- Significant Volume growth in North America YoY, partially offset by price erosion
- Price erosion in Europe leading to the decline in sales YoY
- Volume decline continued in Latin America YoY, primarily on account of inventory correction by customers in these regions coupled with demand challenges

Q2FY24: Revenue split by division

(In ₹ Mn)



	Q2 FY24	Q2 FY23	Y-o-Y Gr%	Q1 FY24	Q-o-Q Gr%
API	3,021	3,303	(9%)	3,000	1%
PFI	1,457	2,349	(38%)	1,482	(2%)
FD	7,417	5,856	27%	5,373	38%

- Y-o-Y decline in API segment was led primarily by reduction in prices for our key products which were reduced in-line with the reduction in the key raw material prices (no impact on margins)
- Share of PFI business has reduced y-o-y as more customers are converting into FD from PFI, coupled with correction in inventories in the LATAM markets
- FD volumes increased significantly in the US across our major products

Q2FY24: Cashflow metrics and Ratios

(In ₹ Mn)

	Q2 FY24	Q1 FY23
ROCE%	12.8%	9.3%

ROCE% improved QoQ because of improvement in EBIT due to increase in sales volumes

ROCE = Annualised EBIT / Average capital employed
 Capital employed = Equity + Total Borrowings + LT liabilities - Cash

	Q2 FY24	Q1 FY24
CCC	162	170

Decrease in inventory days resulting in decrease in CCC

CCC = DIO + DSO - DPO

DIO and DPO are calculated using Material Cost consumed and DSO is calculated using Sales

	Q2 FY24	Q1 FY24
Fixed asset turn	1.75	1.61

Higher asset turns are primarily on account of higher revenue this quarter

Fixed asset turn = Annualised Sales / Average Tangible Gross block

	Q2 FY24	Q1 FY24
Operating Cashflow	329	35

Higher EBITDA and better CCC resulting in higher Operating Cashflow

	Q2 FY24	Q1 FY24
Net debt/ EBITDA	1.41x	1.57x

Net debt has increased by Rs.1323 mn. The ratio is improved primarily on account of higher EBITDA

Net debt = Gross debt – Cash and cash equivalents

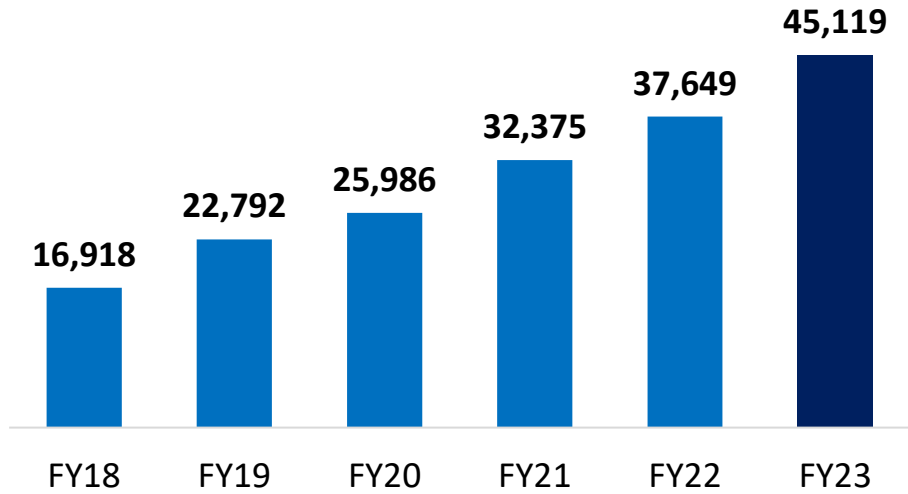
	Q2 FY24	Q1 FY24
Capex	1,029	741

Capex investment is in-line with our plan for FY24 as guided in our last call

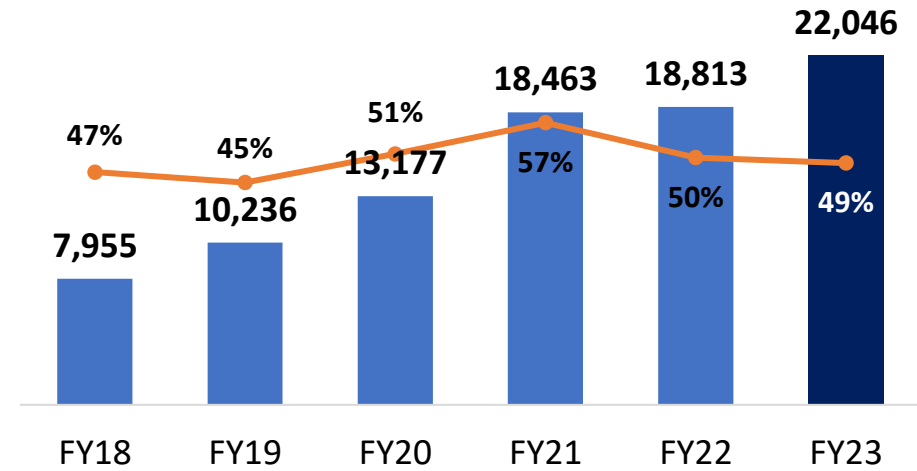
Last 5 years performance: Sales and profitability

(In ₹ Mn)

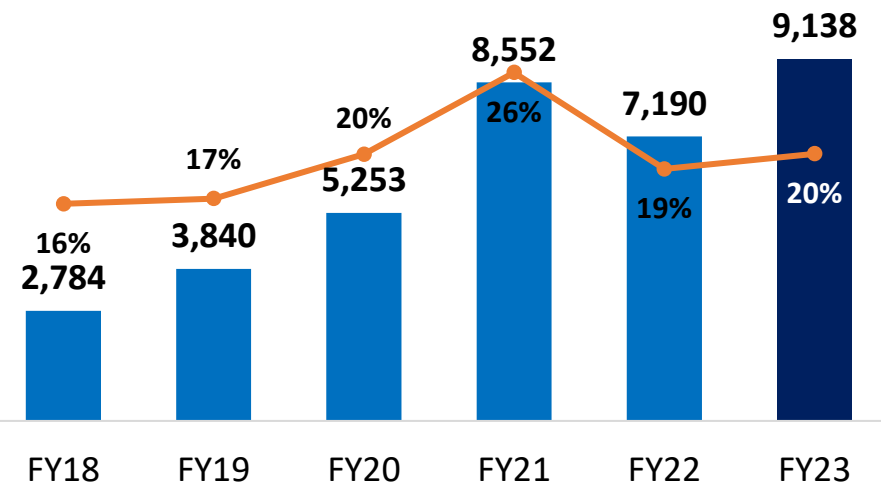
Sales: 5yr CAGR: 22%



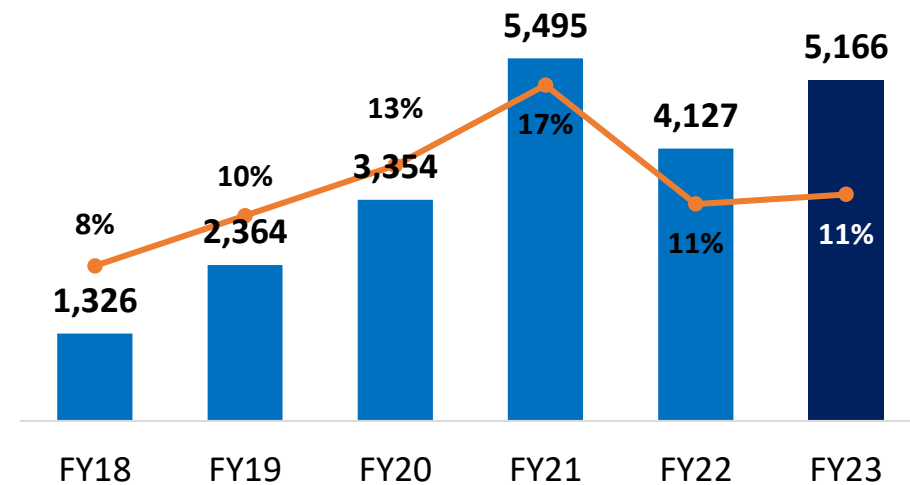
VA and VA%: 5yr CAGR: 23%



EBITDA and EBITDA%: 5yr CAGR: 27%



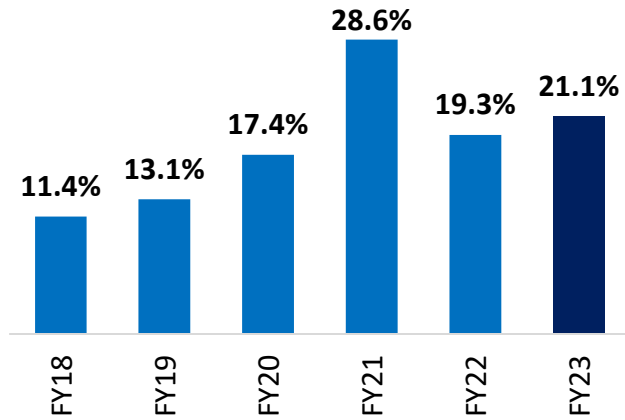
PAT and PAT%: 5yr CAGR: 31%



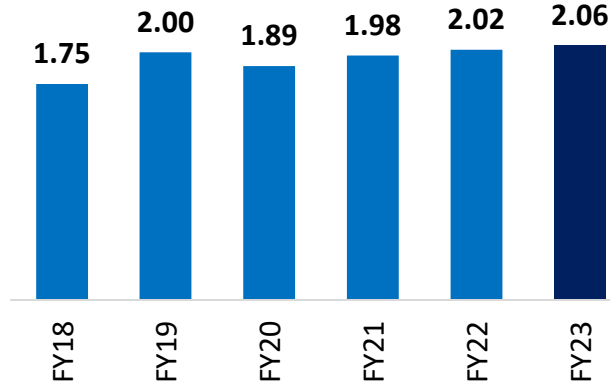
Last 5 years performance: Cashflow and ratios

(In ₹ Mn)

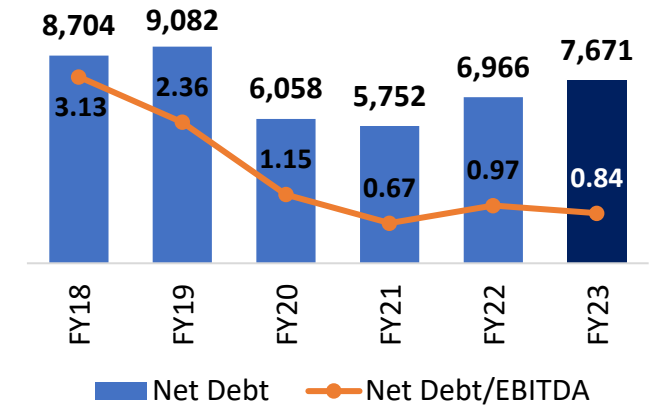
ROCE%



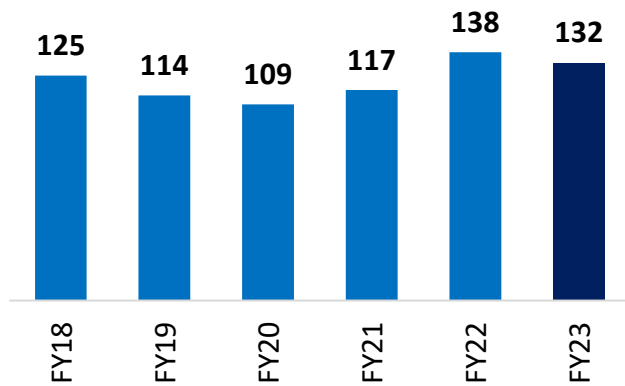
Asset turns



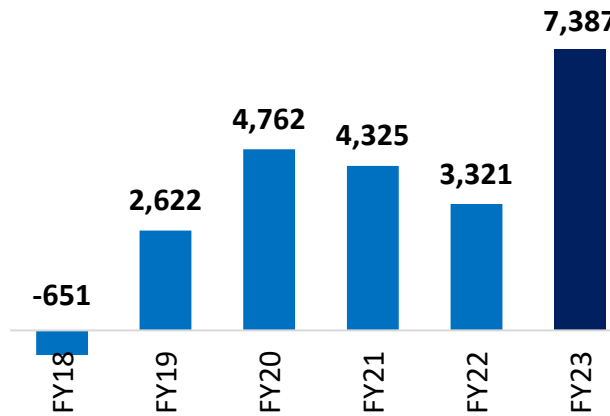
Net debt and Net debt/EBITDA



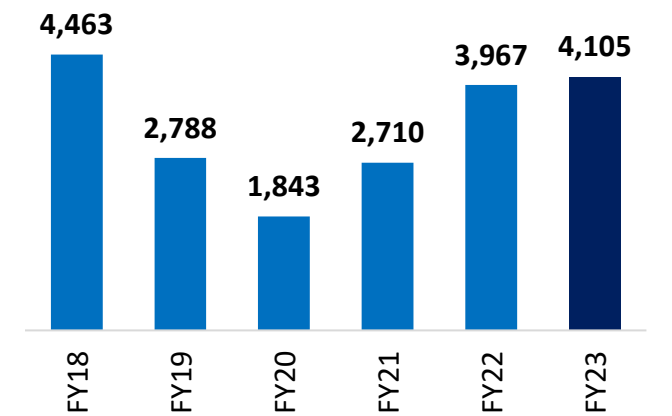
Cash to Cash cycle



Operating Cash flow



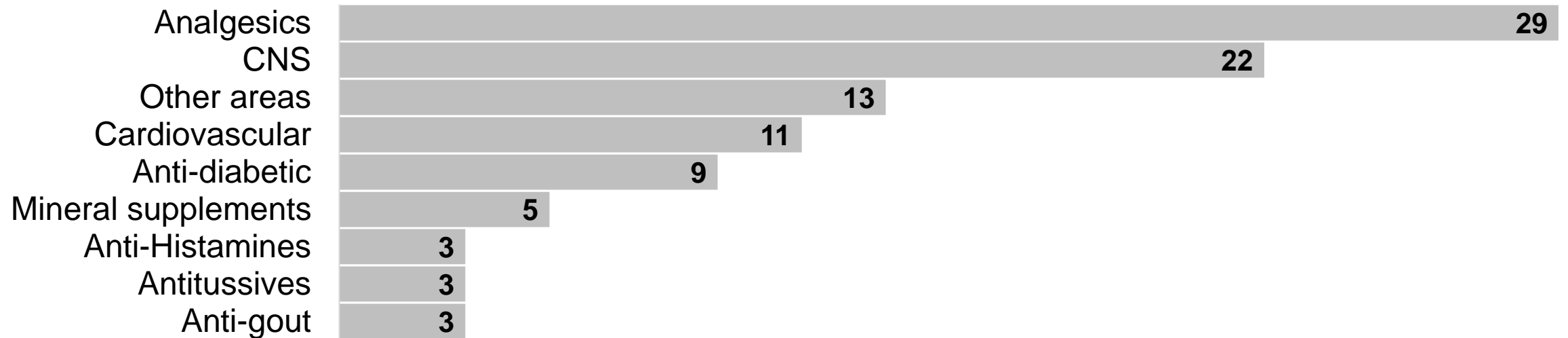
Capex



ANDA and Dossier Filing status

Filing Status	GPI IP	GIL IP						Total
	USA	USA	Europe	Canada	South Africa	UK	Others	
Approved	26	59	5	6	2	2	1	75
Tentatively Approved	-	2	-	-	-	-	-	2
To be approved	4	10	3	1	4	-	3	21
Total Products	30	72	8	7	6	2	4	98

ANDA/Dossier filed - Therapeutic area wise



Strategic Priorities and Organizational Transformation

Our 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



Strategic Priorities

Strengthening the core

R&D and Innovation

Sustainability

Strengthening the core

Building & sustaining our competitive advantage

**World-class.
World Scale.**

A dependable partner for high-quality pharmaceutical products.



60+ Products

80+ Countries

300+ Customers

World's largest
Paracetamol API facility



One of the world's
largest PFI facilities

One of the world's
largest single-site FD facilities

Regulatory Approvals, Quality & Compliance



Manufacturing Excellence

Process Innovation and
improvements

Backward integration
KSMs and advanced
intermediates

Scale & Large Volume
Global Leadership in
Core Molecules

MUPS Capacity &
Controlled Substances
facilities

Granules
Oncology
Offerings



Dependable
CDMO offering



Vertically-integrated,
multi-product API and
oral solids formulation
manufacturing capability

Integrated
supply chain

Strengthening the core

Our manufacturing network & capabilities

Bonthapally



API: 34,560 TPA

Jeedimetla



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

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

Gagillapur



FD: 26.8 Bn
PFI: 23,200 TPA

Virginia, USA



FD: 1.5 Bn

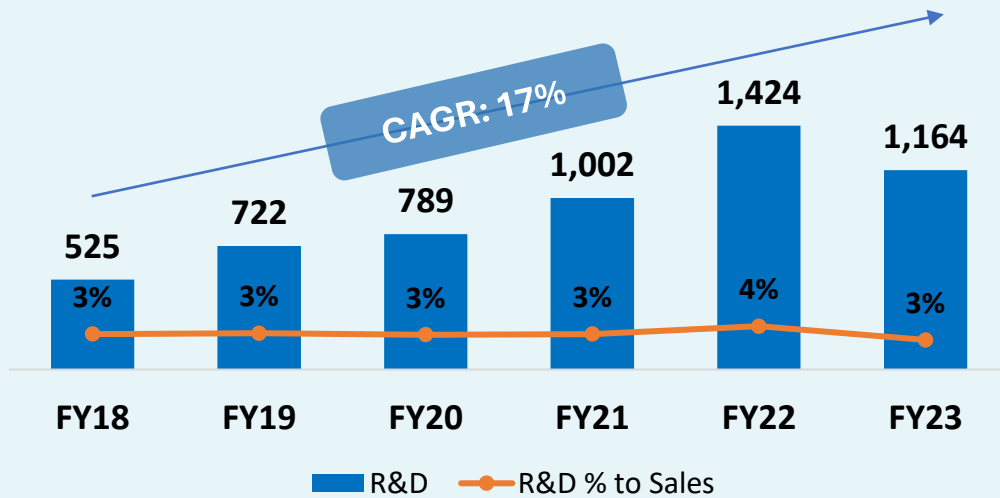
GPAK, USA



2 OTC lines
1 Rx line

R&D and Innovation: Expanding capabilities

Strengthened headcount to ~300 across spectrum of R&D centers with complementary capabilities



Integrated Product Development

Genome Valley – MN Park

R&D facility for Integrated Product Development

- ~170 scientists across API & FD R&D
- 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

R&D and Innovation: Becoming an innovation and science-led enterprise

Enzyme & Bio Transformation

Eco friendly substitute to metallo-catalysis

Continuous Manufacturing/ Flow Technology Platform

Excellence in identified chemistries

Formulation Technology & Processes

To drive efficiency & cost leadership



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

Sustainability at Granules

**One Planet.
One Purpose.**

**Embracing
green science.**

Net Zero by
2050

The Granules
Commitment

GRANULES
CZRO 

Building our flagship
green pharmaceutical
plant*

**(At Kakinada, AP, India)*



One Planet. One Purpose.



Demonstrating action against a shared commitment

14%



Scope 1 and
Scope 2 intensity*

*(over last year)

28%



Water intensity*

*(over last year)

20%

Solar energy used*

*(At Gagillapur FD facility)



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION
Committed to set a science-based target through
the Science Based Targets initiative (SBTi)



C Score

Received for
Climate change in
our first CDP
disclosure

MSCI
ESG RATINGS

CCC B BB BBB A AA AAA

Our Inaugural
MSCI ESG Rating

ecovadis

Silver Rating*

*Achieved by Unit-1
Bonthapally

WE SUPPORT



GRANULES



Commitment
towards Net Zero

Medicine with *near Net
Zero Carbon footprint*

24/7

Carbon-free energy



Green
molecules

Such as Hydrogen (H_2),
Ammonia (NH_3), Nitric acid (HNO_3)
and Methanol (CH_3OH)



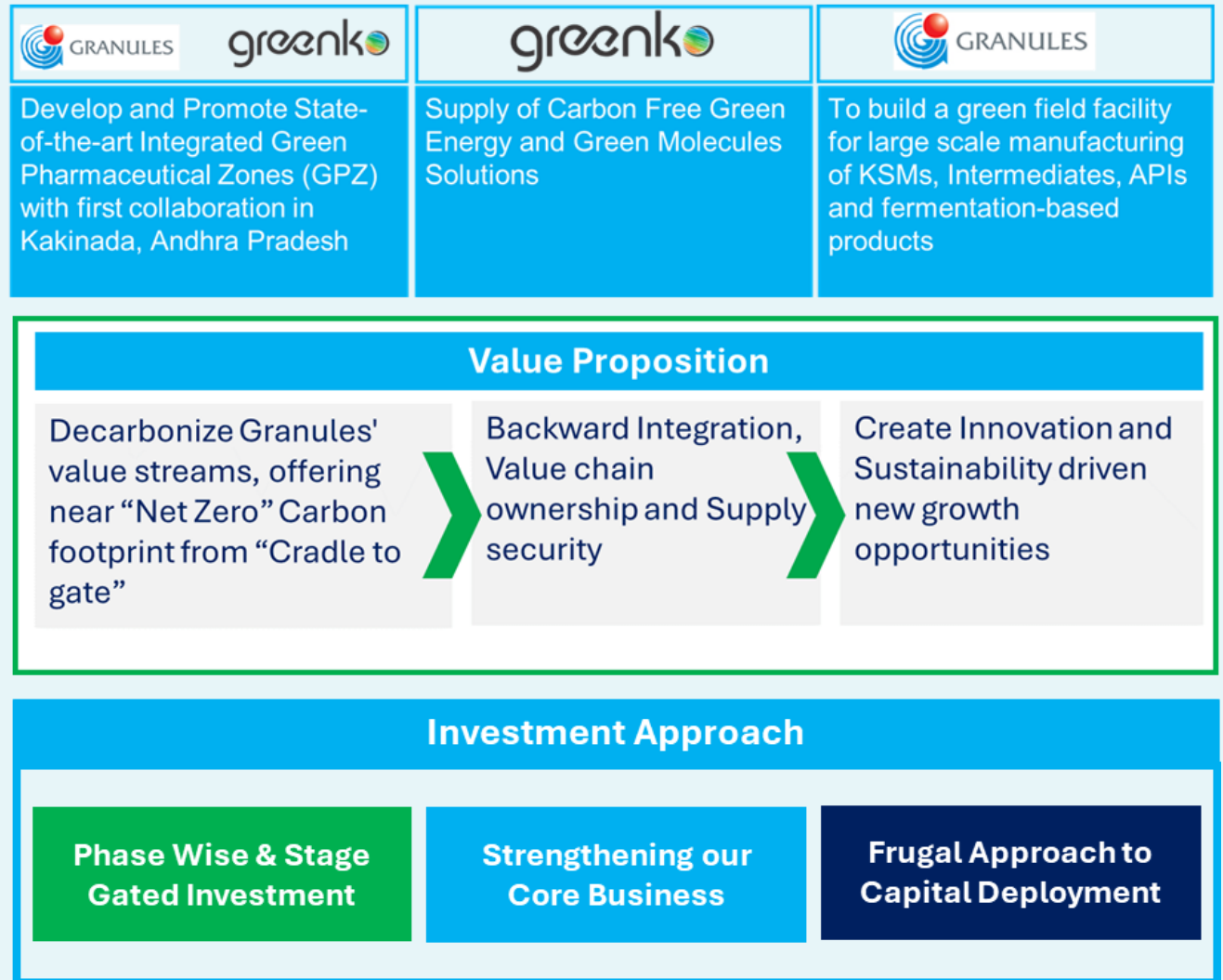
Built-in
circularity





Commitment
towards Net Zero

Medicine with *near Net*
Zero Carbon footprint



Collaborative Research Initiatives

MOU with NIPER Mohali

For Centre of Excellence in
Innovative and Sustainable
Pharmaceutical Development

The center will focus on crucial areas
that will enable us to aid our focus on
green initiatives





Mr. Puneet Varshney
GM Business Finance and Head Investor Relations

Email: puneet.varshney@granulesindia.com

www.granulesindia.com



Ms. Payal Dave
payal.dave@linkintime.co.in

Mr. Irfan Raeen
+91 97737 78669
Irfan.raeen@linkintime.co.in

www.orientcap.com

thank you!



BSE 532482

NSE GRANULES

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Corporate address:

Floor 2 Block 3 My Home Hub Madhapur Hyderabad 500081
CIN: L24110TG1991PLC012471

Voice: +91 40 69043600
www.granulesindia.com