



GRANULES

Investor Presentation: Q4 FY16



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Company Snapshot

- Present across the entire pharmaceutical manufacturing value chain from active pharmaceutical ingredients (API) to pharmaceutical formulation intermediates (PFI) to finished dosages (FD) manufacturing.
- Manufacturing facilities with approvals from the U.S. FDA, EDQM and other regulators.
- Regulated markets of North America and Europe account for **60%** of overall revenue, while the balance comes from quality conscious customers in Latin America, India and ROW countries.
- Entered potentially higher margin products through Auctus Pharma acquisition in 2014 with focus on development of new APIs through in-house R&D.
- Presence in potentially higher margin CRAMS business through 50-50 JV with Ajinomoto Omnicem.
- Ventured into manufacturing and marketing of OTC products to the retail chains in the North American markets
- Acquired Formulation facility in Virginia in the USA, to introduce value added form of existing products and to concentrate into formulation R&D of complex molecules.

Listing information : NSE	
MP (INR) as of 31 st March	120
Market Cap (INR mn)	25,995
Market Cap (USD mn)	394
Outstanding Equity Shares (mn)	216.71
Face value of equity (INR)	1.0
52 weeks high/low (INR)	162 / 78
Bloomberg code	GRAN:IN
Sector	Pharmaceuticals

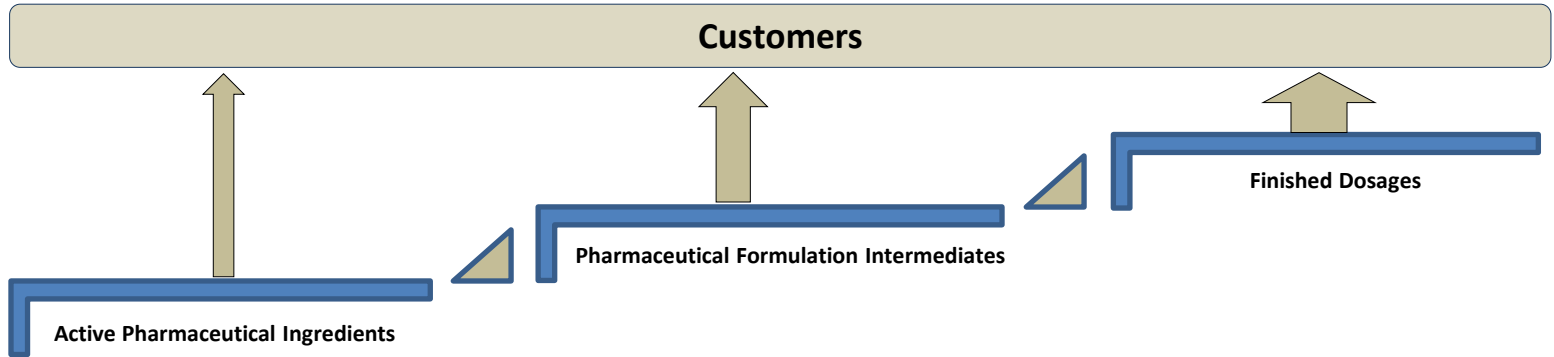
Share Holding Pattern	Sep-15	Dec-15	Mar-16
Promoters Group (%)	48.4	49.5	51.2
Public (%)	51.6	50.5	48.8

Financial Snapshot	FY 14	FY15	FY16
Sales (INR Mn)	10,959	12,937	14,312
EBITDA (INR Mn)	1,626	2,130	2,844
EBITDA Margin	14.8%	16.5%	19.9%
PAT (INR Mn)	752	909	1,185
PAT Margin	6.9%	7.0%	8.3%
Net Worth (INR Mn)	3,557	4,312	6,660
Total Debt (INR Mn)	4,417	4,822	4,741

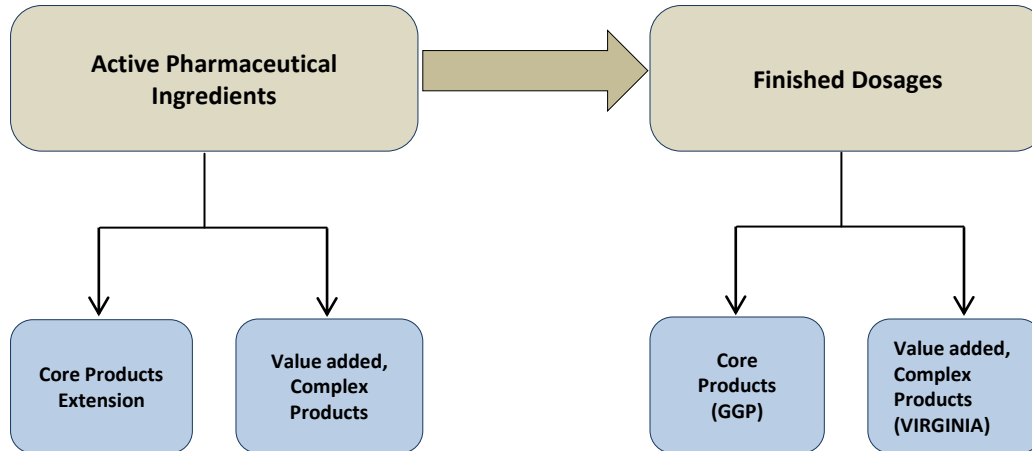
Business Overview

GRANULES
INDIA

CORE BUSINESS



STRATEGIC GROWTH PLANS



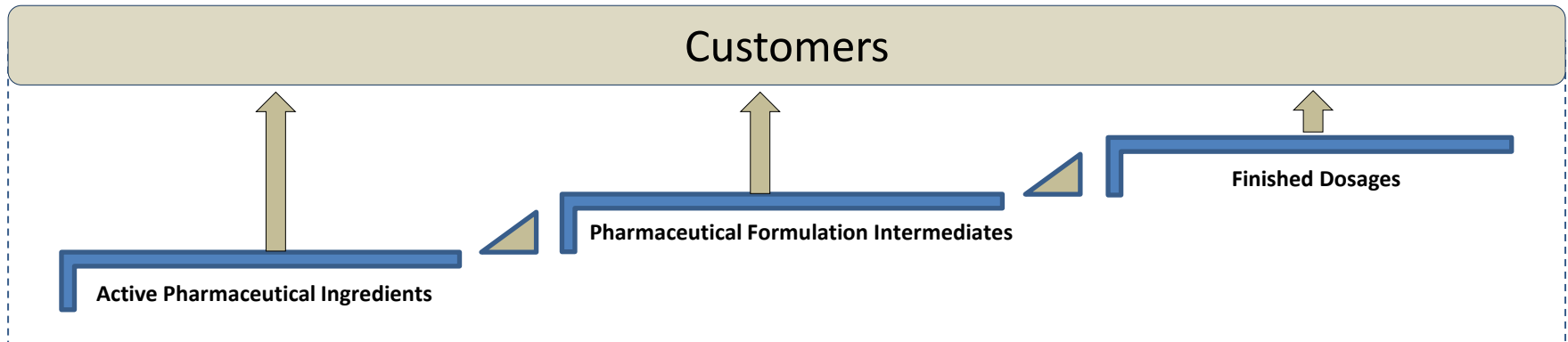
CRAMS Business

Product: Low-volume, value added Products

Market: Innovator and Brand Owner in the Regulated Markets

Plant Location: Vizag

Core Business Model



- ❑ **Vertically integrated** across the entire value chain from active pharmaceutical ingredients (API) to pharmaceutical formulation intermediates (PFI) to finished dosages (FD) manufacturing of “**High Volume Steady Business**” Products
- ❑ Strong presence in ‘**first line of defense**’ products such as such as **Paracetamol, Ibuprofen, Metformin and Guaifenesin**.
- ❑ Delivered robust growth over 5years (FY11-FY16) in key molecules :
 - Paracetamol (**16% CAGR**)
 - Metformin (**50% CAGR**)
 - Ibuprofen (**15% CAGR**)
 - Guaifenesin (**35% CAGR**)
 - Methocarbamol (**21% CAGR**)
- ❑ Future Growth from existing portfolio
 - **Increasing emphasis on finished dosages** will increase revenue and profitability
 - Improving **efficiencies and yields**
 - Growth will be driven by **larger wallet share from existing customers** as well as **new customers** additions
 - Enhancing the product basket with **new ANDA filling**
- ❑ Capacity augmentation of APIs in base molecules: (**already under implementation**)
 - Addition of **7,000 TPA in Metformin capacity** to reach to **9,000 TPA**
 - Addition of **2,000 TPA in Guaifenesin capacity** to reach to **3,200 TPA**
 - Addition of **3,000 TPA in Paracetamol capacity** to reach to **18,000 TPA** through debottlenecking

Initiatives for Future Growth

New API Division

GENERIC
BUSINESS

- ❑ **Auctus Acquisition**
 - Auctus was a loss-making yet high-potential API business
 - Significant saving in time for Granules on **growth strategy**.
 - Brought **12 molecules** to the table in therapeutic areas such as antihistaminic, anti-hypertensive, antithrombotic, anticonvulsant.
 - USFDA approved multipurpose API manufacturing facility in Vizag and an intermediate manufacturing facility in Hyderabad
 - The Company's **22 regulatory filings** include 8 European filings, 4 USDMFs, 3 South Korean DMFs, 3 IDL China, 2 Health Canada, 1 Italy and 1 Spain.
- ❑ **Granules Research Centre**
 - Established in house R&D cell to develop new generic products in a 10,000 sq.ft area in Hyderabad.
 - Presently over **50 scientists** are focusing towards complex products.

Granules Pharmaceutical Inc.

- Acquired formulation facility in Virginia ,in the USA, to introduce value added form of existing products and to concentrate into formulation R&D of complex molecules.
- Part of group's the diversification strategy into high value, low volume products
- Primary focus on formulation research and development with a list of 12-14 products the ANDAs for which, will be filed for within the next 2-5 years.

Granules Consumer Healthcare

- Marketing of store brand OTC products with direct relationship with retail outlets in the US (B→B→C)
- Extension of core business with existing products in the initial stage and thereafter continuously increasing product offering by introducing new OTC products through new API division.

CRAMS Business

❑ Foray into Contract Research And Manufacturing Services

- Set up in **July 2011 as a 50-50 JV company** with Belgium based Omnicem, a part of the Ajinomoto Group. The JV has set up a facility in Vizag SEZ for manufacturing of high-value APIs for Innovators and Brand Leaders on a contract manufacturing basis.

❑ JV strategy

- To provide a **cost effective manufacturing base to innovators for their products when they go off patent** - this will help Omnicem's customers decelerate loss of market share for their brands

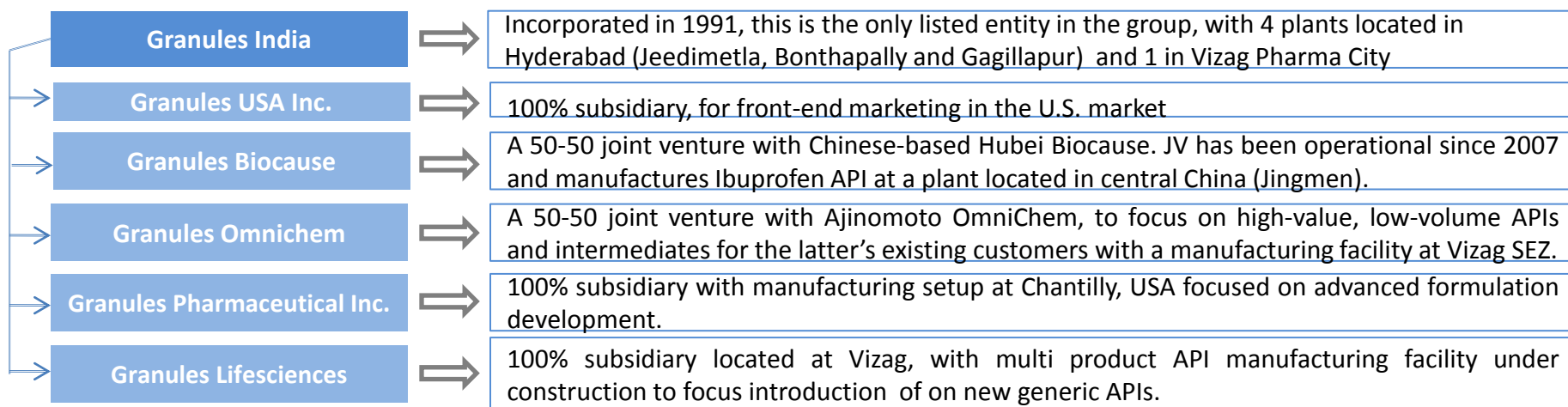
❑ Progress and timelines

- Project is completed and commercial sale has started.
- Supply of API intermediates to Omnicem (JV partner) till the facility is approved by regulatory authorities.
- Currently working on **4-5 products**

❑ Growth from CRAMS business

- USFDA / EDQM approvable plant
- Omnicem's established customer base to be major contributor to revenues

Group Structure and Manufacturing Capabilities

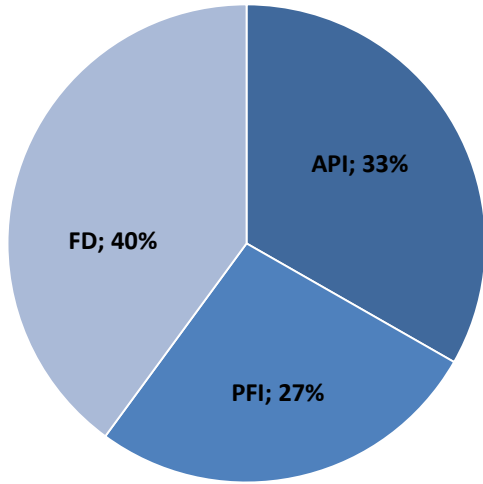


Value Chain	Facility Location	Approvals
API	Bonthapally	U.S. FDA, EDQM, WHO GMP, ISO 14001:2004, OHSAS 18001:2007
	Jeedimetla	U.S. FDA, KFDA, TGA, EDQM
	Jingmen, China (Biocause JV)	U.S. FDA, MHRA, EDQM, TGA, KFDA, Health Canada
	Vizag	U.S. FDA, EDQM, KFDA, WHO GMP, Health Canada
	Vizag SEZ (Omnicem JV - CRAMs)	
PFI	Gagillapur	U.S. FDA, EDQM, TGA, GHCA
	Jeedimetla	HHA (Germany)
FD	Gagillapur	U.S. FDA, TGA, GHCA
	Virginia, the USA	Yet to be applied
API Intermediates	Bonthapally (Auctus)	N.A.

Break-up of Q4 FY16 Consolidated Revenue

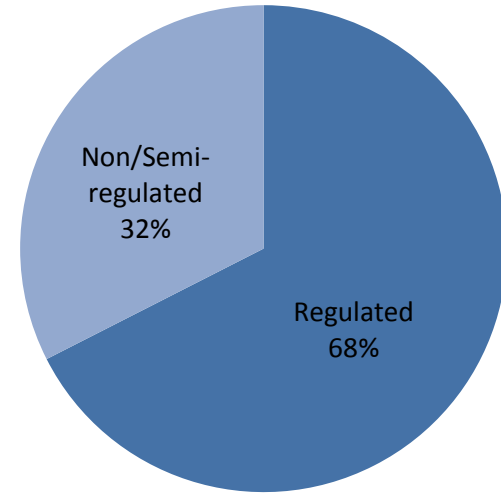
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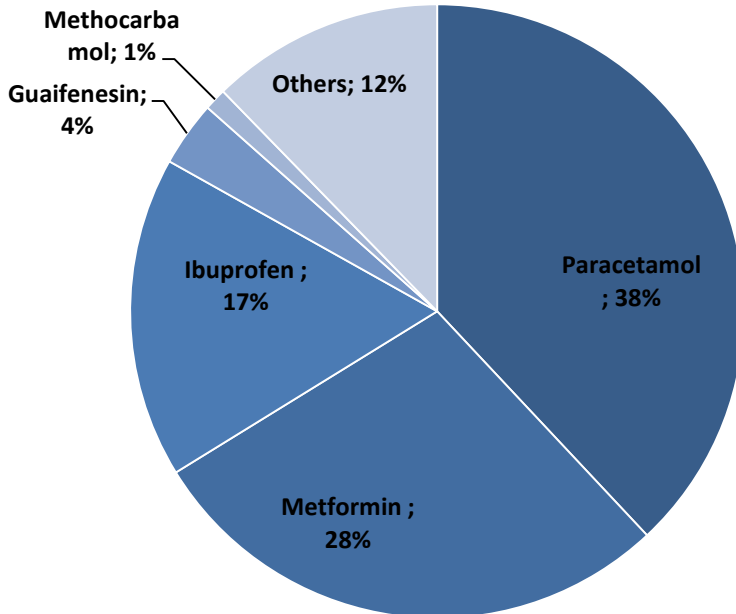
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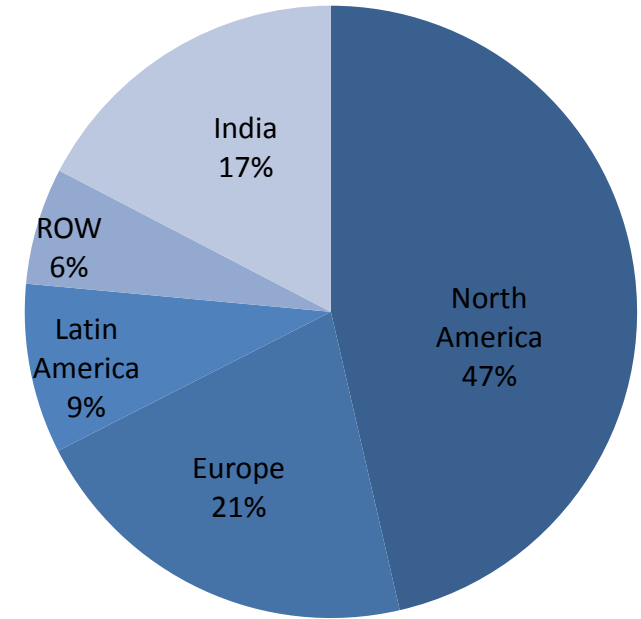
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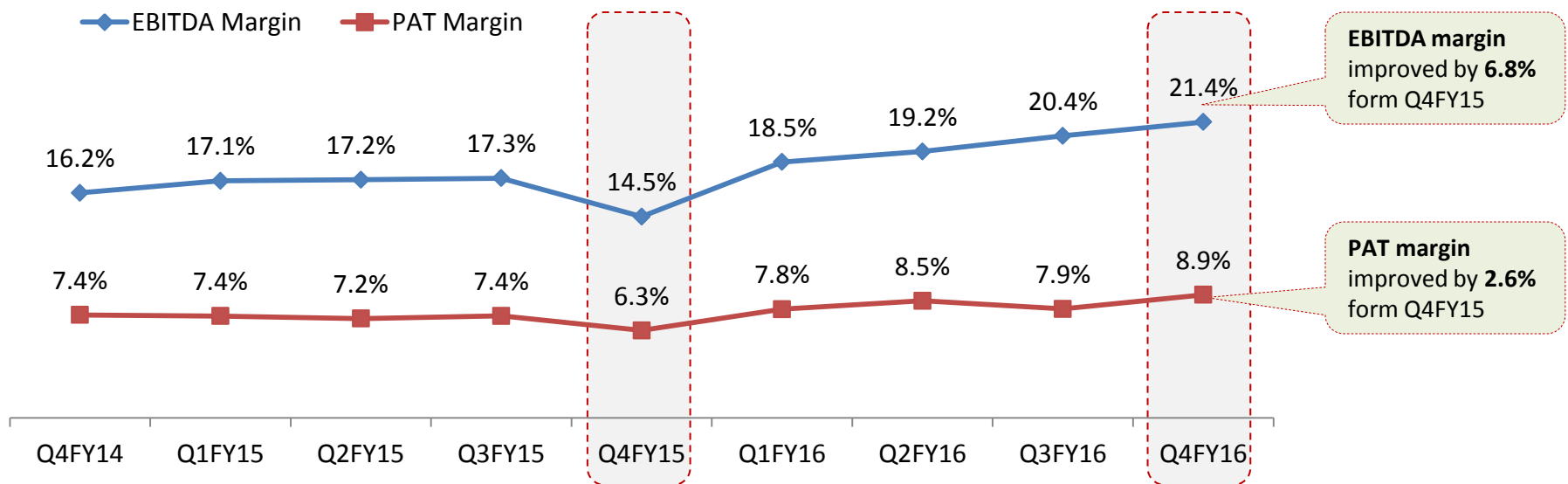
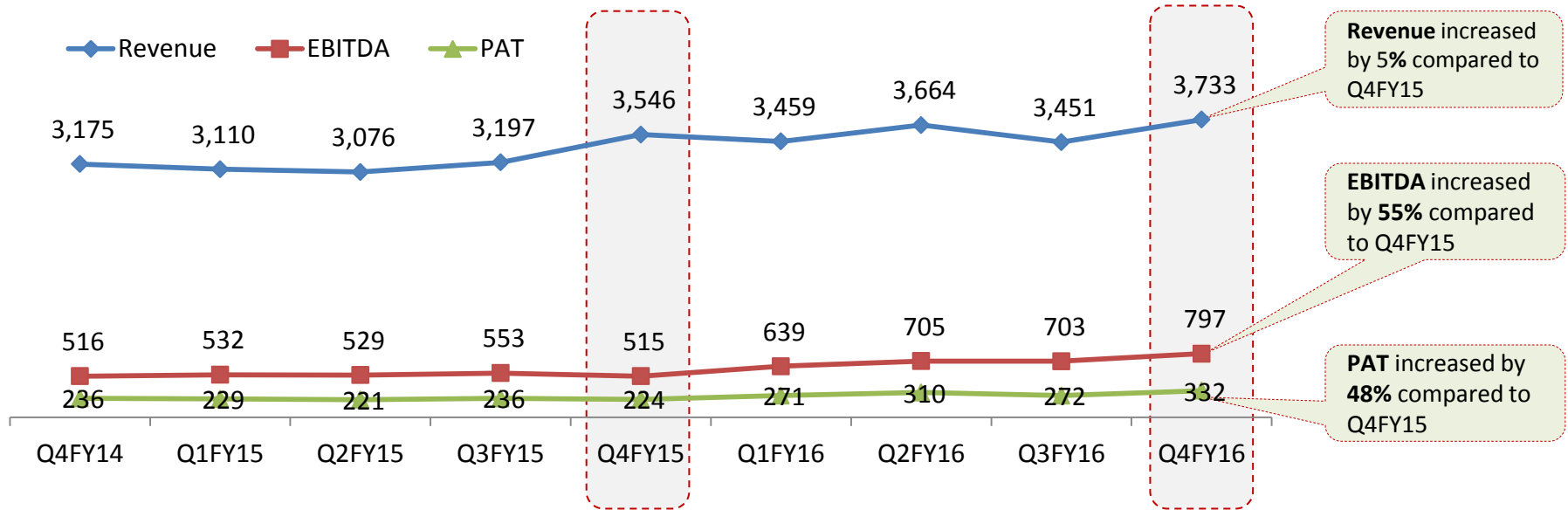


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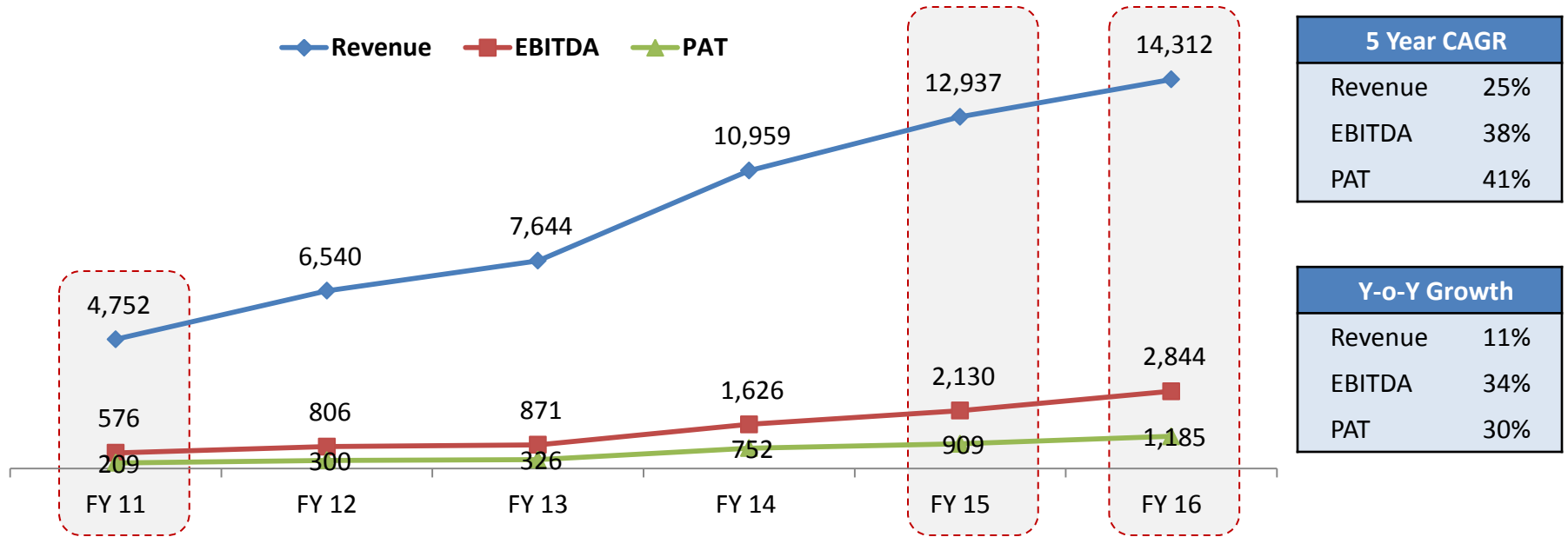
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Quarterly growth momentum till Q4 FY16

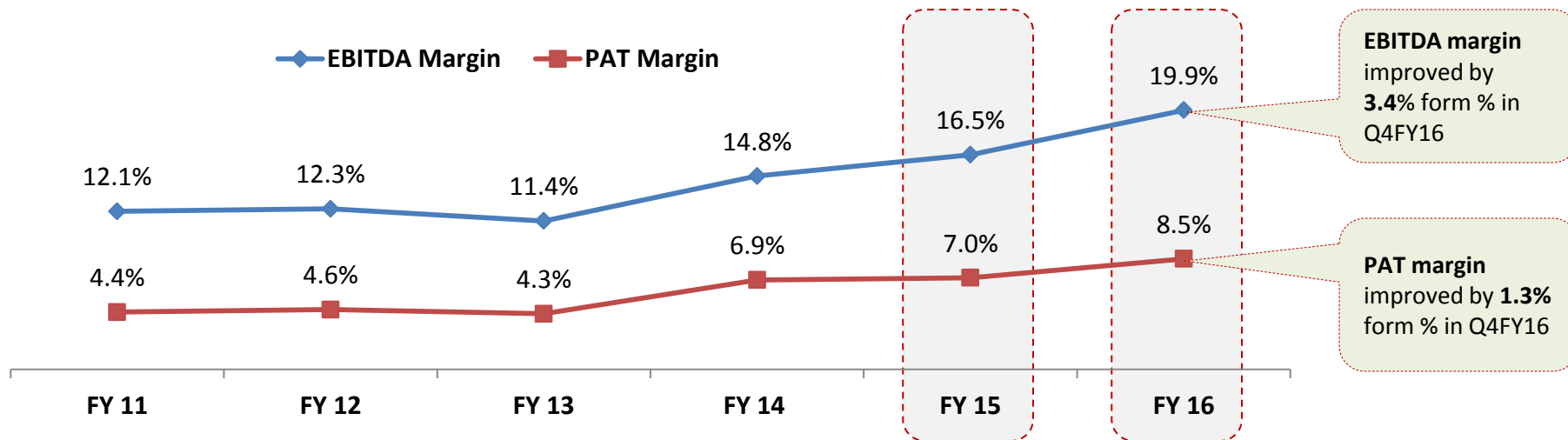


Financial Overview – Trends (1/2)



5 Year CAGR	
Revenue	25%
EBITDA	38%
PAT	41%

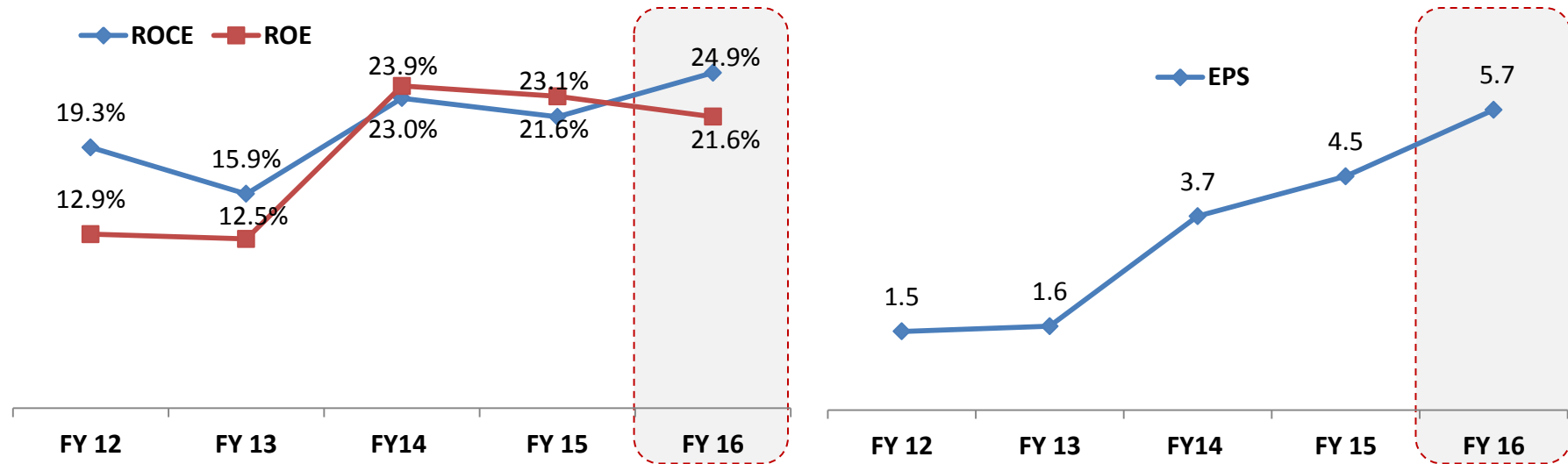
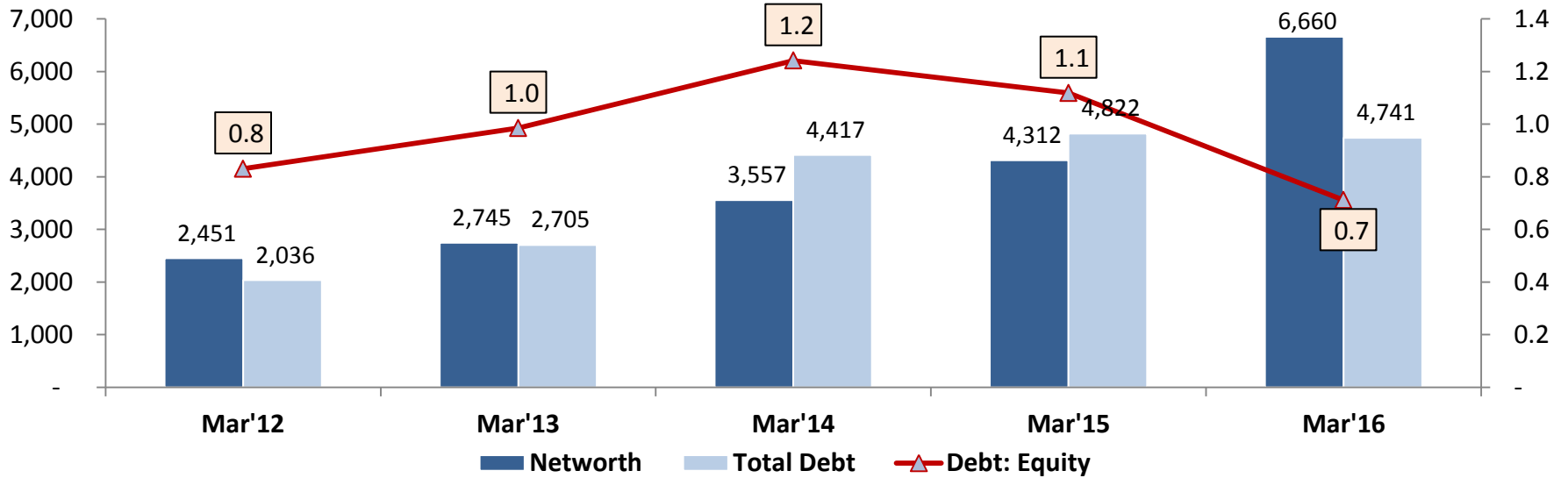
Y-o-Y Growth	
Revenue	11%
EBITDA	34%
PAT	30%



EBITDA margin improved by **3.4%** form % in Q4FY16

PAT margin improved by **1.3%** form % in Q4FY16

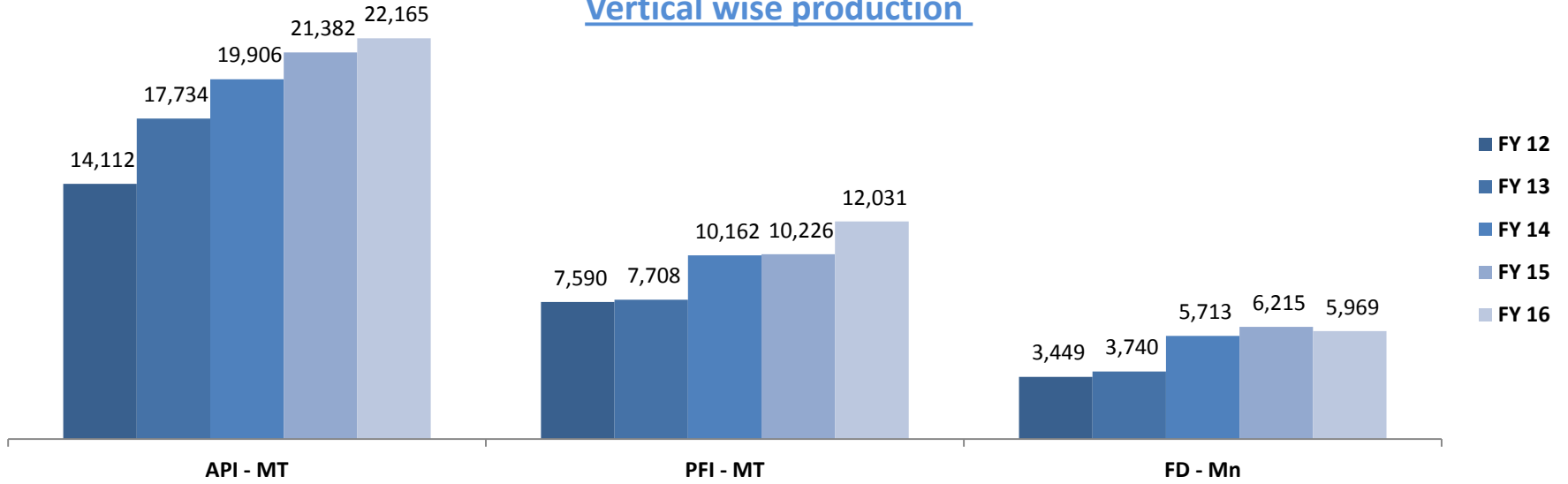
Financial Overview – Trends (2/2)



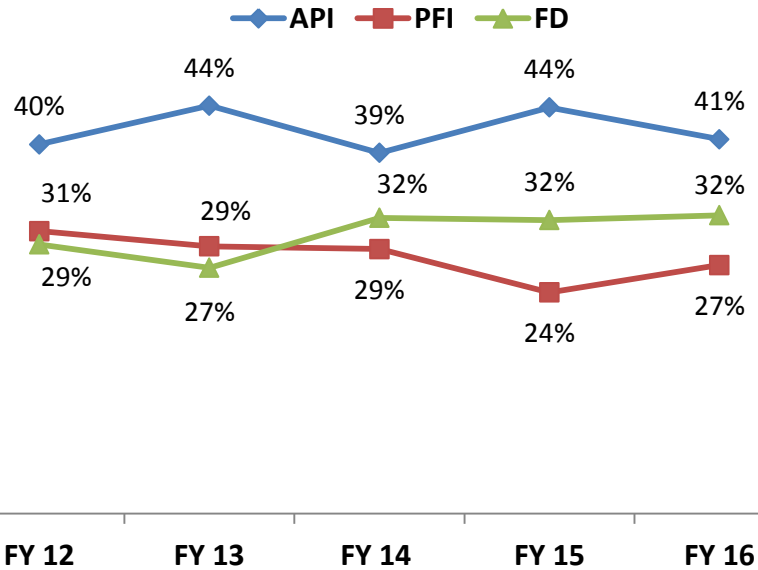
* Annualized

Business Trends (1/2)

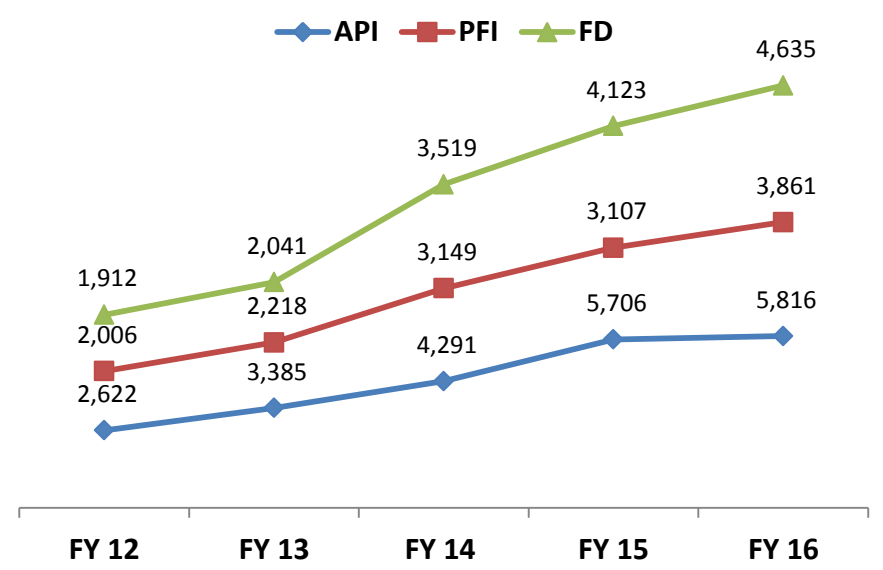
Vertical wise production



Revenue Contribution (%)

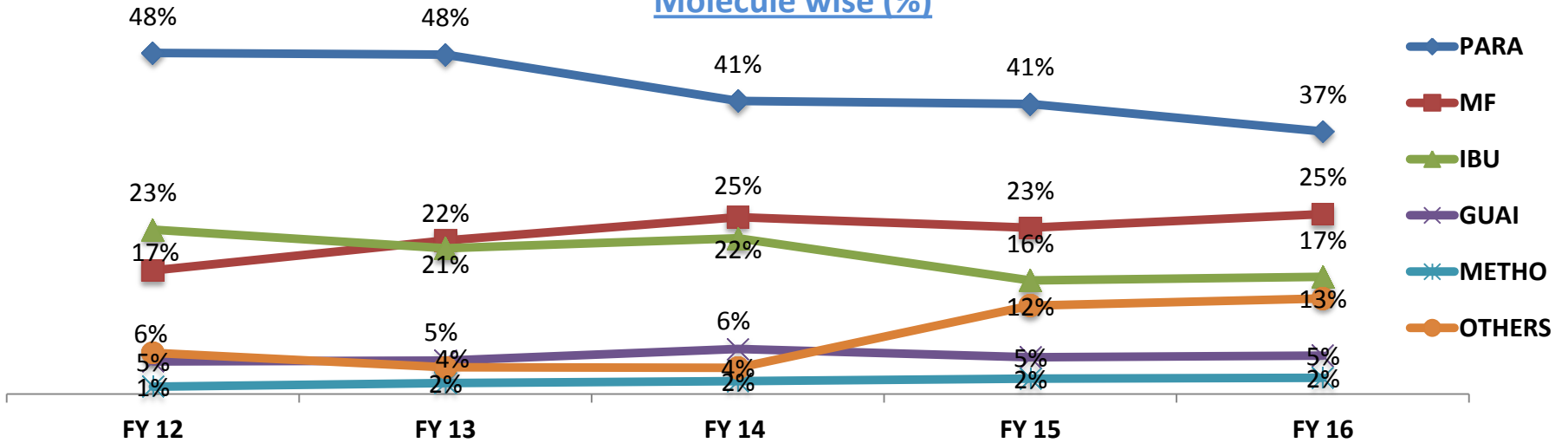


Revenue (INR Mn)



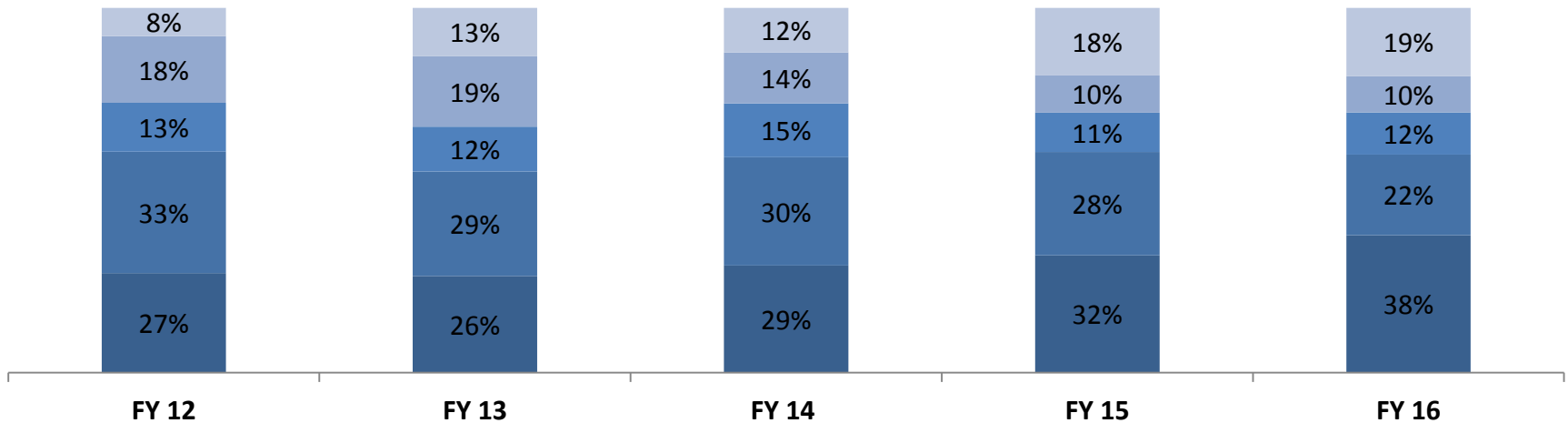
Business Trends (2/2)

Molecule wise (%)

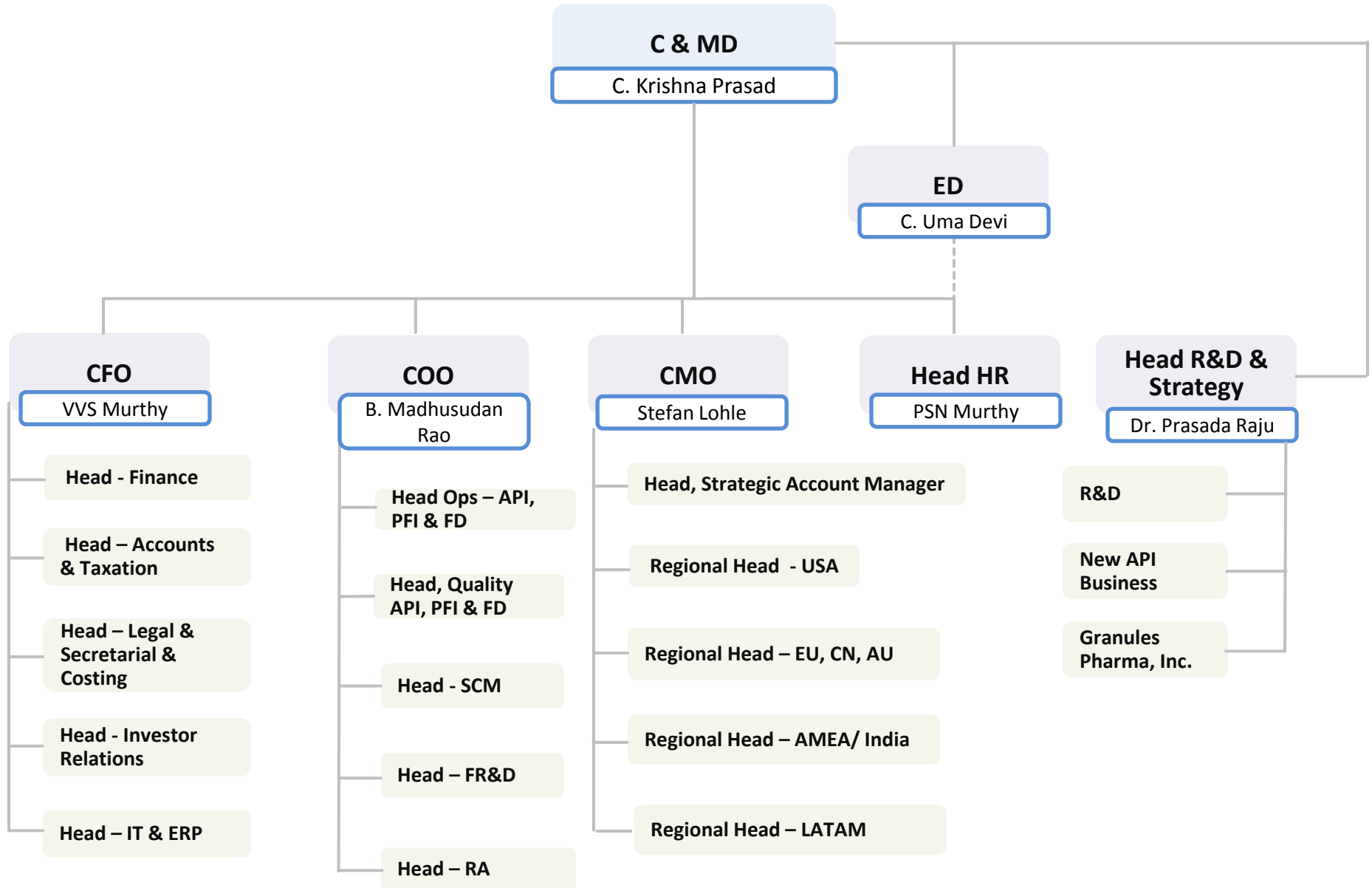


Geography wise (%)

■ North America ■ Europe ■ Latin America ■ ROW ■ India



Organization Structure



Thank You