



**Transforming Healthcare  
through Innovation and Sustainability**

# Granules India Limited

Earnings Presentation

**Q4 & Full Year FY24**



15<sup>th</sup> May 2024

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# Key Business Updates For Q4 FY 24

## Performance

- Strong uptick in gross margin for the quarter as well as for the full year FY 24.
- Continued growth in formulations share in the business, driven by CNS/ ADHD portfolio and other new products.
- Growing contribution from new products in the product mix
- Decline in the Para API sales due to higher customer inventory and price erosion. Partly offset by growth in FD sales

## Capacity and Capability building

- Granules Life Sciences (GLS), with planned FD capacity of 8 Bn dosage, successfully commenced operations in March 24. The facility to achieve 2.5 Bn dosage run rate by March 25
- Continued prioritization and investment in R&D, towards building our product development capabilities and product pipeline in identified segments

## Product Approvals for Q4 FY 24

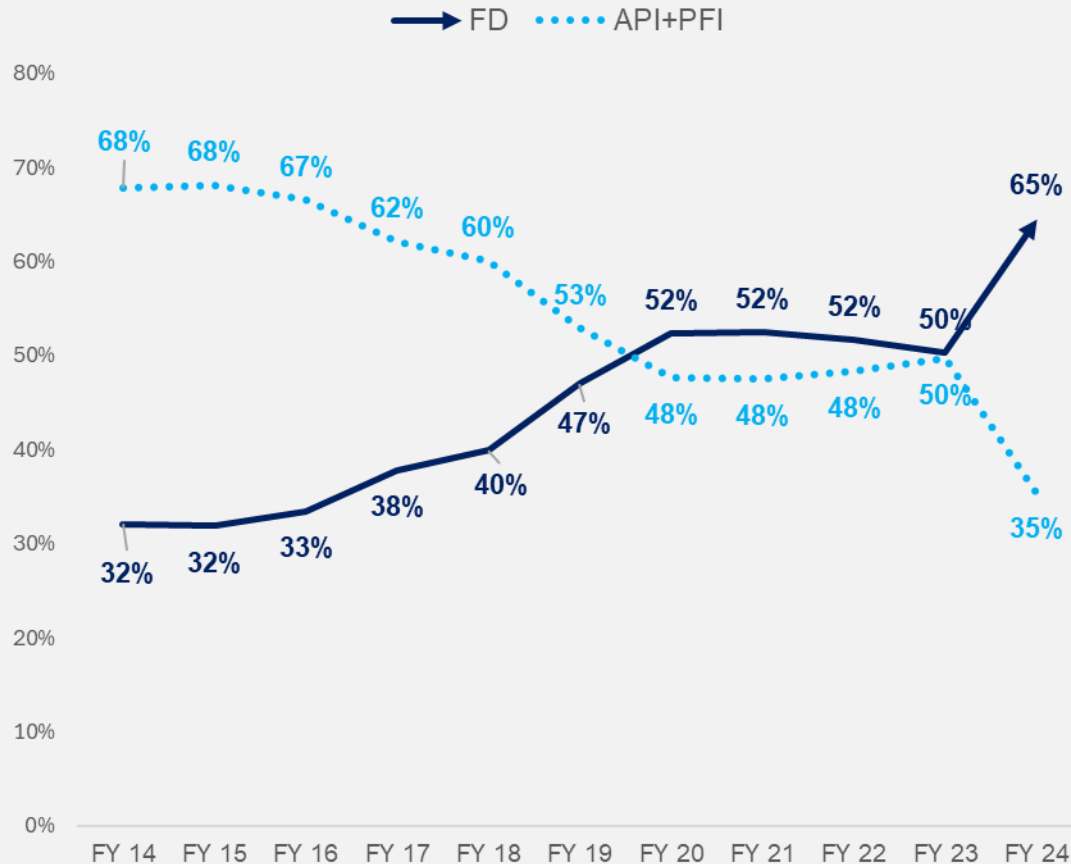
- Metoprolol Succinate PR Tablets 25 / 50 / 100 & 200 mg (EU DCP)ANDA
- Ibuprofen Tablets 200/400 mg (OTC) (SA)

# Business Strategy Update

# Strategy In Action: A Breakout Year for FD portfolio and Product Diversification

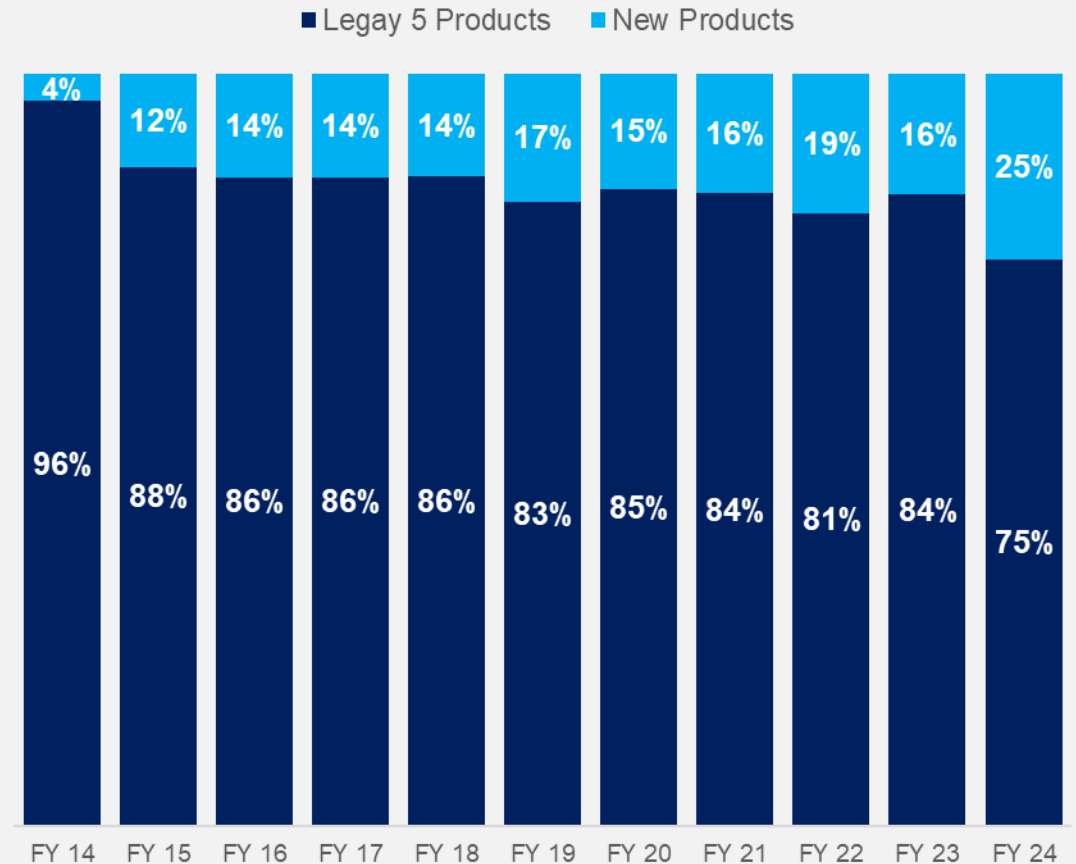
## Moving Up the Value Chain

Revenue Share By Business Segment

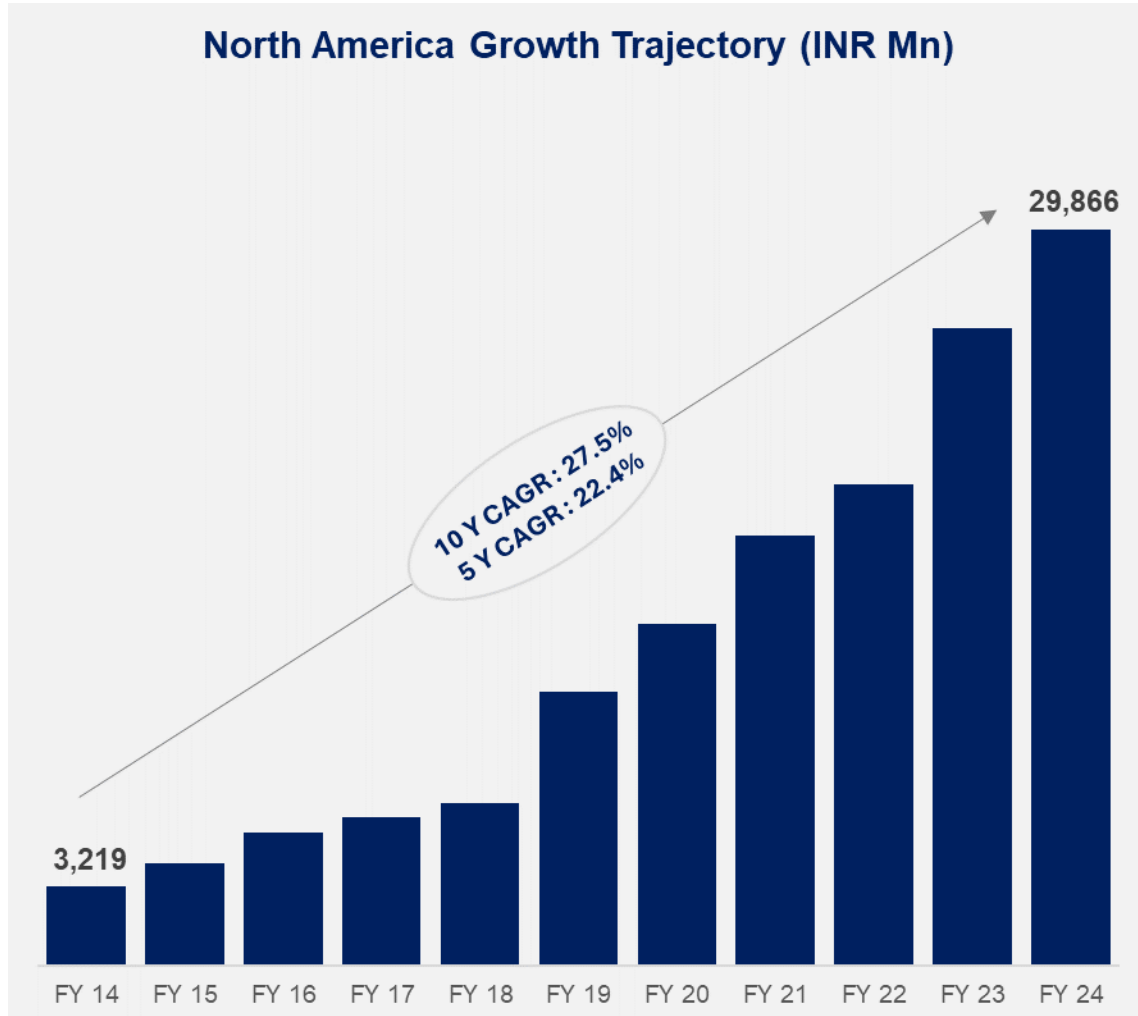


## Product Diversification

Revenue Share By Product Segment



## Strategy In Action: Strengthening Business in North America



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

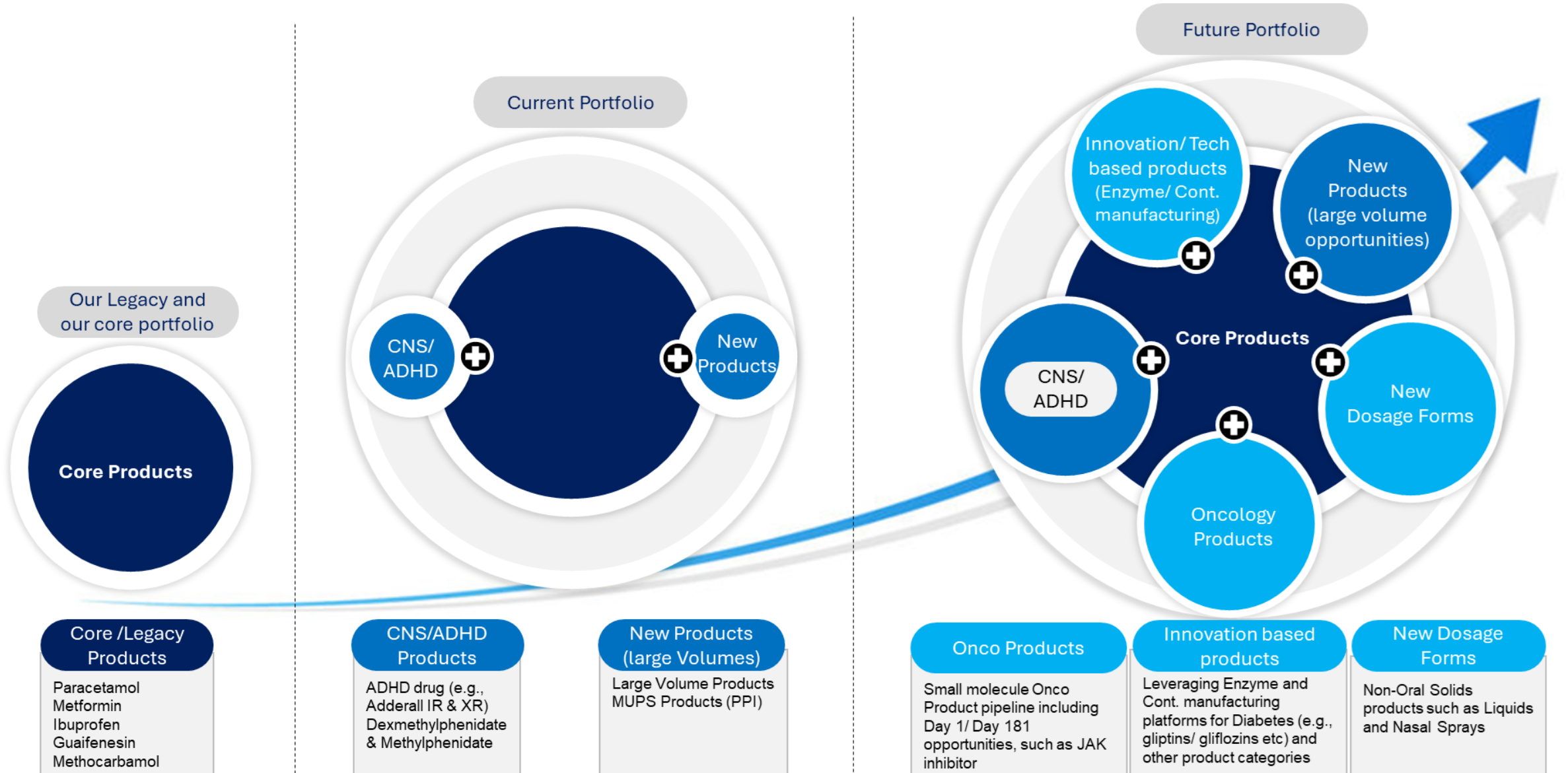
Market leadership in CNS/ADHD (GPI operations), adding to the leadership position in large volume molecules

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

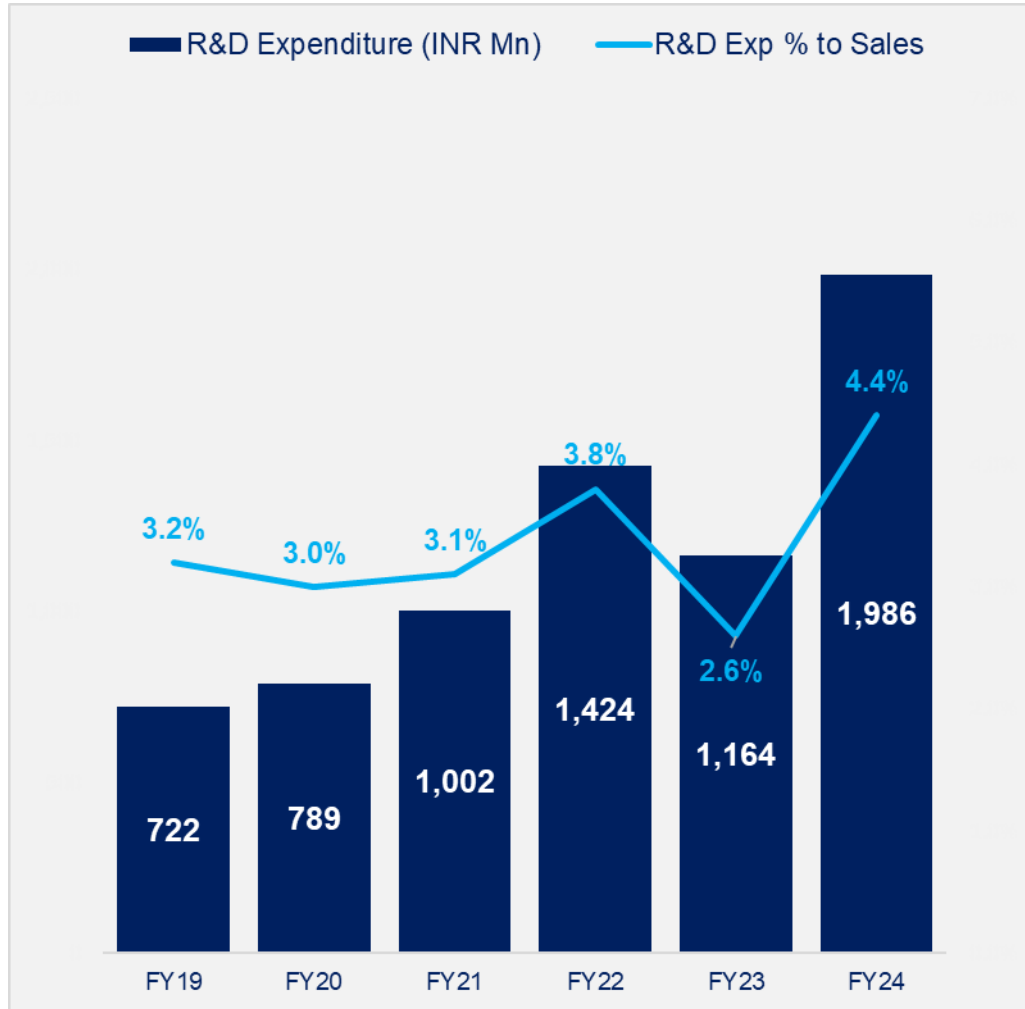
**Prioritizing OTC business through GCH and GPAK :** Growing OTC business through partnership with Brand owners and leading Retailers in the US. 2 products have the market leadership.

**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: Prioritizing Investment in Building R&D Capability and Product Pipeline



## 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

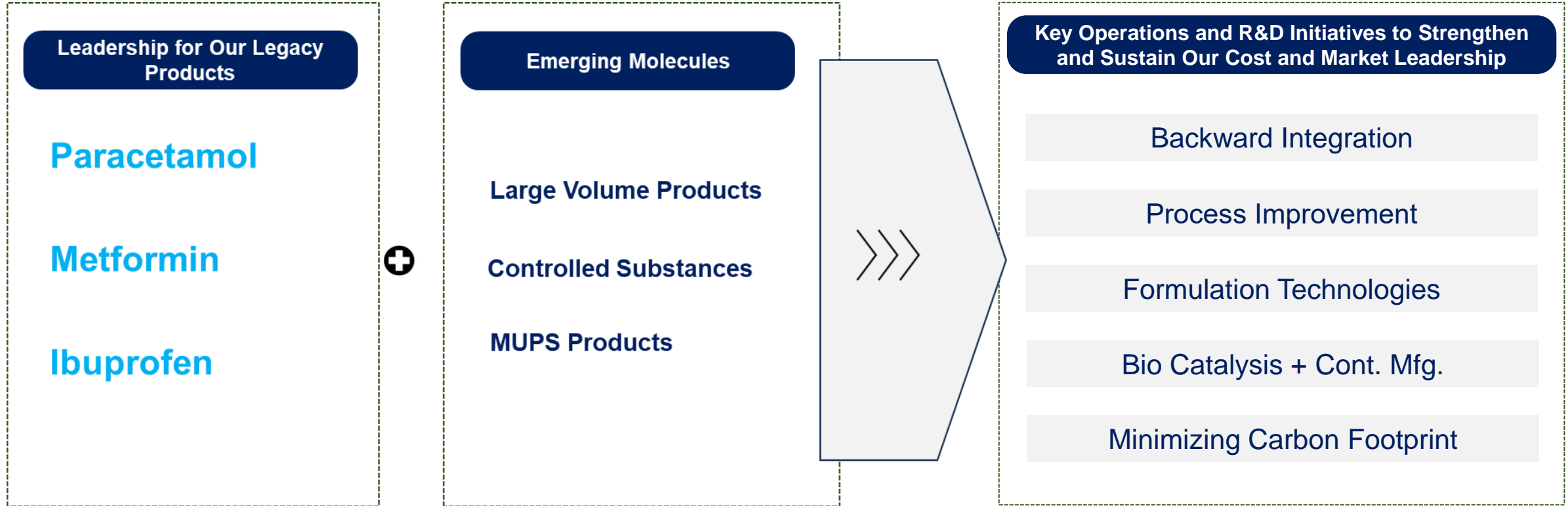
- Enzyme & Fermentation

### Pune R&D

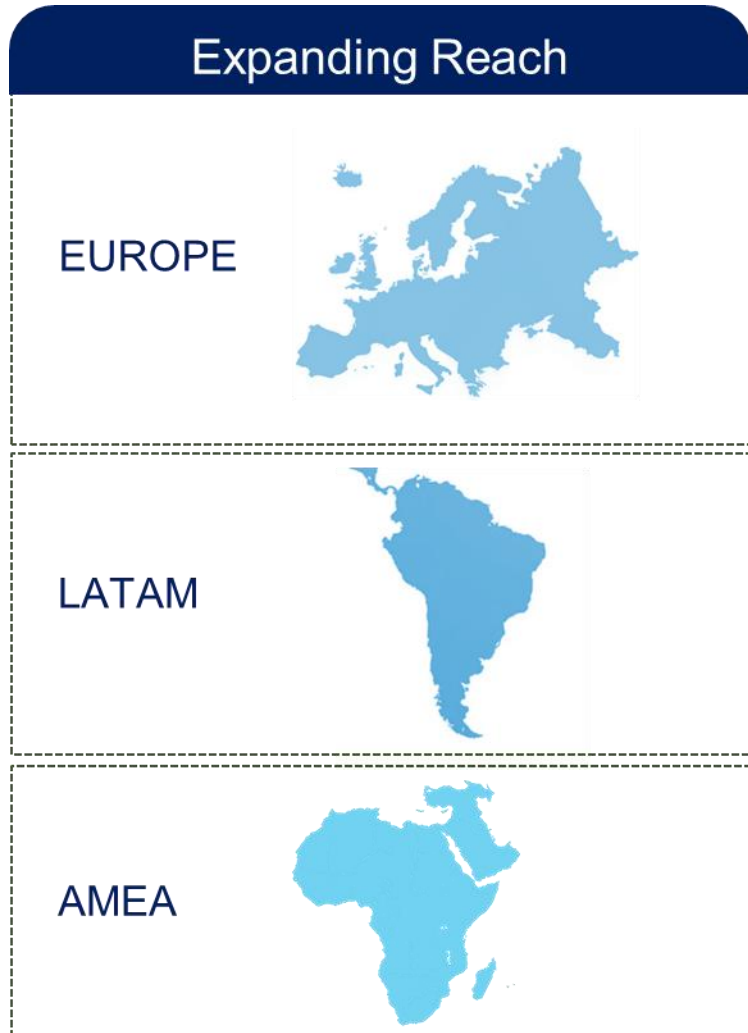
- New technologies
- KSM & Backward Integration



# 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 : Green Molecule Platform, beginning with our core products – Paracetamol & Metformin

GRANULES  
**CZRO**

Commitment towards Net Zero

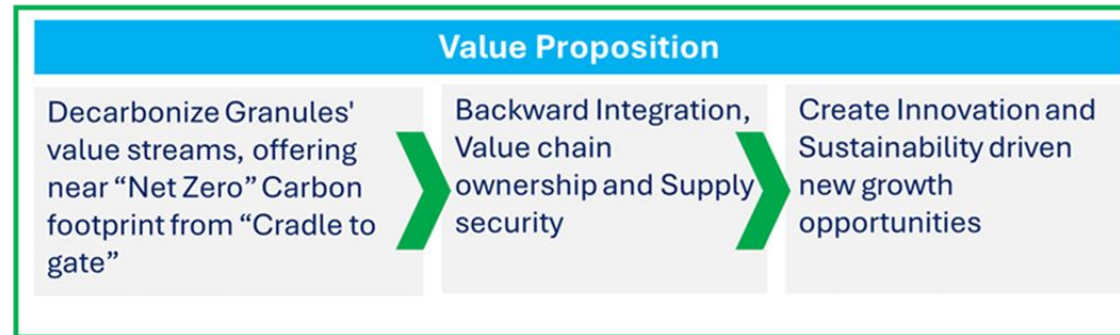
**Medicine with *near Net Zero* Carbon footprint**

**24/7**  
Carbon-free energy

**Green molecules**  
Such as Hydrogen (H<sub>2</sub>), Ammonia (NH<sub>3</sub>), Nitric acid (HNO<sub>3</sub>) and Methanol (CH<sub>3</sub>OH)

**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.

# Quarterly Performance

# Q4FY24: Y-o-Y performance highlights – P&L

(In ₹ Mn)

	Q4 FY24	Q4 FY23	Y-o-Y Gr%
<b>Revenue</b>	11,758	11,955	(2)% ↓
<b>Value Added</b>	7,062	5,720	23% ↑
<b>Value Added %</b>	60.1%	47.8%	
<b>EBITDA</b>	2,557	2,281	12% ↑
<b>EBITDA %</b>	21.7%	19.1%	
<b>PAT</b>	1,296	1,196	8% ↑
<b>PAT %</b>	11.0%	10.0%	

## Y-o-Y performance

Formulations growth including GPI manufactured products offset by decline in Para API sales volume and price erosion

Achieved a higher value-added percentage compared to Q4-FY23, attributed to a higher FD sales and lower raw material cost

Improved Value-Added Percentage (VA%) led to a better EBITDA percentage in Q4 FY24, despite increase in R&D spend for building R&D pipeline

Increase in interest rate impacted PAT of Q4 FY24

# Q4FY24: Q-o-Q performance highlights – P&L

(In ₹ Mn)

	Q4 FY24	Q3 FY24	Q-o-Q Gr%
<b>Revenue</b>	11,758	11,556	2% ↑
<b>Value Added</b>	7,062	6,582	7% ↑
<i>Value Added %</i>	60.1%	57.0%	
<b>EBITDA</b>	2,557	2,504	2% ↑
<i>EBITDA %</i>	21.7%	21.7%	
<b>PAT</b>	1,296	1,257	3% ↑
<i>PAT %</i>	11.0%	10.9%	

## Q-o-Q performance

Inline with our strategic focus, continued FD sales growth including GPI manufactured products offset by decline in Para API sales volume and price erosion

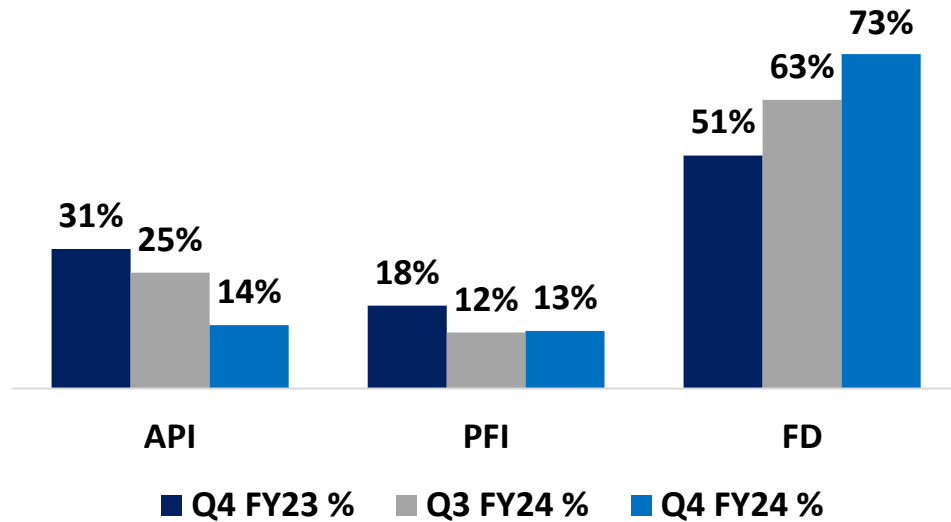
Achieved a higher value-added percentage compared to Q3-FY24, attributed to a higher FD sales

Increased R&D spend for building R&D pipeline

# Q4FY24 Revenue split by Segments and Market

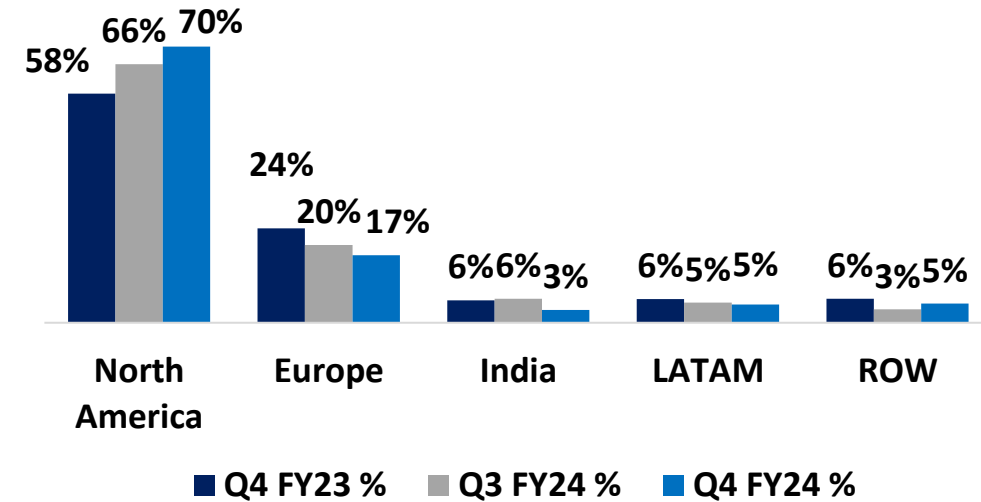
(In ₹ Mn)

## Division wise share



	Q4 FY23	Q4 FY24	Y-o-Y Gr%
API	3,664	1,633	(55%)
PFI	2,174	1,482	(32%)
FD	6,117	8,642	41%

## Region wise share

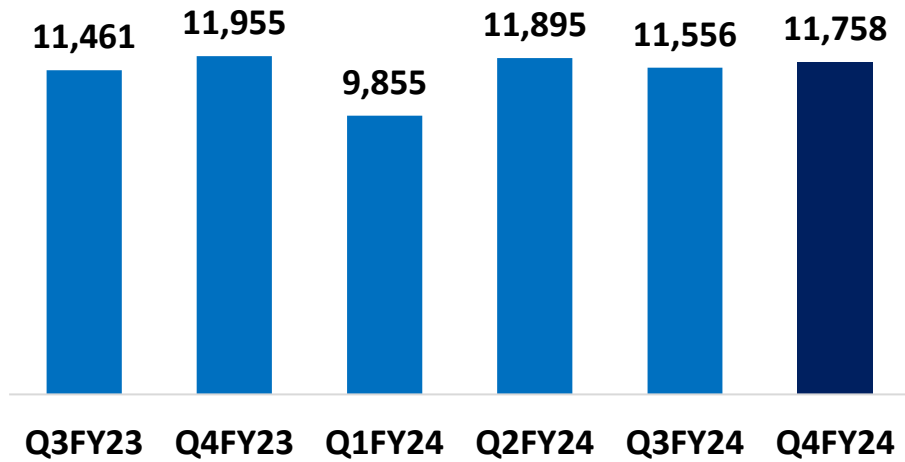


	Q4 FY23	Q4 FY24	Y-o-Y Gr%
North America	6,962	8,260	19%
Europe	2,871	2,013	(30%)
LATAM	720	539	(25%)
India	680	378	(44%)
ROW	722	567	(21%)

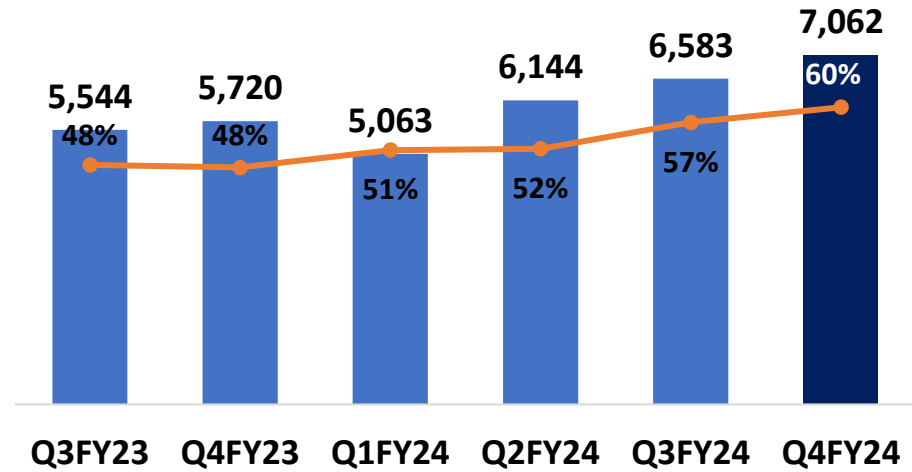
# Last 5 quarters historical performance – Sales and profitability

(In ₹ Mn)

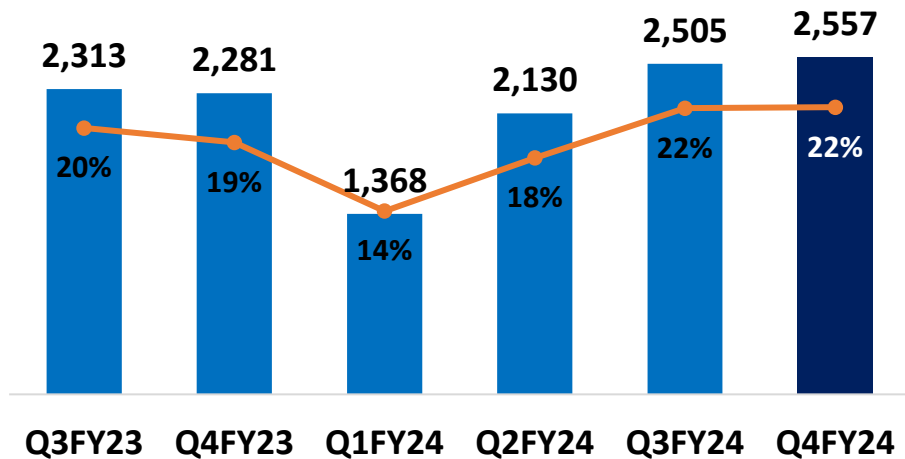
## Sales



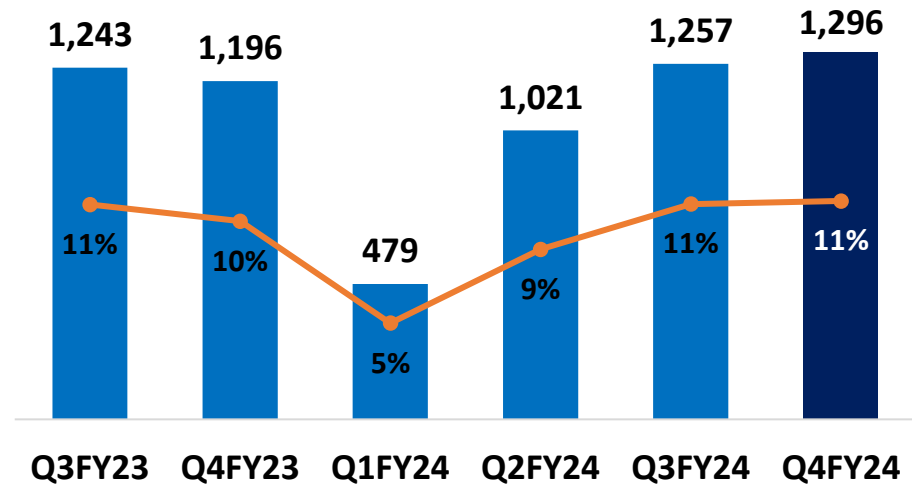
## VA and VA %



## EBITDA and EBITDA %



## PAT and PAT %



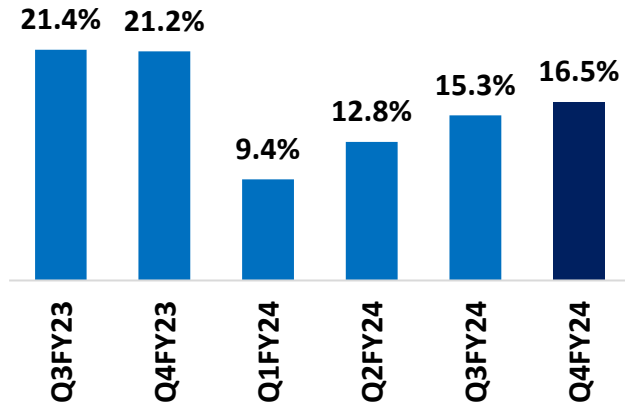
FY24 Performance is affected by cyber incident faced in Q1FY24



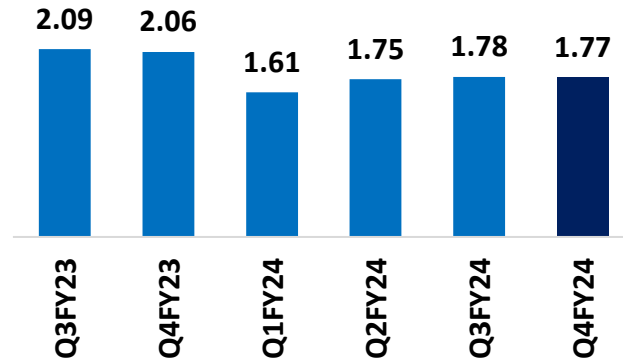
# Last 5 quarters historical performance – Cashflow and Ratios

(In ₹ Mn)

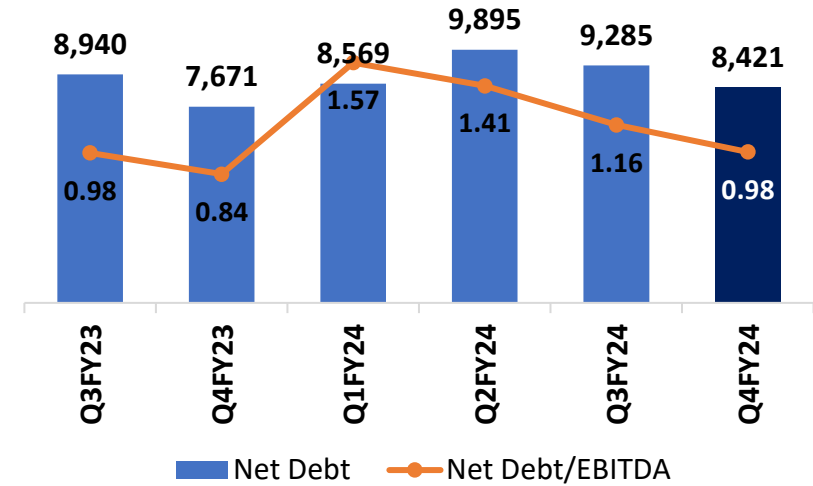
## ROCE%



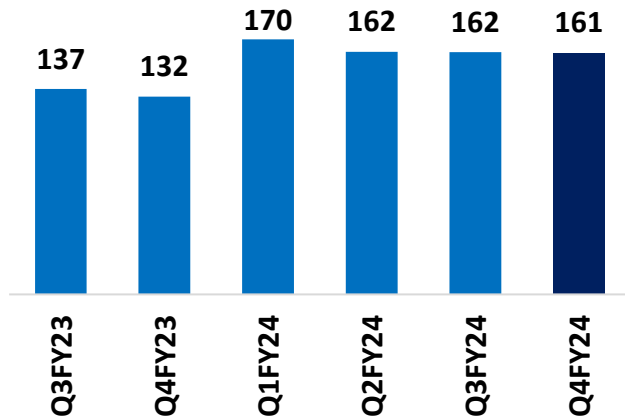
## Asset turns



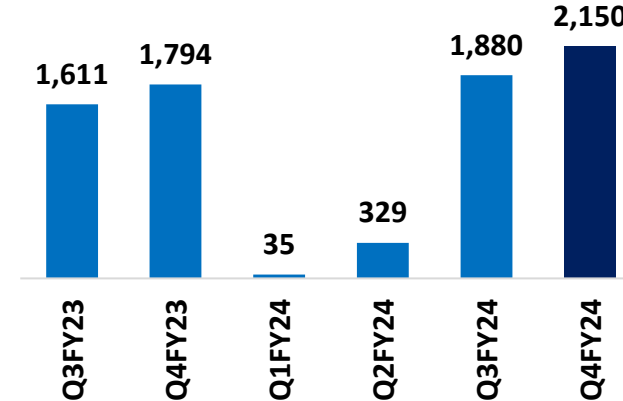
## Net debt and Net debt/EBITDA



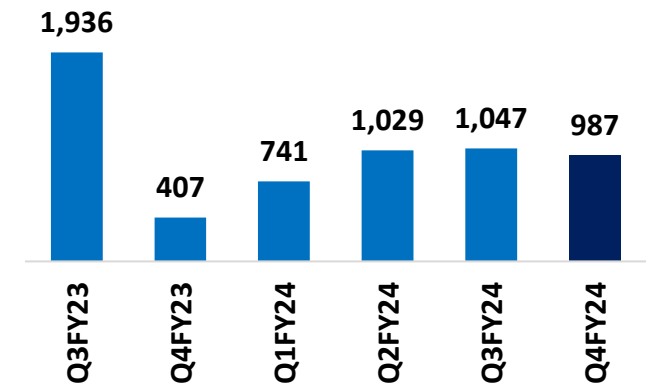
## Working Capital days



## Operating Cash flow



## Capex



FY24 Performance is affected by cyber incident faced in Q1FY24

# Yearly Performance

# FY24: Y-o-Y performance highlights – P&L

(In ₹ Mn)

	FY24	FY23	Y-o-Y Gr%
Revenue	45,064	45,119	0%
Value Added	24,851	22,046	13% ↑
Value Added %	55.1%	48.9%	
EBITDA	8,560	9,138	-6% ↓
EBITDA %	19.0%	20.3%	
PAT	4,053	5,166	-22% ↓
PAT %	9.0%	11.4%	

## Y-o-Y performance

Despite a cyber incident and decline in Para API Volume and price erosion, transformative focus into formulations including GPI manufactured products enabled the company to sustain the similar turnover YoY

Achieved a higher value-added percentage compared to FY23, attributed to a higher FD sales and lower raw material cost

The decrease in EBITDA margin compared to last year is primarily due to increase in R&D spend for R&D pipeline. There is growth in EBITDA before R&D spend.

Increase in interest rate has impacted the PAT margin significantly

# FY24: Y-o-Y performance highlights – Cashflow and Ratios

(In ₹ Mn)

	FY23	FY24
<b>ROCE%</b>	<b>21.2%</b>	<b>16.5%</b>

Decrease in EBIT, decrease in asset turnover and increase in CCC days has led to a decline in ROCE

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

	FY23	FY24
<b>CCC</b>	<b>132</b>	<b>161</b>

New launches and Red sea issues impacted 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

	FY23	FY24
<b>Fixed asset turn</b>	<b>2.06</b>	<b>1.77</b>

Affected due to sales price erosion and Investments in Granules life science and CZRO

Fixed asset turn = Annualised Sales / Average Tangible Gross block

	FY23	FY24
<b>Operating Cashflow</b>	<b>7,387</b>	<b>4,394</b>

Affected due to a reduction in EBITDA and an increase in CCC days

	FY23	FY24
<b>Net debt/ EBITDA</b>	<b>0.84x</b>	<b>0.98x</b>

Net debt increase is maintained

Net debt = Gross debt – Cash and cash equivalents

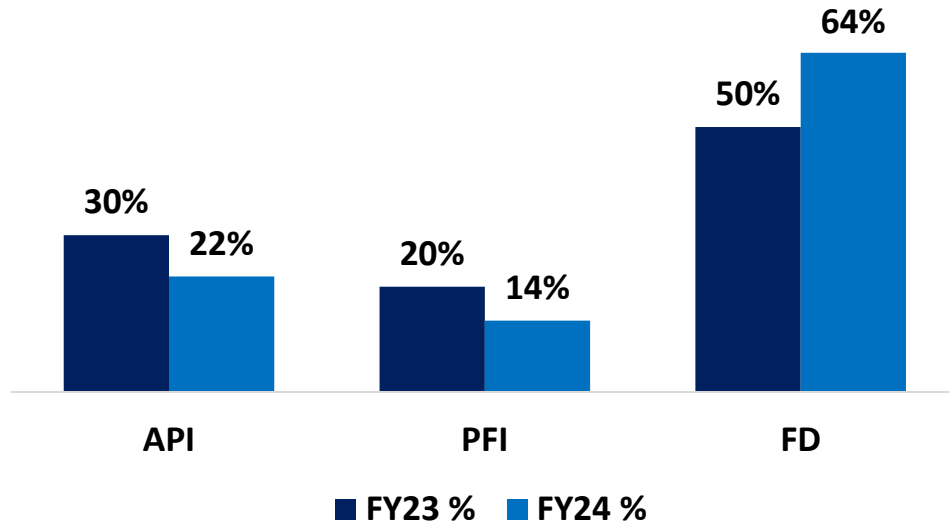
	FY23	FY24
<b>Capex</b>	<b>4,105</b>	<b>3,788</b>

FY24 Capex includes investment towards Granules life sciences (1,560 Mn) and CZRO (565 Mn)

# FY24 Revenue split by Segments

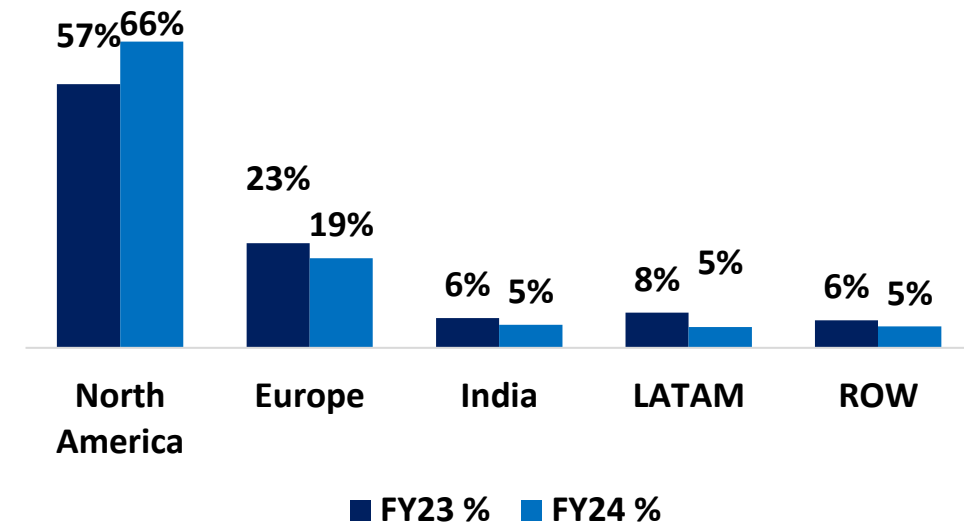
(In ₹ Mn)

## Division wise share



	FY23	FY24	Y-o-Y Gr%
API	13,414	9,866	(26%)
PFI	9,021	6,107	(32%)
FD	22,684	29,090	28%

## Region wise share



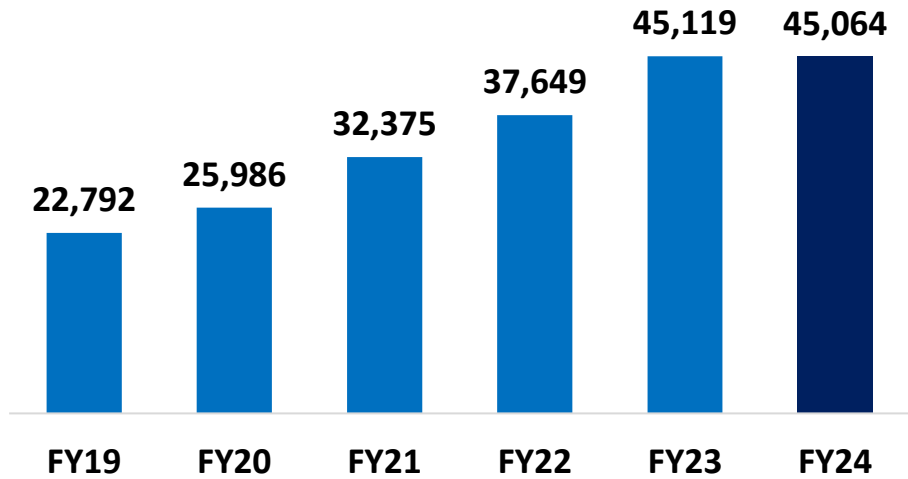
	FY23	FY24	Y-o-Y Gr%
North America	25,880	29,866	15%
Europe	10,210	8,826	(14%)
LATAM	3,443	2,035	(41%)
India	2,895	2,256	(22%)
ROW	2,691	2,080	(23%)

# Last 5 years historical performance – Sales and profitability

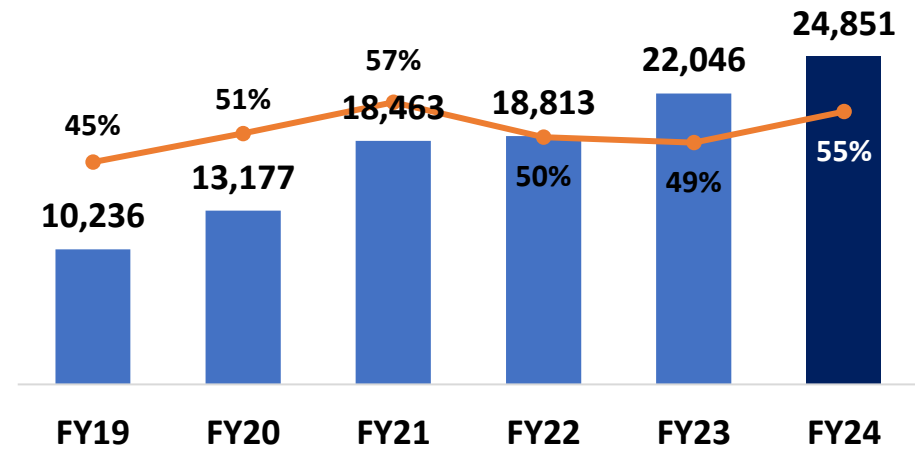
(In ₹ Mn)



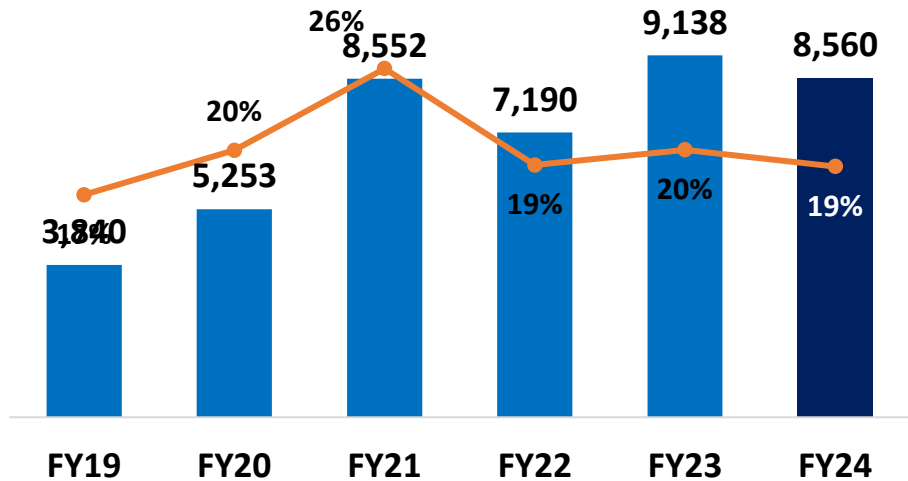
**Sales: 5yr CAGR: 15%**



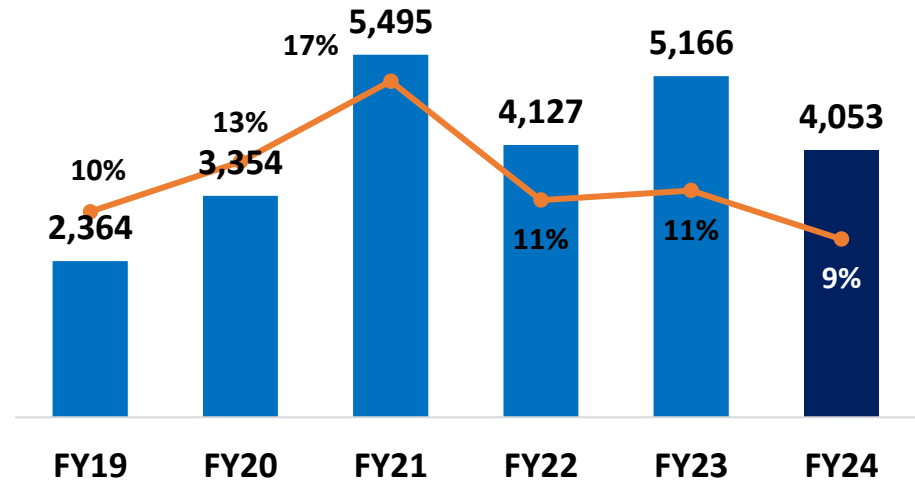
**VA and VA%: 5yr CAGR: 19%**



**EBITDA and EBITDA%: 5yr CAGR: 17%**



**PAT and PAT%: 5yr CAGR: 11%**

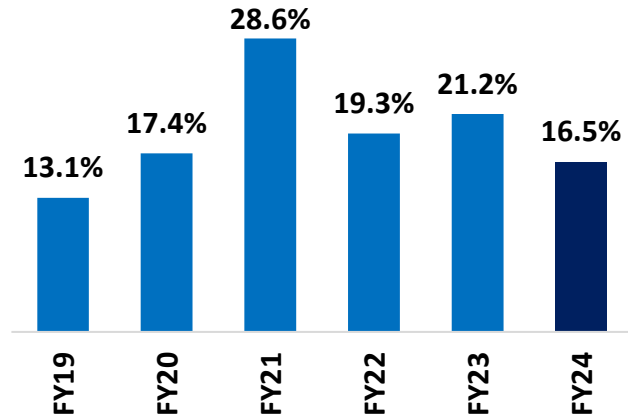


FY24 Performance is affected by cyber incident and Para API market and price erosion

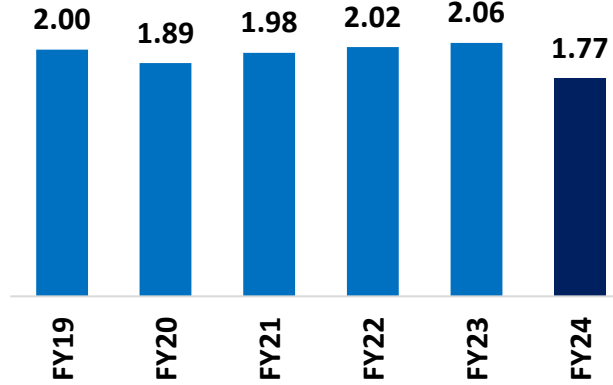
# Last 5 years historical performance – Cashflow and Ratios

(In ₹ Mn)

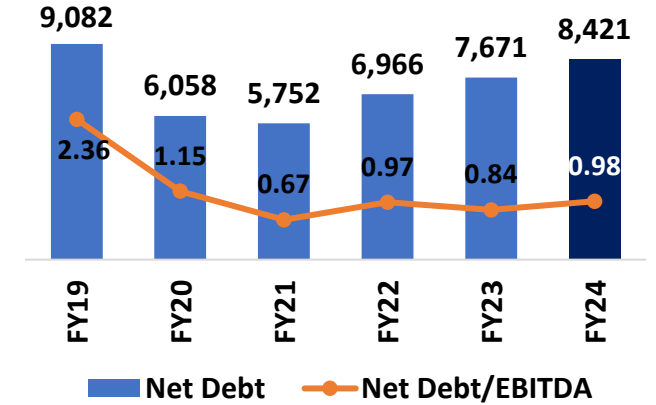
## ROCE%



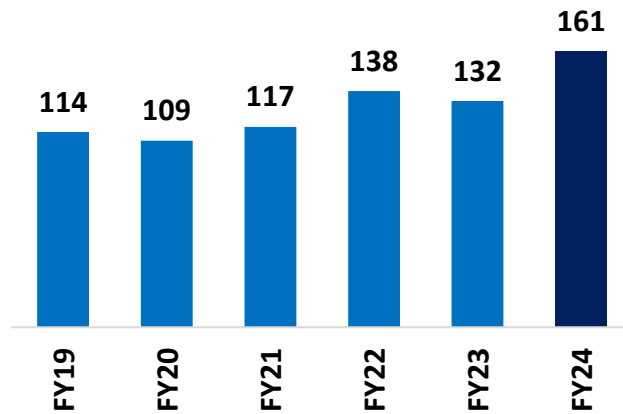
## Asset turns



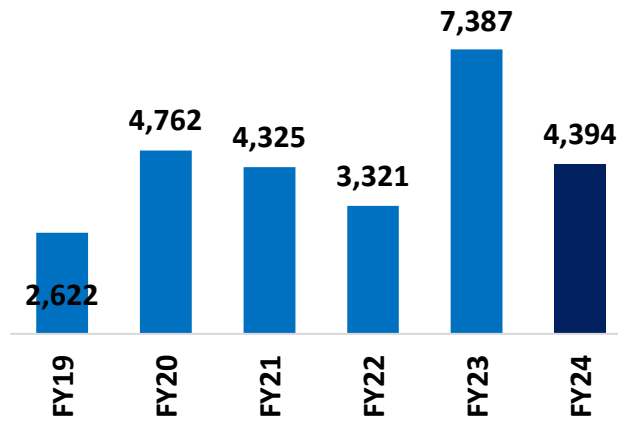
## Net debt and Net debt/EBITDA



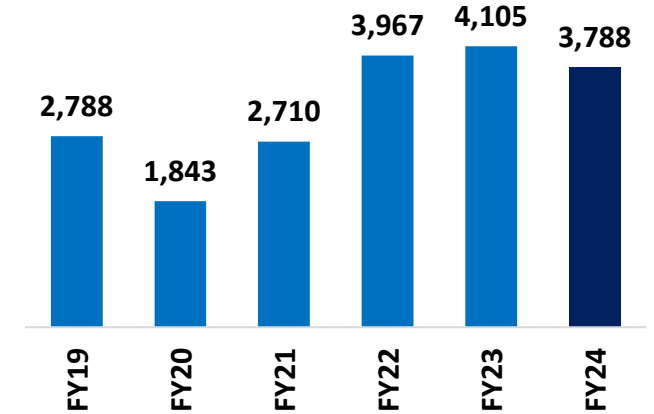
## Cash to Cash cycle



## Operating Cash flow



## Capex

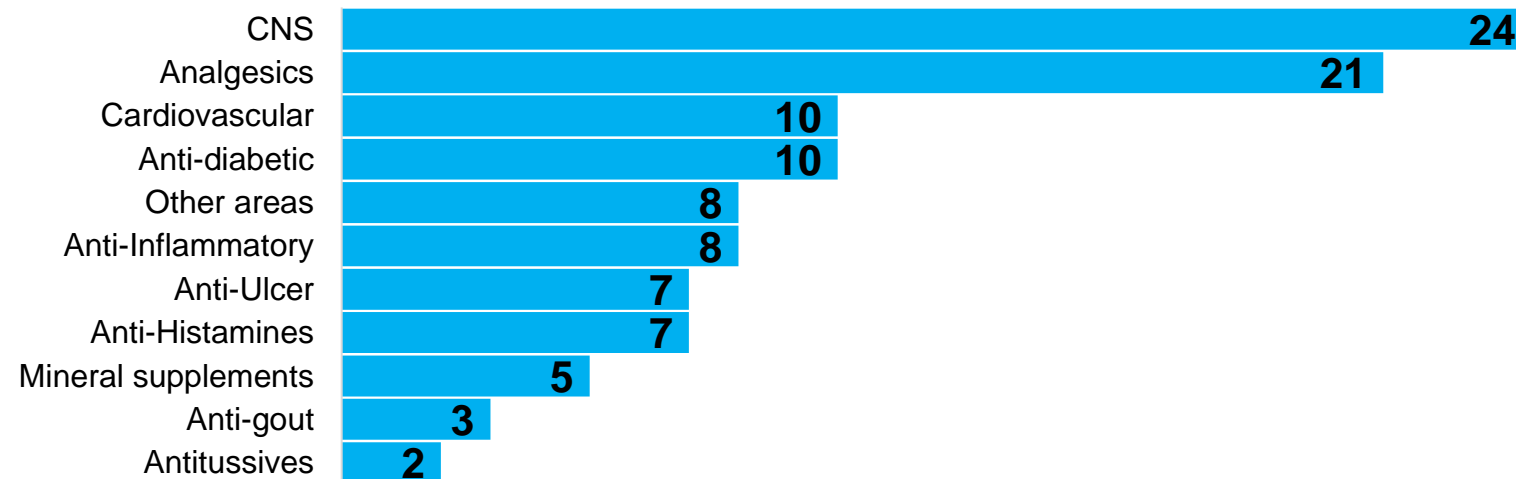


FY24 Performance is affected by cyber incident and Para API market and price erosion

# ANDA/Dossier filing status

Filing Status	GPI IP	GRANULES					Total
	USA	USA	Europe	Canada	Others (SA, Belarus, Israel & India)	UK	
Approved	26	36	9	6	4	2	83
Tentatively Approved	1	1	-	-	-	-	2
Filed	5	8	1	-	6	-	20
<b>Total Products</b>	<b>32</b>	<b>45</b>	<b>10</b>	<b>6</b>	<b>10</b>	<b>2</b>	<b>105</b>

## 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

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



# 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)**

# 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

**27.8 %** ↓

Scope1 and Scope2 Intensity\*

\*Over last year

**22.8 %** ↓

Scope1 and Scope2 Absolute Reduction\*

\*Over last year

**SCIENCE BASED TARGETS**

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Committed to set a science-based target through the Science Based Targets initiative (SBTi)

**WE SUPPORT**

UN GLOBAL COMPACT

**47.7 %** 🌱

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

**88.1 %** ♻️

Haz.Waste generated sent for Co-processing

# ESG / Sustainability Disclosure

## 1. Baseline & Estimation : Granules Carbon footprint

- **Scope 1 & 2 emissions for FY 24 : 86,854 tCo2 eq (22.8% reduction Y-0-Y).**
  - **47.2% RE share** in Purchased electricity using PPAs & I-RECs
- **Scope 3: comprehensive assessment completed for FY 23**
  - Total Emission : **624,675 tCo2 eq for FY 23**; ongoing estimation for FY 24

**2. Product Carbon Footprint :** completed for 5 products- Paracetamol, Metformin, Potassium chloride, Metoprolol, venlafaxine

**3. Net Zero Roadmap & Decarbonization Action Plan :** The roadmap is finalized with action plans for Scope 1, Scope 2 and Scope 3

- **Scope 1 :** Actions initiated : Alternate fuel for boilers such as biofuel or bio briquettes. Efficiency improved measures identified and being implemented
- **Scope 2:** Adoption of RECs, initiated additional PPA discussions, and identified efficiency improvement measures for action
- **Scope 3:** Vendor engagement and Supplier sustainability program finalized. Specific procurement (e.g., switching vendor) actions identified

## 4. Governance, Target Setting & KPIs

- ESG Governance structure and Sustainability review mechanism incorporated
- Long term and Mid term Climate targets finalized, aligned with **SBTi 1.5 degrees guidelines and Net Zero 2020 pathway**
- Sustainability linked targets incorporated in Annual KPIs for the corporate, and individual functional KPIs

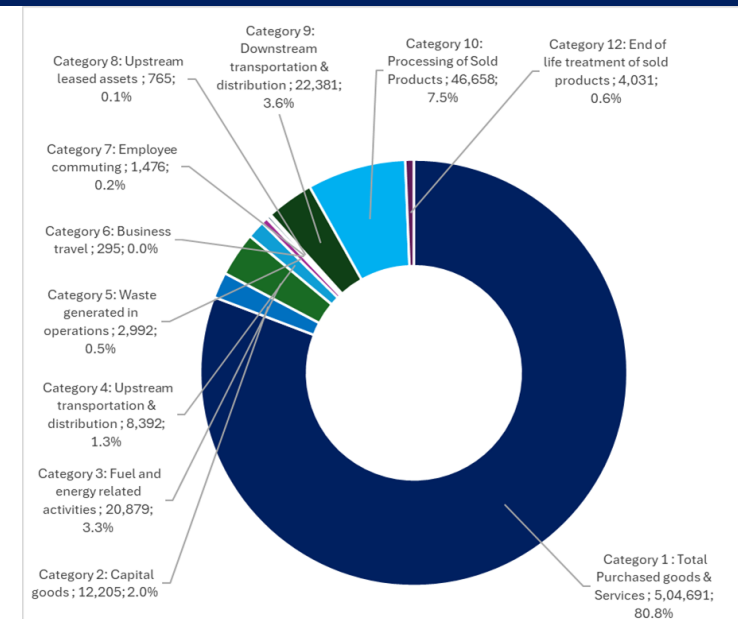
**5. Recognition & Awards :** Granules received Economic times (ET) Sustainability award in Jan 24.

**6. Initiated discussions and engagement with our key customers** in Europe and North America on our decarbonization commitment, roadmap and action plan

## Our Carbon Footprint : Scope 1 & Scope 2 : FY 23 & FY 24

#	UOM	FY 22-23	FY 23-24
<b>Scope 1 Emission</b>	<b>MT Co2e</b>	<b>56,265</b>	<b>55,121</b>
<b>Scope 2 Emission</b>			
<b>Scope 2- Location Based</b>	<b>MT Co2e</b>	<b>62,432</b>	<b>60,104</b>
<b>Scope 2- Market Based</b>	<b>MT Co2e</b>	<b>56,306</b>	<b>31,733</b>
<b>Total Scope 1 &amp; Scope 2- Location Based</b>	<b>MT Co2e</b>	<b>1,18,697</b>	<b>1,15,225</b>
<b>Total Scope 1 &amp; Scope 2- Market Based</b>	<b>MT Co2e</b>	<b>1,12,571</b>	<b>86,854</b>

## Our Carbon Footprint : Scope 3 assessment for FY 23 (624,675 tCo2 eq.)

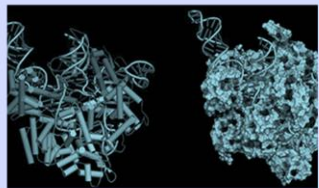


Scope 3 assessment for FY 24 under finalization

# Sustainability at Granules : Adopting Green Chemistry and Sustainable Formulation manufacturing

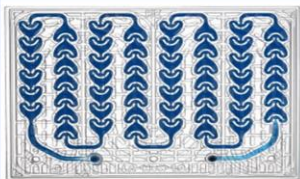
## Adopting Green Chemistry Principles

Innovation & Sustainability built into product



### 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 @ 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

## COURSE CONTENTS:

Enhancing Technical Skills

CGMP

Unit Operations

Communication

Analytical Thinking

Basics of pharmaceuticals

Pharma Analysis

Enhancing Soft Skills

Time Management

Decision Making







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