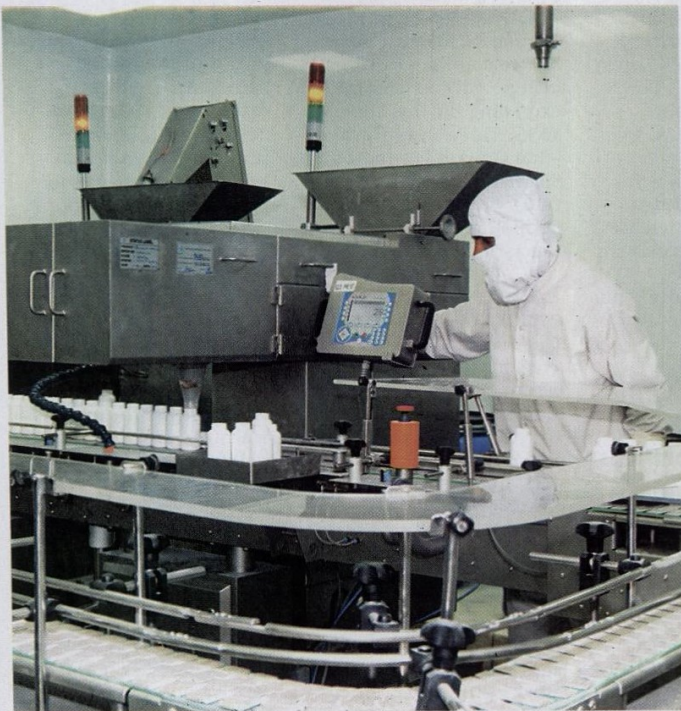


News monitored for: Granules India



On schedule

C. Krishna Prasad, founder & CMD, Granules India, a Hyderabad-based pharmaceutical company, has lived up to his expectations. In 2013-14, the company's consolidated sales had increased by 43 per cent to touch ₹1,096 crore, with its profits rising at a faster pace of 131 per cent to ₹75 crore. According to the company, its growth was primarily driven by increased capacity utilisation. For example, the paracetamol (which contributes 42 per cent of consolidated sales) facility increased production from 600 tonnes per month to 1,200 tonnes and the Metformin (which contributes 24 per cent of consolidated sales) facility improved from 80 tonnes per month to 165 tonnes.

During 2013-14, Granules made an acquisition, "by purchasing Auctus Pharma," announced Krishna Prasad to the shareholders. "We are excited about it, because Auctus provides compelling opportunities that can take our company to the next level, by giving us access to 12 lucrative APIs in a facility that has regulatory approval from leading agencies including the US FDA." Granules acquired the company by paying ₹102 crore.

Hyderabad-based Auctus Pharma makes

bulk drugs and intermediates, through its facilities located in Bonthapally and Visakhapatnam. Auctus' sales in 2013-14 were ₹11.42 crore and loss recorded, ₹6.45 crore. After merging with Granules India, its consolidated sales for 2014-15 were up by 18 per cent to ₹1,293 crore, while net profit increased by 21 per cent to ₹91 crore.

"Auctus incurred a loss of ₹13 crore in the first three quarters of 2014-15 but, in the last quarter, it had achieved a break-even with a small cash profit. We expect that Auctus would continue to start making profits from now onwards," said Krishna Prasad. "During the fourth quarter, Auctus' revenue was ₹44.2 crore and its profit, ₹2 lakh and we just broke even," announced V.V.S. Murthy, chief financial officer at an investor conference.

During 2014-15, Granules had commercialised the sale of Abacavir, an antiretroviral drug, which was developed in-house. In the fourth quarter of 2014-15, its revenues from Abacavir were ₹8 crore. The company expects to launch four-five APIs (active pharmaceutical ingredients) in 2015-16.

During the same financial year, it put up an additional PFI (pharmaceutical formulation intermediates) capacity of 4,000 tpa at Gagillapur, which has now been completed, with the total PFI capacity at Granules going up to 18,400 tpa. This module is expected to contribute to the revenue in the current quarter.

Granules has a 50:50 joint venture with Belgium's Ajinomoto OmniChem for CRAMS (contract research & manufacturing services) business. In February this year, a new plant at Visakhapatnam under this joint venture was inaugurated. This facility will make APIs. The facility has yet to be approved by US FDA. Till such time, the joint venture will be supplying intermediates to Ajinomoto.

Granules has five facilities – at Gagillapur, Bonthapally, Jeedimetla, Bonthapally (Auctus) and Visakhapatnam (Auctus). This does not include the joint venture facility. Granules' current market cap is ₹1,777 crore. In March this year, Granules reduced the face value of its scrip from ₹10 to ₹1. And a dividend of ₹0.50 per share has also been recommended.

At the end of June, the board approved the issue of 40,95,230 warrants, informs Krishna Prasad, at a price arrived at in accordance with the SEBI guidelines. By end June, the promoters were holding 48.59 per cent, while individuals' (nominal value up to ₹1 lakh) share was 17.52 per cent.

In February 2013, Business India had reported that Granules India was looking at the finished dosages segment to take it to the next level. The company has progressed along these lines and is looking at crossing the ₹1,000-crore mark 'within two years'

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