



REGISTERED OFFICE

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CIN: L24110TG1991PLC012471

Dated August 01, 2019

To,
BSE Limited
National Stock Exchange of India Limited
Symbol: GRANULES Scrip Code: 532482

Dear Sir,

Sub: Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015-Submission of Annual Report for the FY 2018-19.

Pursuant to Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 we are submitting herewith soft copy of the Annual Report of the Company for the financial year 2018-19.


Request you to take the above information on record.

Thanking you,

Yours Faithfully,

FOR, GRANULES INDIA LIMITED.

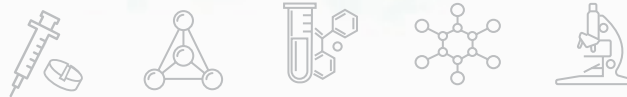
[Handwritten Signature]
(CHAITANYA TUMMALA)
COMPANY SECRETARY
COMPLIANCE OFFICER



ANNUAL REPORT
2018-19



SCALE EMPOWERING SUSTAINABILITY



GRANULES INDIA LIMITED

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To see the report online
please log on to

www.granulesindia.com

Forward looking statement

Some information in this report may contain forward-looking statements. We have based these forward looking statements on our current beliefs, expectations and intentions as to facts, actions and events that will or may occur in the future. Such statements generally are identified by forwardlooking words such as "believe," "plan," "anticipate," "continue," "estimate," "expect," "may," "will" or other similar words. A forward-looking statement may include a statement of the assumptions or basis underlying the forward-looking statement. We have chosen these assumptions or basis in good faith, and we believe that they are reasonable in all material respects. However, we caution you that forward looking statements and assumed facts or bases almost always vary from actual results, and the differences between the results implied by the forwardlooking statements and assumed facts or bases and actual results can be material, depending on the circumstances.

SCALE EMPOWERING SUSTAINABILITY

There's a time for setting goals for building a sustainable future. And then there's the time for witnessing the steadfast progress of your work in the direction you've intended. This year brought a glimpse of the latter for Granules.

Last four years, we laid the groundwork. We drew the strategies, made the investments and put in the requisite work. And this year, we saw our efforts at strengthening the company, creating alternative avenues for growth and thereby creating sustainable value for our stakeholders bear positive results, as we achieved our key business milestones and performed quite well both on the revenue and profit fronts.

With that, we are confidently scaling up the ladder of healthy business development, operational excellence, and scalable possibilities. And thereby, we are empowering a sustainable future for all our stakeholders!



GRANULES AT A GLANCE

Granules India Limited is one of the vertically integrated growing pharmaceutical manufacturing company in India today. Based out of Hyderabad, India, we are into manufacturing Active Pharmaceutical Ingredients (APIs), Pharmaceutical Formulation Intermediaries (PFIs) and Finished Dosages (FDs).



Vision

To be the global leader in pharmaceutical manufacturing by process innovation and unparalleled efficiencies.



Mission

Our drive to be the best is unparalleled. We will match our drive by partnering with **global leaders in our markets, building lasting relationships, and the foundation for mutual growth and success.**



Values

Integrity: We will maintain consistency in our values, means and actions in conducting our business



Quality

We will strive to maintain the highest standards in all our products and processes



Continuous Improvement

We will systematically enhance our products, processes and services



People

We will cultivate a conducive environment where individuals can realize their potential



Customer-Centric

We will focus our energies towards understanding and addressing customer expectations

60 +

Countries of presence

250 +

Customers in our portfolio

Manufacturing capacity snapshot

36,560 TPA | 285 KL

API

2,789

Number of employees as on March 31, 2019

7

Manufacturing plants
(6 Operational)
(1 under Implementation)

24,400 TPA

PFI

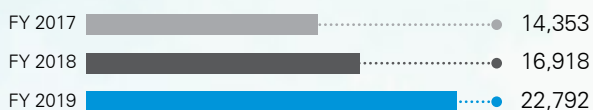
18.5 Bn

Billion Finished Dosages

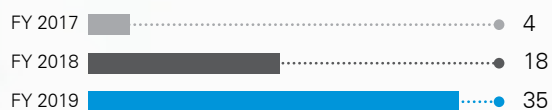


KEY FINANCIAL INDICATORS

Revenue (₹ in Million)



Revenue Growth (%)



EBITDA (₹ in Million)



EBITDA Margin (%)



Net Profit (₹ in Million)



Net Profit Margin (%)



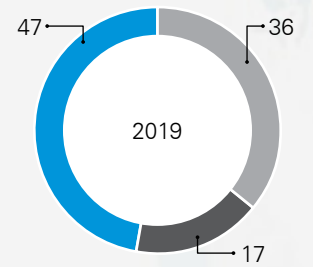
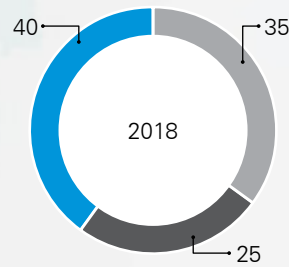
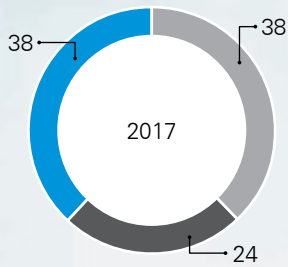
Return on Equity (%)



Net Debt to Equity Ratio (in times)



Revenue Break-up
(in%)



(₹ in Million)

- API ₹5,498
- PFI ₹3,427
- FD ₹5,428

- API ₹5,983
- PFI ₹4,184
- FD ₹6,754

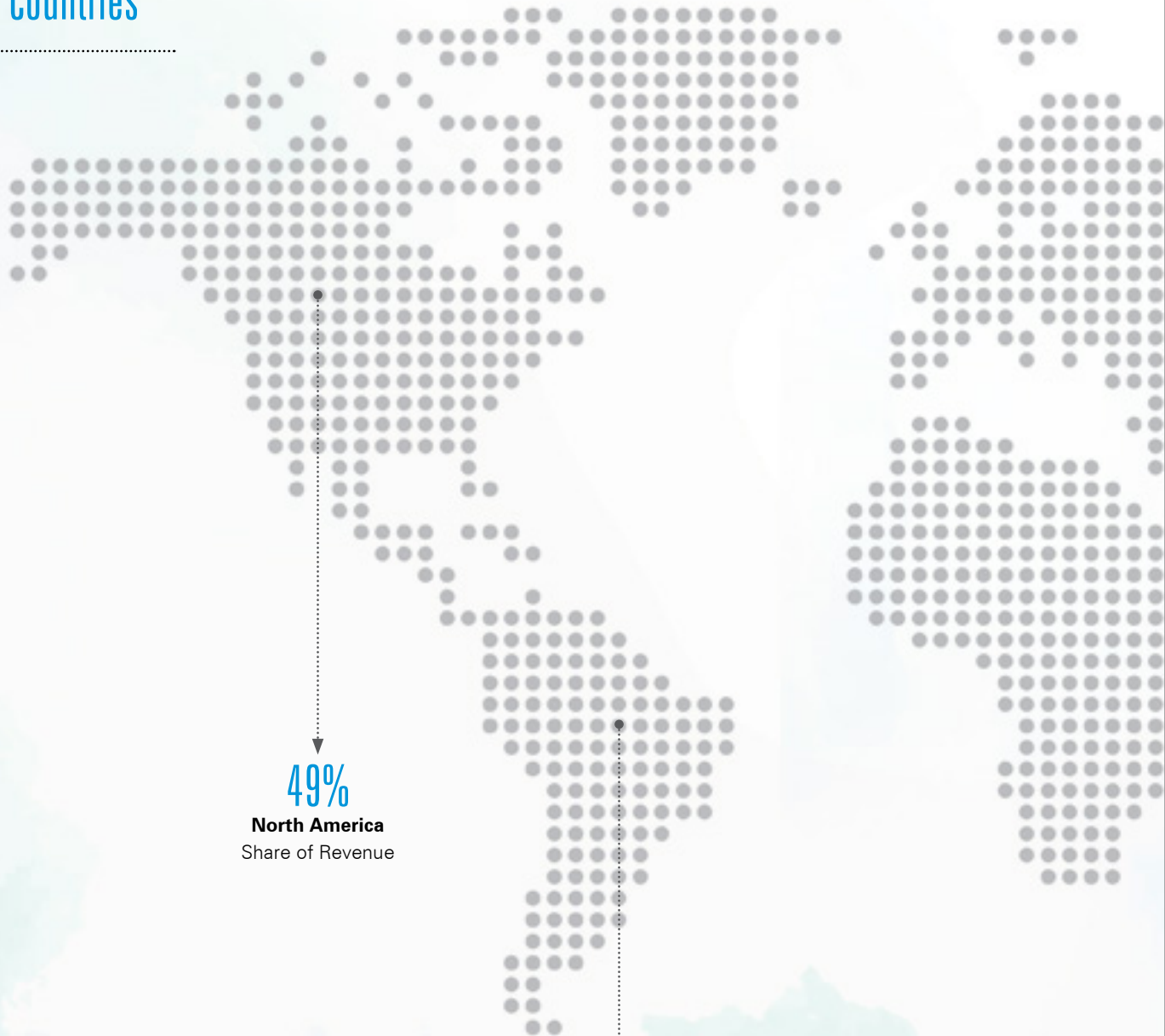
- API ₹8,197
- PFI ₹3,869
- FD ₹10,726



GLOBAL FOOTPRINT

Market presence in more than

60+ Countries

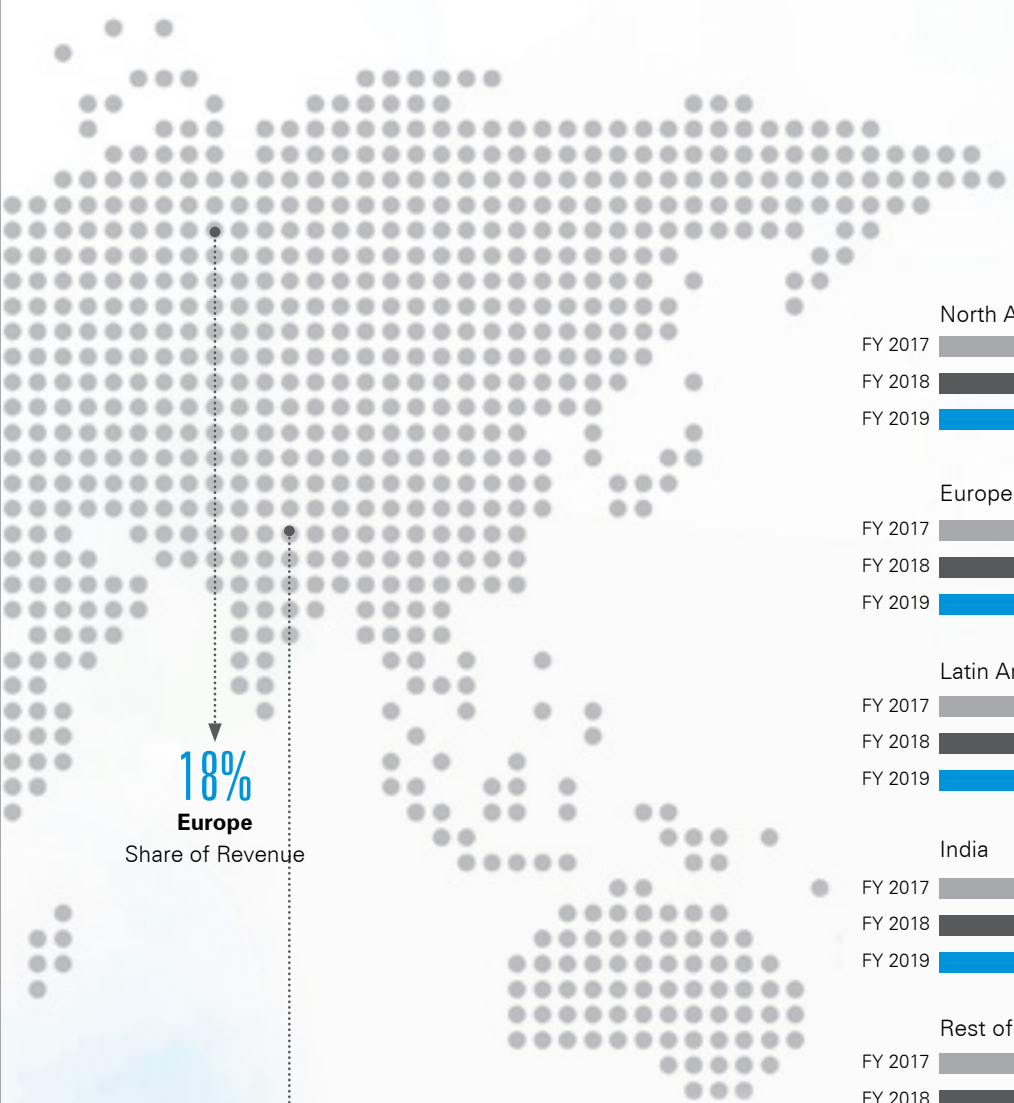


49%

North America
Share of Revenue

9%

Latin America
Share of Revenue



18%

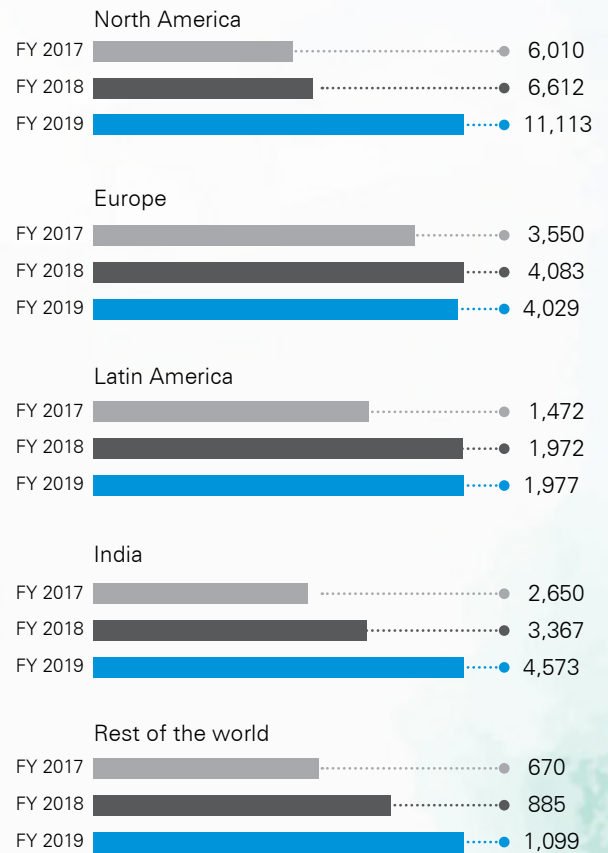
Europe

Share of Revenue

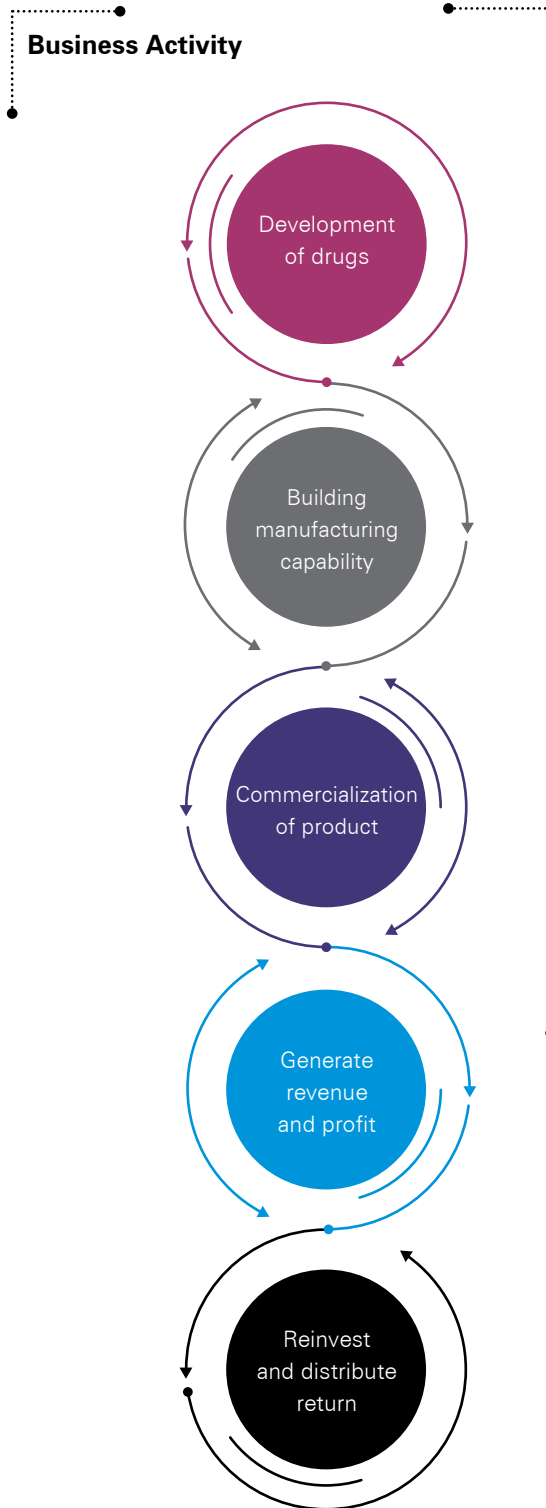
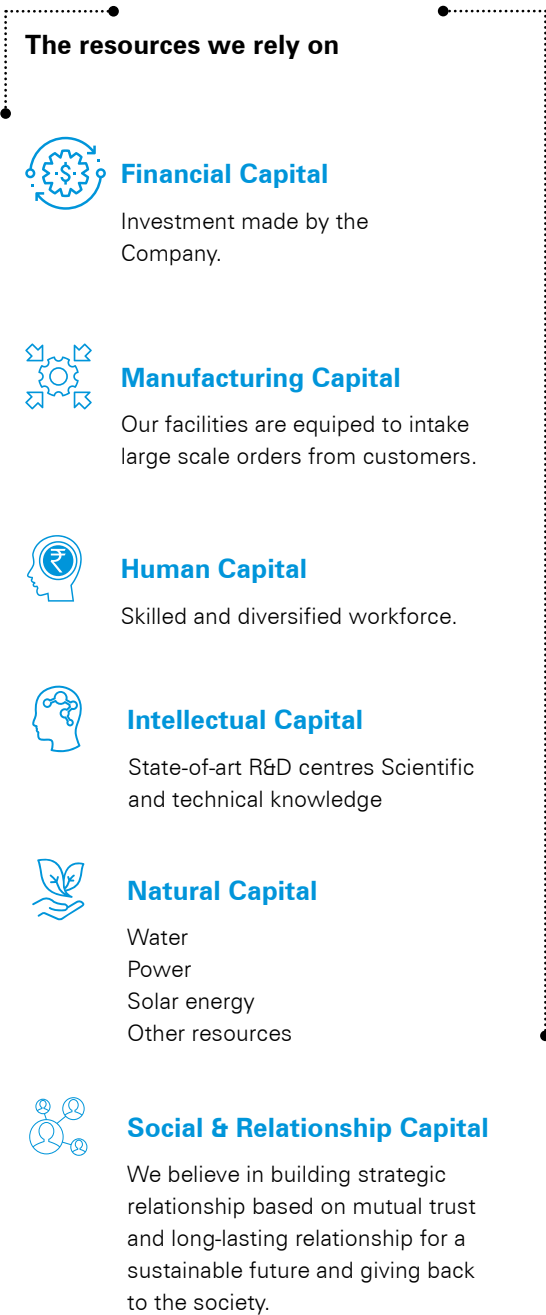
20%

India

Share of Revenue



VALUE CREATION MODEL



Our capabilities



Research and development facilities were set up in India and the US to develop APIs and Formulations



Seven large-scale production facilities of PFIs, APIs and Finished dosage



Global commercial reach over 60 countries and with leadership position in select generic drugs



Deep technical understanding of efficient manufacturing



High standard of quality adherence and strong regulatory track record

The value we create

Financial Capital

₹ 206,645 Lakhs of Capital Employed as on March'2019

Manufacturing Capital

Installed capacity:

36,560 TPA of API

285 KL

4,800 TPA (JV)

152 KL (JV)

24,400 TPA of PFI

18.5 Bn dosages of FD

Human Capital

2,789 employees as on March 31, 2019

Intellectual Capital

32 ANDAs with US FDA

- **11** ANDAs approved

- **21** ANDAs filled and awaiting approval

23 DMFs with US FDA

13 CEPs with EDQM

6 European DMFs

63 Patent filed

Natural Capital

Production based on

Eco-friendly manufacturing facility

Social & Relationship Capital

More than **250** customers

2 Joint Ventures

MESSAGE FROM CHAIRMAN'S DESK



A strong 35% Year-on-Year increase in revenue from operations from ₹1,692 crores in FY2018 to ₹2,279 crores in the current fiscal.

Dear shareholders,

I am pleased to report a year of good performance with revenue and earnings growth along with achievement of key business milestones. We successfully completed our capacity enhancement plans and received new product approvals amidst multiple headwinds in Indian and global markets. We have successfully delivered a stellar performance, as we took strides to become a truly global pharmaceutical product manufacturing company. Our focus has been on setting our strategy and monitoring progress towards meeting our objectives to successfully create value in the long-term for our stakeholders.

Four years ago, we had embarked on the journey to further strengthen our existing business and also to create alternative avenues for our future growth. I am happy to share that we have begun to see results of our efforts for a sustainable future from fiscal that went by. Despite macro-economic challenges and raw material shortages in the form of shutdown of a key supplier, we delivered a healthy topline and bottomline growth. We are fairly confident that we will achieve the set targets backed by our undeterred focus on operational excellence, integrated business model and adoption of new-age technologies.

Performance review

Fueled by our multipronged growth strategies, we have recorded a strong 35% Year-on-Year increase in revenue from operations from ₹1,692 crores in FY2018 to ₹2,279 crores in the current fiscal. Our EBIDTA margin stood at 17.8%, while PAT margin stood at 10.3% which reflects an expansion of 82 bps and 247 bps respectively compared to the previous financial year.

We achieved this despite the pressure on margins due to the continuing impact on raw material supplies from China on account of environmental regulations. The other factors contributed to our Company's robust growth include the expanded capacities in Bonthapally for Paracetamol APIs and Gagillapur for PFIs as well as the new molecule launches, namely Methergine, Methocarbamol and Metformin XR from our US Generics division.

The basket of five core molecules grew by 30% YoY, contributing to 83% of the total revenue thereby helping us to maintain a global leadership in these products. We

achieved this growth on the back of the inherent stability of the molecules in our portfolio combined with our relentless focus on efficient manufacturing. Of these five molecules, Methocarbamol grew manifold as we launched the Finished Dosage under our own label through our newly formed marketing arm in the United States.

Financial year 2019 marked the commencement of commercial operations of Granules Pharmaceuticals Inc. (GPI), our US-based subsidiary which is the driving force of our US Generics strategy. Three new products were launched, which included the generic version Methergine in partnership with a wholly-owned subsidiary of Hikma Pharmaceuticals PLC, followed by Metformin Extended Release tablets and Methocarbamol under our label. With these developments, we have taken the first steps in establishing our Rx marketing front in the US and I am excited about the incremental growth potential of future product launches by GPI. At the close of FY2019, GPI reported a Revenue of ₹196 crores with EBITDA of ₹76 crores and PAT of ₹40 crores.

I would like to highlight some key aspects from the Balance Sheet where the result of our focus on debt is evident. During the year we were able to reduce our debt and maintain a healthy debt-equity ratio of 0.6 times. We could reduce the short-term working capital requirements despite there being an increase in revenue. During the year under review, we were successful in bringing down the cash-to-cash cycle by bringing more balance in our payment and receivable cycle.

The progress made by Granules in achieving the desired results and execution of strategy is more commendable given the continued challenges at the industry level. In the last couple of years, the pharmaceutical sector has seen turbulent times creating obstacles in the growth trajectory of the industry. Some of them include a supply chain disruption, increasing competition, and consolidation of end customers in the US, combined with macro-economic factors

Building a stronger portfolio of products

The future of Granules depends, however, not only on the number of products in our pipeline but on the quality of the products. We understand and acknowledge that only products cannot always bring the progress and believe that creating

true spirit of partnership can only cement our position in the global market. Along with our customer centric approach, we are also expanding our portfolio range with addition of differentiated and limited competitive products, identifying newer geographies to deliver sustainable growth.

We have built on our strong product development capabilities to create a healthy pipeline. As of 31st March 2019, we have filed 32 ANDAs in the US, out of which 11 are approved. Till the closure of financial year 2019 we have also filed 23 US DMFs, 13 CEPs and 6 EDMFs. We will continue the momentum of filings in the next financial year as well.

We had laid the foundation for our new Oncology block with the objective of further enhancing our product offerings. We are on track with our target for completion of our Oncology facility and validation of the Oncology APIs and Formulations is in progress. Initially we will be concentrating more on India centric business and simultaneously work will continue for filing for Europe and US.

Looking ahead

Fiscal year 2019 represents a threshold year for Granules. The financial year 2018 was a year zero for us where the ground work for our growth was laid down. We have made significant investments in the past few years and the team is working unwaveringly towards fulfilling our vision of becoming the global leader in pharmaceutical manufacturing by process innovation and unparalleled efficiencies. The three major growth drivers for future value creation will be, optimal utilization of increased capacities for our core business, scaling up of our US generics business, commercialization of our multiple API and oncology blocks in Vizag. I am happy to share that we have made progress in all three parts of our strategy and are excited about what stands in store for us in the new financial year. The team at Granules India remains steadfast in its commitment to ensure profit creation, and we will put forth our utmost efforts to enhance shareholder value by solidifying the platform for sustainable growth.

Sincerely,

Krishna Prasad Chigurupati
Chairman & Managing Director

PROFILE OF BOARD OF DIRECTORS AND MANAGEMENT TEAM



● Board of Directors ● Management Team

1

Mr. Krishna Prasad Chigurupati
Chairman and Managing Director

Mr. Krishna Prasad Chigurupati is the Promoter of Granules and has more than three decades of experience in the pharmaceutical industry. In 1984, he set up a paracetamol manufacturing facility, which has become one of the world's reputed manufacturers of paracetamol in the regulated markets. Mr. Prasad pioneered and popularised the concept of Pharmaceutical Formulations Intermediates (PFIs) as a cost-efficient product for global formulations manufacturers.

2

Mr. C. Parthasarathy
Independent Director

Mr. C. Parthasarathy is one of the founders of Karvy Group. As the Chairman of the group, he has been responsible for building Karvy as one of India's truly integrated financial services organizations. He oversees the group's operations and is responsible for the vision, business direction and technology value addition to the overall business. Mr. Parthasarathy is a fellow member of the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India. He also holds graduate degrees in Science and Law. Mr. Parthasarathy has been actively associated with various professional bodies in senior capacities over the last decade. Under his stewardship, Karvy has grown into an all India organization enjoying leadership positions in most business segments in which it is present.

3

Mr. Arun Rao Akinepally
Independent Director

Mr. Akinepally Arun Rao did his B.Tech in Chemical Engineering from the University of Madras and M.S from the Illinois Institute of Technology, Chicago, USA. He is the Executive Director of Akin Laboratories Pvt. Ltd., a formulation manufacturing Company. Mr. Arun Rao is also on the Boards of ESPI Industries and Chemicals Pvt. Ltd, a leading manufacturer of antacids in India and Sanzyme Pvt Ltd a globally known manufacturer of Probiotics. Mr. Arun Rao was an office bearer of the Indian Pharmaceutical Association both at the Central and State level. He is also a member of Executive Committee of the Organization of Pharmaceutical Manufacturers, Hyderabad.

4

Mr. Harsha Chigurupati
Non-Executive, Non-Independent Director

Mr. Harsha Chigurupati has been with Granules since 2005 and served as CMO from 2006-2010 and as an Executive Director from 2010-2015. As CMO, Mr. Chigurupati was instrumental in commercializing the Company's Finished Dosage Division and transitioning the company's customer base towards brand owners. As an Executive Director, Mr. Chigurupati was responsible for the standalone operation of Granules India and was responsible for the P&L of the company. Mr. Chigurupati is the founder of Chigurupati Technologies, a research and development focused company that actively works to evolve the quality and duration of human life through technological advancement.

He holds patents in over 55 countries and has been published in a variety of esteemed peer reviewed journals. He is the creator of a new category of better for you alcoholic beverages referred to as "Functional Spirits".

5

Mrs. Uma Devi Chigurupati
Executive Director

Mrs. Uma Devi Chigurupati has rich experience of more than three decades in various fields. Mrs. Uma with Mr. Krishna Prasad Chigurupati had co-founded Triton Laboratories Private Limited in the year 1984, which was later amalgamated with Granules India Limited. Presently, she is spear heading CSR activities and HR initiatives. In addition, Mrs. Chigurupati is the Director of KRSMA Estates Private Limited, one of India's premier boutique wineries. Under her tenure, she has established a vineyard in Karnataka and has been overseeing the ongoing operations at the site. Mrs. Chigurupati has a post-graduate degree in Botany (soil microbiology) from Nagarjuna University.

6

Mr. K. B. Sankar Rao

Non-Executive, Non-Independent Director

Mr. K. B. Sankar Rao is a post graduate from Andhra University and has rich experience of more than three decades in various domains. Mr. K. B. Sankar Rao was associated with various reputed organizations like Warner Hindustan, Cipla Limited and Dr. Reddy's Laboratories Limited. He has varied experience in the fields of technical operations, quality, supply chain, development & launch of APIs and finished dosages for global markets and business strategy. Mr. K.B. Sankar Rao is also Managing Director of Raje Retail Pvt Ltd, a pharmacy retail chain under the brand name- "My Health Pharmacy" in Hyderabad.

7

Mr. Arun Sawhney

Independent Director

Mr. Arun Sawhney holds Bachelor Degree in commerce from the University of Mumbai and Post Graduate Diploma in Management from IMI. Mr. Sawhney has almost four decades of experience in diverse industries including Software, Rubber, Chemicals, Generic & OTC Pharmaceuticals, where he established new norms of business as well as repeatedly challenged the status quo. In the last position as CEO and Managing Director of Ranbaxy Laboratories Limited, Mr. Sawhney successfully led one of the largest mergers in Indian Corporate history. In the past he was also associated with Max-Gb Limited and Dr. Reddy's Laboratories Ltd in various capacities. Mr. Sawhney was also a founder member of Indian Pharmaceutical Export Promotion Council (Pharmexcil) and was Chairman of Pharmaceutical Committee of the Confederation of Indian Industries (CII)

during the period 2012-2014. Besides being a Board Member of Granules India Limited, Mr. Sawhney is currently engaged with leading companies in India and Europe in advisory capacity. He is a practicing Executive Coach engaged with executives at CXO levels in India as well as Europe. Mr. Sawhney is also a visiting faculty at IIM-Lucknow for subjects of Leadership & Organisation Behaviour..

8

Mr. Robert George Cunard

Independent Director

Mr. Robert George Cunard holds Bachelor Degree in Arts from the University of Pittsburgh in Business Economics. Mr. Cunard brings more than 25 years of experience in US pharmaceuticals from the perspectives of wholesaler, retailer, and manufacturer. Mr. Cunard is currently an Operating Partner, with HealthEdge Investment Partners, a US healthcare focused private equity fund. Prior to HealthEdge, Mr. Cunard was CEO of Aurobindo Pharma USA, Inc., the subsidiary of Aurobindo Pharma Limited. In the past, Mr. Cunard also held important positions in Mylan Laboratories and Teva Pharmaceuticals.

9

Ms. Jyothi Prasad

Independent Director

Ms. Jyothi Prasad is an independent consultant in the area of financial advisory services including Mergers & Acquisitions and fund raising. She holds a Bachelor of Laws degree from the University of Mumbai (Gopaldas Advani College), Post Graduate Diploma

in Management from Indian Institute of Management (IIM), Ahmedabad and a Master of Commerce degree from the University of Madras. She was a Chevening Gurukul Scholar at the London School of Economics in 2000. She has more than 30 years of wide-ranging investment banking experience, having worked on diverse assignments both in senior management positions of leading investment banks in India and as an independent consultant since 2008 to the present. She was also associated as an independent consultant with a boutique infrastructure investment advisory firm Iridis Advisory Services for assisting them on certain of their advisory mandates. She is at present, associated as a Senior Advisor with Sparrow Advisory, a boutique provider of PE and M&A advice and is involved in their assignments from time to time. Her primary experience is in the areas of fund raising such as IPOs and Rights Issues, private equity, M&A and advisory transactions for both Indian corporates and foreign corporates. The organizations she has worked for prior to becoming an independent consultant include SBI Capital Markets, Peregrine Capital, NM Rothschild (India) and American Orient Capital Markets in various capacities relating to investment banking/corporate finance. She serves as an Independent Director on the Board of a few companies.

10

Ms. Priyanka Chigurupati*Executive Director**Granules Pharmaceuticals, Inc.*

Ms. Priyanka Chigurupati is the Executive Director of Granules Pharmaceuticals, Inc. and responsible for the US Generics business. Ms. Chigurupati has a Bachelor of Science degree in Business Management from Case Western Reserve University. Within Granules, she has had a variety of roles across several divisions in the US and in India including the Core business, Emerging Business and Consumer Health over the past 5 years.

11

Mr. Stefan Lohle*Chief Marketing Officer*

Mr. Stefan Lohle has over two decades of experience in the pharmaceutical industry. He has been associated with Granules since 2001 where he served as the Head of Latin American operations before taking over as the CMO. Mr. Lohle was instrumental in popularizing the concept of PFIs in Latin America. Mr. Lohle also served at Kimberly Clark Corporation for New Project Development.

12

Mr. Atul Dhavle*Chief Human Resources Officer and**Head of Operational Excellence.*

Mr. Atul Dhavle brings more than 25 years of versatile experience in Human Resources and Operational Excellence while working in companies like Dr. Reddy's, Welspun, DuPont and Mahindra. He possess a combination of sound business acumen alongwith contemporary people processes knowhow. He handled various strategic assignments in the area of Talent Management, Organisation Design & Change Management, Lean Transformation, Theory of Constraints, Technical Academy and Wholesome Employee Engagement (SMT way) while working in Manufacturing, Product Development, Sales & Marketing and Corporate Centre. Mr. Dhavle is a Production Engineer from Nagpur University and holds PGCBM from XLRI.

Management Discussion and Analysis



Global Pharma Industry

The Global Pharmaceutical Sector has, in a span of few years, become one of the largest sectors; both in terms of revenue and employment. The industry has shown an uptick in growth, given the increasing consumer healthcare spending, significant change in the disease patterns in the last few decades and larger focus from different private and public entities to address healthcare needs. Additionally, lifestyle changes, economic reforms and rise of non-communicable diseases have acted as a catalyst for growth in the health-related products and services. Socio-economic reforms, rising income levels, and increased healthcare spend are some of the key drivers for the industry in the future.

There are few notable trends reshaping the global pharmaceutical marketplace.

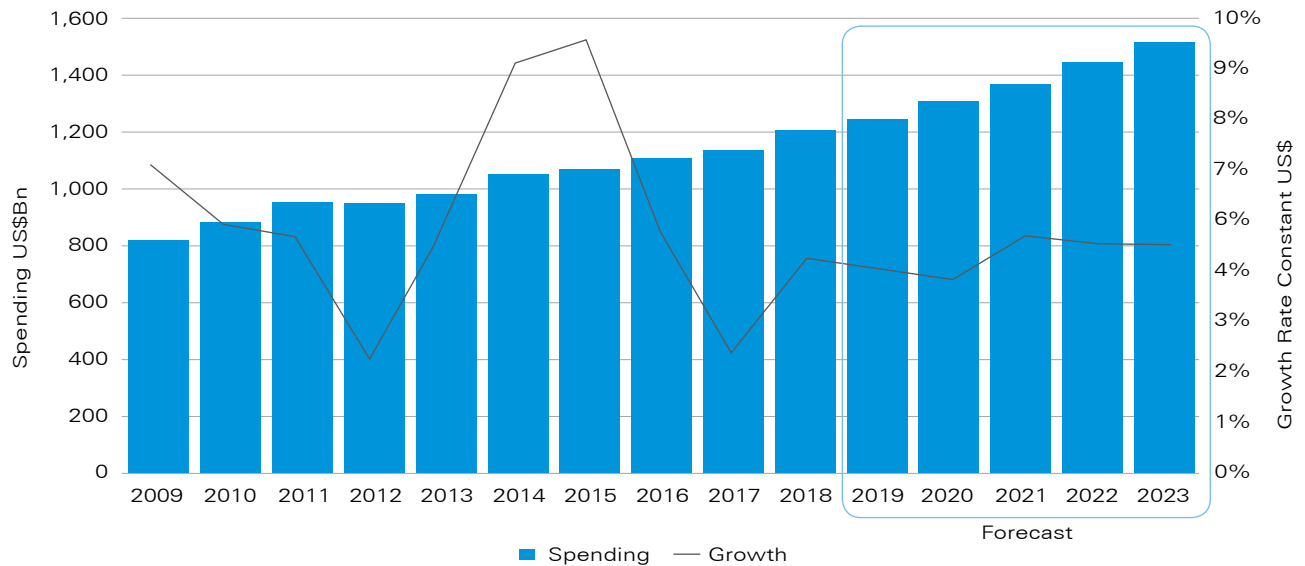
- Instances of chronic disease are increasing, placing even greater importance on pharmaceutical industry
- Healthcare policy-makers and payers are increasingly mandating what doctors can prescribe
- Demand for medicines is growing more rapidly in the emerging economies than the industrialised economies
- Governments are beginning to focus on prevention rather than treatment
- Regulators are becoming more cautious about approving new medicines

In the past few years, companies have made significant investments for sustained R&D to secure their presence for longer period rather than focusing on short-term gains. Emerging technologies are creating a transformative opportunity for life sciences, and scientific achievements are on a record pace. Research methods are evolving and the industry has many promising prospects on the horizon. The innovative pharmaceutical industry both drives and is driven by medical progress. It aims to turn fundamental research into innovative treatments that are widely accessible to patients.

The global pharmaceutical market will exceed \$1.5 trillion by 2023 growing at a 3–6% compound annual growth rate for over the next five years. The key drivers of growth will continue to be the United States and pharmerging markets. In the United States, overall spending growth is driven by a range of factors including new product uptake and brand pricing, while it is offset by patent expiries and generics. Current and ongoing changes in political, economic, social, technological, legal and environmental factors are influencing growth in the healthcare market

New products and losses of exclusivity will continue to drive the growth across developed markets, while product mix will continue to shift to specialty and orphan products. At the same time, the impact of losses of exclusivity in developed markets is expected to be \$121 billion between 2019 and 2023, with 80% of this impact, or \$95 billion, in the United States.

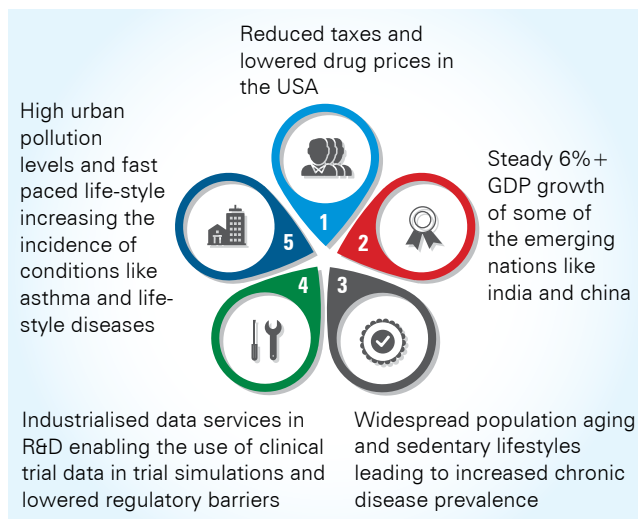
Exhibit 1: Global Medicine Spending and Growth 2009-2023



Source: IQVIA Market Prognosis, Sep 2018; IQVIA Institute, Dec 2018

Key factors to contribute towards the growth of the healthcare industry

Healthcare expenditure per capita is set to rise from its 2017 level of \$1,137 to \$1,427 by 2021



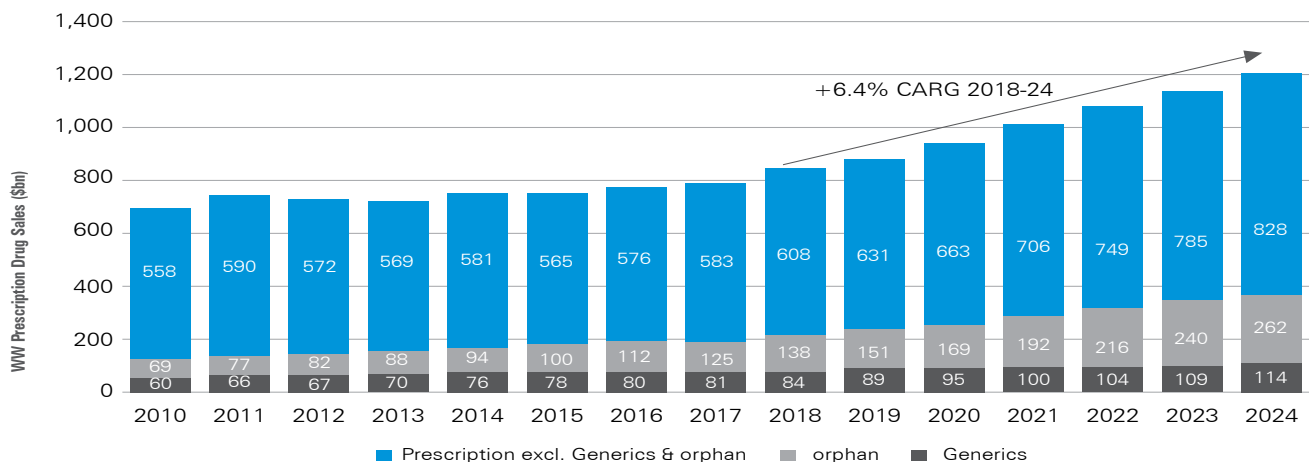
Prescription drugs

On the heels of a slow economic recovery, global prescription drug sales are expected to grow at an impressive annual compound rate of ~6.5% over the next five years to reach USD 1.06 trillion by 2022. This may be an aggressive growth rate as compared to the slow growth trend of ~2.2% CAGR achieved between 2012-2016, but is significantly below the 8.4% CAGR before the global financial crisis in 2004-2008. This trajectory could be tempered by the severity of pricing pressures and potential second patent cliff which could lead to declining sales and profitability.

The changing political scenarios in US have added to the woes. Spending on prescription drugs is expected to increase in most markets over the next few years. Recovery in spending will be fuelled by consolidation in generics markets and increased budgets for high-priced treatments.

Worldwide Total Prescription Drug Sales (2010-2024)

Source: Evaluate, May 2018



Source: Evaluate Pharma, World Preview 2018, Outlook to 2024 PDF

The industry will continue to explore emerging markets for growth, albeit not as aggressively as in the past. Among the top 20 pharmaceutical markets in the world, eight are emerging countries supported by an increasing middle class. Pharmerging markets like China and India are expected to reach the top three in the near future. However, constraints could come from government incentives potentially reducing medication reimbursements and health care costs.

Over The Counter (OTC) drugs market

Over-the-counter medications, also known as non-prescription drugs, are the medicines that can be procured from the chemists without a prescription from the doctor. These drugs are principally used for the treatment of the health conditions that can be self-medicated. OTC drugs are measured by government regulatory associations and are considered to be harmless for self-medication. Some of the common applications of OTC drugs are aches, pains, itches, and others.



OTC drugs market is poised for the strong growth in the near future owing to factors like accelerated Rx to OTC switch by the drug manufacturers, growing tendency of people towards self-medication in developing regions and cost-saving advantage to citizens in regions of the Asia Pacific and Latin America are strongly driving the regional as well as global market.

Valued at around USD 303 billion in 2018, the global OTC drugs market is estimated to reach USD 491 billion by 2024, witnessing a CAGR of 8.5%. Growth propelling factors of this market are product innovations, high penetration in the emerging market, favorable regulatory framework and inclination of pharmaceutical companies towards OTC drugs from Rx drugs.

The OTC drugs market will record the highest growth rate in the emerging markets of Latin America, and South East Asia over the coming years. This can be attributed to the rapidly growing population, coupled with an expanding middle class in these regions with an increase in disposable new channels of the accessibility in emerging markets in retail outlets, supermarkets are also contributing to the growth of the OTC medication market in the emerging economies.



Industry Challenges

The challenges faced by pharmaceutical companies in the next few years are manifold. Tomorrow's challenge is to develop new medicines that can prevent or cure currently incurable diseases. Today's challenge, given the changing global political and economic scenario is to deliver affordable healthcare to a rapidly expanding population. The key challenges are:

- **Rising customer expectations:** The commercial environment is getting harsher, as healthcare payers impose new cost constraints on healthcare providers and scrutinise the value, medicines offer much more carefully. They want new therapies that are clinically and economically better than the existing alternatives, together with hard, real-world outcomes data to back any claims about a medicine's superiority.
- **Poor scientific productivity:** Pharma's output has remained at a stable level for the past decade. Using the same discovering and developing processes, there's little reason to think its productivity will suddenly soar.

Market opportunities

In some respects, the pharmaceutical sector has never been in a better position than it is in today. The tools to develop remarkable new medicines are materialising, demand for its products is escalating and trade is getting easier. Collectively the mature markets generate a majority share of the total revenues, but they are becoming more difficult places to prosper. They are demanding better outcomes as a precondition for paying for new medicines. Financial pressures have played

a part in hardening healthcare payers' policies. Crushing demographic and epidemiological factors have compounded these economic woes.

CRAMS

Global overview

CRAMS is one of the fastest-growing segments in the pharmaceutical and biotechnology industry. It pertains to outsourcing research services/ manufacturing products to low-cost providers with world class standards, in line with international regulatory norms. CRAMS basically consists of the following two activities. A Contract Research Organisation (CRO) is an organisation that renders services on a contract basis in the form of preclinical and clinical research services to the pharmaceutical and biotechnology industries. A Contract Manufacturing Organisation (CMO) is an organisation that makes pharmaceutical products under contract and delivers its client with wide range of services from drug development to manufacture.

The past few years have been highly turbulent for the pharmaceutical industries particularly in the North American and European economies, with the operations being severely impacted by a patent cliff. On top of it, huge investments followed by low productivity in R&D's are driving global pharmaceutical companies to cut costs by outsourcing their research and manufacturing activities to low cost countries. The resulting turmoil significantly changed the structure of global CRAMS industry with countries such as India and China assuming greater importance in the recent years. The



increasing need for effective and safe drug discovery and manufacturing has been driving the revenues of global CRAMS industry and forcing Pharmaceutical multinationals to outsource manufacture of intermediates, API's and formulations. CRAMS companies have become steady suppliers of APIs and Intermediates used in the manufacture of formulations. The manufacturing of formulation drugs are carried out by CRAMS companies at lower costs due to economies-of-scale. CRAMS companies specialising in research have taken up assignments in formulation development, drug development or conducting trials.

India's position in the global CRAMS space

Once drugs lose patent protection, the focus would shift to price competitiveness and ensuring manufacture of such generic drugs in the most cost-effective manner. India is one of the world's best known low-cost manufacturing centers, with highest number of U.S. Food and Drug Administration (US FDA) approved manufacturing plants outside the US. This is likely to boost the prospects of Indian CRAMS companies. The Indian CRAMS segment is estimated to grow over next few years. The Indian pharmaceutical research industry also benefits from structural factors such as the presence of a highly-skilled yet low-cost labour force. As most of the outsourcing to Indian CRAMS industry is from the western countries where English is widely spoken and understood, this is a natural advantage to India as compared to other geographies (China, Vietnam, among others). R&D costs are increasing and productivity levels

declining in regulated markets. Hence, global pharmaceutical companies are looking for outsourcing destinations to enhance their finished drugs portfolio.

Indian pharma industry

The journey of Indian pharma, and its transition from vanilla generics to specialty segment is encouraging, and at the same time filled with challenges as Indian companies navigate in uncharted waters. Especially, choosing differentiated generics and targeting one of the most stringent markets of the world in terms of quality, the US, has been very demanding. Staying profitably relevant in the market is the key as Indian players are investing on new product and technology acquisitions or identifying relevant business partners to ensure deeper penetration in the US market. US is by far the largest and the most diversified pharmaceutical market in the world. Climbing the value ladder with the help of specialty generics remains the obvious choice for the Indian Pharmaceutical sector for further expansion, as India today stand globally 13th in terms of value while 3rd in terms of volume. Indian players were placed mostly in the traditional generic market, which is already crowded. Additionally, there is an ever increasing competition and pricing pressure faced from global companies and new US regulatory policies emphasising on price control measures and repealing Obama Care are adding more pressure to the existing as well as new players. Indian companies roughly contribute about 10 % (by value) towards US generic market. The market share of non-complex generics addressed to US population is just 20% (by value). With increasing focus the US generic market which consists of specialty generics, Indian players can sustain strong growth in long term as huge opportunities exist, going forward.

Inexpensive labor, strong government support, and lower production costs are some of the compelling reasons behind the rise in stature of the Indian pharma industry. Although the number of domestically-owned pharmaceutical companies in India is not few, but still many multinational pharma behemoths appear to be taking advantage of the country's inexpensive labor through India-based subsidiaries. Lower research and development (or R&D) and manufacturing costs compared to other developed nations, is another added advantage for India. Further, given the government initiatives that support the pharmaceuticals sector, including fiscal incentives and streamlined development procedures, has acted as a catalyst in the process. Cost of production has been a leading source of India's industry strength, as India is meaningfully cheaper than the U.S. and Europe in terms of drug production costs.

The domestic industry's long-established position as a world leader in the production of high-quality generic medicines is set to reap significant new benefits as the patents on a number

of blockbuster drugs are scheduled to expire over the next few years. In addition, more and more governments worldwide are seeking to curb their soaring prescription drug costs through greater use of generics.

Company Overview

About the Company

Founded in 1991, Granules India Limited is a large-scale vertically integrated Company manufacturing Active Pharmaceutical Ingredient (API), Pharmaceutical Formulation Intermediate (PFI) and Finished Dosage (FD). The Company over the years has created a strong presence in 'the first line of defence' products such as Paracetamol, Ibuprofen, Metformin, Methocarbamol, and Guaifenesin.

With a vision "to be the global leader in pharmaceutical manufacturing by process innovation and unparalleled efficiencies," the Company has worldwide services to over 250 customers across 60+ countries. With exports comprising over 75% of total revenue, Granules today is a preferred partner for some of the world's leading pharma branded and generic companies. It has one of the largest PFI and single site FD facilities in the world. It is also home to one of the World's largest Paracetamol API facilities.

Its persistent focus on process innovation has rightly made it as one of the leading manufacturer of high-volume pharmaceutical products in the world.

Historically, Granules was present in a business which was driven by volume-based products till there was a shift in the Company's vision for the future and it was decided to enhance the product offerings with differentiated product portfolio. Towards this strategy, it set up a Research and Development center in Hyderabad. To complement the strategy, it acquired a USFDA approved facility, thereby widening its API portfolio and gaining access to a multi-product API manufacturing facility in Vizag. In a forward integration step towards formulations, the Company acquired a formulation R&D and manufacturing facility in Virginia, US to develop products with varied complexities and file its own ANDAs in the US market.

In addition, Granules has ventured into Oncology and high potent API business as auxiliary growth engines. Granules entered the CRAMS business through a 50:50 Joint Venture, Granules-OmniChem, with Ajinomoto OmniChem who brings nearly 40 years of experience in CRAMS and works with reputed pharmaceutical companies to make patent protected products for regulated markets. Going forward, as these products go off-patent, the customers would be able to retain

market share by shifting to a cost-effective environment and leveraging Granules' expertise in efficient manufacturing.

Over the last three years Granules has worked towards building blocks and invested heavily to fund next growth trajectory which has enabled it to achieve a growth of nearly 35% in top line and 78% bottomline in financial year 2019 over the previous financial year. During the year, Granules saw the first commercial launch under its own label through its US based subsidiary Granules Pharmaceutical Inc.

During the year Granules has worked towards broad basing the Board with members with significant experience and who have helped in the growth of different global pharmaceutical companies as well as enriching the Management team with key executives with deep industry experience. This will further strengthen the Company's foundations as it launches into the next phase of growth.

Presently the Company has seven manufacturing facilities, six of which are located in India and one in the US. Out of these six located in India, five are operational and the balance one, construction is near complete. Through its joint venture entities, it also has an additional two operational manufacturing units in India and China. Its overseas markets are as crucial over 75% of the total turnover generating from export sales primarily in North America, Europe, and Latin American countries. Domestic market accounts for approximately 25% of the business.



Stronger together - Our partners of success

Building long-term relationships are central to Granules India’s belief system. As part of the core strategy, Granules continues to pursue strong strategic relationships with other major global players to strengthen the business and target new opportunities that extend its capabilities and enables it to deliver more. Engagement with other major global players in the market have led to lasting joint ventures for the Company

Our core strengths

Integrated business model: Over the years Granules has evolved itself from just an API manufacturer to a company that has a strong presence across the value chain in the pharmaceutical industry, thus establishing itself as a complete global pharmaceutical player with presence in APIs, PFIs and FD.

Global Presence: Granules’ has a presence in more than 60 countries; the Company caters to more than 250 clients across the globe. Its strong manufacturing capabilities coupled with customer centricity have helped to achieve this spread.

Economies of Scale: It possesses industry leading batch size for manufacturing PFIs and among the largest in APIs in its core business product portfolio. This large scale production helps it to reduce production costs and manufacture efficiently.

State-of-the-art-manufacturing: With a constant focus on getting the best technologically advanced operational facilities, the company has time and again revamped its operating facilities. Thus today the Company possesses state-of-the-art manufacturing facilities which have helped the company gain its customer confidence over a period of time.

Business verticals

The primary objective of Granules India is delivering solutions to its esteemed global customers. The Company’s offerings can be broadly classified into three verticals.

Active Pharmaceutical Ingredients (API)

Granules is one of the most cost-effective and efficient manufacturers of APIs. It is also one of the global leaders in the manufacturing of Paracetamol, Metformin, Guaifenesin, and Methocarbamol.

Over the years the Company adopted a number of measures, like setting up of a new in-house R&D centre at Hyderabad and the acquisition of Auctus Pharma, to extend its product offerings in the API space.

Use of advanced technology, a dedicated team, and a critical backward integration process, have cumulatively enabled Granules to consistently meet the customer demands with quality.

To further cement its position for its core products, Granules has completed the expansion of its API manufacturing capacities for Paracetamol, Metformin and Guaifenesin. Presently, the API business accounts for 36% of the Company’s revenue.

APIs	FY 2019	FY 2018	FY2017
Revenue (₹ In crores)	820	598	550
Production (In MT)	23,859	22,420	19,429



Pharmaceutical Formulation Intermediates (PFI)

Granules India Limited was a pioneer in breaking the early 1990s' trend of inefficient PFI production and caused high operational costs to the clients. The Company today is one of the largest PFI producers of India and over time has been successful in building a batch processing capability of 6 ton. This has given the company a sustainable competitive edge in terms of economies of scale and a cost advantage to the company. Presently, the PFI business accounts for 17% of the Company's revenue.

One unique feature of the PFIs produced by Granules is that it can be directly taken to the hoppers from the drums. The Company through its PFI facilities at Jeedimetla and Gagillapur processes these intermediates to be compressed into Finished Dosage forms.

Advantages of Granules PFIs

Reduced development costs for vendors: Single vendor architecture for different processes and materials, used for manufacturing PFIs has resulted in substantial savings for Granules' customers. It also helps them by simplifying the supply chain management process.

Lower testing costs: In order to minimise the testing costs of the customers, the Company has taken the onus upon itself to deliver products of superior quality. Thus allowing the customers to conduct lesser tests, this in turn saved substantial amount of testing costs for them.

Strong technical knowledge: Leveraging more than two decades of its industry experience, Granules over the years have built up strong technical expertise and knowledge. This has not only helped the Company stay ahead of the curve but also help gain its customer trust along with enabling its customers to save in terms of expenditure on pre-formulation studies and development processes.

Reduction of capital expenditure: Since setting up a PFI manufacturing facility requires incurring capital expenditure, by procuring the PFIs from Granules India, the customers can reduce their expenditure by a great extent.

Provide desired release properties: Customers get access to PFIs, which can be developed to provide release properties, similar to brand leaders. This makes it possible for Finished Dosage manufacturers to get favourable outcomes from their bioequivalence studies.

PFIs		FY 2018	FY2017
Sales (₹ In crores)	387	418	343
Production (In MT)	13,472	13,951	11,590



Finished Dosages (FD)

In line with the company's strategy to have a presence across the value chain, the Company embarked on the journey of producing finished dosages. The current portfolio of Granules in terms of finished dosages consists of caplets, tablets as well as press-fit capsules in bulk, blister packs, and bottles. The Company, over the years, has developed a state-of-art manufacturing facility at Gagillapur, which possesses automated processes, robust infrastructure and superior quality systems that efficiently produce finished dosages. The Company further strengthened its customers' competitive advantage by providing Bi-layer Tablets, Rapid Release tablets, and Extended Release (ER) tablets. Further, the Company has developed its own ANDAs and dossiers, which has given its customer a ready reckoning in the market without getting delayed for approval. This enables Granules to beat the competition and emerge as the preferred choice supplier of FD's for many customers. Presently, the FD business accounts for 47% of the Company's revenue.

FDs		FY 2018	FY2017
Sales (₹ in crores)	1,073	675	543
Production (In Mn)	9,953	8,920	6,560

Research and Development

With decades of dedication and deliberation, Granules has been passionately translating science and technology into pharmaceutical development and manufacturing, marking its presence globally. With 'sustainable growth,' as our core value, its strong R&D capabilities are the driving forces for current and future momentum and growth. With innovation

at various levels instilled into the roots of the company, the contribution of R&D is a crucial attribute in fostering the vision.

Granules India is augmenting its research capabilities and expanding its product basket to address the prospective demand across several markets. From a commercial perspective, its vertical integration approach gives it a competitive advantage for both drug substance and the drug product in niche areas. Granules' is also sharpening its competitive advantage with intellectual property-protected innovation for limited competition opportunities.

While it is continuously building its capabilities on high volume products built on maximising process efficiencies and vertical integration, simultaneous focus is also given to expand the portfolio. With Paracetamol, Metformin, Ibuprofen, Guaifenesin and Methocarbamol remained a key priority, also introduced one new product Cetirizine into it and the development of two additional products to add to this basket, which we will offer as integrated products to the market.

Its portfolio selection process also focuses on identifying and developing high entry barrier products, with varied complexities at API and/ or formulation stage. It has developed APIs that cover a broad spectrum of therapeutic categories and expanded capabilities into oncology actives. In its endeavor to expand the oncology portfolio, it has established a development laboratory and manufacturing facility for oncology API and formulations.

Granules India so far had filed 23 (2 in FY 18-19) U.S. Drug Master Files ("USDMFs") across several therapeutic categories with the United States Food and Drug Administration ("U.S. FDA") for distribution of our products in the United States, 13 (2 in FY 18-19) Certificates of Suitability ("CEPs") with the European Directorate for the Quality of Medicines ("EDQM") and has 6 European Drug Master Files ("EDMFs") for distribution of our products in Europe, along with other regulatory filings in key regulated markets to support potential ANDA and dossier registration filings. It intends to operationalise some of the USDMFs by filing ANDAs to forward integrate into FDs. In finished dosage form, it had made 32 (12 in FY 18-19) ANDA filings with the U.S. FDA of which 11 have been approved. It intends to continue this momentum by executing development of products of complex technology within the immediate release, extended release, delayed release, MUPS, powders and suspensions dosages.

It has embarked upon the journey to build intellectual property assets. Granules currently possess 4 Granted patents and 59 Patent applications are active stage in various countries. In FY 2018-19, 04 Indian Patent applications filed. These inventions were primarily directed towards new process for manufacturing intermediates and or APIs, pharmaceutical composition thereof.

Operational Excellence

Granules India has designed a very successful Operational Excellence (OE) program, which continues to deliver sustainable results for maximising the growth of the Company. It has taken a multi-year, multi-project OE initiative for building technical excellence. Its OE program consists of three phases: Diagnostic, Design, and Implementation. The Company's OE program began in the year 2009. The objective of the OE team was to understand, identify, and develop projects that are supposed to fulfill the operational efficiencies and improvements that were identified during the Diagnostic Phase. With the approval and evaluation of the projects, it has formed teams that would work together to execute the project and implement the plans. The duration of the projects depends on the level of complexity, as they may vary from 3-4 months to more than a year.

The operational excellence (OE) team continues to bolster the Company competitive advantage of efficient high volume manufacturing. The OE Team helps increase production flexibility which improves customer responsiveness and minimises costs. OE provides a direct channel to improving output, in which thinking and doing is perfectly positioned to deliver transformational results. The Company keeps on employing the best practices in key discipline areas to progress towards its goal of building efficient and effective operations. It acknowledges and understands that the path to achievement of goals is not a onetime venture; hence it cultivates a culture of continuous improvement.

Human Capital

At Granules, the Company believes that people who feel truly associated with the organisation are the ones who perform to their peak capability. As a core part of our business strategy, it is committed to providing an environment where all of its employees feel enabled and have a sense of belonging. The Company believes in greater diversity within the business will maximise collective capability, allowing leveraging the diversity of thought, and better reflecting and understanding the diverse customer base. This should, in turn, lead to better decision making and higher shareholder value.

The Company invests in recruitment, development, and wellbeing programmes supporting a diverse and inclusive, safe, transparent and rewarding workplace. It has been successful in building a strong team of passionate, dedicated and highly skilled workforce. The Company has invested in nurturing, developing and training the employees through multiple training programs. There is dedicated safety and awareness

events conducted to ensure the employees are well, safe, motivated and productive. The Company's total employee strength as on March 31, 2019, stands at 2,789.

Talking points 2018-19

- Granules Pharmaceuticals Inc. launched generic Methylergonovine tablets (Methergine) in partnership with Hikma Pharmaceuticals Plc.
- Granules Pharmaceuticals Inc. successfully launched Metformin XR and Methocarbamol under its own label
- Expansion of Metformin and Guaifenesin block is complete and awaiting regulatory approval
- Construction of Oncology block is near complete with validation batches initiated
- The Company concluded USFDA audit at Virginia Facility with 2 observations

- The Company has filed 12 ANDAs, 2 USDMFs, 2 CEPs during the year



Financial overview

FY19 marked an important year for the Company as it touched ₹2,279 crores in terms of revenue, while at the same time enhancing its operating and net profit margins. The primary drivers of the Revenue growth are domestic API business and US formulation business. The revenue from the basket of five core molecules which grew 30% year-on-year and contributed 83% of our total revenue. Larger Revenue base and contribution from Granules Pharmaceuticals, Inc. has helped the Company to achieve EBITDA growth and improvement in the margin profile. Profit after Tax (PAT) increased by 78% in FY19 to ₹236 crores due to growth in operating earnings and contributions from JV entities. During the year, the Company embarked on an exercise in fiscal prudence which is reflected in its balance sheet performance. Its Debt to Equity as of March'19 was at 0.65 times as compared to 0.75 times a year back. Higher contribution of Profit after Tax in terms of absolute value has also helped achieve significant improvement in the Return on Net Worth compared to the last financial year.

Particulars	FY 2018-19	FY 2017-18
Revenue (₹ In crores)	2,279	1,692
EBITDA (₹ In crores)	411	289
PAT (₹ In crores)	236	133
Debtor Turnover	3.5	3.2
Inventory Turnover	6.0	5.4
Interest coverage Ratio	10.7	6.4
Current ratio	1.4	1.4
Debt Equity Ratio	0.65	0.75
Operating Profit Margin	17.8%	17.0%
Net Profit Margin	10.3%	7.8%
Return on Net Worth	16.7%	12.0%

Quality and Compliance

Granules India believes that there is no short cut to success which has to be ensured through sustained quality products meeting global standards. This has enabled the Company to become its customers' preferred supplier.

Committed to delivering high-quality products the Company regularly undertakes quality risk assessment and risk mitigation processes to meet the established benchmark. For this, the Company has in place a team of highly qualified professionals with significant industry experience, who follow the philosophy of Continual Product Improvement taking adequate measures to maintain the required status. Its manufacturing facilities are also set up in accordance with the industry quality standards. Global regulators such as U.S. FDA, EU, MHRA, WHO GMP, INFARMED and many more have certified the Company's quality maintenance.

Internal Control Systems and Adequacy

Commensurate with the size and nature of operations, the Company has adequate systems of internal control and procedures covering all financial and operating functions. It believes that a strong internal control framework is one of the most indispensable factors of Corporate Governance. Continuous efforts are being made to enhance the controlling system's response to unauthorised use or losses. The audit committee supervises all aspects of internal functioning and advises corrective action as and when required.

Cautionary Statements

Certain statements in the Management Discussion and Analysis, describing the Company's objectives, and predictions may be 'forward-looking statements', within the meaning of applicable laws and regulations. Actual results may vary significantly from forward-looking statements contained in this document due to various risks and uncertainties. These risks and uncertainties include the effect of economic and political conditions in India, volatility in interest rates, new regulations and Government policies that may impact the Company's business as well as its ability to implement strategies. The Company does not undertake endeavours to update these statements.



Board's Report

Dear Members,

The Board of Directors are pleased to present the Company's 28th Annual Report and the Company's audited financial statements (standalone and consolidated) for the financial year ended March 31, 2019.

Financial Results:

The Company's financial performance for the year ended March 31, 2019 is summarised below:

Particulars	(₹ in lakhs)			
	Standalone		Consolidated	
	Year ended March 31, 2019	Year ended March 31, 2018	Year ended March 31, 2019	Year ended March 31, 2018
Revenue from Operations	2,09,843.26	1,65,386.92	2,27,919.77	1,69,184.83
Other Income	2,848.91	2,377.13	2,668.26	1,084.27
Total Income	2,12,692.17	1,67,764.05	2,30,588.03	1,70,269.10
EBITDA	36,083.91	31,729.63	41,072.03	28,926.34
Less: Finance Costs	2,836.02	3,292.70	2,846.07	3,305.98
Less: Depreciation	9,077.21	7,591.64	10,548.34	7,620.20
Profit Before Tax, share of profit of joint venture and associate	24,170.69	20,845.29	27,995.22	18,000.16
Share of profit in joint venture and associate, net of tax	-	-	4,874.32	1,598.81
Profit Before Tax	24,170.68	20,845.29	32,551.94	19,598.97
Less: Tax Expenses	7,986.63	6,929.10	8,911.09	6,339.85
Profit for the year	16,184.05	13,916.19	23,640.85	13,259.12
Add: Surplus Brought Forward from Previous Year				
Surplus Available	30,648.31	19,637.10	32,138.43	21,784.30
Appropriations made to Surplus:				
Dividends including dividend tax	(3,063.93)	(2,904.98)	(3,063.93)	(2,904.98)
Balance carried to Balance Sheet	43,768.43	30,648.31	52,715.35	32,138.43
Basic Earnings per share	6.37	5.76	9.30	5.49
Diluted Earnings per share	6.35	5.74	9.28	5.47

Note: The above figures are extracted from the standalone and consolidated financial statements

Overview of Financial and Business Operations:

The Company's Standalone revenues from operations was ₹2,09,843.26 lakhs for the FY 2018-19 as compared to ₹1,65,386.92 lakhs for the previous year registering growth of 26.88%. The Company has made Net Profit of ₹16,184.05 lakhs on standalone basis for the year under review as compared to ₹13,916.19 lakhs for the previous year, an increase of 16.30%.

The primary growth driver in FY 2018-19 was led by change in product mix. On a standalone basis, the Finished

Dosages (FD) business contributed the largest share of revenue of the Company at 44% while Pharmaceutical Finished Intermediates (PFI) and Active Pharmaceutical Ingredients (API) contributed 18% and 39% respectively while it was 39%, 24% and 37% for API, PFI and FD respectively for the FY 2017-18.

In the FY 2018-19, we have filed twelve ANDAs in total. We have also filed two US DMFs, two CEP (Certificate of Suitability) with EDQM, which will be used for building

future revenue from API business. The management believes that it will continue to strengthen its position through dedicated research and introduction of new products.

Vertical integration has always been the strength and focus area of the Company. It will continue its focus on its core business and strengthen it by enhancing its capacities, improving operational efficiencies, adding new products, moving up in the value chain and most importantly offering better services to the customers. The Company will continue to solidify its business model and build systems that are sustainable as it continue to scale-up.

- **Expansion Programs and Projects:**

Expansion of Metformin and Guaifenesin block at Bonthapally is completed and regulatory approval is awaited. Construction of Oncology block in Unit-V located at Visakhapatnam is near complete and validation batches were initiated.

- **Dividend:**

The Board of Directors has recommended a final dividend of 25 paise per equity share (Face value ₹1/- per equity share) for the FY 2018-19, amounting to ₹635.62 Lakhs. This is in addition to the interim dividend of 75 paise per equity share paid during the year. The total dividend for the FY 2018-19 aggregates to ₹1/- per equity share amounting to ₹2541.90 lakhs as compared to ₹1/- per equity share paid in the previous year.

The dividend payout is in accordance with the Company's Dividend Distribution Policy. The Dividend Distribution Policy of the Company may be accessed on the Company's website at: www.granulesindia.com

- **Material Changes Affecting the Company:**

There have been no material changes and commitments affecting the financial position of the Company between the end of the financial year and date of this report. There has been no change in the nature of business of the Company.

- **Share Capital:**

The Authorised Share Capital of the Company is 505,000,000 equity shares of ₹1/- each. The Paid-up Share Capital at the beginning of the financial year was 253,837,562 equity shares of ₹1/- each. The Company has allotted 410,000 equity shares of ₹1/- each in trenches upon exercise of an equal number of stock options by the employees pursuant to the Employee Stock Option Scheme of the company.

In view of the above allotments, the outstanding equity shares of the company increased from 253,837,562 equity shares of ₹1/- each to 254,247,562 equity shares of ₹1/- each during the financial year 2018-19.

- **Transfer to the Investor Education & Protection Fund (IEPF):**

In terms of Section 124(5) of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, unclaimed dividend amounting to ₹2,10,747 (two lakh ten thousand seven hundred and forty seven only) for the financial year 2010-11, was transferred during the year under review to the Investor Education and Protection Fund established by the Central Government.

- **Management's Discussion and Analysis Report:**

Management's Discussion and Analysis Report for the year under review, as stipulated under regulation 34(2) of the Listing Regulations, is presented in a separate section, forming part of the Annual Report.

- **Subsidiaries, Joint Ventures and Associate Companies:**

Subsidiary Companies, their Performance and Developments

- **Granules USA, Inc.**

Granules USA, Inc., a wholly-owned foreign subsidiary of your Company, caters to the requirements of customers in the U.S market. The Share Capital of the Company as on March 31, 2019 is ₹116.31 lakhs. During the FY 2018-19, the Company achieved a turnover of ₹37,333.77 lakhs against the turnover of

₹40,216.67 lakhs for FY 2017-18 and the profit after tax is ₹(1,278.95) lakhs against ₹305.93 lakhs for FY 2017-18.

- **Granules Pharmaceuticals, Inc.**

Granules Pharmaceuticals, Inc. (GP Inc.), a wholly-owned foreign subsidiary of your Company located in Virginia, USA focuses in formulation R&D. The Share Capital of the Company as on March 31, 2019 is ₹44,359.71 lakhs. During the FY 2018-19, the Company achieved a turnover of ₹19,508.37 lakhs and the profit after tax is ₹4,037.84 lakhs. US FDA has completed its audit at the facility located at Virginia with two observations for the ANDAs filed by the Company. During the year under review, Granules Pharmaceuticals Inc. launched generic Methylegonovine tablets (Methergine) in partnership with Hikma Pharmaceuticals Plc. and also launched Metformin XR and Methocarbamol under its own label.

Granules Europe Limited

Granules Europe Limited is a wholly owned foreign subsidiary set up in UK for focusing on marketing to European customers.

The Policy for determining material subsidiaries as approved by the Board may be accessed on the Company's website at: www.granulesindia.com

Joint Venture /Associate Companies

The developments in business operations / performance of Joint Venture /Associate Companies consolidated with the Company are stated below:

- **Granules-Biocauste Pharmaceutical Co. Limited**

The Share Capital of the Company as on March 31, 2019 is ₹3,638.06 lakhs. The Company achieved a turnover of ₹36,496.22 lakhs during the year under review as against turnover of ₹28,022.19 lakhs in the previous year. Profit after tax for the year under review is ₹8,883.88 lakhs as against ₹2,835.05 lakhs during the previous year of which Granules India Limited reports 50% share in profit from Joint Ventures/Associates.

- **Granules OmniChem Private Limited**

The Share Capital of the Company as on 31st March 2019 is ₹8,576.19 lakhs. The Company achieved a turnover of ₹21,820.82 lakhs during the FY 2018-19 as against ₹14,697.97 lakhs during the FY 2017-18. Profit after tax for the year under review is ₹864.76 lakhs as against ₹362.57 lakhs in the previous year of which Granules India Limited reports 50% share in profit from Joint Ventures/Associates.

During the year under review, no Company has become or ceased to be Company's subsidiaries, joint ventures or associate companies.

As per the provisions of section 129 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014, a separate statement containing the salient features of the financial statements of the subsidiary Companies, Joint Ventures and Associates is prepared in Form AOC-1 and it forms part of the consolidated financial statements.

- **Consolidated Financial Statements:**

The consolidated financial statements, in terms of Section 129(3) of the Companies Act, 2013 and regulation 34 of the Listing Regulations and prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended thereof forms a part of this annual report. The consolidated financial statements have been prepared on the basis of audited financial statements of the Company, its subsidiaries, joint venture and associate companies, as approved by their respective Boards. As per the provisions of Section 136 of the Companies Act, 2013, the Company has placed separate audited accounts of its Subsidiaries on its website www.granulesindia.com and copy of separate audited accounts of its Subsidiaries will be provided to the members at their request.

- **Compliance with Secretarial Standards:**

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India.

• **Director’s Responsibility Statement:**

Pursuant to the requirement of Section 134(5) of the Companies Act, 2013, with respect to the Director’s Responsibility Statement, the Board of Directors of the Company hereby confirm that:

- a) in the preparation of the annual accounts for the year ended March 31, 2019, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2019 and of the profit of the Company for the year ended on that date;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors have prepared the annual accounts on a ‘going concern’ basis for the financial year ended March 31, 2019;
- e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

• **Corporate Governance:**

The Company is committed to maintain the highest standards of corporate governance and adhere to the corporate governance requirements set out by Securities and Exchange Board of India (SEBI). The report on Corporate Governance as stipulated under the Listing Regulations forms an integral part of this Report. The requisite certificate from the Auditors of the Company confirming

compliance with the conditions of corporate governance is attached to the report on Corporate Governance.

• **Business Responsibility Report:**

Business Responsibility Report for the year under review, as stipulated under regulation 34(2) of the Listing Regulations, is presented in a separate section, forming part of the Annual Report.

• **Contracts and Arrangements with Related Parties:**

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and are on an arm’s length basis. During the year, except with the wholly owned subsidiary, the Company had not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions.

The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company’s website at: www.granulesindia.com.

The particulars of contracts or arrangements with related parties referred to in section 188(1) are prepared in Form No. AOC-2 pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014 and the same is enclosed as **Annexure IV** to the Board’s report

• **Corporate Social Responsibility (CSR):**

The Composition of the CSR Committee is provided below.

Name	Category
Mrs. Uma Devi Chigurupati, Chairperson	Non-Independent, Executive
Mr. Krishna Prasad Chigurupati	Non-Independent, Executive
Mr. A. Arun Rao	Independent, Non- Executive

The CSR Policy may be accessed on the Company’s website at: www.granulesindia.com

The Company is undertaking CSR initiatives in compliance with Schedule VII to the Act. During the year under review, the Company has spent ₹87.46 lakhs on CSR activities. The annual report on CSR activities is annexed herewith marked as **Annexure I** to the Board's report.

- **Nomination and Remuneration Committee:**

The Company's Nomination and Remuneration Committee consists of majority of Independent Directors which ensures transparency in determining the remuneration of Directors, KMPs and other employees of the Company. The Chairman of the Committee is an Independent Director, thereby resulting in independent and unbiased decisions.

During the financial year 2018-19, the composition of Nomination and Remuneration Committee is provided below.

Name	Category
Mr. C. Parthasarathy, Chairman	Independent, Non-Executive
Mr. L. S. Sarma	Independent, Non-Executive
Mr. A. Arun Rao	Independent, Non-Executive
Mr. K.B. Sankar Rao	Non-Independent, Non-Executive
Mr. Krishna Prasad Chigurupati	Non-Independent, Executive

The Performance Evaluation and Remuneration Policy framed by the Committee and approved by the Board is directed towards rewarding performance of Executive and Non-Executive Directors, Key Managerial Personnel and Senior Management Personnel of the Company based on review of achievements periodically.

- **Risk Management:**

Risk Management Committee has been entrusted with the responsibility to assist the Board in (a) overseeing and approving the Company's enterprise wide risk management framework; and (b) overseeing that all the risks that the organisation faces such as strategic, financial, credit, market, liquidity, security, property, IT, legal, regulatory, reputational and other risks have been identified and assessed and there is an adequate risk

management infrastructure in place capable of addressing those risks. Your Company has proper process for Risk Management.

- **Internal Financial Controls:**

Internal Financial Controls are an integrated part of the risk management process, addressing financial and financial reporting risks. The internal financial controls have been documented, digitised and embedded in the business processes. Assurance on the effectiveness of internal financial controls is obtained through management reviews, control self-assessment, continuous monitoring by functional experts as well as testing of the internal financial control systems by the internal auditors during the course of their audits. We believe that these systems provide reasonable assurance that our internal financial controls are designed effectively and are operating as intended.

- **Internal Audit & Controls:**

Your Company continues to engage M/s Dhanunjaya & Haranath, Chartered Accountants as its Internal Auditors. During the year, your Company continued to implement their suggestions and recommendations to improve the internal controls. Their scope of work includes review of operational efficiency, effectiveness of systems & processes, compliances and assessing the internal control strengths in all areas. Internal Auditors findings are discussed and suitable corrective actions are taken as per the directions of Audit Committee on an on-going basis to improve efficiency in operations.

The Company's internal control systems are well established and commensurate with the nature of its business and the size and complexity of its operations. The Audit Committee reviews adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations. The recommendations/suggestions of the internal auditors are discussed in the Audit Committee meetings.

- **Directors and Key Managerial Personnel:**

In accordance with the provisions of Section 152 of the Companies Act, 2013 and the Articles of Association of the

Company, Mrs. Uma Devi Chigurupati, Executive Director of the Company, retires by rotation at the 28th Annual General Meeting and being eligible offers herself for re-appointment.

The term of appointment of Mr. L.S. Sarma, Mr. A.P. Kurian, Mr. C. Parthasarathy, Dr. Krishna Murthy Ella and Mr. A. Arun Rao as an Independent Directors of the Company was completed on March 31, 2019.

Mr. L.S. Sarma, Mr. A.P. Kurian and Dr. Krishna Murthy Ella have opted for retiring from the Board upon completion of their term of office on March 31, 2019.

A notice under Section 160 of the Companies Act, 2013 was received from a member of the Company proposing candidature of Mr. C. Parthasarathy and Mr. A. Arun Rao. The Company has received from Mr. C. Parthasarathy and Mr. A. Arun Rao: i) consent in writing to act as a Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014; ii) intimation in Form DIR-8 pursuant to terms of the Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that they are not disqualified as per Section 164(2) of the Companies Act, 2013; and iii) a declaration to the effect that they meet the criteria of independence as provided under Section 149 of the Companies Act, 2013.

The Nomination and Remuneration Committee at its meeting held on March 29, 2019 and the Board of Directors at their meeting held on March 29, 2019 have recommended the re-appointment of Mr. C. Parthasarathy and Mr. A. Arun Rao as an Independent Directors of the Company for the second term of 5 (five) consecutive years from April 1, 2019 to March 31, 2024.

To broad base the Board and to adhere the compliance of the provisions of the listing regulations, Mr. Arun Sawhney, Mr. Robert George Cunard and Mrs. Jyothi Prasad were appointed as an Additional Directors categorised as Independent on the Board of the Company w.e.f. October 29, 2018, January 29, 2019 and April 01, 2019 respectively by the Board of Directors at their meeting held on October 29, 2018, January 29, 2019 and March 29, 2019 under Section 161 of the Companies Act, 2013. The appointments are subject to the approval of the shareholders at the General Meeting.

A notice under Section 160 of the Companies Act, 2013 was received from a member of the Company proposing candidature of Mr. Arun Sawhney, Mr. Robert George Cunard and Mrs. Jyothi Prasad. The Company has received from Mr. Arun Sawhney, Mr. Robert George Cunard and Mrs. Jyothi Prasad: i) consent in writing to act as a Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014; ii) intimation in Form DIR-8 pursuant to terms of the Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that they are not disqualified as per Section 164(2) of the Companies Act, 2013; and iii) a declaration to the effect that they meet the criteria of independence as provided under Section 149 of the Companies Act, 2013.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed both under the Companies Act and the Listing Regulations.

The Company has devised a Policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors which include criteria for performance evaluation of the Non-Executive Directors and Executive Directors. Pursuant to the provisions of the Companies Act, 2013 read with the Rules issued there under and the Listing Regulations (including any statutory modification(s) or re-enactment(s) for the time being in force), the process for annual evaluation of the performance of the Board, its Committees and individual Directors was carried out in accordance with the policies in force.

The Board of Directors has complete access to the information within the Company. Independent Directors have the freedom to interact with the Company's management. Interactions happen during Board / Committee meetings, when executives of the Company are asked to make presentations about performance of the Company. Apart from this, they also have independent interactions with the Statutory Auditors, the Internal Auditors and external advisors appointed from time to time. Further, they meet without the presence of any management personnel and their meetings are conducted informally to enable the Independent Directors to discuss matters pertaining to the Company's affairs and put forth their combined views to the Board of Directors of the Company.

Mr. Krishna Prasad Chigurupati, Chairman and Managing Director, Mrs. Uma Devi Chigurupati, Executive Director, Dr. V.V.N.K.V. Prasada Raju, Executive Director, Mr. K. Ganesh, Chief Financial Officer and Ms. Chaitanya Tummala, Company Secretary are Key Managerial Personnel of the Company during the year under review.

However, Dr. V.V.N.K.V. Prasada Raju, ceased to be an Executive Director and Key Managerial Personnel with effect from the close of the business hours on January 29, 2019 upon his resignation from the Board of the Company.

• **Employee Stock Option Scheme:**

The Company’s Employees Stock Option Scheme viz. ESOS-2009 has been in place since year 2009-10 and the Company has made grants under ESOS-2009 to the eligible employees of the Company and its subsidiaries. The Nomination and Remuneration Committee of the Board of Directors of the Company, inter alia, administers and monitors the Employees’ Stock Option Scheme. The Company, during the financial year 2017-18 obtained approval of the members for a new scheme viz. Employee Stock Option Scheme 2017 (ESOS-2017). The Company

did not make any grant under ESOS- 2017 during the FY 2018-19. There has not been any material change in the Employee Stock Option Schemes during the current financial year. The Schemes and its implementation are in line with the SEBI (Share Based Employee Benefits) Regulations, 2014 (“SBEB Regulations”) as amended thereof.

The applicable disclosures as stipulated under the SEBI Guidelines as on March 31, 2019 (cumulative position) with regard to the Employee’s Stock Option Scheme are herein under provided. The issue of equity shares pursuant to exercise of options does not affect the Statement of Profit and Loss of the Company, as the exercise is made at the market price prevailing as on the date of the grant plus taxes as applicable.

Pursuant to regulation 13 of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, certificate from M/s. B S R & Associates, LLP , Statutory Auditors is given as **Annexure II** to the Board’s report. Voting rights on the shares issued to employees under the Employee Stock Option Scheme are either exercised by them directly or through their appointed proxy.

The details of the stock options granted / vested / exercised under the Granules India Limited – Employee Stock Option Scheme 2009 approved by the members in 18th Annual General Meeting, are given below:

Sl. no.	Description	Details
(a)	Options granted till date under the scheme	12,738,000 options
(b)	Pricing formula	Closing market price as on the date prior to the grant date on National Stock Exchange (where there was highest trading volume).
(c)	Options vested during the year	520,000
(d)	Options exercised during the year	410,000
(e)	Total number of shares arising as a result of exercise of options	410,000
(f)	Options lapsed during the year	860,000
(g)	Options lapsed till date under the scheme	3,733,300
(h)	Variation in terms of options	Nil
(i)	Money realised by exercise of options during the year	₹9,555,000/-
(j)	Total number of options in force	4,224,700
(k)	Employee wise details of options granted during the year to be exercised at ₹117/- to :	
(k)(i)	Senior managerial personnel	NIL

Sl. no.	Description	Details						
(k) (ii)	Any other employee who receives a grant in any one year of options amounting to 5% or more of options granted during the year.							
	<table border="1"> <thead> <tr> <th>Name</th> <th>Designation</th> <th>No. of options</th> </tr> </thead> <tbody> <tr> <td>Mr. Vijay Ramanavarapu</td> <td>President , Granules USA, Inc. (wholly owned subsidiary)</td> <td>50,000</td> </tr> </tbody> </table>	Name	Designation	No. of options	Mr. Vijay Ramanavarapu	President , Granules USA, Inc. (wholly owned subsidiary)	50,000	
Name	Designation	No. of options						
Mr. Vijay Ramanavarapu	President , Granules USA, Inc. (wholly owned subsidiary)	50,000						
(k) (iii)	Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.	Not Applicable						
(l)	Diluted Earnings per share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20 – Earning per share.	₹6.35 per share						
(m)	Where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost that shall have been recognised if it had used the fair value of the options.	Not Applicable						
(n)	Weighted-average exercise price, whose exercise price either equals or exceeds or is less than the market price of the stock	₹23.30/- per share						
(o)	Description of the method and significant assumptions used during the year to estimate the fair values of options.	The assumptions and model used for estimating fair value are disclosed in Note 27 of Standalone financial statements.						

• Auditors & their Report:

Statutory Auditors

M/s. B.S.R. & Associates LLP, Firm of Chartered Accountants, Hyderabad was appointed as Auditors of the Company, for a term of 5 (five) consecutive years, at the 26th Annual General Meeting held on September 28, 2017. They have confirmed that they are not disqualified from continuing as Auditors of the Company.

The Notes on financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation, adverse remark or disclaimer.

Secretarial Auditor

The Board has appointed M/s. Saurabh Poddar & Associates, Company Secretaries, to conduct Secretarial Audit for the financial year 2018-19. The Secretarial Audit Report for the financial year ended March 31, 2019 is

annexed herewith marked as **Annexure III** to the Board's Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

• Disclosures:

Meetings of the Board

Five meetings of the Board of Directors were held during the year. The particulars of meetings held and attended by each Director are detailed in the Corporate Governance Report, which forms part of this Report.

Audit Committee

The Audit Committee comprises majority of Independent Directors namely Mr. C. Parthasarathy (Chairman), Mr. L.S. Sarma, Mr. A.P. Kurian, Mr. A. Arun Rao and Mr. Krishna Prasad Chigurupati as other members. During

the year all the recommendations made by the Audit Committee were accepted by the Board.

Vigil Mechanism

The Company has a Vigil mechanism and a Whistle - blower policy in accordance with provisions of the Act and Listing Regulations, under which the employees are free to report violations of applicable laws and regulations and the Code of Conduct. Protected disclosures can be made by a whistle blower through a dedicated E-mail, or a letter to the Chairman of the Audit Committee.

The Policy on vigil mechanism and whistle blower policy may be accessed on the Company's website at: www.granulesindia.com

Code of Conduct

A declaration regarding compliance with the code of conduct signed by the Company's Chairman and Managing Director is published in the Corporate Governance Report which forms part of the annual report.

Particulars of Loans given, Investments made, Guarantees given and Securities provided

Particulars of loans given, investments made, guarantees given and securities provided are provided in the standalone financial statement (Please refer to Note No.4A, 4B and 26(b) to the standalone financial statement).

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under the Act, are provided in **Annexure V** to the Board's Report.

Extract of Annual Return

The Extract of Annual Return as per the provisions of Section 92 of the Companies Act, 2013 and Rule 12 of Companies (Management and Administration) Rules, 2014 in Form MGT-9 is Annexed herewith as **Annexure VI** to this Report

Particulars of Employees and related disclosures

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended thereof, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules forms part of this Report.

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 also forms part of this Report.

However, having regard to the provisions of the first proviso to Section 136(1) of the Act, the Annual Report excluding the aforesaid information is being sent to the members of the Company. The said information is available for inspection on all working days, during business hours, at the registered office of the Company. Any member interested in obtaining such information may write to the Company Secretary and the same will be furnished on request. This information may be accessed on the Company's website at: www.granulesindia.com

Your Directors further state that, the remuneration paid to the Key managerial Personnel and others is as per the Remuneration Policy of the Company.

Remuneration from Subsidiaries

During the year under review, Mr. Krishna Prasad Chigurupati, Chairman and Managing Director of the Company has received remuneration of \$ 38,462 from Granules Pharmaceuticals Inc., wholly owned subsidiary of the Company.

Maintenance of Cost Records specified by the Central Government under Section 148 of the Companies Act, 2013

The Company has complied with the provisions relating to maintenance of Cost Records as specified by the Central Government under Section 148 of the Companies Act, 2013 during the year under review.

Policy on Sexual Harassment and Constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has a Policy on “Prevention of Sexual Harassment of Women at Workplace” for the matters connected therewith or incidental thereto covering all the aspects as contained under the “The Sexual Harassment of Women at Workplace (Prohibition, Prevention and Redressal) Act, 2013” and constituted an Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the year under review, the Company has not received any complaints pertaining to Sexual Harassment.

The Company regularly conducts awareness programs for its employees.

General

Your Directors state that no disclosure or reporting is required in respect of the following matters as there were no transactions on these items during the year under review:

- Details relating to deposits covered under Chapter V of the Act.
- Issue of equity shares with differential rights as to dividend, voting or otherwise.
- Issue of shares (including sweat equity shares) to employees of the Company under any scheme save and except Employee Stock Option Scheme referred to in this Report.

- The Company does not have any scheme of provision of money for the purchase of its own shares by employees or by trustees for the benefit of employees.
- Cost Audit is not applicable for the financial year 2018-19.
- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company’s operations in future.
- No fraud has been reported by the Auditors to the Audit Committee or the Board.

• **Acknowledgements:**

We express our sincere appreciation and thank our valued Shareholders, Customers, Bankers, Business Partners/ Associates, Financial Institutions, Insurance Companies and Central and State Government Departments for their continued support and encouragement to the Company.

We are pleased to record our appreciation of the sincere and dedicated services of the employees and workmen at all levels.

On behalf of the Board of Directors

Krishna Prasad Chigurupati

Chairman and Managing Director

DIN: 00020180

Hyderabad, May 09, 2019

Annexure I to Board's Report

Annual Report on Corporate Social Responsibility (CSR) activities for the financial year 2018-19 as per Rule 8 of Companies (Corporate Social Responsibility Policy) Rules, 2014.

1	A brief outline of the Company's CSR Policy and a reference to the web-link to the CSR Policy and the composition of CSR Committee.	Refer Section: Corporate Social Responsibility in this Report for the composition of the Committee. CSR Policy can be accessed at the Company's website: www.granulesindia.com
2	Average profit of the Company for last three financial years.	₹19,857.44 lakhs
3	Prescribed CSR expenditure (two percent of the amount mentioned in item 2 above)	₹397.15 lakhs
4	Details of CSR spent during the financial year: Total amount to be spent for the financial year Amount unspent, if any, and reasons for not spending (reason is yet to be given)	₹87.46 lakhs ₹397.15 lakhs The amount unspent is ₹309.69 lakhs. The Company is in the process of evaluating long term projects and shall spend the amount based on the progress of materialisation of the project.
	Manner in which the amount spent during the financial year	Details given below

Details of Amount Spent on CSR Activities During the Financial Year 2018-19:

Sl. No	CSR project or activity identified	Sector in which the project is covered	Projects of programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub heads		Cumulative expenditure up to the reporting period	Amount spent: Direct or through Implementing Agency
					(1) Direct expenditure on projects or programs	(2) Overheads		
1	Skill development activity	Cl.(ii) livelihood enhancement projects	Telangana, Ranga Reddy District	₹200.00 lakhs	₹46.46 lakhs	-	₹46.46 lakhs	The amount was spent through Swarna Bharat Trust
2	Promoting Preventive Health Care	Cl.(i) promoting preventive health care	Andhra Pradesh, Guntur District	₹36.00 lakhs	₹36.00 lakhs	-	₹36.00 lakhs	The amount was spent through Sahrudaya Health, Medical and Educational Trust
3	Providing rehabilitation to Mentally Handicapped, Physically Disabled children	Cl.(ii) Promoting education, including special education to the differently abled	Telangana, Ranga Reddy District	₹5.00 lakhs	₹5.00 lakhs	-	₹5.00 lakhs	The amount was spent through Sweekaar Multi Speciality Rehabilitation Centre

Responsibility Statement

The Responsibility Statement of the Corporate Social Responsibility (CSR) Committee of the Board of Directors of the Company is reproduced below:

The implementation and monitoring of Corporate Social Responsibility (CSR) Policy, is in compliance with CSR objectives and policy of the Company.

Krishna Prasad Chigurupati

Chairman and Managing Director
Hyderabad, May 08, 2019

Uma Devi Chigurupati

Chairperson, CSR Committee
Hyderabad, May 08, 2019

Annexure II to Board's Report

To,
The Board of Directors
Granules India Limited
2nd Floor, 3rd Block
My Home Hub, Madhapur,
Hyderabad 500 081

Independent Auditors' certificate on implementation Share Based employee benefit Scheme in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the terms of resolution of the Company passed in the general meeting.

1. This Certificate is issued in accordance with the terms of our engagement letter with Granules India Limited ('the Company') dated 8 October 2018.

Management's Responsibility

2. The Company's management is solely responsible for ensuring that the Company's Share Based Employee Benefit Schemes ('Schemes') have been implemented in accordance with the SEBI regulations and in accordance with the terms of the resolutions passed by the Company and the preparation of the financial statements including the preparation and maintenance of all accounting and other relevant supporting records and documents and an internal control structure sufficient to permit the timely and reliable recording of transactions and prevention and detection of frauds and errors.

Auditors' Responsibility

3. We, B S R & Associates LLP, the statutory auditors of the Company have been requested to certify that the Company has complied with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ('SEBI Regulations') in relation to the Granules India Limited Employees Stock Option Plan as rolled out by the Company. As per this regulation, the board of directors of the Company is required to place before the shareholders at each annual general meeting, a certificate from the auditors of the Company that the schemes have been implemented in accordance with these regulations and in accordance with the terms of the resolution passed by the Company in the general meeting.

4. For the purpose of this certificate, we have relied on the audited financial statements of the Company for the year ended 31 March 2019 and information and documents as made available to us by the Company.
5. Based on this information and pursuant to the SEBI Regulations, it is our responsibility to certify that the Company's schemes have been implemented in accordance with the SEBI regulations and are in accordance with the terms of the resolution passed by the Company in the general meeting.
6. We have verified the books of accounts, underlying supporting documents and other records maintained in relation to the scheme by the Company on a test check basis. We have also obtained appropriate representation from the Company's management.
7. We conducted our examination in accordance with the Guidance Note on Reports or Certificated for Special Purpose (Revised 2016) issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note requires that we comply with the ethical requirements of the code of ethics issued by the ICAI. We have complied with the relevant applicable requirements of the standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial information, and Other Assurance and Related Services Engagements.

Opinion

8. Based on the examination carried out by us and the information and explanation provided to us, we certify, to best of our knowledge and belief, that the Granules India Limited Employees Stock Option Plan 2009 approved by the Company at their general meeting held on 25 September 2009 and Employees Stock Option Plan 2017 at their general meeting held on 28 September 2017 have been implemented in accordance with the provisions of the SEBI Regulations and relevant amendments from time

to time and in accordance with the terms of the aforesaid resolutions passed by the Company.

Restriction on Use

9. This Certificate has been issued to the Company for placing before the Company's shareholders at its annual general meeting, and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this report is shown or into

whose hands it may come save where expressly agreed by our prior consent in writing.

For **B S R & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 116231W/ W-100024

Sriram Mahalingam

Partner

Place: Hyderabad

Membership No: 049642

Date: May 09, 2019

ICAI UDIN: 19049642AAAAAG9402

Annexure III to Board's Report

Form No. MR-3

Secretarial Audit Report

For the Financial Year Ended 31-03-2019

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
M/s. Granules India Limited

I, have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. Granules India Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the M/s. Granules India Limited books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I, have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. Granules India Limited ("the Company") for the financial year ended on 31st March 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not applicable to the Company during the Audit Period)**
 - (d) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the Company during the Audit Period)**
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the Company during the Audit Period)** and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **(Not applicable to the Company during the Audit Period)**
- (vi) I further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance

thereof the Company has complied with the following laws applicable specifically to the Company:

1. Drugs and Cosmetics Act, 1940 and Rules made there under; and
2. Drugs Price Control Order, 2013 and notifications made there under.
3. Trade Unions Act, 1926
4. Industrial Employment Standing Order Act, 1946.
5. Industrial Disputes Act, 1947.
6. Payment of Wages Act, 1936
7. Minimum Wages Act, 1948
8. Payment of Bonus Act, 1965.
9. Factories Act, 1948.
10. Contract Labour (Regulation & Abolition) Act, 1970.
11. Dangerous Machines (Regulation) Act, 1983
12. Industrial Employment (Standing Orders) Act, 1946
13. Private Security Agencies (Regulation) Act, 2005
14. Maternity Benefit Act, 1961
15. Equal Remuneration Act, 1976
16. Child Labour (Prohibition & Regulation) Act, 1986
17. Workmen's Compensation Act, 1923.
18. Employees' State Insurance Act, 1948.
19. Employees' Provident Fund & Miscellaneous Provisions Act, 1952.
20. Payment of Gratuity Act, 1972.
21. Fatal Accidents Act, 1855
22. Unorganised Workers' Social Security Act, 2008
23. The Weekly Holidays Act, 1942
24. Shop & Establishments Act,
25. Information Technology Act, 2000
26. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
27. The Standards of Weight & Measurement Act, 1985
28. The Water (Prevention and control of pollution) Act 1974, The Air (Prevention and control of pollution) Act 1981 and The Environment Protection Act, 1986 and rules made thereunder.
29. Public Liability Insurance Act, 1991
30. Indian Boilers Act, 1923

31. Biological Diversity Act, 2002
32. Special Economic Zones Act, 2005

I, have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India
- (ii) The Securities And Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that:-

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors and there is no other change in the composition of the Board of Directors.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting member's views are captured and recorded if any as part of the minutes.

I, further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I, further report that during the audit period

- (i) The company has allotted 4,10,000 equity shares of ₹1/- each upon exercise of stock options granted to employees

For **Saurabh Poddar & Associates**
Company Secretaries

Saurabh Poddar
Proprietor

Place: Hyderabad
Date : May 09, 2019

FCS No :- 9190
C. P. No :- 10787

Annexure - A

To,
The Members,
Granules India Limited

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **Saurabh Poddar & Associates**
Company Secretaries

Saurabh Poddar

Proprietor

FCS No :- 9190

C. P. No :- 10787

Place: Hyderabad
Date : May 09, 2019

Annexure IV to Board's Report

Disclosure of particulars of Contracts/Arrangements entered into by the Company

Form No. AOC-2 (Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1. There are no contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 which are not at arm's length basis.
2. Contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 which are at arm's length basis:

Sl. No.	Names of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts or arrangements or transaction including the value, if any:	Salient terms of the contracts or arrangements or transaction including the value, if any:	Date(s) of approval by the Board/:	Amount paid as advances, if any:	Justification for entering into contracts
1	Granules USA, Inc. (Wholly Owned foreign subsidiary)	Sale of goods	FY 2018-19	₹32,503.92 lakhs	24.05.2018	NIL	The transaction is at arm's length price
2	Granules Pharmaceuticals, Inc. (Wholly Owned foreign subsidiary)	Sale of goods	FY 2018-19	₹6,222.71 lakhs	24.05.2018	NIL	The transaction is at arm's length price
3.	Granules – Biocause Pharmaceutical Co. Ltd. (Associate)	Purchase of goods	FY 2018-19	₹13,424.39 lakhs	24.05.2018	NIL	The transaction is at arm's length price

On behalf of the Board of Directors

Krishna Prasad Chigurupati

Chairman and Managing Director

DIN: 00020180

Hyderabad, May 09, 2019

Annexure V to Board's Report

Particulars of Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo required under the Companies (Accounts) Rules, 2014.

Form A – Particulars of Conservation of Energy

A. Power and Fuel Consumption

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
1. Electricity		
Unit (KWH)	5,35,29,377	4,49,86,073
Total amount (₹ in lakhs)	3,658.70	3,274.74
Rate/Unit (₹)	6.83	7.28
Rate/Kg of production (₹)	8.30	7.73
2. Own generation from Diesel generator		
Unit (KWH)	14,28,614	12,23,972
Total amount (₹ in lakhs)	314.26	192.61
Rate/unit (₹)	22.00	15.74
Unit/kg of production	0.03	0.03
Rate/kg of production (₹)	0.71	0.45
3. Coal		
Quantity (MT)	21,084.44	19,041.46
Total cost (₹ in lakhs)	1,447.77	1,300.87
Rate/MT (₹)	6,866.52	6,831.80
Rate/kg of production (₹)	3.29	3.07
4. Furnace Oil, LSHS and LD oil		
Quantity (K. Ltrs.)	52.23	25.51
Total cost (₹ in lakhs)	16.57	7.75
Average/K. ltrs. (₹)	31.72	30.39
Rate/kg of production (₹)	0.04	0.02

B. Consumption per unit of production

Particulars	Standards	Current year	Previous year
Products (with details) unit			
Electricity			
Furnace oil			
Coal			

Since the Company manufactures a wide range of bulk drugs, granulations and different combinations of finished dosages, it is not practicable to give consumption per unit of production.

Form B – Particulars of Absorption

Research & Development:

With decades of dedication and deliberation, Granules has been passionately translating science and technology into

pharmaceutical development and manufacturing, marking its presence globally. With "sustainable growth," as our core value, our strong R&D capabilities are the driving forces to our current and future momentum and growth. With innovation at various levels instilled into the roots of the company, the contribution of R&D is a crucial attribute in fostering our vision.

We are augmenting our research capabilities and expanding our product basket to address the prospective demand across several markets. From a commercial perspective, our strategic product, process and market approaches give us a competitive advantage which will enable us to be an integrated player offering both drug substance and the drug product in niche areas. We are also sharpening our competitive advantage with intellectual property-protected innovation and a focus on limited competition opportunities.

2018-19 - Highlights

Core Business: The core business, the “core,” of Granules as it stands today remained our focus. While we have been continuously expanding our portfolio, continuous process efficiencies for products within this basket which focuses on volume products built on maximising process efficiencies and vertical integration; Acetaminophen, Metformin HCL, Ibuprofen, Guaifenesin and Methocarbamol remained a priority. We have also introduced one new product Cetirizine into it and the development of two additional products to add to this basket, which we will offer as integrated products to the market.

Emerging Business: Our portfolio selection process for our “Emerging business,” focused on identifying and developing entry barrier products, with varied complexities at API and/or formulation stage. We developed APIs that cover a broad spectrum of therapeutic categories and expanded capabilities into oncology actives. In our endeavor to expand the oncology portfolio, we established a manufacturing facility and development laboratory for oncology API and formulations.

We had filed 23 (2 in FY 18-19) U.S. Drug Master Files (“USDMFs”) across several therapeutic categories with the United States Food and Drug Administration (“U.S. FDA”) for distribution of our products in the United States, 13 (2 in FY 18-19) Certificates of Suitability (“CEPs”) with the European Directorate for the Quality of Medicines (“EDQM”) and we have 6 European Drug Master Files (“EDMFs”) for distribution of our products in Europe, along with other regulatory filings in key regulated markets to support potential ANDA and dossier registration filings. We intend to operationalise some of our USDMFs by filing ANDAs to forward integrate into FDFs. In finished dosage form, we had made 32 (12 in FY 18-19) ANDA filings with the U.S. FDA of which 11 have been approved. We aim to continue this momentum by executing development of

products from our pipeline of complex technology products within the immediate release, extended release, delayed release, MUPS, powders and suspensions dosages.

We have also embarked upon our journey to build Granules’ intellectual property assets. Granules currently possess 4 Granted patents and 49 Patent applications are active stage in various countries.

In FY 2018-19, 04 Indian Patent applications were filed. These inventions were primarily directed towards new process for manufacturing intermediates and or APIs, pharmaceutical composition thereof.

Looking ahead

We will continue to leverage our experienced learnings on scale economies and ensure regulatory submission of additional products along with continuously improving process efficiencies for our existing core products.

We will make considerable progress in extending our technical capabilities within the Oncology space and ensure process development, validations and regulatory filings.

Our R&D activities and initiatives will enhance our product registrations and filings and will widen our product basket in the key markets of focus to solidify our global presence.

Expenditure incurred on Research and Development

Particulars	₹ in lakhs	
	FY 2018-19	FY 2017-18
Capital	1,327.40	463.25
Revenue	3,905.65	3,574.03
Total	5,233.05	4,037.28

Form C – Total Foreign Exchange Earned and Used

Particulars	₹ in lakhs	
	FY 2018-19	FY 2017-18
Foreign Exchange Earnings	156,029.79	1,23,523.08
Foreign Exchange Outgo	84,186.11	54,820.98

On behalf of the Board of Directors

Krishna Prasad Chigurupati

Chairman and Managing Director

Hyderabad, May 09, 2019

DIN: 00020180

Annexure VI to Board's Report

FORM NO. MGT 9

Extract of Annual Return

As on the financial year ended on March 31, 2019

[Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management & Administration) Rules, 2014

I. Registration & Other Details:

i.	CIN	L24110TG1991PLC012471
ii.	Registration Date	18th March 1991
iii.	Name of the Company	Granules India Limited
iv.	Category/Sub-category of the Company	Company Limited by shares/Public non-government company
v.	Address of the Registered office & contact details	2nd Floor, 03rd Block, My Home Hub, Madhapur, Hyderabad (TS) 500 081. Ph: +91-40-30660000 Fax: +91-40-23115145 E-mail: investorrelations@granulesindia.com URL: www.granulesindia.com
vi.	Whether listed company	YES/NO
vii.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Karvy Fintech Pvt. Ltd Unit: Granules India Limited, Karvy Selenium Tower B, Plot No. 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad - 500 032, Telangana State (TS) – India Tel: +91 040 67161500, Toll Free No:1-800-3454-001 Fax: +91 40 23001153 Email :- einward.ris@karvy.com www.karvyfintech.com

II. Principal Business Activities of The Company

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

Sl. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Pharmaceutical Products	21002	100%

III. Particulars of Holding, Subsidiary and Associate Companies:

Sl. No.	Name and Address of the Company	CIN	Holding/ Subsidiary / Associate	% of Shares Held	Applicable Section
1	Granules OmniChem Private Limited	U24233TG2011PTC076274	Associate	50%	2(6)
2	Granules-Biocause Pharmaceutical Co. Ltd	Not Applicable	Associate	50%	2(6)
3	Granules USA, Inc.	Not Applicable	Subsidiary	100%	2(87)(ii)
4	Granules Pharmaceuticals, Inc.	Not Applicable	Subsidiary	100%	2(87)(ii)
5	Granules Europe Limited	Not Applicable	Subsidiary	100%	2(87)(ii)

IV. Share Holding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2018]				No. of Shares held at the end of the year [As on 31-March-2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter and Promoter Group									
(1) Indian									
a) Individual/ HUF	109317005	0	109317005	43.07	104329405	0	104329405	41.04	(2.03)
b) Central Govt									
c) State Govt(s)									
d) Bodies Corp.	3807096	0	3807096	1.50	3807096	0	3807096	1.50	0.00
e) Banks / FI									
f) Any other									
Sub-Total A(1)	113124101	0	113124101	44.57	108136501	0	108136501	42.53	(2.03)
(2) Foreign									
a) Individuals (NRIs/Foreign Individuals)	946700	0	946700	0.37	946700	0	946700	0.37	0.00
b) Bodies Corporate									
c) Others									
Sub-Total A(2)	946700	0	946700	0.37	946700	0	946700	0.37	0.00
Total shareholding of Promoter & Promoter Group (A)	114070801	0	114070801	44.94	109083201	0	109083201	42.90	(2.03)
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	11172967	0	11172967	4.40	1141109	0	1141109	0.45	(3.95)
b) Banks / FI	7567719	0	7567719	2.98	7643493	0	7643493	3.01	0.03
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FPC	26914558	0	26914558	10.60	32464362	0	32464362	12.77	2.17
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B)(1):-	45655244	0	45655244	17.99	41248964	0	41248964	16.22	(1.76)
(2) Non-Institutions									
a) Bodies Corp.	18015326	0	18015326	7.10	23687152	0	23687152	9.32	2.22
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital up to ₹1 lakh	55158634	315720	55474354	21.85	55861504	227620	56089124	22.06	0.21
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	15327171	185000	15512171	6.11	18653841	0	18653841	7.34	1.23
c) Others (specify) NBFCs Register With RBI	63893	0	63893	0.03	341384	0	341384	0.13	0.10

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2018]				No. of Shares held at the end of the year [As on 31-March-2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
i) Non Resident Indians	3332327	0	3332327	1.31	3268501	0	3268501	1.29	(0.02)
ii) Non Resident Indians Non-Repatriation	772134	0	772134	0.30	904737	0	904737	0.36	0.05
iii) Overseas Corporate Bodies									
iv) Clearing Members	572679	0	572679	0.23	502521	0	502521	0.20	(0.02)
v) Trusts	200200	0	200200	0.08	233100	0	233100	0.09	0.01
vi) Investor Education and Protection Fund Authority (IEPF)	168433	0	168433	0.07	235037	0	235037	0.09	0.03
Sub-total (B)(2):-	93610797	500720	94111517	37.08	103687777	227620	103915397	40.87	3.80
Total Public Shareholding (B)=(B)(1)+ (B)(2)	139266041	500720	139766761	55.06	144936741	227620	145164361	57.10	2.04
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	253336842	500720	253837562	100	254019942	227620	254247562	100	

ii) Shareholding of Promoter and Promoter group

Sl. No.	Shareholder's Name	Shareholding at the end of the year 31st March 2018			Shareholding at the end of the year 31st March 2019			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
Shareholding of Promoter								
1	Krishna Prasad Chigurupati	95329927	37.56	41.51	90329927	35.53	43.81	(2.03)
Shareholding of Promoter group								
2	Uma Devi Chigurupati	9902860	3.90	81.04	9902860	3.89	78.46	(0.01)
3	Pragnya Chigurupati	1964320	0.77	0.00	1973020	0.78	0.00	0.01
4	Priyanka Chigurupati	1953898	0.77	0.00	1957598	0.77	0.00	0
5	Harsha Chigurupati	0.00	0.00	0.00	0.00	0.00	0.00	0
6	Suseela Devi Chigurupati	166000	0.07	0.00	166000	0.07	0.00	0
7	Santhi Sree Ramanavarapu	917200	0.36	0.00	917200	0.36	0.00	0
8	Tyche Investments Private Limited	3807096	1.50	0.00	3807096	1.50	0.00	0
9	Yedaguri Nikhila Reddy	29500	0.01	0.00	29500	0.01	0.00	0
	Total	114070801	44.94		109083201	42.90		(2.03)

iii) Change in Promoter and Promoter group Shareholding

Sl. No.	Particular	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2018 to 31-03-2019)	
							No. of Shares	% of total shares of the Company
	At the beginning of the Year on 01.04.2018	114070801	44.94					
				02.08.2018	3700	Purchase	114074501	44.89
				02.11.2018	3875	Purchase	114078376	44.88
				16.11.2018	4825	Purchase	114083201	44.88
				08.03.2019	(5000000)	Sale	109083201	42.90
	At the end of the year						109083201	42.90

iv) Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Life Insurance Corporation of India	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2018 to 31-03-2019)	
							No. of Shares	% of total shares of the Company
1.	At the beginning of the Year	7000000	2.76					
	At the end of the year (or on the date of separation, if separated during the year)						7000000	2.75

Sl. No.	Triton Securities LLP	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2018 to 31-03-2019)	
							No. of Shares	% of total shares of the Company
2.	At the beginning of the Year	6829270	2.69					
	At the end of the year (or on the date of separation, if separated during the year)						6829270	2.69

Sl. No.	Government Pension Fund Global	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2018 to 31-03-2019)	
							No. of Shares	% of total shares of the Company
3.	At the beginning of the Year	6393908	2.52					
	At the end of the year (or on the date of separation, if separated during the year)			08.03.2019	207680	Purchase	6601588	2.60
							6601588	2.60

Sl. No.	Ontario Pension Board- Mondrian Investment Partners Limited	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/ Decrease in Share-holding	Reason	Cumulative Shareholding during the year (01-04-2018 to 31-03-2019)	
							No. of Shares	% of total shares of the Company
4.	At the beginning of the Year	2129892	0.84					
				15.06.2018	155170	Purchase	2285062	0.90
				29.06.2018	326013	Purchase	2611075	1.03
				06.07.2018	135746	Purchase	2746821	1.08
	At the end of the year (or on the date of separation, if separated during the year)						2746821	1.08

Sl. No.	Macquarie Emerging Markets Asian Trading PTE. LTD.	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/ Decrease in Share-holding	Reason	Cumulative Shareholding during the year (01-04-2018 to 31-03-2019)	
							No. of Shares	% of total shares of the Company
5.	At the beginning of the Year	383384	0.15					
				06.04.2018	(383384)	Sale	Nil	0.00
	At the end of the year (or on the date of separation, if separated during the year)						Nil	0.00

Sl. No.	EM Resurgent Fund	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/ Decrease in Share-holding	Reason	Cumulative Shareholding during the year (01-04-2018 to 31-03-2019)	
							No. of Shares	% of total shares of the Company
6.	At the beginning of the Year	1682950	0.74					
				04.05.2018	(308500)	Sale	1374450	0.54
				11.05.2018	(1374450)	Sale	Nil	0.00
	At the end of the year (or on the date of separation, if separated during the year)						Nil	0.00

Sl. No.	Ramanavarapu Vijay	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/ Decrease in Share-holding	Reason	Cumulative Shareholding during the year (01-04-2018 to 31-03-2019)	
							No. of Shares	% of total shares of the Company
7.	At the beginning of the Year	1461868	0.58					
	At the end of the year (or on the date of separation, if separated during the year)						1461868	0.57

Sl. No.	Mondrian Emerging Markets Small Cape equity Fund, L	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2018 to 31-03-2019)	
							No. of Shares	% of total shares of the Company
8.	At the beginning of the Year	3491629	1.38					
				15.06.2018	193990	Purchase	3685619	1.45
				29.06.2018	422462	Purchase	4108081	1.62
				28.09.2018	(420000)	Sale	3688081	1.45
				05.10.2018	(487465)	Sale	3200616	1.26
	At the end of the year (or on the date of separation, if separated during the year)						3200616	1.26

Sl. No.	DHFL Pramerica Trustees Private Limited A/C DHFL Pramerica Arbitrage Fund	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2018 to 31-03-2019)	
							No. of Shares	% of total shares of the Company
9.	At the beginning of the Year	1265000	0.50					
				23.11.2018	(95000)	Sale	1170000	0.46
				30.11.2018	(1170000)	Sale	Nil	0.00
	At the end of the year (or on the date of separation, if separated during the year)						Nil	0.00

Sl. No.	Societe Generale	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2018 to 31-03-2019)	
							No. of Shares	% of total shares of the Company
10.	At the beginning of the Year	726325	0.29					
				06.04.2018	(40000)	Sale	686325	0.27
				27.04.2018	(225000)	Sale	461325	0.18
				04.05.2018	56860	Purchase	518185	0.20
				11.05.2018	(281860)	Sale	236325	0.09
				25.05.2018	246229	Purchase	482554	0.19
				01.06.2018	(466229)	Sale	16325	0.01
				15.06.2018	100619	Purchase	116944	0.05
				22.06.2018	189405	Purchase	306349	0.12
				29.06.2018	18816	Purchase	325165	0.13
				06.07.2018	120338	Purchase	445503	0.18
				13.07.2018	(315570)	Sale	129933	0.05
				20.07.2018	(113608)	Sale	16325	0.01
				03.08.2018	10000	Purchase	26325	0.01

Sl. No.	Societe Generale	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/ Decrease in Share-holding	Reason	Cumulative Shareholding during the year (01-04-2018 to 31-03-2019)	
							No. of Shares	% of total shares of the Company
				10.08.2018	15000	Purchase	41325	0.02
				31.08.2018	41833	Purchase	83158	0.03
				07.09.2018	308167	Purchase	391325	0.15
				14.09.2018	(5000)	Sale	386325	0.15
				28.09.2018	(5000)	Sale	381325	0.15
				05.10.2018	(185000)	Sale	196325	0.08
				12.10.2018	(120000)	Sale	76325	0.03
				26.10.2018	(75000)	Sale	1325	0.00
				30.11.2018	(1325)	Sale	Nil	0.00
At the end of the year (or on the date of separation, if separated during the year)							Nil	0.00

Sl. No.	Emerging Markets Core Equity Portfolio (The Portfolio) of DFA Investment Dimensions Group INC. (DFAIDG)	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/ Decrease in Share-holding	Reason	Cumulative Shareholding during the year (01-04-2018 to 31-03-2019)	
							No. of Shares	% of total shares of the Company
11.	At the beginning of the Year	815953	0.32					
				08.06.2018	18578	Purchase	834531	0.33
				12.10.2018	115561	Purchase	950092	0.37
				11.01.2019	9986	Purchase	960078	0.38
				18.01.2019	9872	Purchase	969950	0.38
				01.02.2019	8729	Purchase	978679	0.38
				01.03.2019	82176	Purchase	1060855	0.42
				08.03.2019	18336	Purchase	1079191	0.42
				15.03.2019	19106	Purchase	1098297	0.43
At the end of the year (or on the date of separation, if separated during the year)							1098297	0.43

Sl. No.	JM Financial Mutual Fund - JM Arbitrage Advantage Fund	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2018 to 31-03-2019)	
							No. of Shares	% of total shares of the Company
12.	At the beginning of the Year	1140000	0.45					
				27.07.2018	(65000)	Sale	1075000	0.42
				10.08.2018	(35000)	Sale	1040000	0.41
				30.11.2018	(1040000)	Sale	Nil	0.00
	At the end of the year (or on the date of separation, if separated during the year)						Nil	0.00

Sl. No.	Kotak Equity Savings Fund	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2018 to 31-03-2019)	
							No. of Shares	% of total shares of the Company
13.	At the beginning of the Year	2743746	1.08					
				06.04.2018	35000	Purchase	2778746	1.09
				20.04.2018	135000	Purchase	2913746	1.15
				27.04.2018	(5000)	Sale	2908746	1.15
				04.05.2018	50000	Purchase	2958746	1.17
				25.05.2018	(658746)	Sale	2300000	0.91
				01.06.2018	(310000)	Sale	1990000	0.78
				15.06.2018	(200000)	Sale	1790000	0.71
				22.06.2018	(70000)	Sale	1720000	0.68
				29.06.2018	(190000)	Sale	1530000	0.60
				20.07.2018	(120000)	Sale	1410000	0.55
				27.07.2018	(495000)	Sale	915000	0.36
				03.08.2018	1200000	Purchase	2115000	0.83
				24.08.2018	75000	Purchase	2190000	0.86
				31.08.2018	(275000)	Sale	1915000	0.75
				14.09.2018	70000	Purchase	1985000	0.78
				28.09.2018	(1055000)	Sale	930000	0.37
				12.10.2018	175000	Purchase	1105000	0.43
				19.10.2018	185000	Purchase	1290000	0.51
				26.10.2018	10000	Purchase	1300000	0.51
				02.11.2018	235000	Purchase	1535000	0.60
				09.11.2018	125000	Purchase	1660000	0.65
				16.11.2018	130000	Purchase	1790000	0.70
				30.11.2018	(1790000)	Sale	Nil	0.00
	At the end of the year (or on the date of separation, if separated during the year)						Nil	0.00

Sl. No.	Morgan Stanley Mauritius Company Limited	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2018 to 31-03-2019)	
							No. of Shares	% of total shares of the Company
14.	At the beginning of the Year	827970	0.36					
				25.05.2018	(179886)	Sale	648084	0.26
				01.06.2018	(648084)	Sale	Nil	0.00
	At the end of the year (or on the date of separation, if separated during the year)						Nil	0.00

Sl. No.	India first life Insurance Company LTD	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2018 to 31-03-2019)	
							No. of Shares	% of total shares of the Company
15.	At the beginning of the Year	942887	0.37					
				11.05.2018	(258188)	Sale	684699	0.27
				08.06.2018	(293140)	Sale	391559	0.15
				22.06.2018	(3317)	Sale	388242	0.15
				29.06.2018	(19756)	Sale	368486	0.15
				06.07.2018	(16831)	Sale	351655	0.14
	At the end of the year (or on the date of separation, if separated during the year)						351655	0.14

Sl. No.	Kairal Fund Pte. Ltd	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2018 to 31-03-2019)	
							No. of Shares	% of total shares of the Company
16.	At the beginning of the Year	Nil	0.00					
				01.03.2019	167604	Purchase	167604	0.07
				08.03.2019	300000	Purchase	467604	0.18
				15.03.2019	400000	Purchase	867604	0.34
				22.03.2019	660509	Purchase	1528113	0.60
				29.03.2019	45000	Purchase	1573113	0.62
	At the end of the year (or on the date of separation, if separated during the year)						1573113	0.62

Sl. No.	Pace Stock Broking Services Private Limited	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2018 to 31-03-2019)	
							No. of Shares	% of total shares of the Company
17.	At the beginning of the Year	2630	0.00					
				06.04.2018	50	Purchase	2680	0.00
				13.04.2018	(50)	Sale	2630	0.00
				20.04.2018	180	Purchase	2810	0.00
				27.04.2018	1150	Purchase	3960	0.00
				04.05.2018	(150)	Sale	3810	0.00
				11.05.2018	840	Purchase	4650	0.00
				18.05.2018	163	Purchase	4813	0.00
				25.05.2018	763	Purchase	5576	0.00
				01.06.2018	(146)	Sale	5430	0.00
				08.06.2018	2148	Purchase	7578	0.00
				15.06.2018	(2525)	Sale	5053	0.00
				22.06.2018	248	Purchase	5301	0.00
				29.06.2018	2804	Purchase	8105	0.00
				06.07.2018	(1152)	Sale	6953	0.00
				13.07.2018	(780)	Sale	6173	0.00
				20.07.2018	940	Purchase	7113	0.00
				27.07.2018	(533)	Sale	6580	0.00
				03.08.2018	1073	Purchase	7653	0.00
				10.08.2018	(130)	Sale	7523	0.00
				17.08.2018	223	Purchase	7746	0.00
				24.08.2018	(1133)	Sale	6613	0.00
				31.08.2018	1348	Purchase	7961	0.00
				07.09.2018	(4326)	Sale	3635	0.00
				14.09.2018	4476	Purchase	8111	0.00
				21.09.2018	35000	Purchase	43111	0.02
				21.09.2018	(2100)	Sale	41011	0.02
				28.09.2018	300	Purchase	41311	0.02
				28.09.2018	(35000)	Sale	6311	0.00
				05.10.2018	5600	Purchase	11911	0.00
				12.10.2018	(5000)	Sale	6911	0.00
				19.10.2018	50	Purchase	6961	0.00
				26.10.2018	(1100)	Sale	5861	0.00
				02.11.2018	(605)	Sale	5256	0.00
				09.11.2018	182	Purchase	5438	0.00
				16.11.2018	199373	Purchase	204811	0.08
				23.11.2018	48000	Purchase	252811	0.10
				30.11.2018	1510000	Purchase	1762811	0.69
				30.11.2018	(222100)	Sale	1540711	0.61
				07.12.2018	25250	Purchase	1565961	0.62

Sl. No.	Pace Stock Broking Services Private Limited	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2018 to 31-03-2019)	
							No. of Shares	% of total shares of the Company
				07.12.2018	(670000)	Sale	895961	0.35
				14.12.2018	(660)	Sale	895301	0.35
				21.12.2018	(12690)	Sale	882611	0.35
				28.12.2018	(1)	Sale	882610	0.35
				18.01.2019	470000	Purchase	1352610	0.53
				01.02.2019	200100	Purchase	1552710	0.61
				08.02.2019	2	Purchase	1552712	0.61
				22.02.2019	15000	Purchase	1567712	0.62
				22.02.2019	(40000)	Sale	1527712	0.60
				01.03.2019	(5000)	Sale	1522712	0.60
				08.03.2019	(250350)	Sale	1272362	0.50
				15.03.2019	48988	Purchase	1321350	0.52
				22.03.2019	460	Purchase	1321810	0.52
				29.03.2019	(50)	Sale	1321760	0.52
At the end of the year (or on the date of separation, if separated during the year)							1321760	0.52

Sl. No.	Akash Bhanshali	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2018 to 31-03-2019)	
							No. of Shares	% of total shares of the Company
18.	At the beginning of the Year	Nil	0.00					
				15.03.2019	1218559	Purchase	1218559	0.48
At the end of the year (or on the date of separation, if separated during the year)							1218559	0.48

Sl. No.	Dimensional Emerging Markets Value Fund	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2018 to 31-03-2019)	
							No. of Shares	% of total shares of the Company
19.	At the beginning of the Year	247424	0.10					
				13.04.2018	49229	Purchase	296653	0.12
				27.04.2018	22499	Purchase	319152	0.13
				11.05.2018	107213	Purchase	426365	0.17
				18.05.2018	65806	Purchase	492171	0.19
				08.06.2018	84008	Purchase	576179	0.23
				15.06.2018	182024	Purchase	758203	0.30
				22.06.2018	183876	Purchase	942079	0.37
				29.06.2018	94118	Purchase	1036197	0.41
				13.07.2018	423564	Purchase	1459761	0.57
				20.07.2018	83929	Purchase	1543690	0.61
				27.07.2018	119273	Purchase	1662963	0.65
				03.08.2018	222424	Purchase	1885387	0.74
				22.02.2019	12153	Purchase	1897540	0.75
				22.03.2019	57059	Purchase	1954599	0.77
	At the end of the year (or on the date of separation, if separated during the year)						1954599	0.77

Sl. No.	Aqua Trading LLP	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2018 to 31-03-2019)	
							No. of Shares	% of total shares of the Company
20.	At the beginning of the Year	Nil	0.00					
				17.08.2018	20000	Purchase	20000	0.01
				12.10.2018	(20000)	Sale	Nil	0.00
				08.03.2019	703352	Purchase	703352	0.28
				15.03.2019	584148	Purchase	1287500	0.51
				22.03.2019	37500	Purchase	1325000	0.52
	At the end of the year (or on the date of separation, if separated during the year)						1325000	0.52

v) Shareholding of Directors and Key Managerial Personnel:

Executive Directors

Sl. No.	Krishna Prasad Chigurupati	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2018 to 31-03-2019)	
							No. of Shares	% of total shares of the Company
1.	At the beginning of the Year	95329927	37.56					
	At the end of the year			08.03.2019	(5000000)	Sale	90329927	35.53

Sl. No.	Uma Devi Chigurupati	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2018 to 31-03-2019)	
							No. of Shares	% of total shares of the Company
2.	At the beginning of the Year	9902860	3.90					
	At the end of the year				No Change during the year		9902860	3.89

Sl. No.	V.V.N.K.V. Prasada Raju*	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2018 to 31-03-2019)	
							No. of Shares	% of total shares of the Company
3.	At the beginning of the Year	100000	0.04					
	At the time of separation				No Change during the year		100000	0.04

*Dr. V.V.N.K.V. Prasada Raju was Executive Director of the Company till January 29, 2019.

Non-Executive Directors

Sl. No.	L. S. Sarma	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2018 to 31-03-2019)	
							No. of Shares	% of total shares of the Company
1.	At the beginning of the Year	160000	0.07					
	At the end of the year				No Change during the year		160000	0.06

Sl. No.	A. P. Kurian	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2018 to 31-03-2019)	
							No. of Shares	% of total shares of the Company
2.	At the beginning of the Year	450000	0.18			No Change during the year		
	At the end of the year						450000	0.18

Sl. No.	C. Parthasarathy	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2018 to 31-03-2019)	
							No. of Shares	% of total shares of the Company
3.	At the beginning of the Year	400000	0.16					
	At the end of the year			07.11.2018	5000	Purchase	405000	0.16

Sl. No.	A. Arun Rao	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2018 to 31-03-2019)	
							No. of Shares	% of total shares of the Company
4.	At the beginning of the Year	10000	0.00			No Change during the year		
	At the end of the year						10000	0.00

Sl. No.	Dr. Krishna Murthy Ella	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2018 to 31-03-2019)	
							No. of Shares	% of total shares of the Company
5.	At the beginning of the Year	400000	0.16			No Change during the year		
	At the end of the year						400000	0.16

Sl. No.	K. B. Sankar Rao	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2018 to 31-03-2019)	
							No. of Shares	% of total shares of the Company
6.	At the beginning of the Year	3636360	1.59					
	At the end of the year			14.05.2018	(31100)	Sale	3605260	1.42

Sl. No.	Arun Sawhney	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2018 to 31-03-2019)	
							No. of Shares	% of total shares of the Company
7.	At the beginning of the Year	Nil	Nil					
	At the end of the year						Nil	Nil

Sl. No.	Robert George Cunard	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2018 to 31-03-2019)	
							No. of Shares	% of total shares of the Company
8.	At the beginning of the Year	Nil	Nil					
	At the end of the year						Nil	Nil

Key Managerial Personnel

Sl. No.	K. Ganesh	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2018 to 31-03-2019)	
							No. of Shares	% of total shares of the Company
1.	At the beginning of the Year	Nil	Nil					
	At the end of the year						Nil	Nil

Sl. No.	Chaitanya Tummala	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2018 to 31-03-2019)	
							No. of Shares	% of total shares of the Company
2.	At the beginning of the Year At the end of the year	<u>Nil</u>	<u>Nil</u>				<u>Nil</u>	<u>Nil</u>

V) Indebtedness - Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(₹ In lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	97,824.35	19.78	-	97,844.13
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	232.29	-	-	232.29
Total (i+ii+iii)	98,056.64	19.78	-	98,076.42
Change in Indebtedness during the financial year				
	-	-	-	-
Addition (including forex fluctuation)	3469.24	-	-	3469.24
Reduction	(2175.64)	(19.78)	-	(2,195.42)
Net Change	1,293.60	(19.78)	-	1,273.82
Indebtedness at the end of the financial year				
i) Principal Amount	99,117.94	-	-	99,117.94
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	300.29	-	-	300.29
Total (i+ii+iii)	99,418.23	-	-	99,418.23

VI. Remuneration Of Directors And Key Managerial Personnel-

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(₹ In lakhs)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		Krishna Prasad Chigurupati (Chairman & Managing Director)	Uma Devi Chigurupati (Executive Director)	V.V.N.K.V. Prasada Raju (Executive Director)	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	180.00	22.64	74.73	277.37
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	31.74	-	0.34	32.08
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961				
2	Stock Option				
3	Sweat Equity				
4	Commission	1287.30	1176.59	182.80	2646.69
	- as % of profit				
	- others, specify				
5	Others, please specify				
	Total (A)	1499.04	1199.23	257.87	2956.14
	Ceiling as per the Act (being 10% of the net profits of the Company calculated as per section 198 of the Companies Act, 2013).				2998.08

*Dr. V.V.N.K.V. Prasada Raju was Executive Director of the Company till January 29, 2019 and managerial remuneration was paid till that date.

B. Remuneration to other directors

(₹ In lakhs)

Sl. No.	Particulars of Remuneration	Name of the Directors					Total Amount
		L. S. Sarma	A. P. Kurian	C. Parthasarathy	A. Arun Rao	Krishna Murthy Ella	
1	Independent Directors	8.70	2.80	4.70	9.80	1.20	27.20
	Fee for attending Board and committee meetings						
	Commission						
	Others, please specify						
	Total (1)						27.20
2	Other Non-Executive Directors	K.B. Sankar Rao	Harsha Chigurupati	Arun Sawhney	Robert George Cunard		
	Fee for attending Board and committee meetings	6.80	2.00	2.80	0.40		12.00
	Commission						
	Others, please specify						
	Total (2)						12.00
	Total (B)=(1+2)						39.20
	Overall Ceiling as per the Act is ₹299.81 lakhs being 1% of the net profits of the Company calculated as per section 198 of the Companies Act, 2013.						
	Total Managerial Remuneration*						2995.34

* Total remuneration to Managing Director, Whole-Time Directors and other Directors (being the total of A and B).

C. Remuneration To Key Managerial Personnel Other Than MD/Manager/WTD

(₹ In lakhs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total
		CEO	K. Ganesh v (CFO)	Chaitanya Tummala (CS)	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		181.41	28.30	209.71
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		1.84	2.64	4.48
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961				
	Stock Option				
	Sweat Equity				
	Commission				
	- as % of profit				
	others, specify				
	Others, please specify				
	Total		183.25	30.94	214.19

VII. Penalties / Punishment / Compounding of Offences:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. Company					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
B. Directors					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
C. Other Officers in Default					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

On behalf of the Board of Directors

Krishna Prasad Chigurupati

Chairman and Managing Director

DIN: 00020180

Hyderabad, May 09, 2019

Corporate Governance Report

In accordance with regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended thereof (Listing Regulations), the report containing the details of Corporate Governance systems and processes at Granules India Limited as follows:

COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Granules India Limited (Granules/Company) ensures adherence and enforcement of the principles of corporate governance with a focus on transparency, professionalism, fairness and accountability. The Company believes that corporate governance has a role to ensure that the Directors of the Company are subject to their duties, obligations, accountability and responsibilities, to act in the best interest of the Company and to remain accountable to the shareholders and other beneficiaries for their corporate actions. The Company also believes that an active, well informed and independent Board is necessary to ensure the highest standard of corporate governance. At Granules, the Board of Directors is at the core of corporate governance and oversees how the management serves and protects the interest of the stakeholders. The Board of Granules is responsible for and committed to the sound principles of corporate governance in the Company. Our corporate governance framework ensures that we make timely and transparent disclosures regarding our financials and performance, as well as the leadership and governance of the Company. The Company acknowledges the individual and collective responsibilities to manage the business activities with integrity.

Appropriate Governance Structure with defined roles and responsibilities

The Company has put in place an internal governance structure with defined roles and responsibilities of every constituent in the system. The Company's shareholders appoint the Board of Directors, which in turn governs the Company. The Board has established six Committees to discharge its responsibilities in an effective and efficient manner. The Company Secretary at Granules acts as the Secretary to all the Committees of the Board constituted under the Companies Act, 2013. The Chairman and Managing Director (CMD) provide overall direction and guidance to the Board. Concurrently, the CMD is responsible for overall implementation of decisions and policies. In the operations and functioning of the Company, the

CMD is assisted by the Executive Directors and a core group of senior level executives.

Board Leadership

A majority of the Board, 7 out of 11, are Independent Directors as on March 31, 2019. At Granules, it is believed that an experienced Board consciously creates a culture of leadership which in turn provides a long-term vision and policy approach to improve the quality of governance. The Board's actions and decisions are aligned with the Company's best interests. Granules is committed to the goal of sustainability and elevating the Company's value creation.

The Board critically evaluates the Company's strategic direction, management policies and its effectiveness. The agenda for the Board review include a detailed analysis of annual strategic and operating plans, capital allocation and budgets. Additionally, the Board reviews related party transactions, possible risks and risk mitigation measures, financial reports from the CFO. Frequent and detailed interaction sets the agenda and provides the strategic roadmap for the Company's future growth.

Ethics/Governance Policies

At Granules, we strive to conduct our business and strengthen our relationships in a manner that is dignified, distinctive and responsible. We adhere to ethical standards and ensure integrity, transparency, independence and accountability in dealing with all stakeholders. Granules has adopted various codes and policies to carry out our duties in an ethical manner. Some of the codes and policies are:

- Code of Conduct for Board and Senior Management
- Code of Conduct for Prohibition of Insider Trading
- Code of Practices and Procedures for Fair Disclosure
- Whistle Blower Policy and Vigil Mechanism
- Related Party Transactions Policy
- Corporate Social Responsibility Policy
- Performance Evaluation and Remuneration Policy for Directors, Key Managerial Personnel and other Employees
- Policy on Material Subsidiaries
- Dividend Distribution Policy

THE BOARD OF DIRECTORS

Board Composition and Category of Directors

The Board of Directors of your Company represents the optimum blend of professionalism, knowledge and experience. As on March 31, 2019, the Board of Directors comprised eleven Directors, of which nine are Non-executive Directors and the composition of the Board and category of Directors are as follows:

Sl. No	Name of the Director	Category
1	Mr. Krishna Prasad Chigurupati Chairman & Managing Director DIN – 00020180	Non-Independent, Executive
2	Mr. L. S. Sarma*	Independent, Non-Executive
3	Mr. A. P. Kurian*	Independent, Non-Executive
4	Mr. C. Parthasarathy DIN - 00079232	Independent, Non-Executive
5	Mr. A. Arun Rao DIN – 00876993	Independent, Non-Executive
6	Dr. Krishna Murthy Ella*	Independent, Non-Executive
7	Mr. Arun Sawhney** DIN – 01929668	Independent, Non-Executive
8	Mr. Robert George Cunard** DIN – 08346308	Independent, Non-Executive
9	Mrs. Uma Devi Chigurupati DIN – 00737689	Non-Independent, Executive
10	Mr. Kolli Basava Sankar Rao DIN – 05167550	Non-Independent, Non-Executive
11	Mr. Harsha Chigurupati DIN – 01606477	Non-Independent, Non-Executive

* Mr. L. S. Sarma, Mr. A.P. Kurian and Dr. Krishna Murthy Ella have retired from the Board with effect from April 01, 2019 upon completion of their tenure as an Independent Directors.

** The Board of Directors of the Company at their meeting held on 29.10.2018 and 29.01.2019 has appointed Mr. Arun Sawhney and Mr. Robert George Cunard respectively as Additional Directors categorised as Independent.

Further the Board of Directors of the Company at their meeting held on 29.03.2019 has appointed Mrs. Jyothi Prasad as Additional Director categorised as Independent with effect from 01.04.2019.

Mrs. Uma Devi Chigurupati is spouse of Mr. Krishna Prasad Chigurupati and Mr. Harsha Chigurupati is son of Mr. Krishna

Prasad Chigurupati and Mrs. Uma Devi Chigurupati. None of the other Directors are related to any other Director on the Board.

During the financial year 2018-19, the Company had the Managing Director as Chairman who is also the promoter of the Company and the number of Independent Directors during the year was in compliance with the requirement of having one-half of the Board as an Independent Directors. None of the Directors on the Board are member of more than 10 (ten) Committees or Chairperson of more than 5 (five) Committees as specified in regulation 26(1) of the Listing Regulations, across all the Companies in which he / she is a Director.

Selection of Independent Directors

Considering the requirement of skill sets on the Board, eminent people having an independent standing in their respective field/profession and who can effectively contribute to the Company's business and policy decisions are considered by the Nomination and Remuneration Committee for appointment as Independent Directors on the Board. The Committee, inter alia, considers qualification, positive attributes, area of expertise and number of Directorships and Memberships held in various committees of other companies by such persons in accordance with the Company's Policy for Selection of Directors and determining Directors' independence. The Board considers the Committee's recommendation, and takes appropriate decision.

Every Independent Director, at the first meeting of the Board in which he participates as a Director and thereafter at the first meeting of the Board in every financial year, gives a declaration that he meets the criteria of independence as provided under law.

Lead Independent Director

Mr. C. Parthasarathy was elected as the Lead Independent Director by the Independent Directors of the Company. The Lead Independent Director's role is as follows:

- To preside over all meetings of Independent Directors
- To ensure there is an adequate and timely flow of information to Independent Directors
- To liaise between the Chairman and Managing Director, the Management and the Independent Directors.
- To perform such other duties as envisaged by the Companies Act, 2013 and the Listing Regulations.

Meetings of Independent Directors

The Company's Independent Directors had met one time during the financial year 2018-19 without the presence of Executives. Such meeting was conducted to enable the Independent Directors to discuss matters pertaining to the Company's affairs and put forth their views to the Lead Independent Director. The Lead Independent Director takes appropriate steps to present Independent Directors' views to the Chairman and Managing Director.

Directors' Profile

A brief resume of Directors, nature of their expertise in specific functional areas and number of companies in which they hold Directorships, Memberships/ Chairmanships of Board Committees, and shareholding in the Company are provided in this Report.

BOARD MEETINGS, BOARD COMMITTEE MEETINGS AND PROCEDURES

Institutionalised decision-making process

The Board of Directors is the apex body constituted by shareholders for overseeing the Company's overall functioning. The Board provides and evaluates the Company's strategic direction, management policies and their effectiveness, and ensures that shareholders long term interests are being served.

The Board has constituted Six Committees, namely Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Share Transfer and Stakeholders Relationship Committee, Business Review Committee and Risk Management Committee. QIP Committee was dissolved during the year under review. The Board is authorised to constitute additional functional Committees, from time to time, depending on business needs and framework of the Law for the time being in force.

Scheduling and Selection of Agenda items for Board and Committee Meetings

Minimum four pre-scheduled Board meetings are held annually, once in each quarter inter-alia to review the financial results of the Company. Additional Board meetings are convened by giving appropriate notice to address the Company's specific needs. In case of business exigencies or urgency of matters, resolutions are passed by circulation.

The Board / Committee meetings are pre-scheduled and a tentative annual calendar of Board and Committee meetings is circulated to the Directors well in advance to facilitate them to plan their schedule and ensure meaningful participation in the meetings.

The meetings are generally held at the registered office of the Company at 2nd Floor, 3rd Block, My Home Hub, Madhapur, Hyderabad – 500 081.

The Company's functional heads are advised to schedule their work plans well in advance, particularly with regard to matters requiring discussion / approval / decision at Board / Committee meetings. Such matters are communicated by them to the Company Secretary in advance so that they are included in the agenda for Board / Committee meetings.

The Board is given presentations covering finance, marketing, operations, overview of business operations of wholly owned subsidiary companies and joint venture companies, global business environment, the Company's business opportunities and strategy and risk management practices before taking on record the Company's quarterly/annual financial results.

The Chairman of the Board and Company Secretary, in consultation with other concerned members of the senior management, finalise the agenda for Board / Committee meetings.

The agenda and notes on agenda are circulated to Directors in advance, and in the defined agenda format. All material information is incorporated in the agenda for facilitating meaningful and focused discussions at the meeting. Where it is not practicable to attach any document to the agenda, it is tabled before the meeting with specific reference to this effect in the agenda. In special and exceptional circumstances, additional or supplementary item(s) on the agenda are permitted.

The items / matters required to be placed before the Board, inter alia, include:

- Annual operating plans of businesses and budgets including capital budgets and any updates;
- Quarterly results of the Company;
- Company's annual financial results, financial statements, auditors' report and Board's report;

- Minutes of meetings of the Audit Committee and other Committees of the Board;
- Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company;
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property ;
- Quarterly details of foreign exchange exposures, and steps taken by management to limit risks of adverse exchange rate movement, if material;
- Non-compliance of any regulatory, statutory or listing requirements, and shareholder's service, such as dividend non-payment, share transfer delay (if any), among others;
- Appointment, remuneration and resignation of Directors;
- Formation/reconstitution of Board Committees;
- Terms of reference of Board Committees;
- Minutes of Board meetings of unlisted subsidiary companies;
- Declaration of Independent Directors at the time of appointment/annually;
- Disclosure of Directors' interest and their shareholding;
- Appointment or removal of the Key Managerial Personnel;
- Appointment of Internal Auditors and Secretarial Auditors;
- Quarterly / Annual Secretarial Audit reports submitted by Secretarial Auditors;
- Dividend declaration;
- Significant changes in accounting policies and internal controls;
- Takeover of a company or acquisition of a controlling or substantial stake in another company;
- Issue of securities;
- Recommending appointment of and fixing of remuneration of the Auditors as recommended by the Audit Committee;
- Internal Audit findings and External Audit Reports (through the Audit Committee);
- Proposals for major investments, mergers and amalgamations;
- Reports on progress made on the ongoing projects;
- Review the functioning of the subsidiary and joint venture companies;
- Related party transactions;
- Status of business risk exposures, its management and related action plans;
- Making of loans and investment of surplus funds;
- Borrowing of monies, giving guarantees or providing security in respect of loan;
- Brief on statutory developments, changes in government policies, among others with impact thereof;
- Details of litigations, prosecutions etc.;
- Compliance Certificate certifying compliance with all laws as applicable to the Company and
- Reconciliation of Share Capital Audit Report under SEBI (Depositories and Participants) Regulations, 1996.

Recording Minutes of Proceedings at Board and Committee Meetings

The Company Secretary records minutes of proceedings of each Board and Committee meeting. The draft minutes are circulated to Board / Committee members for their comments thereon as prescribed under Secretarial Standard-1. The minutes are entered in the Minutes Book within 30 days from the conclusion of the meeting.

Post Meeting follow-up Mechanism

The guidelines for Board / Committee meetings facilitate an effective post meeting follow-up, review and reporting process for decisions taken by the Board and Committees thereof. Important decisions taken at Board / Committee meetings are communicated promptly to the concerned departments. Action taken report on decisions / minutes of the previous meeting(s) is placed at the succeeding meeting of the Board / Committees for noting.

Compliance

The Company Secretary, while preparing the agenda, notes on agenda and minutes of the meeting(s), is responsible for and is required to ensure adherence to all applicable laws and regulations, including the Companies Act, 2013 read with rules issued thereunder, Listing Regulations and Secretarial Standards issued by the Institute of Company Secretaries of India.

Number of Board meetings

Five (5) Board meetings were held during the year, as against the minimum requirement of four meetings. The details of Board meetings held are given below:

Date	Board Strength	No. of Directors Present
May 24, 2018	10	10
July 23, 2018	10	10
October 29, 2018	10	8
January 29, 2019	11	10
March 29, 2019	11	10

Attendance and Directorship & Committee positions in other companies:

The names and categories of the Directors on the Board, their attendance at Board meetings held during the year April 2018 – March 2019 and the number of Directorships and Committee Chairmanships / Memberships held by them in other Companies is given below.

Name	Category	Attendance at meetings during the FY 2018-19		Number of Director-ships in other public Companies (1)	No. of Membership(s) /Chairmanship(s) of Board Committees in other Companies as on 31-03-2019 (2)
		Board	AGM		
Mr. Krishna Prasad Chigurupati Chairman & Managing Director DIN - 00020180	Non-Independent, Executive	5	Yes	NIL	NIL
Mr. L. S. Sarma DIN - 00009530	Independent, Non-Executive	5	Yes	NIL	NIL
Mr. A. P. Kurian DIN - 00008022	Independent, Non-Executive	4	No	3	3 (including 1 as Chairman)
Mr. C. Parthasarathy DIN - 00079232	Independent, Non-Executive	4	Yes	9	5 (including 2 as Chairman)
Dr. Krishna Murthy Ella DIN - 00072071	Independent, Non-Executive	3	No	1	1 (as Chairman)
Mr. A. Arun Rao DIN - 00876993	Independent, Non-Executive	5	Yes	NIL	NIL
Mr. Harsha Chigurupati DIN - 01606477	Non-Independent, Non-Executive	5	No	NIL	NIL
Mrs. Uma Devi Chigurupati DIN - 00737689	Non-Independent, Executive	5	Yes	NIL	NIL
Mr. Kollu Basava Sankar Rao DIN - 05167550	Non-Independent, Non-Executive	5	Yes	NIL	NIL

Name	Category	Attendance at meetings during the FY 2018-19		Number of Director-ships in other public Companies (1)	No. of Membership(s) /Chairmanship(s) of Board Committees in other Companies as on 31-03-2019 (2)
		Board	AGM		
Dr. V.V.N.K.V. Prasada Raju (3) DIN - 07267366	Non-Independent, Executive	4	Yes	NIL	NIL
Mr. Arun Sawhney (4) DIN – 01929668	Independent, Non-Executive	2	NA	NIL	NIL
Mr. Robert George Cunard (4) DIN - 08346308	Independent, Non-Executive	1	NA	NIL	NIL

Note:

- (1) The directorships, held by Directors as mentioned above, do not include directorships in foreign companies.
- (2) In accordance with regulation 26(1) of the Listing Regulations, Memberships/Chairmanships of only Audit Committees and Stakeholders' Relationship Committees in all public limited companies (excluding Granules India Limited) have been considered.
- (3) Dr. V.V.N.K.V. Prasada Raju has resigned from M/s Granules India Limited on 29.01.2019.
- (4) Mr. Arun Sawhney and Mr. Robert George Cunard were appointed as Additional Directors categorised as Independent with effect from 29.10.2018 and 29.01.2019 respectively.

None of the Directors hold Directorships in more than 10 Companies.

Names of the Listed Companies wherein the Directors of the Company are Directors:

Sl. No.	Name of the Director	No. of Directorships in other Listed Companies	Name of the other Listed Companies in which Directors of the Company are Directors
1	Mr. Krishna Prasad Chigurupati	Nil	
2	Mr. L. S. Sarma	Nil	
3	Mr. A. P. Kurian	2	1. Muthoot Capital Services Limited 2. Geojit Financial Services Limited
4	Mr. C. Parthasarathy	2	1. Pennar Industries Limited 2. Pennar Engineered Building Systemslimited
5	Dr. Krishna Murthy Ella	Nil	
6	Mr. A. Arun Rao	Nil	
7	Mr. Harsha Chigurupati	Nil	
8	Mrs. Uma Devi Chigurupati	Nil	
9	Mr. Kolli Basava Sankar Rao	Nil	
10	Dr. V.V.N.K.V. Prasada Raju*	Nil	
11	Mr. Arun Sawhney	Nil	
12	Mr. Robert George Cunard	Nil	

*Dr. V.V.N.K.V. Prasada Raju has resigned from M/s Granules India Limited on 29.01.2019.

Shares held by Non-Executive Directors:

The number of equity shares of the Company held by Non-Executive Directors, as on March 31, 2019 are as follows:

Sl. No.	Name of Non-Executive Director	No. of shares held	Percentage of paid-up capital
1.	Mr. L.S. Sarma	160,000	0.06
2.	Mr. A.P. Kurian	450,000	0.18
3.	Mr. A. Arun Rao (holding along with his spouse)	360,000	0.14
4.	Dr. Krishna Murthy Ella	400,000	0.16
5.	Mr. C. Parthasarathy	405,000	0.16
6.	Mr. Kolli Basava Sankar Rao (holding along with his spouse)	51,36,330	2.02
7.	Mr. Harsha Chigurupati (holding along with his spouse)	29,500	0.01
8.	Mr. Arun Sawhney	Nil	0.00
9.	Mr. Robert George Cunard	Nil	0.00

Given below is the chart setting out the skills/ expertise/ competence of the Board of Directors:

Sl. No.	Name of the Director	Category	Specialisation
1.	Mr. Krishna Prasad Chigurupati	Chairman & Managing Director (Promoter)	He has around 35 years of experience in cost efficient and quality complaint pharmaceutical products manufacturing and marketing.
2.	Mr. C. Parthasarathy	Independent Director	He has more than 46 years of experience in various aspects of financial services, especially capital market etc., operations, human resources and strategic thinking. His expertise has been in building businesses in the services sector and growing them into a reasonably large scale.
3.	Mr. A. Arun Rao	Independent Director	He has more than 38 years of experience in the Pharmaceutical industry specialising in the manufacture of Solid and Liquid Oral Dosage forms.
4.	Mr. Harsha Chigurupati	Non-Executive Director (Promoter group)	He has over 10 years of entrepreneurial experience in marketing, business development, customer relationship management etc. He also has indepth knowledge and experience in clinical trials, regulatory navigation, patents and peer review journal publications.
5.	Mrs. Uma Devi Chigurupati	Executive Director (Promoter group)	She has around 35 years of experience in leading various functions in the pharmaceutical industry.
6.	Mr. Kolli Basava Sankar Rao	Non-Executive Director	He has more than 30 years of experience in the fields of technical operations, quality, supply chain, development & launch of APIs and finished dosages for global markets and business strategy.
7.	Mr. Arun Sawhney	Independent Director	He has over 40 years of experience in diverse industries including Software, Rubber, Chemicals, Generic and OTC Pharmaceuticals.

Sl. No.	Name of the Director	Category	Specialisation
8.	Mr. Robert George Cunard	Independent Director	He has over 25 years of experience in Pharmaceutical industry with specialisation in Commercial Operations, Sales and Marketing and Pricing within the generic pharmaceutical sector, and experience to the highest levels of executive management.
9.	Mrs. Jyothi Prasad	Independent Director	She has over 30 years of experience in the area of financial advisory services including IPOs, Mergers & Acquisitions, Private Equity and fund raising.

Confirmation from the Board

The Board of Directors be and hereby confirm that in the opinion of the Board, the Independent Directors fulfill the conditions specified by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and they are independent of the management.

None of the Independent Director has resigned from the Directorship of the Company before the expiry of their term of appointment during the financial year ended March 31, 2019.

COMMITTEES OF THE BOARD

The Board Committees plays a crucial role in the governance structure of the Company and have been constituted to deal with specific areas / activities which concern the Company and need a closer review. The Board Committees are set up under the formal approval of the Board to carry out clearly defined roles which are considered to be performed by members of the Board, as a part of good governance practice. The Board supervises the execution of its responsibilities by the Committees and is responsible for their action. The minutes of the meetings of the Committees are placed before the Board for review. The Board has currently established the following statutory and non-statutory committees:

Audit Committee

The primary objective of the audit committee is to monitor and provide effective supervision of the management's financial reporting process with a view to ensure accurate, timely and proper disclosures and transparency, integrity and quality of financial reporting. The Committee oversees the work carried out by management, statutory auditors and internal auditors, in relation to the financial reporting process and the

safeguards employed by them. The Company has qualified and independent audit committee.

The audit committee comprises of five members, with a majority being Independent Directors. The composition, procedures, powers and role of the audit committee constituted by the Board comply with the requirements of regulation 18 of the Listing Regulations and Companies Act, 2013. The terms of reference of the Audit Committee are broadly as under:

- a. Overview of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information is disclosed.
- b. Recommending the appointment and removal of statutory auditors, internal auditors and cost auditors, fixation of their audit fee and approval for payment for any other services.
- c. Reviewing financial statements and draft audit report, including quarterly / half-yearly financial information.
- d. Reviewing with the management the annual financial statements before submission to the Board, focusing primarily on:
 - The changes in accounting policies and practices.
 - Major accounting entries based on exercise of judgment by the management.
 - Qualifications in draft audit report.
 - Significant adjustment arising out of audit.
 - The going concern assumption.

- Compliance with the accounting standards, listing regulations & legal requirements concerning financial statements.
 - Review and approval of related party transactions.
- e. Reviewing, with the management, external and internal auditors, the adequacy and compliance of internal control systems.
- f. Reviewing the adequacy of internal audit functions.
- g. Discussion with the internal auditors on any significant findings and follow up thereon.
- h. Reviewing the Company's financial and risk management policy.
- i. Vigilance mechanism
- j. Any other function as delegated by the Board from time to time.

During the financial year April 2018 – March 2019, 5 (Five) Audit Committee meetings were held. The dates on which the said meetings were held are: 23th May 2018, 23rd July 2018, 29th October 2018, 28th January 2019 and 29th March 2019. The Audit Committee at its meeting held on 23rd May 2018 had considered the audited annual accounts for the financial year 2017-18.

The composition of the Audit Committee and particulars of meetings attended by the members of the Audit Committee are given below:

Name	Category	Number of meetings during the financial year 2018–2019	
		Held	Attended
Mr. C. Parthasarathy, Chairman	Independent, Non-Executive	05	03
Mr. L. S. Sarma	Independent, Non-Executive	05	05
Mr. A. P. Kurian	Independent, Non-Executive	05	04
Mr. A. Arun Rao	Independent, Non-Executive	05	05
Mr. Krishna Prasad Chigurupati	Non-Independent, Executive	05	05

The Audit Committee meetings were also attended by the partner / representatives of Statutory Auditors and Internal Auditors. Mr. C. Parthasarathy, Chairman of the Audit Committee, was present at the 27th Annual General Meeting of the Company held on September 06, 2018. Ms. Chaitanya Tummala, Company Secretary of the Company also acts as the Secretary to the Audit Committee.

The Board of Directors in their meeting held on March 29, 2019 has re-constituted the Audit Committee of the Board with effect from April 01, 2019 with the following members.

1. Mr. C. Parthasarathy (Chairman)
2. Mr. Arun Rao (Member)
3. Mr. Krishna Prasad Chigurupati (Member)

Nomination & Remuneration Committee

The Committee's composition and terms of reference are in compliance with the provisions of the Companies Act, 2013, Regulation 19 of the Listing Regulations and Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended from time to time.

The Nomination & Remuneration Committee deals with all elements of remuneration package, stock options, service contracts and other terms and conditions of service of the Executive Directors, Directors / Promoters relatives and the senior management. The remuneration policy is directed towards rewarding performance, based on review of achievements on a periodical basis. The remuneration policy is in consonance with the existing industry practice. The remuneration policy of the Company is primarily based on the

criteria like performance of the Company, potential, experience and performance of individual personnel and external environment. The Nomination & Remuneration Committee for the FY 2018-19 comprises of three Independent Non-Executive Directors, one Non-Independent Non-Executive Director and one Executive Director. Mr. C. Parthasarathy, Independent Director, is the Chairman of the Committee.

4 (Four) meetings of the Nomination & Remuneration Committee were held during the financial year 2018 – 2019. The dates on which the said meetings were held are: 23rd May 2018, 29th October 2018, 28th January 2019 and 29th March 2019. The composition of the Nomination & Remuneration Committee and particulars of meetings attended by the members of the Committee are given below:

Name	Category	Number of meetings during the financial year 2018–2019	
		Held	Attended
Mr. C. Parthasarathy, Chairman	Independent, Non-Executive	04	02
Mr. L. S. Sarma	Independent, Non-Executive	04	04
Mr. A. Arun Rao	Independent, Non-Executive	04	04
Mr. K.B. Sankar Rao	Non-Independent, Non-Executive	04	04
Mr. Krishna Prasad Chigurupati	Non-Independent, Executive	04	04

The details relating to remuneration of Directors, as required under Regulation 34 read with Schedule V of the Listing Regulations, have been given under a separate section, viz. 'Directors' Remuneration' in this Report.

The Board of Directors in their meeting held on March 29, 2019 has re-constituted the Nomination & Remuneration Committee of the Board with effect from April 01, 2019 with the following members.

1. Mr. Arun Sawhney (Chairman)
2. Mr. K. B. Sankar Rao (Member)
3. Ms. Jyothi Prasad (Member)
4. Mr. Krishna Prasad Chigurupati (Member)

Share Transfer and Stakeholders Relationship Committee

The Committee's composition and terms of reference are in compliance with the provisions of the Companies Act, 2013 and Regulation 20 of the Listing Regulations. Share Transfer and Stakeholders Relationship Committee was constituted to specifically look into the matters of investor's grievances such as transfer, transmission, split and consolidation of investor's holding, replacement of lost / mutilated / stolen share certificates, dematerialisation of shares, non-receipt of dividend / notices / annual reports and change of addresses, among others. The main object of the Committee is to strengthen investor relations. The Committee also evaluates the performance and service standards of the Registrar and Share Transfer Agent of the Company and also provides continuous guidance to improve the service levels for the investors.

3 (Three) meetings of the Committee were held during the financial year April 2018- March 2019. The composition of the Committee during the year April 2018 – March 2019 and the details of meetings attended by its members are given below:

Name	Category	Number of meetings during the financial year 2018-19	
		Held	Attended
Mr. A. Arun Rao, Chairman	Independent, Non-Executive	03	03
Mrs. Uma Devi Chigurupati	Non-Independent, Executive	03	03
Mr. Krishna Prasad Chigurupati	Non-Independent, Executive	03	03

Compliance Officer

Ms. Chaitanya Tummala, Company Secretary is the Compliance Officer for complying with requirements of Securities Laws.

Investor Grievance Redressal

During the financial year 2018-19, 46 (Forty Six) complaints / requests were received from the shareholders and all their grievances were redressed and no complaint / request is pending as on March 31, 2019.

Business Review Committee

The Board constituted a Business Review Committee to advise on all matters related to the management / operations of the Company. The Business Review Committee meets periodically to review inter alia the operational and financial performance of the Company. 10 (ten) meetings of the Committee were held during the financial year April 2018 - March 2019. The composition of the Committee and the details of meetings attended by its members are given below:

Name	Category	Number of meetings during the financial year 2018-19	
		Held	Attended
Mr. K.B. Sankar Rao, Chairman	Non-Independent, Non-Executive	10	09
Mr. L. S. Sarma	Independent, Non-Executive	10	10
Mr. C. Parthasarathy	Independent, Non-Executive	10	04
Mr. A. Arun Rao	Independent, Non-Executive	10	09
Mr. Krishna Prasad Chigurupati	Non-Independent, Executive	10	10
Mr. Arun Sawhney*	Independent, Non-Executive	10	05

* Business Review Committee was reconstituted on 29th October 2018 by appointing Mr. Arun Sawhney as the member of the Committee.

The Board of Directors in their meeting held on March 29, 2019 has re-constituted the Business Review Committee of the Board with effect from April 01, 2019 with the following members.

1. Mr. K.B. Sankar Rao (Chairman)
2. Mr. Arun Rao Akinepally
3. Mr. Arun Sawhney
4. Mr. Robert George Cunard
5. Mr. Krishna Prasad Chigurupati

Corporate Social Responsibility (CSR) Committee

The composition of the Committee and the details of meetings attended by its members are given below:

Name	Category	Number of meetings during the financial year 2018-19	
		Held	Attended
Mrs. Uma Devi Chigurupati, Chairperson	Non-Independent, Executive	02	02
Mr. Krishna Prasad Chigurupati	Non-Independent, Executive	02	02
Mr. A. Arun Rao	Independent, Non-Executive	02	02

The Committee's prime responsibility is to assist the Board in discharging its social responsibilities by way of formulating and monitoring implementation of the framework of 'corporate social responsibility policy'. The Committee's constitution and terms of reference meet with the requirements of the Companies Act, 2013.

The Company Secretary shall act as the Secretary of the Committee. The purpose of the Committee is to formulate and monitor the CSR policy of the Company. The CSR Committee has adopted a policy that intends to:

- Strive for economic development that positively impacts the society at large with minimal resource footprints.
- Be responsible for the Company's actions and encourage a positive impact through its activities on the environment, communities and stakeholders.

The Committee will be overseeing the activities / functioning relating to identifying the areas of CSR activities, programs, execution of initiatives, reporting the progress and making appropriate disclosures as per the policy.

The CSR policy of the Company is available on our [website www.granulesindia.com](http://www.granulesindia.com).

Risk Management Committee

The Committee's prime responsibility is to implement and monitor the risk management plan and policy of the Company. The composition of the Committee is given below:

Name	Category
Mrs. Uma Devi Chigurupati, Chairperson	Non-Independent, Executive Director
Mr. K.B. Sankar Rao	Non-Independent, Non-Executive Director
Mr. Krishna Prasad Chigurupati	Non-Independent, Executive Director
Mr. L. S. Sarma	Independent, Non-Executive Director
Mr. M. Sreekanth	Chief Operating Officer

The Board of Directors in their meeting held on March 29, 2019 has re-constituted the Risk Management Committee of the Board with effect from April 01, 2019 with the following members.

1. Mr. Harsha Chigurupati (Chairman)
2. Mr. K.B. Sankar Rao
3. Mr. Arun Sawhney
4. Ms. Uma Devi Chigurupati
5. Mr. Robert George Cunard

DIRECTORS' REMUNERATION

Remuneration policy

The Company has formulated Remuneration Policy for Directors, Key Managerial Personnel and other employees. Further, the Company has devised a Policy for performance evaluation of Independent Directors, Board and other individual Directors.

The criteria for performance evaluation cover the areas relevant to the functioning as Independent Directors such as preparation, participation, conduct and effectiveness. The performance evaluation of Independent Directors was done by the entire Board of Directors and in the evaluation the Directors who are subject to evaluation had not participated.

The Company's remuneration policy is directed towards rewarding performance based on review of achievements periodically. The remuneration policy is in consonance with the existing industry practice.

Remuneration paid to the Chairman and Managing Director and Whole-time Directors during the FY 2018-19

Name	(₹ in Lakhs)			
	Salary	Perquisites	Commission	Total
Mr. Krishna Prasad Chigurupati Chairman & Managing Director	180.00	31.74	1,287.30	1,499.04
Mrs. Uma Devi Chigurupati Executive Director	22.64	-	1176.59	1,199.23
Dr. V.V.N.K.V. Prasada Raju* Executive Director	74.73	0.34	182.80	257.87

* Dr. V.V.N.K.V. Prasada Raju was Executive Director till 29.01.2019 and was paid managerial remuneration till that date during the financial year.

Remuneration paid to Non-Executive Directors during the FY 2018-19

- There were no pecuniary transactions with any Non-Executive Director of the Company.
- Non-Executive Directors were paid sitting fees for attending the Board and Committee meetings.

Following are the details of sitting fees paid to the Directors for attending Board and Committee meetings during the FY 2018-19:

Name	Sitting fee (₹)
Mr. L. S. Sarma	8,70,000
Mr. A. P. Kurian	2,80,000
Mr. Arun Rao Akinepally	9,80,000
Dr. Krishna Murthy Ella	1,20,000
Mr. C. Parthasarathy	4,70,000
Mr. Kolli Basava Sankar Rao	6,80,000
Mr. Harsha Chigurupati	2,00,000
Mr. Arun Swahney	2,80,000
Mr. Robert George Cunard	40,000

GENERAL BODY MEETINGS

Annual General Meetings

The details of preceding three years Annual General Meetings are as under:

AGM	Year	Location	Date	Time	Number of special resolutions passed
27th	2017-18	Hotel Taj Banjara Road No. 1, Banjara Hills, Hyderabad	06/09/2018	4:00 PM	Nil
26th	2016-17	Hotel Taj Banjara Road No. 1, Banjara Hills, Hyderabad	28/09/2017	4:00 PM	5
25th	2015-16	Hotel Taj Banjara Road No. 1, Banjara Hills, Hyderabad	11/08/2016	4:00 PM	Nil

Extra-ordinary General Meetings

The details of preceding three years Extra-ordinary General Meetings are as under:

Financial Year	Location	Date	Time	Number of special resolutions passed
2017-18	Hotel Taj Banjara Road No. 1, Banjara Hills, Hyderabad	12/06/2017	4:00 PM	1
2015-16	Hotel Taj Banjara Road No. 1, Banjara Hills, Hyderabad	24/08/2015	4:00 PM	1

POSTAL BALLOT

For the year ended March 31, 2019 there were no resolutions passed through postal ballot. At the ensuing Annual General Meeting, there is no resolution proposed to be passed through postal ballot.

DISCLOSURES

i) Related Party Transactions

During the year ended March 31, 2019, there were no materially significant related party transactions, which could have potential conflict with the Company's interests at large. Statement in summary form of transactions with related parties is placed before the audit committee for review. All related party transactions are negotiated on an arms length basis, and are intended to further the Company's interests. In compliance with regulation 53(f) of the Listing Regulations and the accounting standard 18, transactions with related parties are disclosed in the notes to accounts.

The Company has not entered into any transaction with any person or entity belonging to the Promoter/Promoter Group which hold(s) 10% or more shareholding in the Company.

Related Party Transaction policy is placed on the Company's website at: www.granulesindia.com

ii) Details of non-Compliance etc.

The Company complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters related to capital markets; no penalties or strictures were imposed on the Company by the Stock Exchanges or SEBI.

iii) Disclosure of Accounting Treatment

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standard) Rules, 2015 notified under Sec 133 of Companies Act, 2013 and other relevant provisions of the Act.

iv) Whistle Blower policy

The Company promotes ethical behaviour in all its business activities and has put in place a mechanism for reporting illegal or unethical behaviour. The Company has a Vigil mechanism and Whistle blower policy under which the employees are free to report violations of applicable laws and regulations and the Code of Conduct. The reportable matters may be disclosed to the head of the Department by the employees. Employees may also report to the member of the Audit Committee / the Chairman & Managing Director and in exceptional cases to the Chairman of the Audit Committee. During the year under review, no employee was denied access to the Audit Committee.

Whistle Blower Policy of the Company is placed on the Company website at the link www.granulesindia.com.

v) Board Disclosures -Risk Management

The Company has a Risk Management Procedure in place which is reviewed periodically. Risk management is carried out to ensure the Company is not overly dependent on a particular product, customer or geography. In addition, the above facilitates not only in risk assessment and timely rectification but also helps in minimisation of risk associated with any strategic, operational, financial and compliance risk across all business operations.

vi) Subsidiary Companies

The Company does not have any material un-listed Indian subsidiary company. However, the Company has three foreign subsidiaries namely, Granules USA Inc., Granules Pharmaceuticals, Inc. and Granules Europe Limited. Out of these, Granules Pharmaceuticals, Inc. is a material subsidiary.

Subsidiary Companies Monitoring Framework

All subsidiary companies are Board managed with their respective Boards having the rights and to manage such companies in the best interest of their stakeholders. The Company monitors performance of subsidiary companies periodically.

vii) Code of Conduct

The Company has laid down a "Code of Conduct" for the Directors and the Senior Management Personnel. The code has been posted on the website of the Company. The members of the Board including Independent Directors and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct as at March 31, 2019. A declaration to this effect signed by Mr. Krishna Prasad Chigurupati, Chairman and Managing Director is given in Annexure to this report.

viii) CEO and CFO certification

The Chairman and Managing Director and the Chief Financial Officer have certified to the Board regarding compliance of matters specified in regulation 17(8) read with Part B of Schedule II of the Listing Regulations and the same forms part of this Corporate Governance Report. The certificate has been reviewed by the Audit Committee

and taken on record by the Board at the meeting held on 9th May 2019.

ix) Compliance Certificate of the Auditors

Certificate from the Company's Auditors, M/s. B S R & Associates LLP confirming compliance with conditions of Corporate Governance, as stipulated under Regulation 34 of the Listing Regulations, is attached to this Report.

x) Certificate from a Company Secretary in Practice

A certificate from a Company Secretary in Practice stating that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Company by SEBI or Ministry of Corporate Affairs or any such statutory authority is enclosed to this report.

xi) Proceeds from public issues, rights issues and preferential issues etc.

The Company has not raised any funds through preferential allotment or qualified institutions placement during the financial year ended March 31, 2019.

xii) Recommendations of the Committees of the Company

There has been no such incidence where the Board has not accepted the recommendation of the Committees of the Company during the year under review.

xiii) Details of fees paid to the statutory auditors

Given below are the details of fees paid to BSR & Associates LLP, Chartered Accountant, Statutory Auditors of the Company on a Consolidated basis during the Financial Year ended March 31, 2019:

Sl. No	Payments to the Statutory Auditors (excluding taxes)	Fees paid in ₹ Lakhs
1	Statutory Audit fees paid for Audit of the Company	32.00
2	Fees paid for Limited review of the Company	9.00
3	Fees paid for other services	17.65
4	Reimbursement of expenses	3.59
Total		62.24

xiv) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

The below are the details of complaints received/resolved during the year under review.

Sl. No	Particulars	No.
1	Number of complaints on Sexual harassment received during the year	Nil
2	Number of Complaints disposed off during the year	Not Applicable
3	Number of cases pending as on March 31, 2019	Not Applicable

xv) Details of compliance with mandatory requirements and adoption of Discretionary Requirements

The Company has complied with all the mandatory requirements of Corporate Governance as per SEBI Listing Regulations.

Reporting of Internal Auditors to the Audit Committee has been adopted from discretionary requirements.

xvi) Familiarisation programmes for Board Members

The Board members are provided with necessary documents, reports and internal policies to enable them to familiarise with the Company's procedures and practices. Periodic presentations are made at the Board and Board Committee Meetings, on business and performance updates of the Company, global business environment, business strategy and risks involved. Details of the familiarisation programmes imparted to Independent Directors are placed on the website of the Company www.granulesindia.com.

xvii) Policy on Material Subsidiaries

In terms of regulation 16 of the Listing Regulations, the Board of Directors has adopted a policy with regard to

determination of Material Subsidiaries. The policy is placed on the website of the Company www.granulesindia.com.

xviii) Related Party Transactions Policy

In terms of regulation 23 of the Listing Regulations, the Board of Directors has adopted a policy to determine Related Party Transactions. The policy is placed on the website of the Company www.granulesindia.com.

xiv) Prevention of Insider Trading

In accordance with the requirements of SEBI (Insider Trading) Regulations, 2015, Company has formulated the code of conduct for prohibition of Insider Trading in the Company's Shares.

xv) Commodity Price Risks and Commodity Hedging activities

The Company is not carrying on any Commodity Business and has also not undertaken any commodity hedging activities, hence same are not applicable to the Company.

xvi) The Disclosures of the compliance with Corporate Governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 are as follows:

Regulations	Particular of Regulations	Compliance Status Yes/No/N.A
17	Board of Directors	Yes
18	Audit Committee	Yes
19	Nomination and Remuneration Committee	Yes
20	Stakeholders Relationship Committee	Yes
21	Risk Management Committee	N.A
22	Vigil Mechanism	Yes
23	Related party Transactions	Yes
24	Corporate Governance requirements with respect to subsidiary of listed entity	Yes
25	Obligations with respect to Independent Directors	Yes
26	Obligations with respect to Directors and senior management	Yes
27	Other Corporate Governance requirements	Yes
46(2)(b) to (i)	Website	Yes

MEANS OF COMMUNICATION

Quarterly results: The Company's quarterly results are published in 'Business Standard' and 'Nava Telangana' and are displayed on website www.granulesindia.com.

News releases, presentations, among others: Official news releases and official media releases are sent to Stock Exchanges and are displayed on website www.granulesindia.com.

Presentations to institutional investors / analysts: Detailed presentations are made to institutional investors and financial analysts on the Company's unaudited quarterly as well as audited annual financial results through earnings call. The presentations made and transcripts of the earnings call are also uploaded on the Company's website www.granulesindia.com.

Website: The Company's website www.granulesindia.com. Contains a separate dedicated section 'Investor Relations' where shareholder's information is available. The Company's Annual Report is also available in a user-friendly and downloadable form.

Annual Report: The annual report containing, inter alia, audited standalone financial statement, consolidated financial statement, Director's report, business responsibility report, auditor's report, corporate governance report and other important information is circulated to members and others entitled thereto.

Management Discussion and Analysis (MDA) Report:

The report on MDA forms part of the annual report.

Disclosures to Stock Exchanges: The Company informs BSE and NSE all price sensitive matters or such other matters which in its opinion are material and of relevance to the members.

NSE Electronic Application Processing System (NEAPS): The NEAPS is a web-based application designed by NSE for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are filed electronically on NEAPS.

BSE Corporate Compliance & Listing Centre (the 'Listing Centre'): BSE's Listing Centre is a web-based application designed for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are also filed electronically on the Listing Centre.

SEBI Complaints Redress System (SCORES): The investor complaints are processed in a centralised web-based complaints redress system. The salient features of this system are: Centralised database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the complaint and its current status.

Dedicated E-mail ID

investorrelations@granulesindia.com

GENERAL SHAREHOLDER INFORMATION

Company Registration Details

The Company is registered in the State of Telangana, India. The Corporate Identification Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L24110TG1991PLC012471.

28th Annual General Meeting

Thursday, August 29, 2019 at 4.00 P.M. at Taj Banjara, Road No.1, Banjara Hills, Hyderabad – 500 034 (TS), India.

Financial year

April 1 to March 31

Date of Book Closure

August 23, 2019 to August 29, 2019 (both days inclusive)

Dividend Payment

The final dividend, if declared, shall be paid /credited on or before September 28, 2019. Company has paid interim dividend of 75 paise per equity share during the year.

Listing on Stock Exchanges

Equity Shares

BSE Limited (Bombay Stock Exchange)

Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai 400 001
Scrip Code - 532482

National Stock Exchange of India Limited (NSE)

Exchange Plaza, Bandra-Kurla Complex,
Bandra (E), Mumbai 400 051
Trading Symbol – GRANULES

Payment of Listing Fees

Annual listing fee for the financial year 2019-20 has been paid by the Company to BSE and NSE.

Payment of Depository Fees

Annual Custody fee for the financial year 2019-20 was paid by the Company to CDSL and it will be paid to NSDL on receipt of the invoice.

Tentative calendar for financial year ending 31st March 2020:

The tentative dates of meeting of Board of Directors for consideration of quarterly financial results for the financial year ending 31st March, 2020 are as follows:

Results	Tentative Dates
First quarter results	30th July 2019
Second quarter and half yearly results	22nd October 2019
Third quarter results	21st January 2020
Fourth quarter and annual results	12th May 2020

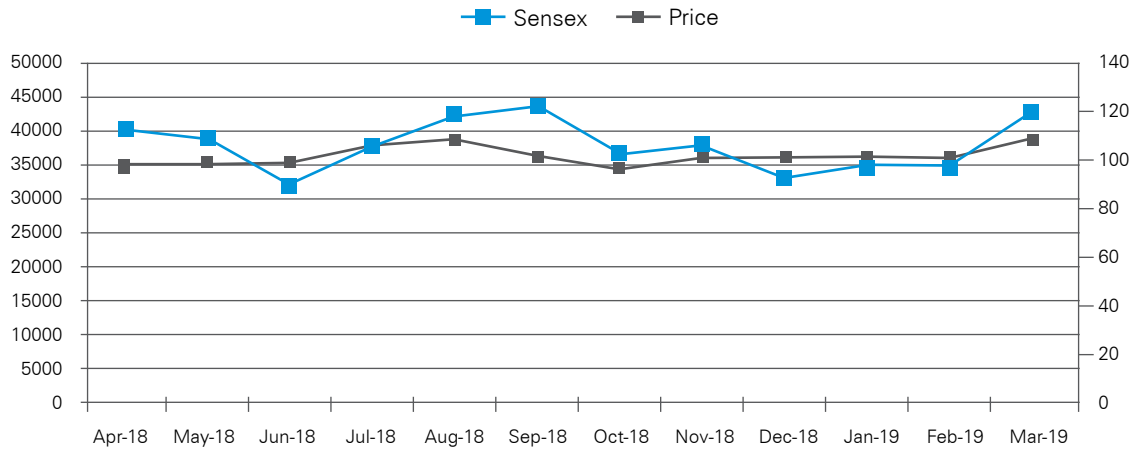
Stock Market Price Data

High, low (based on the closing prices) and number of shares traded during each month in the last financial year on BSE and NSE were as follows:

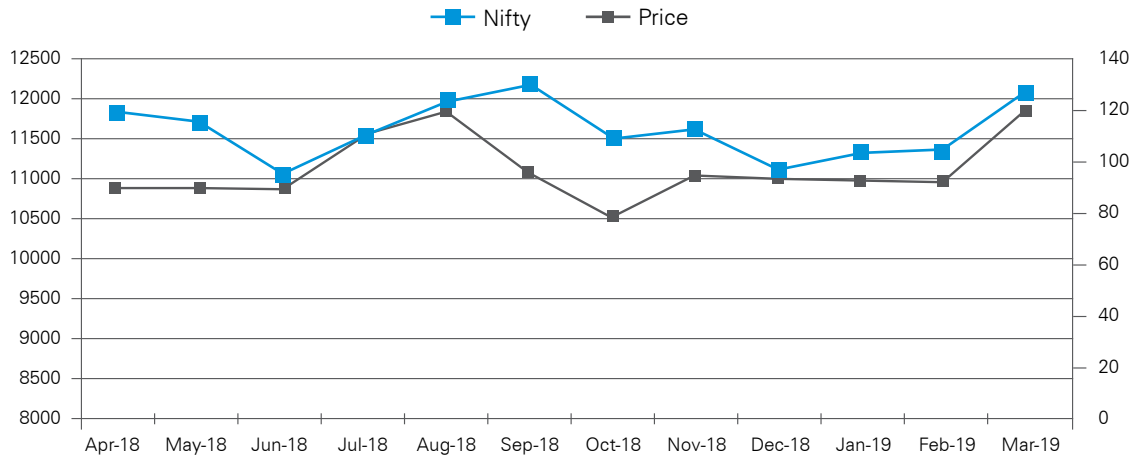
Month	BSE			NSE		
	High	Low	Volume	High	Low	Volume
Apr-18	113.50	103.00	18,59,654	113.55	103.05	2,34,77,371
May-18	109.60	77.85	77,69,935	110.65	77.80	8,72,94,345
Jun-18	90.40	71.75	61,36,991	90.50	71.55	8,28,72,629
Jul-18	105.80	76.60	94,08,462	104.90	76.45	13,03,82,098
Aug-18	117.80	99.45	63,52,889	117.75	99.20	7,55,26,416
Sep-18	123.35	93.20	78,85,863	123.40	93.25	9,53,49,931
Oct-18	103.55	88.10	93,82,956	103.50	88.00	10,38,77,369
Nov-18	107.35	84.40	57,00,984	107.25	84.30	6,37,49,567
Dec-18	92.10	79.00	13,25,300	91.90	79.15	1,68,46,177
Jan-19	97.75	85.30	18,80,477	98.10	85.05	2,53,51,676
Feb-19	98.00	83.70	10,63,670	98.80	84.30	1,62,97,582
Mar-19	119.90	98.60	1,08,41,362	119.85	98.45	3,58,23,966

Performance of Share Price

The graphical presentation on the performance of share price of the Company in comparison to the BSE Sensex is provided herein under:



The graphical presentation on the performance of share price of the Company in comparison to the NSE Nifty is provided herein under:



Registrar and Transfer Agents

M/s. Karvy Fintech Private Limited (formerly known as Karvy Computershare Private Limited) is Registrar & Transfer Agent of the Company. Any request pertaining to investor relations may be addressed to the following address:

Karvy Fintech Private Limited
 Karvy Selenium Tower B, 6th Floor
 Plot 31-32, Gachibowli, Financial District
 Nanakramguda, Hyderabad – 500 032
 Tel: +91-40-67161500
 Toll Free No.: 1-800-3454-001; Fax: +91-40-23001153
 E-mail: einward.ris@karvy.com
 Website: www.karvyfintech.com

Share Transfer System

Share transfers are processed by the Registrar and Transfer Agent and approved by the Share Transfer and Stakeholders

Relationship Committee depending on the volume of transfers. At present, the share transfers received in physical form are processed and the share certificates are returned within a period of 30 days from the date of receipt, subject to the documents being valid and complete in all respects.

Reconciliation of Share Capital

A qualified practicing Company Secretary carried out audit to reconcile the total admitted capital with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The secretarial audit report confirms that the total paid-up capital was in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL. The reports are uploaded in the NSE and BSE websites for public view.

Shareholding

a) Shareholding pattern by size as on March 31, 2019

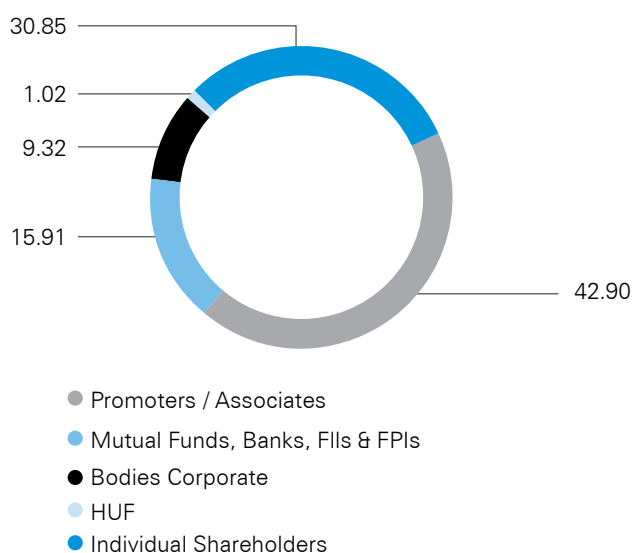
Category (Shares)	No. of Shareholders	No. of Shares held	Percentage of Shareholding
1 - 5000	1,03,906	3,69,75,931	14.54
5001 - 10000	1,030	77,17,533	3.04
10001 - 20000	435	63,63,478	2.50
20001 - 30000	174	44,39,390	1.75
30001 - 40000	85	30,33,600	1.19
40001 - 50000	48	22,27,294	0.88
50001 - 100000	82	59,63,722	2.35
100001 & ABOVE	143	18,75,26,614	73.76
Total	1,05,903	25,42,47,562	100.00

b) Shareholding pattern category wise as on March 31, 2019

Category	No. of Shares held	Percentage of Shareholding
Promoters/Associates	10,90,83,201	42.90
Mutual Funds, Banks , FPC etc.	4,04,49,323	15.91
Bodies Corporate	2,36,87,152	9.32
HUF	25,88,095	1.02
Individual Shareholders	7,84,39,791	30.85
Total	25,42,47,562	100.00

The graphical presentation of the shareholding pattern of the Company as on March 31, 2019 is herein under provided:

Number of Shares held (%)



Dematerialisation of shares and liquidity

The Company's shares are compulsorily traded in dematerialised form and are available for trading on both the depositories in India viz. the National Securities Depository

Limited (NSDL) and the Central Depository Services (India) Limited (CDSL). The Company's equity shares, representing 99.91% of the Company's share capital were dematerialised as on March 31, 2019.

The Company's shares are regularly traded on the National Stock Exchange of India Limited and the BSE Limited in electronic form. Under the depository system, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE101D01020.

Outstanding GDRs / ADRs / warrants

There are no outstanding GDRs/ADRs/warrants as on 31st March 2019.

Employee Stock Options

The information on Options granted by the Company during the financial year 2018-19 and other particulars with regard to Employees' Stock Options are set out in the Director's Report.

Disclosure with respect to Demat suspense account/ unclaimed suspense account

Unclaimed equity shares are held in Granules India Limited- Unclaimed shares suspense account maintained with Karvy Stock Broking Limited, Karvy Millennium, Plot no. 31, 2nd, floor, Financial District, Gachibowli, Hyderabad, 500032 vide Client ID: 19389913 and DP ID: IN300394. In accordance with the

requirement of Clause F of Schedule V of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Company reports the following details in respect of equity shares lying in the suspense account:

Sl. No	Particulars	Number of Shareholders	Number of equity shares
1	Aggregate number of shareholders and the outstanding shares in the Unclaimed Suspense account at the beginning of the year i.e., April 01, 2018.	26	81,000
2	No. of shareholders who approached the Company for transfer of shares from Unclaimed Suspense account during the year.	2	8000
3	No. of shareholders to whom shares were transferred from the Unclaimed Suspense account during the year.	2	8000
4	No. of shareholders and shares transferred to Investor Education and Protection Fund Authority pursuant to the provisions of Section 124 of the Companies Act, 2013.	(8)	(28,000)
5	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense account at the end of the year i.e., March 31, 2019.	16	45,000

The voting rights on the shares outstanding in the suspense account as on March 31, 2019 shall remain frozen till the rightful owner of such shares claim the shares.

Transfer of shares to Investor Education and Protection Fund

As per the notification dated 5th September, 2016 and 13th October, 2017 issued by Ministry of Corporate Affairs (MCA), shares of the shareholders, who has not claimed dividends for a continued period of 7 years, shall be transferred to Investor Education and Protection Fund Authority account.

The Company has transferred 66,604 (0.03%) equity shares to Investor Education and Protection Fund during the financial year ended March 31, 2019.

Plant locations

1. Finished Dosage Unit:

Survey Nos:160/A,161/E, 162,8174/A, Gagillapur Village, Dundigal-Gandimaisamma Mandal, Medchal-Malkajiri dist., 500043, Telangana State, India.

2. API Unit – I:

Sy. No. 533,535,536,537 Temple Road, Bonthapally Village, Gummadidala Mandal, Sangareddy Dist-502313, Telangana State, India.

3. API Unit – II:

Plot No 15A/1, Phase III, IDA Jeedimetla, Qutubullapur Mandal, Hyderabad- 500055, Medchal-Malkajiri Dist., Telangana State, India.

4. API Unit – III:

Sy.No.216, Bonthapally village, Gummadidala Mandal, Sangareddy Dist., 502313 Telangana State, India.

5. API Unit – IV:

Plot No 8, J.N. Pharma City, Tadi Village, Parawada Mandal, Visakhapatnam Dist - 531019, Andhra Pradesh, India.

6. API Unit – V

Plot No.30, J.N. Pharma City, Parawada Mandal, Visakhapatnam Dist. - 531019, Andhra Pradesh, India.

R & D Centres

1. Plot No. 56, Road No. 5, ALEAP Industrial Area, Pragathi Nagar, Gajularamaram village, Qutubullapur Mandal, Hyderabad - 500072, Medchal-Malkajiri Dist., Telangana

State, India.

2. Survey Nos. 234 / 1 to 4 and 6 to 7, 235 /6 to 9 and 245 / 1 to 3, India Land Global Industrial Park, Hinjewadi Village, Mulshi Taluka, Pune Dist., 412115, India.
3. Plot No. 160/A, 161/E, Gagillapur Village, Dindigal-Gandimaisamma Mandal, Medchal-Malkajiri dist., 500043, Telangana State, India.
4. Plot No. 15/A/1, Phase-III, I.D.A, Jeedimetla, Qutubullapur Mandal, Hyderabad- 500055, Medchal-Malkajiri Dist., Telangana State, India.

Address for correspondence

Registered Office & Corporate Office

2nd Floor, 3rd Block, My Home Hub, Madhapur, Hyderabad (TS) – 500081, India

Tel: 91-40-30660000, Fax: 91-40-23115145

E-mail: investorrelations@granulesindia.com

Website: www.granulesindia.com

Green Initiative in the Corporate Governance

As part of the Green Initiative process, the Company has taken an initiative of sending documents like notice calling Annual General Meeting, Corporate Governance Report, Directors Report, Auditors Report, Audited Financial Statements, dividend intimations etc., by email. Physical copies are sent only to those shareholders whose email addresses are not registered with the depositories / Registrar and Transfer Agent and for the bounced-mail cases. Shareholders are requested to register their email id with Registrar and Transfer Agent / concerned Depository to enable the Company to send the documents in electronic form or inform the Company in case they wish to receive the above documents in paper mode.

On behalf of the Board of Directors

Krishna Prasad Chigurupati

Chairman and Managing Director

Hyderabad, May 09, 2019

DIN: 00020180

CERTIFICATE ON COMPLIANCE WITH CODE OF CONDUCT

I hereby confirm that the Company has obtained from all the members of the Board and Senior Management Personnel, affirmation that they have complied with the 'Code of Conduct' in respect of the financial year 2018-19.

Place: Hyderabad
Date: May 09, 2019

Krishna Prasad Chigurupati
Chairman & Managing Director
DIN: 00020180

CEO AND CFO CERTIFICATE

The Chairman and Managing Director and the Chief Financial Officer of the Company give annual certification on financial reporting and internal controls to the Board in terms of Regulation 17(8) of the Listing Regulations. The Chairman and Managing Director and the Chief Financial Officer also give quarterly certification on financial results while placing the financial results before the Board in terms of Regulation 33(2) of the Listing Regulations. The annual certificate given by the Chairman and Managing Director and the Chief Financial Officer is published in this Report.

To,
The Board of Directors
Granules India Limited

We hereby certify that:

- a. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2019 and that to the best of our knowledge and belief :
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the company during the period which are fraudulent, illegal or violate the company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or propose to take to rectify these deficiencies.
- d. We have indicated to the auditors and the Audit committee
 - i. that there are no significant changes in internal control over financial reporting during the year;
 - ii. that there are no significant changes in accounting policies during the year; and
 - iii. that there are no instances of significant fraud of the management or an employee having a significant role in the company's internal control system over financial reporting.

K. Ganesh
Chief Financial Officer

Krishna Prasad Chigurupati
Chairman & Managing Director
DIN: 00020180

Place: Hyderabad
Date: May 09, 2019

CERTIFICATE FROM PRACTICING COMPANY SECRETARY

To

The Members,
Granules India Limited,
02nd Floor, 03rd Block, My Home Hub,
Mahdapur, Hyderabad – 500 081.

SUB: Certificate under Schedule V(C)(10)(i) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

I have examined the records, books and papers of the Company as required to be maintained under the Companies Act, 2013 , SEBI Regulations, other applicable rules and regulations thereunder for the financial year ended on March 31, 2019, the records available with The Registrar of Companies , on the MCA 21 portal of M/s. **GRANULES INDIA LIMITED (CIN: L24110TG1991PLC012471)** having its Registered Office at 02nd Floor, 03rd Block, My Home Hub, Mahdapur, Hyderabad – 500 081, Telangana State, India (the Company).

In my opinion after verifying records , documents provided and explanations and representation furnished to me by the Company, its officers and agents, I do hereby certify that none of the following Directors of the Company have been debarred or disqualified from being appointed or continuing as Directors of the Companies by the SEBI/ Ministry of Corporate Affairs or any such statutory authority as on March 31, 2019:

Sl. No	Name	Designation	DIN
1.	Mr. Krishna Prasad Chigurupati	Chairman & Managing Director	00020180
2.	Mrs. Uma Devi Chigurupati	Executive Director	00737689
3.	Mr. C. Parthasarathy	Independent Director	00079232
4.	Mr. Arun Rao Akinepally	Independent Director	00876993
5.	Mr. Arun Sawhney	Independent Director	01929668
6.	Mr. Robert George Cunard	Independent Director	08346308
7.	Mr. L.S. Sarma	Independent Director	00009530
8.	Mr. A. P. Kurian	Independent Director	00008022
9.	Dr. Krishna M Ella	Independent Director	00072071
10.	Mr. K. B. Sankar Rao	Non - Executive Director	05167550
11.	Mr. Harsha Chigurupati	Non - Executive Director	01606477

FOR M/s. SAURABHPODDAR & ASSOCIATES
COMPANY SECRETARIES

Saurabh Poddar
Proprietor
FCS No. 9190
C P No.: 10787

Date: May 09, 2019
Place: Hyderabad

Independent Auditor's Certificate on the Corporate Governance Report

To,

The Members of Granules India Limited

- 1 This certificate is issued in accordance with the terms of our engagement letter dated 8 October 2018.
- 2 Granules India Limited ('the Company') requires Independent auditor's certificate on corporate governance as per Regulations 17-27, Clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') for the period 1 April 2018 to 31 March 2019.

Management responsibility

- 3 The preparation of the corporate governance report is the responsibility of the management of the Company along with the maintenance of all its relevant supporting records and documents. The Management is also responsible for compliance with conditions of corporate governance as stipulated in regulation 17-27, Clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Listing Regulations for the period 1 April 2018 to 31 March 2019. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance report and applying an appropriate basis of preparation.

Auditor's Responsibility

- 4 Pursuant to the requirements of the Listing Regulations, our responsibility is to certify whether the Company has complied with the above said compliances of the conditions of the Corporate Governance for the period 1 April 2018 to 31 March 2019.
- 5 We have examined the compliance of the conditions of Corporate Governance by the Company for the period 1 April 2018 to 31 March 2019 as per Regulations 17-27, Clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Listing Regulations. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the Standalone IND AS financial statements of the Company.
- 6 We conducted our examination in accordance with the Guidance Note on Audit Reports and Certificates issued for Special Purposes (Revised 2016) issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
- 7 We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

- 8 In our opinion and to the best of our information and according to the explanations given to us and representations made by the Management, we certify that the Company has complied with the conditions of Corporate Governance as specified in Regulations 17 to 27, Clauses (b) to (i) of sub-regulation (2) of Regulation 46 and paragraphs C, D and E of the Schedule V of the Listing Regulations, as applicable.

- 9 We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Restrictions on Use

This certificate is issued solely for the purpose of complying with regulation 17-27, Clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Listing Regulations for the period 1 April 2018 to 31 March 2019 and may not be suitable for any other purpose. Accordingly, we do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

for **B S R & Associates LLP**
Chartered Accountants
Firm Registration Number: 116231W/W-100024

Place: Hyderabad
Date: May 09, 2019

Sriram Mahalingam
Partner
Membership Number: 049642
ICAI UDIN:19049642AAAAAH7491

Business Responsibility Report

As per Regulation 34(2)(f) of the Listing Regulations, 2015

Section A: General Information About the Company

1	Corporate Identity Number (CIN) of the Company	L24110TG1991PLC012471
2	Name of the Company	Granules India Limited
3	Registered address	2nd Floor, 3rd Block, My Home Hub, Madhapur, Hyderabad – 500081
4	Website	www.granulesindia.com
5	E-mail id	Investorrelations@granulesindia.com
6	Financial Year reported	Financial year ended March 31, 2019
7	Sector(s) that the Company is engaged in (industrial activity)	Manufacture of Pharmaceuticals
8	List three key products/services that the Company manufactures/ provides (as in balance sheet)	Paracetamol, Metformin and Ibuprofen
9	Total number of locations where business activity is undertaken by the Company	Six
	(a) Number of International Locations (Provide details of major 5)	NIL
	(b) Number of National Locations	Six
10	Markets served by the Company : Local/State/National/ International	All markets (India and International)

Section B: Financial Details of the Company

1	Paid up Capital (₹ in Lakhs)	2,542.47
2	Total Turnover (₹ in Lakhs)	2,09,843.26
3	Total profit after taxes (₹ in Lakhs)	16,184.05
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	0.54
5	List of activities in which expenditure in 4 above has been incurred	(a) Skill development activity (b) Promoting preventive healthcare (c) Promoting education, including special education to intellectual disabled poor and middle class children

Section C: Other Details

1	Does the Company have any Subsidiary Company/ Companies?	Yes
2	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	No
3	Do any other entity/entities (eg. Suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/ entities? [Less than 30%, 30-60%, more than 60%]	No

Section D: BR Information

1. Details of Director/Directors responsible for BR

(a) Details of Director/Directors responsible for implementation of the BR policy/policies

1. DIN Number- 00020180
2. Name - Krishna Prasad Chigurupati
3. Designation - Chairman and Managing Director

(b) Details of the BR head

1. DIN Number – 00020180
2. Name - Krishna Prasad Chigurupati
3. Designation - Chairman and Managing Director
4. Telephone number - 040- 30663600
5. E-mail id - mail@granulesindia.com

2. Governance related to BR

- a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, annually, more than 1 year – Annually
- b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published? - NO

3. Principle-wise (as per NVGs) BR Policy/policies

(a) Details of compliance

No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/policies for....	Y	Y	Y	Y	Y	Y	NA	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	NA	Y	Y
3.	Does the policy conform to any national/international standards? If yes, specify? (50 words)	Y	Y	Y	Y	Y	Y	NA	Y	Y
4.	Has the policy being approved by the Board? If yes, has it been signed by MD/owner/CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	NA	Y	Y
5.	Does the Company have a specified committee of the Board/Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	NA	Y	Y

No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
6.	Indicate the link for the policy to be viewed online?	Refer to the whistle blower policy and code of conduct (available www.granulesindia.com)	Available on our Intranet	Available on our Intranet	Refer to the CSR Policy (available www.granulesindia.com)	Available on our Intranet	Available on our Intranet	NA	Refer to the CSR Policy (available www.granulesindia.com)	Available on our Intranet
7.	Has the policy been formally communicated to all relevant internal and external stakeholders	Y	Y	Y	Y	Y	Y	NA	Y	Y
8.	Does the Company have in-house structure to implement the policy/policies	Y	Y	Y	Y	Y	Y	NA	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	NA	Y	Y
10.	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	NA	Y	Y

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why:

No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The Company has not understood the Principles									
2.	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles							√		
3.	The company does not have financial or manpower resources available for the task									
4.	It is planned to be done within next 6 months									
5.	It is planned to be done within next 1 year									
6.	Any other reason (please specify)									

Section E: Principle-Wise Performance

Principle 1

Business should conduct and govern themselves with ethics, transparency and Accountability

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/No. Does it extend to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ Others?

Granules Code of Conduct covers all the stakeholders including Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ Others. Granules India always encourages its employees and all the stakeholders not to engage in any unfair trading practices, irresponsible advertising or anti-competitive behavior. Granules India has the procedures in place to ensure that the business of the company is carried out in a fair and responsible manner.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

Granules India strongly emphasise on servicing its customers with the best quality products. The company not only believes in delivery quality product but also believes in on-time service to all of its customers.

All the customer complaints which were received have been resolved in adequate time and proposed improvements incorporated into the processes and the company makes sure that no complaints are pending at the end of the financial year.

Principle 2

Business should provide goods and services that are safe and contribute to sustainability throughout their life cycle

1. List upto 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

- (a) Active Pharmaceutical Ingredients(APIs)
- (b) Pharmaceutical Formulation Intermediates(PFIs)
- (c) Finished Dosages(FDs)

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

(a) Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?

All Our manufacturing facilities (BPL-I, JDM, GGP & VSK-1) are approved by regulatory agencies from US and EU Our intermediate manufacturing facility at Bonthapally (Unit-3) has ISO 9001:2015 and our products confirm to the highest quality standards. On the environmental front, we provide a safe working environment to our employees. Our manufacturing facilities at Gagilapur, Jeedimetla, API facilities at Visakhapatnam have ISO 14001 and OHSAS 18001 certifications.

Granules India Limited realises the importance of its resources and thus continuously strives to optimise and make best possible use of its resources through continuous improvements and operational excellence.

At our Jeedimetla Unit, we have achieved 13% reduction in raw water consumption from previous year FY 17-18, and 3.4% reduction in coal consumption from previous year FY 17-18 through Continuous Improvement project initiatives.

At our formulation unit located at Gagilapur, we have reduced our specific raw water consumption by 5%, and 8% reduction in specific coal consumption from previous year FY 17-18 through continuous improvement project initiatives.

At our API manufacturing Unit (Unit-4) located at Visakhapatnam, we have achieved 5.9% reduction in raw water consumption from previous year FY 17-18, through Continuous Improvement project initiatives.

At our Intermediate manufacturing unit located at Bonthapally (Unit-3), we have reduced our specific raw water consumption by 28 %, and 25% reduction in specific coal consumption from previous year FY 17-18 through continuous improvement project initiatives

(b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

Covered in the above point

3. Does the company have procedures in place for sustainable sourcing (including transportation)?

Yes. Granules India Limited has well-defined standard procedures for identifying and approving vendors. Periodic site audit of vendors, regulatory approval checks and regular sample analysis are performed to ensure that the product is of highest quality. Also we have qualified and sourcing critical material from alternate vendors.

(a) If yes, what percentage of your inputs was sourced sustainably? Also provide details thereof, in about 50 words or so.

Our API and Formulation plants are strategically located in vicinity of each other to ensure the transportation is bare minimum which in turn also ensures vehicular air emissions are at lowest levels. Granules India Limited as a responsible member of the society has initiated sourcing of electricity from Solar power plant during FY'17-18.

At our formulation unit at Gagillapur, We have procured 13.3 % more Solar power compared to previous year FY 17-18. Upto 37% of our total electricity demand was procured from environment friendly solar power source. We are looking forward to further explore this concept and increase solar power contribution. This clean and renewable source of energy would indirectly help in reducing our carbon footprint.

4. Has the company taken any steps to procure goods and services from local and small producers, including communities surrounding their place of work?

(a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

Over 70% of packing material in terms of value is procured from local sources (Telangana & Andhra Pradesh state), which has increased by over 20% from FY 17-18. In addition to packaging material, we continuously strive to build local alternate vendors for even our other raw materials including API supplies.

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also provide details thereof, in about 50 words or so.

Yes, Granules India Limited has adopted mechanisms to recycle products and wastes generated during manufacturing processes. We recover key products and solvents used in the manufacturing process.

We have reduced overall fresh solvent consumption in our Jeedimetla Unit by effective recovery of solvents. We treat our waste water in ETP/ZLD plants and the treated water is used in Utility make-ups. Our wastes such as used Plastics, HDPE drums, fiber drums, shippers, etc. are properly segregated and passed on to selected trusted vendors who process and recycle them safely back to various industries.

The entire solid organic waste generated during the manufacturing processes is sent to cement industries for co-incineration or to the authorised dealers, thereby reducing our carbon footprint.

At our Gagillapur facility, we have installed ETP RO plant to treat effluent and further increase our recycle water thus reducing raw water consumption

Principle 3

Businesses should promote the wellbeing of all employees

1. Please indicate the Total number of employees

We have 4,220 employees as on 31 Mar 2019.

2. Please indicate the Total number of employees hired on temporary/contractual/casual basis

We have 1,431 employees as on 31 Mar 2019.

3. Please indicate the Number of permanent women employees.

We have 187 employees as on 31 Mar 2019.

4. Please indicate the Number of permanent employees with disabilities

One.

5. Do you have an employee association that is recognised by management

No.

6. What percentage of your permanent employees is members of this recognised employee association?

NA.

7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on the end of the financial year
1.	Child Labour/forced labour/involuntary labour	NIL	NA
2.	Sexual Harassment	NIL	NA
3.	Discriminatory employment	NIL	NA

8. What percentage of your mentioned employees were given safety & skill upgradation training in the last year?

- (a) **Permanent Employees** – 60%
- (b) **Permanent Women Employees** – 40%
- (c) **Casual/Temporary/Contractual Employees** – 80%
- (d) **Employees with Disabilities** – 0%

Principle 4

Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised

1. Has the company mapped its internal and external stakeholders? Yes/No

Yes, we have mapped our internal and external stakeholders.

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalised stakeholders?

Yes, we have identified disadvantageous, vulnerable and marginalised stakeholders.

3. Are there any special initiatives taken by the company to engage with the disadvantaged vulnerable and marginalised stakeholders. If so, provide details thereof, in about 50 words.

The company has implemented EHS management systems to prevent environmental degradation, work place incidents and ill-health, covering all categories of employees including contract workmen. We have initiated Behavior Based Safety Management System, Process Safety Management System

& Incident Analysis System at all our manufacturing facilities and provided extensive trainings and awareness sessions to our employees and contract workmen in order to achieve safe work culture and environment.

Granules India Limited has partnered with Swarna Bharat Trust to provide skill development programs to needful youth and support them with employment opportunities. These youth are given the opportunity to be part of “Earn & Learn” programme. Through various training programmes, technical skills are imparted to these targeted youth who are then employable in various pharmaceutical companies.

We have recruited over 200+ employees which is 65% more w.r.t. previous year FY 17-18 through this initiative. These members are provided with on-the-job training along with opportunities for higher education through “Self-Managed Team” way of working.

Principle 5

Business should respect and promote human rights

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

At present our policies extended to our company, our suppliers and contractors.

2. How many stakeholders complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?

We didn’t receive any complaints.

Principle 6

Business should respect, protect, and make efforts to restore the environment

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/B|NGOs/Others.

The Environment policies are in place for our group companies as well our JVs.

2. Does the company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.

Granules India Limited has initiated use of electricity generated from Solar power plant during FY'17-18. In our formulation unit located at Gagillapur, over 37% of our electricity demand was procured from environment friendly renewable source of solar energy. We are looking forward to further explore increase of solar power contribution. This clean and renewable source of energy would indirectly help in reducing our carbon footprint.

At Jeedimetla Unit, our continuous efforts have helped to reduce effluent generation by 14% with reference to previous year. At Gagillapur unit, we have reduced our specific raw water consumption by 5% and 8% reduction in specific coal consumption compared to previous year FY 17-18 through continuous improvement project initiatives.

At Visakhapatnam unit (Unit-4), our continuous efforts have helped to reduce effluent generation by 15.5% with reference to previous year.

Granules India Limited does continuous monitoring of Total Volatile Organic Content in its manufacturing facilities to ensure that the environment is maintained in good condition. In addition to this we monitor Ambient air quality across the manufacturing facilities and boilers for Suspended Particulate Matter (PM10), Respirable Suspended Particulate Matter (PM2.5) along with harmful pollutants like SO_x, NO_x. This helps us to ensure air pollution levels are kept to the minimum and environmental impact is reduced.

Further, we have provided special condensers for trapping and recycling lost solvent- Toluene, and also installed condenser for vacuum pump traps to reduce VOC levels which has increased the Solvent recovery of API blocks in Jeedimetla Unit.

We understand the green-belt requirement and have hence maintained greenery in our units.

3. Does the company identify and assess potential environmental risks? Y/N

Yes.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

We are maintaining Zero Liquid Discharge System & Effluent Treatment Plants with RO Recovery System to ensure that the effluents generated are treated to minimise the environmental impact and reuse the resources wherever possible. The treated water is suitably recycled back in the utility makeup.

Granules India Limited places top priority on environmental protection and Occupational Health & Safety in all its business operations, respecting human life and dignity. The company strives to achieve this through proactive EHS management systems to prevent environmental degradation, work place incidents and ill-health, covering all categories of employees including contract workmen. The company aims to go beyond the statutory requirements by endeavoring towards reduction of use of natural resources and energy by reducing, reusing or recycling the raw materials.

Under clean manufacturing, all the solid wastes generated at our manufacturing plants are either sent to cement industries for co-incineration or to the authorised dealers.

Further, all the air that is let to the environment is passed through dry/wet scrubbing systems.

At Gagillapur Unit, we have reduced our specific raw water consumption by 5% and 8% reduction in specific coal consumption compared to last fiscal year through continuous improvement project initiatives. At Jeedimetla Unit, our continuous efforts have helped to reduce effluent generation by 14% compared to previous year.

At Visakhapatnam unit (Unit-4), our continuous efforts have helped to reduce effluent generation by 15.5% with reference to previous year.

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for webpage

RO Recovery System introduced in Gagillapur
Solar power utilisation.

6. Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Yes.

7. Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

None.

Principle 7

Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner

1. **Is your company a member of any trade and chamber or association? If yes, Name only those major ones that your business deals with:**

- (a) Confederation of Indian Industry (CII)
- (b) Bulk Drug Manufacturers Association (BDMA)
- (c) FTAPCCI

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Sustainable Business Principles, Others)**

No.

Principle 8

Business should support inclusive growth and equitable development

1. **Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes, details thereof.**

We believe in providing inclusive growth and supporting equitable development in the society. Our programme of “Self-Managed Teams” continues to provide job opportunities to youths from surrounding rural areas and particularly from economically weaker sections. Along with giving them job opportunity, these candidates are provided with trainings and opportunities for higher education under the concept of “earn and learn”.

2. **Are the programmes/projects undertaken through in-house team/own foundation/external NGO/governmental structures/ any other organisation?**

The programs have been undertaken by in-house teams.

3. **Have you done any impact assessment of your initiative?**

We review our projects on periodic basis to assess the projects against the project deliverables.

4. **What is your company’s direct contribution to community development projects –Amount in INR and the details of the projects undertaken**

Nil.

5. **Have you taken steps to ensure this community development initiative is successfully adopted by the community? Please explain in 50 words or so.**

Yes.

Principle 9

Businesses should engage with and provide value to their customers and consumer in a responsible manner

1. **What percentage of customer complaints/consumer cases are pending as on the end of financial year.**

GIL has Standard Operating Procedure to acknowledge, investigate and respond to any product quality related complaints/query. Dedicated complaints handling teams across all its manufacturing units ensure that detailed investigation is performed for all complaints/queries received and appropriate CAPA is taken where ever necessary within stipulated time-frames. We do not have any consumer cases in this financial year.

2. **Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/ No/NA/ Remarks (additional information)**

We do not provide/display any information over and above what is mandated as per local laws.

3. **Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five year. If so, provide details thereof, in about 50 words or so.**

No such cases are filed by any stakeholder against the company.

4. **Did your company carry out any consumer survey/consumer satisfaction trends?**

We undertake customer satisfaction survey through consistent visit/interaction with the customers.

Financial Statements



Independent Auditor's Report

To the Members of **Granules India Limited**

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Granules India Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2019, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information. (Hereinafter referred to as "standalone financial statements")

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019 and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of Key Audit Matters

Receivables and allowances

[See note 7A to the standalone financial statements](#)

The key audit matter	How the matter was addressed in our audit
<p>The Company has a receivable of INR 70,420.94 lakhs as at 31 March 2019.</p> <p>The Company's operations comprise wide ranging characteristics of individual customers across locations, some customers having a higher days sales outstanding than the average days sales outstanding. Consequently, there is an inherent exposure to credit risk for these customers.</p>	<p>Our audit procedures in this area included the following:</p> <ul style="list-style-type: none"> - Obtaining an understanding of and testing key controls over receivables collection process and credit control process over aged receivables and customer credit approvals. - Assessing the classification of the balances in the receivables ageing by performing an independent re-computation of the aged receivables. - For a sample of customer balances, verified the subsequent receipts against the outstanding year end balances.

The key audit matter	How the matter was addressed in our audit
<ul style="list-style-type: none"> - Allowances for credit loss on receivables are determined based on the management's estimate of the expected credit losses, considering the payment history of the company's customers, customer specific conditions and relevant current factors in terms of liquidity and profitability of customers. - We considered allowances for receivables as a key audit matter because of the inherent uncertainty in assessing recoveries in full and the management judgement involved in relation to assessment of the allowance required for overdue trade receivables. 	<ul style="list-style-type: none"> - Obtaining an understanding of the basis of the management's judgement and testing assumptions used to determine the allowance required for overdue customer balances. This included testing the modeling techniques and methodology used by management to be in compliance with the applicable accounting standards. - Assess the accuracy of the disclosure in the financial statements.

Recoverability of carrying value of intangible assets and intangible assets under development

See note 3B to the standalone financial statements

The key audit matter	How the matter was addressed in our audit
<p>The Company has significant intangible assets including products under development.</p> <ul style="list-style-type: none"> - Commencement of capitalization involves significant judgement. For products in development the main risk is achieving successful trial results and obtaining required clinical and regulatory approvals. For new products that are to be launched, the key risk is the ability to successfully commercialise the individual product concerned <p>Management's assessment of recoverable value to test for impairment contain assumptions that involve significant judgements and estimates including revenue growth, expected market share and price erosion which are inherently subjective and changes in these assumptions could lead to an impairment to the carrying value of these intangible assets.</p> <p>We have therefore considered this as a key audit matter.</p>	<p>Our procedures with respect to carrying value of intangibles amongst other procedures included the following:</p> <p>Obtaining an understanding of and assessing the internal controls surrounding intangible asset capitalisation, impairments and evaluating assumptions used in assessing the recoverability of intangible assets, in particular revenue and cash flow projections and the probability of obtaining regulatory approval for assets under development.</p> <ul style="list-style-type: none"> - Reviewing management's assumptions in relation to key inputs by considering third party sources to the extent available to corroborate the expected future cash inflows due to actions by competitors or due to changes in relevant markets. <p>Carrying out an analysis around key estimates to assess the level of sensitivity to key assumptions used in Management's assessment.</p> <p>Verifying the mathematical accuracy of the model.</p> <ul style="list-style-type: none"> - For products in development, assessing the reasonableness of the Company's assumptions regarding probability of obtaining regulatory approval through comparison to general industry practice and consideration of trial readouts, regulatory announcements and the Company's internal approved policies.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
 - (A) As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
 - c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
 - (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations as at 31 March 2019 on its financial position

in its standalone financial statements - Refer Note 26 to the standalone financial statements.

- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2019.
- (C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

for **B S R & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number. : 116231W/W-100024

Sriram Mahalingam

Place : Hyderabad

Date: 09 May 2019

Partner

Membership Number: 049642

Annexure A

to the Independent Auditor's Report on the Standalone Financial Statements

The Annexure A referred to in our Independent Auditor's Report of even date to the Members of Granules India Limited ("the Company") on the Standalone Ind AS financial statements for the year ended 31 March 2019, we report that:

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all the fixed assets are verified in a phased manner over a period of three years. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program a portion of fixed assets has been physically verified by the management, during the year and no material discrepancies have been noticed on such verification.
- (c) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties as disclosed in Note 3A to these Standalone Ind AS financials statements, are held in the name of the Company.
- ii. The inventories, except goods in transit and stocks lying in bonded warehouse, have been physically verified by the management during the year. The discrepancies noticed on physical verification of inventory by management as compared to book records were not material.
- iii. The Company has granted unsecured loans to two parties covered in the register maintained under Section 189 of the Companies Act 2013 ("Act"). There are no firms, limited liability partnerships covered in the register maintained under Section 189 of the Act.
 - (a) In respect of the aforesaid loans, the terms and conditions under which such loans were granted are not prejudicial to the Company's interest.
 - (b) In respect of the aforesaid loans, the schedule for repayment of principal and payment of interest has been stipulated by the company and the borrower has been regular in the payment of the principal and interest, as stipulated.
 - (c) In respect of the aforesaid loans, there is no amount which is overdue for more than ninety days
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to loans given and investments made to the extent applicable. There are no guarantees given during the year.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under. Accordingly, paragraph 3(v) of the Order are not applicable to the Company.
- vi. Pursuant to the rules made by the Central Government of India, the company is required to maintain cost records as specified under section 148(1) of the Act in respect of its products. We have broadly reviewed the same and are of the opinion that, prima facie, the prescribed accounts have been made and maintained. However, we have not made a detailed examination of the records.
- vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of accounts in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, duty of customs, goods and service tax, cess and other material statutory dues have been regularly deposited during the year with the appropriate authorities.

- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no dues of Sales tax, Duty of customs, Duty of excise, Service tax, Goods and service tax and Value added tax which have not been deposited with appropriate authorities on account any dispute, except as following:

Name of the Statute	Nature of the Dues	Amount (Rs. In lakhs)*	Amount paid# (Rs.)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income tax	22.08	-	AY 2000-01	Honorable High Court of Judicature at Hyderabad for the State of Telangana and the State of Andhra Pradesh
Income Tax Act, 1961	Income tax	19.87	-	AY 2005-06	
Income Tax Act, 1961	Income tax	6.42	-	AY 2008-09	
Customs Act	Customs Duty	32.57	-	FY 1993-94	Supreme Court of India
The Central Excise Act, 1944	Customs Duty	10.90	5	FY 1993-94	Principal Commissioner of Customs
The Central Excise Act, 1944	CENVAT Credit of SAD & Penalty	199.55	3	FY 2006-07 to FY 2009-10	The Customs, Excise and Service Tax Appellate Tribunal (CESTAT)
The Central Excise Act, 1944	Excise Duty & Penalty	11.16	-	July 2014 to September 2015	Commissioner (Appeals)
The Central Excise Act, 1944	Excise Duty	29.89	-	FY 2008-09 to 2010-11	The Customs, Excise and Service Tax Appellate Tribunal (CESTAT)

*Excluding interest, as applicable

#The Company has paid this amount under protest

- viii. According to the information and explanation given to us and the records of the Company examined by us, the Company has not defaulted in repayment of loans or borrowings to any financial institutions or bank. The Company did not have any loans or borrowing to Government, nor has it issued any debentures as at the balance sheet date.
- ix. The Company has not raised any monies by way of initial public offer or further public offer (including debt instruments). In our opinion, and according to the information and explanations given to us, monies raised by way of term loans have been applied, on an overall basis, for the purposes for which they were obtained.
- x. During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanation given to us, we have neither come across any instance of material fraud by the company or on the company by its officers or employees notices or reported during the year, nor have we been informed of any such case by the management.
- xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for the managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

- xii. The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable and details of such transactions have been disclosed in Note 31 of the Standalone Ind AS financial statements, as required by the applicable accounting standards
- xiv. The Company has not made any preferential allotment of shares or fully or partly convertible debentures during the year.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transaction with the directors or persons connected with him as contemplated under the provisions of Section 192 of the Act. Accordingly, paragraph 3(xv) of the Order are not applicable to the Company.
- xvi. In our opinion and according to the information and explanation given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order are not applicable to the Company

for **B S R & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number. : 116231W/W-100024

Sriram Mahalingam

Partner

Membership Number: 049642

Place : Hyderabad

Date: 09 May 2019

Annexure B

to the Independent Auditors' report on the Standalone Financial Statements of Granules India Limited ('the Company') for the period ended 31 March 2019

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

Opinion

We have audited the internal financial controls with reference to financial statements of Granules India Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with

the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide

reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not

be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

for **B S R & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number. : 116231W/W-100024

Sriram Mahalingam

Partner

Place : Hyderabad

Date: 09 May 2019

Membership Number: 049642

Balance Sheet

as at March 31, 2019

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

	Notes	As at March 31, 2019	As at March 31, 2018
Assets			
Non-current assets			
Property, plant and equipment	3A	63,265.57	58,854.11
Capital work-in-progress	3A	30,874.48	27,103.91
Intangible assets	3B	6,729.41	7,161.36
Intangible assets under development	3B	2,428.38	1,498.71
Financial assets			
(i) Investments	4A	50,646.30	7,511.58
(ii) Loans	4B	6,545.08	42,686.39
Other non-current assets	5A	1,056.93	1,213.74
Total non-current assets		161,546.15	146,029.80
Current assets			
Inventories	6	31,413.51	22,735.65
Financial assets			
(i) Trade receivables	7A	70,420.94	69,291.05
(ii) Cash and cash equivalents	7B	5,642.03	8,980.94
(iii) Bank balances other than cash and cash equivalents stated above	7B	601.59	760.34
(iv) Loans	7C	49.10	20.36
(v) Others	7D	34.07	36.55
Other current assets	5B	12,729.67	16,025.04
Total current assets		120,890.91	117,849.93
Total assets		282,437.06	263,879.73
Equity and liabilities			
Equity			
Equity share capital	8	2,542.48	2,538.38
Other equity	9	139,781.03	125,281.43
Total equity		142,323.51	127,819.81
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	10	47,878.25	43,313.02
Provisions	11A	1,258.07	770.05
Deferred tax liabilities (net)	12	6,693.25	6,281.80
Total non-current liabilities		55,829.57	50,364.87
Current liabilities			
Financial liabilities			
(i) Borrowings	13A	45,420.61	52,509.95
(ii) Trade payables	13B		
(a) Total outstanding dues of micro enterprises and small enterprises		371.45	413.27
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		27,317.78	25,640.91
(iii) Other financial liabilities	13C	9,631.22	5,701.22
Income tax liabilities (net)		85.74	573.82
Provisions	11B	433.83	267.13
Other current liabilities	14	1,023.35	588.75
Total current liabilities		84,283.98	85,695.05
Total liabilities		140,113.55	136,059.92
Total equity and liabilities		282,437.06	263,879.73
Significant accounting policies	2		
The accompanying notes are an integral part of the financial statements.			

As per our report of even date attached

for **B S R & Associates LLP**

Chartered Accountants

Firm registration number 116321W/W-100024

Sriram Mahalingam

Partner

Membership No : 049642

Place: Hyderabad

Date: May 09, 2019

for and on behalf of the Board of Directors of

Granules India Limited

CIN : L24110TG1991PLC012471

Krishna Prasad Chigurupati

Chairman and Managing Director

DIN : 00020180

K.Ganesh

Chief Financial Officer

Chaitanya Tummala

Company Secretary

Statement of Profit and Loss

for the year ended March 31, 2019

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

	Notes	For the year ended March 31, 2019	For the year ended March 31, 2018
Income			
Revenue from operations	15	209,843.26	165,386.92
Other income	16	2,848.91	2,377.13
Total income		212,692.17	167,764.05
Expenses			
Cost of materials consumed	17	131,733.38	89,020.17
Changes in inventory of work-in-progress and finished goods	18	(6,701.53)	1,289.37
Excise duty on sales		-	722.60
Employee benefit expenses	19	16,699.57	14,792.40
Finance costs	20	2,836.02	3,292.70
Depreciation and amortisation	21	9,077.21	7,591.64
Other expenses	22	34,876.84	30,209.88
Total expenses		188,521.49	146,918.76
Profit before tax		24,170.68	20,845.29
Tax expense	24		
(i) Current tax		8,192.27	6,389.75
(ii) Deferred tax		(205.64)	539.35
Total tax expense		7,986.63	6,929.10
Profit for the year		16,184.05	13,916.19
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss	24		
Fair value changes on cash flow hedges		1,870.87	(2,068.98)
Income tax relating to items that will be reclassified to profit or loss		(653.76)	722.98
Net other comprehensive income to be reclassified to profit or loss		1,217.11	(1,346.00)
Items that will not be reclassified subsequently to profit or loss			
Re-measurement of defined benefit liability		(104.92)	181.30
Income tax relating to items that will not be reclassified to profit or loss		36.66	(62.74)
Net other comprehensive income not to be reclassified subsequently to profit or loss		(68.26)	118.56
Other comprehensive income/ (loss) for the year		1,148.85	(1,227.44)
Total comprehensive income for the year		17,332.90	12,688.75
Earnings per share:			
Equity shares of par value of Re. 1 each			
Basic (INR)	25	6.37	5.76
Diluted (INR)		6.35	5.74
Significant accounting policies	2		
The accompanying notes are an integral part of the financial statements.			

As per our report of even date attached
for **B S R & Associates LLP**
Chartered Accountants
Firm registration number 116321W/W-100024

Sriram Mahalingam
Partner
Membership No : 049642

Place: Hyderabad
Date: May 09, 2019

for and on behalf of the Board of Directors of

Granules India Limited
CIN : L24110TG1991PLC012471

Krishna Prasad Chigurupati
Chairman and Managing Director
DIN : 00020180

K.Ganesh
Chief Financial Officer

Chaitanya Tummala
Company Secretary

Statement of Changes in Equity

for the year ended March 31, 2019
(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

Statement of changes in equity

Particulars	Equity share capital (Refer note 8)		Reserves and Surplus				Other equity (Refer note 9)			Total attributable to owners of the company
	Securities premium	Capital reserve	General reserve	Employee stock option	Retained earnings	Other comprehensive income		Cash flow hedge reserve		
						Remeasurements of defined benefit plans				
Balance as on April 1, 2017	33,376.39	1,917.53	30,786.74	244.80	19,637.10	186.02			88,435.61	
Total comprehensive income/(loss) for the year										
Profit for the year	-	-	-	-	13,916.19	-	-	-	13,916.19	
Other comprehensive income/(loss) (net of tax)	-	-	-	-	-	118.56	(1,346.00)	-	(1,227.44)	
Transactions with owners, recorded directly in equity										
Equity shares issued during the year	247.55	-	-	-	-	-	-	-	29,217.74	
Dividends (including dividend distribution tax)	-	-	-	-	(2,904.98)	-	-	-	(2,904.98)	
Share based payment	-	-	-	296.38	-	-	-	-	296.38	
Share options exercised	3.80	82.51	-	-	-	-	-	-	86.31	
Balance as on March 31, 2018	62,429.09	1,917.53	30,786.74	541.18	30,648.31	304.58	(1,346.00)		127,819.81	
Total comprehensive income/(loss) for the year										
Profit for the year	-	-	-	-	16,184.05	-	-	-	16,184.05	
Other comprehensive income/(loss) (net of tax)	-	-	-	-	-	(68.26)	1,217.11	-	1,148.85	
Transactions with owners, recorded directly in equity										
Dividends (including dividend distribution tax)	-	-	-	-	(3,063.93)	-	-	-	(3,063.93)	
Share based payment	-	-	-	139.18	-	-	-	-	139.18	
Share options exercised	4.10	91.45	-	-	-	-	-	-	95.55	
Balance as on March 31, 2019	62,520.54	1,917.53	30,786.74	680.36	43,768.43	236.32	(128.89)		142,323.51	

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached
for **B S R & Associates LLP**
Chartered Accountants
Firm registration number 116321W/W-100024

Sriram Mahalingam
Partner
Membership No : 049642

Place: Hyderabad
Date: May 09, 2019

for and on behalf of the Board of Directors of

Granules India Limited
CIN : L24110TG1991PLC012471

Krishna Prasad Chigurupati
Chairman and Managing Director
DIN : 00020180

K.Ganesh
Chief Financial Officer

Chaitanya Tummala
Company Secretary

Statement of Cash Flows

for the year ended March 31, 2019

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Cash flow from operating activities		
Profit before tax	24,170.68	20,845.29
Adjustments to reconcile profit before tax to net cash flows		
Depreciation and amortisation expense	9,077.21	7,591.64
Bad debts written off	6.91	129.31
Allowance for doubtful trade receivables	1,261.95	91.20
Loss on sale of assets (net)	29.73	5.66
Net loss/(gain) on foreign exchange fluctuations (unrealised)	60.32	(613.52)
Share based compensation expense	139.18	296.38
Interest expense	2,836.02	3,292.70
Interest income	(1,219.55)	(1,599.61)
Operating profit before working capital changes	36,362.45	30,039.05
Movements in working capital:		
Increase in trade receivables	(3,258.12)	(21,550.53)
Decrease/(increase) in inventories	(8,677.86)	1,023.12
Decrease/(increase) in other assets	3,167.03	(7,314.47)
Increase in trade payables, other liabilities and provisions	3,772.15	5,549.93
Cash generated from operations	31,365.65	7,747.10
Taxes paid (net of refunds)	(8,680.35)	(5,349.15)
Net cash flow generated from operating activities (A)	22,685.30	2,397.95
Cash flow from investing activities		
Purchase of fixed assets, including capital work-in-progress, capital advances and payables for capital goods	(18,774.85)	(27,473.14)
Proceeds from sale of fixed assets	20.78	14.45
Investments made in subsidiaries	-	(0.08)
Withdrawal/(placement) of bank deposits	167.79	(7.72)
Loans given to subsidiaries	(8,590.03)	(22,314.94)
Interest received	2,885.48	295.72
Net cash flow used in investing Activities (B)	(24,290.83)	(49,485.71)

Statement of Cash Flows

for the year ended March 31, 2019

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Cash flow from financing activities		
Proceeds from issuance of shares	95.55	29,304.05
Proceeds from borrowings	11,339.34	38,242.12
Repayment of borrowings	(1,105.32)	(13,243.82)
(Repayment)/proceeds of short-term borrowings, net	(6,231.00)	4,606.42
Interest paid	(2,768.02)	(3,128.64)
Dividend paid on equity shares including tax thereon	(3,063.93)	(2,904.98)
Net cash flow (used in)/generated from financing activities	(C) (1,733.38)	52,875.15
Net (decrease)/increase in cash and cash equivalents	(A+B+C) (3,338.91)	5,787.39
Cash and cash equivalents at the beginning of the year	8,980.94	3,193.55
Cash and cash equivalents at the end of the year	5,642.03	8,980.94
Components of cash and cash equivalents:		
Cash on hand	2.66	6.22
Balances with banks		
On current accounts	734.64	670.82
On EEFC accounts	67.12	3.90
On deposit accounts	4,837.61	8,300.00
Total cash and cash equivalents	5,642.03	8,980.94

Change in liability arising from financing activities

	March 31, 2018	Cash flow	Changes in fair values	Foreign exchange movement	March 31, 2019
Borrowings - Non Current (Refer note 10)	45,334.18	9,869.34	(1,870.87)	364.68	53,697.33
Borrowings - Current (Refer note 13A)	52,509.95	(6,231.00)	-	(858.34)	45,420.61
	97,844.13	3,638.34	(1,870.87)	(493.66)	99,117.94

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached
for **B S R & Associates LLP**
Chartered Accountants
Firm registration number 116321W/W-100024

Sriram Mahalingam
Partner
Membership No : 049642

Place: Hyderabad
Date: May 09, 2019

for and on behalf of the Board of Directors of
Granules India Limited
CIN : L24110TG1991PLC012471

Krishna Prasad Chigurupati
Chairman and Managing Director
DIN : 00020180

K.Ganesh
Chief Financial Officer

Chaitanya Tummala
Company Secretary

Notes to Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

1 Company overview

1.1 Reporting entity

Granules India Limited (“Granules” or “the Company”) is a company domiciled in India with its registered office situated at Hyderabad, Telangana. The company has been incorporated under the provisions of Indian Companies Act and its shares are listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). The company is primarily involved in the manufacturing and selling of Active Pharmaceutical Ingredients (APIs), Pharmaceutical Formulation intermediates (PFIs) and Finished Dosages (FDs).

1.2 Basis of preparation of financial statements

a) Statement of compliance

The standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013 (the ‘Act’) and other relevant provisions of the Act.

These standalone financial statements have been prepared for the Company as a going concern on the basis of relevant Ind AS that are effective at the Company’s annual reporting date, March 31, 2019. These standalone financial statements were authorised for issuance by the Company’s Board of Directors on May 09, 2019.

The financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value or amortised cost at the end of the each reporting period. Historical cost is based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an assets or paid to transfer a liability in an orderly transaction between market participants at the measurement date. (refer accounting policy regarding financial instruments).

The financial statements are presented in INR and all values are rounded to the nearest lakhs, except when otherwise indicated.

Details of the Company’s significant accounting policies are included in Note 2.

b) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified 12 months as its operating cycle.

c) Functional and presentation currency

These standalone financial statements are presented in Indian rupees (INR), which is also the functional currency

Notes to Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

of the Company. All amounts have been rounded-off to the nearest lakh, unless otherwise indicated.

d) Basis of measurement

These standalone financial statements have been prepared on the historical cost basis, except for the following items:

- Certain financial assets and liabilities are measured at fair value or amortised cost.
- Net defined benefit assets/(liability) are measured at fair value of plan assets, less present value of defined benefit obligations.

e) Use of estimates and judgements

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the standalone financial statements.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Note 1.2(c) - Assessment of functional currency;
- Note 2(a) and 32 - Financial instruments;
- Note 2(c) - Useful lives of property, plant and equipment;
- Note 2(d) - Useful lives of Intangible assets;
- Note 24 & 26 (i) - Provision for income taxes, duties/ tax contingencies and evaluation of recoverability of deferred tax assets.

- Note 27 - Share based payments;
- Note 28 - Assets and obligations relating to employee benefits;

Assumptions and estimation of uncertainties

Information about assumptions and estimation of uncertainties that have a significant risk of resulting in a material adjustment in the year ending March 31, 2019 is included in the following notes:

- Note 26 (i) – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.
- Note 27 - Share based payments.
- Note 28 - measurement of defined benefit obligations: key actuarial assumptions.

f) Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Notes to Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 27 – share based payment; and
- Note 32 – financial instruments.

2 Significant accounting policies

a. Financial instruments

i. Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are initially measured at fair values. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial assets or financial liability.

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified and, measured at

- amortised cost;
- FVOCI – debt investment;
- FVOCI – equity investment; or
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Notes to Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

Financial assets: subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in statement of profit and loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in statement of profit and loss. Any gain or loss on derecognition is recognised in statement of profit and loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in statement of profit and loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to statement of profit and loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in statement of profit and loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to statement of profit and loss.

Financial liabilities: classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in statement of profit and loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in statement of profit and loss. Any gain or loss on derecognition is also recognised in statement of profit and loss.

iii. Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership

of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in statement of profit and loss.

Notes to Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

v. Derivative financial instruments and hedge accounting

The Company holds derivative financial instruments to mitigate the risk of changes in exchange rates on foreign currency exposures. Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised in statement of profit and loss.

The Company designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates.

At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges:

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in other equity under the heading cash flow hedging reserve. Ineffective portion of changes in the fair value of the derivative is recognised immediately in statement of profit and loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously

recognised in other comprehensive income, remains there until the forecasted transaction occurs. If the forecasted transaction is no longer expected to occur, then the balance in other comprehensive income is recognised immediately in the statement of profit and loss.

vi. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

Cash dividend to equity holders

The Company recognises a liability to make cash to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity. Interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

b. Foreign currency

Transactions in foreign currency are translated at the exchange rates prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currency are restated at the prevailing year end rates. The resultant gain/loss upon such restatement along with the gain/loss on account of foreign currency transactions are accounted in the Statement of Profit and Loss, except exchange differences arising from the translation of the qualifying cash flow hedges to the extent that the hedges are effective which are recognised in OCI.

Notes to Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

c. Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item or property, plant and equipment comprises its purchase price, import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to its working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

ii. Subsequent expenditure

Subsequent expenditure related to an item of tangible fixed asset is capitalised only if it increases the future benefits from the existing assets beyond its previously assessed standards of performance.

iii. Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method. Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Freehold land is not depreciated.

Depreciation is provided based on useful life of the assets as prescribed in Schedule II of companies Act, 2013.

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed off).

iv. Capital advances

Advances paid towards acquisition of tangible fixed assets outstanding at each balance sheet date are shown under other non-current assets as capital advances.

d. Intangible assets

Internally generated: Research and development

Expenditure on research activities is recognised in statement of profit and loss as incurred.

Development expenditure is capitalised as part of the cost of the resulting intangible asset only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in statement of profit and loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and any accumulated impairment losses.

Others

Other intangible assets are initially measured at cost. Subsequently, such intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses.

i. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Notes to Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

ii. Amortisation

Other intangible assets are amortised on a straight line basis over the estimated useful life as follows:

Computer software	3-10 years
Technical know how	10 years
Product related intangibles	8 years
Others	10 years

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

e. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the monthly moving weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of fixed production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products.

Raw materials, components and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

The comparison of cost and net realisable value is made on an item-by-item basis.

The factors that the Company considers in determining the allowance for slow moving, obsolete and other non-saleable inventory include estimated shelf life, planned product discontinuances, price changes, ageing of inventory and introduction of competitive new products, to the extent each of these factors impact the Company's

business and markets. The Company considers all these factors and adjusts the inventory provision to reflect its actual experience on a periodic basis.

f. Impairment

i. Financial assets (other than at fair value)

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. In determining the allowances for doubtful trade receivables, the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and allowance rates used in the provision matrix. For all other financial assets, expected credit losses are measured at an amount equal to the 12-months expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

In case of investments, the company reviews its carrying value of investments carried at cost annually, or more frequently, when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

ii. Tangible and intangible assets

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

Notes to Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit and loss.

g. Employee benefits

i. Gratuity

The Company provides for gratuity, a defined benefit plan ("the Gratuity Plan") covering the eligible employees of the Company. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of the employment with the Company.

Liability with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method. The defined benefit plan is administered by a trust formed for this purpose through the Company gratuity scheme.

The Company recognises the net obligation of a defined benefit plan as a liability in its balance sheet. Gains or losses through re-measurement of the net defined benefit liability are recognised in other comprehensive income and are not reclassified to profit and loss in the subsequent periods. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligation is recognised in other comprehensive income. The effect of any plan amendments are recognised in the statement of profit and loss.

ii. Provident fund

Eligible employees of the Company receive benefits from provident fund, which is a defined contribution plan. Both the eligible employees and the Company make monthly contributions to the Government administered provident fund scheme equal to a specified percentage of the eligible employee's salary. Amounts collected under the provident fund plan are deposited with in a government administered

provident fund. The Company has no further obligation to the plan beyond its monthly contributions.

iii. Compensated absences

The Company's current policies permit certain categories of its employees to accumulate and carry forward a portion of their unutilised compensated absences and utilise them in future periods or receive cash in lieu thereof in accordance with the terms of such policies. The Company measures the expected cost of accumulating compensated absences as the additional amount that the Company incurs as a result of the unused entitlement that has accumulated at the balance sheet date. Such measurement is based on actuarial valuation as at the balance sheet date carried out by a qualified actuary. Re-measurements are recognised in the statement of profit and loss in the period in which they arise.

iv. Share based compensation

The grant date fair value of options granted to employees is recognised as employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The expense is recorded for each separately vesting portion of the award. The increase in equity recognised in connection with share-based payment transaction is presented as a separate component in equity under "employee stock option". The amount recognised as an expense is adjusted to reflect the actual number of stock options that vest.

h. Provisions (other than for employee benefits)

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

Notes to Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

Onerous contracts

A contract is considered to be onerous when the expected economic benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before such a provision is made, the Company recognises any impairment loss on the assets associated with that contract.

i. Revenue

i. Sale of goods

Effective April 1, 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The impact of the adoption of the standard on the financial statements of the Company is insignificant.

Revenue is recognised upon transfer of promised products or services to customer in an amount that reflect the consideration which the company expects to receive in exchange for those products or services.

Revenue will be recognised for these contracts to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognised will not occur. As a consequence, for those contracts for which the Company is unable to make a reasonable estimate of return, revenue is expected to be recognised sooner than when the return period lapses or a reasonable estimate can be made. A refund liability and an asset for recovery is recognised for these contracts and presented separately in the balance sheet.

Revenue excludes taxes collected from customers.

ii. Sales return allowances

The Company accounts for sales return by recording an allowance for sales return concurrent with the recognition of revenue at the time of a product sale. The allowance is based on Company's estimate of expected

sales returns. The estimate of sales return is determined primarily by the Company's historical experience in the markets in which the Company operates.

iii. Export incentives

Export incentives are recognised as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

iv. Interest income or expense

Interest income or expense is recognised using the effective interest method on time proportion method.

v. Dividend income

Dividend income is recognised when the Company's right to receive dividend is established, which is generally when shareholders approve the dividend.

j. Leases

i. Determining whether an arrangement contains a lease

At inception of an arrangement, it is determined whether the arrangement is or contains a lease.

At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values. If it is concluded for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. The liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the incremental borrowing rate.

ii. Asset held under leases

Leases of property, plant and equipment that transfer to the Company substantially all the risks and rewards of ownership are classified as finance lease. The leased assets are measured initially at an amount equal to the lower of their fair value and the present

Notes to Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

value of the minimum lease payments. Subsequent to the initial recognition, the assets are accounted for in accordance with the accounting policy applicable to similar owned assets.

Assets held under leases that do not transfer to the Company substantially all the risks and rewards of ownership (i.e. operating leases) are not recognised in the Company's Balance Sheet.

iii. Lease payments

Payments made under operating lease are generally recognised in profit or loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

k. Income tax

Income tax comprises current and deferred income tax. Income tax expense is recognised in statement of profit and loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. Current tax for current year and prior periods is recognised at the amount expected to be paid or recovered from the tax authorities, using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

ii. Deferred tax

Deferred income tax assets and liabilities are recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of transaction;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred income tax assets and liabilities are measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or substantive enactment date. A deferred income tax assets is recognised to the extent it is probable that

Notes to Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

future taxable income will be available against which the deductible temporary timing differences and tax losses can be utilised.

i. Borrowing cost

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

m. Standards issued but not yet effective

On 30 March 2019, the Ministry of Corporate Affairs ("MCA") vide the Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new and amendments to Ind AS which the Company has not applied as they are effective for the periods beginning on or after 1 April 2019:

Ind AS 116 - Leases

The company is required to adopt Ind AS 116, Leases from 1 April 2019. Ind AS 116 introduces a single, on-balance sheet lease accounting model for lessees. Lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard - i.e. lessors continue to classify leases as finance or operating leases. It replaces existing leases guidance, Ind AS 17, Leases.

The company has completed an initial assessment of the potential impact on its financial statements but has not yet completed its detailed assessment. The quantitative impact of adoption of Ind AS 116 on the financial statements in the period of initial application is not reasonably estimatable as at present.

Leases in which the company is a lessee

The company will recognise new assets and liabilities (if any) for its operating leases of warehouse and offices facilities (see note 26 ii(b)). The nature of expenses related to those leases will now change because the company will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities.

Previously, the company recognised operating lease on a straight-line basis over the term of the lease unless the payments are structured to increase in line with expected general information to compensate for the lessor's expected inflationary cost increases and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

The company plans to apply Ind AS 116 initially on 1 April 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting Ind AS 116 will be recognised as an adjustment to the opening balance of retained earnings at 1 April 2019 with no restatement of comparative information.

Ind AS 12 Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Company does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty

Notes to Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The company does not expect any significant impact of the amendment on its financial statements.

Ind AS 109 – Prepayment Features with Negative Compensation

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The Company does not expect this amendment to have any impact on its financial statements.

Ind AS 19 – Plan Amendment, Curtailment or Settlement

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of

a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Company does not expect this amendment to have any significant impact on its financial statements.

Ind AS 23 – Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Company does not expect any impact from this amendment.

Ind AS 28 – Long-term Interests in Associates and Joint Ventures

The amendments clarify that an entity applies Ind AS 109 Financial Instruments, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

Ind AS 103 – Business Combinations and Ind AS 111 – Joint Arrangements

The amendments to Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business. The Company will apply the pronouncement if and when it obtains control / joint control of a business that is a joint operation.

Notes to Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

3A. Property, plant and equipment and capital work-in-progress - Reconciliation of carrying amount

	Freehold land	Freehold buildings	Lease Hold Improvements	Plant and equipment	Computers	Office equipment	R&D equipment	Furniture and fittings	Vehicles	Total
Gross carrying amount										
At April 1, 2017	3,036.18	16,662.50	-	56,961.58	1,149.95	647.96	2,075.26	1,000.58	470.38	82,004.39
Additions	-	3,995.70	160.19	8,183.52	152.62	48.91	275.56	82.24	-	12,898.74
Disposals/ adjustments	-	-	-	(75.69)	(127.83)	(1.17)	-	-	(35.29)	(239.98)
Exchange differences	-	(25.52)	-	(372.78)	-	-	-	-	-	(398.30)
At March 31, 2018	3,036.18	20,632.68	160.19	64,696.63	1,174.74	695.70	2,350.82	1,082.82	435.09	94,264.85
Additions	65.44	2,824.42	111.57	6,643.87	242.45	309.33	1,038.35	772.37	169.69	12,177.49
Disposals/ adjustments	-	-	-	(67.38)	-	(0.75)	-	(0.06)	(102.96)	(171.15)
Exchange differences	-	20.80	-	355.97	-	-	-	-	-	376.77
At March 31, 2019	3,101.62	23,477.90	271.76	71,629.09	1,417.19	1,004.28	3,389.17	1,855.13	501.82	106,647.96
Accumulated depreciation										
At April 1, 2017	-	3,319.53	-	22,905.63	808.56	399.01	732.59	509.21	272.49	28,947.02
Depreciation for the year	-	637.15	3.26	5,460.40	139.38	105.62	193.90	93.79	50.00	6,683.50
Disposals/ adjustments	-	-	-	(70.93)	(127.83)	(1.17)	-	-	(19.84)	(219.77)
At March 31, 2018	-	3,956.68	3.26	28,295.10	820.11	503.46	926.49	603.00	302.65	35,410.75
Depreciation for the year	-	733.47	24.05	6,699.16	145.72	98.01	255.30	84.09	52.50	8,092.30
Disposals/ adjustments	-	-	-	(44.02)	-	(0.26)	-	(0.06)	(76.32)	(120.66)
At March 31, 2019	-	4,690.15	27.31	34,950.24	965.83	601.21	1,181.79	687.03	278.83	43,382.39
Net carrying amount										
At March 31, 2018	3,036.18	16,676.00	156.93	36,401.53	354.63	192.24	1,424.33	479.82	132.44	58,854.11
At March 31, 2019	3,101.62	18,787.75	244.45	36,678.85	451.36	403.07	2,207.38	1,168.10	222.99	63,265.57
Capital work-in-progress										
At March 31, 2018										27,103.91
At March 31, 2019										30,874.48

i) For details of security on certain property, plant and equipment, refer note 10 & 13A.

ii) Capital work-in-progress mainly comprises new API manufacturing unit being constructed in Visakhapatnam, India.

iii) The amount of borrowing costs capitalised during the year ended March 31, 2019 was Rs 1,250.88 lakhs [Property, plant and equipment Rs Nil (March 31, 2018- Rs 42.93 lakhs) and capital work-in-progress Rs 1,250.88 lakhs (March 31, 2018- Rs 458.13 lakhs).

iv) For contractual commitments with respective capital work-in-progress. Refer Note No. 26 (ii).

Notes to Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

3B. Intangible assets - Reconciliation of carrying amount

	Technical know how	Software	Product related intangibles	Others	Total
Gross carrying amount					
At April 1, 2017	3,189.50	453.74	6,355.75	1,732.58	11,731.57
Additions	-	409.60	159.31	-	568.91
Disposals/ adjustments	-	-	-	-	-
At March 31, 2018	3,189.50	863.34	6,515.06	1,732.58	12,300.48
Additions	-	278.14	274.82	-	552.96
Disposals/ adjustments	-	-	-	-	-
At March 31, 2019	3,189.50	1,141.48	6,789.88	1,732.58	12,853.44
Accumulated amortisation					
At April 1, 2017	3,122.25	114.50	452.61	541.61	4,230.97
Amortisation for the year	16.83	81.74	636.31	173.26	908.14
Disposals/ adjustments	-	-	-	-	-
At March 31, 2018	3,139.08	196.24	1,088.92	714.87	5,139.12
Amortisation for the year	16.83	133.69	661.13	173.26	984.91
Disposals/ adjustments	-	-	-	-	-
At March 31, 2019	3,155.91	329.93	1,750.05	888.13	6,124.03
Net carrying amount					
At March 31, 2018	50.42	667.10	5,426.14	1,017.71	7,161.36
At March 31, 2019	33.59	811.56	5,039.83	844.45	6,729.41
Intangible assets under development					
At March 31, 2018					1,498.71
At March 31, 2019					2,428.38

4. Financial Assets

4A. Non-current Investments

	March 31, 2019	March 31, 2018
Investments		
Investments in equity instruments		
a. Unquoted equity shares		
In subsidiaries (refer note 31)		
Granules USA Inc. - 700,000 (March 31, 2018 : 700,000) common stock of USD 0.10 each fully paid up	116.31	116.31
Granules Pharmaceuticals Inc. - 3,751 (March 31, 2018 : 2,000) common stock of USD 1 each fully paid up {refer note 4B (iii) below}	44,359.71	1,224.99
Granules Europe Limited - 100 (March 31, 2018: 100) equity shares of 1 Pound each fully paid up	0.08	0.08

Notes to Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

4A. Non-current Investments (Contd..)

	March 31, 2019	March 31, 2018
In Associate (refer note 31)		
Granules Biocause Pharmaceutical Co.Limited - 33,000,000 (March 31, 2018 : 33,000,000) equity shares of 1 RMB each fully paid up	1,819.03	1,819.03
In Joint Venture (refer note 31)		
Granules Omnichem Private Limited - 42,880,967 (March 31, 2018 : 42,880,967) equity shares of Rs 10 each fully paid up	4,288.10	4,288.10
In Others		
Jeedimetla Effluent Treatment Ltd - 15,142 (March 31, 2018:15,142) equity shares	59.59	59.59
Patancheru Envitotech Ltd - 34,040 (March 31, 2018 :34,040) equity shares	3.41	3.41
b. In Quoted equity shares		
Ipca Laboratories Limited - 250 (March 31, 2018 :250) equity shares	0.07	0.07
Total	50,646.30	7,511.58
Aggregate book value of quoted investments	0.07	0.07
Aggregate market value of quoted investments	2.45	1.64
Aggregate value of unquoted investments	50,646.23	7,511.51
Aggregate amount of impairment in value of investments	-	-

4B. Loans (Unsecured considered good unless otherwise stated)

	March 31, 2019	March 31, 2018
- Loans to subsidiaries (refer note 31)		
Granules Pharmaceuticals Inc. {refer note (i) & (iii) below}	5,109.84	41,691.52
Granules Europe Limited {refer note (i) below}	523.13	182.36
Security deposits	912.11	812.51
Total	6,545.08	42,686.39

Note:

- (i) The loan of Rs 5,953.51 lakhs (March 31, 2018 - Rs 22,143.73 lakhs) to Granules Pharmaceuticals Inc. and Rs 338.05 lakhs (March 31, 2018 -Rs 170.58 lakhs) to Granules Europe Limited, provided during the financial year ended March 31, 2019. The Loans carries fixed interest rate of 4%. These loans are given for the purpose of setting up, modernisation and general corporate purpose of the subsidiaries outside India.
- (ii) Maximum amount outstanding at any time

Particulars	During the year ended	
	March 31, 2019	March 31, 2018
Granules Pharmaceuticals Inc.	48,456.41	41,691.52
Granules Europe Limited	523.13	182.36

- (iii) During the year, the company has converted its loan given to Granules Pharmaceutical Inc. (wholly-owned subsidiary) based on the valuation report into equity shares to the extent of Rs. 43,134.71 lakhs. The same has been approved by the Board.

Notes to Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

5. Other assets

5A. Non-current

	March 31, 2019	March 31, 2018
Capital advances	1,056.93	1,213.74
Total	1,056.93	1,213.74

5B. Current

	March 31, 2019	March 31, 2018
Balance with government authorities	6,758.84	9,114.98
Prepaid expenses	683.66	689.64
Export incentives receivable	2,315.54	3,941.96
Scripts on hand	555.05	62.15
Advance to suppliers	2,416.58	2,216.31
Total	12,729.67	16,025.04

6. Inventories (at lower of cost and net realisable value)

	March 31, 2019	March 31, 2018
Raw materials*	12,853.36	11,001.26
Packing materials	1,073.26	971.97
Work-in-progress	7,014.63	5,316.07
Finished goods**	8,330.49	3,327.52
Stores, spares and consumables	2,141.77	2,118.83
Total	31,413.51	22,735.65

*includes raw materials-in-transit Rs. 2,012.36 lakhs (March 31, 2018 - Rs. 664.54 lakhs).

**includes finished goods-in-transit Rs. 2,632.13 lakhs (March 31, 2018 - Nil)

- For details of inventories hypothecated against current borrowings refer note 10 and note 13A.
- The Company recorded inventory write-down of Rs. 1,179.92 lakhs (March 31, 2018 - Rs 324.88 lakhs). These were recognised as an expense during the year and included in "changes in finished goods and work-in-progress in statement of profit and loss.

7. Financial Assets

7A. Trade receivables (Unsecured)

	March 31, 2019	March 31, 2018
(a) Considered good	70,863.68	69,511.05
Less : Allowance for doubtful trade receivables	(555.89)	(220.00)
	70,307.79	69,291.05
(b) Significant increase in credit risk	1,131.59	92.38
Less : Allowance for doubtful trade receivables	(1,018.44)	(92.38)
	113.15	-
Total	70,420.94	69,291.05

Notes to Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

Refer note 31 for trade receivables due from private companies/partnership firm in which Company's director is a director/partner.

Trade receivables are non-interest bearing and are generally on terms of less than 1 year.

The Company's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in Note 33.

For receivables secured against borrowings, refer note 10 & 13A.

7B. Cash and cash equivalents

	March 31, 2019	March 31, 2018
i) Cash on hand	2.66	6.22
ii) Balance with banks:		
On current accounts	734.64	670.82
On EEFC accounts	67.12	3.90
Deposits with original maturity of less than 3 months	4,837.61	8,300.00
Total -(i + ii)	5,642.03	8,980.94
iii) Bank balances other than cash and cash equivalents stated above		
Unpaid dividend account	49.79	40.75
Margin money deposits (refer note {a} below)	551.80	719.59
Total -(iii)	601.59	760.34
Total (i + ii + iii)	6,243.62	9,741.28

a) Margin money deposits are subject to first charge against bank guarantees and/or letters of credit obtained.

7C. Loans (Unsecured, considered good)

	March 31, 2019	March 31, 2018
Advance to employees	49.10	20.36
Total	49.10	20.36

7D. Other financial assets

	March 31, 2019	March 31, 2018
Interest accrued but not due on deposits	34.07	36.55
Total	34.07	36.55

8. Share capital

	March 31, 2019	March 31, 2018
Authorized		
505,000,000 (March 31, 2018: 505,000,000) equity shares of Re.1/- each	5,050.00	5,050.00
Issued, subscribed and fully paid up		
254,247,562 fully paid up equity shares of Re.1/- each (March 31, 2018 : 253,837,562 equity shares of Re.1/- each)	2,542.48	2,538.38

Notes to Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

8.1 Reconciliation of shares outstanding at the beginning and at the end of the year

Equity Shares	March 31, 2019		March 31, 2018	
	No.	Rs	No.	Rs
At the beginning of the year	253,837,562	2,538.38	228,702,770	2,287.03
Add: Shares issued on exercise of employee stock options	410,000	4.10	380,000	3.80
Add: Shares issued in cash through Qualified Institutional Placement (QIP)	-	-	24,754,792	247.55
Outstanding at the end of the year	254,247,562	2,542.48	253,837,562	2,538.38

8.2 Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having a par value of Re.1 per share. Each holder of equity shares is entitled to one vote per share. The Company declares dividends in Indian rupees. During the year ended March 31, 2019, the amount of interim dividend per share distributed along with final dividend per share recommended by the board to equity shareholders was Rs. 1.00 (March 31, 2018: Rs. 1.00). In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

8.3 Details of shareholders holding more than 5% equity shares in the Company

	March 31, 2019		March 31, 2018	
	No. of shares	% holding	No. of shares	% holding
Krishna Prasad Chigurupati	90,329,927	35.53	95,329,927	37.56

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

8.4 Shares reserved for issue under options

For details of shares reserved for issue under Employee stock option scheme (ESOS) of the Company, refer note 27.

8.5 Shares issued through QIP

On September 26, 2017, the Company issued and allotted 24,754,792 Equity Shares of Re. 1/- each at an issue price of Rs. 121.25 per share to raise Rs. 30,015.18 Lakhs by way of Qualified Institutional Placement ("QIP") under Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. Expenses related to the issue amounting to Rs. 797.45 Lakhs have been adjusted against Securities Premium. Use of the net proceeds of the Qualified Institutional Placement is intended for business purposes such as meeting for expansion of business verticals by way of strategic investment in research and development, repayment or pre-payment of outstanding indebtedness, investment in subsidiaries, joint ventures, capital expenditure and other general corporate purposes. QIP proceeds were utilised completely during the year ended March 31, 2018.

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(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

9. Other equity

Attributable to Owners

Securities premium

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.

General reserve

It represents the portion of the net profit which the Company has transferred, before declaring dividend pursuant to the earlier provision of companies Act 1956. Mandatory transfer to general reserve is not required under the Companies Act 2013.

Retained earnings

The amount that can be distributed by the Company as dividends to its equity shareholders

Share based payment reserve

The Company has established various equity settled share based payment plans for certain categories of employees of the Company. Also refer note 27 for further details on these plans.

Capital reserve

Capital reserve arising pursuant to scheme of amalgamation

Dividends

The following dividends were declared and paid by the Company during the year

	March 31, 2019	March 31, 2018
Rs. 1.00 per equity share (March 31, 2018 : Rs 1.00 per share)	2,541.51	2,413.62
Dividend distribution tax (DDT) on dividend	522.42	491.36
	3,063.93	2,904.98

After the reporting dates the following dividends (excluding dividend distribution tax) were proposed by the directors subject to the approval at the annual general meeting; the dividends have not been recognised as liabilities. Dividends would attract dividend distribution tax when declared or paid.

	March 31, 2019	March 31, 2018
Rs. 0.25 per equity share (March 31, 2018 : Rs 0.25 per share)	635.62	634.60
	635.62	634.60

Analysis of items of OCI, net of tax

Remeasurements of defined benefit plans (refer note - 28)

Remeasurements of defined benefit plans comprises actuarial gains and losses and return on plan assets.

Cash flow hedge reserve

Cash flow hedge represents the cumulative effective portion of gains or losses (net of taxes) arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges.

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(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

The reconciliation of cash flow hedge reserve for the year ended March 31, 2019 is as follows:

Particulars	March 31, 2019	March 31, 2018
Balance at the beginning of the year	(1,346.00)	-
Gain/(loss) recognised in other comprehensive income during the year	1,870.87	(2,068.98)
Tax impact on the above	(653.76)	722.98
Balance at the end of the year	(128.89)	(1,346.00)

10. Long-term borrowings

	Non-current portion		Current maturities	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Term Loans (Secured)				
Loans from financial institutions	47,878.25	43,313.02	5,819.08	2,001.38
	47,878.25	43,313.02	5,819.08	2,001.38
Other loans				
Deferred payment liabilities (Unsecured) (refer note (ii))	-	-	-	19.78
	-	-	-	19.78
	47,878.25	43,313.02	5,819.08	2,021.16
The above amount includes:				
Secured borrowings	47,878.25	43,313.02	5,819.08	2,001.38
Unsecured borrowings	-	-	-	19.78
	47,878.25	43,313.02	5,819.08	2,021.16

The details of secured loans are as under:

Name of the bank	Outstanding as on March 31, 2019	Outstanding as on March 31, 2018	Sanction Amount	No of installments	Commencement of Installments	Rate of interest
International Finance Corporation (Refer note (i))	1,596.17	2,501.65	US\$ 10 Mn	13 Half yearly equal installments of USD 0.77 Mn	Sep-14	6M Libor + 4.0%
Deutsche Investitions Und Entwicklungsschaft MBh (Refer note (i))	1,596.17	2,501.65	US\$ 10 Mn	13 Half yearly equal installments of USD 0.77 Mn	Sep-14	6M Libor + 4.0%
International Finance Corporation (Refer note (i))	34,965.00	28,217.77	EUR 45 Mn	12 half yearly equal instalments of EUR 3.75 Mn	Jan-20	6M Euribor +2.75% p.a
Deutsche Investitions Und Entwicklungsschaft MBh (Refer note (i))	15,540.00	12,093.33	EUR 20 Mn	12 half yearly equal instalments of EUR 1.67 Mn	Jan-20	6M Euribor +2.80% p.a

Notes to Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

- i) All secured term loans are secured by a paripassu first charge on the fixed assets of present and future of the company with a carrying amount of Rs 94,140.05 lakhs (March 31, 2018 - Rs 85,958.02 lakhs) and a paripassu second charge of the current assets of present and future of the Company with a carrying amount of Rs 120,890.91 lakhs (March 31, 2018 - Rs 117,849.93 lakhs).
- ii) The sales tax authority had sanctioned an interest free deferment of sales tax. The loan was to be paid at the end of 13 years from the respective deferment and the loan were closed during the year ended March 31, 2019 as the entire balance outstanding loan amount was due and paid during the current year.

11. Provisions

A) Non-current

	March 31, 2019	March 31, 2018
Provision for employee benefits		
Gratuity (refer note 28)	788.40	480.35
Compensated absences	469.67	289.70
	1,258.07	770.05

B) Current

	March 31, 2019	March 31, 2018
Provision for employee benefits		
Gratuity (refer note 28)	223.09	122.11
Compensated absences	210.74	145.02
	433.83	267.13

12. Deferred tax liability (net)

	March 31, 2019	March 31, 2018
Deferred tax liability		
Property, plant and equipment and intangible assets	7,987.00	7,554.60
Gross deferred tax liability	7,987.00	7,554.60
Deferred tax assets		
Employee benefit obligations	674.40	437.84
Voluntary retirement scheme	-	2.82
Allowance for doubtful debts	550.13	109.16
Cash flow hedges	69.22	722.98
Gross deferred tax assets	1,293.75	1,272.80
Net deferred tax liability	6,693.25	6,281.80

Notes to Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

13. Current financial liabilities

13A. Short-term borrowings

	March 31, 2019	March 31, 2018
Loans repayable on demand from Banks - working capital loans		
Cash credit facilities (secured) [refer note (i) & (iv)]	772.65	813.85
Packing credit loans (secured) [refer note (ii) & (iv)]	24,509.79	22,399.67
Packing credit loans (unsecured) [refer note (v)]	13,269.25	8,124.25
Bill discounting (secured) [refer note (iii) & (iv)]	6,868.92	21,172.18
	45,420.61	52,509.95
The above amount includes		
Secured borrowings	32,151.36	44,385.70
Unsecured borrowings	13,269.25	8,124.25
	45,420.61	52,509.95

- i) The Company has working capital facilities with various banks carrying interest rate ranging from 9.20% - 10.70% p.a and base rate plus 85 bps. These facilities are repayable on demand
- ii) During the year ended March 31, 2019, the Company has outstanding secured foreign currency denominated loans carrying an interest rate of LIBOR + 0.65% p.a. to 1.25% from a bank. The facility is repayable within 120 days from the date of its origination.
- iii) During the year ended March 31, 2019, the Company has outstanding secured foreign currency denominated loans carrying an interest rate of LIBOR + 0.65% p.a. to 1.25% from a bank. The facility is repayable within 180 days from the date of its origination.
- iv) All secured short term borrowings from banks are secured by a paripassu first charge on the current assets of present and future of the Company with a carrying amount of Rs 120,890.91 lakhs (March 31, 2018 - Rs 117,849.93 lakhs) and a paripassu second charge of the fixed assets of present and future of the company with a carrying amount of Rs 94,140.05 lakhs (March 31, 2018 - Rs 85,958.02 lakhs).
- v) During the year ended March 31, 2019, the Company has outstanding unsecured foreign currency denominated loans carrying an interest rate of LIBOR + 0.60% p.a. from a bank. The facility is repayable within 120 days from the date of its origination.
- vi) The Company's exposure to interest rate, foreign currency and liquidity risks is included in note 33.

13B. Trade payables

	March 31, 2019	March 31, 2018
Trade payables [refer note (b) below]		
Total outstanding dues of micro enterprises and small enterprises [refer note (a) below]	371.45	413.27
Others [refer note 31]	27,317.78	25,640.91
	27,689.23	26,054.18

Notes to Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

13B. Trade payables (Contd..)

	March 31, 2019	March 31, 2018
Note (a) :		
i) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal amount due to micro and small enterprises	371.45	413.27
Interest due on the above	-	-
ii) The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Development Act (MSMED), 2006 along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	-	-
iv) The amount of interest accrued and remaining unpaid at the end of each accounting year;	-	-
v) The amount of further interest remaining due and payable in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-

Note (b):

The Company's exposure to currency and liquidity risks related to trade payables is disclosed in Note 33.

13C. Other financial liabilities

	March 31, 2019	March 31, 2018
Current maturities of non-current borrowings (refer note 10)	5,819.08	2,021.16
Capital creditors	534.28	1,658.46
Salaries & bonus payable	878.17	631.18
Unclaimed dividend	49.79	40.75
Interest accrued but not due on borrowings	300.29	232.29
Others	2,049.61	1,117.38
Total	9,631.22	5,701.22

14. Other current liabilities

	March 31, 2019	March 31, 2018
Advance from customers	570.40	204.42
Statutory liabilities	452.95	384.33
Total	1,023.35	588.75

Notes to Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

15. Revenue from operations

	For the year ended March 31, 2019	For the year ended March 31, 2018
Sale of products (including excise duty) [refer note i]	205,359.36	160,376.88
Other operating revenue	4,483.90	5,010.04
Total	209,843.26	165,386.92

Note:

- i) Post implementation of Goods and Service Tax ("GST") with effect from July 01, 2017, revenue from operations is disclosed net of GST. For the periods prior to July 01, 2017, the excise duty amount was recorded as part of revenue with a corresponding amount recorded as expense. Accordingly, revenue from operations for the year ended March 31, 2019 are not comparable with those of the previous period presented. Following additional information is being provided to facilitate such comparison :

	For the year ended March 31, 2019	For the year ended March 31, 2018
Sale of products (including excise duty)	205,359.36	160,376.88
Excise duty	-	722.60
Sale of products	205,359.36	159,654.28

16. Other income

	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest income on		
Deposits with banks	617.69	233.30
Others	601.86	1,366.31
Foreign exchange gain, net	1,325.76	670.65
Other non-operating income	303.60	106.87
Total	2,848.91	2,377.13

17. Cost of materials consumed

	For the year ended March 31, 2019	For the year ended March 31, 2018
Inventory at the beginning of the year	11,973.23	11,672.07
Add: Purchases	133,686.77	89,321.33
	145,660.00	100,993.40
Less: Inventory at the end of the year	13,926.62	11,973.23
Cost of materials consumed	131,733.38	89,020.17

Notes to Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

18. Changes in inventory of work-in-progress and finished goods

	For the year ended March 31, 2019	For the year ended March 31, 2018
Inventories at the end of the year		
Finished goods	8,330.49	3,327.52
Work-in-progress	7,014.63	5,316.07
	15,345.12	8,643.59
Inventories at the beginning of the year		
Finished goods	3,327.52	4,293.31
Work-in-progress	5,316.07	5,639.65
	8,643.59	9,932.96
Total	(6,701.53)	1,289.37

19. Employee benefit expenses

	For the year ended March 31, 2019	For the year ended March 31, 2018
Salaries, wages and bonus	15,442.81	13,327.89
Contribution to provident and other funds (refer note 28)	568.14	576.82
Staff welfare expenses	549.44	591.31
Employee stock option scheme (refer note 27)	139.18	296.38
Total	16,699.57	14,792.40

20. Finance costs

	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest		
- Term loan	506.22	1,049.61
- Working capital	1,595.40	1,069.39
- Others	172.11	482.74
Other borrowing costs	562.29	690.96
Total	2,836.02	3,292.70

Notes to Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

21. Depreciation and amortisation expense

	For the year ended March 31, 2019	For the year ended March 31, 2018
Depreciation	8,092.30	6,683.50
Amortisation	984.91	908.14
Total	9,077.21	7,591.64

22. Other expenses

	For the year ended March 31, 2019	For the year ended March 31, 2018
Consumption of stores & spares	1,211.61	1,271.90
Power and fuel	5,494.20	4,822.03
Effluent treatment expenses	1,009.14	862.24
Analytical fees	172.65	256.43
Other manufacturing expenses	461.68	497.41
Repairs and maintenance		
Plant and machinery	3,695.09	2,909.05
Buildings	355.56	400.82
Others	1,210.58	881.43
Rent	393.49	415.13
Rates and taxes	1,399.18	995.37
Printing and stationery	147.38	160.91
Insurance	363.60	318.84
Directors sitting fees	39.20	40.20
Remuneration to statutory auditors (refer note 30)	62.24	34.24
Managerial Remuneration	2,956.15	2,242.26
Sales commission	2,428.05	1,968.58
Carriage outwards and clearing charges	5,150.16	5,252.13
Research & Development expenses	3,905.65	3,574.03
Business Promotion expense	538.39	413.22
Communication expenses	126.04	135.24
Consultancy charges	739.49	987.54
Travelling and conveyance	1,055.88	943.63
Advertisement Charges	4.29	14.62
Donations	20.33	14.06
Contribution to Political Parties	-	5.00
Loss on sale of fixed assets (net)	29.73	5.66
Bad debts written off	6.91	129.31
Allowance for doubtful trade receivables	1,261.95	91.20
Corporate social responsibility expenditure (refer note 23)	87.46	176.09
Miscellaneous expenses	550.76	391.31
Total	34,876.84	30,209.88

Notes to Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

23. Details of CSR expenditure

	For the year ended March 31, 2019	For the year ended March 31, 2018
(a) Gross amount required to be spent by the Company during the year:	397.15	335.47
(b) Amount spent during the year ended		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	87.46	176.09
(c) Amount unspent during the year ended:	309.69	159.38

24. Tax expense

(a) Tax expense:

Amount recognised in profit (or) loss

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Current tax	8,192.27	6,389.75
Deferred tax (credit)/ charge	(205.64)	539.35
Total tax expense recognised in statement of profit & loss	7,986.63	6,929.10

(b) Reconciliation of effective tax rate:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Profit before tax (A)	24,170.68	20,845.29
Enacted tax rate in India (B)	34.94%	34.61%
Expected tax expenses (C = A*B)	8,446.20	7,214.14
Incremental deduction allowed for research and development costs	(727.34)	(588.03)
Investment allowance deduction	(76.14)	-
Effect due to change in tax rate	-	21.11
Others	343.91	281.88
Tax expense	7,986.63	6,929.10

Notes to Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

Movement in temporary differences:

Particulars	Balance as at April 1, 2017	Recognised in profit or loss during the year	Recognised in OCI during the year	Balance as at March 31, 2018	Recognised in profit or loss during the year	Recognised in OCI during the year	Balance as at March 31, 2019
On account of depreciation and amortization	(6,874.07)	(680.53)	-	(7,554.60)	(432.40)	-	(7,987.00)
On account of employee benefits	384.97	115.61	(62.74)	437.84	199.90	36.66	674.40
On account of Voluntary Retirement scheme	11.23	(8.41)	-	2.82	(2.82)	-	-
On account of Allowance for doubtful debts	75.18	33.98	-	109.16	440.97	-	550.13
On account of cash flow hedges	-	-	722.98	722.98	-	(653.76)	69.22
Total	(6,402.69)	(539.35)	660.24	(6,281.80)	205.64	(617.10)	(6,693.25)

Income tax recognised in other comprehensive income

	For the year ended March 31, 2019			For the year ended March 31, 2018		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Fair value changes on cash flow hedges	1,870.87	(653.76)	1,217.11	(2,068.98)	722.98	(1,346.00)
Re-measurement of defined benefit liability	(104.92)	36.66	(68.26)	181.30	(62.74)	118.56
Total	1,765.95	(617.10)	1,148.85	(1,887.68)	660.24	(1,227.44)

25. Earning per equity share (EPS)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Earnings		
Profit for the year	16,184.05	13,916.19
Weighted average shares used for computing of basic EPS	2,541.09	2,416.18
Add: Effect of dilution		
Effect of dilutive options granted but not yet exercised/not yet eligible for exercise	7.63	6.58
Weighted average shares used for computing diluted EPS	2,548.72	2,422.76
Earnings per share		
- Basic (in INR)	6.37	5.76
- Diluted (in INR)	6.35	5.74

Notes to Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

26. Contingent liabilities and commitments

Particulars	As at March 31, 2019	As at March 31, 2018
(i) Contingent liabilities:		
(a) Claims against the Company not acknowledged as debt	332.44	442.37
The above includes:		
(i) Direct taxation	48.37	68.93
(ii) Indirect taxation (includes matters pertaining to disputes on central excise, custom duty and service tax)	284.07	373.44

The Company is involved in taxation matters that arise from time to time in the ordinary course of business. Management is of the view that above claims are not tenable and will not have any material adverse effect on the Company's financial position and results of operations.

Note:

Pursuant to Supreme Court Judgement dated 28 February 2019, regarding the provident fund contribution wherein there has been a clarification provided of the inclusions of basic wages for the purpose of computation of contribution towards provident fund, the Company has been legally advised that there are interpretative challenges on the application of the judgement retrospectively. Based on the legal advice and in the absence of reliable measurement of the provision for earlier periods, the Company has assessed the impact of the judgement only for the current year and concluded that there was no impact for the current year. Further, no contingent liability has been recognised based on retrospective application as amount cannot be reliably measured.

Particulars	As at March 31, 2019	As at March 31, 2018
(b) Guarantees		
Corporate guarantees given in favour of banks towards loans obtained by Joint Venture - Granules Omnichem Private Limited	13,986.43	14,512.00

Particulars	As at March 31, 2019	As at March 31, 2018
(ii) (a) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	5,184.21	7,584.76

(b) Operating Leases

Operating leases are mainly in the nature of lease of office premises with no restrictions and are renewable on a periodic basis at the option of either of the parties.

There are no sub-leases. There are no restrictions imposed by lease arrangements. The aggregate amount of operating lease payments recognised in the statement of profit and loss for cancellable lease is Rs. 222.84 lakhs (March 31, 2018: Rs. 347.61 lakhs) and non-cancellable lease is Rs. 170.65 lakhs (March 31, 2018 : Rs. 67.52 lakhs).

Notes to Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

26. Contingent liabilities and commitments (Contd..)

The schedule of future minimum rental payments in respect of non-cancellable operating leases is set out below:

Particulars	As at March 31, 2019	As at March 31, 2018
Less than one year	178.55	106.60
Between one and five years	392.02	370.29
More than five years	-	-
	570.57	476.89

27. Share based payments

Granules India Limited – Employee Stock Option Scheme 2009 (“ESOS-2009”)

Pursuant to the decision of the shareholders at their meeting held on 25th September, 2009, the Company has formulated an Employee Stock Option Scheme 2009 to be administered by the Compensation & Remuneration Committee of the Board of Directors. This scheme has been formulated in accordance with the Securities Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

Under the Plan, options not exceeding 10,048,070 have been reserved to be issued to the eligible directors and employees (Employees under permanent employment of the Company and its subsidiary company(ies), including eligible Directors of the Company and its subsidiary, whether whole time or not, whether working in India or abroad or otherwise, except the Promoter Directors and Promoter group employees) with each option conferring a right upon the Optionee to apply for one equity share.

The exercise price of the options is the closing market price of the shares on that stock exchange where there is highest trading volume prior to the date of the grant i.e. the date of the Compensation & Remuneration Committee / Board meeting at which the grant of options is approved.

Under the above Scheme till date, options were granted in seven tranches viz. Grant I, Grant II, Grant III , Grant IV, Grant V, Grant VI & Grant VII. The options granted under the Plan shall start vesting in tranches after one year from the date of grant and not more than two, three and five years (differs from optionee to optionee) under Grant I, five years under Grant II & III and four years under Grant IV , V , VI & VII from the respective date of grant of the options.

The Black-Scholes-Merton model includes assumptions regarding dividend yields, expected volatility, expected terms and risk free interest rates. In respect of exercise price of options granted, the expected term of an option (or “option life”) is estimated based on the vesting term, contractual term, as well as expected exercise behavior of the employees receiving the option. In respect of fair market value of the options granted, the option life is estimated based on the simplified method. Expected volatility of the option is based on historical volatility, of the observed market prices of the Company’s publicly traded equity shares. Dividend yield of the options is based on recent dividend activity. Risk-free interest rates are based on the government securities yield in effect at the time of the grant. These assumptions reflect management’s best estimates, but these assumptions involve inherent market uncertainties based on market conditions generally outside of the Company’s control.

Notes to Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

The details of activity under the Scheme are summarised below :

	For the year ended March 31, 2019			
	Shares arising out of options	Range of Exercise prices	Weighted Average exercise price	Weighted Average remaining useful life (months)
Options outstanding at the beginning of the year	5,444,700	9.10 to 142.00	122.92	64
Add : Granted during the year	50,000	117.00	117.00	73
Less: Exercised during the year	410,000	9.10 to 31.50	23.30	-
Less: Lapsed/Cancelled during the Year	860,000	31.50 to 142.00	143.44	-
At the end of the year	4,224,700	9.10 to 142.00	128.36	55
Exercisable at the end of the year	498,000	9.10 to 133.00	31.33	13

	For the year ended March 31, 2018			
	Shares arising out of options	Range of Exercise prices	Weighted Average exercise price	Weighted Average remaining useful life (months)
Options outstanding at the beginning of the year	1,570,000	9.10 to 133.00	39.74	38
Add : Granted during the year	4,488,000	142.00	142.00	84
Less: Exercised during the year	380,000	9.10 to 31.50	22.71	-
Less: Lapsed/Cancelled during the Year	233,300	31.50 to 142.00	93.35	-
At the end of the year	5,444,700	9.10 to 142.00	122.92	64
Exercisable at the end of the year	384,000	9.10 to 133.00	21.47	20

The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

	Grant VII	Grant VI	Grant V	Grant IV	Grant II	Grant I
Date of Grant	March 29, 2019	April 04, 2017	April 28, 2016	April 28, 2014	July 26, 2012	April 24, 2012
Dividend yield	1.00%	0.75%	0.49%	1.11%	1.43%	2.20%
Expected volatility	45.25%	30.20%	23.43%	41.17%	46.68%	43.84%
Risk-free interest rate	7.17%	6.62%	8.00%	8.00%	8.00%	8.00%
Weighted average share price of Rs.	140.76	172.92	175.01	44.00	20.49	12.91
Exercise price of Rs.	117.00	142.00	133.00	31.50	14.00	9.10
Expected life of options granted in years	4	4	4	4	5	5

Notes to Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

The estimated fair value of stock options is charged to profit or loss account:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Employee stock option scheme	139.18	296.38

Employee wise details of options outstanding to senior management personnel :

Name	Designation	No. of options outstanding as on March 31, 2019
Karuppannan Ganesh	Chief Financial Officer	400,000

28. Employee benefits

a) Defined contribution plan

	For the year ended March 31, 2019	For the year ended March 31, 2018
Contribution to provident and other funds	568.14	576.82

- b) The Company has a defined benefit gratuity plan as per the Payment of Gratuity Act, 1972. Under this legislation, employee who has completed five years of service is entitled to specific benefit. The level of benefit provided depends on the employee's length of service and salary at retirement/termination age. The gratuity plan is a funded plan and the Company make contributions to a recognised fund in India.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/liability
Balance as on March 31, 2017	620.84	(118.18)	502.66
Current service cost	306.22	-	306.22
Interest expense/(income)	47.16	(9.56)	37.60
Amount recognised in Statement of profit and loss	353.38	(9.56)	343.82
Remeasurements:			
Return on plan assets, excluding amounts included in interest expense/(income)	-	0.54	0.54
Actuarial (gain)/loss arising from:			
Demographic assumptions	-	-	-
Financial assumptions	(35.43)	-	(35.43)
Experience adjustment	(146.40)	-	(146.40)
Amount recognised in other comprehensive income	(181.83)	0.54	(181.30)

Notes to Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

28. Employee benefits (Contd..)

	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/liability
Employers contribution	-	0.04	0.04
Benefits paid	(62.78)	-	(62.78)
Balance as on March 31, 2018	729.61	(127.16)	602.46
Current service cost	296.51	-	296.51
Interest expense/(income)	56.79	(9.67)	47.12
Amount recognised in Statement of profit and loss	353.30	(9.67)	343.63
Remeasurements:			
Return on plan assets, excluding amounts included in interest expense/(income)	-	0.38	0.38
Actuarial (gain)/loss arising from:			
Demographic assumptions	-	-	-
Financial assumptions	112.74	-	112.74
Experience adjustment	(8.20)	-	(8.20)
Amount recognised in other comprehensive income	104.54	0.38	104.92
Employers contribution	-	-	-
Benefits paid	(39.52)	-	(39.52)
Balance as at March 31, 2019	1,147.93	(136.45)	1,011.49

	March 31, 2019	March 31, 2018
Non-current	788.40	480.35
Current	223.09	122.11
	1,011.49	602.46

(ii) The assumptions used for gratuity valuation are as below:

	March 31, 2019	March 31, 2018
Interest rate	7.60%	8%
Discount rate	7.60%	8%
Expected return on plan assets	7.60%	8%
Salary increase	9%	7%
Attrition rate	20%	20%
Retirement age - Years	60	60

Assumptions regarding future mortality experience are set in accordance with published statistics and mortality tables.

The weighted average duration of the defined benefit obligation was 6.78 years.

The defined benefit plan expose the Company to actuarial risks, such as longevity and interest rate risk.

Notes to Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

(iii) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions are as below:

Particulars	March 31, 2019		March 31, 2018	
	Increase	Decrease	Increase	Decrease
Discount rate	(46.14)	50.61	(29.76)	32.50
Salary increase	52.85	(49.72)	35.43	(33.22)
Attrition rate	(2.18)	2.38	(1.35)	1.28

Sensitivity of significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of defined benefit obligation by one percentage, keeping all other actuarial assumptions constant. Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumption shown.

As of March 31, 2019 and March 31, 2018, the plan assets have been invested in Life Insurance Corporation

Maturity profile of defined benefit obligation

Particulars	March 31, 2019
1st Following year	223.09
2nd Following year	195.20
3rd Following year	183.13
4th Following year	150.30
5th Following year	131.30
Years 6 to 10	446.67

29. Research and development expenses

Details of research and development expenses incurred during the year is given below

Particulars	March 31, 2019	March 31, 2018
Capital	1,327.40	463.25
Revenue	3,905.65	3,574.03
Total	5,233.05	4,037.28

30. Remuneration to statutory auditors

Particulars	March 31, 2019	March 31, 2018
As Auditor (exclusive service tax/GST)		
Statutory audit	32.00	28.00
Limited review	9.00	6.00
Certification	17.65	-
Reimbursement of expenses	3.59	0.24
Total	62.24	34.24

Notes to Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

31. Related party disclosures

31A. Names of related parties and description of relationship

Name of the related party	Relationship
1 Granules USA, Inc.	Wholly owned subsidiary company
2 Granules Pharmaceuticals, Inc.	Wholly owned subsidiary company
3 Granules Europe Limited	Wholly owned subsidiary company
4 Granules-Biocause Pharmaceutical Co. Ltd	Associate
5 Granules Omnicem Private Limited	Joint venture
6 Karvy Fintech Private Limited (formerly known as Karvy Computershare Private Limited)	Enterprises over which key management personnel or their relatives exercise significant influence
7 Tyche Investments Private Limited	Enterprises over which key management personnel or their relatives exercise significant influence
Key managerial personnel	
1 Mr.Krishna Prasad Chigurupati	Chairman & Managing Director
2 Mrs. Uma Devi Chigurupati	Executive Director
3 Dr. V.V.N.K.V. Prasad Raju (upto January 29, 2019)	Executive Director
4 Mr. V.V.S.Murthy (upto May 11, 2017)	Chief Financial Officer
5 Mr. K.Ganesh	Chief Financial Officer
6 Mrs. Chaitanya Tummala	Company Secretary
Relatives to key managerial personnel	
1 Mr.Harsha Chigurupati	Non-Executive, Non-Independent Director

31B. Transactions during the year

Particulars	March 31, 2019	March 31, 2018
a) Subsidiary companies		
i) Granules USA, Inc.		
Sale of goods	32,503.92	36,318.28
ii) Granules Pharmaceuticals, Inc.		
Sale of goods	6,222.71	100.48
Interest on loans given	553.25	1,290.05
Loans given	5,953.51	22,143.73
Equity subscribed (loan to equity subscribed) {refer note - 4B}	43,134.72	-
iii) Granules Europe Limited		
Equity Subscribed	-	0.08
Interest on loans given	15.19	2.42
Loans given	338.05	170.58
b) Associate		
i) Granules-Biocause Pharmaceutical Co. Ltd		
Purchases	13,424.39	6,884.86

Notes to Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

31B. Transactions during the year (Contd..)

Particulars	March 31, 2019	March 31, 2018
c) Transactions with enterprises over which key management personnel or their relatives exercise significant influence		
i) Karvy Fintech Private Limited (formerly known as Karvy Computershare Private Limited) Registrar Services	14.22	17.04
ii) Tyche Investments Private Limited Rent	63.40	50.68
d) Transactions with key managerial personnel or their relatives		
i) Mr.Krishna Prasad Chigurupati Managerial Remuneration	1,499.04	1,121.23
ii) Mrs. Uma Devi Chigurupati Managerial Remuneration	1,199.23	896.90
iii) Mr.Harsha Chigurupati Sitting fees	2.00	2.40
iv) Dr. V.V.N.K.V. Prasad Raju (upto Jan 29, 2019) Managerial Remuneration	257.87	224.23
v) Mr. V.V.S.Murthy (upto May 11, 2017) Salary	-	27.00
vi) Mr. K. Ganesh (from May 11, 2017) Salary	183.25	135.04
vii) Mrs. Chaitanya Tummala Salary	30.94	31.32

31C. Closing balances

Particulars	March 31, 2019	March 31, 2018
a) Subsidiary Companies		
i) Granules USA, Inc. Investment in subsidiary	116.31	116.31
Trade receivables*	11,658.11	15,809.28
ii) Granules Pharmaceuticals, Inc. Investment in subsidiary	44,359.71	1,225.00
Loan to subsidiaries*	5,109.84	41,691.52
Trade receivables*	4,789.88	-
iii) Granules Europe Limited Investment in subsidiary	0.08	0.08
Loan to subsidiaries*	523.13	182.36
b) Joint Ventures		
i) Granules Omnichem Private Limited Investment	4,288.10	4,288.10
Corporate Guarantee given	13,986.43	14,512.00
c) Associate		
i) Granules-Bioclause Pharmaceutical Co. Ltd Investment	1,819.03	1,819.03
Trade payables*	3,766.98	2,412.90

Notes to Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

31C. Closing balances (Contd..)

Particulars	March 31, 2019	March 31, 2018
d) Enterprises over which key management personnel or their relatives exercise significant influence		
i) Karvy Fintech Private Limited (formerly known as Karvy Computershare Private Limited) Payable	1.23	2.24
ii) Tyche Investments Private Limited Payable	-	4.56
Rental Deposit	20.00	20.00

As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the Key Management Personnel and their relatives is not ascertainable and, therefore, not included above.

*Foreign currency balances included above have been shown at restated values arrived by using the closing exchange rates

32. Fair Values

The management assessed that loans, cash and cash equivalents, trade receivables, borrowings, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Fair Valuation measurement hierarchy

The following table shows the carrying amounts and fair values of financial assets and liabilities including their levels of fair value hierarchy:

Particulars	As at March 31, 2019						
	Carrying amount				Fair Value		
	Mandatorily at fair value through profit and loss (FVTPL)	Fair value through other comprehensive income (FVOCI)	Assets/liabilities at amortised cost method	Total carrying amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
i) Financial assets							
a) Financial assets not measured at Fair value							
Non-current investments	-	-	50,646.30	50,646.30	-	-	-
Non-current loans	-	-	6,545.08	6,545.08	-	-	-
Trade receivables	-	-	70,420.94	70,420.94	-	-	-
Cash and cash equivalents	-	-	5,642.03	5,642.03	-	-	-
Bank balances other than cash and cash equivalents	-	-	601.59	601.59	-	-	-
Current loans	-	-	49.10	49.10	-	-	-
Other current financial assets	-	-	34.07	34.07	-	-	-
	-	-	1,33,939.11	1,33,939.11	-	-	-

Notes to Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

Fair Valuation measurement hierarchy (Contd..)

Particulars	As at March 31, 2019						
	Carrying amount				Fair Value		
	Mandatorily at fair value through profit and loss (FVTPL)	Fair value through other comprehensive income (FVOCI)	Assets/liabilities at amortised cost method	Total carrying amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
ii) Financial liabilities							
a) Financial liabilities not measured at fair value							
Non-current borrowings	-	-	47,878.25	47,878.25	-	-	-
Trade payables	-	-	27,689.23	27,689.23	-	-	-
Other current financial liabilities	-	-	9,631.22	9,631.22	-	-	-
Current borrowings	-	-	45,420.61	45,420.61	-	-	-
	-	-	1,30,619.31	1,30,619.31	-	-	-

Particulars	As at March 31, 2018						
	Carrying amount				Fair Value		
	Mandatorily at fair value through profit and loss (FVTPL)	Fair value through other comprehensive income (FVOCI)	Assets/liabilities at amortised cost method	Total carrying amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
i) Financial assets							
a) Financial assets not measured at Fair value							
Non-current investments	-	-	7,511.58	7,511.58	-	-	-
Non-current loans	-	-	42,686.39	42,686.39	-	-	-
Trade receivables	-	-	69,291.05	69,291.05	-	-	-
Cash and cash equivalents	-	-	8,980.94	8,980.94	-	-	-
Bank balances other than cash and cash equivalents	-	-	760.34	760.34	-	-	-
Current loans	-	-	20.36	20.36	-	-	-
Other current financial assets	-	-	36.55	36.55	-	-	-
	-	-	1,29,287.21	1,29,287.21	-	-	-
ii) Financial liabilities							
a) Financial liabilities not measured at fair value							
Non-current borrowings	-	-	43,313.02	43,313.02	-	-	-
Trade payables	-	-	26,054.18	26,054.18	-	-	-
Other current financial liabilities	-	-	5,701.22	5,701.22	-	-	-
Current borrowings	-	-	52,509.95	52,509.95	-	-	-
	-	-	1,27,578.37	1,27,578.37	-	-	-

Notes to Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

33. Financial risk management

Framework

The Company is exposed primarily to Credit Risk, Liquidity Risk and Market risk (fluctuations in foreign currency exchange rates and interest rate), which may adversely impact the fair value of its financial instruments. The Company assesses the unpredictability of the financial environment and seeks to mitigate potential adverse effects on the financial performance of the Company.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analyzing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit. Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, investments, loans, cash and cash equivalents, bank deposits and other financial assets. None of the financial instruments of the Company result in material concentration of credit risk, except for trade receivables.

Ind AS requires expected credit losses to be measured through a loss allowance. The Company assesses at each date of statements of financial position whether a financial asset or a group of financial assets is impaired. Expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. Company's exposure to customers is diversified and major customer contributes around 17% and 23% of outstanding trade receivable as of March 31, 2019 and March 31, 2018. The maximum exposure to credit risk was Rs. 70,420.94 lakhs and Rs. 69,291.05 lakhs as of March 31, 2019 and March 31, 2018 respectively, being the total of the carrying amount of balances with trade receivables.

Before accepting any new customer, the Company uses an external/internal credit scoring system to assess the potential customer's credit quality and defines credit limits of customer. Limits and scoring attributed to customers are reviewed at periodic intervals. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix.

Credit risk on financial assets, except trade receivables is limited as the company generally transacts with banks and financial institutions with high credit rating assigned by international and domestic credit rating agencies. Investment primarily include investment in subsidiaries, associate and joint venture whose carrying value is evaluated by the management at the end of every reporting period for impairment. As at the end of the reporting period, there are no indicators of impairment of investments.

Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Notes to Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

33. Financial risk management (Contd..)

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of March 31, 2019:

Particulars	Less than 1 year	1-2 years	2-5 years	5-9 years	Total
Borrowings	5,819.08	9,067.10	25,874.10	12,937.05	53,697.33
Short-term Borrowings	45,420.61	-	-	-	45,420.61
Trade payables	27,689.23	-	-	-	27,689.23
Other financial liabilities	3,812.14	-	-	-	3,812.14

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of March 31, 2018:

Particulars	Less than 1 year	1-2 years	2-5 years	5-9 years	Total
Borrowings	2,021.16	6,368.42	27,202.75	9,741.85	45,334.18
Short-term Borrowings	52,509.95	-	-	-	52,509.95
Trade payables	26,054.18	-	-	-	26,054.18
Other financial liabilities	3,680.06	-	-	-	3,680.06

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Company's exposure to market risk is primarily on account of foreign currency exchange rate risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. As the Company's debt obligation with floating interest rates are primarily in USD/EURO which is subject to insignificant change, exposure to the risk of changes in market interest rates are substantially independent of changes in market interest rates.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on borrowings, as follows:

Particulars	Change in basis points	March 31, 2019	March 31, 2018
INR - Borrowings	+100	(7.73)	(8.14)
	-100	7.73	8.14
USD - Borrowings	+100	(409.71)	(355.27)
	-100	409.71	355.27
EURO - Borrowings	+100	(389.90)	(293.87)
	-100	389.90	293.87

Notes to Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

33. Financial risk management (Contd..)

Foreign Currency exchange rate risk

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the respective entities. Considering the countries and economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in USD/EURO against the functional currencies of the Company.

The year end foreign currency exposures are as under -

(All amounts are in Indian Rupees Lakhs)

Particulars	March 31, 2019		
	USD	EURO	Others
Assets			
Trade receivables	53,141.47	3,242.37	-
Loans and advances	5,109.84	-	523.13
Other non-current assets	569.77	171.16	6.05
Other current assets	367.03	81.18	41.55
Loans	10.75	-	2.05
Cash and cash equivalents	68.28	0.43	0.16
Total	59,267.14	3,495.14	572.94
Liabilities			
Borrowings	1,064.00	46,814.25	-
Trade payables	11,537.07	358.26	82.78
Other financial liabilities	2,629.42	4,190.75	3.48
Other current liabilities	499.98	-	-
Short-term Borrowings	44,647.96	-	-
Total	60,378.43	51,363.26	86.26

(All amounts are in Indian Rupees Lakhs)

Particulars	March 31, 2018		
	USD	EURO	Others
Assets			
Trade receivables	43,631.17	5,611.23	156.68
Loans and advances	41,691.52	-	182.36
Other non-current assets	108.65	307.69	61.61
Other current assets	399.07	47.62	79.49
Cash and cash equivalents	3.90	-	-
Total	85,834.31	5,966.54	480.14
Liabilities			
Borrowings	3,001.92	40,311.10	-
Trade payables	19,132.90	1,889.05	104.46
Other financial liabilities	2,635.54	791.55	0.39
Other current liabilities	112.66	-	7.73
Short-term Borrowings	43,268.92	302.93	-
Total	68,151.94	43,294.63	112.58

Notes to Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

33. Financial risk management (Contd..)

For the year ended March 31, 2019 and March 31, 2018, every percentage point depreciation / appreciation in the exchange rate between Indian rupees and U.S. dollar/Euro will affect the Company's profit before tax by approximately 2.03% and 0.94% respectively.

The Company designates certain non derivative financial liabilities, such as foreign currency borrowings from financial institutions, as hedging instruments for the hedge of foreign exchange risk associated with highly probable forecasted transactions and, accordingly, applies cash flow hedge accounting for such relationships. Re-measurement gain/loss on such non derivative financial liabilities is accumulated in other equity under the heading cash flow hedging reserve, and re-classified in the statement of profit and loss as revenue in the period corresponding to the occurrence of the forecasted transactions.

Cash flow hedge reserve

The reconciliation of cash flow hedge reserve for the year ended March 31, 2019 is as follows:

Particulars	March 31, 2019	March 31, 2018
Balance at the beginning of the year	(1,346.00)	-
Gain/(loss) recognised in other comprehensive income during the year	1,870.87	(2,068.98)
Amount reclassified to revenue during the year	-	-
Tax impact on the above	(653.76)	722.98
Balance at the end of the year	(128.89)	(1,346.00)

The table below summarises the periods when the cash flows associated with highly probable forecasted transactions that are classified as cash flow hedges are expected to occur:

Particulars	March 31, 2019	March 31, 2018
Cash flows in Euros		
Not later than one year	3,605.98	-
Later than one year and not later than five years	30,252.25	28,784.55
Later than five years and not later than nine years	16,448.67	9,457.57

34. Segment reporting

The Company is engaged in the manufacture of Pharmaceuticals, which in the context of Ind AS 108 is considered only business segment.

Particulars	March 31, 2019			March 31, 2018		
	Outside India	Within India	Total	Outside India	Within India	Total
Revenue	1,59,871.71	49,971.55	2,09,843.26	1,24,939.47	40,447.45	1,65,386.92
Non-current assets (refer note i)	-	95,196.98	95,196.98	-	87,171.76	87,171.76

Note:

- i) Non-current assets for this purpose consist of property, plant and equipment, capital work in progress and other non-current assets.

Notes to Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

35. Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure in consideration to the changes in economic conditions and the requirements of the financial covenants. The Company monitors capital using a gearing ratio, which is net debt divided by equity. Net debt consists of borrowings including interest accrued on borrowings, less cash and cash equivalents and other bank balances.

Particulars	March 31, 2019	March 31, 2018
Borrowings including interest accrued on borrowings	99,418.23	98,076.42
Less: cash and cash equivalents and other bank balances	(6,243.62)	(9,741.28)
Net debt	93,174.61	88,335.14
Equity	2,542.48	2,538.38
Other equity	139,781.03	125,281.43
Total equity	142,323.51	127,819.81
Net debt to equity ratio	0.65	0.69

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

36. Subsequent Events

There are no significant events that occurred after the balance sheet date.

- 37.** The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these financial statements since the requirement does not pertain to financial year ended 31 March 2019
- 38.** Figures in Balance Sheet, Statement of Profit and Loss and Notes to audited financial statements have been rounded off to the nearest thousand and have been expressed in terms of decimals of thousands

As per our report of even date attached
for **B S R & Associates LLP**
Chartered Accountants
Firm registration number 116321W/W-100024

Sriram Mahalingam
Partner
Membership No : 049642

Place: Hyderabad
Date: May 09, 2019

for and on behalf of the Board of Directors of
Granules India Limited
CIN : L24110TG1991PLC012471

Krishna Prasad Chigurupati
Chairman and Managing Director
DIN : 00020180

K.Ganesh
Chief Financial Officer

Chaitanya Tummala
Company Secretary

Independent Auditors' Report

To the Members of **Granules India Limited**

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Granules India Limited (hereinafter referred to as the 'Holding Company') and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), its associate and its joint venture, which comprise the consolidated balance sheet as at 31 March 2019, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries, associate and joint venture as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associate, joint venture as at 31 March 2019, of its consolidated profit and other comprehensive income,

consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Act. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of Key Audit Matter

Recoverability of the carrying value of intangible assets and intangible assets under development

[See note 3B to the consolidated financial statements](#)

The key audit matter	How the matter was addressed in our audit
<p>The Holding Company and Granules Pharmaceutical Inc., one of it's subsidiary ("GPI") has substantial intangible assets and intangible assets under development as at 31 March 2019.</p> <p>The Holding Company and GPI is required to complete an impairment review of its portfolio of finite-lived intangible assets, where there are indicators of impairment and intangible assets under development.</p>	<p>With regard to the Holding Company's intangible assets, our procedures included the following:</p> <ul style="list-style-type: none"> - Obtaining an understanding of and testing the key controls surrounding capitalization and assessment of indicators for impairment including internal policies <p>Reviewing management's assumptions in relation to key inputs by considering third party sources to the extent available to corroborate the expected future cash inflows due to actions by competitors or due to changes in relevant markets.</p>

The key audit matter

The determination of carrying values requires judgement on the part of management in identifying and then estimating the higher of the value in use and a fair value less costs to dispose.

These amounts are based on management's assessment of discounted future cash flow forecasts and external market conditions such as future pricing, probability of technical and regulatory success which are inherently subjective. There is a risk that the carrying value of intangible assets may be higher than the recoverable amount thereby indicating an impairment.

How the matter was addressed in our audit

Carrying out an analysis around key estimates to assess the level of sensitivity to key assumptions used in Management's assessment.

With regard to impairment assessment of GPI, we have obtained the audit report from the other auditor. Per the audit report provided by the other auditor, the following procedures were performed:

- Obtained the Company's impairment analysis and tested the integrity of the calculations, reasonableness of key assumptions, including product profit and cash flow growth or decline, terminal values and discount rates.
- Challenged management to substantiate its assumptions, including comparing relevant assumptions to industry forecasts.
- performed procedures on the Company's impairment analysis, with significant involvement from senior engagement team members. Procedures included but were not limited to:
 - obtaining an understanding of the key controls associated with the preparation of the valuation models used to assess the recoverable amount of Company's developed product intangibles & intangible assets under development;
 - Understanding management's process for forecasting cash flows, which include a product- by-product analysis.
 - Understanding and testing market and pricing assumptions by comparing them to historical and third party market data;
 - critically evaluated management's methodologies and their documented basis for key assumptions utilised in the valuation models;
 - in respect of costs and resulting profit margins in management's model, we challenged management on forecasted trends and assumed cost savings in the context of the Company's plans for ongoing product development.
 - Relied on the weighted average cost of capital determined by an external valuer in computing fair value of Company's equity.
 - Performed sensitivity analysis around the key drivers of growth rates used in the cash flow forecasts and the discount rate used
 - Assessed management's consideration of the sensitivity to a change in key assumptions that both individually or collectively would be required for assets to be impaired and considered the likelihood of such a movement in those key assumptions arising.
 - Assessed the appropriateness of disclosures included in the notes to financial statements.

Other Information

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and based on the work done/ audit report of other auditors, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group including its associate and joint venture in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associate and joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company. and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and

presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective management and Board of Directors of the companies included in the Group and of its associate and joint venture are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associate and joint venture is responsible for overseeing the financial reporting process of each company.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from

error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group as well as associate and joint venture to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group and its associate and joint venture to express an opinion on the consolidated financial statements, of which we are the independent auditors. We are responsible for the direction, supervision and performance of the audit of financial information of such entities. For the other entities included in the consolidated financial statements, which have been audited by other

auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled 'Other Matters' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

- (a) We did not audit the financial statements / financial information of two subsidiaries, whose financial statements/financial information reflect total assets of Rs. 74,084.22 lakhs as at 31 March 2019, total revenues of Rs. 56,842.14 lakhs and net cash inflows amounting to Rs.

846.76 lakhs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit (and other comprehensive income) of Rs. 4,805.48 lakhs for the year ended 31 March 2019, in respect of one associate and one joint venture, whose financial statements/financial information have not been audited by us. These financial statements/financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, joint venture and associate, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, joint venture and associate is based solely on the audit reports of the other auditors.

The associate located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in the associate's country and which have been audited by other auditors under generally accepted auditing standards applicable in the associate's country. The Holding Company's management has converted the financial statements of the associate located outside India from accounting principles generally accepted in the associate's country to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of the associate located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

- (b) The financial statement/financial information of one subsidiary, whose financial statement/financial information reflect total assets of Rs. 17.47 lakhs as at 31 March 2019, total revenue of Nil and net cash out flows amounting to Rs. 8.69 lakhs for the year ended on that date, as considered in the consolidated financial statements, have not been audited either by us or by other auditors. This unaudited financial statement/financial information have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it

relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiary is based solely on such unaudited financial statement / financial information. In our opinion and according to the information and explanations given to us by the Management, this financial statement/financial information is not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements/financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

- A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries, associate and joint venture as were audited by other auditors, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

- d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act.
- e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2019 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its joint venture incorporated in India, none of the directors of the Holding Company and its joint ventures incorporated in India is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its joint venture incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries, associate and joint venture, as noted in the 'Other Matters' paragraph:

- i. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2019 on the consolidated financial position of the Group, its associates and joint ventures and joint operations. Refer Note 26 to the consolidated financial statements.
- ii. The Group, its associate and joint venture did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2019.
- iii. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the

Holding Company incorporated in India during the year ended 31 March 2019. There were no amount which were required to be transferred to Investor Education and Protection Fund by the Joint Venture incorporated in India during the year ended 31 March 2019.

- iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the financial statements since they do not pertain to the financial year ended 31 March 2019.

C. With respect to the matter to be included in the Auditor's report under section 197(16):

In our opinion and according to the information and explanations given to us and based on the reports of the statutory auditors of joint venture incorporated in India which were not audited by us, the remuneration paid during the current year by the Holding Company and its joint venture to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company and Joint Venture is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

for **B S R & Associates LLP**
Chartered Accountants

ICAI Firm Registration Number. : 116231W/W-100024

Sriram Mahalingam

Partner

Place : Hyderabad

Date: 09 May 2019

Membership Number: 049642

Annexure A

to the Independent Auditors' report on the Consolidated Financial Statements of Granules India Limited for the period ended 31 March 2019

Report on the internal financial controls with reference to the aforesaid Consolidated Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2019, we have audited the internal financial controls with reference to consolidated financial statements of Granules India Limited (hereinafter referred to as "the Holding Company") and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary companies, its associate companies and its joint venture companies, as of that date.

In our opinion, the Holding Company and such companies incorporated in India which are its subsidiary companies, its associate companies and joint venture companies, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely

preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the relevant subsidiary companies, associate companies and joint venture companies in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial controls with Reference to Consolidated Financial Statements

A company's internal financial controls with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial controls with Reference to consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override

of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to one joint venture company, which is a company incorporated in India, is based on the corresponding reports of the auditors of such company incorporated in India.

for **B S R & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number. : 116231W/W-100024

Sriram Mahalingam

Partner

Place : Hyderabad

Date: 09 May 2019

Membership Number: 049642

Consolidated Balance Sheet

as at March 31, 2019

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

	Notes	As at March 31, 2019	As at March 31, 2018
Assets			
Non-current assets			
Property, plant and equipment	3A	74,755.69	70,079.04
Capital work-in-progress	3A	32,349.96	29,007.22
Intangible assets	3B	19,669.12	7,593.92
Intangible assets under development	3B	17,245.19	22,444.39
Financial assets			
(i) Investments	4A	21,042.07	15,655.87
(ii) Loans	4B	1,692.61	2,113.39
Deferred tax assets	12B	422.70	695.12
Income tax assets (net)		169.26	45.72
Other non-current assets	5A	2,710.55	1,431.43
Total non-current assets		170,057.15	149,066.10
Current assets			
Inventories	6	38,421.25	27,994.56
Financial assets			
(i) Trade receivables	7A	67,354.24	62,825.11
(ii) Cash and cash equivalents	7B	8,302.43	10,803.28
(iii) Bank balances other than cash and cash equivalents stated above	7B	601.59	760.34
(iv) Loans	7C	315.43	62.57
(v) Others	7D	51.68	115.16
Other current assets	5B	13,177.55	16,095.55
Total current assets		128,224.17	118,656.57
Total assets		298,281.32	267,722.67
Equity and liabilities			
Equity			
Equity share capital	8	2,542.48	2,538.38
Other equity	9	150,404.83	127,879.21
Total equity		152,947.31	130,417.59
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	10	47,878.25	43,313.02
Provisions	11A	1,258.07	770.05
Deferred tax liabilities (net)	12A	6,549.49	5,430.88
Total non-current liabilities		55,685.81	49,513.95
Current liabilities			
Financial liabilities			
(i) Borrowings	13A	45,420.61	52,509.95
(ii) Trade payables	13B		
(a) Total outstanding dues of micro enterprises and small enterprises		371.45	413.27
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		31,976.29	27,021.51
(iii) Other financial liabilities	13C	10,194.84	6,117.44
Income tax liabilities (net)		85.74	595.19
Provisions	11B	433.83	267.13
Other current liabilities	14	1,165.44	866.64
Total current liabilities		89,648.20	87,791.13
Total liabilities		145,334.01	137,305.08
Total equity and liabilities		298,281.32	267,722.67
Significant accounting policies	2		
The accompanying notes are an integral part of the financial statements.			

As per our report of even date attached
for **B S R & Associates LLP**
Chartered Accountants
Firm registration number 116321W/W-100024

Sriram Mahalingam

Partner
Membership No : 049642

Place: Hyderabad
Date: May 09, 2019

for and on behalf of the Board of Directors of

Granules India Limited

CIN : L24110TG1991PLC012471

Krishna Prasad Chigurupati

Chairman and Managing Director
DIN : 00020180

K.Ganesh

Chief Financial Officer

Chaitanya Tummala

Company Secretary

Consolidated Statement of Profit and Loss

for the year ended March 31, 2019

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

	Notes	For the year ended March 31, 2019	For the year ended March 31, 2018
Income			
Revenue from operations	15	227,919.77	169,184.83
Other income	16	2,668.26	1,084.27
Total income		230,588.03	170,269.10
Expenses			
Cost of materials consumed	17	133,897.31	90,290.48
Changes in inventory of work-in-progress and finished goods	18	(8,341.09)	(658.34)
Excise duty on sales		-	722.60
Employee benefit expenses	19	20,982.44	16,521.21
Finance costs	20	2,846.07	3,305.98
Depreciation and amortisation	21	10,548.34	7,620.20
Other expenses	22	42,977.34	34,466.81
Total expenses		202,910.41	152,268.94
Profit before tax, share of profit of joint venture and associate		27,677.62	18,000.16
Share of profit in joint venture and associate, net of tax		4,874.32	1,598.81
Profit before tax		32,551.94	19,598.97
Tax expense	24		
(i) Current tax		8,192.27	6,593.71
(ii) Deferred tax		718.82	(253.86)
Total tax expense		8,911.09	6,339.85
Profit for the year		23,640.85	13,259.12
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss	24		
Fair value changes on cash flow hedges		1,870.87	(2,068.98)
Gain/(loss) arising on translation of foreign operations		228.94	1,327.84
Income tax relating to items that will be reclassified to profit or loss		(728.48)	722.98
Net other comprehensive income to be reclassified to profit or loss		1,371.33	(18.16)
Items that will not be reclassified subsequently to profit or loss			
Re-measurement of defined benefit liability		(104.92)	181.30
Re-measurement of defined benefit liability of joint venture, net of tax		(0.64)	3.09
Income tax relating to items that will not be reclassified to profit or loss		36.66	(62.74)
Net other comprehensive income not to be reclassified subsequently to profit or loss		(68.90)	121.65
Other comprehensive income for the year		1,302.43	103.49
Total comprehensive income for the year		24,943.28	13,362.61
Earnings per share:			
Equity shares of par value of Re. 1 each			
Basic (INR)	25	9.30	5.49
Diluted (INR)		9.28	5.47
Significant accounting policies	2		
The accompanying notes are an integral part of the financial statements.			

As per our report of even date attached
for **B S R & Associates LLP**
Chartered Accountants
Firm registration number 116321W/W-100024

Sriram Mahalingam
Partner
Membership No : 049642

Place: Hyderabad
Date: May 09, 2019

for and on behalf of the Board of Directors of

Granules India Limited
CIN : L24110TG1991PLC012471

Krishna Prasad Chigurupati
Chairman and Managing Director
DIN : 00020180

K.Ganesh
Chief Financial Officer

Chaitanya Tummala
Company Secretary

Consolidated Statement of Changes in Equity

for the year ended March 31, 2019
(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

Statement of changes in equity

Particulars	Equity share capital (Refer note 8)	Reserves and Surplus			Other equity (Refer note 9)				Total attributable to owners of the company		
		Securities premium	Capital reserve	General reserve	Employee stock option	Retained earnings	Remeasurements of defined benefit plans	Cash flow hedge reserve		Foreign currency translation reserve	
Balance as on April 1, 2017	2,287.03	33,376.39	1,917.53	30,786.74	244.80	21,784.30	186.02	-	(223.27)	90,359.54	
Total comprehensive income/(loss) for the year											
Profit for the year	-	-	-	-	-	13,259.12	-	-	-	-	13,259.12
Other comprehensive income/(loss) (net of tax)	-	-	-	-	-	-	121.65	(1,346.00)	1,327.84	-	103.49
Transactions with owners, recorded directly in equity											
Equity shares issued during the year	247.55	28,970.19	-	-	-	-	-	-	-	-	29,217.74
Dividends (including dividend distribution tax)	-	-	-	-	(2,904.98)	-	-	-	-	-	(2,904.98)
Share based payment	-	-	-	-	296.38	-	-	-	-	-	296.38
Share options exercised	3.80	82.51	-	-	-	-	-	-	-	-	86.31
Balance as on March 31, 2018	2,538.38	62,429.09	1,917.53	30,786.74	541.18	32,138.43	307.67	(1,346.00)	1,104.57	130,417.59	
Total comprehensive income/(loss) for the year											
Profit for the year	-	-	-	-	-	23,640.85	-	-	-	-	23,640.85
Other comprehensive income/(loss) (net of tax)	-	-	-	-	-	-	(68.90)	1,217.11	154.22	-	1,302.43
Transactions with owners, recorded directly in equity											
Dividends (including dividend distribution tax)	-	-	-	-	-	(3,063.93)	-	-	-	-	(3,063.93)
Share based payment	-	-	-	-	554.82	-	-	-	-	-	554.82
Share options exercised	4.10	91.45	-	-	-	-	-	-	-	-	95.55
Balance as on March 31, 2019	2,542.48	62,520.54	1,917.53	30,786.74	1,096.00	52,715.35	238.77	(128.89)	1,258.79	152,947.31	

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached

for **B S R & Associates LLP**

Chartered Accountants

Firm registration number 116321W/W-100024

Sriram Mahalingam

Partner

Membership No : 049642

Place: Hyderabad

Date: May 09, 2019

K. Ganesh

Chief Financial Officer

Chaitanya Tummala

Company Secretary

for and on behalf of the Board of Directors of

Granules India Limited

CIN : L24110TG1991PLC012471

Krishna Prasad Chigurupati

Chairman and Managing Director

DIN : 00020180

Consolidated Cash Flows Statement

for the year ended March 31, 2019

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Cash flow from operating activities		
Profit before tax	27,677.62	18,000.16
Adjustments to reconcile profit before tax to net cash flows		
Depreciation and amortisation expense	10,548.34	7,620.20
Bad debts written off	6.91	101.47
Allowance for doubtful trade receivables	1,394.31	91.20
Loss on sale of assets (net)	36.50	5.66
Net loss/(gain) on foreign exchange fluctuations (unrealised)	27.56	(332.33)
Share based payment expense	554.82	296.38
Exchange differences on translation of foreign operations	297.14	(37.02)
Interest expense	2,846.07	3,305.98
Interest income	(726.26)	(306.75)
Operating profit before working capital changes	42,663.01	28,744.93
Movements in working capital:		
Increase in trade receivables	(6,789.72)	(20,118.00)
Increase in inventories	(10,426.69)	(1,076.72)
Decrease/(increase) in other assets	2,561.04	(8,458.58)
Increase in trade payables, other liabilities and provisions	7,061.64	6,650.09
Cash generated from operations	35,069.28	5,741.73
Taxes paid (net of refunds)	(8,844.87)	(5,806.78)
Net cash flow generated from/(used in) operating activities	(A) 26,224.41	(65.05)
Cash flow from investing activities		
Purchase of fixed assets, including capital work-in-progress, capital advances and payables for capital goods	(27,940.34)	(44,643.65)
Proceeds from sale of fixed assets	56.82	14.45
Withdrawal/(placement) of bank deposits	167.79	(7.72)
Purchase of investments	-	(1,866.18)
Interest received	733.90	272.56
Net cash flow used in investing activities	(B) (26,981.83)	(46,230.54)

Consolidated Cash Flows Statement

for the year ended March 31, 2019

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Cash flow from financing activities		
Proceeds from issuance of shares	95.55	29,304.06
Proceeds from borrowings	11,339.34	38,242.12
Repayment of borrowings	(1,105.32)	(13,243.82)
(Repayment)/proceeds of short-term borrowings, net	(6,231.00)	4,606.42
Interest paid	(2,778.07)	(3,141.92)
Dividend paid on equity shares including tax thereon	(3,063.93)	(2,904.98)
Net cash flow (used in)/generated from financing activities	(1,743.43)	52,861.88
Net (decrease)/increase in cash and cash equivalents	(2,500.85)	6,566.28
Cash and cash equivalents at the beginning of the year	10,803.28	4,237.00
Cash and cash equivalents at the end of the year	8,302.43	10,803.28
Components of cash and cash equivalents:		
Cash on hand	2.66	6.22
Balances with banks		
On current accounts	3,395.04	2,493.16
On EEFC accounts	67.12	3.90
On deposit accounts	4,837.61	8,300.00
Total cash and cash equivalents	8,302.43	10,803.28

Change in liability arising from financing activities

	March 31, 2018	Cash flow	Changes in fair values	Foreign exchange movement	March 31, 2019
Borrowings - Non Current (Refer note 10)	45,334.18	9,869.34	(1,870.87)	364.68	53,697.33
Borrowings - Current (Refer note 13A)	52,509.95	(6,231.00)	-	(858.34)	45,420.61
	97,844.13	3,638.34	(1,870.87)	(493.66)	99,117.94

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached
for **B S R & Associates LLP**
Chartered Accountants
Firm registration number 116321W/W-100024

Sriram Mahalingam
Partner
Membership No : 049642

Place: Hyderabad
Date: May 09, 2019

for and on behalf of the Board of Directors of
Granules India Limited
CIN : L24110TG1991PLC012471

Krishna Prasad Chigurupati
Chairman and Managing Director
DIN : 00020180

K.Ganesh
Chief Financial Officer

Chaitanya Tummala
Company Secretary

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

1 Company overview

1.1 Reporting entity

The consolidated financial statements relate to Granules India Limited (the Company), its subsidiary companies, joint venture and associate. The Company and its subsidiaries, joint venture and associate constitute the Group. The Company is a public company domiciled in India, with its registered office situated at Hyderabad, Telangana. The company has been incorporated under the provisions of Indian Companies Act and its shares are listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). The company is primarily involved in the manufacturing and selling of Active Pharmaceutical Ingredients (APIs), Pharmaceutical Formulation intermediates (PFIs) and Finished Dosages (FDs).

1.2 Basis of preparation of financial statements

a) Statement of compliance

The consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013 (the 'Act') and other relevant provisions of the Act.

These consolidated financial statements have been prepared for the Group as a going concern on the basis of relevant Ind AS that are effective at the Group's annual reporting date, March 31, 2019. These consolidated financial statements were authorised for issuance by the Company's Board of Directors on May 9, 2019.

The financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value or amortised cost at the end of the each reporting period. Historical cost is based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an assets or paid to transfer a liability in an orderly transaction between market participants at the measurement date. (refer accounting policy regarding financial instruments).

The financial statements are presented in INR and all values are rounded to the nearest lakhs, except when otherwise indicated.

Details of the Group's accounting policies are included in Note 2.

b) Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

c) Basis of consolidation

Subsidiaries

Subsidiaries are all entities that are controlled by the Company. Control exists when the Company is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. In assessing control, potential voting rights are considered only if the rights

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

are substantive. The financial statements of subsidiaries are included in these consolidated financial statements from the date that control commences until the date that control ceases. For the purpose of preparing these consolidated financial statements, the accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Company.

Joint arrangements (equity accounted investees)

Joint arrangements are those arrangements over which the Company has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

A joint arrangement is either a joint operation or a joint venture. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Investments in associate and joint venture are accounted for using the equity method and are initially recognised at cost. The Company does not consolidate entities where the non-controlling interest ("NCI") holders have certain significant participating rights that provide for effective involvement in significant decisions in the ordinary course of business of such entities. Investments in such entities are accounted by the equity method of accounting. When the Company's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to zero and the recognition of further losses is discontinued except to the extent that the Company has an obligation or has made payments on behalf of the investee.

For the purpose of preparing these consolidated financial statements, the accounting policies of joint venture and associate have been changed where necessary to align them with the policies adopted by the Company.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in full while preparing these consolidated financial statements. Unrealised gains or losses arising

from transactions with equity accounted investees are eliminated against the investment to the extent of the Company's interest in the investee.

d) Functional and presentation currency

These consolidated financial statements are presented in Indian rupees (INR), which is also the company's functional currency. All amounts have been rounded-off to the nearest lakh, unless otherwise indicated. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

e) Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis, except for the following items:

- Certain financial assets and liabilities are measured at fair value;
- Net defined benefit assets/(liability) are measured at fair value of plan assets, less present value of defined benefit obligations.

f) Use of estimates and judgements

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the consolidated financial statements.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects

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on the amounts recognised in the financial statements is included in the following notes:

- Note 1.2(d) - Assessment of functional currency;
- Note 2(a) and 33 - Financial instruments;
- Note 2(c) - Useful lives of property, plant & equipment;
- Note 2(d) - Useful lives of Intangible assets;
- Note 24 & 26 (i) - Provision for income taxes, duties/ tax contingencies and evaluation of recoverability of deferred tax assets.
- Note 27 - Share based payments;
- Note 28 - Assets and obligations relating to employee benefits;

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending March 31, 2019 is included in the following notes:

- Note 26 (i) – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.
- Note 27 – Shared based payments.
- Note 28 - measurement of defined benefit obligations : key actuarial assumptions.

g) Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 27 – share based payment; and
- Note 33 – financial instruments.

2 Significant accounting policies

a. Financial instruments

i. Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are initially measured at fair values. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial assets or financial liability.

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- FVOCI – debt investment;
- FVOCI – equity investment; or
- FVTPL

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Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment-by- investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in statement of profit and loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in statement of profit and loss. Any gain or loss on derecognition is recognised in statement of profit and loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in statement of profit and loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to statement of profit and loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in statement of profit and loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to statement of profit and loss.

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Financial liabilities: classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in statement of profit and loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in statement of profit and loss. Any gain or loss on derecognition is also recognised in statement of profit and loss.

iii. Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Group also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is

recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in statement of profit and loss.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

v. Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to mitigate the risk of changes in exchange rates on foreign currency exposures. Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised in statement of profit and loss

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges:

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in other equity under the heading cash flow hedging reserve. Ineffective portion of changes in the fair value of the derivative is recognised immediately in statement of profit and loss.

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If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in other comprehensive income, remains there until the forecasted transaction occurs. If the forecasted transaction is no longer expected to occur, then the balance in other comprehensive income is recognised immediately in the statement of profit and loss.

vi. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

Cash dividend to equity holders

The Group recognises a liability to make cash to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity. Interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

b Foreign Currency

Transactions in foreign currency are translated at the exchange rates prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currency are restated at the prevailing year end rates. The resultant gain/loss upon such restatement along with the gain/loss on account of foreign currency transactions are accounted in the Statement of Profit and Loss, except exchange differences arising from the translation of the qualifying cash flow hedges to the extent that the hedges are effective which are recognised in OCI.

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into INR at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

c Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to its working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

ii. Subsequent expenditure

Subsequent expenditure related to an item of tangible fixed asset is capitalised only if it increases the future

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benefits from the existing assets beyond its previously assessed standards of performance.

iii. Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method. Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated.

Depreciation is provided based on useful life of the assets as prescribed in Schedule II of companies Act, 2013.

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed off).

iv. Capital advances

Advances paid towards acquisition of tangible fixed assets outstanding at each balance sheet date are shown under long-term loans and advances as capital advances.

d Intangible assets

Internally generated: Research and development

Expenditure on research activities is recognised in statement of profit and loss as incurred.

Development expenditure is capitalised as part of the cost of the resulting intangible asset only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in statement of profit and loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and any accumulated impairment losses.

Others

Other intangible assets are initially measured at cost. Subsequently, such intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses.

i. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

ii. Amortisation

Other intangible assets are amortised on a straight line basis over the estimated useful life as follows:

Computer software	3-10 years
Technical know how	10 years
Product related intangibles	8 years
Others	10 years

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

e Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the monthly moving weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of fixed production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products.

Raw materials, components and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices

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have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

The comparison of cost and net realisable value is made on an item-by-item basis.

The factors that the Group considers in determining the allowance for slow moving, obsolete and other non-saleable inventory include estimated shelf life, planned product discontinuances, price changes, ageing of inventory and introduction of competitive new product to the extent of each these factors impact the Group's business and markets. The Group considers all these factors and adjust the inventory provision to reflect its actual experience on a periodic basis.

f Impairment

i. Financial assets (other than at fair value)

The Group assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. In determining the allowances for doubtful trade receivables, the Group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and allowance rates used in the provision matrix. For all other financial assets, expected credit losses are measured at an amount equal to the 12-months expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

In case of investments, the Group reviews its carrying value of investments carried at cost annually, or more frequently, when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

ii. Tangible and intangible assets

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever

there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit and loss.

g Employee benefits

i. Gratuity

The Company provides for gratuity, a defined benefit plan ("the Gratuity Plan") covering the eligible employees of the Company. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of the employment with the Company.

Liability with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method. The defined benefit plan is administered by a trust formed for this purpose through the Company gratuity scheme.

The Company recognises the net obligation of a defined benefit plan as a liability in its balance sheet. Gains or losses through re-measurement of the net defined benefit liability are recognised in other comprehensive income and are not reclassified to profit and loss in the subsequent periods. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligation is recognised in other comprehensive income. The effect of any plan amendments are recognised in the statement of profit and loss.

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ii. Provident fund

Eligible employees of the Company receive benefits from provident fund, which is a defined contribution plan. Both the eligible employees and the Company make monthly contributions to the Government administered provident fund scheme equal to a specified percentage of the eligible employee's salary. Amounts collected under the provident fund plan are deposited with in a government administered provident fund. The Company has no further obligation to the plan beyond its monthly contributions.

iii. Compensated absences

The Company's current policies permit certain categories of its employees to accumulate and carry forward a portion of their unutilised compensated absences and utilise them in future periods or receive cash in lieu thereof in accordance with the terms of such policies. The Company measures the expected cost of accumulating compensated absences as the additional amount that the Company incurs as a result of the unused entitlement that has accumulated at the balance sheet date. Such measurement is based on actuarial valuation as at the balance sheet date carried out by a qualified actuary. Re-measurements are recognised in the statement of profit and loss in the period in which they arise.

iv. Share based compensation

The grant date fair value of options granted to employees is recognised as employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The expense is recorded for each separately vesting portion of the award. The increase in equity recognised in connection with share-based payment transaction is presented as a separate component in equity under "employee stock option". The amount recognised as an expense is adjusted to reflect the actual number of stock options that vest.

h Provisions (other than for employee benefits)

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation

that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

Onerous contracts

A contract is considered to be onerous when the expected economic benefits to be derived by the Group from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before such a provision is made, the Group recognises any impairment loss on the assets associated with that contract.

i Revenue

i. Sale of goods

Effective April 1, 2018, the Group has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The impact of the adoption of the standard on the financial statements of the Company is insignificant.

Revenue is recognised upon transfer of promised products or services to customer in an amount that reflect the consideration which the Group expects to receive in exchange for those products or services.

Revenue will be recognised for these contracts to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognised will not occur. As a consequence, for those contracts for which the Group is unable to make a reasonable estimate of return, revenue is expected to be recognised sooner than when the return period lapses or a reasonable estimate can be made. A refund liability and an

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asset for recovery is recognised for these contracts and presented separately in the balance sheet. Revenue excludes taxes collected from customers.

ii. Sales return allowances

The Group accounts for sales return by recording an allowance for sales return concurrent with the recognition of revenue at the time of a product sale. The allowance is based on Group's estimate of expected sales returns. The estimate of sales return is determined primarily by the Group's historical experience in the markets in which the Group operates.

iii. Export incentives

Export incentives are recognised as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

iv. Interest income or expense

Interest income or expense is recognised using the effective interest method on time proportion method.

v. Dividend income

Dividend income is recognised when the Group's right to receive dividend is established, which is generally when shareholders approve the dividend.

j Leases

i. Determining whether an arrangement contains a lease

At inception of an arrangement, it is determined whether the arrangement is or contains a lease.

At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values. If it is concluded for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. The liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the incremental borrowing rate.

ii. Asset held under leases

Leases of property, plant and equipment that transfer to the Group substantially all the risks and rewards of ownership are classified as finance lease. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to the initial recognition, the assets are accounted for in accordance with the accounting policy applicable to similar owned assets.

Assets held under leases that do not transfer to the Group substantially all the risks and rewards of ownership (i.e. operating leases) are not recognised in the Group's balance sheet.

iii. Lease payments

Payments made under operating lease are generally recognised in profit or loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

k Income tax

Income tax comprises current and deferred income tax. Income tax expense is recognised in statement of profit and loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. Current tax for current year and prior periods is recognised at the amount expected to be paid or recovered from the tax authorities, using

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the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

ii. Deferred tax

Deferred income tax assets and liabilities are recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of transaction;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred income tax assets and liabilities are measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or substantive enactment date. A deferred income tax asset is recognised to the extent it is probable that future taxable income will be available against which the deductible temporary timing differences and tax losses can be utilised.

I Borrowing cost

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

m Standards issued but not yet effective

On 30 March 2019, the Ministry of Corporate Affairs ("MCA") vide the Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new and amendments to Ind AS which the Group has not applied as they are effective for the periods beginning on or after 1 April 2019:

Ind AS 116 - Leases

The Group is required to adopt Ind AS 116, Leases from 1 April 2019. Ind AS 116 introduces a single, on-balance sheet lease accounting model for lessees. Lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard - i.e. lessors continue to classify leases as finance or operating leases. It replaces existing leases guidance, Ind AS 17, Leases.

The Group has completed an initial assessment of the potential impact on its financial statements but has not yet completed its detailed assessment. The quantitative impact of adoption of Ind AS 116 on the financial statements in the period of initial application is not reasonably estimatable as at present.

Leases in which the company is a lessee

The Group will recognise new assets and liabilities (if any) for its operating leases of warehouse and offices facilities (see note 26 ii(b)). The nature of expenses related to those leases will now change because the company will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities.

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

Previously, the Group recognised operating lease on a straight-line basis over the term of the lease unless the payments are structured to increase in line with expected general information to compensate for the lessor's expected inflationary cost increases and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

The Group plans to apply Ind AS 116 initially on 1 April 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting Ind AS 116 will be recognised as an adjustment to the opening balance of retained earnings at 1 April 2019 with no restatement of comparative information.

Ind AS 12 – Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Group does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Group does not expect any significant impact of the amendment on its financial statements.

Ind AS 109 – Prepayment Features with Negative Compensation

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The Group does not expect this amendment to have any impact on its financial statements.

Ind AS 19 – Plan Amendment, Curtailment or Settlement

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Group does not expect this amendment to have any significant impact on its financial statements.

Ind AS 23 – Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Group does not expect any impact from this amendment.

Ind AS 28 – Long-term Interests in Associates and Joint Ventures

The amendments clarify that an entity applies Ind AS 109 Financial Instruments, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

Ind AS 103 – Business Combinations and Ind AS 111 – Joint Arrangements

The amendments to Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business. The Group will apply the pronouncement if and when it obtains control / joint control of a business that is a joint operation.

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

3A. Property, plant and equipment and capital work-in-progress - Reconciliation of carrying amount

	Freehold land	Freehold buildings	Lease Hold Improvements	Plant and equipment	Computers	Office equipment	R&D equipment	Furniture and fittings	Vehicles	Total
Gross carrying amount										
At April 1, 2017	3,036.17	18,136.19	-	59,791.21	1,247.32	673.43	2,075.26	1,092.54	520.37	86,572.49
Additions	1,691.75	9,919.41	160.19	8,816.87	163.60	48.91	275.56	112.29	10.58	21,199.16
Disposals/ adjustments	-	(31.71)	-	(100.78)	(117.73)	(23.78)	86.47	(17.18)	(35.29)	(240.00)
Exchange differences	5.36	(2.18)	-	(359.32)	0.38	-	0.27	0.33	0.19	(354.97)
At March 31, 2018	4,733.28	28,021.70	160.19	68,147.98	1,293.57	698.56	2,437.56	1,187.98	495.85	107,176.68
Additions	65.44	2,824.42	111.57	6,682.89	249.82	309.33	1,038.35	806.51	169.69	12,258.02
Disposals/ adjustments	-	(10.34)	-	(67.40)	-	(0.76)	-	(0.06)	(102.96)	(181.52)
Exchange differences	107.69	489.76	-	574.24	7.48	0.18	5.50	6.31	3.86	1,195.02
At March 31, 2019	4,906.41	31,325.55	271.76	75,337.71	1,550.87	1,007.31	3,481.41	2,000.74	566.44	120,448.20
Accumulated Depreciation										
At April 1, 2017	-	3,427.61	-	23,474.29	838.76	401.66	732.59	538.60	286.43	29,699.94
Depreciation for the year*	-	877.47	3.26	6,083.04	166.57	106.12	211.25	104.40	61.05	7,613.16
Disposals/ Adjustments	-	(1.34)	-	(87.97)	(116.10)	(21.52)	22.73	(0.11)	(15.44)	(219.75)
Exchange differences	-	0.35	-	3.47	0.18	-	0.07	0.12	0.10	4.29
At March 31, 2018	-	4,304.09	3.26	29,472.83	889.41	486.26	966.64	643.01	332.14	37,097.64
Depreciation for the year*	-	996.11	24.05	6,916.72	164.57	98.55	259.33	95.83	61.31	8,616.47
Disposals/ Adjustments	-	-	-	(44.02)	-	(0.26)	-	(0.06)	(76.32)	(120.66)
Exchange differences	-	18.84	-	70.76	3.03	0.05	2.27	2.36	1.75	99.06
At March 31, 2019	-	5,319.04	27.31	36,416.29	1,057.01	584.60	1,228.24	741.14	318.88	45,692.51
Net carrying amount										
At March 31, 2018	4,733.28	23,717.62	156.93	38,675.15	404.16	212.30	1,470.92	544.97	163.71	70,079.04
At March 31, 2019	4,906.40	26,006.51	244.45	38,921.42	493.86	422.72	2,253.17	1,259.60	247.56	74,755.69
Capital work-in-progress										
At March 31, 2018										29,007.22
At March 31, 2019										32,349.96

*Includes depreciation charge of assets pertaining to Granules Pharmaceuticals Inc. of ₹ 53.80 lakhs (March 31, 2018 - ₹901.10 lakhs). The said charge is capitalized since the plant is under construction.

- For details of security on certain property, plant and equipment, refer note 10 & 13A.
- Capital work-in-progress mainly comprises new API manufacturing unit being constructed in Visakhapatnam, India.
- The amount of borrowing costs capitalised during the year ended March 31, 2019 was ₹1,250.88 lakhs [Property, plant and equipment ₹Nil (March 31, 2018- ₹42.93 lakhs) and capital work-in-progress ₹1,250.88 lakhs (March 31, 2018- ₹458.13 lakhs).
- For contractual commitments with respective capital work-in-progress. Refer Note No. 26 (ii).

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

3B. Intangible assets - Reconciliation of carrying amount

	Technical know how	Software	Product related intangibles	Others	Total
Gross carrying amount					
At April 1, 2017	3,189.50	515.25	6,355.76	1,732.58	11,793.09
Additions	-	409.59	580.76	-	990.35
Exchange differences	-	1.63	1.34	-	2.97
At March 31, 2018	3,189.50	926.47	6,937.86	1,732.58	12,786.41
Additions	-	278.15	1,500.20	12,416.04	14,194.39
Exchange differences	-	4.01	13.68	(153.06)	135.37
At March 31, 2019	3,189.50	1,208.63	8,451.74	13,995.56	26,845.43
Accumulated amortisation					
At April 1, 2017	3,122.24	115.33	452.61	541.61	4,231.79
Amortisation for the year*	16.83	112.40	658.18	173.26	960.67
Exchange differences	-	0.03	-	-	0.03
At March 31, 2018	3,139.07	227.76	1,110.79	714.87	5,192.49
Amortisation for the year*	16.83	155.38	843.71	979.11	1,995.03
Exchange differences	-	1.67	(24.56)	(11.68)	(11.21)
At March 31, 2019	3,155.90	384.81	1,929.94	1,705.66	7,176.31
Net carrying amount					
At March 31, 2018	50.43	698.71	5,827.08	1,017.71	7,593.92
At March 31, 2019	33.60	823.82	6,521.80	12,289.90	19,669.12
Intangible assets under development					
At March 31, 2018					22,444.39
At March 31, 2019					17,245.19

*Includes amortisation charge of assets pertaining to Granules Pharmaceuticals Inc. of ₹ 9.36 lakhs (March 31, 2018 - ₹ 52.53 lakhs). The said charge is capitalized since the plant is under construction.

4. Financial Assets

4A. Non-current Investments

	March 31, 2019	March 31, 2018
Investments		
Investments in equity instruments		
a. Unquoted equity shares		
In Associate		
Granules Biocause Pharmaceutical Co.Limited - 33,000,000 (March 31, 2018 : 33,000,000) equity shares of 1 RMB each fully paid up		
Opening	7,345.06	4,562.69
Add : Share of profit for the year (refer note 37)	4,441.94	1,417.52
Add : Translation differences (refer note 37)	(68.20)	1,364.85
Closing	11,718.80	7,345.06

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

4. Financial Assets (Contd..)

	March 31, 2019	March 31, 2018
In Joint Venture		
Granules Omnichem Private Limited - 42,880,967 (March 31, 2018 : 42,880,967) equity shares of ₹10 each fully paid up		
Opening	5,036.59	4,852.22
Add : Share of profit for the year (refer note 37)	431.74	184.37
Closing	5,468.33	5,036.59
In Others		
Jeedimetla Effluent Treatment Ltd - 15,142 (March 31, 2018 :15,142) equity shares	59.59	59.59
Patancheru Envitotech Ltd - 34,040 (March 31, 2018 :34,040) equity shares	3.41	3.41
US Pharma Limited {refer note 4B (iii) below}	3,791.87	3,211.15
b. In Quoted equity shares		
Ipca Laboratories Limited - 250 (March 31, 2018 :250) equity shares	0.07	0.07
Total	21,042.07	15,655.87
Aggregate book value of quoted investments	0.07	0.07
Aggregate market value of quoted investments	2.45	1.64
Aggregate value of unquoted investments	21,042.00	15,655.80
Aggregate amount of impairment in value of investments	-	-

4B. Loans (Unsecured considered good unless otherwise stated)

	March 31, 2019	March 31, 2018
Loan to US Pharma Limited {refer note (iii) below}	754.85	1,300.88
Security deposits	937.76	812.51
Total	1,692.61	2,113.39

Note:

- The term loan given to US Pharma Limited carries fixed interest rate of 7%. This loan is repayable by US Pharma Limited starting from July, 2019 onwards in 12 quarterly installments.
- Maximum amount outstanding at any time

	During the year ended	
	March 31, 2019	March 31, 2018
US Pharma Limited	1,300.88	1,300.88

- During the year, Granules Pharmaceutical Inc. (wholly-owned subsidiary) has converted its loan given to US Pharma Limited into equity shares to the extent of ₹ 376.95 lakhs.

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

5. Other assets

5A. Non-current

	March 31, 2019	March 31, 2018
Capital advances	2,710.55	1,431.43
Total	2,710.55	1,431.43

5B. Current

	March 31, 2019	March 31, 2018
Balance with government authorities	6,758.84	9,114.98
Prepaid expenses	776.47	744.74
Export incentives receivable	2,315.54	3,941.96
Scripts on hand	555.05	62.15
Advance to suppliers	2,771.65	2,231.72
Total	13,177.55	16,095.55

6. Inventories (at lower of cost and net realisable value)

	March 31, 2019	March 31, 2018
Raw materials*	12,800.87	10,963.86
Packing materials	1,257.08	1,031.43
Work-in-progress	7,014.63	5,316.07
Finished goods**	15,206.90	8,564.37
Stores, spares and consumables	2,141.77	2,118.83
Total	38,421.25	27,994.56

*includes raw materials-in-transit ₹ 2,012.36 lakhs (March 31, 2018 - ₹ 664.54 lakhs).

**includes finished goods-in-transit ₹ 2,632.13 lakhs (March 31, 2018 - Nil)

- For details of inventories hypothecated against current borrowings Refer note 10 & 13A.
- The Group recorded inventory write down of ₹ 1,179.92 lakhs (March 31, 2018 - ₹324.88 lakhs). These were recognised as an expense during the year and included in "changes in finished goods and work-in-progress in statement of profit and loss.

7. Financial Assets

7A. Trade receivables (Unsecured)

	March 31, 2019	March 31, 2018
(a) Considered good	67,926.88	63,045.11
Less : Allowance for doubtful trade receivables	(685.81)	(220.00)
	67,241.07	62,825.11
(b) Significant increase in credit risk	1,131.59	92.38
Less : Allowance for doubtful trade receivables	(1,018.42)	(92.38)
	113.17	-
Total	67,354.24	62,825.11

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

7. Financial Assets (Contd..)

- i) Refer note 31 for trade receivables due from private companies/partnership firm in which Company's director is a director/partner.
- ii) Trade receivables are non-interest bearing and are generally on terms of less than 1 year.
- iii) The Company's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in Note 34.
- iv) For receivables secured against borrowings, Refer note 10 & 13A.

7B. Cash and cash equivalents

	March 31, 2019	March 31, 2018
i) Cash on hand	2.66	6.22
ii) Balance with banks:		
On current accounts	3,395.04	2,493.16
On EEFC accounts	67.12	3.90
Deposits with original maturity of less than 3 months	4,837.61	8,300.00
Total -(i+ii)	8,302.43	10,803.28
iii) Bank balances other than cash and cash equivalents stated above		
Unpaid dividend account	49.79	40.75
Margin money deposits(refer note {a} below)	551.80	719.59
Total -(iii)	601.59	760.34
Total (i+ii+iii)	8,904.02	11,563.62

a) Margin money deposits are subject to first charge against bank guarantees and/or letters of credit obtained.

7C. Loans (Unsecured, considered good)

	March 31, 2019	March 31, 2018
Advance to employees	62.08	34.67
Security deposits	1.73	27.90
Loan to US Pharma Limited	251.62	-
Total	315.43	62.57

7D. Other financial assets

	March 31, 2019	March 31, 2018
Interest accrued but not due on deposits	34.07	36.55
Interest accrued but not due on loan given	17.61	22.77
Other receivables	-	55.84
Total	51.68	115.16

8. Share capital

	March 31, 2019	March 31, 2018
Authorized		
505,000,000 (March 31, 2018: 505,000,000) Equity Shares of Re.1/- each	5,050.00	5,050.00
Issued, subscribed and fully paid up		
254,247,562 fully paid up equity shares of Re.1/- each (March 31, 2018 : 253,837,562 equity shares of Re.1/- each)	2,542.48	2,538.38

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

8. Share capital (Contd..)

8.1 Reconciliation of shares outstanding at the beginning and at the end of the year

	March 31, 2019		March 31, 2018	
	No.	Rs	No.	Rs
At the beginning of the year	253,837,562	2,538.38	228,702,770	2,287.03
Add: Shares issued on exercise of employee stock options	410,000	4.10	380,000	3.80
Add: Shares issued in cash through Qualified Institutional Placement (QIP)	-	-	24,754,792	247.55
Number of shares at the end of the year	254,247,562	2,542.48	253,837,562	2,538.38

8.2 Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having a par value of Re.1 per share. Each holder of equity shares is entitled to one vote per share. The Company declares dividends in Indian rupees. During the year ended March 31, 2019, the amount of interim dividend per share distributed along with final dividend per share recommended by the board to equity shareholders was ₹ 1.00 (March 31, 2018: ₹ 1.00). In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

8.3 Details of shareholders holding more than 5% equity shares in the Company

	March 31, 2019		March 31, 2018	
	No. of shares	% holding	No. of shares	% holding
Krishna Prasad Chigurupati	90,329,927	35.53	95,329,927	37.56

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

8.4 Shares reserved for issue under options

For details of shares reserved for issue under Employee stock option scheme (ESOS) of the Company, refer note 27

8.5 Shares issued through QIP

On September 26, 2017, the Company issued and allotted 24,754,792 Equity Shares of ₹ 1/- each at an issue price of ₹ 121.25 per share to raise ₹ 30,015.18 Lakhs by way of Qualified Institutional Placement ("QIP") under Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. Expenses related to the issue amounting to ₹ 797.45 Lakhs have been adjusted against Securities Premium. Use of the net proceeds of the Qualified Institutional Placement is intended for business purposes such as meeting for expansion of business verticals by way of strategic investment in research and development, repayment or pre-payment of outstanding indebtedness, investment in subsidiaries, joint ventures, capital expenditure and other general corporate purposes. QIP proceeds were utilised completely during the year ended March 31, 2018.

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

9. Other equity

Attributable to Owners

Securities premium

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.

General reserve

It represents the portion of the net profit which the Group has transferred, before declaring dividend pursuant to the earlier provision of companies Act 1956. Mandatory transfer to general reserve is not required under the Companies Act 2013.

Retained earnings

The amount that can be distributed by the Group as dividends to its equity shareholders

Share based payment reserve

The Group has established various equity settled share based payment plans for certain categories of employees of the Group. Also refer note 27 for further details on these plans.

Capital reserve

Capital reserve arising pursuant to scheme of amalgamation

Dividends

The following dividends were declared and paid by the Company during the year

	March 31, 2019	March 31, 2018
₹ 1.00 per equity share (March 31, 2018 : ₹1.00 per share)	2,541.51	2,413.62
Dividend distribution tax (DDT) on dividend	522.42	491.36
	3,063.93	2,904.98

After the reporting dates the following dividends (excluding dividend distribution tax) were proposed by the directors subject to the approval at the annual general meeting; the dividends have not been recognised as liabilities. Dividends would attract dividend distribution tax when declared or paid.

	March 31, 2019	March 31, 2018
₹ 0.25 per equity share (March 31, 2018 : ₹0.25 per share)	635.62	634.60
	635.62	634.60

Analysis of items of OCI, net of tax

Remeasurements of defined benefit plans (refer note - 28)

Remeasurements of defined benefit plans comprises actuarial gains and losses and return on plan assets.

Cash flow hedge reserve

Cash flow hedge represents the cumulative effective portion of gains or losses (net of taxes) arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges.

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

9. Other equity (Contd..)

The reconciliation of cash flow hedge reserve for the year ended March 31, 2019 is as follows:

Particulars	March 31, 2019	March 31, 2018
Balance at the beginning of the year	(1,346.00)	-
Gain/(loss) recognised in other comprehensive income during the year	1870.87	(2,068.98)
Tax impact on the above	(653.76)	722.98
Balance at the end of the year	(128.89)	(1,346.00)

Foreign currency translation reserve (FCTR)

Represents the FCTR of a foreign subsidiaries and associate. For the purpose of consolidation of subsidiaries financial statements with the financial statement of the parent company, income and expenses are translated at average rates and the assets and liabilities are stated at closing rate. In case of associate, investment is translated at closing rate. The movement in this reserve is due to fluctuation in exchange rate of currencies in the current year.

10. Long-term borrowings

	Non-current portion		Current maturities	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Term Loans (Secured)				
Loans from financial institutions	47,878.25	43,313.02	5,819.08	2,001.38
	47,878.25	43,313.02	5,819.08	2,001.38
Other loans				
Deferred payment liabilities (Unsecured) (refer note (ii))	-	-	-	19.78
	-	-	-	19.78
	47,878.25	43,313.02	5,819.08	2,021.16
The above amount includes:				
Secured borrowings	47,878.25	43,313.02	5,819.08	2,001.38
Unsecured borrowings	-	-	-	19.78
	47,878.25	43,313.02	5,819.08	2,021.16

The details of secured loans are as under:

Name of the bank	Outstanding as on March 31, 2019	Outstanding as on March 31, 2018	Sanction Amount	No of installments	Commencement of Installments	Rate of interest
International Finance Corporation (Refer note (i))	1,596.17	2,501.65	US\$ 10 Mn	13 Half yearly equal installments of USD 0.77 Mn	Sep-14	6M Libor + 4.0%
Deutsche Investitions Und Entwicklungsschaft MBh (Refer note (i))	1,596.17	2,501.65	US\$ 10 Mn	13 Half yearly equal installments of USD 0.77 Mn	Sep-14	6M Libor + 4.0%
International Finance Corporation (Refer note (i))	34,965.00	28,217.77	EUR 45 Mn	12 half yearly equal instalments of EUR 3.75 Mn	Jan-20	6M Euribor +2.75% p.a
Deutsche Investitions Und Entwicklungsschaft MBh (Refer note (i))	15,540.00	12,093.33	EUR 20 Mn	12 half yearly equal instalments of EUR 1.67 Mn	Jan-20	6M Euribor +2.80% p.a

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

10. Long-term borrowings (Contd..)

- i) All secured term loans are secured by a paripassu first charge on the fixed assets of present and future of the company with a carrying amount of ₹94,140.05 lakhs (March 31, 2018 - ₹85,958.02 lakhs) and a paripassu second charge of the current assets of present and future of the Company with a carrying amount of ₹120,890.91 lakhs (March 31, 2018 - ₹117,849.93 lakhs).
- ii) The sales tax authority had sanctioned an interest free deferment of sales tax. The loan was to be paid at the end of 13 years from the respective deferment and the loan were closed during the year ended March 31, 2019 as the entire balance outstanding loan amount was due and paid during the current year.

11. Provisions

a) Non-current

	March 31, 2019	March 31, 2018
Provision for employee benefits		
Gratuity (refer note 28)	788.40	480.35
Compensated absences	469.67	289.70
	1,258.07	770.05

b) Current

	March 31, 2019	March 31, 2018
Provision for employee benefits		
Gratuity (refer note 28)	223.09	122.11
Compensated absences	210.74	145.02
	433.83	267.13

12A. Deferred tax liability (net)

	March 31, 2019	March 31, 2018
Deferred tax liability		
Property, plant and equipment and intangible assets	15,352.15	7,582.83
Gross deferred tax liability	15,352.15	7,582.83
Deferred tax asset		
Employee benefit obligations	674.40	437.84
Voluntary Retirement Scheme	-	2.82
Allowance for doubtful debts	550.13	109.16
Cash flow hedges	69.22	722.98
Business loss	5,531.72	
Research credit	767.55	
Others	1,209.64	879.15
Gross deferred tax assets	8,802.66	2,151.95
Net deferred tax liability	6,549.49	5,430.88

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

12B. Deferred tax asset

	March 31, 2019	March 31, 2018
Business loss	422.70	695.12
	422.70	695.12

13. Current financial liabilities

13A. Short-term borrowings

	March 31, 2019	March 31, 2018
Loans repayable on demand from banks - working capital loans		
Cash credit facilities (secured) [refer note (i) & (iv)]	772.65	813.85
Packing credit loans (secured) [refer note (ii) & (iv)]	24,509.79	22,399.67
Packing credit loans (unsecured) [refer note (v)]	13,269.25	8,124.25
Bill discounting (secured) [refer note (iii) & (iv)]	6,868.92	21,172.18
Total	45,420.61	52,509.95
The above amount includes		
Secured borrowings	32,151.36	44,385.70
Unsecured borrowings	13,269.25	8,124.25
	45,420.61	52,509.95

- i) The Company has working capital facilities with various banks carrying interest rate ranging from 9.20% - 10.7% p.a and base rate plus 85 bps. These facilities are repayable on demand
- ii) During the year ended March 31, 2019, the Company has outstanding secured foreign currency denominated loans carrying an interest rate of LIBOR + 0.65% p.a. to 1.25% from a bank. The facility is repayable within 120 days from the date of its origination.
- iii) During the year ended March 31, 2019, the Company has outstanding secured foreign currency denominated loans carrying an interest rate of LIBOR + 0.65% p.a. to 1.25% from a bank. The facility is repayable within 180 days from the date of its origination.
- iv) All secured short term borrowings from banks are secured by a paripassu first charge on the current assets of present and future of the Company with a carrying amount of ₹120,890.91 lakhs (March 31, 2018 - ₹117,849.93 lakhs) and a paripassu second charge of the fixed assets of present and future of the company with a carrying amount of ₹94,140.05 lakhs (March 31, 2018 - ₹85,958.02 lakhs).
- v) During the year ended March 31, 2019, the Company has outstanding unsecured foreign currency denominated loans carrying an interest rate of LIBOR + 0.60% p.a. from a bank. The facility is repayable within 120 days from the date of its origination.
- vi) The Group's exposure to interest rate, foreign currency and liquidity risks is included in note 34

13B. Trade payables

	March 31, 2019	March 31, 2018
Trade payables [refer note (b) below]		
Total outstanding dues of micro enterprises and small enterprises [refer note (a) below]	371.45	413.27
Others [refer note 31]	31,976.29	27,021.51
	32,347.74	27,434.78

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

13B. Trade payables (Contd..)

	March 31, 2019	March 31, 2018
Note (a) :		
i) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each year		
Principal amount due to micro and small enterprises	371.45	413.27
Interest due on the above	-	-
ii) The amount of interest paid by the buyer in terms of section 16 of MSMED, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	-	-
iv) The amount of interest accrued and remaining unpaid at the end of each accounting year;	-	-
v) The amount of further interest remaining due and payable in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-

Note (b) :

The Group's exposure to currency and liquidity risks related to trade payables is disclosed in Note 34.

13C. Other financial liabilities

	March 31, 2019	March 31, 2018
Current maturities of non-current borrowings (refer note 10)	5,819.08	2,021.16
Capital creditors	534.28	1,658.46
Salaries and bonus payable	1,441.79	1,047.40
Unclaimed dividend	49.79	40.75
Interest accrued but not due on borrowings	300.29	232.29
Others	2,049.61	1,117.38
Total	10,194.84	6,117.44

14. Other current liabilities

	March 31, 2019	March 31, 2018
Advance from customers	706.10	481.36
Statutory liabilities	459.34	385.28
Total	1,165.44	866.64

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

15. Revenue from operations

	For the year ended March 31, 2019	For the year ended March 31, 2018
Sale of products (including excise duty) [refer note i]	223,435.87	164,174.79
Other operating revenue	4,483.90	5,010.04
Total	227,919.77	169,184.83

Note:

- i) Post implementation of Goods and Service Tax ("GST") with effect from July 01, 2017, revenue from operations is disclosed net of GST. For the periods prior to July 01, 2017, the excise duty amount was recorded as part of revenue with a corresponding amount recorded as expense. Accordingly, revenue from operations for the year ended March 31, 2019 are not comparable with those of the previous period presented. Following additional information is being provided to facilitate such comparison:

	For the year ended March 31, 2019	For the year ended March 31, 2018
Sale of products (including excise duty)	223,435.87	164,174.79
Excise duty	-	722.60
Sale of products	223,435.87	163,452.19

16. Other income

	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest income		
Deposits with banks	692.84	233.30
Others	33.42	73.45
Foreign exchange gain, net	1,325.76	670.65
Other non-operating income	616.24	106.87
Total	2,668.26	1,084.27

17. Cost of materials consumed

	For the year ended March 31, 2019	For the year ended March 31, 2018
Inventory at the beginning of the year	11,995.29	11,542.00
Add: Purchases	135,959.97	90,743.77
	147,955.26	102,285.77
Less: Inventory at the end of the year	14,057.95	11,995.29
Cost of materials consumed	133,897.31	90,290.48

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

18. Changes in inventory of work-in-progress and finished goods

	For the year ended March 31, 2019	Year ended March 31, 2018
Inventories at the end of the year		
Finished goods	15,206.90	8,564.37
Work-in-progress	7,014.63	5,316.07
	22,221.53	13,880.44
Inventories at the beginning of the year		
Finished goods	8,564.37	7,582.45
Work-in-progress	5,316.07	5,639.65
	13,880.44	13,222.10
Total	(8,341.09)	(658.34)

19. Employee benefit expenses

	For the year ended March 31, 2019	Year ended March 31, 2018
Salaries, wages and bonus	19,267.70	15,027.58
Contribution to provident and other funds [refer note 28]	568.14	576.82
Staff welfare expenses	580.31	620.43
Employee Stock Option Scheme [refer note 27]	566.29	296.38
Total	20,982.44	16,521.21

20. Finance costs

	For the year ended March 31, 2019	Year ended March 31, 2018
Interest		
- Term loan	506.22	1,049.61
- Working capital	1,595.40	1,069.39
- Others	172.03	486.41
Other borrowing costs	572.42	700.56
Total	2,846.07	3,305.98

21. Depreciation and amortisation expense

	For the year ended March 31, 2019	Year ended March 31, 2018
Depreciation*	8,562.67	6,712.06
Amortisation*	1,985.67	908.14
Total	10,548.34	7,620.20

* Net off depreciation charge of assets pertaining to Granules Pharmaceuticals Inc. of ₹ 53.80 lakhs (March 31, 2018 - ₹ 901.10 lakhs) and amortisation charge of assets pertaining of ₹ 9.36 lakhs (March 31, 2018 - ₹ 52.53 lakhs). The said charge was capitalized since the plant was under construction upto September 30, 2018.

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

22. Other expenses

	For the year ended March 31, 2019	Year ended March 31, 2018
Consumption of stores & spares	1,268.05	1,271.90
Power and fuel	5,767.50	4,822.03
Effluent treatment expenses	1,024.37	862.24
Analytical fees	172.65	256.43
Other manufacturing expenses	507.78	497.41
Repairs and maintenance		
Plant and machinery	3,968.63	2,909.05
Buildings	381.44	400.82
Others	1,360.04	894.46
Rent	727.64	736.83
Rates and taxes	1,757.04	998.46
Printing and stationery	162.43	177.18
Insurance	1,051.05	1,101.19
Managerial remuneration	2,983.04	2,371.70
Directors sitting fees	39.20	40.20
Remuneration to statutory auditors (refer note 30)	62.24	34.24
Sales commission	2,487.13	2,002.61
Carriage outwards & clearing charges	5,720.78	5,654.06
Research & development expenses	7,251.41	5,247.80
Business promotion expense	862.05	551.95
Communication expenses	252.73	212.61
Consultancy charges	1,495.50	1,302.23
Travelling and conveyance	1,292.52	1,073.64
Advertisement Charges	113.56	99.15
Donations	20.33	14.06
Loss on sale of fixed assets (net)	36.50	5.66
Contribution to political parties	-	5.00
Bad debts written off	6.91	101.47
Allowance for doubtful trade receivables	1,394.31	91.20
Corporate social responsibility expenditure (refer note 23)	87.46	176.09
Miscellaneous expenses	723.05	555.13
Total	42,977.34	34,466.81

23. Details of CSR expenditure

	For the year ended March 31, 2019	Year ended March 31, 2018
a) Gross amount required to be spent by the Company during the year:	397.15	335.47
(b) Amount spent during the year ended		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	87.46	176.09
(c) Amount unspent during the year ended:	309.69	159.38

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

24. Tax expense

(a) Tax expense:

Amount recognised in profit (or) loss

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Current tax	8,192.27	6,593.71
Deferred tax charge/ (credit)	718.82	(253.86)
Total tax expense recognised in statement of profit & loss	8,911.09	6,339.85

(b) Reconciliation of effective tax rate:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Profit before tax (A)	27,677.62	18,000.16
Enacted tax rate in India (B)	34.94%	34.61%
Expected tax expenses (C = A*B)	9,671.67	6,229.50
Incremental deduction allowed for research and development costs	(727.34)	(588.03)
Investment allowance deduction	(76.14)	-
Effect of change in tax rates	(428.32)	362.40
Unrecognised deferred tax assets	127.35	54.10
Others	343.87	281.88
Tax expense	8,911.09	6,339.85

Movement in temporary differences:

Particulars	Balance as at April 1, 2017	Recognised in profit or loss during the year	Recognised in OCI during the year	Balance as at March 31, 2018	Recognised in profit or loss during the year including exchange differences	Recognised in OCI during the year	Balance as at March 31, 2019
Depreciation and amortization	(6,902.42)	(680.41)	-	(7,582.83)	(7,769.32)	-	(15,352.15)
Employee benefits	384.97	115.61	(62.74)	437.84	199.90	36.66	674.40
Voluntary Retirement scheme	11.23	(8.41)	-	2.82	(2.82)	-	-
Allowance for doubtful debts	75.18	33.98	-	109.16	440.97	-	550.13
Cash flow hedges	-	-	722.98	722.98	-	(653.76)	69.22
Business loss	-	695.12	-	695.12	5,259.31	-	5,954.42
Others	781.18	97.97	-	879.15	1,153.15	(74.72)	1,977.19
Total	(5,649.86)	253.86	660.24	(4,735.76)	(718.82)	(691.82)	(6,126.79)

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

24. Tax expense (Contd..)

Income tax recognised in other comprehensive income

Particulars	Year ended March 31, 2019			Year ended March 31, 2018		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Gain/(loss) arising on translation of foreign operations	228.94	(74.72)	154.22	1,327.84	-	1,327.84
Fair value changes on cash flow hedges	1,870.87	(653.76)	1,217.11	(2,068.98)	722.98	(1,346.00)
Re-measurement of defined benefit liability	(104.92)	36.66	(68.26)	181.30	(62.74)	118.56
Re-measurement of defined benefit liability of joint venture, net of tax	(0.64)	-	(0.64)	3.09	-	3.09
Total	1,994.25	(691.82)	1,302.43	(556.76)	660.24	103.49

25. Earning per equity share

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Earnings		
Profit for the year	23,640.85	13,259.12
Weighted average shares used for computing of basic EPS	2,541.09	2,416.18
Add: Effect of dilution		
Effect of dilutive options granted but not yet exercised/not yet eligible for exercise	7.63	6.58
Weighted average shares used for computing diluted EPS	2,548.72	2,422.76
Earnings per share		
- Basic (in INR)	9.30	5.49
- Diluted (in INR)	9.28	5.47

26. Contingent liabilities and commitments

Particulars	As at March 31, 2019	As at March 31, 2018
(i) Contingent liabilities:		
(a) Claims against the Company not acknowledged as debt	332.44	442.37
The above includes:		
(i) Direct taxation	48.37	68.93
(ii) Indirect taxation (includes matters pertaining to disputes on central excise, custom duty and service tax)	284.07	373.44

The Company is involved in taxation matters that arise from time to time in the ordinary course of business. Management is of the view that above claims are not tenable and will not have any material adverse effect on the Company's financial position and

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

26. Contingent liabilities and commitments (contd..)

results of operations.

Note: Pursuant to Supreme Court Judgement dated 28 February 2019, regarding the provident fund contribution wherein there has been a clarification provided of the inclusions of basic wages for the purpose of computation of contribution towards provident fund, the Company has been legally advised that there are interpretative challenges on the application of the judgement retrospectively. Based on the legal advice and in the absence of reliable measurement of the provision for earlier periods, the Company has assessed the impact of the judgement only for the current year and concluded that there was no impact for the current year. Further, no contingent liability has been recognised based on retrospective application as amount cannot be reliably measured.

Particulars	As at March 31, 2019	As at March 31, 2018
(b) Guarantees		
Corporate guarantees given in favour of banks towards loans obtained by Joint Venture - Granules Omnichem Private Limited	13,986.43	14,512.00

Particulars	As at March 31, 2019	As at March 31, 2018
(ii) (a) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	5,184.21	7,584.76

(b) Operating Leases

Operating leases are mainly in the nature of lease of office premises with no restrictions and are renewable on a periodic basis at the option of either of the parties.

There are no sub-leases. There are no restrictions imposed by lease arrangements. The aggregate amount of operating lease payments recognised in the statement of profit and loss for cancellable lease is ₹ 556.99 lakhs (March 31, 2017: ₹ 669.31 lakhs) and non-cancellable lease is ₹ 170.65 lakhs (March 31, 2018 : ₹ 67.52 lakhs).

The schedule of future minimum rental payments in respect of non-cancellable operating leases is set out below:

Particulars	As at March 31, 2019	As at March 31, 2018
Less than one year	178.55	106.60
Between one and five years	392.02	370.29
More than five years	-	-
	570.57	476.89

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

27. Share based payments

Granules India Limited – Employee Stock Option Scheme 2009 ("ESOS-2009")

Pursuant to the decision of the shareholders at their meeting held on September 25, 2009, the Company has formulated an Employee Stock Option Scheme 2009 to be administered by the Compensation & Remuneration Committee of the Board of Directors. This scheme has been formulated in accordance with the Securities Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

Under the Plan, options not exceeding 10,048,070 have been reserved to be issued to the eligible directors and employees (Employees under permanent employment of the Company and its subsidiary company(ies), including eligible Directors of the Company and its subsidiary, whether whole time or not, whether working in India or abroad or otherwise, except the Promoter Directors and Promoter group employees) with each option conferring a right upon the Optionee to apply for one equity share.

The exercise price of the options is the closing market price of the shares on that stock exchange where there is highest trading volume prior to the date of the grant i.e. the date of the Compensation & Remuneration Committee / Board meeting at which the grant of options is approved.

Under the above Scheme till date, options were granted in seven tranches viz. Grant I, Grant II, Grant III, Grant IV, Grant V, Grant VI & Grant VII. The options granted under the Plan shall start vesting in tranches after one year from the date of grant and not more than two, three and five years (differs from optionee to optionee) under Grant I, five years under Grant II & III and four years under Grant IV, V, VI & VII from the respective date of grant of the options.

The Black-Scholes-Merton model includes assumptions regarding dividend yields, expected volatility, expected terms and risk free interest rates. In respect of exercise price of options granted, the expected term of an option (or "option life") is estimated based on the vesting term, contractual term, as well as expected exercise behavior of the employees receiving the option. In respect of fair market value of the options granted, the option life is estimated based on the simplified method. Expected volatility of the option is based on historical volatility, of the observed market prices of the Company's publicly traded equity shares. Dividend yield of the options is based on recent dividend activity. Risk-free interest rates are based on the government securities yield in effect at the time of the grant. These assumptions reflect management's best estimates, but these assumptions involve inherent market uncertainties based on market conditions generally outside of the Company's control.

The details of activity under the Scheme are summarised below :

	Year ended March 31, 2019			
	Shares arising out of options	Range of Exercise prices	Weighted Average exercise price	Weighted Average remaining useful life (months)
Options outstanding at the beginning of the year	5,444,700	9.10 to 142.00	122.92	64
Add : Granted during the year	50,000	117.00	117.00	73
Less: Exercised during the year	410,000	9.10 to 31.50	23.30	-
Less: Lapsed/Cancelled during the Year	860,000	31.50 to 142.00	143.44	-
At the end of the year	4,224,700	9.10 to 142.00	128.36	55
Exercisable the end of the year	498,000	9.10 to 133.00	31.33	13

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

27. Share based payments (Contd..)

	Year ended March 31, 2018			
	Shares arising out of options	Range of Exercise prices	Weighted Average exercise price	Weighted Average remaining useful life (months)
Options outstanding at the beginning of the year	1,570,000	9.10 to 133.00	39.74	38
Add : Granted during the year	4,488,000	142.00	142.00	84
Less: Exercised during the year	380,000	9.10 to 31.50	22.71	-
Less: Lapsed/Cancelled during the Year	233,300	31.50 to 142.00	93.35	-
At the end of the year	5,444,700	9.10 to 142.00	122.92	64
Exercisable the end of the year	384,000	9.10 to 133.00	21.47	20

The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

	March 31, 2018					
	Grant VII	Grant VI	Grant V	Grant IV	Grant II	Grant I
Date of Grant	March 29, 2019	April 04, 2017	April 28, 2016	April 28, 2014	July 26, 2012	April 24, 2012
Dividend yield	1.00%	0.75%	0.49%	1.11%	1.43%	2.20%
Expected volatility	45.25%	30.20%	23.43%	41.17%	46.68%	43.84%
Risk-free interest rate	7.17%	6.62%	8.00%	8.00%	8.00%	8.00%
Weighted average share price of ₹	140.76	172.92	175.01	44.00	20.49	12.91
Exercise price of ₹	117.00	142.00	133.00	31.50	14.00	9.10
Expected life of options granted in years	4	4	4	4	5	5

Granules Pharmaceuticals, Inc. 2018 Equity Compensation Plan (GPI 2018 ESOP Scheme)

Pursuant to the decision of the shareholders at their meeting held on May 24, 2018, the Company has formulated an Granules Pharmaceuticals, Inc. 2018 Equity Compensation Plan (GPI 2018 ESOP Scheme) to be administered by the Board of Directors. Under the Plan, options not exceeding 10% of issued capital have been reserved to be issued to the eligible directors and employees with each option conferring a right upon the Optionee to apply for one equity share. The Exercise Price per Option shall be not less than 100% of the Fair Market Value of the Share available on the date of the grant. The options granted under the Plan shall start vesting in four equal tranches after one year from the date of grant, over a four year period.

The Black-Scholes-Merton model includes assumptions regarding dividend yields, expected volatility, expected terms and risk free interest rates. In respect of exercise price of options granted, the expected term of an option (or "option life") is estimated based on the vesting term, contractual term, as well as expected exercise behavior of the employees receiving the option. In respect of fair market value of the options granted, the option life is estimated based on the simplified method. Expected volatility of the option is based on historical volatility, of the observed market prices of the Company's publicly traded equity shares. Dividend yield of the options is based on recent dividend activity. Risk-free interest rates are based on the government securities yield in effect at the time of the grant. These assumptions reflect management's best estimates, but these assumptions involve inherent market uncertainties based on market conditions generally outside of the Company's control.

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

27. Share based payments (Contd..)

The details of activity under the Scheme are summarised below :

	Year ended March 31, 2019		
	No of options	Exercise price per option (in USD)	Weighted Average exercise price per option (in USD)
Options outstanding at the beginning of the year	-	-	-
Add : Granted during the year	236	19,149.26	19,149.26
Less: Exercised during the year	-	-	-
Less: Lapsed/Cancelled during the Year	(46)	19,149.26	19,149.26
At the end of the year	190	19,149.26	19,149.26
Exercisable at the end of the year	-	-	-

The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

	Assumptions
Date of Grant	May 07, 2018
Dividend yield	0.00%
Expected volatility	33.00%
Risk-free interest rate	2.73%
Weighted average share price in USD	19,210.00
Exercise price in USD	19,149.26
Expected life of options granted in years	5.25

The estimated fair value of stock options is charged to profit or loss account:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Employee stock option scheme	566.29	296.38

Employee wise details of options outstanding to senior management personnel :

Name	Designation	No. of options outstanding as on March 31, 2019
Karuppannan Ganesh	Chief Financial Officer	4,00,000

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

28. Employee benefits

a) Disclosures related to defined contribution plan

	For the year ended March 31, 2019	For the year ended March 31, 2018
Contribution to provident and other funds	568.14	576.82

- b) The Company has a defined benefit gratuity plan as per the Payment of Gratuity Act, 1972. Under this legislation, employee who has completed five years of service is entitled to specific benefit. The level of benefit provided depends on the employee's length of service and salary at retirement/termination age. The gratuity plan is a funded plan and the Company make contributions to a recognised fund in India.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/liability
Balance as on March 31, 2017	620.84	(118.18)	502.66
Current service cost	306.22	-	306.22
Interest expense/(income)	47.16	(9.56)	37.60
Amount recognised in Statement of profit and loss	353.38	(9.56)	343.82
Remeasurements:			
Return on plan assets, excluding amounts included in interest expense/(income)	-	0.54	0.54
Actuarial (gain)/loss arising from:			
Demographic assumptions	-	-	-
Financial assumptions	(35.43)	-	(35.43)
Experience adjustment	(146.40)	-	(146.40)
Amount recognised in other comprehensive income	(181.83)	0.54	(181.30)
Employers contribution	-	0.04	0.04
Benefits paid	(62.78)	-	(62.78)
Balance as on March 31, 2018	729.61	(127.16)	602.46
Current service cost	296.51	-	296.51
Interest expense/(income)	56.79	(9.67)	47.12
Amount recognised in Statement of profit and loss	353.30	(9.67)	343.63
Remeasurements:			
Return on plan assets, excluding amounts included in interest expense/(income)	-	0.38	0.38
Actuarial (gain)/loss arising from:			
Demographic assumptions	-	-	-
Financial assumptions	112.74	-	112.74
Experience adjustment	(8.20)	-	(8.20)
Amount recognised in other comprehensive income *	104.54	0.38	104.92
Employers contribution	-	-	-
Benefits paid	(39.52)	-	(39.52)
Balance as at March 31, 2019	1,147.93	(136.45)	1,011.49

* Doesn't include actuarial (gain)/loss arising from joint venture amounting to ₹ 0.64 lakhs (March 31, 2018- ₹ 3.09 lakhs).

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

28. Employee benefits (Contd..)

	March 31, 2019	March 31, 2018
Non-current	788.40	480.35
Current	223.09	122.11
	1,011.49	602.46

(ii) The assumptions used for gratuity valuation are as below:

	March 31, 2019	March 31, 2018
Interest rate	7.60%	8%
Discount rate	7.60%	8%
Expected return on plan assets	7.60%	8%
Salary increase	9%	7%
Attrition rate	20%	20%
Retirement age - Years	60	60

Assumptions regarding future mortality experience are set in accordance with published statistics and mortality tables.

The weighted average duration of the defined benefit obligation was 6.78 years.

The defined benefit plan expose the Company to actuarial risks, such as longevity and interest rate risk.

(iii) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions are as below:

Particulars	March 31, 2019		March 31, 2018	
	Increase	Decrease	Increase	Decrease
Discount rate	(46.14)	50.61	(29.76)	32.50
Salary increase	52.85	(49.72)	35.43	(33.22)
Attrition rate	(2.18)	2.38	(1.35)	1.28

Sensitivity of significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of defined benefit obligation by one percentage, keeping all other actuarial assumptions constant. Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumption shown.

As of March 31, 2019 and March 31, 2018, the plan assets have been invested in Life Insurance Corporation

Maturity profile of defined benefit obligation

Particulars	March 31, 2019
1st Following year	223.09
2nd Following year	195.20
3rd Following year	183.13
4th Following year	150.30
5th Following year	131.30
Years 6 to 10	446.67

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

29. Research and development expenses

a. Details of Research and development expenses incurred during the year is given below

Particulars	March 31, 2019	March 31, 2018
Capital	2,827.59	463.25
Revenue	7,251.41	5,247.80
Total	10,079.01	5,711.06

30. Remuneration to statutory auditors

Particulars	March 31, 2019	March 31, 2018
As Auditor (exclusive service tax/GST)		
Statutory audit	32.00	28.00
Limited review	9.00	6.00
Certification	17.65	-
Reimbursement of expenses and taxes	3.59	0.24
Total	62.24	34.24

31. Related party disclosures

31A. Names of related parties and description of relationship

Name of the related party	Relationship
1 Karvy Fintech Private Limited (formerly known as Karvy Computershare Private Limited)	Enterprises over which key management personnel or their relatives exercise significant influence
2 Tyche Investments Private Limited	Enterprises over which key management personnel or their relatives exercise significant influence
3 Granules-Biocause Pharmaceutical Co. Ltd	Associate
4 Granules Omnichem Private Limited	Joint venture
Key managerial personnel	
1 Mr.Krishna Prasad Chigurupati	Chairman & Managing Director
2 Mrs. Uma Devi Chigurupati	Executive Director
3 Dr. V.V.N.K.V. Prasad Raju (upto January 29, 2019)	Executive Director
4 Mr. V.V.S.Murthy (upto May 11, 2017)	Chief Financial Officer
5 Mr. K.Ganesh	Chief Financial Officer
6 Mrs. Chaitanya Tummala	Company Secretary
Relatives to key managerial personnel	
1 Mr.Harsha Chigurupati	Non-Executive, Non-Independent Director
2 Ms.Priyanka Chigurupati	Relative of Key Managerial Personnel

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

31. Related party disclosures (Contd..)

31B. Transactions during the year

Particulars	March 31, 2019	March 31, 2018
a) Associate		
i) Granules-Biocause Pharmaceutical Co. Ltd Purchases	13,424.39	6,884.86
b) Transactions with enterprises over which key management personnel or their relatives exercise significant influence		
i) Karvy Fintech Private Limited (formerly known as Karvy Computershare Private Limited) Registrar Services	14.22	17.04
ii) Tyche Investments Private Limited Rent	63.40	50.68
c) Transactions with key managerial personnel or their relatives		
i) Mr.Krishna Prasad Chigurupati Managerial Remuneration	1,525.93	1,251.22
ii) Mrs. Uma Devi Chigurupati Managerial Remuneration	1,199.23	896.90
iii) Mr.Harsha Chigurupati Sitting fees	2.00	2.40
iv) Dr. V.V.N.K.V. Prasad Raju (upto Jan 29, 2019) Managerial Remuneration	257.87	224.23
v) Mr. V.V.S.Murthy (upto May 11, 2017) Salary	-	27.00
vi) Mr. K. Ganesh (from May 11, 2017) Salary	183.25	135.04
vii) Ms.Priyanka Chigurupati Salary	96.49	74.45
viii) Mrs. Chaitanya Tummala Salary	30.94	31.32

31C. Closing balances

Particulars	March 31, 2019	March 31, 2018
a) Joint Venture		
i) Granules Omnicem Private Limited Investment in subsidiary (includes share of profits) Corporate Guarantee given	5,468.33 13,986.43	5,036.59 14,512.00
b) Associate		
i) Granules-Biocause Pharmaceutical Co. Ltd Investment in subsidiary (includes share of profits)* Trade payables*	11,718.80 3,766.98	7,345.06 2,412.90

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

31. Related party disclosures (Contd..)

Particulars	March 31, 2019	March 31, 2018
c) Enterprises over which key management personnel or their relatives exercise significant influence		
i) Karvy Fintech Private Limited (formerly known as Karvy Computershare Private Limited) Payable	1.23	2.24
ii) Tyche Investments Private Limited Payable	-	4.56
Rental Deposit	20.00	20.00

As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the Key Management personnel and their relatives is not ascertainable and, therefore, not included above.

*Foreign currency balances included above have been shown at restated values arrived by using the closing exchange rates

32. Interest in joint venture/associate

The Group has a 50% interest in Granules Bio-cause Pharmaceutical co. Ltd (GBPCL) and Granules Omnichem private Limited (GOPL). GBPCL is involved in the manufactures of Ibuprofen at a plant in central China. GOPL specializes in contract manufacturing of intermediates and APIs for innovator companies. The Group's interest in GBPCL and GOPL is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the joint ventures, based on its Ind AS financial statements, and carrying amount of the investment in consolidated financial statements are set out below:

Summarised balance sheet as at Dec 31, 2018 of Granules Bio-cause Pharmaceutical co. ltd :

Particulars	December 31, 2018	December 31, 2017
Current assets, including cash and cash equivalents ₹ 11,660.08 lakhs (Dec 31, 2017: ₹ 3,224.87 lakhs)	26,656.84	16,106.74
Non-current assets	4,621.58	3,438.64
Current liabilities	7,717.79	4,827.04
Non-current liabilities	123.02	28.22
Equity	23,437.61	14,690.12
Proportion of the Group's ownership	50%	50%
Group's share at closing exchange rate	11,718.81	7,345.06
Summarised statement of profit and loss of the Granules Bio-cause Pharmaceutical co. ltd:		
Revenue	36,496.22	28,022.19
Profit for the year	8,883.88	2,835.05
Group's share of profit for the year	4,441.94	1,417.52
a. Contingent liabilities of the above joint ventures ₹ Nil (Dec 31, 2017: ₹Nil).		
b. Capital commitments of the above joint ventures ₹ Nil (Dec 31, 2017: ₹Nil)		

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

32. Interest in joint venture/associate (Contd..)

Summarised balance sheet as at March 31, 2019 of Granules Omnichem Private Limited:

Particulars	March 31, 2019	March 31, 2018
Current assets, including cash and cash equivalents ₹ 263.36 lakhs (March 31, 2018: ₹377.73 lakhs) and prepayments ₹ 67.18 lakhs (March 31, 2018: ₹ 57.24 lakhs)	12,181.93	11,531.70
Non-current assets	17,937.17	19,681.28
Current liabilities	13,117.25	12,589.35
Non-current liabilities, including borrowing ₹ 5,897.22 lakhs (March 31, 2018: ₹ 8,528.16 lakhs)	6,065.17	8,550.43
Equity	10,936.68	10,073.20
Proportion of the Group's ownership	50%	50%
Carrying amount of the investment	5,468.34	5,036.59
Summarised statement of profit and loss of the Granules Omnichem Private Limited:		
Total Revenue	22,377.17	14,746.37
Cost of raw material and components consumed	15,014.74	8,250.53
Depreciation & amortization	1,315.95	1,210.50
Finance cost	272.80	1,127.44
Employee benefit	1,242.58	1,072.30
Other expense	2,722.62	2,611.40
Profit before tax	1,808.48	474.20
Income tax expense	943.73	111.63
Profit for the year	864.76	362.57
Re-measurement gains/(loss) on employee defined benefit plans	(1.27)	6.17
Total comprehensive income for the year	863.49	368.74
Group's share of profit for the year	431.74	184.37
a. Contingent liabilities of the above associate ₹ Nil (March 31, 2018: ₹Nil).		
b. Capital commitments of the above associate ₹ 189.02 lakhs (March 31, 2018: ₹11.55 lakhs)		

33. Fair Values

The management assessed that loans, cash and cash equivalents, trade receivables, borrowings, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

Fair Valuation measurement hierarchy

The following table shows the carrying amounts and fair values of financial assets and liabilities including their levels of fair value hierarchy:

Particulars	As at March 31, 2019						
	Carrying amount				Fair Value		
	Mandatorily at fair value through profit and loss (FVTPL)	Fair value through other comprehensive income (FVOCI)	Assets/liabilities at amortised cost method	Total carrying amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
i) Financial assets							
a) Financial assets not measured at Fair value							
Non-current investments	-	-	21,042.07	21,042.07	-	-	-
Non-current loans	-	-	1,692.61	1,692.61	-	-	-
Trade receivables	-	-	67,354.24	67,354.24	-	-	-
Cash and cash equivalents	-	-	8,302.43	8,302.43	-	-	-
Bank balances other than cash and cash equivalents	-	-	601.59	601.59	-	-	-
Current loans	-	-	315.43	315.43	-	-	-
Other current financial assets	-	-	51.68	51.68	-	-	-
	-	-	99,360.05	99,360.05	-	-	-
ii) Financial liabilities							
a) Financial liabilities not measured at fair value							
Non-current borrowings	-	-	47,878.25	47,878.25	-	-	-
Trade payables	-	-	32,347.74	32,347.74	-	-	-
Other current financial liabilities	-	-	10,194.84	10,194.84	-	-	-
Current borrowings	-	-	45,420.61	45,420.61	-	-	-
	-	-	135,841.44	135,841.44	-	-	-

Particulars	As at March 31, 2018						
	Carrying amount				Fair Value		
	Mandatorily at fair value through profit and loss (FVTPL)	Fair value through other comprehensive income (FVOCI)	Assets/liabilities at amortised cost method	Total carrying amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
i) Financial assets							
a) Financial assets not measured at Fair value							
Non-current investments	-	-	15,655.87	15,655.87	-	-	-
Non-current loans	-	-	2,113.39	2,113.39	-	-	-
Trade receivables	-	-	62,825.11	62,825.11	-	-	-
Cash and cash equivalents	-	-	10,803.28	10,803.28	-	-	-
Bank balances other than cash and cash equivalents	-	-	760.34	760.34	-	-	-
Current loans	-	-	62.57	62.57	-	-	-
Other current financial assets	-	-	115.16	115.16	-	-	-
	-	-	92,335.72	92,335.72	-	-	-
ii) Financial liabilities							
a) Financial liabilities not measured at fair value							
Non-current borrowings	-	-	43,313.02	43,313.02	-	-	-
Trade payables	-	-	27,434.78	27,434.78	-	-	-
Other current financial liabilities	-	-	6,117.44	6,117.44	-	-	-
Current borrowings	-	-	52,509.95	52,509.95	-	-	-
	-	-	129,375.19	129,375.19	-	-	-

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

34. Financial risk management

Framework

The Group is exposed primarily to Credit Risk, Liquidity Risk and Market risk (fluctuations in foreign currency exchange rates and interest rate), which may adversely impact the fair value of its financial instruments. The Group assesses the unpredictability of the financial environment and seeks to mitigate potential adverse effects on the financial performance of the Group.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analyzing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit. Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, investments, cash and cash equivalents, bank deposits and other financial assets. None of the financial instruments of the Company result in material concentration of credit risk, except for trade receivables.

Ind AS requires expected credit losses to be measured through a loss allowance. The Group assesses at each date of statements of financial position whether a financial asset or a group of financial assets is impaired. Expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. The maximum exposure to credit risk was ₹ 67,354.24 lakhs and ₹ 62,825.11 lakhs as of March 31, 2019 and March 31, 2018 respectively, being the total of the carrying amount of balances with trade receivables.

Before accepting any new customer, the Group uses an external/internal credit scoring system to assess the potential customer's credit quality and defines credit limits of customer. Limits and scoring attributed to customers are reviewed at periodic intervals. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix

Credit risk on financial assets, except trade receivables is limited as the company generally transacts with banks and financial institutions with high credit rating assigned by international and domestic credit rating agencies. Investment primarily include investment in subsidiaries, associate and joint venture whose carrying value is evaluated by the management at the end of every reporting period for impairment. As at the end of the reporting period, there are no indicators of impairment of investments.

Liquidity risk

Liquidity risk refers to the risk that the Group cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of March 31, 2019:

Particulars	Less than 1 year	1-2 years	2-5 years	5-9 years	Total
Borrowings	5,819.08	9,067.10	25,874.10	12,937.05	53,697.33
Short-term Borrowings	45,420.61	-	-	-	45,420.61
Trade payables	32,347.74	-	-	-	32,347.74
Other financial liabilities	4,375.76	-	-	-	4,375.76

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

34. Financial risk management (Contd..)

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of March 31, 2018:

Particulars	Less than 1 year	1-2 years	2-5 years	5-9 years	Total
Borrowings	2,021.16	6,368.42	27,202.75	9,741.85	45,334.18
Short-term Borrowings	52,509.95	-	-	-	52,509.95
Trade payables	27,434.78	-	-	-	27,434.78
Other financial liabilities	4,096.28	-	-	-	4,096.28

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Group's exposure to market risk is primarily on account of foreign currency exchange rate risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. As the Group's debt obligation with floating interest rates are primarily in USD/EURO which is subject to insignificant change, exposure to the risk of changes in market interest rates are substantially independent of changes in market interest rates.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on borrowings, as follows:

Particulars	Change in basis points	March 31, 2019	March 31, 2018
INR - Borrowings	+100	(7.73)	(8.14)
	-100	7.73	8.14
USD - Borrowings	+100	(409.71)	(355.27)
	-100	409.71	355.27
EURO - Borrowings	+100	(389.90)	(293.87)
	-100	389.90	293.87

Foreign Currency exchange rate risk

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the respective entities. Considering the countries and economic environment in which the Group operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in USD/EURO against the functional currencies of the Group.

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

34. Financial risk management (Contd..)

The year end foreign currency exposures are as under -

(All amounts are in Indian Rupees Lakhs)

Particulars	March 31, 2019		
	USD	EURO	Others
Assets			
Trade receivables	53,141.47	3,242.37	-
Loans and advances	5,109.84	-	523.13
Other non-current assets	569.77	171.16	6.05
Other current assets	367.03	81.18	41.55
Loans	10.75	-	2.05
Cash and cash equivalents	68.28	0.43	0.16
Total	59,267.14	3,495.14	572.94
Liabilities			
Borrowings	1,064.00	46,814.25	-
Trade payables	11,537.07	358.26	82.78
Other financial liabilities	2,629.42	4,190.75	3.48
Other current liabilities	499.98	-	-
Short-term borrowings	44,647.96	-	-
Total	60,378.43	51,363.27	86.26

(All amounts are in Indian Rupees Lakhs)

Particulars	March 31, 2018		
	USD	EURO	Others
Assets			
Trade receivables	43,631.17	5,611.23	156.68
Loans and advances	41,691.52	-	182.36
Other non-current assets	108.65	307.69	61.61
Other current assets	399.07	47.62	79.49
Cash and cash equivalents	3.90	-	-
Total	85,834.31	5,966.54	480.14
Liabilities			
Borrowings	3,001.92	40,311.10	-
Trade payables	19,132.90	1,889.05	104.46
Other financial liabilities	2,635.54	791.55	0.39
Other current liabilities	112.66	-	7.73
Short-term borrowings	43,268.92	302.93	-
Total	68,151.94	43,294.63	112.58

For the year ended March 31, 2019 and March 31, 2018, every percentage point depreciation / appreciation in the exchange rate between Indian rupees and U.S. dollar/Euro will affect the Company's profit before tax by approximately 1.50% and 1.00% respectively.

The Company designates certain non derivative financial liabilities, such as foreign currency borrowings from financial institutions, as hedging instruments for the hedge of foreign exchange risk associated with highly probable forecasted transactions and, accordingly, applies cash flow hedge accounting for such relationships. Re-measurement gain/loss on such non derivative financial liabilities is accumulated in other equity under the heading cash flow hedging reserve, and re-classified in the statement of profit and loss as revenue in the period corresponding to the occurrence of the forecasted transactions.

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

34. Financial risk management (Contd..)

Cash flow hedge reserve

The reconciliation of cash flow hedge reserve for the year ended March 31, 2019 is as follows:

Particulars	March 31, 2019	March 31, 2018
Balance at the beginning of the year	(1,346.00)	-
Gain/(loss) recognised in other comprehensive income during the year	1870.87	(2,068.98)
Amount reclassified to revenue during the year	-	-
Tax impact on the above	(653.76)	722.98
Balance at the end of the year	(128.89)	(1,346.00)

The table below summaries the periods when the cash flows associated with highly probable forecasted transactions that are classified as cash flow hedges are expected to occur:

Particulars	March 31, 2019	March 31, 2018
Cash flows in Euros		
Not later than one year	3,605.98	-
Later than one year and not later than five year	30,252.25	28,784.55
Later than five year and not later than nine year	16,448.67	9,457.57

35. Segment reporting

The Group is engaged in the manufacture of Pharmaceuticals, which in the context of Ind AS 108 is considered only business segment.

Particulars	March 31, 2019			March 31, 2018		
	Outside India	Within India	Total	Outside India	Within India	Total
Revenue	177,948.22	49,971.55	227,919.77	128,737.38	40,447.45	169,184.83
Non-current assets (refer note - i)	14,619.22	95,196.98	109,816.20	13,345.93	87,171.76	100,517.69

Note:

i) Non-current assets for this purpose consist of property, plant and equipment, capital work in progress and other non-current assets.

36. Group information

Information about subsidiaries

The consolidated financial statements of the Group includes subsidiaries listed in the table below:

Name	Country of incorporation	% of equity interest	
		March 31, 2019	March 31, 2018
Granules USA Inc	USA	100%	100%
Granules Pharmaceuticals Inc	USA	100%	100%
Granules Europe Limited	UK	100%	100%

Joint arrangement in which the Group is a joint venture/ associate

The Group has a 50% interest in Granules Bio-cause Pharmaceutical co. Ltd and Granules Omnicem private Limited (March 31, 2018: 50%). For more details, refer to Note 32.

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

37. Statutory Group Information

Name of the entity in the group	Net Assets, i.e., total assets minus total liabilities		Share in profit and loss		Share in other Comprehensive income		Share in total Comprehensive income	
	As % of consolidated net assets	₹	As % of consolidated profit and loss	₹	As % of consolidated other comprehensive income	₹	As % of total comprehensive income	₹
Parent								
Granules India Limited								
Balance as at March 31, 2019	93.05%	142,323.51	68.46%	16,184.05	88.21%	1,148.86	69.49%	17,332.91
Balance as at March 31, 2018	98.01%	127,819.81	104.96%	13,916.20	-1,186.02%	(1,227.44)	94.96%	12,688.76
Subsidiaries								
Foreign								
Granules USA Inc								
Balance as at March 31, 2019	-0.25%	(380.12)	-5.41%	(1,278.95)	4.84%	63.01	-4.87%	(1,215.94)
Balance as at March 31, 2018	0.64%	835.82	2.31%	305.93	-1.60%	(1.65)	2.28%	304.27
Granules Pharmaceuticals Inc								
Balance as at March 31, 2019	1.56%	2,383.58	17.08%	4,037.84	11.09%	144.49	16.77%	4,182.33
Balance as at March 31, 2018	-1.70%	(2,214.39)	-14.17%	(1,879.39)	-34.17%	(35.36)	-14.33%	(1,914.75)
Granules Europe Limited								
Balance as at March 31, 2019	-0.33%	(505.73)	-1.54%	(364.37)	1.14%	14.91	-1.40%	(349.46)
Balance as at March 31, 2018	-0.12%	(156.27)	-1.18%	(156.28)	0.01%	0.01	-1.17%	(156.27)
Joint venture/associate (investment as per the equity method)								
Indian								
Granules Omnicem private Limited								
Balance as at March 31, 2019	0.77%	1,180.24	1.83%	432.38	-0.05%	(0.64)	1.73%	431.74
Balance as at March 31, 2018	0.57%	748.50	1.37%	181.29	2.98%	3.09	1.38%	184.38
Foreign								
Granules Bio-cause Pharmaceutical co. Ltd								
Balance as at March 31, 2019	6.47%	9,899.78	18.79%	4,441.94	-5.24%	(68.20)	17.53%	4,373.74
Balance as at March 31, 2018	4.24%	5,526.04	10.69%	1,417.52	1,318.80%	1,364.85	20.82%	2,782.37
On account of Eliminations								
Balance as at March 31, 2019	-1.28%	(1,953.95)	0.80%	187.96	0.00%	-	0.75%	187.96
Balance as at March 31, 2018	-1.64%	(2,141.93)	-3.97%	(526.14)	0.00%	-	-3.94%	(526.14)
Balance as at 31 March, 2019	100.00%	152,947.31	100.00%	23,640.85	100.00%	1,302.43	100.00%	24,943.28
Balance as at 31 March, 2018	100.00%	130,417.59	100.00%	13,259.12	100.00%	103.49	100.00%	13,362.61

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

38. Capital management

For the purpose of the Group's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure in consideration to the changes in economic conditions and the requirements of the financial covenants. The Group monitors capital using a gearing ratio, which is net debt divided by equity. Net debt consists of borrowings including interest accrued on borrowings, less cash and cash equivalents and other bank balances.

Particulars	March 31, 2019	March 31, 2018
Borrowings including interest accrued on borrowings	99,418.23	98,076.42
Less: cash and cash equivalents and other bank balances	(8,904.02)	(11,563.62)
Net debt	90,514.21	86,512.80
Equity	2,542.48	2,538.38
Other equity	150,404.83	127,879.21
Total equity	152,947.31	130,417.59
Net debt to equity ratio	0.59	0.66

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

39. Subsequent Events

There are no significant events that occurred after the balance sheet date.

40. The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these financial statements since the requirement does not pertain to financial year ended 31 March 2019

41. The financial statements of each of the subsidiary, joint venture and associate, other than Granules Biocause Pharmaceutical Co. Ltd are drawn up to the same reporting date i.e. year ended March 31, 2019, for the purpose of consolidation. The audited consolidated financial statements of Granules Biocause Pharmaceutical Co. Ltd for year ended December 31, 2018 (previous year financial statements up to December 31, 2017) have been used for the purpose of consolidation.

42. Figures in Balance Sheet, Statement of Profit and Loss and Notes to audited financial statements have been rounded off to the nearest thousand and have been expressed in terms of decimals of thousands.

As per our report of even date attached
for **B S R & Associates LLP**
Chartered Accountants
Firm registration number 116321W/W-100024

Sriram Mahalingam
Partner
Membership No : 049642

Place: Hyderabad
Date: May 09, 2019

for and on behalf of the Board of Directors of
Granules India Limited
CIN : L24110TG1991PLC012471

Krishna Prasad Chigurupati
Chairman and Managing Director
DIN : 00020180

K.Ganesh
Chief Financial Officer

Chaitanya Tummala
Company Secretary

FORM AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of Subsidiaries/Joint Venture/Associate

Part "A" : Subsidiaries

Name of the Subsidiary	(₹ In Lakhs)		
	Granules USA, Inc.	Granules Pharmaceuticals Inc.	Granules Europe Limited
1. Reporting period	March 31, 2019	March 31, 2019	March 31, 2019
2. Exchange rate as on the last date of the financial year	INR 69.17/USD	INR 69.17/USD	INR 90.48/GBP
3. Share capital	116.31	44,359.72	0.08
4. Other Equity	(380.12)	2,383.58	(505.73)
5. Total Assets	11,792.10	58,500.26	17.47
6. Total Liabilities	12,055.90	15,548.83	523.12
7. Investments	-	3,791.87	-
8. Turnover	37,333.77	19,508.37	-
9. Profit/(loss) before taxation	(1,827.66)	5,437.52	(364.37)
10. Provision for taxation	(548.71)	1,399.68	-
11. Profit/(loss) after taxation	(1,278.95)	4,037.84	(364.37)
12. Proposed Dividend	-	-	-
13. % of shareholding	100%	100%	100%

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Joint Venture

Part "B" : Joint Venture

Name of Joint Venture	Granules Omnicem Private Limited
1. Latest audited Balance Sheet Date	March 31, 2019
2. Shares of Joint Ventures held by the company on the year end	
i) Number	42,880,967
ii) Amount of Investment in Joint Venture	4,288.10
iii) Extent of Holding%	50%
3. Description of how there is significant influence	Joint venture agreement
4. Reason why the joint venture is not consolidated	Not Applicable
5. Net worth attributable to shareholding as per latest audited Balance Sheet	5,468.34
6. Profit/(Loss) for the year	
i) Considered in Consolidation	432.38

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate

Part "C" : Associate

Name of Associate	Granules Biocause Pharmaceuticals Co., Ltd.,
1. Latest audited Balance Sheet Date	December 31, 2018
2. Shares of Associate held by the company on the year end	
i) Number	33,000,000
ii) Amount of Investment in Joint Venture	1,819.03
iii) Extent of Holding%	50%
3. Description of how there is significant influence	Joint venture agreement
4. Reason why the associate is not consolidated	Not Applicable
5. Net worth attributable to shareholding as per latest audited Balance Sheet	11,718.81
6. Profit/(Loss) for the year	
i) Considered in Consolidation	4,441.94

For and on behalf of the Board of Directors of

Granules India Limited

CIN : L24110TG1991PLC012471

Krishna Prasad Chigurupati

Chairman and Managing Director

DIN : 00020180

K.Ganesh

Chief Financial Officer

Chaitanya Tummala

Company Secretary



Granules India Limited

(CIN: L24110TG1991PLC012471)

Regd. Office: 2nd Floor, 3rd Block, My Home Hub, Madhapur, Hyderabad - 500 081 (TS)

Web: www.granulesindia.com, Email: investorrelations@granulesindia.com, Tel: +91-40-30660000.

NOTICE

Notice is hereby given that the 28th Annual General Meeting (AGM) of the members of Granules India Limited will be held on Thursday, August 29, 2019 at 4.00 PM at Hotel Taj Banjara, Road No.1, Banjara Hills, Hyderabad – 500 034 (TS), India to transact the following Business:

ORDINARY BUSINESS:

1. To consider and adopt (a) the audited financial statement of the Company for the financial year ended March 31, 2019 and the reports of the Board of Directors and the Auditors thereon; and (b) the audited consolidated financial statement of the Company for the financial year ended March 31, 2019 and the report of Auditors thereon and in this regard, pass the following resolutions as **Ordinary Resolutions**:
 - (a) **"RESOLVED THAT** the audited financial statement of the Company for the financial year ended March 31, 2019 and the reports of the Board of Directors and Auditors thereon laid before this meeting, be and are hereby considered and adopted."
 - (b) **"RESOLVED THAT** the audited consolidated financial statement of the Company for the financial year ended March 31, 2019 and the report of Auditors thereon laid before this meeting, be and are hereby considered and adopted."
2. To declare a final dividend of 25 paisa per equity share and to approve and to ratify the interim dividend of 75 paisa per equity share, already paid during the year for the year ended March 31, 2019 and in this regard, pass the following resolutions as an **Ordinary Resolutions**:
 - (a) **"RESOLVED THAT** a final dividend at the rate of 25 paisa per equity share of Re.1/- (One rupee) each fully paid-up of the Company be and is hereby declared for the

financial year ended March 31, 2019 and the same be paid as recommended by the Board of Directors of the Company, out of the profits of the Company for the financial year ended March 31, 2019."

- (b) **"RESOLVED THAT** pursuant to the recommendation of the Board of Directors, interim dividend of 75 paisa per equity share paid during the FY 2018-19 be and is hereby approved and ratified."

3. To appoint a Director in place of Mrs. Uma Devi Chigurupati (DIN: 00737689), who retires by rotation and, being eligible, seeks re-appointment and in this regard, pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 152 of the Companies Act, 2013, Mrs. Uma Devi Chigurupati (DIN: 00737689), who retires by rotation at this meeting be and is hereby appointed as a Director of the Company, liable to retire by rotation."

SPECIAL BUSINESS:

4. To consider the appointment of Mr. Arun Sawhney, who was appointed as an Additional Director by the Board w.e.f October 29, 2018 to hold that office up to date of the 28th Annual General Meeting, as a Director of the Company and in this regard, to consider and if thought fit, to pass with or without modification(s), the following resolution as **Ordinary Resolution**:

"RESOLVED THAT pursuant to the Articles of Association of the Company and provisions of section 152 and all other applicable provisions, if any, of the Companies Act, 2013 including any statutory modification(s) thereto or any re-enactment thereof for the time being in force, Mr. Arun Sawhney (holding DIN 01929668) who was appointed as an Additional Director by the Board with effect from

October 29, 2018, in terms of provisions of section 161(1) of the Companies Act, 2013 and Articles of Association of the Company and whose term of office expires at the 28th Annual General Meeting and in respect of whom the Company has received a notice from the member in writing, under section 160 of the Companies Act, 2013 proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, not liable to retire by rotation.”

5. To appoint Mr. Arun Sawhney as a Non-executive Independent Director of the Company for an initial term of 5(five) years pursuant to the provisions of Sections 149 and 152 of the Companies Act, 2013 and in this regard, to consider and if thought fit, to pass with or without modification(s), the following resolution as **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and Companies (Appointment and Qualifications of Directors) Rules, 2014, including any statutory modification(s) or re-enactment thereof, for the time being in force and the applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any amendment, modification, variation, or re-enactment, thereof for the time being in force, Mr. Arun Sawhney (holding DIN 01929668) be and is hereby appointed as a Non-executive Independent Director of the Company, not liable to retire by rotation, for the initial term of 5 (five) consecutive years from October 29, 2018 up to October 28, 2023.”

6. To consider the appointment of Mr. Robert George Cunard, who was appointed as an Additional Director by the Board w.e.f January 29, 2019 to hold that office up to date of the 28th Annual General Meeting, as a Director of the Company and in this regard, to consider and if thought fit, to pass with or without modification(s), the following resolution as **Ordinary Resolution**:

“RESOLVED THAT pursuant to the Articles of Association of the Company and provisions of section 152 and all other applicable provisions, if any, of the Companies Act, 2013 including any statutory modification(s) thereto or any re-enactment thereof for the time being in force, Mr. Robert George Cunard (holding DIN 08346308) who was appointed

as an Additional Director by the Board with effect from January 29, 2019, in terms of provisions of section 161(1) of the Companies Act, 2013 and Articles of Association of the Company and whose term of office expires at the 28th Annual General Meeting and in respect of whom the Company has received a notice from the member in writing, under section 160 of the Companies Act, 2013 proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, not liable to retire by rotation.”

7. To appoint Mr. Robert George Cunard as a Non-executive Independent Director of the Company for an initial term of 5(five) years pursuant to the provisions of Sections 149 and 152 of the Companies Act, 2013 and in this regard, to consider and if thought fit, to pass with or without modification(s), the following resolution as **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and Companies (Appointment and Qualifications of Directors) Rules, 2014, including any statutory modification(s) or re-enactment thereof, for the time being in force and the applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any amendment, modification, variation, or re-enactment, thereof for the time being in force, Mr. Robert George Cunard (holding DIN 08346308) be and is hereby appointed as a Non-executive Independent Director of the Company, not liable to retire by rotation, for the initial term of 5 (five) consecutive years from January 29, 2019 up to January 28, 2024.”

8. To consider the appointment of Mrs. Jyothi Prasad, who was appointed as an Additional Director by the Board w.e.f April 01, 2019 to hold that office up to date of the 28th Annual General Meeting, as a Director of the Company and in this regard, to consider and if thought fit, to pass with or without modification(s), the following resolution as **Ordinary Resolution**:

“RESOLVED THAT pursuant to the Articles of Association of the Company and provisions of section 152 and all other applicable provisions, if any, of the Companies Act, 2013 including any statutory modification(s) thereto or any re-enactment thereof for the time being in force, Mrs.

Jyothi Prasad (holding DIN 06947488) who was appointed as an Additional Director by the Board with effect from April 01, 2019, in terms of provisions of section 161(1) of the Companies Act, 2013 and Articles of Association of the Company and whose term of office expires at the 28th Annual General Meeting and in respect of whom the Company has received a notice from the member in writing, under section 160 of the Companies Act, 2013 proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, not liable to retire by rotation."

9. To appoint Mrs. Jyothi Prasad as a Non-executive Independent Director of the Company for an initial term of 5(five) years pursuant to the provisions of Sections 149 and 152 of the Companies Act, 2013 and in this regard, to consider and if thought fit, to pass with or without modification(s), the following resolution as **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and Companies (Appointment and Qualifications of Directors) Rules, 2014, including any statutory modification(s) or re-enactment thereof, for the time being in force and the applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any amendment, modification, variation, or re-enactment, thereof for the time being in force, Mrs. Jyothi Prasad (holding DIN 06947488) be and is hereby appointed as a Non-executive Independent Director of the Company, not liable to retire by rotation, for the initial term of 5 (five) consecutive years from April 01, 2019 up to March 31, 2024."

10. To re-appoint Mr. C. Parthasarathy as a Non-executive Independent Director of the Company for second term of 5(five) years pursuant to the provisions of Sections 149 and 152 of the Companies Act, 2013 and in this regard, to consider and if thought fit, to pass with or without modification(s), the following resolution as **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and Companies (Appointment and Qualifications of Directors)

Rules, 2014, including any statutory modification(s) or re-enactment thereof, for the time being in force and the applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any amendment, modification, variation, or re-enactment, thereof for the time being in force, Mr. C. Parthasarathy (holding DIN 00079232), Non-executive Independent Director of the Company be and is hereby re-appointed as a Non-executive Independent Director of the Company, not liable to retire by rotation, for the second term of 5 (five) consecutive years from April 1, 2019 up to March 31, 2024."

11. To re-appoint Mr. A. Arun Rao as a Non-executive Independent Director of the Company for second term of 5(five) years pursuant to the provisions of Sections 149 and 152 of the Companies Act, 2013 and in this regard, to consider and if thought fit, to pass with or without modification(s), the following resolution as **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and Companies (Appointment and Qualifications of Directors) Rules, 2014, including any statutory modification(s) or re-enactment thereof, for the time being in force and the applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any amendment, modification, variation, or re-enactment, thereof for the time being in force, Mr. A. Arun Rao (holding DIN 00876993), Non-executive Independent Director of the Company be and is hereby re-appointed as a Non-executive Independent Director of the Company, not liable to retire by rotation, for the second term of 5 (five) consecutive years from April 1, 2019 up to March 31, 2024."

12. To re-appoint Mr. Krishna Prasad Chigurupati as Managing Director of the Company and pay him remuneration in terms of provisions of Sections 196, 197, 198 and 203 read with schedule V to the Companies Act, 2013, and in this regard, to consider and if thought fit, to pass with or without modification(s), the following resolution as **Special Resolution**:

"RESOLVED THAT in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and other

applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) approval of the Members be and is hereby accorded to re-appoint Mr. Krishna Prasad Chigurupati (holding DIN 00020180) as Managing Director of the Company, for a period of 5 (five) years, on expiry of his present term of office, i.e. with effect from September 01, 2019, on the terms and conditions including remuneration as set out in the explanatory statement subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification or re-enactment thereof.”

“RESOLVED FURTHER THAT in case of adequacy of profits, Mr. Krishna Prasad Chigurupati be paid such commission which, together with salary, allowances and perquisites shall not exceed 5% of the net profits of the Company calculated in accordance with the provisions of Section 198 of the Companies Act, 2013.”

“RESOLVED FURTHER THAT in the event of any loss or inadequacy of profits in any financial year during his tenure, the Company shall pay to Mr. Krishna Prasad Chigurupati,

the remuneration by way of salary, perquisites, commission or any other allowances as specified in the explanatory statement and in accordance with the limits specified under Section II of Part II of Schedule V of the Companies Act, 2013 read with Schedule V to the Companies Act, 2013 or such other limits as may be prescribed by the Government from time to time in this regard, as minimum remuneration.”

“RESOLVED FURTHER THAT the Managing Director shall not be paid sitting fees for attending meetings of the Board of Directors or any Committee(s) thereof.”

“RESOLVED FURTHER THAT Mr. Krishna Prasad Chigurupati be and is hereby designated as Chairman and Managing Director of the Company as per the applicable Act and regulations that are in force for the time being.”

By Order of the Board of Directors

Hyderabad, May 09, 2019

Chaitanya Tummala
Company Secretary

NOTES:

1. The Explanatory Statement setting out all material facts as required under Section 102 of the Companies Act, 2013 in respect of special business of the Company is appended and forms part of the Notice.
2. A member entitled to attend and vote at the Annual General Meeting (the "Meeting") is also entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the company. The instrument appointing the proxy should, however, be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the Meeting.
3. Attendance slip, proxy form and the route map of the venue of the Meeting are annexed hereto.
4. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified true copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
5. The Company is providing facility for voting by electronic means (e-voting) through an electronic voting system which will include remote e-voting and the business set out in the Notice will be transacted through such voting. Information and instructions including details of user id and password relating to e-voting are sent herewith. Once the vote on a resolution is cast by a member, whether partially or otherwise, the member shall not be allowed to change it subsequently or cast the vote again. The members who have cast their vote(s) by using remote e-voting may also attend the Meeting but shall not be entitled to cast their vote(s) again at the Meeting.
6. The requirement to place the matter relating to appointment of Auditors for ratification by members at every Annual General Meeting is done away with vide notification dated May 7, 2018 issued by the Ministry of Corporate Affairs, New Delhi. Accordingly, no resolution is proposed for ratification of appointment of Auditors, who were appointed in the Annual General Meeting held on September 28, 2017.
7. Details of Directors retiring by rotation / seeking re-appointment at the ensuing Meeting are provided in the "Annexure" to the Notice.
8. Members / Proxies / Authorised Representatives are requested to bring to the Meeting necessary details of their shareholding, attendance slip(s) and copies of Annual Report. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote at the Meeting.
9. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office of the Company on all working days (i.e. except Saturdays, Sundays and Public Holidays) during business hours up to the date of the Meeting.
10. (a) The Company has notified closure of Register of Members and Share Transfer Books from Friday, August 23, 2019 to, Thursday, August 29, 2019 (both days inclusive) for the purpose of AGM and determining the names of members eligible for final dividend on equity shares, if declared at the Meeting.
(b) The Board of Directors of the Company at their Meeting held on May 09, 2019 has recommended a dividend of 25 paise per share on equity share of Re. 1/- each as final dividend for the financial year 2018-19 in addition to the interim dividend paid during the year. Final dividend, if declared, at the Annual General Meeting, will be paid on or before September 28, 2019.
11. Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars and Transfer Agents, Karvy Fintech Private Limited ("Karvy") cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant by the members.
12. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the Company / Karvy.

The Company has transferred the unpaid or unclaimed dividends declared up to financial years 2010-11, from time to time, to the Investor Education and Protection Fund (IEPF) established by the Central Government. The Company has uploaded the details of unpaid and unclaimed dividends lying with the Company as on September 06, 2018 (date of the previous Annual General Meeting) on the website of the Company and the same can be accessed through the link: www.granulesindia.com. The said details have also been uploaded on the website of the IEPF Authority and the same can be accessed through the link: www.iepf.gov.in.

13. (a) Pursuant to the provisions of Sections 124 and 125 of the Companies Act, 2013 and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("Rules"), all shares on which dividend has not been claimed for seven consecutive years or more shall be transferred to IEPF Authority.

Details of shares transferred to the IEPF Authority are available on the website of the Company and the same can be accessed through the link: www.granulesindia.com. The said details have also been uploaded on the website of the IEPF Authority and the same can be accessed through the link: www.iepf.gov.in.

- (b) Members may note that shares as well as unclaimed dividends transferred to IEPF Authority can be claimed back from them. Concerned members/investors are advised to visit the weblink: <http://iepf.gov.in/IEPFA/refund.html> or contact Karvy for lodging claim for refund of shares and / or dividend from the IEPF Authority.

14. Securities of listed companies can be transferred only in dematerialised form with effect from April 01, 2019 as notified by SEBI on December 03, 2018. In view of this and to avail various benefits of dematerialisation, members are advised to dematerialise shares held by them in physical form.

15. Due dates for transfer of unclaimed/unpaid dividends for the financial year 2011-12 and thereafter to IEPF:

Financial year	Type of dividend	Due date of transfer
2011-2012	Final	08.08.2019
2012-2013	Final	25.09.2020
2013-2014	Final	04.10.2021
2014-2015	Final	19.09.2022
2015-2016	1st Interim	03.09.2022
	2nd Interim	07.12.2022
	3rd Interim	05.03.2023
	Final	16.09.2023
2016-2017	1st Interim	16.09.2023
	2nd Interim	30.11.2023
	3rd Interim	05.03.2024
	Final	03.11.2024
2017-2018	1st Interim	19.09.2024
	2nd Interim	15.12.2024
	3rd Interim	16.03.2025
	Final	12.10.2025
2018-19	1st Interim	28.08.2025
	2nd Interim	04.12.2025
	3rd Interim	06.03.2026

16. Members holding shares in electronic mode:

- (a) are requested to submit their PAN and bank account details to their respective DPs with whom they are maintaining their demat accounts.
- (b) are advised to contact their respective DPs for registering the nomination.
- (c) are requested to register / update their e-mail address with their respective DPs for receiving all communications from the Company electronically.

17. Members holding shares in physical mode:

- (a) are required to submit their Permanent Account Number (PAN) and bank account details to the

- Company / Karvy, if not registered with the Company as mandated by SEBI.
- (b) are advised to register the nomination in respect of their shareholding in the Company by submitting the Nomination Form (SH-13).
 - (c) are requested to register / update their e-mail address with the Company / Karvy for receiving all communications from the Company electronically.
18. Non-Resident Indian members are requested to inform Karvy / respective DPs, immediately of:
- (a) Change in their residential status on return to India for permanent settlement.
 - (b) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.
19. Members who have not registered their e-mail addresses so far, are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.
20. The annual report for the financial year 2018-19 has been sent through email to those members who have opted to receive electronic communication or who have registered their email addresses with the depository participants. The annual report is also available on our website, i.e. www.granulesindia.com. The physical copy of the annual report has been sent to those members who have either opted for the same or have not registered their email addresses with the Company/depository participant. The members will be entitled to a physical copy of the annual report for the financial year 2018-19, free of cost, upon sending a request to the Company Secretary at 2nd Floor, 3rd Block, My Home Hub, Madhapur, Hyderabad 500 081.
21. Information relating to e-voting is as under:
- i. Pursuant to the provisions of Section 108 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Management and Administration) Rules, 2014, as amended and regulation 44 of the Listing Regulations, the Company is pleased to provide to its members facility to exercise their right to vote on resolutions proposed to be passed in the Meeting by electronic means. The members may cast their votes using an electronic voting system from a place other than the venue of the Meeting ('remote e-voting').
 - ii. The facility for voting through electronic voting system ('Insta Poll') shall be made available at the Meeting and the members attending the Meeting who have not cast their vote by remote e-voting shall be able to vote at the Meeting through 'Insta Poll'.
 - iii. The members who have cast their vote by remote e-voting may also attend the Meeting but shall not be entitled to cast their vote again.
 - iv. The Company has engaged the services of Karvy Fintech Private Limited ("Karvy") as the Agency to provide e-voting facility.
 - v. The Board of Directors of the Company has appointed Mr. Dhanunjaya Kumar Alla, a Practicing Chartered Accountant, Partner, M/s. Dhanunjaya & Haranath, Chartered Accountants, Hyderabad, as Scrutinizer to scrutinize the Insta Poll and remote e-voting process in a fair and transparent manner and he has communicated his willingness to be appointed and will be available for same purpose.
 - vi. Voting rights shall be reckoned on the paid up value of shares registered in the name of the member / beneficial owner (in case of electronic shareholding) as on the cut-off date i.e. August 22, 2019.

- vii. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date, i.e. August 22, 2019 only, shall be entitled to avail the facility of remote e-voting / Insta Poll.
- viii. Any person who becomes a member of the Company after dispatch of the Notice of the Meeting and holding shares as on the cut-off date i.e August 22, 2019 may obtain the user ID and password in the manner as mentioned below:
 - a. If the mobile number of the member is registered against Folio No. / DP ID Client ID, the member may send SMS : MYEPWD <space> E-Voting Event Number+Folio No. or DP ID Client ID to 9212993399

 Example for NSDL:
 MYEPWD <SPACE> IN12345612345678

 Example for CDSL :
 MYEPWD <SPACE> 1402345612345678

 Example for Physical :
 MYEPWD <SPACE> XXXX1234567890
 - b. If e-mail address or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of <https://evoting.karvy.com>, the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.
 - c. Member may call Karvy's toll free number 1-800-3454-001
 - d. Member may send an e-mail request to evoting@karvy.com
 - e. If the member is already registered with Karvy e-voting platform then he/she can use his/her existing user ID and password for casting the vote through remote e-voting.
- ix. The remote e-voting facility will be available during the following period:

 Commencement of remote e-voting: From 9.00 a.m. (IST) on August 26, 2019

 End of remote e-voting: Up to 5.00 p.m. (IST) on August 28, 2019

 The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled by Karvy upon expiry of aforesaid period.
- x. The Scrutinizer, after scrutinising the votes cast at the meeting (Insta Poll) and through remote e-voting, will, not later than three days of conclusion of the Meeting, make a consolidated scrutinizer's report and submit the same to the Chairman. The results declared along with the consolidated scrutinizer's report shall be placed on the website of the Company www.granulesindia.com and on the website of Karvy <https://evoting.karvy.com>. The results shall simultaneously be communicated to the Stock Exchanges.
- xi. Subject to receipt of requisite number of votes, the resolutions shall be deemed to be passed on the date of the Meeting, i.e. August 29, 2019.

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESSES PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

Item No. 4 & 5:

Mr. Arun Sawhney has over 40 years of experience in diverse industries including Software, Rubber, Chemicals, Generic and OTC Pharmaceuticals.

The Board of Directors pursuant to section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company, appointed Mr. Arun Sawhney as an Additional Director of the Company with effect from October 29, 2018 by resolution of the Board of Directors at its meeting dated October 29, 2018. In terms of section 161(1) of the Act, Mr. Arun Sawhney holds office up to the date of 28th Annual General Meeting. Notice in terms of provisions of section 160 of the Companies Act, 2013 has been received from a member proposing the candidature of Mr. Arun Sawhney as a Director of the Company.

In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. Arun Sawhney is proposed to be appointed as Independent Directors on the Board of the Company for a term up to five consecutive years from October 29, 2018 to October 28, 2023.

Details of Mr. Arun Sawhney are provided in the "Annexure" to the Notice.

The Board recommends the resolution to be passed as an Ordinary Resolution as set out in Item no. 4 and 5 for your approval.

None of the Directors, Key Managerial Persons (KMPs) of the Company or any relatives of such Director or KMPs, are in any way concerned or interested financially or otherwise in the proposed Resolutions.

Item No. 6 & 7:

Mr. Robert George Cunard has over 25 years of experience in Pharmaceutical industry with specialization in Commercial Operations, Sales and Marketing and Pricing within the generic pharmaceutical sector, and experience to the highest levels of executive management.

The Board of Directors pursuant to section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company, appointed Mr. Robert George Cunard as an Additional Director of the Company with effect from January

29, 2019 by resolution of the Board of Directors at its meeting dated January 29, 2019. In terms of section 161(1) of the Act, Mr. Robert George Cunard holds office up to the date of 28th Annual General Meeting. Notice in terms of provisions of section 160 of the Companies Act, 2013 has been received from a member proposing the candidature of Mr. Robert George Cunard as a Director of the Company.

In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. Robert George Cunard is proposed to be appointed as Independent Directors on the Board of the Company for a term up to five consecutive years from January 29, 2019 to January 28, 2024.

Details of Mr. Robert George Cunard are provided in the "Annexure" to the Notice.

The Board recommends the resolution to be passed as an Ordinary Resolution as set out in Item no. 6 and 7 for your approval.

None of the Directors, Key Managerial Persons (KMPs) of the Company or any relatives of such Director or KMPs, are in any way concerned or interested financially or otherwise in the proposed Resolutions.

Item No. 8 & 9:

Mrs. Jyothi Prasad has over 30 years of experience in the area of financial advisory services including IPOs, Mergers & Acquisitions, Private Equity and fund raising.

The Board of Directors pursuant to section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company, appointed Mrs. Jyothi Prasad as an Additional Director of the Company with effect from April 01, 2019 by resolution of the Board of Directors at its meeting dated March 29, 2019. In terms of section 161(1) of the Act, Mrs. Jyothi Prasad holds office up to the date of 28th Annual General Meeting. Notice in terms of provisions of section 160 of the Companies Act, 2013 has been received from a member proposing the candidature of Mrs. Jyothi Prasad as a Director of the Company.

In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mrs. Jyothi Prasad is proposed to be appointed as Independent Directors on the Board of the Company for a term up to five consecutive years from April 01, 2019 to March 31, 2024.

Details of Mrs. Jyothi Prasad are provided in the “Annexure” to the Notice.

The Board recommends the resolution to be passed as an Ordinary Resolution as set out in Item no. 8 and 9 for your approval.

None of the Directors, Key Managerial Persons (KMPs) of the Company or any relatives of such Director or KMPs, are in any way concerned or interested financially or otherwise in the proposed Resolutions.

Item No. 10:

Mr. C. Parthasarathy has more than 46 years of experience in various aspects of financial services, especially capital market etc., operations, human resources and strategic thinking. His expertise has been in building businesses in the services sector and growing them into a reasonably large scale.

In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. C. Parthasarathy was appointed as an Independent Director on the Board of the Company in the Annual General Meeting of the Company held on 28th August 2014 for a term up to five consecutive years i.e. from April 01, 2014 to 31st March, 2019.

In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. C. Parthasarathy is proposed to be re- appointed as Independent Director on the Board of the Company for a second term of five consecutive years from April 01, 2019 to March 31, 2024.

Details of Mr. C. Parthasarathy are provided in the “Annexure” to the Notice.

The Board recommends the resolution to be passed as Special Resolutions as set out in Item no. 10 for your approval.

None of the Directors, Key Managerial Persons (KMPs) of the Company or any relatives of such Director or KMPs, are in any way concerned or interested financially or otherwise in the proposed Resolutions.

Item No. 11:

Mr. A. Arun Rao has more than 38 years of experience in the Pharmaceutical industry specialising in the manufacture of Solid and Liquid Oral Dosage forms.

In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. A. Arun Rao was appointed as an Independent Director on the Board of the Company in the Annual General Meeting of the Company held on 28th August 2014 for a term up to five consecutive years i.e. from April 01, 2014 to 31st March, 2019.

In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. A. Arun Rao is proposed to be re- appointed as Independent Director on the Board of the Company for a second term of five consecutive years from April 01, 2019 to March 31, 2024.

Details of Mr. A. Arun Rao are provided in the “Annexure” to the Notice.

The Board recommends the resolution to be passed as Special Resolutions as set out in Item no. 11 for your approval.

None of the Directors, Key Managerial Persons (KMPs) of the Company or any relatives of such Director or KMPs, are in any way concerned or interested financially or otherwise in the proposed Resolutions.

Item No. 12

Mr. Krishna Prasad Chigurupati has around 35 years of experience in cost efficient and quality complaint pharmaceutical products manufacturing and marketing.

Mr. Krishna Prasad Chigurupati was re-appointed as Managing Director of the Company with effect from 1st September, 2014 by the Shareholders at the 23rd Annual General Meeting of the Company held on August 28, 2014. He was also designated as Chairman and Managing Director of the Company. The current term of office of Mr. Krishna Prasad Chigurupati as the Managing Director of the Company completes on 31st August 2019. Considering the commitment consistently shown and results exhibited, the Board of Directors on the recommendation of the Nomination and Remuneration Committee, has decided to re-appoint Mr. Krishna Prasad Chigurupati as the Managing Director of the Company for a further period of 5 (five) years effective from 1st September 2019 as per the terms and conditions set forth herein under.

Terms and Conditions:**(a) Salary, Perquisites and Allowances per annum:**

Particulars	Amount in ₹ lakhs
Salary	180.00
Perquisites and Allowances	36.00

The perquisites and allowances shall be evaluated, wherever applicable, as per the provisions of Income-tax Act, 1961 or any rules thereunder or any statutory modification(s) or re-enactment thereof; in the absence of any such rules, perquisites and allowances shall be evaluated at actual cost. The Managing Director is entitled to medical reimbursement as per the policy of the Company for senior managerial executives.

- (b)** The Company's contribution to provident fund, superannuation or annuity fund, to the extent these singly or together are not taxable under the Income Tax law, gratuity payable and encashment of leave, as per the rules of the Company and to the extent not taxable under the Income Tax law, shall not be included for the purpose of computation of the overall ceiling of remuneration.

(c) Reimbursement of Expenses:

Expenses incurred for travelling, boarding and lodging including for spouse and attendant(s) during business trips and provision of car(s) for use on Company's business and communication expenses at residence shall be reimbursed at actuals and not considered as perquisites.

(d) General:

- (i) The Managing Director will perform his duties as such with regard to all work of the Company and will manage and attend to such business and carry out the orders and directions given by the Board from time to time in all respects and conform to and comply with all such directions and regulations as may from time to time be given and made by the Board.
- (ii) The Managing Director shall act in accordance with the Articles of Association of the Company and shall abide by the provisions contained in Section 166 of the Act with regard to duties of Directors.
- (iii) The Managing Director shall adhere to the Company's Code of Conduct.

- (iv) The office of Managing Director may be terminated by the Company or by him by giving the other 3 (three) months' prior notice in writing.

Mr. Krishna Prasad Chigurupati satisfies all the conditions set out in Part-I of Schedule V to the Act as also conditions set out under Section 196(3) of the Act for being eligible for his re-appointment. He is not disqualified from being appointed as Director in terms of Section 164 of the Act.

The above may be treated as a written memorandum setting out the terms of re-appointment of Mr. Krishna Prasad Chigurupati under Section 190 of the Act.

The re-appointment of Mr. Krishna Prasad Chigurupati is appropriate and in the best interest of the Company. The approval of the members is being sought to the terms and conditions of the re-appointment of Mr. Krishna Prasad Chigurupati as the Managing Director and the remuneration payable to him.

The resolution seeks the approval of the members in terms of sections 196 and 197 read with Schedule V and other applicable provisions of the Companies Act, 2013, and the Rules made thereunder for the re-appointment of Mr. Krishna Prasad Chigurupati as a Managing Director of the Company for a period of five years commencing from 1st September 2019.

Details of Mr. Krishna Prasad Chigurupati are provided in the "Annexure" to the Notice.

Mr. Krishna Prasad Chigurupati is interested in the resolution set out at Item No. 12 of the Notice. Mrs. Uma Devi Chigurupati and Mr. Harsha Chigurupati, Directors of the Company being related to Mr. Krishna Prasad Chigurupati may be deemed to be interested in the said resolution.

The other relatives of Mr. Krishna Prasad Chigurupati may be deemed to be interested in the said resolution of the Notice, to the extent of their shareholding interest, if any, in the Company. Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

The Board recommends the resolution as set out in Item no. 12 for your approval.

Annexure to the Notice dated May 09, 2019

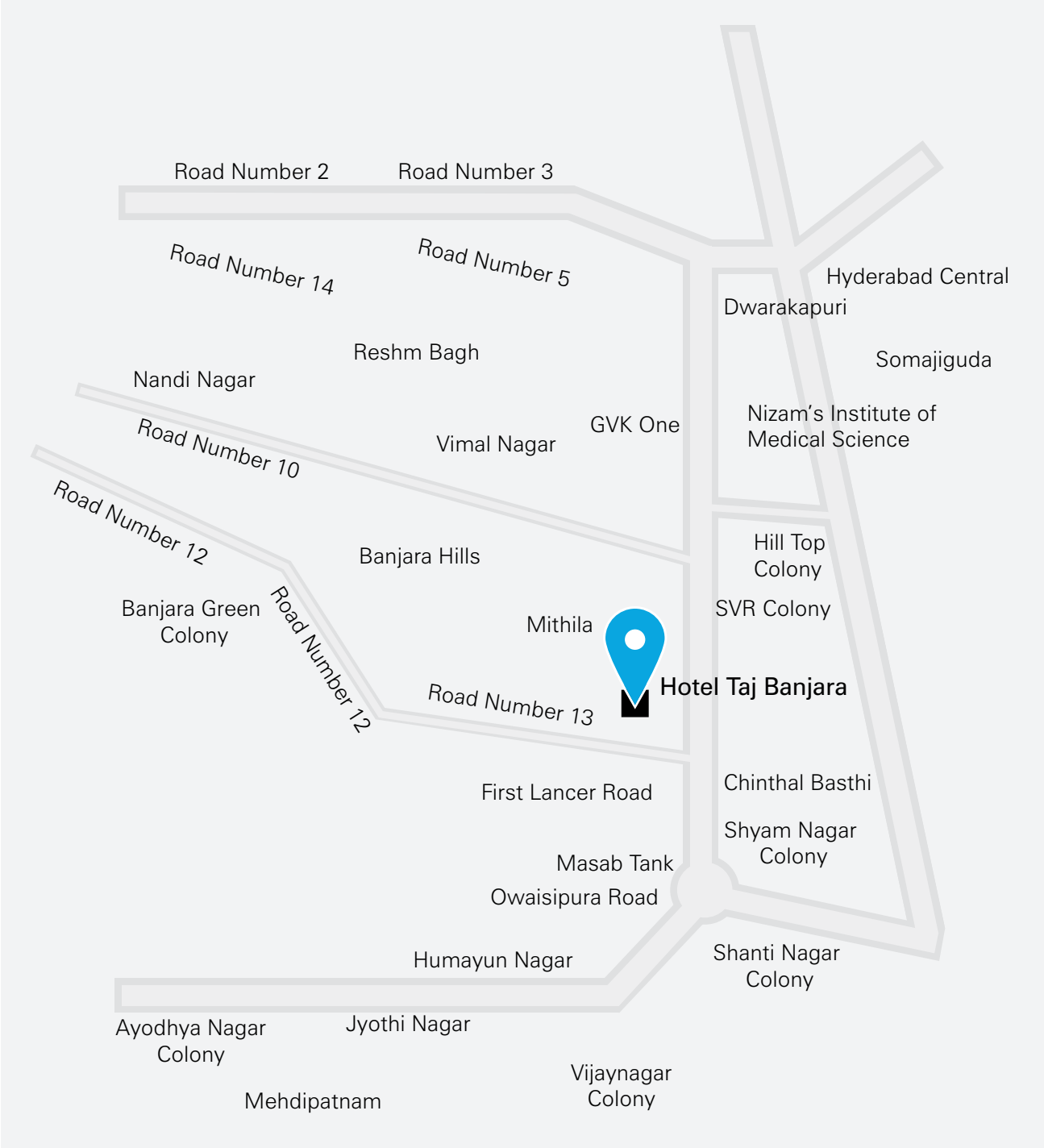
Profile of Directors seeking appointment/ re-appointment at the ensuing Annual General Meeting

Name of the Director	Mrs. Uma Devi Chigurupati	Mr. Arun Sawhney	Mr. Robert George Cunard	Mrs. Jyothi Prasad	Mr. C. Parthasarathy	Mr. A. Arun Rao	Mr. Krishna Prasad Chigurupati
Date of Birth	10.08.1959	14.10.1955	03.07.1968	26.11.1963	07.07.1955	06.06.1959	02.10.1954
Qualification	M.Sc (soil microbiology)	B.com, Postgraduate Diploma in Management from IMI	Bachelor Degree in Arts from the University of Pittsburgh in Business Economics.	M.com, LLB and Post Graduate Diploma in Management from Indian Institute of Management (IIM), Ahmedabad	B.Sc. LL.B, FCA, FCS	B.Tech (Chemical Engg) and M.S from the Illinois Institute of Technology, Chicago, USA	Graduate in Science
Experience and expertise in specific functional areas	Mrs. Uma Devi Chigurupati has around 35 years of experience in leading various functions in the pharmaceutical industry.	Mr. Arun Sawhney has over 40 years of experience in diverse industries including Software, Rubber, Chemicals, Generic and OTC Pharmaceuticals.	Mr. Robert George Cunard has over 25 years of experience in Pharmaceutical industry with specialization in Commercial Operations, Sales and Marketing and Pricing within the generic pharmaceutical sector, and experience to the highest levels of executive management.	Mrs. Jyothi Prasad has over 30 years of experience in the area of financial advisory services including IPOs, Mergers & Acquisitions, Private Equity and fund raising.	Mr. C. Parthasarathy has more than 46 years of experience in various aspects of financial services, especially capital market etc., operations, human resources and strategic thinking. His expertise has been in building businesses in the services sector and growing them into a reasonably large scale.	Mr. A. Arun Rao has more than 38 years of experience in the Pharmaceutical industry specialising in the manufacture of Solid and Liquid Oral Dosage forms.	Mr. Krishna Prasad Chigurupati has around 35 years of experience in cost efficient and quality complaint pharmaceutical products manufacturing and marketing.
Brief profile	Brief profile of the Directors is provided at the initial pages of the Annual Report						
Relationship with other Directors and Key Managerial Personnel of the Company	Wife of Mr. Krishna Prasad Chigurupati, Chairman and Managing Director and Mother to Mr. Harsha Chigurupati, Non-Executive Director	There are no inter-se relationship between the other Board members and key Managerial Personnel	There are no inter-se relationship between the other Board members and key Managerial Personnel	There are no inter-se relationship between the other Board members and key Managerial Personnel	There are no inter-se relationship between the other Board members and key Managerial Personnel	There are no inter-se relationship between the other Board members and key Managerial Personnel	Husband of Mrs. Uma Devi Chigurupati, Executive Director and Father to Mr. Harsha Chigurupati, Non-Executive Director
Nature of appointment (appointment/ re-appointment)	Retires by rotation and offers herself for re-appointment	Appointment	Appointment	Appointment	Re-Appointment	Re-Appointment	Re-Appointment as Managing Director of the Company
Terms and Conditions of appointment/ re-appointment	Appointment as Executive Director subject to retirement by rotation.	Appointment as Non-Executive Independent Director not liable to retire by rotation.	Appointment as Non-Executive Independent Director not liable to retire by rotation.	Appointment as Non-Executive Independent Director not liable to retire by rotation.	Re-appointment as Non-Executive Independent Director not liable to retire by rotation.	Re-appointment as Non-Executive Independent Director not liable to retire by rotation.	Terms and Conditions of re-appointment are as per the resolution at Item No. 12 of the Notice convening Annual General Meeting on August 29, 2019 read with explanatory statement thereto.

Remuneration last draw by such person, if applicable and remuneration sought to be paid	Remuneration paid to Mrs. Uma Devi Chigurupati is given in the Corporate Governance Report	Sitting fees paid to Mr. Arun Sawhney is given in Corporate Governance Report	Sitting fees paid to Mr. Robert George Cunard is given in Corporate Governance Report	Not Applicable	Sitting fees paid to Mr. C. Parthasarathy is given in Corporate Governance Report	Sitting fees paid to Mr. A. Arun Rao is given in Corporate Governance Report	Remuneration paid to Mr. Krishna Prasad Chigurupati is given in the Corporate Governance Report
Date of first appointment on the Board	31.05.2012	29.10.2018	29.01.2019	01.04.2019	27.05.2009	27.04.2010	31.08.1994
Number of shares held in the company as on March 31, 2019	99,02,860	Nil	Nil	Nil	4,05,000	10,000	9,03,29,927
Number of meetings of the Board attended during the financial year (2018-19)	05 out of 05	02 out of 02	01 out of 01	Not Applicable	4 out of 05	05 out of 05	05 out of 05
Directorships of other Boards as on March 31, 2019	<ol style="list-style-type: none"> 1. Tyche Investments Private Limited 2. KRSMA Vineyards Private Limited 3. Krsma Estates Private Limited 4. Chigurupati Vineyards Private Limited 5. Chigurupati Agrotech private Limited 6. Chigurupati Estate Private Limited 	Nil	<ol style="list-style-type: none"> 1. Healthedge-Columbus Holdings, LLC 	<ol style="list-style-type: none"> 1. Krishna Institute of Medical Sciences Limited 2. Kary Stock Broking Limited 3. Kary Financial Services Limited 	<ol style="list-style-type: none"> 1. Kary Stock Broking Limited 2. Kary Comtrade Limited 3. Kary Consultants Limited 4. Kary Global Services Inc USA 5. Kary Inc., USA 6. Kary Investor services Limited 7. Kary Data Management Services Limited 8. Kary Fintech Private Limited 9. Multidimension Entertainments Private Limited 10. TMI e2E Academy Private Limited 11. Ocean Sparkle Limited 12. Pennar Industries Limited 13. Pennar Engineered Building Systems Limited 14. Landmark Capital Advisors Private Limited 	<ol style="list-style-type: none"> 1. Akin Laboratories Private Limited. 2. ESPI Industries & Chemicals Private Limited 3. Sanzyme Limited 	<ol style="list-style-type: none"> 1. Granules OmniChem Private Limited 2. Granules USA, Inc. 3. Granules Pharmaceuticals, Inc. 4. Granules Europe Limited 5. KRSMA Vineyards Private Limited 6. KRSMA Estates Private Limited 7. Tyche Investments Private Limited 8. Santhi Surgery Private Limited 9. Chigurupati Vineyards Private Limited 10. Chigurupati Agrotech Private Limited 11. Chigurupati Estates Private Limited

Membership / Chairmanship of Committees of other Boards	Nil	Nil	Nil	<p>Karvy Financial Services Limited Chairperson: Audit Committee and IT Strategy Committee Member: Nomination and Remuneration Committee, Business Review and Monitoring Committee, Asset Liability Management Committee and Risk Management Committee</p> <p>Karvy Stock Broking Limited Member: Audit Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee</p> <p>Krishna Institute of Medical Sciences (KIMS) Limited Chairperson: Audit Committee Member: Nomination and Remuneration Committee</p>	<p>Karvy Stock Broking Limited Member: Audit Committee, Investment Committee, Nomination and Remuneration Committee, Customer Service Committee, Risk and Compliance Committee, Corporate Social Responsibility Committee and Business Review Committee</p> <p>Karvy Comtrade Limited Chairperson: Corporate Social Responsibility Committee</p> <p>Karvy Data Management Services Ltd Chairperson: Audit Committee, Corporate Social Responsibility Committee, Borrowing Committee, Share Issuance and Allotment Committee, Debenture Issuance and Allotment Committee and Investment Committee Member: Nomination and Remuneration Committee</p> <p>Ocean Sparkle Limited Chairperson: Share Allotment Committee, IPO & Strategic Sale Committee, Share Transfer Committee and Audit Committee Member: Nomination and Remuneration Committee, Management and Administrative Committee and Corporate Social Responsibility Committee.</p> <p>MCX Stock Exchange CCL Member: Advisory Committee</p> <p>Indian Clearing Corporation limited Member: Advisory Committee</p> <p>Pennar Engineered Building Systems limited Member: Audit Committee and Nomination and Remuneration Committee.</p> <p>Pennar Industries limited Chairperson: Investment Committee Member: Audit Committee and Nomination and Remuneration Committee.</p>	Nil	Nil
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ROUTE MAP OF AGM VENUE





Granules India Limited

(CIN: L24110TG1991PLC012471)

Regd. Office: 2nd Floor, 3rd Block, My Home Hub, Madhapur,
Hyderabad - 500 081 (TS)

ATTENDANCE SLIP

28th Annual General Meeting, Thursday, August 29, 2019 at 4.00 P.M.

* DP ID.....

Folio No.....

*Client ID.....

No. of shares held.....

I certify that I am a registered shareholder/proxy/representative for the registered shareholder(s) of Granules India Limited.

I/we hereby record my/our presence at the 28th Annual General Meeting of the members of the Company held on Thursday, the 29th day of August, 2019 at 4.00 PM at Hotel Taj Banjara, Road No.1, Banjara Hills, Hyderabad – 500 034 (TS).

SIGNATURE OF THE MEMBER OR THE PROXY ATTENDING THE MEETING

.....

If Member, Please sign here

.....

If Proxy, Please sign here

Note: This form should be signed and handed over at the Meeting Venue.

*Applicable for investors holding shares in electronic form.



Granules India Limited

(CIN: L24110TG1991PLC012471)

Regd. Office: 2nd Floor, 3rd Block, My Home Hub, Madhapur,
Hyderabad - 500 081 (TS)

Form No. MGT-11

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN:	L24110TG1991PLC012471		
Name of the company	Granules India Limited		
Registered office	2nd Floor, 3rd Block, My Home Hub, Madhapur, Hyderabad (TS) - 500 081		
Name of the member(s)			
Registered Address			
E-mail Id			
Folio No./Client Id		DP ID	

I/We, being the holder (s) of equity shares of the above named company, hereby appoint

1.	Name			
	Address			
	E-mail id		Signature	
	or failing him			
2.	Name			
	Address			
	E-mail id		Signature	
	or failing him			
3.	Name			
	Address			
	E-mail id		Signature	

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Annual General Meeting of the Company, to be held on Thursday, the 29th day of August, 2019 at 4.00 p.m. at Hotel Taj Banjara, Road No.1, Banjara Hills, Hyderabad – 500 034 (TS) and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No	Particulars
Ordinary Business	
1.	Consider and adopt Audited Financial Statement, Report of Board of Directors and Auditors.
2.	Declaration of final dividend of 25 paise per equity share and approval and ratification of interim dividend of 75 paise per equity share paid during the FY 2018-19.
3.	To appoint a Director in place of Mrs. Uma Devi Chigurupati (DIN: 01606477), who retires by rotation and, being eligible, seeks re-appointment.
Special Business	
4	Appointment of Mr. Arun Sawhney (holding DIN 01929668) as Director of the Company.
5	Appointment of Mr. Arun Sawhney (holding DIN 01929668) as a Non-executive Independent Director of the Company for an initial term of 5(five) years.
6	Appointment of Mr. Robert George Cunard (holding DIN 08346308) as Director of the Company.
7	Appointment of Mr. Robert George Cunard (holding DIN 08346308) as a Non-executive Independent Director of the Company for an initial term of 5(five) years.
8	Appointment of Mrs. Jyothi Prasad (holding DIN 06947488) as Director of the Company.
9	Appointment of Mrs. Jyothi Prasad (holding DIN 06947488) as a Non-executive Independent Director of the Company for an initial term of 5(five) years.
10	Re- appointment of Mr. C. Parthasarathy (holding DIN 00079232) as a Non-executive Independent Director of the Company for second term of 5(five) years
11	Re- appointment of Mr. A. Arun Rao (holding DIN 00876993) as a Non-executive Independent Director of the Company for second term of 5(five) years
12	Re- appointment of Mr. Krishna Prasad Chigurupati (holding DIN 00020180) as Managing Director of the Company, for a period of 5 (five) years.

Signed this day of 2019.

Signature of shareholder Signature of Proxy holder(s)

Please Affix Revenue Stamp and sign across
--

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.



Granules India Limited

Registered Office:

2nd Floor, 3rd Block My Home Hub,
Madhapur, Hyderabad- 500 081 (TS)

Ph: 91-40-30660000, Fax: 91-40-23115145

E-mail: investorrelations@granulesindia.com

Website: www.granulesIndia.com

CIN: L24110TG1991PLC012471

