



**Transforming Healthcare  
through Innovation and Sustainability**

# Granules India Limited

Earnings Presentation  
Q1FY24



# Safe harbour

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# Key Business Updates

## IT Incident Update

- Employed the appropriate incident response protocols for containment
- Enhanced security measures are being implemented
- Restored near normalcy production

## Regulatory Inspection Update

- Received Establishment Inspection Report (EIR) for Gagillapur
- Completion of US FDA Inspection at Jeedimetla with zero 483 observations
- Successful completion of US FDA Inspection at Unit IV API facility located at Visakhapatnam with zero 483 observations

## Product Approvals

- ANDA Approval for Venlafaxine ER Capsules
- ANDA Approval for Metoprolol Succinate ER Tablets
- ANDA Approval for Levetiracetam Tablets

## Sustainability Journey

- Announced our Target to achieve Net Zero by 2050
- Completed materiality assessment and Identified 13 priority material topics across Environment (4), Social (6) and Governance (3) factors



GRANULES



Commitment  
towards Net Zero

## CZRO Update

- **Third Party Technical Feasibility Report** near completion
- **Identified and finalized two sites** at Vizag (12 Acres) and at Kakinada (100 Acres)
- **Phase I at Vizag:** Pilot DCDA plant (completion end of FY24) & PAP commercial plant (completion end of FY25)
- **Phase II at Kakinada:** Start the project work at Kakinada in FY 25, post the detailed feasibility report and statutory approvals
- Ongoing **Collaboration with multiple partners**

# Q1FY24: Y-o-Y performance highlights – P&L

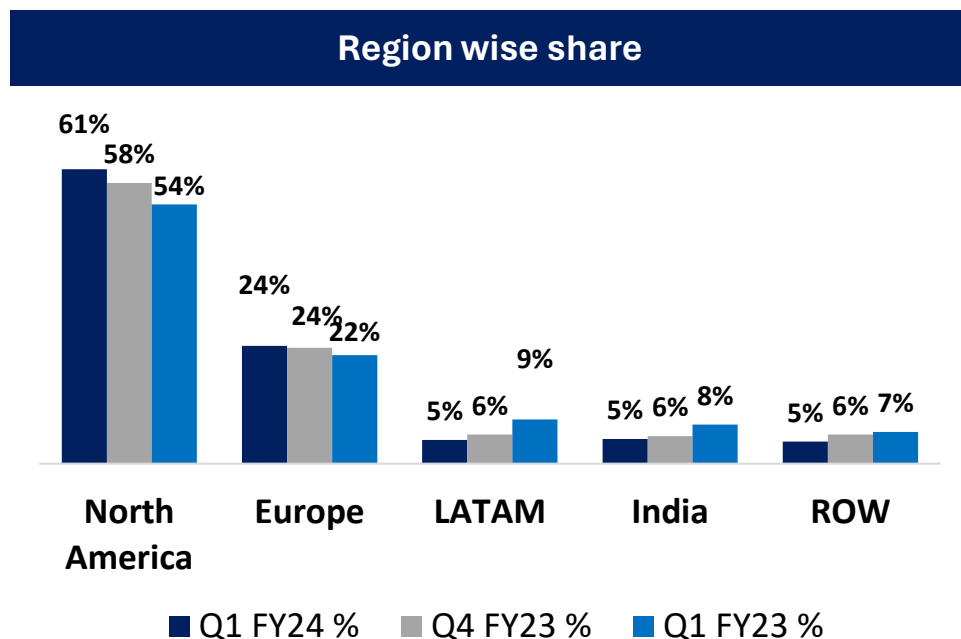
(In ₹ Mn)	Q1 FY24	Q1 FY23	Y-o-Y Gr%	Y-o-Y performance
Revenue	9,855	10,196	(3%) ↓	Revenues were lower primarily on account of business interruption due to the IT incident that happened in this quarter
Value Added	5,063	5,060	0%	VA% has improved primarily on account of better product mix and reduction in rates of key raw materials
Value Added %	51.4%	49.6%		
EBITDA	1,368	2,115	(35%) ↓	Expenses increased in-line with expected revenue increase. However, revenue was lower than expected due to the reason stated above. This coupled with FTS penalties and higher R&D spend impacted the EBITDA margins
EBITDA %	13.9%	20.7%		
PAT	479	1,276	(62%) ↓	Higher interest rate as compared to last year impacted PAT margins further
PAT %	4.9%	12.5%		

# Q1FY24: Q-o-Q performance highlights – P&L

(In ₹ Mn)	Q1 FY24	Q4 FY23	Q-o-Q Gr%	Q-o-Q performance
Revenue	9,855	11,955	(18%)↓	Revenues were lower primarily on account of business interruption due to the IT incident that happened in this quarter
Value Added	5,063	5,720	(11%)↓	VA% has improved primarily on account of better product mix and reduction in rates of key raw materials
Value Added %	51.4%	47.8%		
EBITDA	1,368	2,281	(40%)↓	Expenses increased in-line with expected revenue increase. However, revenue was lower than expected due to the reason stated above. This coupled with FTS penalties impacted the EBITDA margins
EBITDA %	13.9%	19.1%		
PAT	479	1,196	(60%)↓	Higher interest rate as compared to last quarter impacted PAT margins further
PAT %	4.9%	10.0%		

# Q1FY24: Revenue split by market

(In ₹ Mn)



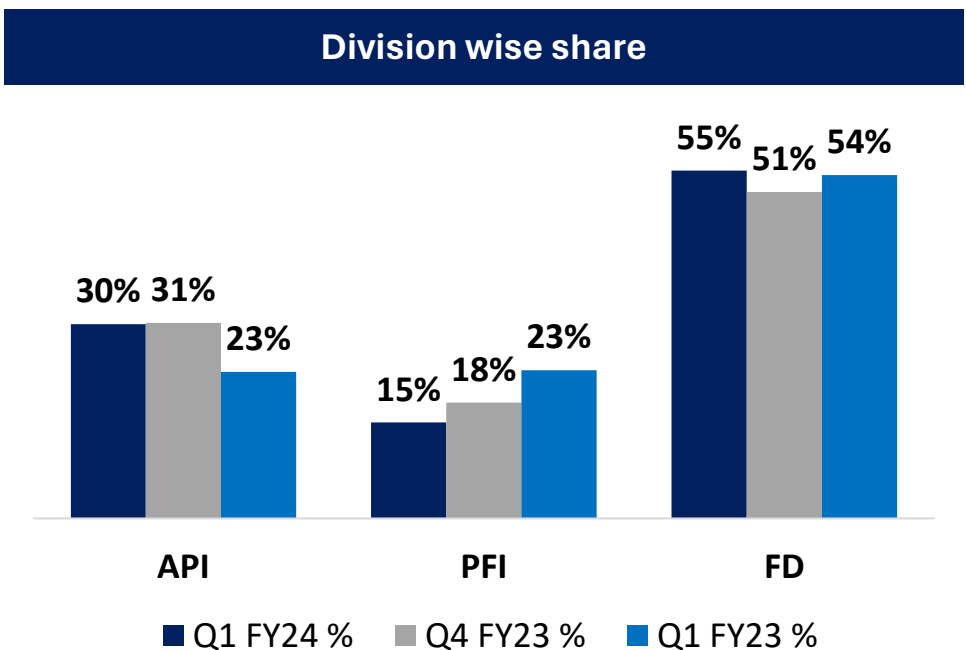
	Q1 FY24	Q1 FY23	Y-o-Y Gr%	Q4 FY23	Q-o-Q Gr%
North America	6,017	5,483	10%	6,962	(14%)
Europe	2,405	2,292	5%	2,871	(16%)
LATAM	481	933	(48%)	720	(33%)
India	504	821	(39%)	680	(26%)
ROW	448	666	(33%)	722	(38%)

- Price erosion continued in the developed markets (North America & Europe) which was offset by volume growth y-o-y
- In emerging markets (Latin America and ROW), volume decline was steep y-o-y, primarily on account of inventory correction by customers in these regions. These markets also witnessed some price erosions y-o-y
- Volumes in Q1FY24 were significantly impacted by the IT incident against expected growth and hence the above-mentioned volume drops across the markets



# Q1FY24: Revenue split by division

(In ₹ Mn)



	Q1 FY24	Q1 FY23	Y-o-Y Gr%	Q4 FY23	Q-o-Q Gr%
API	3,000	2,341	28%	3,664	(18%)
PFI	1,482	2,368	(37%)	2,174	(32%)
FD	5,373	5,487	(2%)	6,117	(12%)

- Y-o-Y growth in API segment was led primarily by Paracetamol volumes
- Share of PFI business has reduced both y-o-y and q-o-q as more customers are converting into FD from PFI, coupled with correction in inventories in the LATAM and ROW markets
- Volumes in Q1FY24 were significantly impacted by the IT incident and hence revenue declined in all segments q-o-q



# Q1FY24: Cashflow metrics and Ratios

(In ₹ Mn)

	Q1 FY24	Q4 FY23
ROCE%	9.4%	21.1%

IT incident this quarter impacted the revenues which led to lower EBIT which significantly reduced ROCE%

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

	Q1 FY24	Q4 FY23
CCC	170	132

Increase in inventory resulting in increase in CCC. Dispatches were impacted due to the IT incident

CCC = DIO + DSO - DPO

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

	Q1 FY24	Q4 FY23
Fixed asset turn	1.64	2.06

Lower asset turns are primarily on account of lower revenue this quarter

Fixed asset turn = Annualised Sales / Average Tangible Gross block

	Q1 FY24	Q4 FY23
Operating Cashflow	35	1,794

Lower EBITDA and higher CCC resulting in lower Operating Cashflow

	Q1 FY24	Q4 FY23
Net debt/ EBITDA	1.57x	0.84x

Net debt has increased only by Rs.899 mn. The ratio is impacted primarily on account of lower EBITDA

Net debt = Gross debt – Cash and cash equivalents

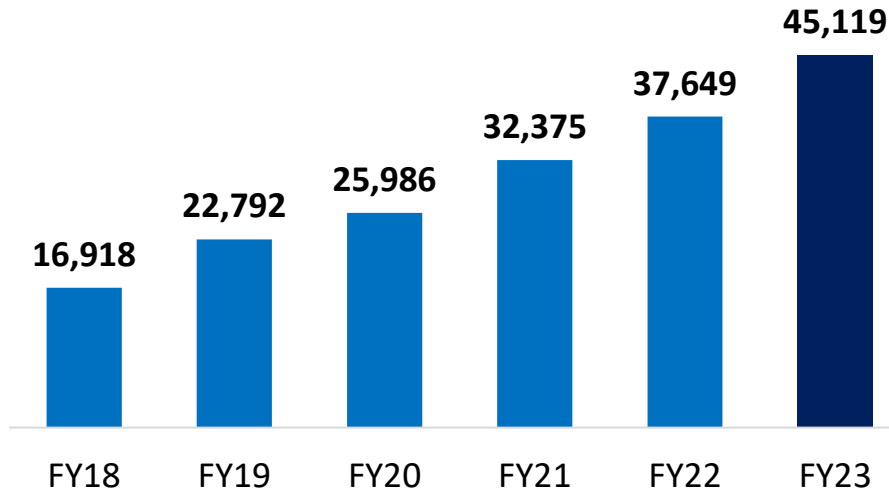
	Q1 FY24	Q4 FY23
Capex	741	407

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

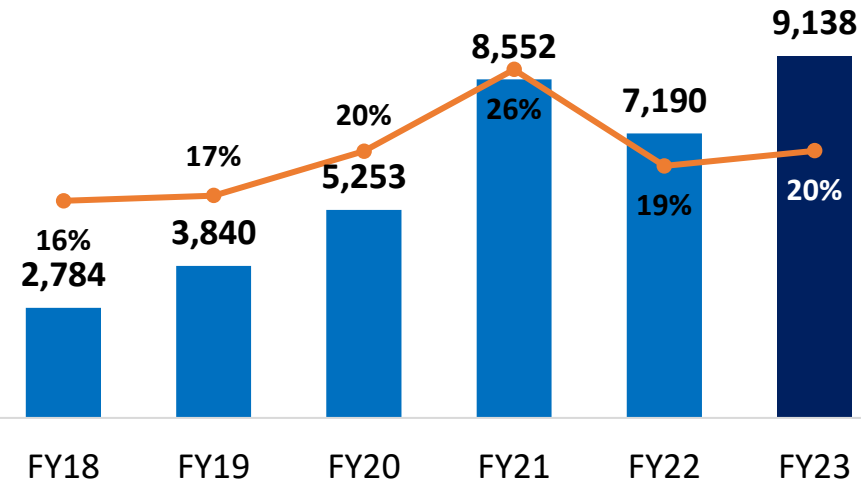
# Last 5 years performance: Sales and profitability

(In ₹ Mn)

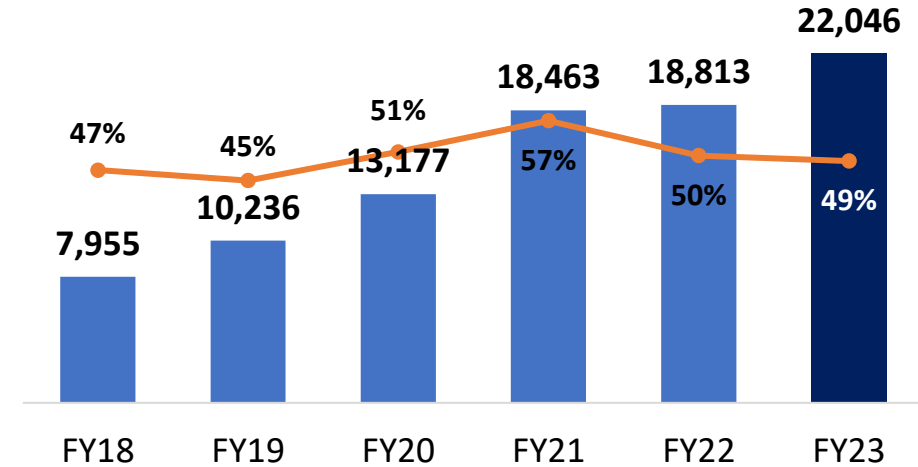
Sales: 5yr CAGR: 22%



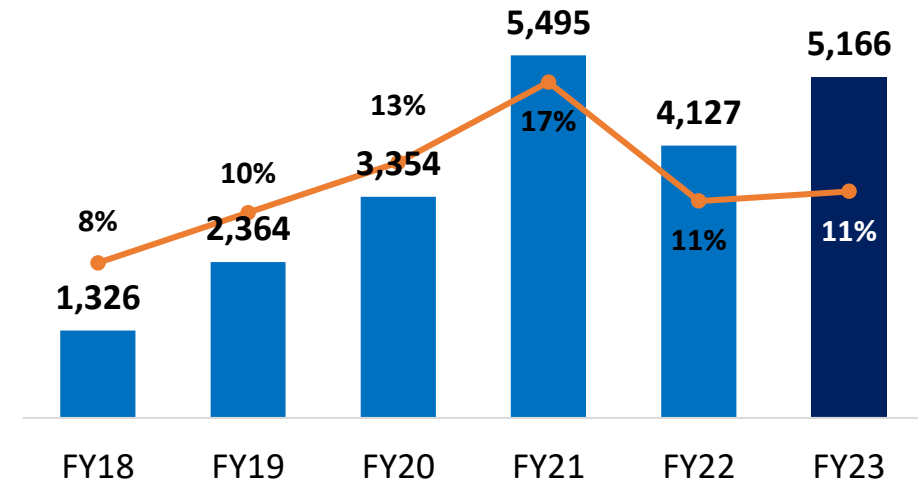
EBITDA and EBITDA%: 5yr CAGR: 27%



VA and VA%: 5yr CAGR: 23%



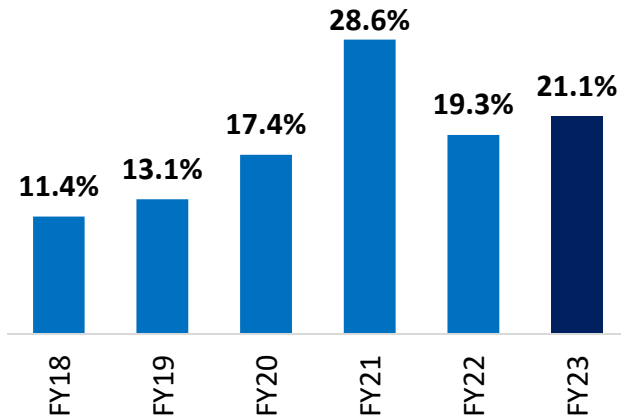
PAT and PAT%: 5yr CAGR: 31%



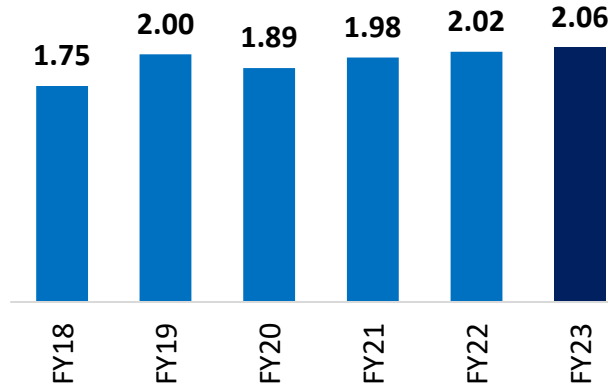
# Last 5 years performance: Cashflow and ratios

(In ₹ Mn)

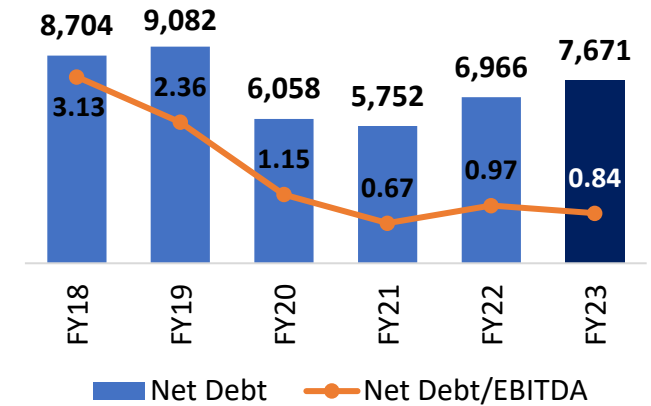
## ROCE%



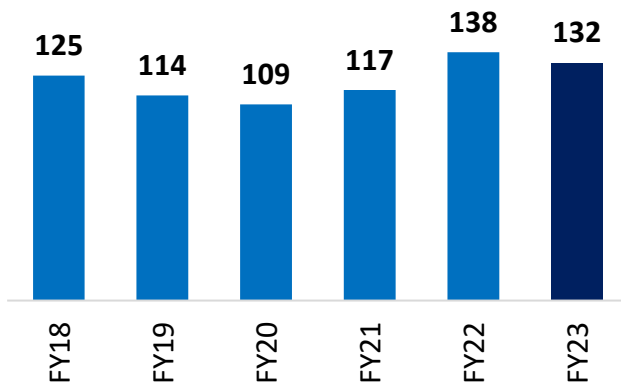
## Asset turns



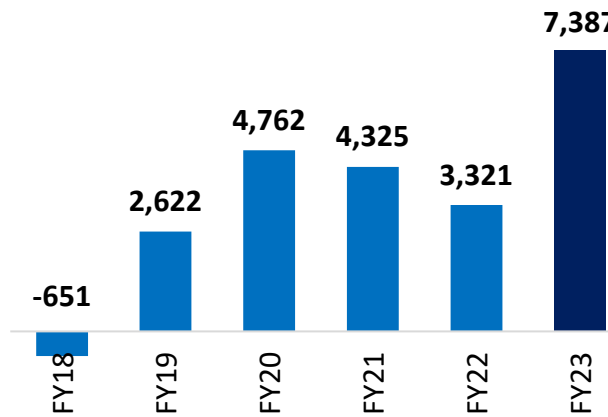
## Net debt and Net debt/EBITDA



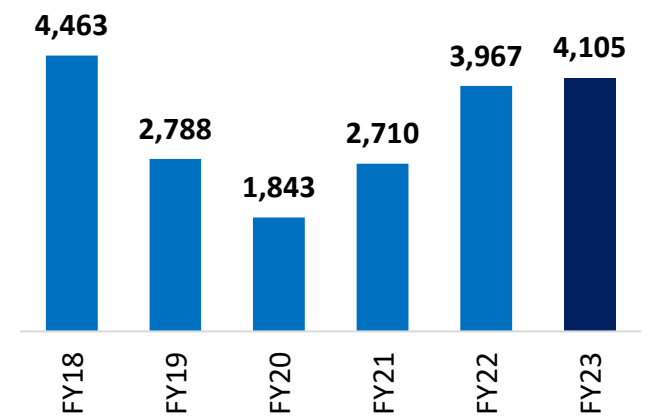
## Cash to Cash cycle



## Operating Cash flow



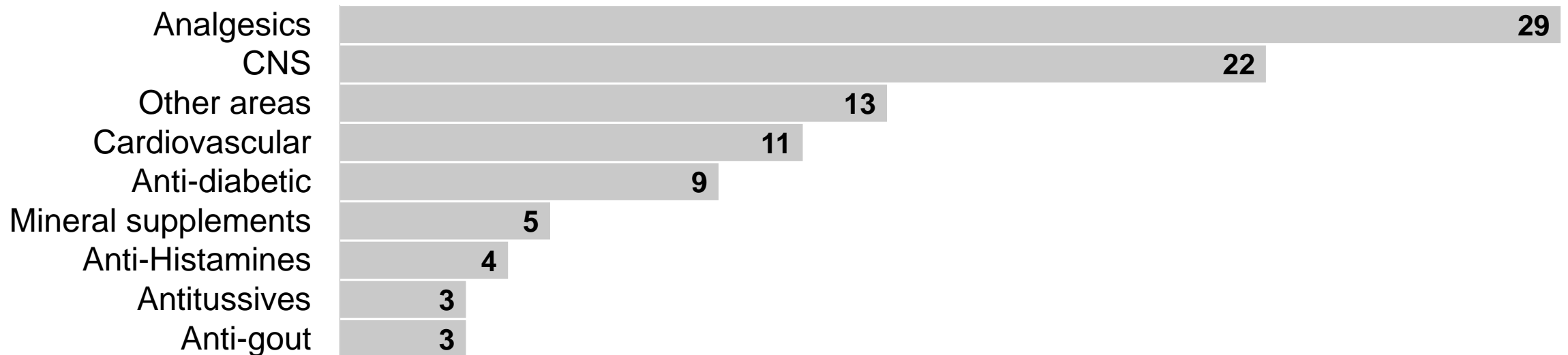
## Capex



# ANDA and Dossier Filing status

Filing Status	GPI IP	GIL IP						Total
	USA	USA	Europe	Canada	South Africa	UK	Others	
Approved	24	57	5	6	-	3	1	72
Tentatively Approved	1	2	-	-	-	-	-	2
To be approved	5	12	3	1	6	-	3	25
<b>Total Products</b>	<b>30</b>	<b>71</b>	<b>8</b>	<b>7</b>	<b>6</b>	<b>3</b>	<b>4</b>	<b>99</b>

## ANDA/Dossier filed - Therapeutic area wise



# Strategic Priorities and Organizational Transformation

# Pursuing Purpose-led Growth —

As we embark on this ongoing journey, with careful deliberation, we have revitalized our purpose, vision, and values, ensuring they embody our commitment to transformation.



**Dr. Krishna Prasad Chigurupati**  
Chairman & Managing Director

# Transforming for the Greater Good : Our new 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

Challenging Limits

Futuristic Thinking

Customer Driven

Empowering Employees

Quality Everywhere

Environmental Stewardship









# Strategic Priorities

Strengthening the core

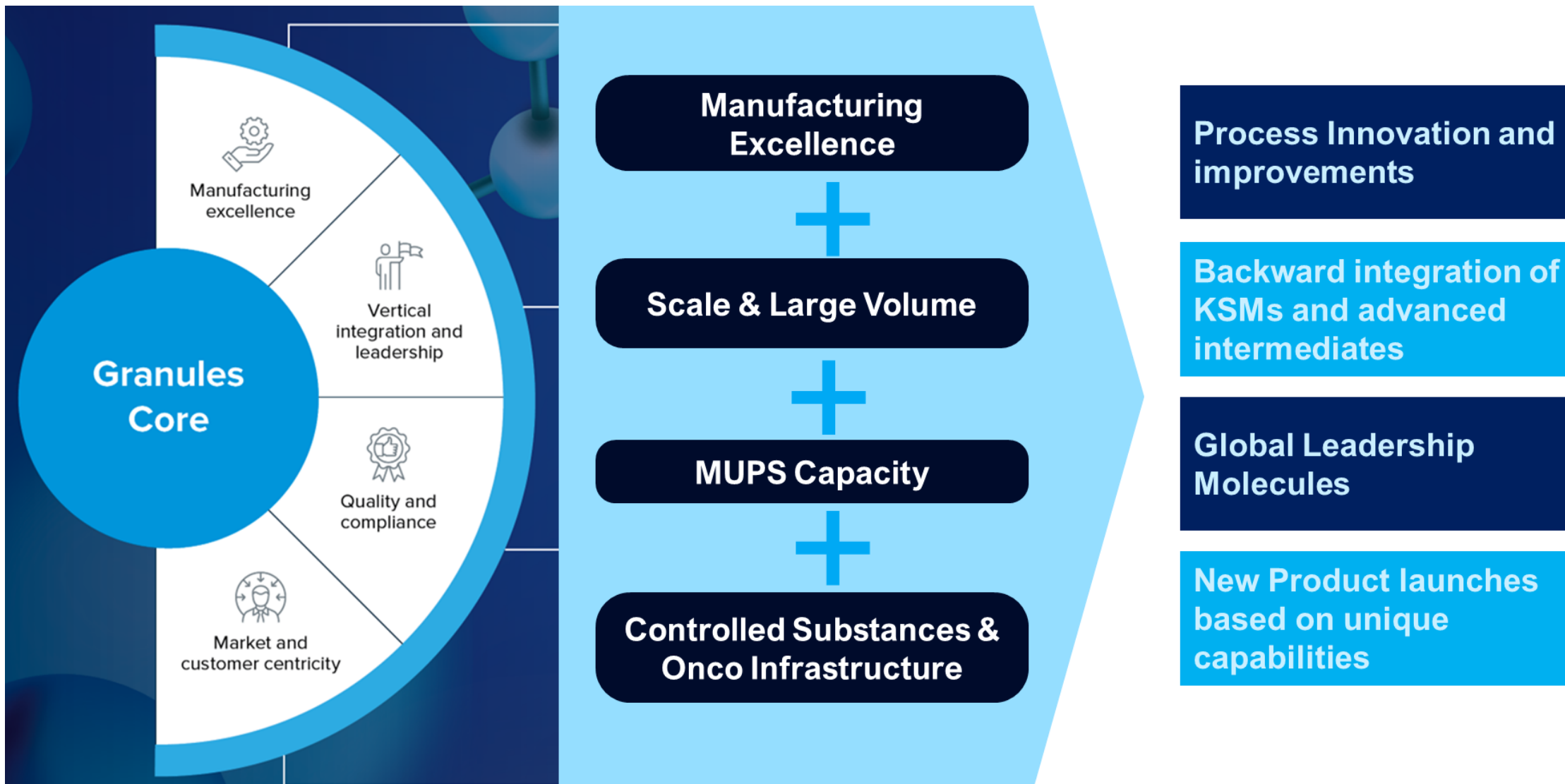
R&D and Innovation

Sustainability

# Strengthening the core: Existing Manufacturing strength

	Manufacturing Units	Capacity	Regulatory Approvals
 <b>API</b>	<ul style="list-style-type: none"> <li>▶ Bonthapally, Telangana</li> <li>▶ Jeedimetla, Telangana</li> <li>▶ Vizag (Unit IV), Andhra Pradesh</li> <li>▶ Vizag (Unit V), Andhra Pradesh</li> <li>▶ Bonthapally II (API Intermediate, Telangana)</li> </ul>	<ul style="list-style-type: none"> <li>▶ 34,560 TPA</li> <li>▶ 4,800 TPA</li> <li>▶ 380 KL</li> <li>▶ 15 KL</li> <li>▶ 61.5 KL</li> </ul>	<ul style="list-style-type: none"> <li>▶ U.S. FDA, EDQM, WHO, COFEPRIS, INFARMED</li> <li>▶ U.S. FDA, EDQM, COFEPRIS, WHO, CDCSO</li> <li>▶ U.S. FDA, KFDA, EU GMP, WHO GMP, EDQM</li> <li>▶ EU GMP</li> </ul>
 <b>PFI</b>	<ul style="list-style-type: none"> <li>▶ Gagillapur, Hyderabad</li> <li>▶ Jeedimetla, Telangana</li> </ul>	<ul style="list-style-type: none"> <li>▶ 23,200 TPA</li> <li>▶ 1,440 TPA</li> </ul>	<ul style="list-style-type: none"> <li>▶ US FDA, COFEPRIS, TGA, MCC, INFARMED</li> <li>▶ WHO GMP, COFEPRIS, INFARMED</li> </ul>
 <b>FD</b>	<ul style="list-style-type: none"> <li>▶ Gagillapur, Hyderabad</li> <li>▶ Virginia, USA</li> <li>▶ Vizag (Unit V), Andhra Pradesh</li> </ul>	<ul style="list-style-type: none"> <li>▶ 26.8 Bn</li> <li>▶ 1.5 Bn</li> <li>▶ 1.1 Bn</li> </ul>	<ul style="list-style-type: none"> <li>▶ US FDA, MCC, COFEPRIS, TGA, INFARMED</li> <li>▶ US FDA, DEA</li> <li>▶ EU GMP</li> </ul>
 <b>Packaging</b>	<ul style="list-style-type: none"> <li>▶ Virginia, USA</li> </ul>	<ul style="list-style-type: none"> <li>▶ 2 OTC lines and 1 Rx line</li> </ul>	<ul style="list-style-type: none"> <li>▶ US FDA</li> </ul>

# Strengthening the core: Building & sustaining our competitive advantage



# 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

Mild Reaction Conditions

Greater Selectivity

Simplified Work Streams

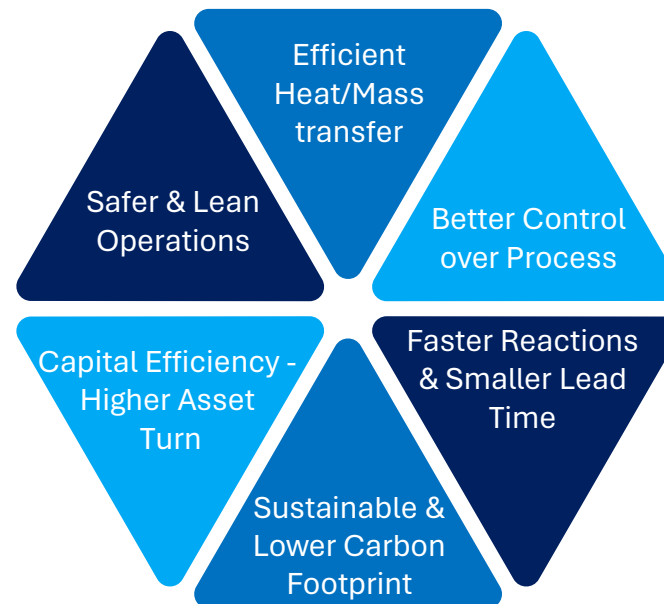
Simplified Processing & Purification

Fewer byproducts

Improved Productivity

## Flow Technology Platform

Excellence in identified chemistries



## 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 & Response to Climate Change

## An area of emerging opportunities

“

Government or private sector **commitments** to net-zero cannot be a mere public relations exercise.”

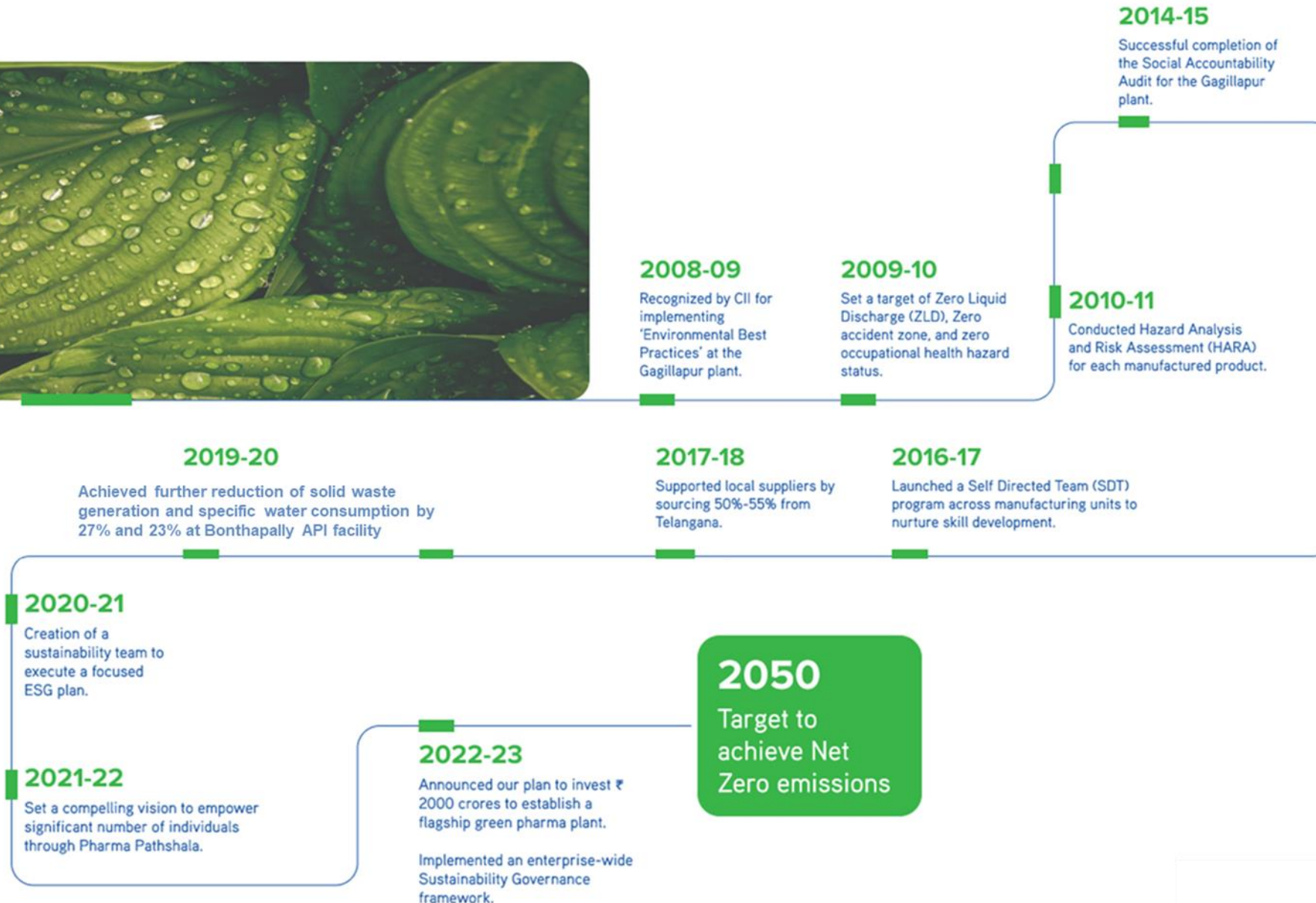
ANTÓNIO GUTERRES, *United Nations Secretary-General*, 8 November 2022

### From Vision to Action

Industries need to Lead the Way in Sustainable Supply Chains and Green-Tech



# Our Sustainability & ESG Journey





# Sustainability Recognition & Performance



**54**

Rating by CRISIL (23<sup>rd</sup> rank among pharmaceutical companies)



**C Score**

Received for climate change in our first CDP disclosure

**ecovadis**

**Silver Rating**

Achieved by Unit-1 Bonthapally

**Bronze Rating**

Achieved by Jeedimetla unit



## Environmental

**28.20%**

Reduction in water intensity

**14.03%**

Reduction in GHG emissions (Scope 1 and Scope 2) intensity

**320 KWp**

Solar capacity added in FY 2022-23

**50%**

Of our wastewater is recycled

**>85%**

Of the solid hazardous waste sent for utilization by cement industries



## Social

**64%**

Permanent workforce

**₹110.02 Mn**

CSR expenditure

**97%**

Return-to-work rate

**Zero**

Fatalities

**3**

Overhead Water tanks built for over 2500 villagers



## Governance

**100%**

Shareholder Grievance Resolved

**96%**

Average Board Meeting Attendance

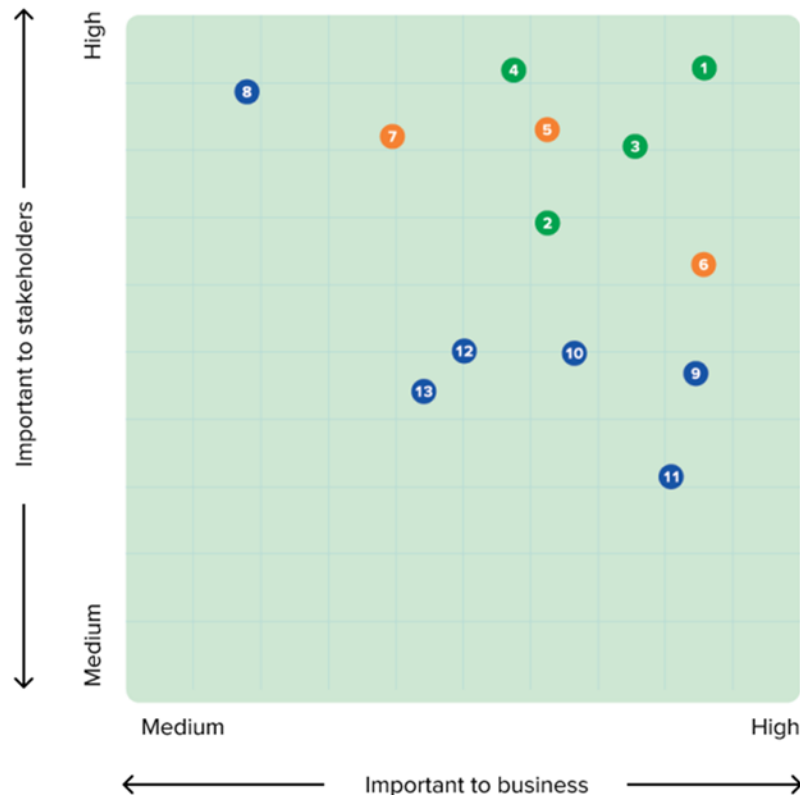
**50%**

Independent Directors on the Board

# Our ESG Approach & Materiality Assessment

In keeping with the commitment to include sustainability as one of the strategic levers, Granules conducted a detailed Materiality Assessment for the first time in the organization during FY 2023.

A range of sustainability topics organized into 9 broad themes with insights drawn from various global frameworks and standards, macro industry trends, peer benchmarking, relevance highlighted by rating agencies and Granules' own business objectives. We have Identified 13 priority material topics across Environment (4), Social (6) and Governance (3) factors



## Environment

- GHG footprint
- Climate Change
- Water Management
- Waste Management

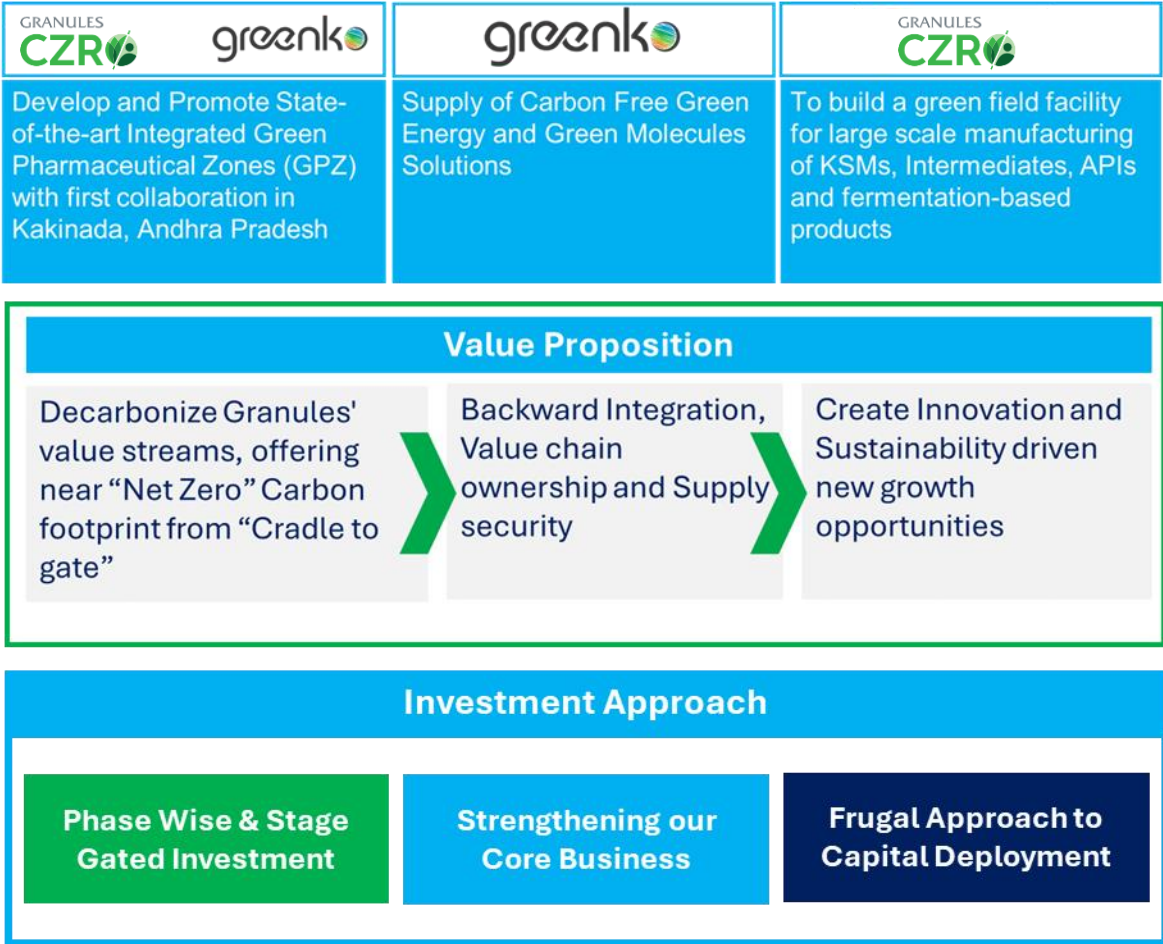
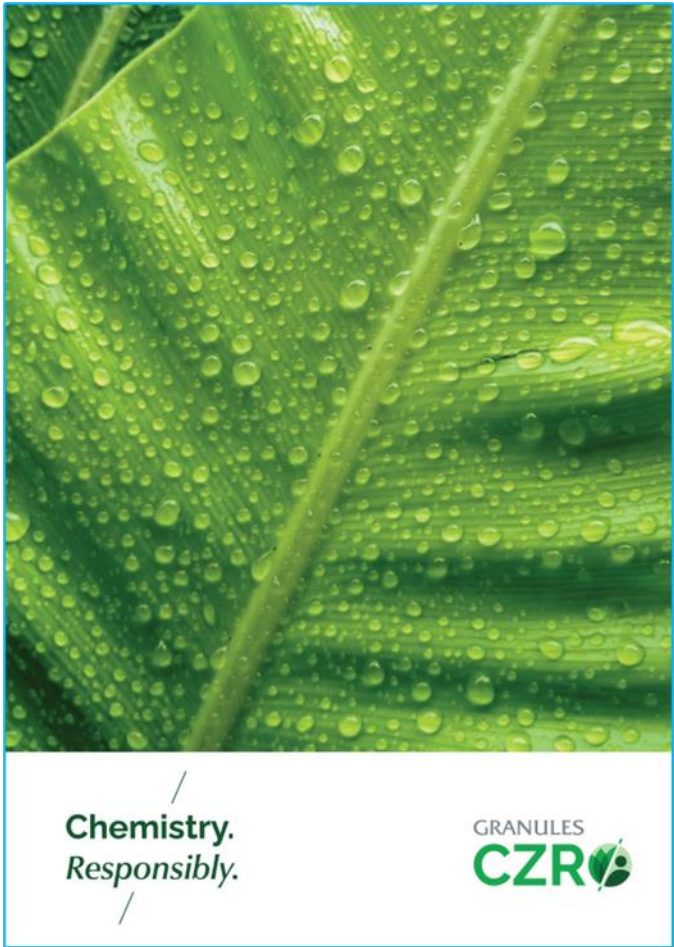
## Governance

- Business Ethics and Integrity
- Sustainability Governance
- Data Privacy and Cyber Security

## Social

- Diversity & Inclusion
- Employee Well Being
- Occupational Health & Safety
- Human Capital Development
- Innovation, Research and Development
- Community Impact, Relations and Development

# Sustainability Redefined: Innovating for a Greener Future



\* Granules CZRO is the wholly owned subsidiary of Granules



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