

**Press Release**

**For Immediate Release**

**Granules India reports Income from operations at INR 888 Cr up 4% YoY,  
EBITDA at INR 151 Cr, EBITDA Margin at 17%  
PAT at INR 81 Cr, down 51% YoY**

**Hyderabad, 12<sup>th</sup> November 2021:** Granules India Ltd., a vertically integrated pharmaceutical company, today announced its financial results for the quarter and half-year ended September 30, 2021.

**Q2FY22 Financial Highlights (All numbers in INR Cr except Margins)**

<b>CONSOLIDATED FINANCIALS</b>	<b>Q2FY22</b>	<b>Q2FY21</b>	<b>Growth (YoY)</b>
Income from Operations	888	858	4%
Operating Profit	151	256	(41%)
Operating Profit Margin	17%	30%	
PAT	81	164	(51%)
Net Profit Margin	9%	19%	

**Financial and Business Highlights for Q2FY22**

- 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 888 Crs, growth of 4% YoY. EBITDA stood at INR 151 Crs, down by 41% YoY. EBITDA margins stood at 17% compared to 30%. PAT at INR 81 Crs, down by 51%
- 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.

- During the quarter:
  - Revenue share from other molecules has increased to 19% and Revenue share of FD has increased to 57% consistent with our strategy
  - 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.
- The Board of Directors has declared its second interim dividend of 25 paise per equity share of INR 1/- each.

**Commenting on the results, Dr. Krishna Prasad Chigurupati, Chairman & Managing Director of Granules India Limited said, “The last quarter was one of the most challenging quarters that we have witnessed in the recent past. We were unable to pass on our cost increases to our customers.**

*Based on ongoing discussions with customers, we are confident of passing on our price increases substantially from Q3FY22 onwards. We expect that our gross margins will see a recovery and we believe that our performance for the rest of the fiscal will be substantially better.*

*We have been taking all necessary measures to de-risk ourselves from supply chain disruptions and expect to see these efforts bear fruits next fiscal onwards.*

*Due to the current volatile and uncertain environment, 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 becomes stable. All our projects and plans are on track, and I am very confident that the current fiscal will be a one off and not affect our long-term growth strategy and aspirations.”*

**Segmental, Molecule and Geographical Mix for Q2 FY22 (All numbers in INR Cr)**

Segmental Mix	Q2FY22	Q2FY21
FD	507	430
PFI	191	173
API	190	255

Geographical Mix	Q2FY22	Q2FY21
North America	508	472
Europe	182	154
Latin America	63	66
India	98	118
ROW	37	48

Molecule Mix %	Q2FY22	Q2FY21
Paracetamol	33%	33%
Metformin	28%	27%
Ibuprofen	14%	17%
Guaifenesin	2%	5%
Methocarbamol	4%	2%
Others	19%	16%

**About Granules India Ltd. (BSE: 532482, NSE: GRANULES)**

Granules India Limited, incorporated in 1991 is a vertically integrated fast growing Indian pharmaceutical company headquartered at Hyderabad with best in class facilities and commitment to operational excellence, quality, and customer service. We are among the few pharmaceutical companies in the world to be present in the manufacturing of entire value chain – from Active Pharmaceutical Ingredients (APIs), Pharmaceutical Formulation Intermediates (PFIs) and Finished Dosages (FDs). Our products are being distributed to over 300+ customers in regulated and semi-regulated markets with a global presence extending to over 75+ countries with offices across India, US and UK The Company has 7 manufacturing facilities out of which 6 are located in India and 1 in USA and has regulatory approvals from US FDA, EDQM, EU GMP, COFEPRIS, WHO GMP, TGA, K FDA, DEA, MCC and HALAL.

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**Safe Harbor**

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