

## Neuland Labs to go for ₹25-cr rights issue

Proceeds will be utilised to increase working capital

G NAGA SRIDHAR

Hyderabad, August 15

Active pharmaceutical ingredients manufacturer Neuland Laboratories, is ready to open its rights issue to raise ₹25 crore.

"We are working with the merchant bankers to open it very soon. The record date is also over and all other formalities have been completed," NS Viswanathan, its Chief Financial Officer told *BusinessLine* here on Friday.

The Hyderabad-based company proposes to issue 12.25 lakh equity shares on a rights basis to its existing equity shareholders at an issue price of ₹204 per equity shares aggregating to about ₹25 crore.

The proceeds of the issue would be utilised mainly to augment the working capital. "It will mainly go to the maintenance and replacement capital," Viswanathan said.

### Range-bound growth

The 30-year old company has not been able to register significant top line growth in the recent past and it has been flat in the range of ₹450-460 crore.

"But now situation is different. The balance sheet is relatively stronger due to repayment of most of debt over the years," the CFO said. In FY15, the turnover is expected to cross ₹500 crore.

As of March 31, Neuland had an outstanding debt of ₹25 crore and repayment outgo in the current financial year is around ₹16 crore.

Going forward, the company planning to ramp up its sales

and a 10 per cent increase in turnover would require ₹25 capex approximately.

Neuland has also changed its product mix of late and has been focusing on higher margin products. About 77 per cent of its revenue is from the exports. "We are eyeing new markets in Latin America for expansion," Viswanathan added.

### Unit ready

The separate production line being set up for API Corporation, a healthcare unit of Japan-based Mitsubishi Chemical Holdings Group, is ready.

The production would be commenced on this line shortly. The new line has been set up in the existing Unit II at Pashmylam here with an investment of ₹15 crore.

On Thursday, Neuland's scrip gained 2.43 per cent to close at ₹303.95, on the BSE.

Company