

Press Release**Granules India Limited to divest its stake in its Joint Venture located in China**

Hyderabad, October 14, 2019: Granules India Limited, today announced its intention to divest its entire equity shareholding in Granules Biocause Pharmaceuticals Co. Ltd. by selling its stake to joint venture partner. Granules Biocause Pharmaceuticals Co. Ltd. is an equal joint venture between Granules India Limited and Hubei Biocause Heilen Pharmaceutical Co. Ltd. The manufacturing facility of the joint venture is in Jingmen, China.

Granules formed the JV in 2007 to ensure a regular supply of Ibuprofen API to support its requirements for manufacturing Pharmaceutical Formulation Intermediates and Finished Dosages. The key reasons for exiting the JV are as follows:

- Environmental issues have created an atmosphere of business uncertainty in China. To comply with regulatory issues on pollution, Granules Biocause Pharmaceuticals' production facility had invested and will continue to invest substantial capex, which is contrary to Granules India's strategy of reducing Capex outflow and Free Cash Flow generation.
- Several existing Ibuprofen API manufacturers have expanded capacity or stated their intention to increase capacity. In addition, several companies have announced their intention to enter the Ibuprofen API market. Granules believes the additional API supply will enable it to have more supply options and having a JV is not necessary to ensure Ibuprofen API continuity.

Granules has a supply agreement with the JV and Ibuprofen API supply will not be impacted since the existing agreement will continue. In addition, Granules has several other reliable approved suppliers of Ibuprofen API in the international and domestic market. Granules India's decision to dilute the stake of this JV will not impact its commitment of achieving the profitability target provided for the year even without any additional JV's contribution in the consolidated Net Profit. Further, the sale proceeds from this transaction will enable Granules India's Cash position and will eventually reduce the Net Debt position.

About Granules India Ltd. (BSE: 532482, NSE: GRANULES)

Granules India is a growing pharmaceutical manufacturing company with best in class facilities and is committed to operational excellence, quality and customer service. The Company produces Finished Dosages (FDs), Pharmaceutical Formulation Intermediates (PFIs) and Active Pharmaceutical Ingredients (APIs) which gives the customers flexibility and choice. Granules support customers with unique value, extensive product range, and proactive solutions. The Company's global presence extends to over 250 customers in 60 countries through offices in India, U.S., and U.K. The Company has 8 manufacturing facilities out of which 6 are located in India, 1 in China and 1 in USA and has regulatory approvals from US FDA, EDQM, EU GMP, COFEPRIS, WHO GMP, TGA, K FDA, DEA, MCC and HALAL.

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