

Press Release

Granules India's FY14 Sales increase 43% to Rs. 1,096 Cr.; Net Profit jumps 131% to Rs. 75 Cr

Hyderabad, April 24, 2014: Granules India Ltd., a fast growing pharmaceutical manufacturing company, announced financial results for its fiscal year ended March 31, 2014. Granules consolidated net sales increased 43% to Rs. 1,096 Cr. while consolidated net profit increased 131% to Rs. 75 Cr.

Financial Highlights for Fiscal Year ended March 31, 2014

- Net Sales: Rs. 1,096 Cr., an increase of 43% compared to Rs. 764 Cr. in FY13
- EBITDA: Rs. 163 Cr., an increase of 87% compared to Rs. 87 Cr. in FY13
- PBT: Rs. 112 Cr., an increase of 143% compared to Rs. 46 Cr. in FY13
- Net Profit: Rs. 75 Cr., an increase of 131% compared to Rs. 33 Cr. in FY13
- Basic EPS: Rs. 37.20 per share as compared to Rs. 16.21 per share in FY13.

The Company reported record sales of Rs. 1,096 Cr. including Rs. 317 Cr. in Q4FY14, its highest revenue in a quarter. The Q4FY14 revenue was 55% higher than the corresponding quarter in FY13 and marks the sixth consecutive quarter of higher sequential sales.

Growth was driven by strong performance across all manufacturing facilities including the Company's Chinese JV. The primary growth driver in FY14 was led by the Company's commercialization of its PFI and Finished Dosage expansion at the Gagillapur facility. The Company improved utilization in the newly expanded facility throughout the year and expects to continue improving utilization in the future. In addition, the API facilities continued to increase production which contributed to strong sales.

On a standalone basis, the Finished Dosage business contributed the largest share of revenue at 35% while PFI and API contributed 33% and 32%, respectively. This is compared to 31%, 32% and 37% for Finished Dosages, PFI and API, respectively in FY13.

In addition to strong revenue growth, profitability margins expanded in the fiscal year. EBITDA grew 87% to Rs. 163 Cr. in FY14; the margin expanded 345 basis points to 14.8%. During Q4FY14, the EBITDA margin was 16.2%, the highest for the year and an improvement of 227 basis points as compared to the corresponding quarter in FY13. Net Profit was Rs. 75 Cr., the highest in the Company's history and an increase of 131% as compared to FY13. The net profit margin improved by 261 basis points to 6.9%

Profitability outpaced revenue growth due to several reasons. First, the Company improved its economy of scale by increasing production utilization in its newly expanded PFI and Finished Dosage capacity at the Gagillapur facility. Due to the increased utilization, the product mix shifted more towards finished dosages which bolstered profitability. Also, due to the Company's focus on operational excellence, the API units also increased capacity through de-bottlenecking which drove profitability. Granules believes the profitability margins from the standalone operations are sustainable.

Due to the Company's strong performance, the Board of Directors has recommended to increase the dividend to 35% of equity value or Rs. 3.50/share from the rate of 20% (Rs.2.00 per share) that was paid in fiscal year 2013.



“The past fiscal year was exciting for Granules. We were able to increase sales while improving profitability due to our relentless focus on delivering high-quality material at a cost-effective price. We believe our product portfolio offers compelling opportunities and we will continue to strengthen our leadership position. In addition to growing our core business, we have been looking at opportunities to diversify our sales by leveraging our core competency of efficient manufacturing. In FY14, Granules made its first acquisition by purchasing Auctus Pharma. The acquisition of Auctus fits into our strategy of being a fully integrated manufacturer while diversifying our product portfolio by adding high-value products with significant market demand. In the short-to-midterm, we will focus on selling APIs from the Auctus portfolio to customers in the regulated markets. Over the long-term, we will add value by offering finished dosages from select APIs in the same portfolio. While we’re certainly happy with the progress we made in FY14, we have our eyes toward the future. We will continue to strengthen our model and build systems that are sustainable as we continue to scale-up” said Krishna Prasad, Managing Director of Granules India.

About Granules India Ltd.

(BSE: 532482, NSE: GRANULES)

Granules is a fast growing pharmaceutical manufacturing company with world class facilities and is committed to manufacturing excellence, quality and customer service. The Company produces Finished Dosages (FDs), Pharmaceutical Formulation Intermediates (PFIs) and Active Pharmaceutical Ingredients (APIs) for quality conscious customers in the regulated and semi-regulated markets. Granules support customers with unique value, extensive product range, proactive solutions and a global network of associates. The Company’s global presence extends to over 300 customers in 60 countries through offices in India, U.S., U.K., China and Colombia. Granules offer all three components of the pharmaceutical value chain which gives the customers flexibility and choice.

Caution Statement:

Certain statements made above may be “forward looking statements” within the meaning of applicable laws and regulations.

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Appendix

(Rs in Lakhs)						
PART I						
Statement of Consolidated Audited Results for the Quarter and year ended 31st March, 2014						
SI No.	Particulars	3 Months ended 31 March, 2014	Preceding 3 Months ended 31 Dec, 2013	Corresponding 3 Months ended 31 March, 2013 in the previous year	Year to date figures for current year ended 31 March, 2014	Previous year ended 31 March, 2013
		Audited	Unaudited	Audited	Audited	Audited
1	Income from Operations					
	(a) Net sales / Income from Operations (Net of Excise duty)	31,747.31	28,405.11	20,438.33	109,586.48	76,437.30
	(b) Other operating income					
	Total Income from operations (net)	31,747.31	28,405.11	20,438.33	109,586.48	76,437.30
2	Expenses					
	(a) Cost of material Consumed	18,889.90	16,939.69	11,860.87	67,643.92	47,768.94
	(b) Purchases of stock-in-trade					
	(c) Changes in Inventories of Finished goods, Work in progress and Stock-in-trade	331.12	(964.20)	(209.19)	(3,118.80)	(1,077.05)
	(d) Employee Benefits Expense	2,354.32	2,241.40	1,543.16	8,788.56	5,971.18
	e) Depreciation	1,056.37	741.44	617.23	2,981.25	2,308.46
	f) Manufacturing Expenses	1,759.68	1,930.64	1,545.23	6,702.12	5,752.38
	g) Freight outward & clearing charges	1,628.66	1,238.12	1,339.70	5,274.38	4,374.45
	h) R & D Expenses	300.88	122.17	109.92	679.22	546.08
	i) Other expenditure	1,474.86	2,390.59	1,495.05	7,788.03	4,599.34
	Total	27,795.80	24,639.85	18,301.96	96,738.68	70,243.78
	Profit from Operations before Other Income, finance costs & Exceptional Items (1-2)	3,951.50	3,765.26	2,136.38	12,847.79	6,193.53
3	Other Income	148.87	47.78	101.20	431.09	206.04
	Profit from Ordinary activities before finance costs and exceptional items (3-4)	4,100.37	3,813.04	2,237.58	13,278.89	6,399.57
6	Finance Costs	778.90	455.26	427.75	2,042.73	1,767.11
	Profit from Ordinary activities after finance costs but before exceptional items (5-6)	3,321.47	3,357.78	1,809.83	11,236.16	4,632.45
8	Exceptional Items					
	Profit from Ordinary activities before Tax (7-8)	3,321.47	3,357.78	1,809.83	11,236.16	4,632.45
10	Tax expense	958.97	1,177.25	568.56	3,713.03	1,375.73
	Net Profit from ordinary activities after tax (9-10)	2,362.50	2,180.53	1,241.27	7,523.13	3,256.73
12	Extraordinary items (net of tax expense)					
	Net Profit for the period (11-12)	2,362.50	2,180.53	1,241.27	7,523.13	3,256.73
14	Paid-up share capital (Face Value of Rs.10/- each)	2,028.12	2,028.12	2,012.62	2,028.12	2,012.62
15	Reserves excluding Revaluation Reserve	33,542.61	30,717.75	25,441.02	33,542.61	25,441.02
16	Earnings per Share					
	(a) Basic Earnings per share (Rs.)*	11.68	10.80	6.18	37.20	16.21
	(b) Diluted Earning per share (Rs) *	11.46	10.60	6.02	36.49	15.78

PART II						
Select Information for the Quarter and year ended 31 March, 2014						
SI No.	Particulars	3 Months ended 31 March, 2014	Preceding 3 Months ended 31 December, 2013	Corresponding 3 Months ended 31 March, 2013 in the previous year	Current year ended 31 March, 2014	Previous year ended 31 March, 2013
A						
1	Public Shareholding					
	- No. of shares	10,370,988	10,371,180	11,182,097	10,370,988	11,182,097
	- Percentage of shareholding	51.14%	51.14%	55.56%	51.14%	55.56%
2	Promoters and promoter group					
	Shareholding					
	a) Pledged/Encumbered					
	Number of shares	2,445,830	2,445,830	840,000	2,445,830	840,000
	Percentage of shares to promoter group	24.68%	24.68%	9.36%	24.68%	9.36%
	Percentage of shares to total capital	12.06%	12.06%	4.17%	12.06%	4.17%
	b) Non-encumbered					
	Number of shares	7,464,336	7,464,144	8,104,057	7,464,336	8,104,057
	Percentage of shares to promoter group	75.32%	75.32%	90.61%	75.32%	90.61%
	Percentage of shares to total capital	36.80%	36.80%	40.27%	36.80%	40.27%

SI No.	Particulars	3 Months ended 31 March, 2014
B	INVESTOR COMPLAINTS	
	Pending at the beginning of the Quarter	NIL
	Received during the quarter	20
	Disposed of during the quarter	20
	Remaining unresolved at the end of the quarter	NIL

1) The financial results for the quarter and year ended 31st March, 2014 have been reviewed by the Audit Committee on 23rd April, 2014 and approved by the Board of Directors at its meeting held on 24th April, 2014.

2) The auditors of the company have audited the above financial results.

3) The subsidiaries considered for the consolidated financial statement as on 31st March, 2014 are Granules USA Inc, Granules Singapore Pte. Ltd., GIL Life Sciences Pvt Ltd, Auctus Pharma Limited (Wholly owned subsidiary companies) and Granules Biocause Pharmaceutical Co., Ltd., Granules Omnicem Pvt Ltd (50% Joint Venture Companies).

4) During the year ended March 31, 2014 Granules Singapore Pte. Ltd. (Singapore) was liquidated.

5) During the quarter, the Company acquired Auctus Pharma Limited for a consideration of Rs. 120 crores, which became wholly owned subsidiary w.e.f 14th February, 2014. The accounts of Auctus Pharma Limited were consolidated with the Company for the period commencing from 14th February, 2014. Therefore, current quarter and year figures are not comparable with the corresponding previous year figures.

6) The company has applied to the Bombay Stock Exchange, the Designated Stock Exchange for approval of amalgamation of Auctus Pharma Limited with Granules India Limited with effect from 1st April 2013, the Appointed Date. On receipt of approval, Auctus Pharma Limited will make an application to Hon'ble High Court of Andhra Pradesh for amalgamation of Auctus Pharma Limited with Granules India Limited. Subsequent to approval of Hon'ble High Court of Andhra Pradesh, the accounts of Granules India Limited will be revised accordingly.

7) Pursuant to the Notification No.G.S.R.913(E), dt.29.12.2011 issued by the Ministry of Company Affairs, the company has opted to capitalise foreign currency gains and losses on loans utilised for purchase of fixed assets.

- During the quarter Gain of Rs.429.94 lakhs (Gain of Rs.104.55 Lakhs for the Quarter ended 31 March 2013) was transferred to fixed assets.

- During the financial year 2013-14 loss of Rs.1,562.85 (Previous year 2012-13 loss of 644.20 Lakhs) was transferred to fixed assets.

8) As per clause 41 of the listing agreement, the Company has opted to publish only consolidated financial results. The stand-alone financial results are available for perusal on the Company's website as well as on the stock exchanges' websites as stated below:
www.granulesindia.com, www.bseindia.com and www.nse-india.com

9) The Company operates only in the segment of Pharmaceuticals.

10) Figures are regrouped wherever necessary.

11) The Company, during the current year has allotted 1,55,000 equity shares of Rs.10/- each, fully paid up, on exercise of options by employees, in accordance with the Company's Employee Stock Option Scheme(s).

12) The figures of the last quarter are the balancing figures between audited figures for FY 2014 and the published year to date figure up to the 3rd quarter of the FY14.

13) Standalone Results as on 31.3.2014 are as under -

Particulars	Quarter ended		Year ended	
	31-Mar-14 (Audited)	31-Dec-13 (Unaudited)	31-Mar-13 (Audited)	31-Mar-13 (Audited)
Net Sales/Income from Operations	29,184.44	26,212.45	17,895.04	100,167.99
Profit Before Tax	3,876.75	3,435.06	1,668.32	12,133.08
Profit After Tax	2,604.26	2,299.33	1,109.31	8,101.14

Place : Hyderabad Date : 24th April, 2014

for and on behalf of the Board
Dr.C.Nageswara Rao
Chairman

Consolidated Statement of Assets and Liabilities			
		(Rs in Lakhs)	
Particulars		As at	As at
		current year end 31 March, 2014	previous year end 31 March, 2013
A	EQUITY AND LIABILITIES		
1	Shareholders' Funds		
	(a) Share Capital	2,028.12	2,012.62
	(b) Reserves & Surplus	33,542.61	25,441.02
	Sub-total - Shareholders' funds	35,570.73	27,453.65
2	Share Application Money Pending Allotment	25.48	31.50
3	Non-current liabilities		
	(a) Long-term borrowings	30,924.36	17,549.56
	(b) Deferred tax liabilities (Net)	3,030.38	2,447.18
	(c) Long-term provisions	396.57	203.63
	Sub-total - Non-current liabilities	34,351.31	20,200.37
4	Current liabilities		
	(a) Short-term borrowings	10,090.90	8,545.98
	(b) Trade payables	13,554.45	9,184.13
	(c) Other current liabilities	4,777.99	2,377.24
	(d) Short-term provisions	830.48	470.93
	Sub-total - Current liabilities	29,253.81	20,578.28
	TOTAL - EQUITY AND LIABILITIES	99,201.34	68,263.80
B	ASSETS		
1	Non-current assets		
	(a) Fixed Assets		
	(i) Tangible assets	37,465.09	25,008.39
	(ii) Intangible assets	10,782.09	1,337.66
	(iii) Capital work-in-progress	12,455.83	10,880.26
		60,703.01	37,226.30
	(a) Non-current investments	19.14	19.14
	(b) Long-term loans and advances	433.30	1,641.54
	(c) Other non-current assets	353.74	489.30
	Sub-total - Non - current assets	61,509.19	39,376.27
2	Current assets		
	(a) Current Investments	-	945.92
	(b) Inventories	17,416.34	13,648.23
	(c) Trade receivables	11,090.83	7,102.11
	(d) Cash and cash equivalents	4,174.71	4,170.56
	(e) Short term loans and advances	1,190.49	389.78
	(f) Other current assets	3,819.78	2,630.93
	Sub-total - Current assets	37,692.15	28,887.53
	TOTAL - ASSETS	99,201.34	68,263.80
		For and on behalf of the Board	
Place: Hyderabad		Dr.C.Nageswara Rao	
Date : 24th April, 2014		Chairman	

(Rs in Lakhs)						
PART I						
Statement of Standalone Audited Results for the quarter and year ended 31 March, 2014						
SI No.	Particulars	3 Months ended 31 March, 2014	Preceding 3 Months ended 31 December, 2013	Corresponding 3 Months ended 31 March, 2013 in the previous year	Current year ended 31 March, 2014	Previous year ended 31 March, 2013
		Audited	Unaudited	Audited	Audited	Audited
1	Income from Operations					
	(a) Net sales / Income from Operations (Net of Excise duty)	29,184.44	26,212.45	17,895.04	100,167.99	67,979.70
	(b) Other operating income	-	-	-	-	-
	Total Income from operations (net)	29,184.44	26,212.45	17,895.04	100,167.99	67,979.70
2	Expenses					
	(a) Cost of material Consumed	15,348.27	14,792.09	10,646.95	58,735.64	42,525.84
	(b) Purchases of stock-in-trade	-	-	-	-	-
	(c) Changes in Inventories of Finished goods, Work in progress and Stock-in-trade	1,826.33	(79.55)	(539.17)	(237.62)	(740.62)
	(d) Employee Benefits Expense	1,833.90	1,724.04	1,215.49	6,927.38	5,042.05
	e) Depreciation	932.12	666.23	551.60	2,639.79	2,020.89
	f) Manufacturing Expenses	1,370.15	1,618.47	1,254.15	5,518.25	4,431.39
	g) Freight outward & clearing charges	1,608.48	1,225.89	1,328.99	5,184.14	4,304.09
	h) R & D Expenses	274.64	87.38	83.17	567.64	453.06
	i) Other expenditure	1,528.86	2,343.71	1,390.36	7,171.74	4,058.14
	Total	24,722.76	22,378.25	15,931.53	86,506.96	62,094.84
3	Profit from Operations before Other Income, finance costs & Exceptional Items (1- 2)	4,461.68	3,834.20	1,963.51	13,661.03	5,884.86
4	Other Income	121.98	31.25	101.69	364.75	171.81
5	Profit from Ordinary activities before finance costs and exceptional items (3 - 4)	4,583.66	3,865.45	2,065.20	14,025.78	6,056.67
6	Finance Costs	706.91	430.39	396.88	1,892.70	1,649.49
7	Profit from Ordinary activities after finance costs but before exceptional items (5 - 6)	3,876.75	3,435.06	1,668.32	12,133.08	4,407.18
8	Exceptional items	-	-	-	-	-
9	Profit from Ordinary activities before Tax (7 - 8)	3,876.75	3,435.06	1,668.32	12,133.08	4,407.18
10	Tax expense	1,272.50	1,135.73	559.01	4,031.94	1,389.65
11	Net Profit from ordinary activities after tax (9 - 10)	2,604.26	2,299.33	1,109.31	8,101.14	3,017.53
12	Extraordinary items (net of tax expense)	-	-	-	-	-
13	Net Profit for the period (11 - 12)	2,604.26	2,299.33	1,109.31	8,101.14	3,017.53
14	Paid-up share capital (Face Value of Rs.10/- each)	2,028.12	2,028.12	2,012.62	2,028.12	2,012.62
15	Reserves excluding Revaluation Reserve	32,403.15	30,629.37	25,036.69	32,403.15	25,036.69
16	Earnings per Share					
	(a) Basic Earnings per share (Rs.)*	12.88	11.39	5.52	40.06	15.02
	(b) Diluted Earning per share (Rs) *	12.63	11.17	5.38	39.30	14.62
PART II						
Select Information for the Quarter and year ended 31 March, 2014						
SI No.	Particulars	3 Months ended 31 March, 2014	Preceding 3 Months ended 31 December, 2013	Corresponding 3 Months ended 31 March, 2013 in the previous year	Current year ended 31 March, 2014	Previous year ended 31 March, 2013
A						
1	Public Shareholding					
	- No. of shares	10,370,988	10,371,180	11,182,097	10,370,988	11,182,097
	- Percentage of shareholding	51.14%	51.14%	55.56%	51.14%	55.56%
2	Promoters and promoter group					
	Shareholding					
	a) Pledged/Encumbered					
	Number of shares	2,445,830	2,445,830	840,000	2,445,830	840,000
	Percentage of shares to promoter group	24.68%	24.68%	9.36%	24.68%	9.36%
	Percentage of shares to total capital	12.06%	12.06%	4.17%	12.06%	4.17%
	b) Non-encumbered					
	Number of shares	7,464,336	7,464,144	8,104,057	7,464,336	8,104,057
	Percentage of shares to promoter group	75.32%	75.32%	90.61%	75.32%	90.61%
	Percentage of shares to total capital	36.80%	36.80%	40.27%	36.80%	40.27%
B	INVESTOR COMPLAINTS					
	Pending at the beginning of the Quarter	NIL				
	Received during the quarter	20				
	Disposed of during the quarter	20				
	Remaining unresolved at the end of the quarter	NIL				
<p>1) The financial results for the quarter and year ended 31st March, 2014 have been reviewed by the Audit Committee on 23rd April, 2014 and approved by the Board of Directors at its meeting held on 24th April, 2014.</p> <p>2) The auditors of the company have audited the above financial results.</p> <p>3) Pursuant to the Notification No.G.S.R.913(E), dt.29.12.2011 issued by the Ministry of Company Affairs, the company has opted to capitalise foreign currency gains and losses on loans utilised for purchase of fixed assets.</p> <p>- During the quarter Gain of Rs.429.94 lakhs (Gain of Rs.104.55 Lakhs for the Quarter ended 31 March 2013) was transferred to fixed assets.</p> <p>- During the financial year 2013-14 loss of Rs.1,562.85 (Previous year 2012-13 loss of 644.20 Lakhs) was transferred to fixed assets.</p> <p>4) As per clause 41 of the listing agreement, the Company has opted to publish only consolidated financial results. The stand-alone financial results are available for perusal on the Company's website as well as on the stock exchanges' websites as stated below: www.granulesindia.com, www.bseindia.com and www.nse-india.com</p> <p>5) The Company operates only in the segment of Pharmaceuticals.</p> <p>6) Figures are regrouped wherever necessary.</p> <p>7) The Company, during the current year has allotted 1,55,000 equity shares of Rs.10/- each, fully paid up, on exercise of options by employees, in accordance with the Company's Employee Stock Option Scheme(s).</p>						
Place : Hyderabad				for and on behalf of the Board		
Date : 24th April, 2014				Dr.C.Nageswara Rao Chairman		

Granules India Limited		
Standalone Statement of Assets and Liabilities		
		(Rs in Lakhs)
Particulars	As at	As at
	current year	previous year
	end	end
	31 March, 2014	31 March, 2013
A	EQUITY AND LIABILITIES	
1	Shareholders' Funds	
	(a) Share Capital	2,028.12
	(b) Reserves & Surplus	32,403.15
	Sub-total - Shareholders' funds	34,431.27
2	Share Application Money Pending Allotment	25.48
3	Non-current liabilities	
	(a) Long-term borrowings	22,209.18
	(b) Deferred tax liabilities (Net)	3,580.81
	(c) Long-term provisions	369.90
	Sub-total - Non-current liabilities	26,159.88
4	Current liabilities	
	(a) Short-term borrowings	7,748.62
	(b) Trade payables	12,624.80
	(c) Other current liabilities	3,760.49
	(d) Short-term provisions	830.48
	Sub-total - Current liabilities	24,964.39
	TOTAL - EQUITY AND LIABILITIES	85,581.03
B	ASSETS	
1	Non-current assets	
	(a) Fixed Assets	
	(i) Tangible assets	32,642.86
	(ii) Intangible assets	924.43
	(iii) Capital work-in-progress	3,914.21
	Sub-total - Fixed Assets	37,481.50
	(b) Non-current investments	14,544.61
	(c) Long-term loans and advances	314.66
	(d) Other non-current assets	255.58
	Sub-total - Non-current assets	52,596.34
2	Current assets	
	(a) Current Investments	-
	(b) Inventories	12,028.73
	(c) Trade receivables	12,181.97
	(d) Cash and cash equivalents	2,192.58
	(e) Short-term loans and advances	314.34
	(f) Other current assets	6,267.06
	Sub-total - Current assets	32,984.68
	TOTAL - ASSETS	85,581.03
	For and on behalf of the Board	
Place: Hyderabad	Dr.C.Nageswara Rao	
Date : 24th April, 2014	Chairman	