

Press Release

Granules India's Revenue increases 13% to Rs. 320 Cr.; Net Profit rises 8% to Rs. 24 Cr.

Hyderabad, January 28, 2015: Granules India Ltd., a fast growing pharmaceutical manufacturing company, announced financial results for its Third Quarter ended 31st December, 2014.

Consolidated Q3FY15 Financial Highlights

- Net Revenue: Rs. 319.7 Cr., an increase of 13% compared to Rs. 284.1 Cr. in Q3FY14
- EBITDA: Rs. 55.3 Cr., an increase of 21% compared to Rs. 45.5 Cr. in Q3FY14
- Net Profit: Rs. 23.6 Cr., an increase of 8% compared to Rs. 21.8 Cr. in Q3FY14

The Company's focus on operational efficiency helped improved EBITDA margin by 127 basis points compared to the corresponding quarter in the previous financial year. Finished Dosages continue to be the largest contributor to the business and constituted 42% of standalone sales. Sales to the regulated markets increased to 69% against 63% in Q3FY14

The Company's standalone sales during the quarter were Rs. 319.5 Cr. an increase of 22% from same period last financial year. The EBITDA was Rs. 56.9 Cr. with a margin improvement of 51 basis points to 17.8% while PAT improved to Rs. 24.4 Cr.

During the quarter, the order of the Honourable High Court of Judicature at Hyderabad for the State of Telangana & Andhra Pradesh sanctioning the Scheme of Amalgamation for Auctus Pharma Ltd. with Granules India Ltd. became effective. Due to merger of Auctus Pharma Ltd. (APL) with Granules India Ltd. current quarter and year till date up to Dec-2014 stand-alone numbers are not comparable with the previous quarter and the corresponding previous year periods figures.

The Board of Directors today approved fund raising by issue of equity shares to Qualified Institutional Buyers ("QIB") to the extent of Rs.250 Cr with applicable green shoe option through a Qualified Institutions Placement ("QIP") as per the SEBI (ICDR) Regulations. The Board of Directors also approved today split/sub-division of the face value of the Company's equity shares from Rs. 10 each to Rs. 1 each. Both the proposals are subject to the approval of the Shareholders.

"This is a year of consolidation for us and we are encouraged to see growth in Revenue and Profit along with improved operational margins compare to the same quarter previous year in the midst of business integration. We remain focused on strengthening our existing businesses and developing a product basket through capitalising the strategic efforts we have initiated in the past by way of Auctus acquisition and establishing indigenous Research Centre. Our vertical integration continues to differentiate us and we will build on our strength by commercializing additional PFI capacity this quarter. We also continue to expand and strengthen our global footprint by creating a deeper relationship with our customers." said Krishna Prasad, Chairman & 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.

Granules has the largest PFI facility in the world with an industry leading 6 ton batch size. The Company has its own ANDAs and dossiers which enable customers to quickly enter a market instead of filing their own applications. Granules has a highly skilled regulatory affairs department that can offer customers support and can help them navigate through regulatory issues.

Granules has strengthened its advantages through its Operational Excellence (OE) department which looks at every step of the manufacturing process in order to gain efficiencies and has also implemented systems that have standardized quality and reduced variation. The Company's OE program is regularly cited by MNCs as a "best in class" program and is the comparative advantage that lets Granules provide world-class quality products at a lower cost than its competitors. The adoption of the OE philosophy by Granules has earned it several recognitions including The Economic Times Manufacturing Excellence Awards 2011.

Caution Statement:

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

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Appendix

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 Madhapur, Hyderabad 500 081

(Rs in Lakhs)

PART I							
Statement of Consolidated Un-Audited Results for the Quarter and Nine months ended 31st December, 2014							
SI No.	Particulars	Quarter ended			Nine months ended		Previous year ended 31 March, 2014
		31.12.2014	30.09.2014	31.12.2013	31.12.2014	31.12.2013	
		Un-Audited	Un-Audited	Un-Audited	Un-Audited	Un-Audited	
1	Income from Operations						
	(a) Net sales / Income from Operations (Net of Excise duty)	31,967.13	30,762.88	28,405.11	93,832.08	77,839.17	1,09,586.48
	(b) Other operating income	-	-	-	-	-	-
	Total Income from operations (net)	31,967.13	30,762.88	28,405.11	93,832.08	77,839.17	1,09,586.48
2	Expenses						
	(a) Cost of material Consumed	18,487.04	19,066.54	16,939.69	54,912.15	48,754.02	67,131.23
	(b) Purchases of stock-in-trade	-	-	-	-	-	-
	(c) Changes in Inventories of Finished goods, Work in progress and Stock-in-trade	(862.58)	(2,079.67)	(964.20)	(2,229.48)	(3,449.93)	(2,606.11)
	(d) Employee Benefits Expense	2,941.62	2,587.32	2,241.40	8,124.54	6,434.24	8,788.56
	e) Depreciation	1,358.54	1,307.48	741.44	3,833.19	1,924.88	2,981.25
	f) Manufacturing Expenses	2,461.59	2,272.43	1,930.64	6,709.14	4,942.44	6,702.12
	g) Freight outward & clearing charges	1,263.55	1,258.52	1,238.12	3,793.38	3,645.72	5,274.38
	h) R & D Expenses	64.28	70.39	122.17	209.99	378.34	679.22
	i) Other expenditure	2,166.77	2,352.44	2,390.59	6,351.88	6,313.17	7,788.03
	Total	27,880.81	26,835.45	24,639.85	81,704.79	68,942.88	96,738.68
3	Profit from Operations before Other Income, finance costs & Exceptional Items (1 - 2)	4,086.32	3,927.43	3,765.26	12,127.29	8,896.29	12,847.79
4	Other Income	87.05	53.99	47.78	183.02	282.22	431.09
5	Profit from Ordinary activities before finance costs and exceptional items (3 - 4)	4,173.37	3,981.42	3,813.04	12,310.31	9,178.51	13,278.89
6	Finance Costs	892.50	802.79	455.26	2,437.92	1,263.83	2,042.73
7	Profit from Ordinary activities after finance costs but before exceptional items (5 - 6)	3,280.87	3,178.63	3,357.78	9,872.39	7,914.69	11,236.16
8	Exceptional items	-	-	-	-	-	-
9	Profit from Ordinary activities before Tax (7 - 8)	3,280.87	3,178.63	3,357.78	9,872.39	7,914.69	11,236.16
10	Tax expense	924.46	970.63	1,177.25	3,021.32	2,754.06	3,713.03
11	Net Profit from ordinary activities after tax (9 - 10)	2,356.41	2,208.00	2,180.53	6,851.07	5,160.62	7,523.13
12	Extraordinary items (net of tax expense)	-	-	-	-	-	-
13	Net Profit for the period (11 - 12)	2,356.41	2,208.00	2,180.53	6,851.07	5,160.62	7,523.13
14	Paid-up share capital (Face Value of Rs.10/- each)	2,042.52	2,040.92	2,028.12	2,042.52	2,028.12	2,028.12
15	Reserves excluding Revaluation Reserve	40,071.34	38,174.24	30,717.75	40,071.34	30,717.75	33,542.61
16	Earnings per Share						
	(a) Basic Earnings per share (Rs.)	11.58	10.87	10.80	33.67	25.57	37.20
	(b) Diluted Earnings per share (Rs)	11.44	10.65	10.60	33.27	25.08	36.49

PART II
Select Information for the Quarter and Nine months ended 31 December, 2014

SI No.	Particulars	Quarter ended			9 Months ended		Previous year ended 31 March, 2014
		31.12.2014	30.09.2014	31.12.2013	31.12.2014	31.12.2013	
A							
1	Public Shareholding						
	- No. of shares	1,05,00,434	1,04,84,913	1,03,71,180	1,05,00,434	1,03,71,180	1,03,70,988
	- Percentage of shareholding	51.41%	51.37%	51.14%	51.41%	51.14%	51.14%
2	Promoters and promoter group						
	Shareholding						
	a) Pledged/Encumbered						
	Number of shares	15,04,330	15,04,330	24,45,830	15,04,330	24,45,830	24,45,830
	Percentage of shares to promoter group	15.16%	15.16%	24.68%	15.16%	24.68%	24.68%
	Percentage of shares to total capital	7.37%	7.37%	12.06%	7.37%	12.06%	12.06%
	b) Non-encumbered						
	Number of shares	84,20,390	84,19,911	74,64,144	84,20,390	74,64,144	74,64,336
	Percentage of shares to promoter group	84.84%	84.84%	75.32%	84.84%	75.32%	75.32%
	Percentage of shares to total capital	41.23%	41.26%	36.80%	41.23%	36.80%	36.80%

SI No.	Particulars	Quarter ended 31.12.2014
B	INVESTOR COMPLAINTS	
	Pending at the beginning of the Quarter	1
	Received during the quarter	43
	Disposed of during the quarter	44
	Remaining unresolved at the end of the quarter	NIL

- 1) The financial results for the quarter ended 31st December, 2014 have been reviewed by the Audit Committee on 27th January, 2015 and approved by the Board of Directors at its meeting held on 28th January, 2015.
- 2) The auditors of the company carried out limited review of the above financial results.
- 3) The subsidiaries and Joint Venture companies considered for the consolidated financial statement as on 31st December, 2014 are Granules USA Inc, GIL Life Sciences Pvt Ltd, Granules Pharma Inc., (Subsidiaries) and Granules Biocause Pharmaceutical Co., Ltd., Granules Omnichem Pvt Ltd (50% Joint Venture Companies).
- 4) The Scheme of Amalgamation ("Scheme") of Auctus Pharma Limited (APL), a wholly owned subsidiary of the Parent Company, and the Parent Company has been sanctioned by the Hon'ble High Court of Judicature at Hyderabad for the state of Telangana and the state of Andhra Pradesh vide its order dated September 23, 2014 and the same has been filed with the Registrar of Companies (RoC), on November 13, 2014. In terms of the Scheme with effect from April 1, 2013 (appointed date), inter alia, following effect have been given :
 - (a) The Parent Company has recorded all assets and liabilities of APL at their respective fair values.
 - (b) Intercompany investments, balances and transactions have been eliminated.
 - (c) On account of the above Scheme, Profit Before Tax for the quarter and YTD of the Parent Company is lower by Rs.300.70 Lakhs and Rs.1166.50 Lakhs respectively. However there is no impact of the same in the Consolidated financials.
 - d) The current quarter and YTD Dec-2014 figures are not comparable with the corresponding previous year figures as the accounts of the Auctus Pharma Limited were consolidated w.e.f 14.02.2014.
- 5) 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 loss of Rs. 367.96 lakhs (Gain of Rs.262.55 Lakhs for the Quarter ended 31 December 2013) was transferred to fixed assets.
- 6) 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
- 7) The Company operates only in the segment of Pharmaceuticals.
- 8) The Company, during the current quarter has allotted 16,000 equity shares of Rs.10/- each, fully paid up, on exercise of options by employees/Directors in accordance with the Company's Employee Stock Option Scheme(s).

9) Standalone Results as on 31.12.2014 are as under -

Particulars	Quarter ended			9 Months ended		31-Mar-14
	31-Dec-14	30-Sep-14	31-Dec-13	31-Dec-14	31-Dec-13	
	Un-Audited	Audited	Un-Audited			Audited
Net Sales/Income from Operations	31,954.44	27,170.28	26,212.45	89,609.54	70,983.54	1,00,167.99
Profit Before Tax	3,450.65	3,861.66	3,435.06	9,655.21	8,256.33	12,133.08
Profit After Tax	2,439.03	2,610.66	2,299.33	6,670.96	5,496.88	8,101.14

10) Figures are regrouped wherever necessary.

for and on behalf of the Board

Place : Hyderabad

Date : 28th January, 2015

C. Krishna Prasad

Chairman & Managing Director

PART I								(Rs.in lakhs)
Statement of Standalone Un Audited Results for the quarter and nine months ended 31 December, 2014								
SI No.	Particulars	Quarter ended			Nine months ended		Previous year ended 31 March, 2014	
		31.12.14	30.09.14	31.12.13	31.12.14	31.12.13		
		Un Audited	Un Audited	Un Audited	Un Audited	Un Audited	Audited	
1	Income from Operations							
	(a) Net sales / Income from Operations (Net of Excise duty)	31,954.44	27,170.28	26,212.45	89,609.54	70,983.54	1,00,167.99	
	(b) Other operating income	-	-	-	-	-	-	
	Total Income from operations (net)	31,954.44	27,170.28	26,212.45	89,609.54	70,983.54	1,00,167.99	
2	Expenses							
	(a) Cost of material Consumed	18,047.40	16,390.59	14,792.09	54,018.15	43,387.36	58,735.64	
	(b) Purchases of stock-in-trade	-	-	-	-	-	-	
	(c) Changes in Inventories of Finished goods, Work in progress and Stock-in-trade	561.13	(1,603.10)	(79.55)	(1,997.47)	(2,063.95)	(237.62)	
	(d) Employee Benefits Expense	2,458.40	2,004.63	1,724.04	6,796.39	5,093.48	6,927.38	
	e) Depreciation	1,374.30	991.04	666.23	3,618.57	1,707.67	2,639.79	
	f) Manufacturing Expenses	2,014.38	1,629.37	1,618.47	5,689.91	4,148.10	5,518.25	
	g) Freight outward & clearing charges	1,245.25	1,198.68	1,225.89	3,709.89	3,575.66	5,184.14	
	h) R & D Expenses	39.22	38.43	87.38	124.58	293.00	567.64	
	i) Other expenditure	1,979.83	1,985.65	2,343.71	5,790.03	5,642.88	7,171.74	
	Total	27,719.91	22,635.29	22,378.25	77,750.05	61,784.20	86,506.96	
3	Profit from Operations before Other Income, finance costs & Exceptional Items (1 - 2)	4,234.53	4,534.99	3,834.20	11,859.49	9,199.35	13,661.03	
4	Other Income	77.20	46.00	31.25	154.66	242.77	364.75	
5	Profit from Ordinary activities before finance costs and exceptional items (3 - 4)	4,311.73	4,580.99	3,865.45	12,014.15	9,442.12	14,025.78	
6	Finance Costs	861.08	719.33	430.39	2,358.94	1,185.79	1,892.70	
7	Profit from Ordinary activities after finance costs but before exceptional items (5 - 6)	3,450.65	3,861.66	3,435.06	9,655.21	8,256.33	12,133.08	
8	Exceptional items	-	-	-	-	-	-	
9	Profit from Ordinary activities before Tax (7 - 8)	3,450.65	3,861.66	3,435.06	9,655.21	8,256.33	12,133.08	
10	Tax expense	1,011.62	1,251.00	1,135.73	2,984.25	2,759.44	4,031.94	
11	Net Profit from ordinary activities after tax (9 - 10)	2,439.03	2,610.66	2,299.33	6,670.96	5,496.88	8,101.14	
12	Extraordinary items (net of tax expense)	-	-	-	-	-	-	
13	Net Profit for the period (11 - 12)	2,439.03	2,610.66	2,299.33	6,670.96	5,496.88	8,101.14	
14	Paid-up share capital (Face Value of Rs.10/- each)	2,042.52	2,040.92	2,028.12	2,042.52	2,028.12	2,028.12	
15	Reserves excluding Revaluation Reserve	38,875.91	37,337.27	30,629.37	38,875.91	30,629.37	32,403.15	
16	Earnings per Share							
	(a) Basic Earnings per share (Rs.)	11.99	12.85	11.39	32.78	27.23	40.06	
	(b) Diluted Earnings per share (Rs)	11.84	12.60	11.17	32.39	26.72	39.30	

PART II

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 - Due to the merger of Auctus Pharma Limited (APL) with the Parent Company, the current quarter and YTD Dec-2014 figures are inclusive of APL financials. Hence the current quarter and YTD Dec-2014 numbers are not comparable with the previous quarter and the corresponding previous year periods figures.
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for and on behalf of the Board

Place : Hyderabad
Date : 28th January, 2015

C.Krishna Prasad
Chairman & Managing Director