

Granules India Ltd.



Investor Presentation

Q4 FY18



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Granules at a Glance



Building Blocks

- Regulatory Compliance
- Operational Efficiency
- Customer Centricity
- Scale of Operation



Installed Capacity

- 34,560 TPA of API
- 285 KL
- 4,800 TPA (JV)
- 152 KL (JV)
- 24,400 TPA of PFI
- 18 Bn dosages of FD



Regulatory Approvals

- USFDA, EDQM, EU GMP, COFEPRIS, WHO GMP, TGA, KFDA, DEA, MCC, HALAL



Business Divisions

- Core Business
- Emerging Business
- US Generics
- Joint Ventures



Global Reach

- 60+ countries
- 250+ customers

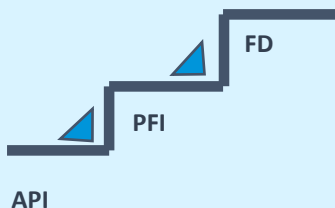


Revenue Mix

- Over 80% of revenues through exports
- 62% of revenues through regulated markets of USA, Europe and Canada
- LATAM contributes 11% of revenues



Business Division



Vertically integrated across value chain



People Strength

- 2,602 people as on 31st March, 2018



Intangible Assets

- 20 ANDA filings; 7 approved
- 21 US & 6 European DMF's
- 11 CEPs with EDQM
- 3 patents granted and 52 filed



Manufacturing Base

- 8 Manufacturing facilities; 6 in India, 1 in China and 1 in US
- One of the World's largest Paracetamol API facilities.
- World's largest PFI facility
- One of the largest single site FD facilities

Group Structure and Manufacturing Presence

Granules India

Incorporated in 1991, this is the only listed entity in the group, with 4 plants located in Hyderabad (Jeedimetla, Bonthapally and Gagillapur) and 1 in Vizag Pharma City

1 Granules USA Inc.

100% subsidiary, for front-end marketing in the U.S.

2 Granules Pharmaceuticals Inc.

100% subsidiary with manufacturing setup at Chantilly, USA focused on advanced formulation development

3 Granules Europe Ltd.

100% subsidiary, for front-end marketing in Europe

4 Granules OmniChem

A 50-50 joint venture with Ajinomoto OmniChem, to focus on high-value, low-volume APIs and intermediates for the latter's existing customers with a manufacturing facility at Vizag SEZ

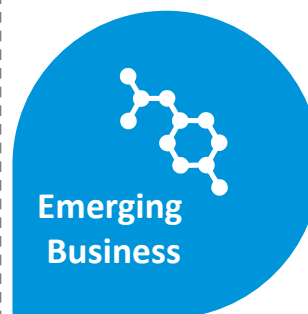
5 Granules Biocause

A 50-50 joint venture with Chinese-based Hubei Biocause. JV has been operational since 2007 and manufactures Ibuprofen API at a plant located in central China (Jingmen).

Value Chain	Facility Location	Installed Capacity	Approvals
API	Bonthapally	31,000 TPA	U.S. FDA, EDQM, WHO, COFEPRIS, INFARMED
	Jeedimetla	3,560 TPA	U.S. FDA, EDQM, COFEPRIS, WHO, CDCSO
	Jingmen, China (Biocause JV)	4,800 TPA	U.S. FDA, MHRA, CFDA
	Vizag	285 KL	U.S. FDA, KFDA, EU GMP, WHO GMP, EDQM
	Vizag SEZ (OmniChem - CRAMs JV)	152 KL	U.S. FDA
PFI	Gagillapur	23,200 TPA	U.S. FDA, COFEPRIS, TGA, MCC, INFARMED
	Jeedimetla	1,200 TPA	WHO GMP, COFEPRIS, INFARMED
FD	Gagillapur	18 Bn	U.S. FDA, MCC, COFEPRIS, TGA, INFARMED
	Virginia, USA	0.5 Bn	U.S. FDA, DEA
API Intermediates	Bonthapally	61.5 KL	

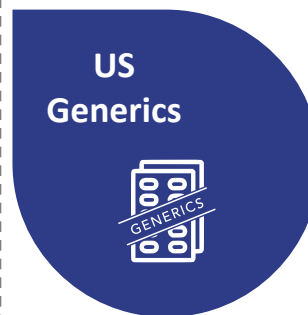
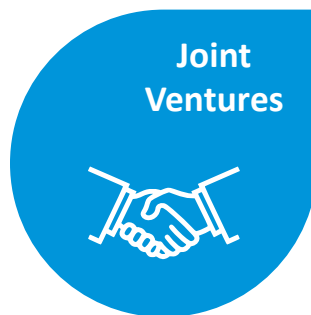
Business Structure – Granules India

- Focus on core products including Paracetamol, Metformin HCl, Ibuprofen, Guaifenesin and Methocarbamol. Added Cetrizine and Fexofenadine to the portfolio
- Large scale manufacturing enables sustain competitive advantage & secured supply source for the customers
- Pioneered the concept of commercializing PFIs which suits well with large volume drug



- Auxiliary growth engine to secure the future while strengthening the core business
- Growth avenue for differentiated technology platforms producing low volume but high value products
- Business contingency

- Granules Biocause, a venture with China based Hubei Biocause operational since 2007. Objective is to enable core business Ibuprofen API requirement through backward integration.
- Omnicem is a 50:50 JV with Belgium Omnicem, a part of the Ajinomoto Group. Focus on CRAMS as a diversification strategy.



- Fully integrated infrastructure including R&D, manufacturing and marketing enabling “Make in America”
- Business to Consumer reach (B2C)
- Focus on developing niche / differentiated products in areas of modified and immediate release products of varied dosage forms

Core Business

Overview

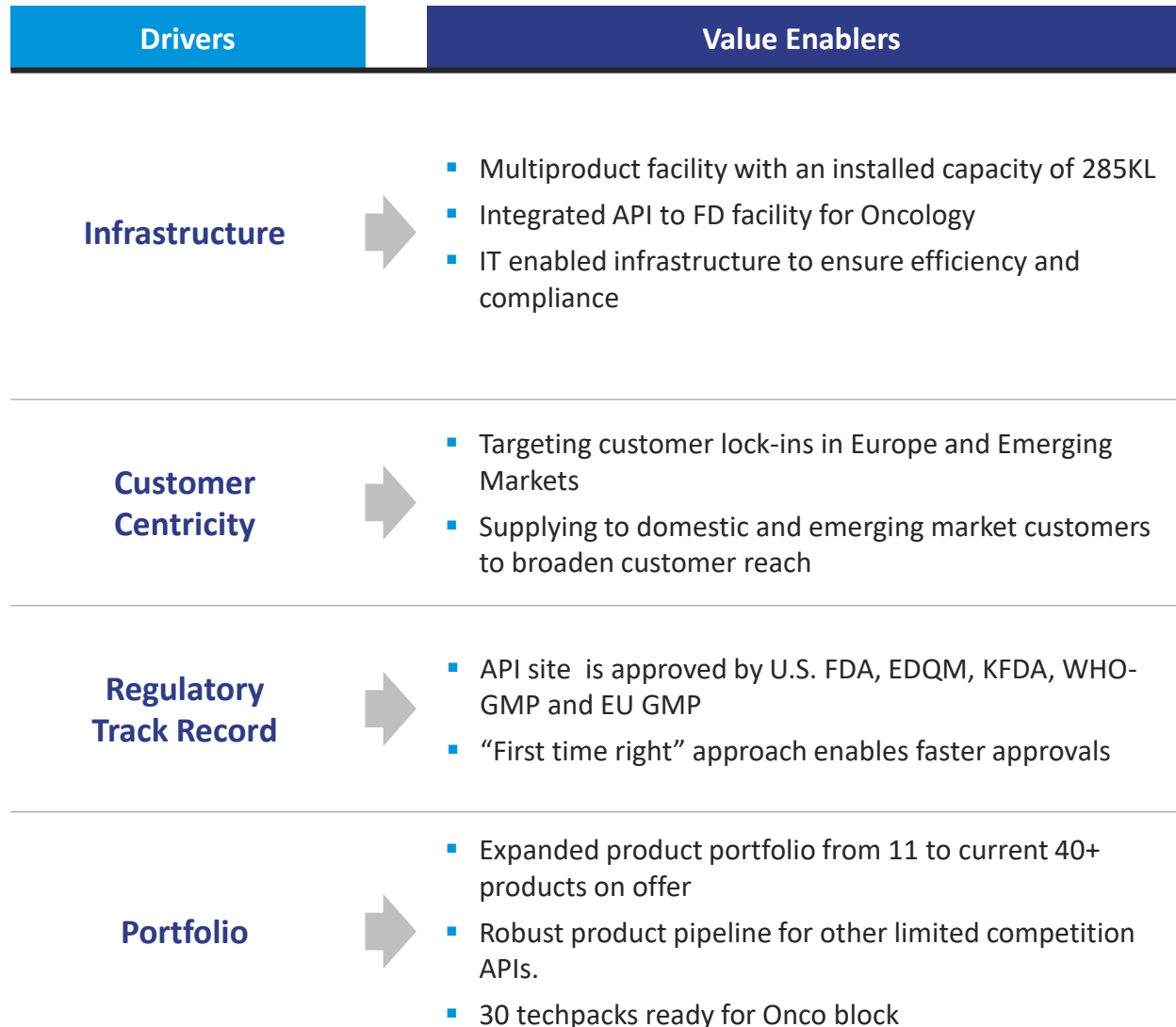
- Present across the entire pharmaceutical manufacturing value chain from API to Finished Dosages.
- Large scale manufacturing enables not only sustain competitive advantage but also build operational efficiency into the system
- Focus on first line of defence portfolio products such as Paracetamol, Metformin HCl, Ibuprofen, Guaifenesin, Methocarbamol, Cetirizine and Fexofenadine etc.
- Pioneered the concept of commercializing PFIs which is for large volume molecules
- 3 US FDA approved plants located in Hyderabad (Jeedimetla, Bonthapally and Gagillapur)

Drivers		Value Enablers
Scale	➔	<ul style="list-style-type: none">■ One of the World's largest PFI and single site FD facility■ API capacity 34,560 MT, PFI 24,400 TPA & Finished Dosages 18 billion■ DMFs, Dossiers, ANDAs for APIs and finished dosages, which can be repacked and marketed by customers under their own brand name
Present Across Value Chain	➔	<ul style="list-style-type: none">■ Fully integrated in key molecules from APIs to Finished Dosages
Expanding Portfolio	➔	<ul style="list-style-type: none">■ Selective addition of molecules to the portfolio■ Enhancement of existing products through introduction of controlled release and controlled substances■ Access to value-added products, such as rapid-release caplets and bi-layer tablets
Regulatory Compliance	➔	<ul style="list-style-type: none">■ All plants are FDA and other regulatory body approved■ Regular customer audits ensures continuous compliance■ Dedicated resource to monitor and improve compliance parameters

Emerging Business: Multi APIs / Onco

Overview



- Addition of USFDA approved multiproduct manufacturing site enabling scale-up and manufacturing of niche APIs through in-house R&D for organic ANDA filling and customers' formulation development
- Helps core US business in integrated play – both OTC & Rx space.
- Multiproduct and multi-stage manufacturing facilities in Vizag to manufacture and market products in different technology platforms
- Limited competition space; developed unique products with complex technology and high entry barriers give exposure to early launch opportunities
- Fully integrated facility to offer APIs and FDs in Onco Therapeutic Segment which features among the top growth segments
- Business contingency for API manufacturing for supply chain continuity



US Generics

Overview

- Fully integrated infrastructure from R&D, manufacturing to marketing enabling “Make in America”
- Balanced product portfolio. Combination of internal capabilities and market dynamics
- Strategic portfolio selection focusing on limited competition in Para III
- US FDA approved facility in Virginia with a team strength of 70+
- Access to talent pool in the US
- Business to Consumer – front end sales and marketing for Rx & OTC products

Drivers		Value Enablers	
Portfolio			<ul style="list-style-type: none">▪ “Niche products,” hidden opportunities with different layers of complexities▪ Differentiated dosage forms; limited competition▪ Complex generics; products within the modified release solid oral dosage forms▪ Controlled substances; Schedule 2 to Schedule 4
Capabilities			<ul style="list-style-type: none">▪ Differentiated technology platforms across the solid oral category▪ Competent teams across all departments; combination of experiences from global to more small to mid tier pharmaceuticals companies▪ 100,000 sft facility set up with established R&D and manufacturing capabilities with all necessary approvals required for the development and manufacturing of controlled substances
Granules’ advantage			<ul style="list-style-type: none">▪ Balanced portfolio with a combination of high volume and “niche,” products▪ Integration across the value chain for development; from API, PFI to FD▪ Integration across the value chain; from R&D to front end commercialization▪ Focus on quality and compliance

JVs – Granules Omichem & Granules Biocause

Overview

- Granules Biocause, a venture with China based Hubei Biocause operational since 2007. Objective is to enable core business Ibuprofen API requirement through backward integration.
- Enables the core business to de-risk the supply chain management
- Omnichem is a 50:50 JV with Belgium Omnichem, a part of the Ajinomoto Group. Focus on CRAMS as a diversification strategy
- Omnichem foray primarily caters to high-value, low-volume API and intermediates for Omichem's existing customers
- Provides a cost effective manufacturing base to innovators when CRAMS products go off-patent

Drivers

Value Enablers

New Business Opportunity

- High margin opportunity in CRAMS with manufacturing for innovators and bigger MNCs
- Steady demand from Omnichem's existing customer base

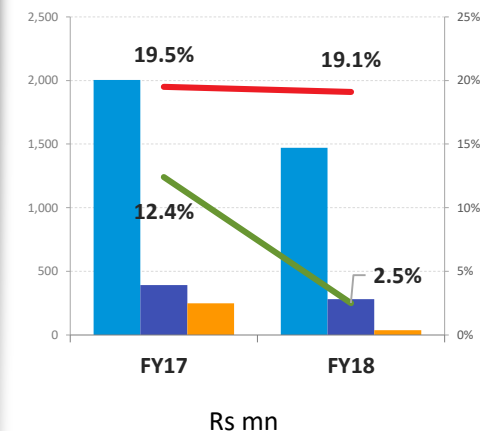
Backward Integration

- Dedicated Ibuprofen API facility at Jingmen ensures uninterrupted supply of API for key portfolio product

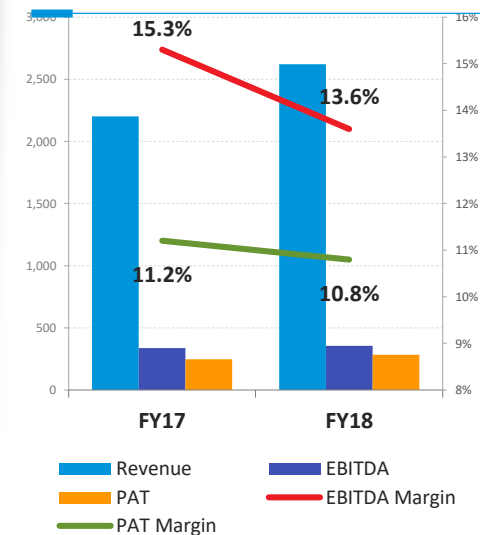
Cater to multiple markets

- Jingmen facility is approved by U.S. FDA, MHRA, CFDA enabling the JV to cater to most regulated markets

Granules Omnichem



Granules Biocause



Core Management Team



Mr. C. Krishna Prasad
Chairman and Managing Director

Mr. Prasad is the Founder of Granules and has three decades of experience in the pharmaceutical industry. In 1984, he set up a Paracetamol manufacturing facility, focused on capital and process efficiency. Pharmaceutical Formulations Intermediates (PFIs) as a cost efficient product for global formulations manufacturers, a concept pioneered and popularized by him.



Mrs. Uma Devi Chigurupati
Executive Director

Mrs. Uma has rich experience of 30 years in various fields. Mrs. Uma with Mr. C. Krishna Prasad co-founded Triton Laboratories Private Limited in the year 1984, which was later amalgamated with Granules India Limited. Presently, she is spear heading CSR activities and HR initiatives.



Dr. Prasada Raju
Executive Director

Dr. Prasada Raju has 24+ years of techno commercial experience in pharmaceutical space. His experience includes new product development, fostering strategic partnerships, driving synergies between Industry and Academia, new geography expansions, IP driven early Product Portfolio Development and Program Management. He was previously associated with Dr. Reddy's



Ms. Priyanka Chirugupati
Executive Director, Granules Pharmaceuticals, Inc.

Ms. Priyanka Chigurupati has a degree in Business Management from Case Western Reserve University. She has been associated with Granules India Limited for 5 years during which she worked within the Core business, Emerging Business and Consumer Health divisions. She is now responsible for US Generics Business.



Mr. Karuppannan Ganesh
Chief Financial Officer

Mr. Ganesh is a Chartered Accountant with post qualification experience of 30 years. He has worked on cross border M&A activities, international treasury & taxation, corporate development and control. Prior to joining Granules India, Mr. Ganesh worked in Dr Reddy's Laboratories as Sr Vice President - Corporate Finance. He also worked with Philips India, Coca Cola, ABB and Manali Petrochemical on various capacities



Mr. Sreekanth Muttineni
Chief Operating Officer

Mr Sreekanth Muttineni joined Granules India in September 2016. During nine year tenure with Lupin Ltd, he was responsible for manufacturing operations. Prior to that, Mr. Muttineni had worked at Aurobindo Pharma Ltd as General Manager – Operations and led the establishment of generic pharmaceutical facilities and commercialization.



Mr. Stefan Lohle
Chief Marketing Officer

Mr. Lohle has over two decades of experience in the Pharmaceutical industry. Mr Lohle has been associated with Granules since 2001 and previously was Head of Latin American Operations, where he primarily focused on the PFI Business. Mr Lohle previously served at Kimberly Clark Corporation for New Project Development.



Mr. Atul Dhavale
Chief Human Resources Officer

Mr. Atul Dhavle is a Graduate in Production Engineering from Nagpur University and holds a Postgraduate certificate in Business Management from XLRI. He has over 26 years of experience with reputed organizations like Mahindra & Mahindra, DuPont, Welspun, Dr. Reddy's and handled various assignments in Human Resources and Operational Excellence functions.

Q4 Highlights

REVENUE

Rs 5,038 mn

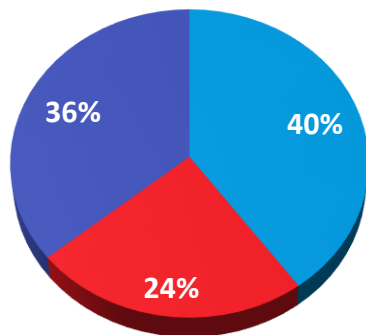
EBITDA

Rs 533 mn

PAT

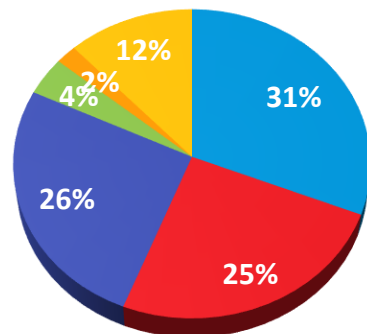
Rs 204 mn

Product Vertical wise - Q4FY18



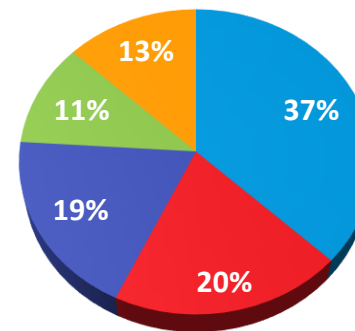
■ API ■ PFI ■ FD

Molecule wise - Q4FY18



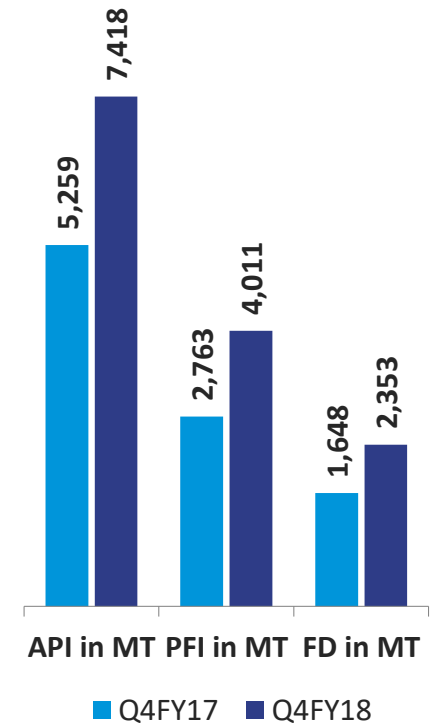
■ PARA ■ MF ■ IBU
■ GUAI ■ MCB ■ Others

Geography wise - Q4FY18



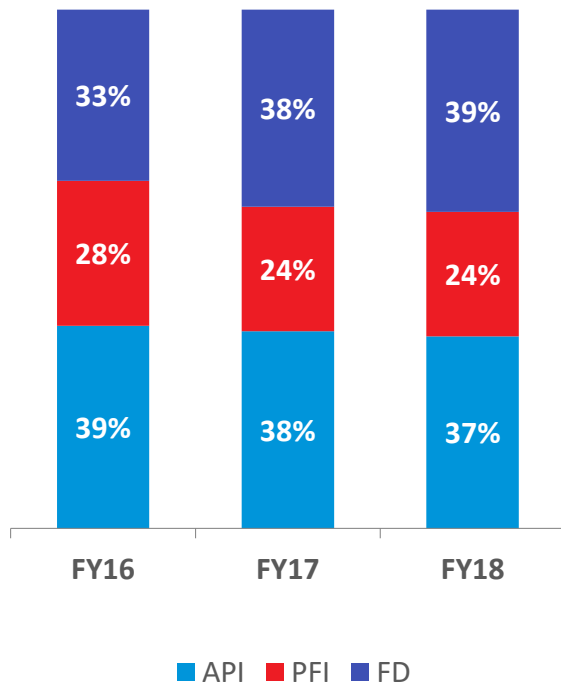
■ North America
■ Europe
■ India
■ LATAM
■ ROW

Production Details

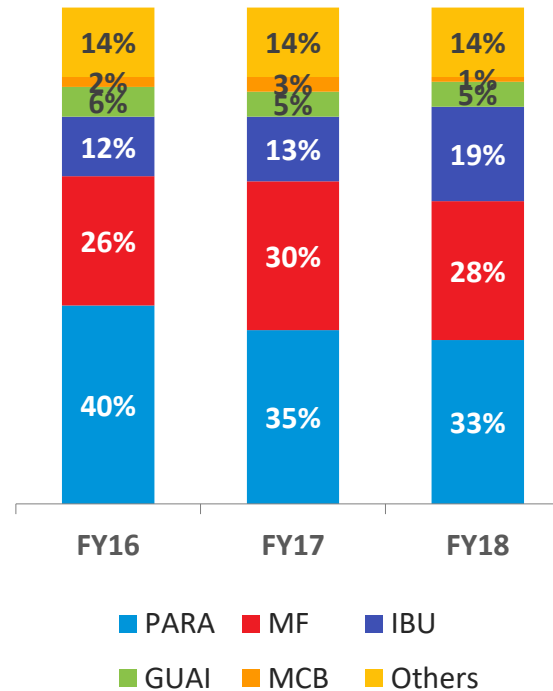


Consolidated Metrics

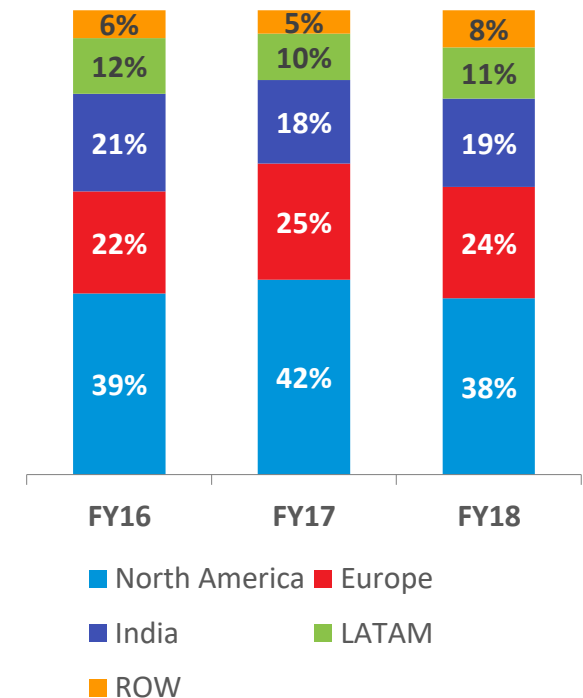
Product Vertical wise - Q4FY18



Molecule wise - Q4FY18

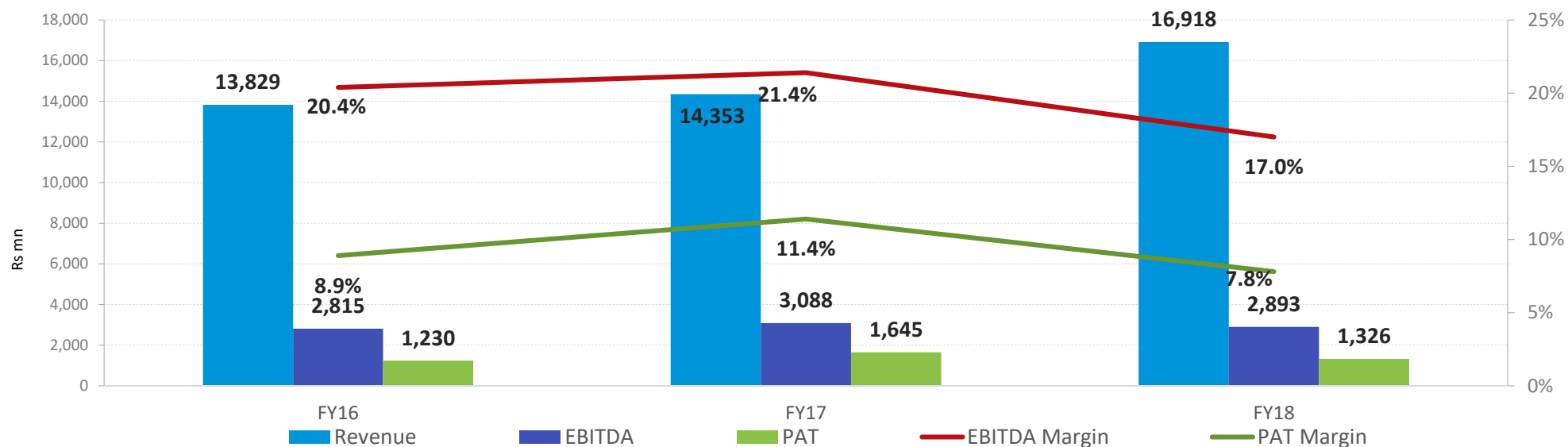


Geography wise - Q4FY18



PARA – Paracetamol; MF – Metformin; IBU – Ibuprofen; GUAI – Guaifenesin; MCB – Methocarbamol
 ## Break up of Revenue as per IND AS

Consolidated Financial Overview – Trends



Revenue grew on account of

- Increased sales from enhanced capacity in Bonthapally for APIs and Gagillapur for PFIs
- Increased contribution from FDs from Gagillapur
- Increased contribution from Ibuprofen sales

Lower margins due to

- Increase in raw material cost
- Geographic distribution of sales
- Reduced APIs supplies from China

Key Takeaways

- **Operationalization of expanded capacities** - Bonthapally for APIs and Gagillapur for PFIs
- Maintained the **momentum of regulatory filings** of Drug Master Files and Dossiers submitted in the US, Europe and other key regulated markets
- **Emerging Business** plays a key role for **business expansion** for both Core business and US Generics
- **Construction of Onco Block** on track as per Management expectations
- **Completed 4 US FDA audits**
- **10 ANDAs filed** during the year from both India and US combined

Performance Highlights for FY18

- **Increase in topline growth** - across all product verticals, with API registering a 18% increase; PFI 22% and FD 24%.
- **AMEA region** registered the highest year on year growth by region
- **Margins subdued** due to
 - Raw material cost impact
 - Geographic distribution of sales
- **Granules Biocause** continues to **perform well** as prices of Ibuprofen API rise
- **Granules Omnicem's** performance was lackluster as there were **customer off-take delays**

Way Forward

Building Blocks in Place



- Integrated platform in place that can address the entire value chain from intermediates to finished dosages
- Investments in FD including pulsatile drug release, orally disintegrating modified release and abuse deterrent technology platform for controlled substances
- Omnichem JV geared to address high growth opportunity in the CRAMS space

Profitable Growth through Execution



- Expanding portfolio range with addition of differentiated and limited competition products in API/FPI
- Omnichem's established customer base to be major contributor to revenues
- Building portfolio of strong brands in regulated markets

Steady Returns to the Stakeholders



- Financial discipline to a key focus
- Focus on generating operating leverage
- Identifying newer growth avenues to deliver sustainable growth

Huge Economies of Scale

Foundation of Quality & Compliance

Experienced and Proven Management team





For further information, please contact:

Company Investor Relations contact

Sumanta Bajpayee


Head - Corporate Finance & IR


 040-30663572

 sumanta.bajpayee@granulesindia.com

Christensen IR

Shivangi Bubna

 022-42150210

 sbubna@christensenir.com



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GRANULES

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