



REGISTERED OFFICE

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CIN: L24110TG1991PLC012471

**Date: July 12, 2021**

To,  
National Stock Exchange of India Limited  
BSE Limited  
Symbol: NSE: GRANULES; BSE: 532482

Dear Sir,

**Sub: Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015- Submission of Annual Report for the FY 2020-21**

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 2020-21 along with Notice of the 30<sup>th</sup> Annual General Meeting of the Company scheduled on 5<sup>th</sup> August 2021 at 3.00 p.m. (IST) to be held through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM").

The aforesaid documents are available on the website of the Company at [www.granulesindia.com](http://www.granulesindia.com) and are being sent to all members of the Company whose email IDs are registered with the Company/Depositories.

Request you to take the above information on record.

Thanking you

**FOR GRANULES INDIA LIMITED**

*G. Chaitanya*

**CHAITANYA TUMMALA  
(COMPANY SECRETARY &  
COMPLIANCE OFFICER)**



**Encl: As above**

# Empowering Our Future



Granules India Limited  
Annual Report 2020-21

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## CORPORATE OVERVIEW

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## FINANCIAL STATEMENTS

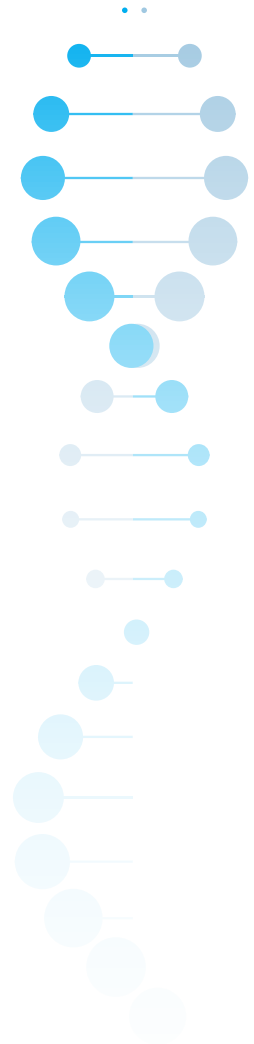
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To know more about the company,  
log on to [www.granulesindia.com](http://www.granulesindia.com)

### 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.



## Empowering **Our Future**

For years, we've been guided by focused objectives to create a better tomorrow. Not only have we steadily moved in that direction, we have strategically explored avenues of sustained growth. At Granules, we rely on our innovative spirit to improve our value proposition and leave an indelible mark in the industry. It broadens our horizons, secures new pathways of success and enables us to deliver unmatched solutions.

To realise our ambitions and strengthen our presence in global markets, we have adopted a steadfast approach to create a prompt, responsive and proactive business model. And to further improve our capabilities, we are embracing technology, upgrading our facilities and building lasting relationships to create a stronger foundation for a better tomorrow.

# Who We are

**Incorporated in 1991, Granules India Limited is one of the largest integrated pharmaceutical manufacturing companies in India.**

We have a strong presence in key markets across the globe, supplying API, PFI and FD. We derive our competitive advantage from a vertically integrated business model, large manufacturing facilities and strong research and development capabilities.

Over the years, we have built a strong foundation with API manufacturing and have expanded our portfolio to include PFI and finished dosages. We have also successfully widened our presence in highly regulated markets around the world.



## 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

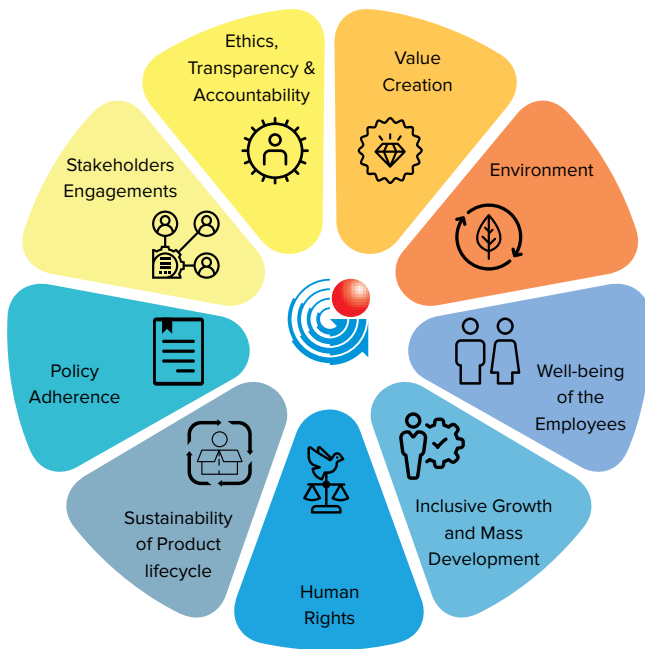


# ESG journey at Granules

The Environmental, Social & Governance (ESG) philosophy at Granules reflects our commitment to sustainable development.

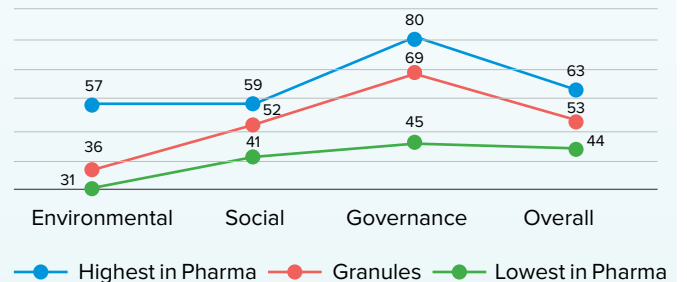
We intend to achieve it by implementing a long-term strategic plan aligned to the UN Sustainable Development Goals (SDGs) and our National Guidelines on Responsible Business Conduct (NGRBC).

ESG has been embedded in the core of all functional teams through continuous capacity building activities. Our belief in inclusive growth has extended our concept of ESG among our communities and supply chains.

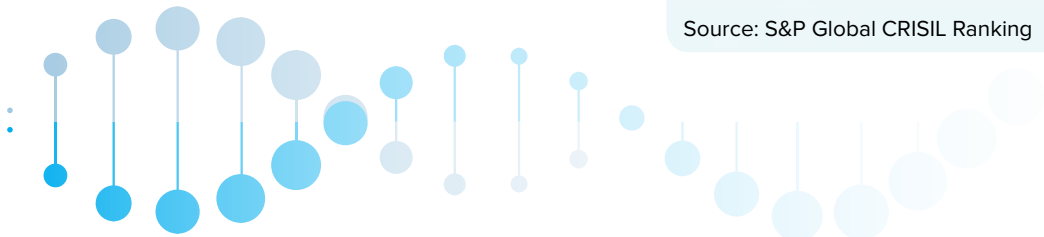


Our efforts have been recognized by CRISIL, an S&P Global company, with a healthy score among the pharmaceutical companies in their ESG Gauge of the top 225 Indian companies.

## CRISIL ESG score for Pharma Companies



Source: S&P Global CRISIL Ranking



# A Distinct Product Portfolio

## API (Active Pharmaceutical Ingredients)

We are among the most efficient and cost-effective API manufacturers globally and leverage the strength of 4 API manufacturing facilities and 1 intermediate facility in Hyderabad and Visakhapatnam to supply high quality APIs in key therapeutic categories.

## PFI (Pharmaceutical Formulation Intermediates)

We have pioneered the concept of commercialised pharmaceutical formulation ingredients that result in significant cost reduction for our customers. Furthermore, the 'drum to hopper' concept reduces material handling costs as it directly compresses PFIs into tablets.

## FD (Finished Dosages)

Our FD portfolio comprises of tablets, caplets and press-fit capsules in bulk, blister packs and bottles. We have built a state of an art FD facility which is one of the largest finished dosage facilities in the world.

## Priorities



Cost leadership, operational excellence and regulatory focus



Accelerated ANDA/dossier filing



Geography expansion for existing products.



Always looking for competitive advantage and differentiation in whatever we do.



Through capacity planning ahead of time.



Leveraging Enterprise Risk Management approach and bringing in ESG focus for sustainable growth.



# Largest

PFI facility in the world



# 75+

Countries of presence



# 71%

Revenues from US, Europe and Canada



# 3,500+

Number of employees across world



# 7

Manufacturing plants



# 51

ANDA filings

Indicative of strong R&D capability

## MANUFACTURING CAPACITY SNAPSHOT

**39,360** TPA and  
**352** KL  
API

**24,640** TPA  
PFI

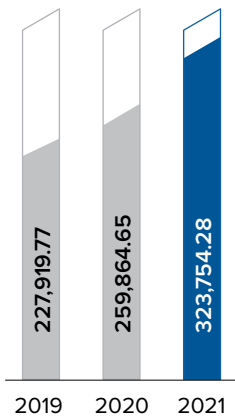
**23.3** BN  
Finished Dosages



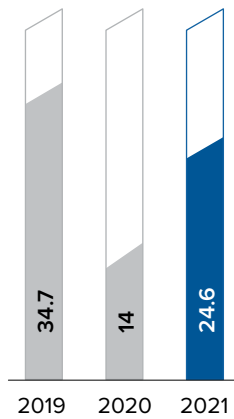
# Key Financial Parameters

## Growing with confidence

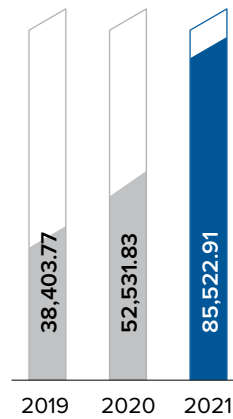
Revenue  
(₹ in Lakhs)



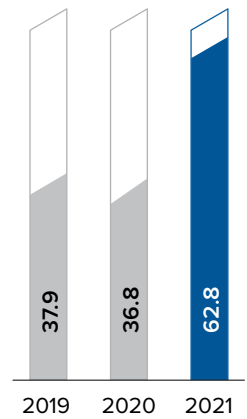
Revenue Growth  
(%)



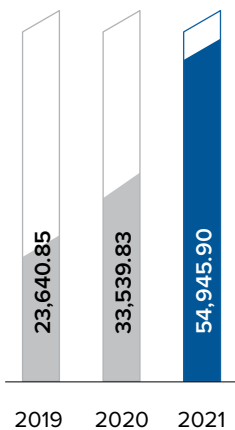
EBITDA without other income  
(₹ in Lakhs)



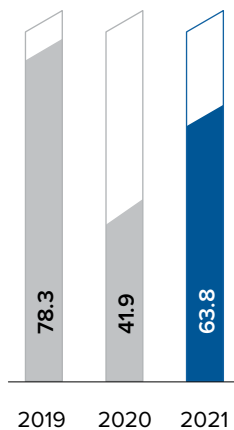
EBITDA Growth  
(%)



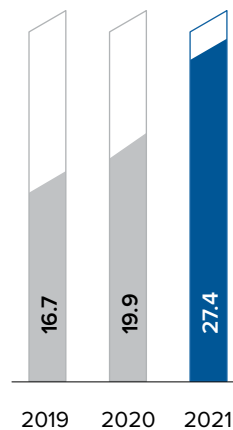
Net Profit  
(₹ in Lakhs)



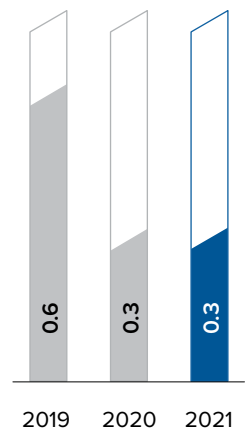
Net Profit Growth  
(%)



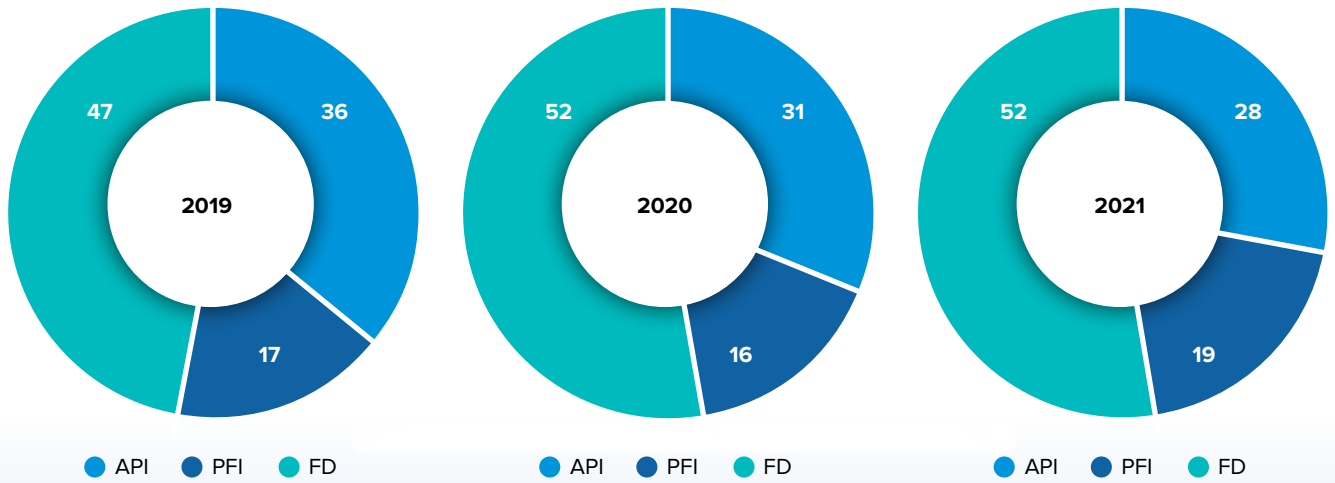
Return on Equity  
(%)



Net Debt to Equity Ratio  
(in times)



Revenue Break-up  
(%)



# Foraying further into Global Markets

**54%**

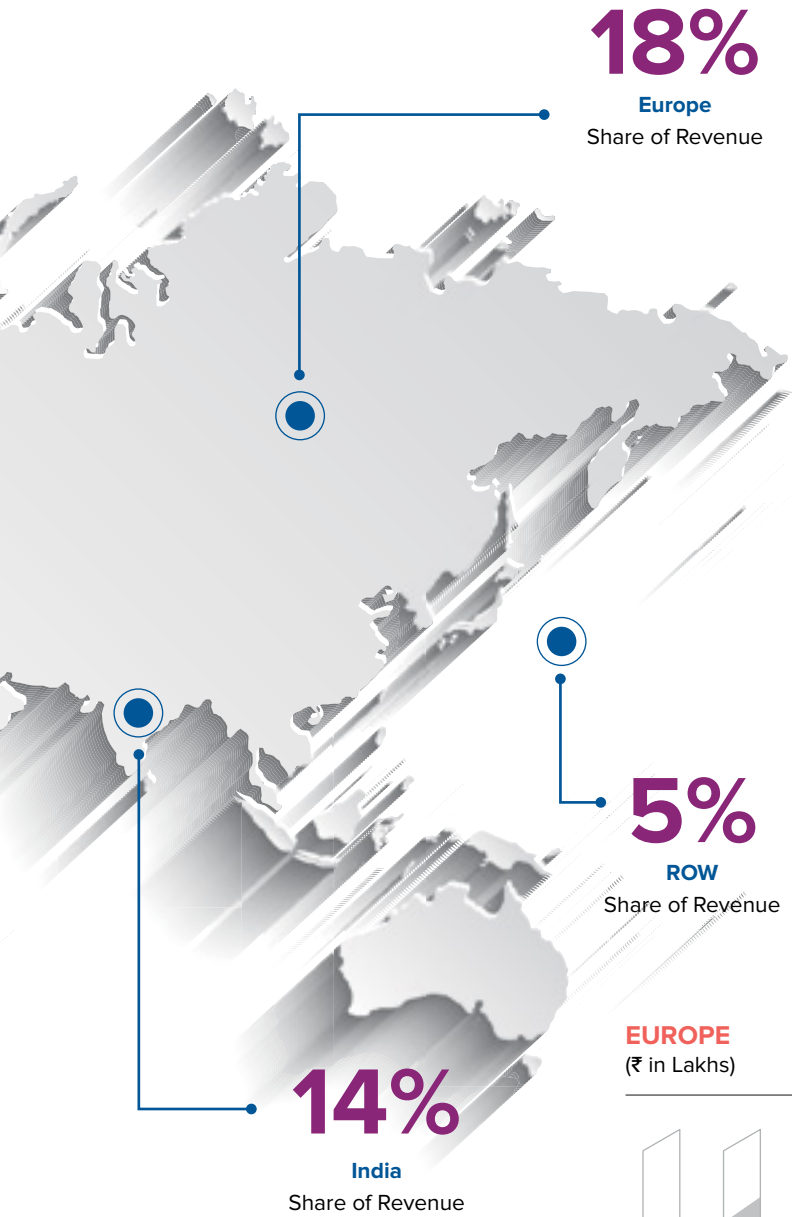
**North America**  
Share of Revenue

**9%**

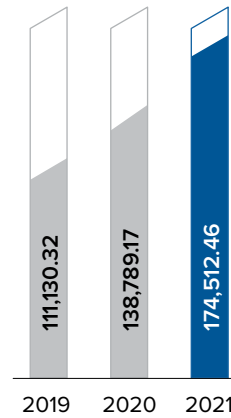
**Latin America**  
Share of Revenue

## MANUFACTURING UNITS

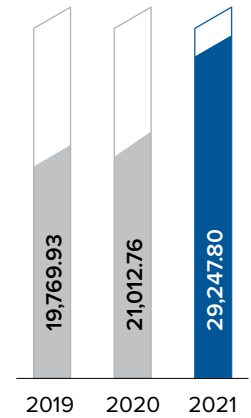
Segment	Manufacturing Location	Approvals
API	Bonthapally (Telangana)	US FDA, EDQM, WHO, COFEPRIS, INFARMED
	Jeedimetla (Telangana)	US FDA, EDQM, WHO, COFEPRIS, CDCSO
	Vizag Unit 4 (Andhra Pradesh)	US FDA, KFDA, EU GMP, WHO GMP, EDQM
	Vizag Unit 5 (Andhra Pradesh)	EU GMP
API Intermediates	Bonthapally	
PFI	Gagillapur (Telangana)	US FDA, TGA, MCC, COFEPRIS, INFARMED
	Jeedimetla (Telangana)	WHO, COFEPRIS, INFARMED
FD	Gagillapur (Telangana)	US FDA, TGA, MCC, COFEPRIS, INFARMED
	Virginia (USA)	US FDA, DEA



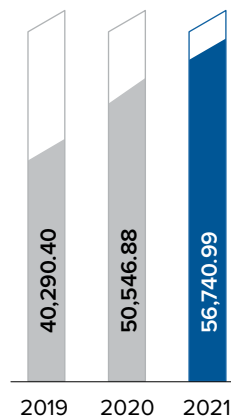
**NORTH AMERICA**  
(₹ in Lakhs)



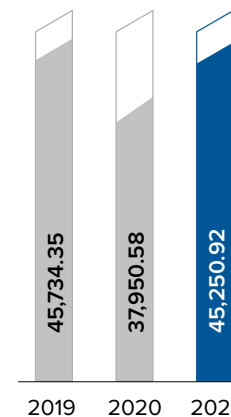
**LATIN AMERICA**  
(₹ in Lakhs)



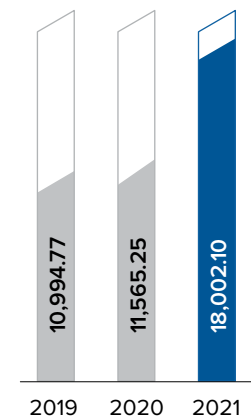
**EUROPE**  
(₹ in Lakhs)



**INDIA**  
(₹ in Lakhs)



**REST OF THE WORLD**  
(₹ in Lakhs)



**SUBSIDIARIES**

Location	Unit
USA	Granules Pharmaceuticals, Inc. Granules USA, Inc.
Europe	Granules Europe Limited
India	Granules Life Sciences Private Limited

# Message from Chairman's Desk



“The company’s focus for launched products will continue to be on capturing a reasonable size of the market and maintain the same for a sustained period. You will be happy to note that the initial strategy of the company is falling in place.”

Dear Shareholders,

I write this letter to you as the second wave of the global pandemic has unfolded and we still remain uncertain about when the pandemic will be behind us. These are difficult times for all of us over the world. I hope all of you are safe and I pray that very soon we will overcome this pandemic.

The past year posed several challenges for all of us owing to disruptions in the macro-economic situations, procurement, logistics and closure of activities owing to state-wise or country-wise lockdown situations. Despite these challenges, I am pleased to announce

**KRISHNA PRASAD CHIGURUPATI**  
CHAIRMAN & MANAGING DIRECTOR

that your company has delivered a stellar performance with high revenue growth and a healthy profit margin. The company's performance was broad-based across segments and geographies. This was possible only due to the unwavering commitment of our colleagues and the resilience of our business model. The company will continue to deliver on its committed goals on the back of these strong pillars.

Over the years, the company's focus was mainly to take its API and PFI centric business to an end to end integrated, predictable and sustainable producer of its own formulation products mainly for US market and create a sizeable basket of products in multiple therapeutic areas to establish brand value of Granules as a formulation player. The company's focus for launched products will continue to be on capturing a reasonable size of the market and maintain the same for a sustained period. You will be happy to note that the initial strategy of the company is falling in place. Let me summarise the strategies that the company will continue to follow:

- i) Continue to attempt Cost leadership and operational efficiencies by integration, operational excellence, regulatory focus and added ESG focus for all molecules.
- ii) Increase the pace of own ANDA filing through accelerated R&D strategy and acquiring ANDA's and launch more products in the US market.
- iii) Exploring opportunities of expanding its existing and new products into

new geographies to run its growth engine.

- iv) Looking for differentiated approaches to gain competitive advantage on existing products and finding out new areas of expansion to support its growth strategy.
- v) Adopting forward looking demand planning to invest on facilities to cater to its growth story through internal accrual.
- vi) Leveraging Enterprise Risk Management approach to ensure that all the existing risks to the business are identified and mitigated through a project management approach and support the growth engine to become viable and predictable.

Your company recorded a strong growth of 25% YoY, with income from operations increasing from ₹ 2,599 Cr in FY2020 to ₹ 3,238 Cr in FY2021. EBITDA stood at ₹ 855 Cr, a growth of 63% YoY. EBITDA margins stood at 26%. PAT at ₹ 549 Cr a growth of 64%. In line with its expansion strategy, sizeable contribution from launch of new products and increased contributions from its existing products played a crucial role in delivering this growth. This was also coupled with increased market penetration through its existing products, which not only helped the company in growth but also compensated for the several challenges posed by the global pandemic like shortage of raw material supplies, increase in logistics costs, amount spent on safety of employees on account of COVID-19 and lower utilization of capacities in Paracetamol etc. Your

company was able to deliver a healthy profit margin owing to higher volumes, increased operational efficiencies and focus on product rationalization.

I would also like to highlight some key metrics from the Balance Sheet which reiterates the company's focus on reducing debt. The company continue to deliver healthy financial ratios with its Net Debt to EBITDA ratio reduced to 0.7 times as compared to 1.2 times in the previous year. Cash-to cash cycle increased marginally to 117 days as the company consciously built up inventories to fuel its new launches amidst the second wave of the COVID-19 crisis. Efficient working capital management with high focus on inventory and receivable management will continue to be a strategic focus area for the company.

Operating cash flows were at ₹ 432 Crs and Free cash flows were at ₹ 161 Crs, after meeting capex needed for future business. Total Cash outflow on capex during the year was ₹ 271 Crs, which was completely funded by internal accruals.

The company plans to invest ₹ 1,000 Cr towards its manufacturing facilities over the next three years. This investment is largely towards new finished dosage plant, the new MUPS facility and expansion of the API facility. While making these investment decisions, due weightage has been given to future demand, its readiness to get regulatory approvals and making available trained work force.

Your company has invested about ₹ 100 Cr in R&D over the past year. The company will continue to be selective

## Message from Chairman's Desk

**“The focus on research drives the company’s aim of becoming a cost effective and vertically integrated pharmaceutical player with an unique value proposition for all its stakeholders.”**

about the new products that is introduced into our pipeline and ensure to generate good value for our sustained future. The company remains focused on its strategy of investing mainly on large volume to medium volume products, while balancing its portfolio with some low volume and high value products such as controlled substances and niche molecules for development at GPI. About 70% of our R&D spend is expected to be towards large volume, vertically integrated products and 30% towards the new products developed at GPI.

The company's dedicated R&D team is committed in developing products with process efficiencies to create a diverse range of cost-effective product offerings. The focus on research drives the company's aim of becoming a cost effective and vertically integrated pharmaceutical player with an unique value proposition for all its stakeholders.

In line with the focus on integration, GCH, the company's consumer health division, will carry forward our goal on the retail front. It will allow the company to work directly with the end customer and provide more innovative solutions in the next phase of its growth. The company is on the right track with investments in these areas and I am excited as we expect to see high growth in the OTC business. Your company continue to grow its existing business to different geographies and expand presence in those through own ANDA's/dossiers or through partners.

The year coming by poses interesting opportunities for us. While fulfilling on our commitments to our stakeholders, we remain confident of delivering timely

launches of new products, optimizing cost through operational efficiencies, continued focus on cash conservation, working capital management, better capacity utilization and rationalizing our R&D portfolio. Ensuring employee safety is of paramount interest to us. During the current financial year, your company had spent additional ₹ 30 Crs towards employee benefits and employee safety to fight against COVID-19. The company will continue to do so in the coming year also until the pandemic is under control. We assure you that we will put forth our utmost efforts to enhance stakeholder value through sustainable growth strategies and ESG focus.

I once again pray for the good health and safety of all, as we traverse our journey together for the upcoming year.

Sincerely

**Krishna Prasad Chigurupati**  
Chairman & Managing Director

# The Year in Review

## FINANCIAL SUMMARY

**24.6%**

Increase in Revenues

**620** BPS

Increase in EBITDA margins

**63.8%**

Increase in PAT

**5.1%**

Reduction in Net Debt

**27.4%**

ROE

**30.7%**

ROCE



## STRATEGIC SUMMARY - FY21

**5**

ANDAs filed

**2**

EU dossiers filed

**3**

Product dossiers filed for Canada and

**1**

For South Africa

**14**

New approvals of ANDAs in USA

**1**

EU dossier and

**1**

Canadian dossier approval

**12**

New products launched.

**51**

Total ANDA's filed

**24**

Total US DMF's filed

**19**

CEP's filed



# Profile of Board of Directors and Management team

● Board of Directors ● Management Team



**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.



**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 Managing 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.



**Mr. Harsha Chigurupati**  
Executive Director

Mr. Harsha Chigurupati holds a Bachelor's degree of science in Business Administration from Boston University, USA. He has over 15 years of entrepreneurial experience in marketing, business development, customer relationship management etc. He also has in-depth knowledge and experience in various fields of research and development, clinical trials, regulatory and legal framework navigation, patents and peer review journal publications etc.

Mr. Chigurupati has been with Granules since 2005 in various capacities. He was instrumental in commercializing the Company's Finished Dosage Division and transitioning the Company's customer base towards brand owners. As an Executive Director, he is responsible for the standalone operations and P&L of the Company. 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".



**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. Mrs. Chigurupati has a post-graduate degree in Botany (soil microbiology) from Nagarjuna University.



**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.



**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 IIM. 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.

## Profile of Board of Directors and Management team

● Board of Directors    ● Management Team



**Mr. Robert George Cunard**  
Independent Director

Mr. Robert George Cunard holds Bachelor of Arts Degree from the University of Pittsburgh in Business Economics. Mr. Cunard brings more than 30 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.



**Mrs. Jyothi Prasad**  
Independent Director

Mrs. 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 31 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.



**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 and Investor Relations. 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 within R&D, Commercial Operations and Investor Relations.



### Mr. GSR Prasad

Chief Operating Officer

Mr. GSR Prasad has more than 30 years of rich experience in Pharmaceutical Operations including Manufacturing, Quality, Technical / Validation Services, Supply Chain Management, Greenfield and Brownfield Projects. He has joined us as Sr. Vice President – Projects & Operations in 2017 before taking over as COO in 2019.

During his operational roles he has established manufacturing facilities with focus on process automation, operational excellence, built in quality, productivity and safety. He has successfully led many regulatory audits such as USFDA, TGA, EU, Health Canada etc.

Mr. GSR Prasad has earlier worked with reputed Pharmaceutical organizations across the globe such as Astra Zeneca, Themis, Sangfroid, Granules India, Pharmeng (Novartis), Biovail Corporation (now Valeant), and Novast Laboratories in India, Canada, USA and China. He has done his Masters in Pharmaceutical Sciences.



### 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 along with 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. Atul is a Production Engineer from Nagpur University and holds PGCBM from XLRI.



### Mr. Sandip Neogi

Chief Financial Officer

Mr. Sandip Neogi is a Chartered Accountant and Cost Accountant. He comes with a rich experience of over 29 years in Strategic Financial Planning, Analysis and Business Support, Business valuations, Enterprise Risk Management, SEC Expertise, Mergers and Acquisitions, Treasury, Accounting under USGAAP, IFRS, Indian GAAP and Internal Financial Controls. He had earlier worked with reputed organizations such as Nissan Motors, Hospira Healthcare, Dr. Reddy's Laboratories, CA-TCG Software, Tata Korf and Price Waterhouse Coopers. He is an experienced CFO with proven track record of establishing cross-functional partnerships to deliver measurable results.

# Management Discussion and Analysis

## Company Overview

Granules India Limited (GIL) is a large-scale vertically integrated Pharmaceutical company founded in 1991 manufacturing Active Pharmaceutical Ingredients (API), Pharmaceutical Formulation Intermediates (PFI) and Finished Dosages (FD) products. We have vast international reach and sell our products in global markets including United States of America, Canada, Latin America, Europe, Asia Pacific, and India.

Over the years, our focus has been mainly to convert our API and PFI centric business to an end-to-end integrated, predictable and sustainable producer of our own formulation products mainly for US market and create a sizeable basket of products in multiple therapeutic areas to establish the brand value of Granules as a sustainable formulation player. In our endeavour towards "empowering our future", our ESG priorities span a wide spectrum of actions. Our sustainability efforts include conforming to appropriate regulations and disclosures, reducing environmental footprint at our manufacturing locations, improving the supply chain predictability, ensuring the health and safety of our people, and driving product quality across the value chain. At Granules, we sincerely focus on manufacturing top-tier pharmaceutical products using the wide array of resources available to us in the form of advanced technology, intellectual property, expert human capital and knowledge of regulations.

## Global Economy

Global conditions were dire this year due to the health and economic crisis in the form of the COVID-19 pandemic. The global economy had to face numerous setbacks due to lockdown and containment measures to control the spread of the virus. Disruption in the global supply chain and regional production network resulted in significant social and economic costs across businesses and economies worldwide. Global Growth had contracted over -3.5% in 2020 and is the most unprecedented economic phenomenon of this century. While industrial production was disrupted by unscheduled and prolonged halts, the contact-intensive sectors were disproportionately hit hard. An overwhelming burden of the

fallout was borne by the less skilled workers, youth, women, small businesses, and low-income countries. The policy makers across the globe responded with financial stimulus and innovative monetary policies to cushion the sinking economy of respective nations. The financial packages however differed across countries depending upon the economic strength.

The Indian economy also was stressed at the advent of the fiscal year, and further faced turmoil brought upon by the Covid-19 pandemic, resulting in a GDP contraction by approximately -7.3% in 2020. The prohibited movement and social distancing measures greatly affected economic activities which resulted in a slowdown in manufacturing sector, household consumption and increased unemployment rates. The people aggregating sectors such as travel and tourism, airlines were also severely affected, and operations were frozen till almost the second half of the fiscal year.

## Outlook

The successful and gradual deployment of vaccination and better-than-expected turnaround in later half of 2020, is encouraging. As per the World Bank estimates, the world economy is set to grow at a rate of 5.6% in 2021. Although it has been a tough year, a majority of the economies across the world have shown a recovery in the second half of FY2020-21, and seem to be on a good trajectory. In the United States, faster vaccine rollout, substantially increased demand is expected to lead to a stronger recovery. The revival in growth in one of the most developed economies and the expected announcement of the new economic policy will also create positive spillovers in other economies, especially key trading partners like India.

Despite the challenges faced by majority of businesses in India, the economic recovery towards the latter-half of 2020 was particularly impressive. The successful implementation of vaccination drives in India is expected to further lead the recovery in 2021. As a result of the negative impact of the second wave; the real, inflation-adjusted GDP growth forecast has been lowered and is expected to be as low as 7.5% for 2021 although the Pharmaceutical sector is expected to grow at ~11% in the domestic market and ~16% in the export market

## Global pharma industry

The Global Pharmaceuticals market is expected to reach a size of USD 1-1.3 trillion by 2030. The growing pharmaceutical industry may experience large impacts from the widely untapped emerging markets. They offer vast growth potential made visible through an increase in per capita use of medicine and growing consumer income medicine spending in these regions is expected to grow at five to eight percent through 2023. Therefore, the pharmaceutical industry has and will continue to have a significant economic impact on the global economy both in terms of the creation of contribution to GDP and employment.

Favourable long-term trends and the boost from pandemic-related spending give the outlook a positive bias amid robust sales growth and healthy profit margins. The credit outlook for the global pharmaceutical sector in 2022 remains stable if not slightly more positive than a year ago. The industry will continue to benefit from favourable demographic and lifestyle factors, innovations, and pandemic related opportunities as it is expected that the COVID-19 will need a long-term medical solution and will not go away abruptly.

## Indian Pharma industry

The last two decades saw the Indian pharma industry growing at a compounded growth rate of ~11% in the domestic market and ~16% in the export market. The growth in the Indian pharma industry is mainly attributable to the growth in generics. With estimates that the Indian pharma industry supplies over 40% of the generics in the US and about 25% of the prescription drugs in the UK, India is one of the leading suppliers of pharmaceuticals in the world. The additional opportunities of catering to over 60% of the global vaccine demand will make India stronger as an exporter of Pharmaceutical products.

## Domestic Market

The Indian domestic pharmaceutical market size has reached US\$20.3b in 2019 with y-o-y growth of 9.8% (market size of US\$18.12b in 2018). The sector has contributed immensely to India's economic growth. It has been amongst one of the Top 10 sectors attracting FDI and in reducing trade deficit.

## Export Market

Indian pharma exports reached US\$20.7b in FY2017 with year-on-year growth of 8.4% (exports size was US\$19.1b in 2019). They have grown at a CAGR of 6.2% between 2015 and

2020. This was largely driven by exports of generics drugs to >200 countries (including both developed and developing markets). India is the source of 60,000 generic brands across 60 therapeutic categories.

Over the next decade, the Indian pharma industry is expected to grow at a CAGR of ~12% to reach \$130 billion by 2030 from \$41.7 billion in 2020. Given this context, the key contributors for India's growth in the industry would include Innovation and R&D, Healthcare Delivery, Manufacturing & Supply Chain and Market access. Apart from being acceptable in terms of quality and cost competitiveness, Indian pharma stands to gain from currency weakness. The demand for COVID-19 vaccine and other treatment will strengthen India's position as a leading exporter in the future years.

## Granules response to COVID-19

Granules has also faced similar challenges specially in managing the supply chain and other areas to counter the challenges of COVID-19. In order to secure its future and counter all COVID-19 related challenges, significant focus has been given in the following areas using Enterprise Risk Management approach:

- i) Preparedness for Crisis management response
- ii) People management and safety of the workforce and still ensuring almost uninterrupted production by innovative supervision and planning and thereby ensuring minimum human footprint within the factory.
- iii) Focusing on employee benefits and added compensation to plant-level employees and contract employees ensuring the safety and medical comfort to the workforce and adhering to laid down government norms relating to social distancing
- iv) Managing cybersecurity concerns while mainly allowing employees to work from remote locations.
- v) Alternative vendor developments to de-risk the supply chain. This initiative will help the company in future days in coming out of single vendor dependency.
- vi) Strategising Research and Development (R&D) activities despite interrupted availability of external testing agencies by interchanging geographies for R&D projects.
- vii) Efficient cashflow management to respond to lower collections and financing vendors affected by the pandemic by arranging short term debt.

## Direct impact of COVID-19 in Granules - Disruption of Operations

One of the major challenges faced by the Pharmaceuticals Industry was the COVID-19 pandemic, which resulted in major setbacks in the operations of various businesses. There was a huge global disruption in the supply of para-aminophenol, the key starting material for paracetamol. This was caused by a major manufacturer in China shutting down temporarily due to issues relating to pollution regulations. However, the situation is gradually improving with new capacities being brought up in India and with the Chinese company expected to resume production after shifting of operations to a new site soon.

## Added Opportunities for Over the Counter (OTC) Drugs Market

The Global OTC Market is estimated at USD 361 Billion in 2020 and is expected to reach USD 539 Billion by 2025, growing at a CAGR of 8.35%. Due to the Covid-19 pandemic, there has been an increasing awareness in the self-treatment of minor ailments among the non-medical population. The lockdown measures and risk of getting infected further increases the need for gaining knowledge on OTC drugs so that treatment can be self-administered or by close persons with minimum consultations. Personalized medicine is on the rise along with the introduction of treatment protocols by many leading pharmaceutical players for the increasing number of chronic diseases. This has led to inspired efforts for developing remarkable new drug solutions and positively impacts the expansion of the OTC drugs market. In fact, the proper drug for the proper patient at the proper time is the mantra of personalized medicine. Granules is exploring strategies to increase its OTC business.

## Company Overview and key facts

With a vision “to be the global leader in pharmaceutical manufacturing by process innovation and unparalleled efficiencies,” the Company has worldwide services with over 300+ customers spanning 75+ countries. With exports comprising over 86% of total revenue, Granules today is a preferred partner for some of the world’s leading pharma branded and generics companies. It has one of the largest PFI and single site FD facilities in the world. It is also owning one of the World’s largest Paracetamol API facilities.

Historically, Granules India was present in a business which was driven by volume-based products till a shift in the Company’s vision for the future with a decision to enhance the product offerings with a differentiated product portfolio. Working

towards this strategy, we have invested into Research and Development (R&D) centre in Hyderabad and Virginia. Apart from the Multi API facility acquired earlier in Vizag (Unit 4), the company has also invested in Multi API facility in Vizag (Unit V) which includes High-potent facility. Unit 5 is a fully integrated facility which offers API (High-potent and general) and Finished Dosages in High-potent area. It is operational and has received WHO GMP and EU GMP approval. While steps are being taken to get CMO operation done in the High-potent block to start monetising the asset, for the general API block, additional investments are being made to use at a scaled-up basis for the existing and new molecules. In order to strengthen our position in US market, the company has invested in development of generic products with varied complexities and filed several ANDAs with USFDA, with a thrust towards accelerated ANDA filing and launching of new products in US.

In order to strengthen the current strategy, Granules is focusing on moving towards manufacturing of more complex formulations through innovation. During the year, the company has initiated new finished dosage block for manufacturing of MUPS (Multi-unit pellet system) products in existing Gagillapur plant with an estimated capex of INR 240 Crs.

We have seven manufacturing facilities; six plants are located in India and one in the US.

Value chain	Facility location	Installed capacity
API	Bonthapally	34,560 TPA
	Jeedimetla	4,800 TPA
	Vizag (Unit 4)	290 KL
	Vizag (Unit 5)	
PFI	Gagillapur	23,200 TPA
	Jeedimetla	1,440 TPA
Finished Dosage	Gagillapur	21.8 Bn
	Virginia, USA	1.5 Bn
API Intermediates	Bonthapally	61.5 KL

### Short-term company strategy

1. Continue to attempt Cost leadership and operational efficiencies by integration, operational excellence, regulatory focus and added ESG focus for all molecules.
2. Increase the pace of own ANDA filing through accelerated R&D strategy and acquiring ANDA’s and launch more products in the US market.
3. Exploring opportunities of expanding its existing and new products into new geographies to run its growth engine.
4. Looking for differentiated approaches to gain competitive advantage on existing products and finding out new areas of expansion to support its growth strategy.

5. Adopting forward looking demand planning to invest on facilities to cater to its growth story through internal accrual.
6. Leveraging Enterprise Risk Management approach to ensure that all the existing risks to the business are identified and mitigated through a project management approach and support the growth engine to become viable and predictable.

#### **Long-term company strategy:**

- Exploring dosages forms other than solid orals and capsules.
- Exploring opportunities of setting up front-end marketing in other geographies.
- Exploring new areas in pharmaceutical or adjacent fields through organic/inorganic approach to accelerate growth.
- Continuous improvement by process re-engineering, challenging supply chain and economics of scale.
- Continued cost and compliance focus and sustainability through ESG championing

#### **US Business overview:**

##### **Granules Pharmaceuticals Inc., ("GPI")**

Granules India established front end sales and marketing of prescription products in the US market under GPI label with a strategy of "control your own destiny". Since launch of its first product in June 2018, GPI launched several products over the last three years and became one of the key growth drivers for the company.

GPI sales and marketing team is supported by new product developments from both GIL R&D as well as GPI R&D. Since products manufactured at GPI facility are TAA compliant, GPI can also participate in US government business.

##### **Granules USA, Inc., ("GUSA")**

Granules India entered US market in 2003 by establishing GUSA as sales, marketing and distribution division for API, PFI and FD products in US market. GUSA setup helped the company to understand customer needs and communicate in real-time with customers based in US. Currently, GUSA sells products to some of the largest OTC and Rx customers in the US, including brand and generic customers.

GUSA sales team is supported by products from GIL from API, PFI and FD divisions.

##### **Granules Consumer Health ("GCH")**

Granules USA, Inc. established GCH in 2015 as its front end sales and marketing division for OTC products in the US market, with strategy to support private and home label customers for supplying OTC products. GCH division is expected to grow by adding new customers, offering new OTC products to customers, and streamlining supply chain for timely delivery of our products to customers.

Some of the OTC products made by GIL are marketed by GUSA to B2B customers, while GCH supply the same product to private label customers.

#### **Levers for Empowering Our Future**

##### **Integrity and Ethical mind set**

We do not compromise in adhering to all applicable laws and regulations to maintain the highest quality standards. We continuously train our employees to always ensure ethical business practice, being open and transparent in reporting and honour confidentiality wherever needed.

##### **ESG focus to be sustainable and predictable as part of our orbit changing growth aspirations for a sustainable future**

In our enhanced focus for making a sustainable growth, several phased initiatives through an inclusive stakeholder engagement have been embarked upon to develop a purposeful culture for ESG, articulate value propositions coming out of these efforts to embed sustainability into design as an integral part of doing business, continuous and effective communication with all stakeholders, investing in initiatives like zero liquid discharge as part of any ongoing and future capital projects.

##### **Ensuring health and safety at workplace**

We have always given high priority towards wellness at work by maintaining a safe work environment and promoting safety excellence at all our workplaces. Continuous training, investing in creating medical support system within the manufacturing facilities and inspiring employees to live a healthy lifestyle has been instrumental in building a sustainable safety culture in our workplaces.

##### **Process innovation and manufacturing excellence**

Granules India continues to focus on manufacturing excellence and process innovation to increase the volume of its existing molecules in India in order to optimally leverage the economies of scale and carefully choose high value and high growth products as its launch strategy in US.



Its persistent focus on process innovation has rightly made it as one of the leading manufacturers of high-volume pharmaceutical products in the world and making it ready for “empowering our future”.

### Business overview and key business segments

The Company is engaged in the manufacture of Active Pharmaceutical Ingredients (“API”), Pharmaceutical formulation intermediaries (“PFI”) and Finished dosage (“FD”) and the same constitutes a single reportable business segment as per Ind AS 108.

Granules is a forward looking, R&D focussed, employee centric, stake holders focussed organisation and aspires to grow at a faster pace by empowering its future.

Building our own expertise is the primary objective of Granules India in delivering solutions to its esteemed global customers. The Company’s offerings can be broadly classified into three categories cutting across API, PFI and FD.

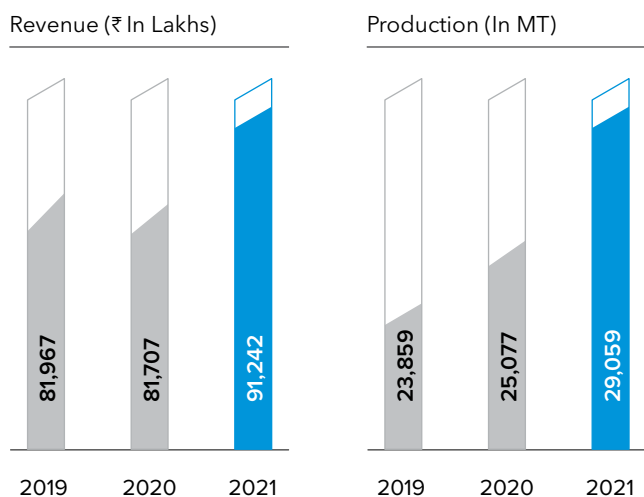
### Key Business Segments

#### Active Pharmaceutical Ingredients (APIs)

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

API manufacturing has been and will be a focus area for the company. We have added new products to our portfolio, including high-potent products, to expand our offering to customers. Most of the new PFI and FD products in our portfolio are supported by vertical integration of the respective APIs.

#### API



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.

#### 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 tons. 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 19% 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 customers:** Single vendor architecture for different processes and materials, used for manufacturing PFIs has resulted in substantial savings for Granules’ customers. It also helped us by simplifying the supply chain management process.

**Lower testing costs:** In order to minimize 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.

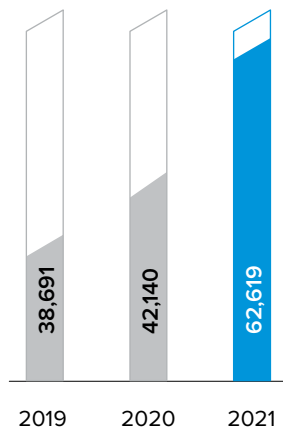
**Strong technical knowledge:** Leveraging more than two decades of its industry experience, Granules over the years has built up strong technical expertise and knowledge. This has not only helped the Company stay ahead of the curve but also helped gain its customer trust along with enabling its customers 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.

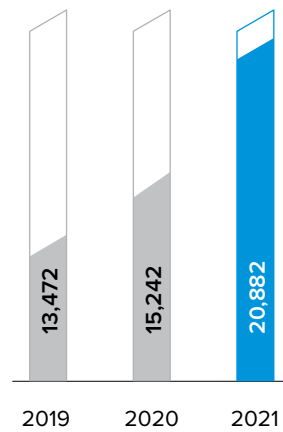
**Provide desired release properties:** Customers get access to PFIs, which can be developed to provide release properties, similar to brand leaders. This makes it possible for Finished Dosage manufacturers to get favourable outcomes from their bioequivalence studies.

**PFI**

Sales (₹ In Lakhs.)



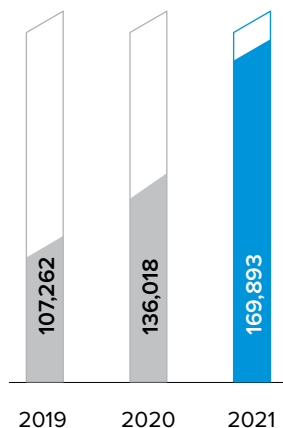
Production (In MT)

**Finished Dosages (FD)**

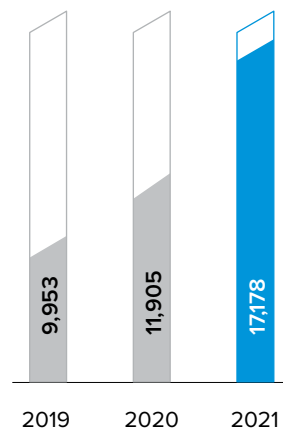
The formulations business contributes 52% to the Company's revenues. The Company manufactures caplets, tablets as well as press-fits capsules in bulk, blister packs and bottles. These products are manufactured in Gagillapur, which possesses an automated process, robust infrastructure and is marketed to over 75+ countries including developed markets such as the US and Europe. The Company further strengthened its competitive advantage by providing Bi-layered tablets, Rapid release tablets and Extended Release (ER) tablets. During the year, the Company filed 5 ANDAs, 2 EU dossiers, 3 products in Canada and 1 in South Africa and launched 12 products.

**FDs**

Sales (₹ in Lakhs)



Production (In Mn)

**Granules India Limited received US FDA approval in FY21**

- Potassium Chloride ER tablets (Klor-Con M), manufactured via MUPS (multi-unit pellet system) Technology.
- Metformin Hydrochloride Extended-Release Tablets USP, 500 mg and 1000 mg
- Potassium Chloride Extended-Release Capsules USP, 8 mEq (600 mg) and 10 mEq (750 mg).
- Acetaminophen, Aspirin and Caffeine Tablets USP, 250 mg/250 mg/65 mg (OTC).
- Naproxen Sodium and Diphenhydramine Hydrochloride Tablets, 220 mg/25 mg (OTC)

**Granules Pharmaceuticals, Inc.**

- Fully integrated infrastructure from R&D, manufacturing to sales and marketing enabling "Make in America" (TAA compliance for Govt. business).
- US FDA approved facility in Virginia with a team strength of 100+, 100,000 sqft facility with established R&D and Manufacturing capabilities with all necessary approvals for development and manufacturing of controlled substances.
- Balanced product portfolio, combination of internal capabilities and market dynamics.
- Strategic portfolio selection focusing on limited competition products across oral solids; tablets, capsules, oral solids and powder for oral solutions. Business to Consumer front end sales and marketing for Rx & OTC product.

**Granules Pharmaceuticals, Inc. received US FDA approval in FY21**

- Penicillamine Capsules USP, 250 mg
- Dexmethylphenidate HCl extended-release capsules
- Butalbital, Acetaminophen and Caffeine Capsules USP, 50 mg/300 mg/40 mg
- Trospium Chloride Extended-Release Capsules, 60 mg
- Vigabatrin for Oral Solution USP, 500 mg
- Ramelteon Tablets, 8 mg

## Research and Development

From being known as a leading supplier of APIs and PFI's in bulk, we moved to become a leading manufacturer of finished dosage forms. Over the years, we have been constantly investing in Research and Development, where our team has been able to passionately translate science and technology into pharmaceutical products and manufacturing processes, meeting global regulatory standards. With experienced and qualified human resources, our R&D capabilities are the driving force of our current momentum and future growth of the organisation. With innovation instilled in the culture of our company at various levels, R&D is a crucial attribute in fostering our vision to become a global leader in the pharmaceutical manufacturing space.

We are augmenting our research capabilities and expanding our product portfolio to address the prospective demand across global markets. From a commercial perspective, our strategic product, process and market approach gives us a competitive advantage which will enable us to be an integrated player offering both drug substance and drug product.

## Filings

As of 31 Mar 2021, we filed a Total 24(4 in FY 20-21) U.S. Drug Master Files (USDMF) across several therapeutic categories with the United States Food and Drug Administration (USFDA), 19 (3 in FY21) Certificates of Suitability (CEP) with the European Directorate for the Quality of Medicines (EDQM) and 7 European Drug Master Files (EDMF), along with other regulatory filings in key regulated markets to support potential customers for ANDA and dossier filings. As part of our portfolio strategy of vertical integration, we intend to file ANDAs for several of these APIs to forward integrate into FDFs.

In finished dosage form, we filed 51 (5 in FY 21) ANDAs with the USFDA of which 40 ANDAs have been approved and 11 are under review. We aim to continue this momentum by continuing to identify, execute development, and file complex products within the oral immediate release, extended release, delayed release, MUPS, powders and suspensions dosages.

Over the last financial year (2020-21) Granules had filed 7 other DMF's (4 US DMFs and 3 CEPs) for API's. Our formulation filings in FY 20-21 is 11 (5 US; 3 Canada; 2 Europe and 1 South Africa).

Granules received 14 ANDA approvals in the financial year FY2021. These on-time approvals exemplify quality of our ANDA filings. With further commitment and focus on R&D, we hope to increase the number of filings (API & Formulations)

and approvals across the globe for the coming financial year as well.

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 (Multiple-Unit Pellet System), powders and suspensions dosages. We have also embarked upon our journey to build Granules' intellectual property assets. Granules currently holds 8 Granted patents and 15 pending patent applications in active prosecution in various countries. In FY 2020-21, we filed 2 patent applications in India. These inventions were primarily directed towards new process for manufacturing intermediates and /or APIs, pharmaceutical composition thereof.

## Way Forward

We will continue to leverage our knowledge and experience in our existing products and expand them into new markets and dosage forms. This would not only help us to bring economies of scale, but also, mitigate market concentration risk. Taking steps in this direction we have commissioned our Multi -API facility in Vishakhapatnam to support FD growth through backward integration. Constructions of MUPS block in existing Gagillapur facility will be completed in Q3FY22E. We filed dossiers for MUPS and received 2 approvals and are working to file additional dossiers in the coming year. We will continue to identify and develop complex products with limited competition in the USA, and continuously bring process efficiencies for our existing products to have a competitive advantage in the market. We look forward to maintaining 20%+ of PAT growth on a base of FY2021 for next 3 years. We anticipate the need for extra capacity to fuel our growth beyond FY2024 to meet this anticipated demand GIL acquired new site at Genome Valley, Hyderabad and plans to construct facilities for solid oral dosages and other dosage forms. We will continue making considerable progress in building our technical capabilities within the all these dosage forms, including high-potent products, and ensure process development, validations, and furthermore regulatory filings for sustainable growth momentum to continue.

## Operational Excellence

Granules initiated a structured Operational Excellence (OE) program three years back to build capability and culture of continuous improvement by involvement employees across functions and levels. A 4-tier role based OE capability training is being rolled out through White Belt, Yellow Belt, Green Belt, and Black Training for our employees. It is application oriented

approach wherein every OE Belt certification includes training participation, Online test for Body of Knowledge and a successful implementation of a kaizen/project. Based on their role, employees took simple kaizen improvement to complex problem-solving using OE tools. Our leadership team also visited a few companies with matured OE program to learn the concepts and understand associated implementation challenges. The benefits from such project were in the area of Capacity enhancement, Cost reduction and Yield improvement resulting in annualized financial benefits of more than INR 10 Crores per annum.

In addition, the OE initiative is helping us to build leadership capabilities like problem solving, communication, influencing, and strategic thinking. Such improvement projects are now being presented in National forums like CII Kaizen Competition and won accolades. Our OE program is designed in line with company's mission of "Efficient Manufacturing".

## Enterprise Risk Management

The company has adopted Enterprise wide Risk Management (ERM) framework to identify, prioritise and monitor top rated business risks. Based on interviews with the key business stakeholders, leveraging internal knowledge repository and using industry benchmark data related to the similar risks, top 18 high risks of the company have been highlighted. The internal Risk committee as created by Board will evaluate, manage and monitor major risks of the company on an ongoing basis. The risk committee also evaluates the residual risk and the strategic risk that the company must live with given its risk appetite. The company has defined a process through which it monitors its present risk profile and risk appetite to re-prioritise some of the risks as part of a long-term risk mitigation plan.

Some high impact risk which, if not mitigated, can affect the business severely. The Board Committee has gone through each of the risks individually and will be looking for quarterly status update of the projects that are undertaken/ to be undertaken to mitigate these risks. The all-important point is to start / monitor risk mitigating projects and offer the status report for each project to the Internal Risk Committee once in a month and the Board Risk Committee once in a quarter.

Some of the basic details that will be eventually tracked through the Software are:

- Project Milestones and key deliverables with time duration
- Project Budget spending pattern over the project duration
- Sequence of activities - is there any interdependencies of activities - whether the same can be done in parallel
- Project status - on time or running overtime etc.

## Human Capital

At Granules India, we believe that people who feel truly associated with the organisation are the ones who perform to their true potential. As a core part of our business strategy, it is committed to providing an environment where all its employees feel enabled with a strong a sense of belonging. This year we launched Granules Learning Academy concept that includes Training of Grass-Root employees on Fundamentals of Unit of Operation, in Manufacturing & QC. Role based training pertaining to guidelines and standards is being initiated for managers engaged in pharmaceutical manufacturing. Our new Performance Management System connects company's objectives with the Unit as well as individual employees goals up to managerial level through rigorous review process. This enables our employees to work on stretched targets while meeting company's objectives.

Four years back, Granules has undertaken a Self-Directed Teams (SDTs) initiative to provide a livelihood opportunity for young 10+2 students from the rural areas of Telangana and Andhra Pradesh through Learn & Earn model. They are being recruited through a structured but rigorous selection process after which they undergo a two-month Pharmaceutical Manufacturing Training and an additional two month On the Job Training. This program is now Granules engine for deployment of grass-root level employees in our manufacturing units across various functions. The Company's total employee strength as on March 31, 2021 stood at 3,369.

Last year was also different as the entire world was battling COVID 19 pandemic. We being in essential services sector, the responsibility of ensuring smooth operation while following COVID Appropriate Behaviours including Mask-On, Sanitisation and Social Distancing was implemented in all our units. Our HR Team ensured that all the required measures are taken round the clock to help employees through Testing, Tracing, Isolation, Medication, Counselling and few Hospitalisation during this difficult times.

## Environmental, Social & Governance

Our Environmental, Social & Governance (ESG) philosophy at Granules has been steered by a long-term strategic plan with a continuous focus on responsible and sustainable business based on the National Voluntary Guidelines (NVG) principles.

Our Sustainable growth strategy is to ensure complete justice to the environmental, social and financial aspects through a transparency leading to sustainable growth, integrity in dealing with internal and external stakeholders, being accountable for what we do and delivery supported by a highly competent and

diversified leadership with talent at all levels with empowered employees to enable high performance. Our compliance and risk management fully adheres to all regulatory and statutory requirements and our environment consciousness and commitment towards efficient operations has resulted in a reduced environmental footprint.

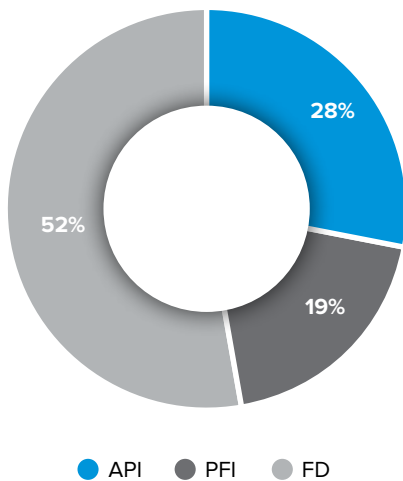
We have undertaken several activities towards Corporate Social Responsibility like Skill development activity, Preventive

healthcare & Sanitation, Disaster management and Ex-gratia COVID allowance to the workers of the Company through our CSR activities apart from various Sustainability measures as detailed in our Business Responsibility Report.

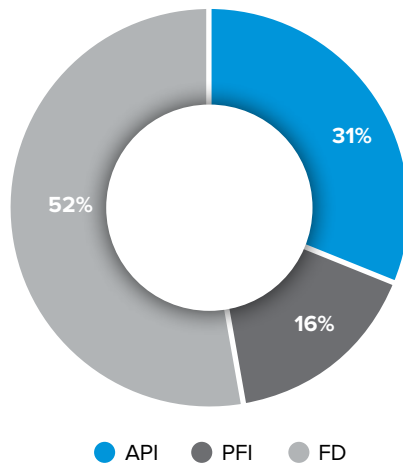
A focused ESG action plan has been designed with the creation of a sustainability team with a ESG blueprint commencing with the stakeholder identification, materiality mapping and ESG Assessment to define the road map to a sustainable future.

### Financial overview

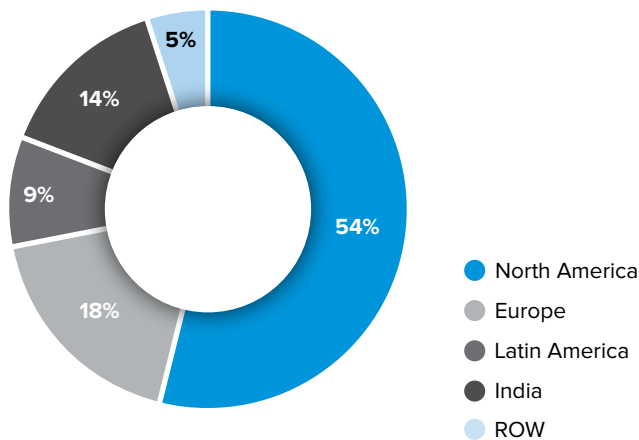
Revenue by products FY21 (%)



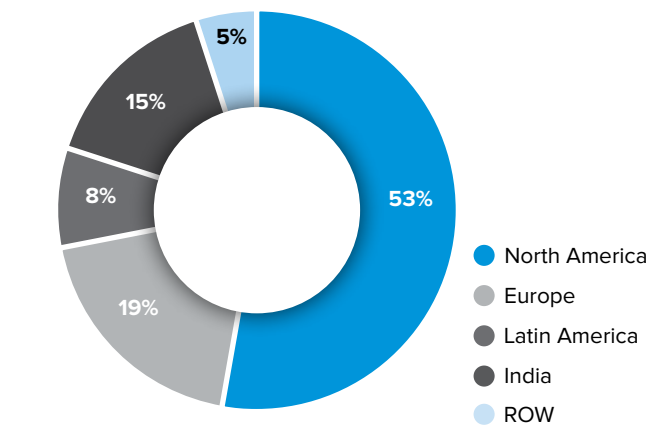
Revenue by products FY20 (%)



Revenue by Geography FY21 (%)



Revenue by Geography FY20 (%)



## Key highlights 2020-21

### Consolidated Income statement

(₹ in lakhs)					
Particulars	2021	%	2020	%	Growth %
Revenue	323,754.28		259,864.65		24.6%
EBITDA	85,522.90	26.4%	52,531.83	20.2%	62.8%
PAT	54,945.90	17.0%	33,539.83	12.9%	63.8%
EPS	22.05		13.19		

### Profit and Loss Account

Revenue from operations Revenue was driven by double-digit growth. Primary growth is driven by PFIs and Finished dosages and the new launches and increase in market penetration of existing products. During the year, some of the customers moved up the value chain from APIs to PFIs and Finished Dosages, which Granules expects will continue.

**EBITDA:** The company improved its EBITDA margin 620 bps over the prior year. The Company was able to improve EBITDA on account of higher volumes and new launches. Our operational efficiencies, in combination with our added capacities, have increased our FD volumes by nearly 50% which translated into higher EBITDA. In addition to this, our focus on our product rationalization based on profitability enabled us to achieve this growth

**Dividend:** The Board proposed a 75% dividend for 2020-21 to be approved by the shareholders at the ensuing Annual General Meeting in addition to interim dividend of 75% paid during the year.

### Consolidate Cash Flow

(₹ in lakhs)		
Particulars	2021	2020
Opening Cash and Cash equivalents	18,592.89	8,302.43
<b>Cash flow from</b>		
Operating activities	43,247.78	47,618.84
Investing activities	(27,713.50)	(16,063.31)
Financing activities	(29,931.31)	(21,285.50)
Effect of exchange rate changes	(12.27)	20.43
Closing cash and cash equivalents	4,183.59	18,592.89

### Balance Sheet

Shareholders' Funds Shareholders' funds increased 17.9% over the previous year due to an increase in the reserves and surplus balance.

Loan Funds decreased while the sales have been increased, due to effective management of working capital. While debt reduced, the Company's net debt to equity ratio of 0.3x which is healthy.

## DEBT AND EQUITY POSITION

(₹ in lakhs)			
Particulars	As on 31st March 2021	As on 31st March 2020	Change
Total Shareholder's Equity	217,327.43	184,372.41	32,955.02
Long-term debt (current portion)	9,537.35	9,713.72	(176.37)
Long-term debt (non-current portion)	33,380.74	41,483.28	(8,102.54)
Short-term borrowings	40,927.05	37,169.09	3,757.96
<b>Total Debt</b>	<b>83,845.14</b>	<b>88,366.09</b>	<b>(4,520.95)</b>

## Quality and Compliance

Granules India Limited always believed in quality of products and patient safety. This is being achieved through the implementation of best quality systems, creating a right quality culture and continuous training of employees. We always had a vision to be ahead of the curve in business and are investing significantly in the digitalisation program of the key quality systems like Laboratory Information Management Systems (LIMS), Quality Assurance Management Systems (QAMS), Learning Management System (LMS), SAP enhancements on a continuous basis to strengthen further. We continue to sustain a very high level of transparency with our customers, regulators, statutory bodies, and employees. Our accreditations include the regulatory approvals from USFDA, MHRA, TGA, Infarmed, Health Canada, Cofepris, WHO, KFDA, Taiwan FDA, MCC and Halal.

We have made significant progress in our aggressive plans for expanding our quality function including investments in the laboratories and newer analytical capabilities and technologies. We have expanded our QC laboratory capacity significantly through additional investments in infrastructure, skilled manpower and additional laboratory instrumentation. New capabilities like the LCMS, GCMS, AAS are built during the period to cater to the various regulatory requirements and enhance quality by design. There is an intensive focus on the enhancements of Quality Metrics and reduction of

Cost of Poor Quality. Several initiatives of Skill development through Granules Learning Academy are implemented during the period as a part of our commitment for Employee development.

## 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.

## Outlook

### 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.

# Board's Report

Dear Members,

The Board of Directors are pleased to present the Company's 30<sup>th</sup> Annual Report and the Company's audited financial statements (standalone and consolidated) for the financial year ended March 31, 2021.

## • FINANCIAL RESULTS:

The Company's financial performance for the year ended March 31, 2021 is summarized below:

(₹ in lakhs)

Particulars	Standalone		Consolidated	
	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2020
Revenue from Operations	3,13,498.24	2,30,992.83	3,23,754.28	2,59,864.65
Other Income	1,372.32	2,645.67	2,688.18	3,655.52
<b>Total Income</b>	<b>3,14,870.56</b>	<b>2,33,638.50</b>	<b>3,26,442.46</b>	<b>2,63,520.17</b>
EBITDA with Other Income	87,509.55	52,059.38	88,211.09	56,187.35
Less: Finance Costs	2,377.39	2,686.22	2,628.41	2,702.38
Less: Depreciation	11,845.14	10,182.44	15,146.25	13,695.35
Profit before exceptional item, tax, share of profit of joint venture and associate	73,287.02	39,190.73	70,436.43	39,789.62
Exceptional item	-	(16,111.87)	-	(2,773.90)
Profit before tax, share of profit of joint venture and associate	73,287.02	55,302.60	70,436.43	42,563.52
Share of profit in joint venture and associate, net of tax	-	-	-	2,549.09
Profit Before Tax	73,287.02	55,302.60	70,436.43	45,112.61
Less: Tax Expenses	18,008.71	10,895.70	15,490.53	11,572.78
<b>Profit for the year</b>	<b>55,278.31</b>	<b>44,406.90</b>	<b>54,945.90</b>	<b>33,539.83</b>
Add: Surplus Brought Forward from Previous Year	-	-	-	-
Surplus Available	85,110.24	43,768.43	83,190.09	52,715.35
Appropriations made to Surplus:				
Dividends including dividend tax	(2,474.77)	(3,065.09)	(2,474.77)	(3,065.09)
Transfer to General Reserve	-	-	-	-
Balance carried to Balance Sheet	1,37,913.78	85,110.24	1,35,661.22	83,190.09
Basic Earnings per share	22.18	17.47	22.05	13.19
Diluted Earnings per share	22.09	17.41	21.95	13.15

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 ₹ 3,13,498.24 lakhs for the FY 2020-21 as compared to

₹ 2,30,992.83 lakhs for the previous year registering growth of 36%. The Company has made Net Profit of ₹ 55,278.31 lakhs on standalone basis for the year under review as compared to ₹ 44,406.90 lakhs for the previous year, an increase of 24%.



The primary growth driver in FY 2020-21 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 50% while Pharmaceutical Finished Intermediates (PFI) and Active Pharmaceutical Ingredients (API) contributed 20% and 30% respectively while it was 35%, 17% and 48% for API, PFI and FD respectively for the FY 2019-20.

In the FY 2020-21, we have filed three ANDAs in USA, two Dossiers in Europe, three ANDS filings in Canada and one Dossier in South Africa. These filings reflect our strategy to expand our dossier filings to global markets apart from US. We have also filed five US DMFs, three CEP (Certificate of Suitability) with EDQM and one ASMF, 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. During the year under review, we have also received six (6) ANDA approvals from USFDA, one approval in Europe and one approval in Canada for our Formulations business.

Vertical integration has always been the strength and focus area of the Company. It will continue its focus on its existing 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 continues to scale-up.

- **EXPANSION PROGRAMS AND PROJECTS:**

Establishment Inspection Report was received during the year under review from USFDA for the Gagillapur facility located in Hyderabad. As part of expansion program, capacity enhancement at our Gagillapur facility with Multiple Unit Pellet System (MUPS) facility is in the progress and it will be commercialized soon. Expansion of capacity for manufacturing multiple APIs at Unit -V, Visakhapatnam is also undertaken during the year under review.

- **COVID-19:**

Pharmaceutical industry was categorized under essential commodities and allowed to operate during the lockdown. The Company has taken the adequate steps about the health and safety of the employees and formed a separate COVID 19 task force team. The Company has also initiated measures like thermal screening, sanitation of buses and

awareness campaigns have been conducted through videos. There is no significant impact on the operations of the Company during the year under review.

- **DIVIDEND:**

The Board of Directors has recommended a final dividend of 75 paise per equity share (Face value ₹ 1/- per equity share) for the FY 2020-21. This is in addition to the interim dividend of 75 paise per equity share paid during the year. The total dividend for the FY 2020-21 aggregates to ₹ 1.50/- per equity share as compared to ₹1/- per equity share paid in the previous year.

The dividend pay-out 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](http://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 Company had bought back 7,101,374 equity shares of ₹ 1/- each during the financial year 2020-21. The Company also had allotted 528,608 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 buyback and allotments, the outstanding shares of the company decreased from 254,247,562 equity shares of ₹ 1/- each to 247,674,796 equity shares of ₹ 1/- each during the financial year 2020-21.

- **BUYBACK OF EQUITY SHARES OF THE COMPANY:**

The Board of Directors of the Company, at their meeting held on January 21, 2020 and the Shareholders of the Company vide the postal ballot, results of which were published on March 10, 2020, approved the buyback of up to 12,500,000 (One Crore Twenty-Five Lakh Only) fully paid up Equity Shares of the Company having face value of ₹ 1 each (representing

4.92% of the total number of Fully paid up Equity Shares of the Company), at a price of ₹ 200 (Rupees Two Hundred only) per Equity Share payable in cash for a total consideration not exceeding ₹ 2,500,000,000 (Rupees Two Hundred and Fifty Crore only) through the "Tender Offer" route as prescribed under the SEBI Buyback Regulations, on a proportionate basis, from the equity shareholders / beneficial owners of the Equity Shares of the Company as on the Record Date.

The total number of Equity Shares bought back under the Buyback were 71,01,374 (Seventy One Lakhs One Thousand Three Hundred and Seventy Four) Equity Shares, at a price of ₹ 200 (Rupees Two Hundred Only) per Equity Share. The total amount utilized in the Buyback was ₹ 142,02,74,800/- (Rupees One Hundred and Forty Two Crores Two Lakhs Seventy Four Thousand and Eight Hundred Only) excluding Transaction Cost.

- **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 ₹ 3,25,830/- (three lakh twenty-five thousand eight hundred and thirty only) for the financial year 2012-13, 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, 2021 is ₹ 116.31 lakhs. During the FY 2020-21, the Company achieved a turnover of ₹ 51,588.69 lakhs against the turnover of

₹ 34,008.04 lakhs for FY 2019-20 and the profit after tax is ₹ 1,138.00 lakhs against ₹ 565.04 lakhs for FY 2019-20.

- **Granules Pharmaceuticals, Inc.**

Granules Pharmaceuticals, Inc. (GPI), 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, 2021 is ₹ 56,453.66 lakhs. During the FY 2020-21, the Company achieved a turnover of ₹ 50,508.57 lakhs against the turnover of ₹ 29,608.33 lakhs for FY 2019-20 and the profit after tax is ₹ 6,077.84 lakhs against ₹ (808.39) lakhs for FY 2019-20.

During the year FY 2020-21, GPI received seven (7) approvals from US FDA for the ANDAs that were filed from this facility. Additionally, two (2) new ANDAs were filed requesting approval during the year. During the year under review, GPI launched ten (10) new products 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.

- **Granules Life Sciences Private Limited**

With increasing Business Requirements, during the period under review, the Company incorporated a new wholly owned subsidiary in India "Granules Life Sciences Private Limited" with paid-up Capital amounted to ₹ 25 Crores.

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

**JOINT VENTURE /ASSOCIATE COMPANIES**

During the year under review, Granules OmniChem Private Limited, an Indian Joint Venture Company ceased to be Joint Venture of Granules India Limited.

No other 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 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](http://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, 2021, 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, 2021 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, 2021;
- 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](http://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](http://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 ₹ 561.79 lakhs on CSR activities.

During the year under review, the Company had spent ₹ 3,70,93,780 /- in the form of ex-gratia to the temporary/casual/daily wage workers of the Company to support them during the unprecedented global pandemic of Covid-19. Explicit declaration in this regard was given by the Board of Directors of the Company and it was duly certified by the statutory auditors of the Company. Hence, the amount of ₹ 3,70,93,780 /- was considered under CSR spent for the financial year 2020-21 in terms of the General Circular No.15/2020 dated April 10, 2020 issued by Ministry of Corporate Affairs.

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 Non-Executive Directors, two of them are Independent, 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 2020-21, the composition of Nomination and Remuneration Committee is provided below.

Name	Category
Mr. Arun Sawhney, Chairman	Independent, Non-Executive
Mrs. Jyothi Prasad	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 organization 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, digitized 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 the 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, Mr. Harsha Chigurupati, Executive Director of the Company, retires by rotation at the 30<sup>th</sup> Annual General Meeting and being eligible offers himself for re-appointment.

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 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, Mr. Harsha Chigurupati, Executive Director, Mr. Sandip Neogi, Chief Financial Officer and Ms. Chaitanya Tummala, Company Secretary are Key Managerial Personnel of the Company during the year under review.

#### • **BOARD EVALUATION:**

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.

#### • **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. Further grant cannot be made from ESOS-2009 since the tenure of the Scheme was completed during the year under review. However, the employees who were already granted stock options under ESOS-2009 i.e., outstanding stock options as on date can exercise their option to convert into equal number of equity shares.

The Company, during the financial year 2017-18 obtained approval of the members for Employee Stock Option Scheme 2017 (ESOS-2017) and has made grant under ESOS-2017 to the eligible employees of the Company during the year under review.

The Nomination and Remuneration Committee of the Board of Directors of the Company, inter alia, administers and monitors the Employees' Stock Option Scheme. 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, 2021 (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 18<sup>th</sup> Annual General Meeting and Granules India Limited - Employee Stock Option Scheme 2017 approved by the members in 26<sup>th</sup> Annual General Meeting, are given below:

Sl. No.	Description	Details of Scheme	
		ESOS-2009	ESOS-2017
(a)	Options granted till date under the scheme	15,602,800	2,50,000
(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	4,38,640	NIL
(d)	Options exercised during the year	5,28,608	NA
(e)	Total number of shares arising as a result of exercise of options	5,28,608	NA
(f)	Options lapsed/surrendered during the year	2,80,032	NIL
(g)	Options lapsed/surrendered till date under the scheme	87,09,632	NA
(h)	Variation in terms of options	NIL	NIL
(i)	Money realized by exercise of options during the year	4,14,49,976	NA
(j)	Total number of options in force	68,93,168	2,50,000
(k)	Employee wise details of options granted during the year to be exercised at	₹ 97/-	₹ 353/-
(k)(i)	Senior managerial personnel	NIL	1,00,000
	<b>Name of Employee</b>	<b>Designation</b>	<b>No. of options</b>
	Mr. Sandip Neogi	CFO	1,00,000
(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.	NIL	1,50,000
	<b>Name of Employee</b>	<b>Designation</b>	<b>No. of options</b>
	Mr. G N Prashanth	Sr. Vice President	1,00,000
	Mr. Abhinay Kesanapalli	AGM	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 Standards - Earning per share.	₹ 22.09 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 recognized 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	₹ 78.41/- per share	NA
(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 26<sup>th</sup> 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 2020-2021. The Secretarial Audit Report for the financial year ended March 31, 2021 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**

Six 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 Mrs. Jyothi Prasad (Chairperson), Mr. A. Arun Rao, Mr. Arun Sawhney 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 Chairperson 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](http://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 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](http://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, none of the Managing or Whole-time Director of the Company had received remuneration from wholly owned subsidiaries 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 2020-21.
- 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 to 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

Hyderabad, May 11, 2021

DIN: 00020180



# ANNEXURE I

## TO BOARD'S REPORT

**Annual Report on Corporate Social Responsibility (CSR) activities for the financial year 2020-21 as per Rule 8 of Companies (Corporate Social Responsibility Policy) Rules, 2014.**

1. Brief outline on CSR Policy of the Company: **CSR Policy can be accessed on [www.granulesindia.com](http://www.granulesindia.com).**

2. Composition of CSR Committee:

Sl. No	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mrs. Uma Devi Chigurupati	Chairperson/Executive Director	01	01
2	Mr. Krishna Prasad Chigurupati	Member/Executive Director	01	01
3	Mr. A. Arun Rao	Member/Independent Director	01	01

3. Provide the web-link where Composition of CSR Committee, CSR Policy and CSR Projects approved by the Board are disclosed on the website of the Company. **Composition of CSR Committee and the CSR Policy can be accessed at the link [www.granulesindia.com](http://www.granulesindia.com)**

4. Provide the details of Impact assessment of CSR Projects carried out in pursuance of sub rule (3) of the rule 8 of the Companies (Corporate Social responsibility Policy) Rules,2014, if applicable (attach the report). **NOT APPLICABLE**

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

Sl. No	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
1	Nil	Nil	Nil
2	Nil	Nil	Nil
3	Nil	Nil	Nil
<b>TOTAL</b>			Nil

6. Average net profit of the company as per section 135(5): ₹ **28,088.51 Lakhs**

7. (a) Two percent of average net profit of the company as per section 135(5): ₹ **561.77 Lakhs**

(b) Surplus arising out of the CSR projects or programs or activities of the previous financial years: **NIL**

(c) Amount required to be set off for the financial year: **NIL**

Total CSR obligation for the financial year (7a+7b- 7c): ₹ **561.77 Lakhs**

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in ₹)	Amount Unspent (in ₹):				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
561.79 Lakhs	Nil	NA	NA	NA	NA

(b) Details of CSR amount spent against ongoing projects for the financial year: NA

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)		
Sl. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	Location of the project. State.	Project duration. District.	Amount allocated for the project (in ₹).	Amount spent in the current financial Year (in ₹).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹).	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	Name	CSR Registration number.
1.	--	--	--	--	--	--	--	--	--	--	--	--
	<b>TOTAL</b>	--	--	--	--	--	--	--	--	--	--	--

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/No)	Location of the project		Amount spent for the project (₹ in Lakhs)	Mode of implementation on-Direct (Yes/NO)	Mode of implementation - Through implementing agency	
				State	District			Name	CSR Registration number
1.	Skill development activity	Cl.(ii) livelihood enhancement projects	Yes	Telangana	Ranga Reddy	38.02	NO	Swarna Bharat Trust	NA
2.	Preventive Health Care	Cl.(i) promoting preventive health care	Yes	Telangana	Hyderabad	25.00	NO	Rai Estates Educational and Charitable Trust.	NA
3.	Preventive Healthcare and Sanitation	Cl.(i) promoting preventive health care and sanitisation	Yes	Andhra Pradesh and	Telangana	34.58	YES	Govt. of Andhra Pradesh and Telangana	NA
4.	Disaster Management	Cl.(xii) disaster management	Yes	Andhra Pradesh		25.00	NO	Commissioner of Police, Visakhapatnam	NA
5.	Ex-Gratia Covid allowance to the temporary/ casual/ daily wage workers of the Company	As one time exception provided under General Circular no 15/2020 issued by Ministry of Corporate Affairs Dated 10.04.2020.	NA		Paid to the temporary/ casual/daily wage workers of the Company at all manufacturing locations	370.94	YES	NA	NA
6.	Granules Trust	Schedule VII activities	Yes	Telangana	Hyderabad	68.25	NO	Granules Trust	NA
	<b>TOTAL</b>					<b>561.79</b>			

(d) Amount spent in Administrative Overheads: **NIL**

(e) Amount spent on Impact Assessment, if applicable: **NIL**

- Total amount spent for the Financial Year (8b+8c+8d+8e): **₹ 561.79 Lakhs**

(f) Excess amount for set off, if any

Sl. No	Particular	Amount (₹ in Lakhs)
(i)	Two percent of average net profit of the company as per section 135(5)	561.77
(ii)	Total amount spent for the Financial Year	561.79
(iii)	Excess amount spent for the financial year [(ii)-(i)]	0.02
(iv)	Surplus arising out of the CSR projects or programs or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
1.	2017-18	-	-	-	-	-	-
2.	2018-19	-	-	-	-	-	-
3.	2019-20	-	-	-	-	-	-
	<b>TOTAL</b>	-	-	-	-	-	-

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): N.A

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year. (in ₹)	Status of the project - Completed /Ongoing
1.	--	--	--	--	--	--	--	--
	<b>TOTAL</b>	--	--	--	--	--	--	--

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details).

(a) Date of creation or acquisition of the capital asset(s). **NA**

(b) Amount of CSR spent for creation or acquisition of capital asset. **NA**

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. **NA**

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). **NA**

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): **NA**

Sd/-

**Krishna Prasad Chigurupati**  
Chairman and Managing Director

Sd/-

**Uma Devi Chigurupati**  
Chairperson of CSR Committee

**NA**

**[Person specified under clause (d) of sub-section (1) of section 380 of the Act]**  
**(Wherever applicable).**

# 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 compliance of Share Based Employee Benefit Schemes, pursuant to requirement of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (the "Regulations")**

1. This Certificate is issued in accordance with the terms of our engagement letter dated June 29, 2020.
2. The Employee Stock Option Scheme 2009 and Employee Stock Option Scheme 2017 (the "Schemes"), has been formulated and approved by the Board of Directors of Granules India Limited (the "Company") in their meeting held on August 24, 2009 and May 11, 2017 respectively and further approved by the shareholders at annual general meeting held on September 25, 2009 and September 28, 2017 respectively. We have been requested by the management to certify if the aforesaid Schemes have been implemented in accordance with the Securities and Exchange Board of India (Share Based Employee Benefit) Regulations, 2014 read with circular CIR/CFD/POLICY CELL/2/2015 dated June 16, 2015 (together referred to as "SEBI SBEB Regulations").

### **Management's Responsibility**

3. The Board of Directors and the Nomination and Remuneration Committee is responsible for formulation and implementation of the Schemes in compliance with the SEBI SBEB Regulations and the special resolutions passed at the respective shareholder meetings dated September 25, 2009 and September 28, 2017 respectively ("Shareholder resolutions").

4. The management is responsible for preparation and maintenance of all accounting and other relevant supporting records and documents relating to Schemes including the design, implementation and maintenance of internal controls on the implementation of the aforesaid Schemes in compliance with the SEBI SBEB Regulations.

### **Auditors' Responsibility**

5. Pursuant to the requirements of the Regulations, it is our responsibility to obtain reasonable assurance and form an opinion, as to whether the Schemes are in compliance with the SEBI SBEB Regulations and the Shareholder resolutions.
6. In connection with the above, we have performed the following procedures:
  - a. Read the Schemes provided to us by the Company;
  - b. Read the resolutions passed at the meeting of the Board of Directors;
  - c. Read the shareholders resolutions passed at the general meeting and;
  - d. Obtained required explanations and representations from management.
7. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

8. 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

9. On the basis of the examination carried out by us and the information, explanations and representations provided to us by the management of the Company, in our opinion, the Schemes are implemented in accordance with the SEBI SBEB Regulations and in accordance with the resolutions of the Company approved by the shareholders at annual general meeting held on September 25, 2009 and September 28, 2017 respectively.

### Restriction on use

10. This Certificate is addressed to and provided to the Board of Directors of the Company solely for the purpose of being

placed before the shareholders of the Company at the forthcoming Annual General Meeting and is not intended to be, and should not be used, for any other purpose, and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any 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 without our prior consent in writing.

for **B S R & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 116231W/ W-100024

**Sriram Mahalingam**

Partner

Membership No: 049642

ICAI UDIN: 21049642AAAABG2417

Place: Palakkad

Date: May 11, 2021

# ANNEXURE III

## TO BOARD'S REPORT

**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31-03-2021**

[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**  
 2nd Floor, 3rd Block, My Home Hub,  
 Madhapur, Hyderabad- 500 081, Telangana.

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 authorized 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 March 31, 2021 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 March 31, 2021 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.;
- (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.
- (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 on test-check basis, 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.

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

- (i) Secretarial Standards (SS-1 and SS-2) issued by The Institute of Company Secretaries of India and
- (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 and Independent Directors. No Change in the composition of the Board of Directors that took place during the period under review.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days 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.

All decisions at Board Meetings and Committee Meetings were carried out as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

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 there were no specific events/actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards.

for **Saurabh Poddar & Associates**  
Company Secretaries

**Saurabh Poddar**

Designation: Proprietor

Membership No: FCS 9190

COP No: 10787

Place: Hyderabad

PR: 785/2020 dated June 30, 2020

Date: 11.05.2021

UDIN: F009190C000271870

This report is to be read with my letter of even date which is annexed as Annexure and forms an integral part of this report.

# ANNEXURE

## TO THE SECRETARIAL AUDIT REPORT

To,  
The Members,  
**M/s. Granules India Limited**  
2nd Floor, 3rd Block, My Home Hub,  
Madhapur, Hyderabad- 500 081, Telangana.

My report of even date is to be read along with this letter:

1. Maintenance of secretarial records is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test-check basis to ensure that correct facts are reflected in secretarial records. I believe that the process and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the company.
4. Wherever required, I have obtained 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. My examination was limited to the verification of procedures on test-check basis.
6. The Secretarial Audit report is neither an assurance as to 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**

Designation: Proprietor

Membership No: FCS 9190

COP No: 10787

PR: 785/2020 dated June 30, 2020

UDIN: F009190C000271870

Place: Hyderabad

Date: 11.05.2021



# 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.

- 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.
- 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 2020-21	₹ 49,378.04 lakhs	02.06.2020	NIL	The transaction is at arm's length price
2	Granules Pharmaceuticals, Inc. (Wholly Owned foreign subsidiary)	Sale of goods	FY 2020-21	₹ 42,446.00 lakhs	02.06.2020	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 11, 2021

# 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	(₹ in lakhs)	
	March 31, 2021	March 31, 2020
<b>1. Electricity</b>		
Unit (KWH)	6,75,92,399	6,11,16,814
Total amount (₹ in lakhs)	4,731.38	4,184.01
Rate/Unit (₹)	7.00	6.85
Rate/Kg of production (₹)	7.69	8.68
<b>2. Own generation from Diesel generator</b>		
Unit (KWH)	14,26,606	10,54,608
Total amount (₹ in lakhs)	323.79	248.37
Rate/unit (₹)	22.70	23.55
Unit/kg of production	0.02	0.02
Rate/kg of production (₹)	0.53	0.52
<b>3. Coal</b>		
Quantity (MT)	18,768.34	16,904.68
Total cost (₹ in lakhs)	1,317.70	1,199.20
Rate/MT (₹)	7,020.86	7,093.89
Rate/kg of production (₹)	2.14	2.49
<b>4. Furnace Oil, LSHS and LD oil</b>		
Quantity (K. Ltrs.)	359.10	69.60
Total cost (₹ in lakhs)	115.42	25.33
Average/K. ltrs. (₹)	32.14	36.39
Rate/kg of production (₹)	0.19	0.05

#### B. Consumption per unit of production

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

## FORM B - PARTICULARS OF ABSORPTION

### Research & Development:

From being known as a leading supplier of APIs and PFIs in bulk, we moved on to become a leading manufacturer of finished dosage forms. Over the years, we have been constantly investing in Research and Development, where our team has been able to passionately translate science and technology into pharmaceutical products and manufacturing processes, meeting global regulatory standards. With experienced and qualified human resources, our R&D capability is the driving forces of current momentum and future growth of the organisation. With innovation instilled into culture of the company at various levels, R&D is a crucial attribute in fostering our vision to become a global leader in the pharmaceutical product development and manufacturing process.

We are augmenting our research capabilities and expanding our product portfolio to address the prospective demand across global 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.

### 2020-21 - Highlights

**Existing Business:** The existing business has always remained our focal point, while we are constantly expanding our product portfolio and global presence with focus on high volume products built on maximizing process efficiencies and vertical integration. We operate across the entire pharmaceutical manufacturing value chain from API to finished dosages for these existing molecules as they have remained as priority for the company. Granules as company has pioneered the concept of commercializing PFIs for these large volume products, supporting pharmaceutical companies across the world.

**US Generics:** Since setting up US sales and marketing operations in 2019, company has launched 16 generic products under GPI label. Focussed product selection, development and manufacturing has been key for significant growth of US Generics business.

**Emerging business:** Product selection process for our "Emerging business," focuses on identifying and developing high entry barrier products, with varied complexities at API and/or formulations development. We have developed APIs that cover a broad spectrum of therapeutic categories and expanded capabilities into the segment of High potent APIs (HPAPI) with our state-of-the-art facility at Vishakhapatnam. We also offer development and manufacturing services for customers across the world for their High Potent Formulation products.

As on March 31, 2021, we filed total of 24 (4 in FY 2020-21) U.S. Drug Master Files ("USDMFs") across several therapeutic categories with the United States Food and Drug Administration ("U.S. FDA") in the United States, 19 (3 in FY 2020-21) Certificates of Suitability ("CEPs") with the European Directorate for the Quality of Medicines ("EDQM") and 7 European Drug Master Files ("EDMFs") (1 in FY 2020-21) in Europe, along with other regulatory filings in key regulated markets to support potential customers for ANDA and dossier filings. As part of our vertical integration strategy, we intend to file ANDAs for several of these APIs to forward integrate into FDFs.

In finished dosage form, we filed 51 (5 in FY 2020-21) ANDAs with the U.S. FDA of which 40 ANDAs have been approved and 11 are under review. We continued to leverage our ANDA filing into other markets outside US. We filed two dossiers in European region and 3 ANDS filings in Canada.

Granules received 14 ANDA approvals from USFDA in the financial year 2020-2021. This on time approvals exemplify quality of our ANDA filings. We received approval from US FDA for our first oral liquid product as well as complex dosage form of MUPS products. We also received approvals for the first time from regulatory agencies outside US that is, marketing authorization for our first dossier in Europe and NOC for first product filed with Health Canada during the financial year 2020-21.

We aim to continue this momentum by executing products of different complexity in each dosage form viz. immediate release, extended release, delayed release, MUPS, powders and suspensions.

We have also embarked upon our journey to build Granules' intellectual property assets. Granules currently holds 8 Granted patents and 15 pending patent applications in active prosecution in various countries. In FY 2020-21, we filed 2 patent applications in India. These inventions were primarily directed towards new process for manufacturing intermediates and /or APIs, pharmaceutical composition thereof.

### Way Forward.

We will continue to leverage our knowledge and experience in our existing products to expand them into new markets and dosage forms. This would not only help us to bring economies of scale, but also, mitigate market concentrated risk. Steps have been taken in this direction during the financial year 2020-21, and as an outcome we filed three dossiers in European market and working to file additional markets in coming years.

We will continue to identify and develop complex products with limited competition, and continuously bring process efficiencies

for our existing products to have competitive advantage in the market. Looking forward, to bring considerable progress in our technical capabilities within the Oncology space, thereby achieve higher number of regulatory filings. Thus, bringing focus on our R&D activities will enhance our product registrations and filings across diversified product portfolio for the key markets, as well as strengthen our global presence.

**Expenditure incurred on Research and Development (standalone)**

(₹ in Lakhs)		
Particulars	FY 2020-21	FY 2019-20
Capital	-	648.10
Revenue	6,215.50	5,208.28
<b>Total</b>	<b>6,215.50</b>	<b>5,856.38</b>

**FORM C - TOTAL FOREIGN EXCHANGE EARNED AND USED**

(₹ in Lakhs)		
Particulars	FY 2020-21	FY 2019-20
Foreign Exchange Earnings	2,65,275.20	1,84,338.47
Foreign Exchange Outgo	86,905.85	77,508.98

On behalf of the Board of Directors

**Krishna Prasad Chigurupati**

Chairman and Managing Director

Hyderabad, May 11, 2021

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, 2021

[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	March 18, 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, 69043500, Fax: +91-40-23115145 E-mail: <a href="mailto:investorrelations@granulesindia.com">investorrelations@granulesindia.com</a> URL: <a href="http://www.granulesindia.com">www.granulesindia.com</a>
vi. Whether listed company	YES/NO
vii. Name, Address & contact details of the Registrar & Transfer Agent, if any.	KFin Technologies Private Limited Unit: Granules India Limited, Selenium Tower B, Plot No. 31 & 32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032, Toll Free No: 1- 800-309-4001 Email: <a href="mailto:einward.ris@kfintech.com">einward.ris@kfintech.com</a> Website: <a href="http://www.kfintech.com">www.kfintech.com</a>

#### 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 USA, Inc.	Not Applicable	Subsidiary	100%	2(87)(ii)
2	Granules Pharmaceuticals, Inc.	Not Applicable	Subsidiary	100%	2(87)(ii)
3	Granules Europe Limited	Not Applicable	Subsidiary	100%	2(87)(ii)
4	Granules Life Sciences Private Limited	U24290TG2020PTC146042	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 March 31, 2020]				No. of Shares held at the end of the year [As on March 31, 2021]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoter and Promoter Group</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	104228405	0	104228405	40.99	99597511	0	99597511	40.21	(0.78)
b) Central Govt									
c) State Govt(s)									
d) Bodies Corp.	3807096	0	3807096	1.50	3636721	0	3636721	1.47	(0.3)
e) Banks / FI									
f) Any other									
<b>Sub-Total A(1)</b>	<b>108035501</b>	<b>0</b>	<b>108035501</b>	<b>42.49</b>	<b>103234232</b>	<b>0</b>	<b>103234232</b>	<b>41.68</b>	<b>(0.81)</b>
<b>(2) Foreign</b>									
(a) Individuals (NRIs/Foreign Individuals)	946700	0	946700	0.37	876154	0	876154	0.35	(0.02)
(b) Bodies Corporate									
(c) Others									
<b>Sub-Total A(2)</b>	<b>946700</b>	<b>0</b>	<b>946700</b>	<b>0.37</b>	<b>876154</b>	<b>0</b>	<b>876154</b>	<b>0.35</b>	<b>(0.02)</b>
<b>Total shareholding of Promoter &amp; Promoter Group (A)</b>	<b>108982201</b>	<b>0</b>	<b>108982201</b>	<b>42.86</b>	<b>104110386</b>	<b>0</b>	<b>104110386</b>	<b>42.04</b>	<b>(0.82)</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds/AIF	923325	0	923325	0.36	3502511	0	3502511	1.41	1.05
b) Banks / FI	7631692	0	7631692	3.00	513577	0	513577	0.21	(2.79)
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FPC	55168073	0	55168073	21.70	57239342	0	57239342	23.11	1.41
h) Foreign Venture Capital Funds									
i) Others (specify)									
<b>Sub-total (B)(1):-</b>	<b>63723090</b>	<b>0</b>	<b>63723090</b>	<b>25.06</b>	<b>61255430</b>	<b>0</b>	<b>61255430</b>	<b>24.73</b>	<b>(0.33)</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.	13958049	0	13958049	5.49	10695484	0	10695484	4.32	(1.17)
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital up to ₹ 1 lakh	44748971	206510	44955481	17.68	52713326	184510	52897836	21.36	3.68
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	16707462	0	16707462	6.57	11986487	0	11986487	4.84	(1.73)
c) Others (specify) NBFCs Register With RBI	10650	0	10650	0.00	19249	0	19249	0.01	0.01
i) Non Resident Indians	3598421	0	3598421	1.42	3499679	0	3499679	1.41	(.01)

Category of Shareholders	No. of Shares held at the beginning of the year [As on March 31, 2020]				No. of Shares held at the end of the year [As on March 31, 2021]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
ii) Non Resident Indians Non-Repatriation	1233204	0	1233204	0.49	1158130	0	1158130	0.47	(0.02)
iii) Overseas Corporate Bodies									
iv) Clearing Members	836947	0	836947	0.33	1682679	0	1682679	0.68	0.35
v) Trusts	1200	0	1200	0.00	10	0	10	0.00	-
vi) Investor Education and Protection Fund Authority (IEPF)	240857	0	240857	0.09	251636	0	251636	0.10	0.01
vii) Qualified Institutional Buyer	0	0	0	0	117790	0	117790	0.05	0.05
<b>Sub-total (B)(2):-</b>	<b>81335761</b>	<b>206510</b>	<b>81542271</b>	<b>32.07</b>	<b>82124470</b>	<b>184510</b>	<b>82308980</b>	<b>33.23</b>	<b>1.16</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>145058851</b>	<b>206510</b>	<b>145265361</b>	<b>57.14</b>	<b>143379900</b>	<b>184510</b>	<b>143564410</b>	<b>57.96</b>	<b>0.83</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	0	0	0	0	0	0	0	0	0
<b>Grand Total (A+B+C)</b>	<b>254041052</b>	<b>206510</b>	<b>254247562</b>	<b>100</b>	<b>247490286</b>	<b>184510</b>	<b>247674796</b>	<b>100</b>	<b>-</b>

## ii) Shareholding of Promoter and Promoter group

SN	Shareholder's Name	Shareholding at the end of the year March 31, 2020			Shareholding at the end of the year March 31, 2021			% 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	90329927	35.53	45.39	86296272	34.84	10.42	(0.69)
Shareholding of Promoter group								
2	Uma Devi Chigurupati	9902860	3.89	0.00	9459687	3.82	0.00	(0.07)
3	Pragnya Chigurupati	1973020	0.78	0.00	1885346	0.76	0.00	(0.02)
4	Priyanka Chigurupati	1957598	0.77	0.00	1861706	0.75	0.00	(0.02)
5	Harsha Chigurupati	0.00	0.00	0.00	0.00	0.00	0.00	0
6	Suseela Devi Chigurupati	65000	0.03	0.00	65000	0.03	0.00	0
7	Santhi Sree Ramanavarapu	917200	0.36	0.00	876154	0.35	0.00	(0.01)
8	Tyche Investments Private Limited	3807096	1.50	0.00	3636721	1.47	0.00	(0.03)
9	Yedaguri Nikhila Reddy	29500	0.01	0.00	29500	0.01	0.00	0
	<b>Total</b>	<b>108982201</b>	<b>42.86</b>		<b>104110386</b>	<b>42.04</b>		<b>(0.82)</b>

## iii) Change in Promoter and Promoter group Shareholding

SN	Particular	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2020 to 31-03-2021)	
							No. of Shares	% of total shares of the Company
	<b>At the beginning of the Year on 01.04.2020</b>	<b>108982201</b>	<b>42.86</b>					
				25.06.2020	(48,71,815)	Buy Back of Shares by the Company	104110386	42.04
	<b>At the end of the year</b>						<b>104110386</b>	<b>42.04</b>

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

SN	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 (01-04-2020 to 31-03-2021)	
							No. of Shares	% of total shares of the Company
<b>1.</b>	<b>At the beginning of the Year</b>	<b>7000000</b>	<b>2.75</b>					
				17.07.2020	(325000)	Sale	6675000	2.70
				24.07.2020	(873401)	Sale	5801599	2.35
				31.07.2020	(481884)	Sale	5319715	2.15
				07.08.2020	(394715)	Sale	4925000	1.99
				14.08.2020	(512932)	Sale	4412068	1.78
				21.08.2020	(498868)	Sale	3913200	1.58
				28.08.2020	(320546)	Sale	3592654	1.45
				04.09.2020	(592654)	Sale	3000000	1.21
				11.09.2020	(427511)	Sale	2572489	1.04
				18.09.2020	(663778)	Sale	1908711	0.77
				25.09.2020	(432418)	Sale	1476293	0.60
				30.09.2020	(350864)	Sale	1125429	0.45
				02.10.2020	(15582)	Sale	1109847	0.45
				09.10.2020	(402847)	Sale	707000	0.29
				16.10.2020	(254800)	Sale	452200	0.18
				23.10.2020	(340891)	Sale	111309	0.04
				30.10.2020	(111309)	Sale	0	0.00
	<b>At the end of the year (or on the date of separation, if separated during the year)</b>						<b>0</b>	<b>0.00</b>



SN	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 (01.04.2020 to 31.03.2021)	
							No. of Shares	% of total shares of the Company
2.	At the beginning of the Year	7519253	2.96					
				15.05.2020	(200000)	Sale	7319253	2.88
				22.05.2020	(300000)	Sale	7019253	2.76
				29.05.2020	(200000)	Sale	6819253	2.68
				14.08.2020	(519253)	Sale	6300000	2.55
				04.09.2020	310000	Purchase	6610000	2.67
				11.09.2020	701106	Purchase	7311106	2.95
				18.09.2020	94765	Purchase	7405871	2.99
				26.03.2021	494548	Purchase	7900419	3.19
				31.03.2021	(35665)	Sale	7864754	3.18
<b>At the end of the year (or on the date of separation, if separated during the year)</b>							<b>7864754</b>	<b>3.18</b>

SN	Ontario Pension Board- Mondrian Investment Partners Limited	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2020 to 31.03.2021)	
							No. of Shares	% of total shares of the Company
3.	At the beginning of the Year	2262349	0.89					
				03.04.2020	60888	Purchase	2323237	0.91
				10.04.2020	60113	Purchase	2383350	0.94
				12.06.2020	(57643)	Sale	2325707	0.91
				19.06.2020	(302958)	Sale	2022749	0.80
				31.07.2020	(162988)	Sale	1859761	0.75
<b>At the end of the year (or on the date of separation, if separated during the year)</b>							<b>1859761</b>	<b>0.75</b>

SN	Mondrian Emerging Markets Small Cape equity Fund, L P	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2020 to 31.03.2021)	
							No. of Shares	% of total shares of the Company
4.	At the beginning of the Year	1594802	0.63					
				03.04.2020	46132	Purchase	1640934	0.65
				10.04.2020	53116	Purchase	1694050	0.67
				15.05.2020	(110000)	Sale	1584050	0.62
				29.05.2020	(183026)	Sale	1401024	0.55
				31.07.2020	(100335)	Sale	1300689	0.53
				04.09.2020	(43943)	Sale	1256746	0.51
				02.10.2020	(95000)	Sale	1161746	0.47
				06.11.2020	(87025)	Sale	1074721	0.43
				04.12.2020	(152889)	Sale	921832	0.37
				05.03.2021	(23991)	Sale	897841	0.36
<b>At the end of the year (or on the date of separation, if separated during the year)</b>							<b>897841</b>	<b>0.36</b>

SN	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 (01.04.2020 to 31.03.2021)	
							No. of Shares	% of total shares of the Company
5.	At the beginning of the Year	2028060	0.80					
				15.05.2020	(10525)	Sale	2017535	0.79
				22.05.2020	(57357)	Sale	1960178	0.77
				29.05.2020	(23308)	Sale	1936870	0.76
				05.06.2020	(10887)	Sale	1925983	0.76
				30.06.2020	(57262)	Sale	1868721	0.76
				03.07.2020	(82803)	Sale	1785918	0.72
				10.07.2020	(88410)	Sale	1697508	0.69
				31.07.2020	(73038)	Sale	1624470	0.66
				21.08.2020	(109275)	Sale	1515195	0.61
				28.08.2020	(111165)	Sale	1404030	0.57
				04.09.2020	(104940)	Sale	1299090	0.52
				11.09.2020	(30835)	Sale	1268255	0.51
				18.09.2020	(223861)	Sale	1044394	0.42
				25.09.2020	(38762)	Sale	1005632	0.41
				16.10.2020	(64759)	Sale	940873	0.38
				23.10.2020	(57057)	Sale	883816	0.36
<b>At the end of the year (or on the date of separation, if separated during the year)</b>							<b>883816</b>	<b>0.36</b>

SN	Mahima Stocks 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 (01.04.2020 to 31.03.2021)	
							No. of Shares	% of total shares of the Company
6.	At the beginning of the Year	5013026	1.97					
				17.04.2020	(250000)	Sale	4763026	1.87
				24.04.2020	(200020)	Sale	4563006	1.79
				01.05.2020	(50000)	Sale	4513006	1.78
				15.05.2020	(75085)	Sale	4437921	1.75
				03.07.2020	(125000)	Sale	4312921	1.75
				31.07.2020	(50000)	Sale	4262921	1.72
				07.08.2020	(125000)	Sale	4137921	1.67
				14.08.2020	(32514)	Sale	4105407	1.66
				11.12.2020	(419251)	Sale	3686156	1.49
				18.12.2020	(1778)	Sale	3684378	1.49
<b>At the end of the year (or on the date of separation, if separated during the year)</b>							<b>3684378</b>	<b>1.49</b>

SN	Fidelity Funds - Asian Smaller Companies Pool	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2020 to 31.03.2021)	
							No. of Shares	% of total shares of the Company
<b>7.</b>	<b>At the beginning of the Year</b>	<b>4803947</b>	<b>1.89</b>					
				22.05.2020	578294	Purchase	5382241	2.12
				07.08.2020	(96802)	Sale	5285439	2.14
				18.12.2020	(67295)	Sale	5218144	2.11
				25.12.2020	(84221)	Sale	5133923	2.07
				29.01.2021	312554	Purchase	5446477	2.20
				05.02.2021	402100	Purchase	5848577	2.36
<b>At the end of the year (or on the date of separation, if separated during the year)</b>							<b>5848577</b>	<b>2.36</b>

SN	Lazard Emerging Markets Small Cap Equity Trust	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2020 to 31.03.2021)	
							No. of Shares	% of total shares of the Company
<b>8.</b>	<b>At the beginning of the Year</b>	<b>4827056</b>	<b>1.90</b>					
				03.04.2020	62359	Purchase	4889415	1.92
				10.04.2020	143295	Purchase	5032710	1.98
				17.04.2020	2376	Purchase	5035086	1.98
				24.04.2020	207624	Purchase	5242710	2.06
				05.06.2020	518410	Purchase	5761120	2.27
				19.06.2020	(169912)	Sale	5591208	2.20
				26.06.2020	(838525)	Sale	4752683	1.87
				24.07.2020	(404153)	Sale	4348530	1.76
				31.07.2020	(1100070)	Sale	3248460	1.31
				07.08.2020	(197779)	Sale	3050681	1.23
				28.08.2020	(175180)	Sale	2875501	1.16
				18.09.2020	(1373481)	Sale	1502020	0.61
				02.10.2020	(231194)	Sale	1270826	0.51
				09.10.2020	(670826)	Sale	600000	0.24
				16.10.2020	(600000)	Sale	0	0.00
				31.12.2020	799621	Purchase	799621	0.32
				15.01.2021	758987	Purchase	1558608	0.63
				22.01.2021	121000	Purchase	1679608	0.68
				29.01.2021	451606	Purchase	2131214	0.86
				05.02.2021	75451	Purchase	2206665	0.89
<b>At the end of the year (or on the date of separation, if separated during the year)</b>							<b>2206665</b>	<b>0.89</b>

SN	Fidelity Asian Values Plc	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2020 to 31.03.2021)	
							No. of Shares	% of total shares of the Company
9.	At the beginning of the Year	2357956	0.93					
				22.05.2020	63974	Purchase	2421930	0.95
				11.09.2020	261379	Purchase	2683309	1.08
				18.12.2020	(428077)	Sale	2255232	0.91
				25.12.2020	(34727)	Sale	2220505	0.90
				05.02.2021	105543	Purchase	2326048	0.94
				<b>At the end of the year (or on the date of separation, if separated during the year)</b>			<b>2326048</b>	<b>0.94</b>

SN	HSBC Global Investment Funds - Asia Ex Japan Equity Smaller Companies	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2020 to 31.03.2021)	
							No. of Shares	% of total shares of the Company
10.	At the beginning of the Year	2003933	0.79					
				03.04.2020	(53140)	Sale	1950793	0.77
				10.04.2020	(120211)	Sale	1830582	0.72
				17.04.2020	(227400)	Sale	1603182	0.63
				15.05.2020	63261	Purchase	1666443	0.66
				26.06.2020	(1666443)	Sale	0	0.00
				16.10.2020	386180	Purchase	386180	0.16
				23.10.2020	345309	Purchase	731489	0.30
				27.11.2020	246114	Purchase	977603	0.39
				04.12.2020	304957	Purchase	1282560	0.52
				11.12.2020	118022	Purchase	1400582	0.57
				18.12.2020	63345	Purchase	1463927	0.59
				25.12.2020	364866	Purchase	1828793	0.74
				31.12.2020	72369	Purchase	1901162	0.77
				01.01.2021	43451	Purchase	1944613	0.79
				08.01.2021	44937	Purchase	1989550	0.80
				15.01.2021	(149990)	Sale	1839560	0.74
				19.03.2021	(296743)	Sale	1542817	0.62
				26.03.2021	(920905)	Sale	621912	0.25
				<b>At the end of the year (or on the date of separation, if separated during the year)</b>			<b>621912</b>	<b>0.25</b>

**v) Shareholding of Directors and Key Managerial Personnel:**
**Executive Directors**

SN	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 (01.04.2020 to 31.03.2021)	
							No. of Shares	% of total shares of the Company
1.	At the beginning of the Year	90329927	35.53					
				25.06.2020	(40,42,455)	Buy Back of Shares by the Company	86287472	34.91
				02.03.2021	8,800	Inter-se Transfer	86296272	34.84
	<b>At the end of the year</b>						<b>86296272</b>	<b>34.84</b>

SN	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 (01.04.2020 to 31.03.2021)	
							No. of Shares	% of total shares of the Company
2.	At the beginning of the Year	9902860	3.89					
				25.06.2020	(4,43,173)	Buy Back of Shares by the Company	9459687	3.82
	<b>At the end of the year</b>						<b>9459687</b>	<b>3.82</b>

SN	Harsha Chigurupati	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2020 to 31.03.2021)	
							No. of Shares	% of total shares of the Company
3.	At the beginning of the Year	Nil	Nil			No Change during the year		
	<b>At the end of the year</b>						<b>Nil</b>	<b>Nil</b>

SN	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 (01.04.2020 to 31.03.2021)	
							No. of Shares	% of total shares of the Company
4.	At the beginning of the Year	10000	0.00			No Change during the year		
	<b>At the end of the year</b>						<b>10000</b>	<b>0.00</b>

SN	K. B. Sankar Rao	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/Decrease in Share-holding	Reason	Cumulative Shareholding during the year (01.04.2020 to 31.03.2021)	
							No. of Shares	% of total shares of the Company
5.	At the beginning of the Year	3591160	1.41					
				08.06.2020 to 10.06.2020	(16000)	Sale	35,75,160	1.40
				23.07.2020	(4000)	Sale	35,71,160	1.45
				23.11.2020 to 24.11.2020	(29920)	Sale	35,41,240	1.43
				31.12.2020	(6000)	Sale	35,35,240	1.43
	At the end of the year						35,35,240	1.43

SN	Arun Sawhney	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/Decrease in Share-holding	Reason	Cumulative Shareholding during the year (01.04.2020 to 31.03.2021)	
							No. of Shares	% of total shares of the Company
6.	At the beginning of the Year	Nil	Nil		Nil	Nil	Nil	Nil
	At the end of the year						Nil	Nil

SN	Robert George Cunard	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/Decrease in Share-holding	Reason	Cumulative Shareholding during the year (01.04.2020 to 31.03.2021)	
							No. of Shares	% of total shares of the Company
7.	At the beginning of the Year	Nil	Nil		Nil	Nil	Nil	Nil
	At the end of the year						Nil	Nil

SN	Jyothi Prasad	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/Decrease in Share-holding	Reason	Cumulative Shareholding during the year (01.04.2020 to 31.03.2021)	
							No. of Shares	% of total shares of the Company
8.	At the beginning of the Year	Nil	Nil		Nil	Nil	Nil	Nil
	At the end of the year						Nil	Nil

### Key Managerial Personnel

SN	Sandip Neogi	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2020 to 31.03.2021)	
							No. of Shares	% of total shares of the Company
1.	At the beginning of the Year	Nil	Nil		Nil	Nil	Nil	Nil
	At the end of the year						Nil	Nil

SN	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 (01.04.2020 to 31.03.2021)	
							No. of Shares	% of total shares of the Company
2.	At the beginning of the Year	Nil	Nil					
	At the end of the year			11.08.2020	17660	Allotment under ESOP	17660	0.01
							17660	0.01

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

(₹ in lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	80,392.55	7,973.54	-	88,366.09
ii) Interest due but not paid				
iii) Interest accrued but not due	278.82	-	-	278.82
<b>Total (i+ii+iii)</b>	<b>80,671.37</b>	<b>7,973.54</b>	-	<b>88,644.91</b>
<b>Change in Indebtedness during the financial year</b>				
Addition (including forex fluctuation)	2,672.37	7,391.34	-	10,063.70
Reduction	(14,584.66)		-	(14,584.66)
<b>Net Change</b>	<b>(11,912.29)</b>	<b>7,391.34</b>	-	<b>(4,520.95)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	68,480.26	15,364.88	-	83,845.14
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	232.84	-	-	232.84
<b>Total (i+ii+iii)</b>	<b>68,713.10</b>	<b>15,364.88</b>	-	<b>84,077.98</b>

## 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)	Harsha Chigurupati (Executive Director)	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	180.00	23.36	60.00	263.36
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	36.56	0.71	0.19	37.46
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	3,977.93	3,331.52	778.71	8,088.16
	- as % of profit	-	-	-	-
	- others, specify	-	-	-	-
5	Others, please specify	-	-	-	-
	<b>Total (A)</b>	<b>4,194.49</b>	<b>3,355.59</b>	<b>838.90</b>	<b>8,388.98</b>

Overall Ceiling as per the Act is ₹ 8,388.98 lakhs being 10% of the net profits of the Company calculated as per section 198 of the Companies Act, 2013.

### B. Remuneration to Non-Executive Directors

(₹ in lakhs)

Sl. No	Particulars of Remuneration	Name of the Directors					Total Amount
		A. Arun Rao	K.B. Sankar Rao	Arun Sawhney	Robert George Cunard	Jyothi Prasad	
1	Fee for attending Board and committee meetings	8.70	7.90	9.10	5.50	4.50	35.70
2	Commission	41.94	41.94	41.94	41.94	41.94	209.70
3	Others, please specify	-	-	-	-	-	-
	<b>Total (B)</b>	<b>50.64</b>	<b>49.84</b>	<b>51.04</b>	<b>47.44</b>	<b>46.44</b>	<b>245.40</b>

Overall ceiling as per the Act is ₹ 838.89 lakhs being 1% of the net profits of the Company calculated as per section 198 of the Companies Act, 2013.

**Total Managerial Remuneration\*** **8,634.38**

\*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	Sandip Neogi (CFO)	Chaitanya Tummala (CS)	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		140.84	36.05	176.89
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		0.30	2.56	2.86
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		-	-	
2	Stock Option		-	19.70	19.70
3	Sweat Equity		-	-	
4	Commission		-	-	
	- as % of profit		-	-	
	- others, specify		-	-	
5	Others, please specify		-	-	
	<b>Total</b>		<b>141.14</b>	<b>58.31</b>	<b>199.45</b>

**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)
<b>A. COMPANY</b>					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
<b>B. DIRECTORS</b>					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
<b>C. OTHER OFFICERS IN DEFAULT</b>					
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 11, 2021

# 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

Half of the Board, 4 out of 8, are Independent Directors as on March 31, 2021. 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 included 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, 2021, the Board of Directors comprised eight Directors, out of which five 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. A. Arun Rao DIN – 00876993	Independent, Non-Executive
3	Mr. Arun Sawhney DIN – 01929668	Independent, Non-Executive
4	Mr. Robert George Cunard DIN – 08346308	Independent, Non-Executive
5	Mrs. Jyothi Prasad DIN – 06947488	Independent, Non-Executive
6	Mrs. Uma Devi Chigurupati DIN – 00737689	Non-Independent, Executive
7	Mr. Kolli Basava Sankar Rao DIN – 05167550	Non-Independent, Non-Executive
8	Mr. Harsha Chigurupati DIN – 01606477	Non-Independent, Executive

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 2020-21, 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, 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

Mrs. Jyothi Prasad 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 on January 22, 2021 for the financial year 2020-21 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

### Institutionalized 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. 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, 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;
- Reconciliation of Share Capital Audit Report under SEBI (Depositories and Participants) Regulations, 1996 and
- Any other matters as may be required.

#### 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 the 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

Six (6) 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 01, 2020	08	08
June 02, 2020	08	08
July 17, 2020	08	08
October 20, 2020	08	08
November 09, 2020	08	07
January 28, 2021	08	08

#### 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 2020 - March 2021 and the number of Directorships and Committee Chairmanships / Memberships held by them in other Companies are given below.

Name	Category	Attendance at meetings during the FY 2020-21		Number of Director-ships in other public Companies (1)	No. of Membership(s) /Chairmanship(s) of Board Committees in other Companies as on 31-03-2021 (2)
		Board	AGM		
Mr. Krishna Prasad Chigurupati Chairman & Managing Director DIN – 00020180	Non-Independent, Executive	6	Yes	NIL	NIL
Mr. A. Arun Rao DIN – 00876993	Independent, Non-Executive	6	Yes	NIL	NIL

Name	Category	Attendance at meetings during the FY 2020-21		Number of Director-ships in other public Companies	No. of Membership(s) /Chairmanship(s) of Board Committees in other Companies as on 31-03-2021
		Board	AGM	(1)	(2)
Mr. Harsha Chigurupati DIN – 01606477	Non-Independent, Executive	6	Yes	NIL	NIL
Mrs. Uma Devi Chigurupati DIN – 00737689	Non-Independent, Executive	5	Yes	NIL	NIL
Mr. Kolli Basava Sankar Rao DIN – 05167550	Non-Independent, Non-Executive	6	Yes	NIL	NIL
Mrs. Jyothi Prasad DIN- 06947488	Independent, Non-Executive	6	Yes	3	4 (3 as Chairperson)
Mr. Arun Sawhney DIN – 01929668	Independent, Non-Executive	6	Yes	NIL	NIL
Mr. Robert George Cunard DIN – 08346308	Independent, Non-Executive	6	Yes	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.

None of the Directors hold Directorships in more than 8 listed entities.

#### 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. A. Arun Rao	Nil	-
3	Mr. Harsha Chigurupati	Nil	-
4	Mrs. Uma Devi Chigurupati	Nil	-
5	Mr. Kolli Basava Sankar Rao	Nil	-
6	Mr. Arun Sawhney	Nil	-
7	Mr. Robert George Cunard	Nil	-
8	Mrs. Jyothi Prasad	1	Shivam Autotech Limited

#### Shares held by Non-Executive Directors:

The number of equity shares of the Company held by Non-Executive Directors, as on March 31, 2021 are as follows:

Sl. No	Name of Non-Executive Director	No. of shares held	Percentage of paid-up capital
1	Mr. A. Arun Rao (holding along with his spouse)	2,85,000	0.12
2	Mr. Kolli Basava Sankar Rao (holding along with his spouse)	50,66,310	2.05
3	Mr. Arun Sawhney	Nil	0.00
4	Mr. Robert George Cunard	Nil	0.00
5	Mrs. Jyothi Prasad	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	Specialization
1	Mr. Krishna Prasad Chigurupati	Chairman & Managing Director (Promoter)	He has around 37 years of experience in cost efficient and quality complaint Pharmaceutical products manufacturing and Marketing.
2	Mr. A. Arun Rao	Independent Director	He has more than 39 years of experience in the Pharmaceutical industry specializing in the manufacture of Solid and Liquid Oral Dosage forms.
3	Mr. Harsha Chigurupati	Executive Director (Promoter group)	He has over 15 years of entrepreneurial experience in marketing, business development, customer relationship management etc. He also has in depth knowledge and experience in various fields of research and development, clinical trials, regulatory and legal framework navigation, patents and peer review journal publications.
4	Mrs. Uma Devi Chigurupati	Executive Director (Promoter group)	She has around 37 years of experience in leading various functions in the Pharmaceutical industry.
5	Mr. Kolli Basava Sankar Rao	Non-Executive Director	He has more than 31 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.
6	Mr. Arun Sawhney	Independent Director	He has over 41 years of experience in leading Strategic Business initiatives in diverse industries including Software, Rubber, Chemicals, APIs, Generic and OTC Pharmaceuticals.
7	Mr. Robert George Cunard	Independent Director	He has over 30 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.
8	Mrs. Jyothi Prasad	Independent Director	She has over 31 years of experience in financial advisory services including IPOs, Mergers & Acquisitions, Private Equity and fund raising.

**Confirmation from the Board**

The Board of Directors be and hereby confirms 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.

No 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, 2021.

**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 four 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. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- d. Reviewing financial statements and draft audit report, including quarterly / half-yearly financial information.
- e. 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.
- f. Reviewing, with the management, external and internal auditors, the adequacy and compliance of internal control systems.
- g. Reviewing the adequacy of internal audit functions.
- h. Discussion with the internal auditors on any significant findings and follow up thereon.
- i. Reviewing the Company's financial and risk management policy.
- j. Scrutiny of inter-corporate loans and investments.
- k. Vigilance mechanism.
- l. Approval of appointment of CFO.
- m. Any other function as delegated by the Board from time to time.

During the financial year April 2020 - March 2021, 4 (Four) Audit Committee meetings were held. The dates on which the said meetings were held are: June 02, 2020, July 17, 2020, October 20, 2020 and January 28, 2021. The Audit Committee at its meeting held on June 02, 2020 had considered the audited annual accounts for the financial year 2019-20.

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 2020-2021	
		Held	Attended
Mrs. Jyothi Prasad, Chairperson	Independent, Non-Executive	04	04
Mr. Arun Sawhney	Independent, Non-Executive	04	04
Mr. A. Arun Rao	Independent, Non-Executive	04	04
Mr. Krishna Prasad Chigurupati	Non-Independent, Executive	04	04



The Audit Committee meetings were also attended by the partner/representatives of Statutory Auditors and Internal Auditors. Mrs. Jyothi Prasad, Chairperson of the Audit Committee, was present at the 29<sup>th</sup> Annual General Meeting of the Company held on August 13, 2020. Ms. Chaitanya Tummala, Company Secretary of the Company also acts as the Secretary to the Audit Committee.

### 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 2020-21 comprises of two Independent Non-Executive Directors, one Non-Independent Non-Executive Director and one Executive Director. Mr. Arun Sawhney, Independent Director, is the Chairman of the Committee.

3 (Three) meetings of the Nomination & Remuneration Committee were held during the financial year 2020 - 2021. The dates on which the said meetings were held are June 02, 2020, July 16, 2020 and September 23, 2020. 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 2020–2021	
		Held	Attended
Mr. Arun Sawhney, Chairman	Independent, Non-Executive	03	03
Mrs. Jyothi Prasad	Independent, Non-Executive	03	03
Mr. K.B. Sankar Rao	Non-Independent, Non-Executive	03	03
Mr. Krishna Prasad Chigurupati	Non-Independent, Executive	03	03

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.

### 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, dematerialization 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.

Four (Four) meetings of the Committee were held during the financial year April 2020- March 2021. The dates on which the said meetings were held are: July 03, 2020, August 11, 2020, September 28, 2020 and December 04, 2020. The composition of the Committee during the year April 2020 - March 2021 and the details of meetings attended by its members are given below:

Name	Category	Number of meetings during the financial year 2020–2021	
		Held	Attended
Mr. A. Arun Rao, Chairman	Independent, Non-Executive	04	04
Mrs. Uma Devi Chigurupati	Non-Independent, Executive	04	04
Mr. Krishna Prasad Chigurupati	Non-Independent, Executive	04	04

### 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 2020-21, 21 (Twenty-one) complaints / requests were received from the shareholders and all their grievances were redressed and no complaint / request is pending as on March 31, 2021.

### 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 2020 - March 2021. 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 2020–2021	
		Held	Attended
Mr. K.B. Sankar Rao, Chairman	Non-Independent, Non-Executive	10	10
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	10
Mr. Robert George Cunard	Independent, Non-Executive	10	07

### Corporate Social Responsibility (CSR) Committee

The Board of Directors constituted CSR Committee 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 Committee held its meeting on June 02, 2020 during the financial year 2020-21. 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 2020–2021	
		Held	Attended
Mrs. Uma Devi Chigurupati, Chairperson	Non-Independent, Executive	01	01
Mr. Krishna Prasad Chigurupati	Non-Independent, Executive	01	01
Mr. A. Arun Rao	Independent, Non-Executive	01	01

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).

### Buy-Back Committee

The Buy-Back Committee was constituted by the Board on January 21, 2020 in order to effectively pursue the Buyback of equity shares of the Company.

The Committee has met 2 (two) times during the year under review on May 29, 2020 and June 24, 2020. The Company Secretary shall act as the Secretary of the 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 2020–2021	
		Held	Attended
Mr. Krishna Prasad Chigurupati, Chairman	Non-Independent, Executive	02	02
Mr. A. Arun Rao	Independent, Non-Executive	02	02
Mr. Sandip Neogi	Chief Financial Officer	02	02

The Buyback Committee does not exist as on March 31, 2021 since the buyback activity was completed on June 29, 2020.

### Risk Management Committee

The Committee was constituted by the Board of Directors with its prime responsibility to implement and monitor the risk management plan and policy of the Company. The Committee has met 2 (two) times during the year under review on June 01, 2020 and March 09, 2021.

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 2020–2021	
		Held	Attended
Mr. Harsha Chigurupati, Chairman	Non-Independent, Executive	02	02
Mrs. Uma Devi Chigurupati	Non-Independent, Executive	02	01
Mr. K.B. Sankar Rao	Non-Independent, Non-Executive	02	02
Mr. Arun Sawhney	Independent, Non-Executive	02	02
Mr. Robert George Cunard	Independent, Non-Executive	02	01

## 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/payable to the Chairman and Managing Director and Whole-time Directors during the FY 2020-21**

(₹ in Lakhs)				
Name	Salary	Perquisites	Commission	Total
Mr. Krishna Prasad Chigurupati Chairman & Managing Director	180.00	36.56	3,977.93	4,194.49
Mrs. Uma Devi Chigurupati Executive Director	23.36	0.71	3,331.52	3,355.59
Mr. Harsha Chigurupati Executive Director	60.00	0.19	778.71	838.90

**Remuneration paid to Non-Executive Directors during the FY 2020-21**

- 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 and also provided commission on profits of the Company.

Following are the details of sitting fees paid to the Directors for attending the Board and Committee meetings during the FY 2020-21 and commission paid/provided during the period under review:

(₹ in Lakhs)		
Name	Sitting fee	Commission
Mr. Arun Rao Akinepally	8.70	41.94
Mr. Kolli Basava Sankar Rao	7.90	41.94
Mr. Arun Sawhney	9.10	41.94
Mr. Robert George Cunard	5.50	41.94
Mrs. Jyothi Prasad	4.50	41.94

**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
29 <sup>th</sup>	2019-20	Held Through VC/OAVM	13.08.2020	4:00 PM	1
28 <sup>th</sup>	2018-19	Hotel Taj Banjara, Road No. 1, Banjara Hills, Hyderabad	28.08.2019	4:00 PM	3
27 <sup>th</sup>	2017-18	Hotel Taj Banjara, Road No. 1, Banjara Hills, Hyderabad	06.09.2018	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

## POSTAL BALLOT

During the year ended March 31, 2021 no resolution was passed through postal ballot. At the ensuing Annual General Meeting, there is no resolution proposed to be passed through postal ballot.

The details of Postal Ballot resolutions of preceding three years are as under:

Financial Year	Date	Number of special resolutions passed
2019-20	10.10.2019	1
2019-20	09.03.2020	1

## DISCLOSURES

### i) Related Party Transactions

During the year ended March 31, 2021, 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 arm's 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 [www.granulesindia.com](http://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 [www.granulesindia.com](http://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 minimization of risk associated with any strategic, operational, financial and compliance risk across all business operations.

### vi) Subsidiary Companies

During the period under review, the Company incorporated a wholly owned subsidiary, Granules Life Sciences Private Limited as Indian subsidiary company. However, the Company has continued holding 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, 2021. 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 May 11, 2021.

**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 Saurabh Poddar & Associates 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, 2021.

**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, 2021:

Sl. No	Payments to the Statutory Auditors (excluding taxes)	Fees paid in ₹ Lakhs
1	Statutory Audit fees paid for Audit of the Company	40.50
2	Fees paid for Limited review of the Company	13.50
3	Fees paid for other services	7.00
4	Reimbursement of expenses	2.21
	<b>Total</b>	<b>63.21</b>

**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, 2021	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 familiarization programmes imparted to Independent Directors are placed on the website of the Company [www.granulesindia.com](http://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](http://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](http://www.granulesindia.com).

### xix) Prevention of Insider Trading

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

### xx) 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.

### xxi) 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	Yes
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](http://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](http://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](http://www.granulesindia.com).

**Website:** The Company's website [www.granulesindia.com](http://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 Limited (BSE) and National Stock Exchange of India limited (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](mailto: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.

**30<sup>th</sup> Annual General Meeting**

Date : August 05, 2021

Time : 3.00 p.m.

Venue : The Company is conducting meeting through VC / OAVM pursuant to the MCA General circular No. 02/2021 dated January 13, 2021 read with the MCA General circular No. 20/2020 dated May 5, 2020 and as such there is no requirement to have a venue for the AGM. For details, please refer to the Notice of this AGM.

**Financial year**

April 1 to March 31

**Date of Book Closure**

July 30, 2021 to August 05, 2021 (both days inclusive)

**Dividend Payment**

The final dividend, if declared, shall be paid /credited on or before September 03, 2021. 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 2021-22 has been paid by the Company to BSE and NSE.

**Payment of Depository Fees**

Annual Custody fee for the financial year 2021-22 will be paid by the Company to NSDL and CDSL on receipt of the invoice.

**Tentative calendar for financial year ending March 31, 2022:**

The tentative dates of meeting of Board of Directors for consideration of quarterly financial results for the financial year ending March 31, 2022 are as follows:

Results	Tentative Dates
First quarter results	Fourth week of July 2021
Second quarter and half yearly results	Fourth week of October 2021
Third quarter results	Fourth week of January 2022
Fourth quarter and annual results	Second week of May 2022



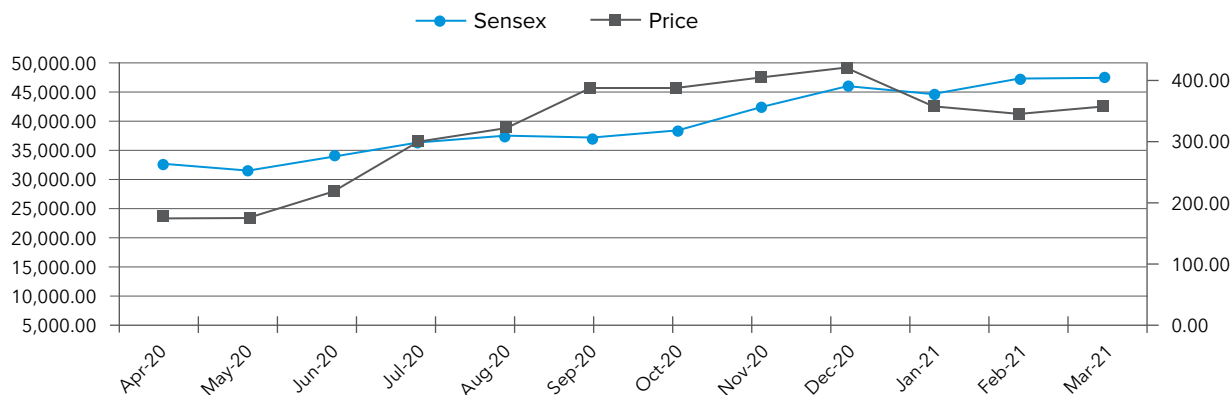
### Stock Market Price Data

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:

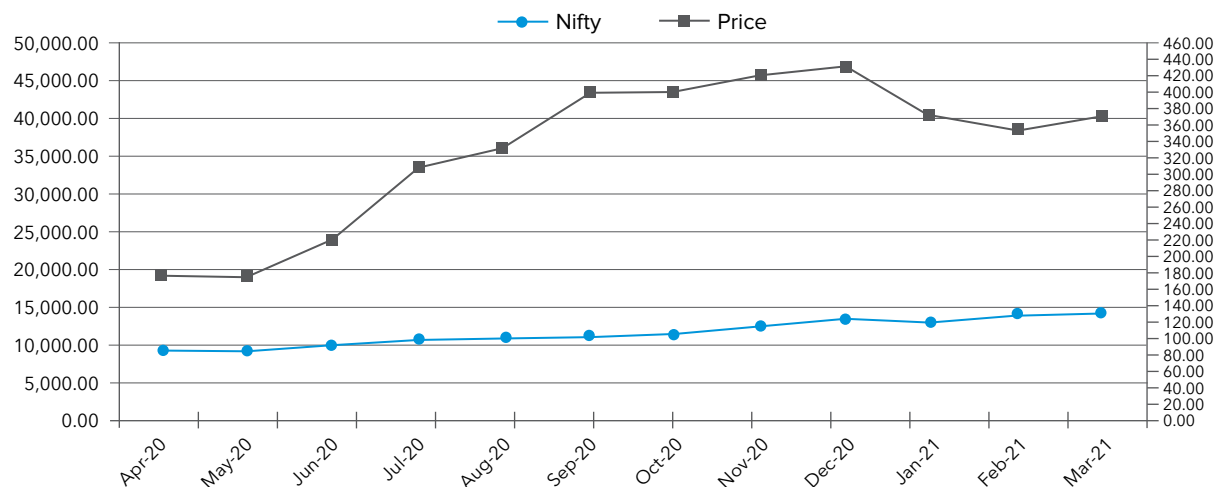
Month	BSE			NSE		
	High	Low	Volume	High	Low	Volume
Apr-20	180.90	138.05	30,15,455	181.00	138.02	4,49,18,531
May-20	179.80	153.95	16,09,210	179.90	154.10	3,32,66,421
Jun-20	224.60	170.65	46,09,256	224.25	170.50	8,24,61,140
Jul-20	311.00	204.50	80,22,150	310.95	204.45	12,46,59,594
Aug-20	335.90	273.80	49,95,691	335.75	274.40	8,78,91,273
Sep-20	406.90	310.25	66,00,112	406.90	310.00	13,77,59,124
Oct-20	406.00	362.00	25,48,143	405.95	361.50	4,52,55,865
Nov-20	424.90	366.05	16,10,038	425.00	366.00	2,28,95,153
Dec-20	438.00	322.00	29,37,386	437.95	324.40	3,52,06,648
Jan-21	376.95	333.50	19,48,611	376.85	333.90	2,89,43,594
Feb-21	363.00	311.50	30,17,617	358.65	315.10	3,30,12,929
Mar-21	374.15	294.70	46,61,087	374.45	295.00	7,04,84,178

### 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. KFin Technologies Private Limited is Registrar & Transfer Agent of the Company. Any request pertaining to investor relations may be addressed to the following address:

KFin Technologies Private Limited  
Selenium Tower B, Plot 31-32,  
Gachibowli, Financial District,  
Nanakramguda, Hyderabad - 500 032  
Toll Free Number.: 1- 800-309-4001;  
e-mail ID: [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com)  
Website: [www.kfintech.com](http://www.kfintech.com)

**Share Transfer System**

In terms of Regulation 40(1) of SEBI Listing Regulations, as amended, securities can be transferred only in dematerialized form w.e.f. April 1, 2019, except in case of request received for

transmission or transposition of securities. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Transfer of equity shares in electronic form are effected through the depositories with no involvement of the Company.

**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, 2021

Category (Shares)	No. of Shareholders	No. of Shares held	Percentage of Shareholding
1 - 5000	1,92,267	3,91,86,307	15.82
5001 - 10000	797	58,22,062	2.35
10001 - 20000	326	46,81,357	1.89
20001 - 30000	140	35,13,896	1.42
30001 - 40000	70	24,68,576	1.00
40001 - 50000	39	17,79,991	0.72
50001 - 100000	83	58,42,399	2.36
100001 & ABOVE	149	18,43,80,208	74.44
<b>TOTAL</b>	<b>1,93,871</b>	<b>24,76,74,796</b>	<b>100.00</b>

b) Shareholding pattern category wise as on March 31, 2021

Category	No. of Shares held	Percentage of Shareholding
Promoters/Associates	10,41,10,386	42.04
Mutual Funds, Banks , FPC etc.	6,12,74,689	24.74
Bodies Corporate	1,06,69,484	4.31
HUF	17,48,380	0.71
Individual Shareholders	6,98,71,857	28.20
<b>TOTAL</b>	<b>24,76,74,796</b>	<b>100.00</b>

### Dematerialization 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 99.93% of the Company's share capital were dematerialised as on March 31, 2021.

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 March 31, 2021.

### Employee Stock Options

The information on Options granted by the Company during the financial year 2020-21 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 Stock Holding Corporation of India Limited, G-6 to G-10, East Block, Gr Floor, Swarna Jayanti Comm Complex, Ameerpet, Hyderabad-500038 vide Client ID: 40451300 and DP ID: IN301330. 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, 2020.	14	36,000
2	No. of shareholders who approached the Company for transfer of shares from Unclaimed Suspense account during the year.	2	4,000
3	No. of shareholders to whom shares were transferred from the Unclaimed Suspense account during the year.	2	4,000
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.	3	6,000
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, 2021.	9	26,000

The voting rights on the shares outstanding in the suspense account as on March 31, 2021 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 September 05, 2016 and October 13, 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 10,779(0.004%) equity shares to Investor Education and Protection Fund during the financial year ended March 31, 2021.

### Plant locations

#### 1. Finished Dosage Unit:

Survey Nos:160/A,161/E, 162,&174/A, Gagillapur Village, Dundigal-Gandimaisamma Mandal, Medchal-Malkajgiri 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-Malkajgiri 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-Malkajgiri 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-Malkajgiri dist., 500043, Telangana State, India.

4. Plot No. 15/A/1, Phase-III, I.D.A, Jeedimetla, Qutubullapur Mandal, Hyderabad- 500055, Medchal-Malkajgiri 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, 69043500, Fax: 91-40-23115145  
 E-mail: [investorrelations@granulesindia.com](mailto:investorrelations@granulesindia.com)  
 Website: [www.granulesindia.com](http://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**

Place: Hyderabad  
 Date: May 11, 2021

Chairman and Managing Director  
 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 2020-21.

Place: Hyderabad  
Date: May 11, 2021

**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, 2021 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.

**Sandip Neogi**  
Chief Financial Officer

Place: Hyderabad  
Date: May 11, 2021

**Krishna Prasad Chigurupati**  
Chairman & Managing Director  
DIN: 00020180

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,  
The Members,  
M/s. Granules India Limited  
2nd Floor, 3rd Block, My Home Hub,  
Madhapur, Hyderabad- 500 081, Telangana.

I, have examined the relevant registers, records, forms, returns and disclosures received from the Directors of M/s. **Granules India Limited** having CIN (Corporate Identification Number) **L24110TG1991PLC012471** and having its Registered Office at 2nd Floor, 03rd Block, My Home Hub, Madhapur, Hyderabad - 500 081, Telangana, India (the Company), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C sub clause (10)(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of our information and according to the verifications (including Director Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company and its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2021 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority:

Sl. No	Name	Designation	DIN
1.	Mr. Krishna Prasad Chigurupati	Chairman & Managing Director	00020180
2.	Mrs. Uma Devi Chigurupati	Executive Director	00737689
3.	Mr. Harsha Chigurupati	Executive Director	01606477
4.	Mr. Basava Sankar Rao Kolli	Non - Executive Director	05167550
5.	Mr. Arun Rao Akinepally	Independent Director	00876993
6.	Mr. Arun Sawhney	Independent Director	01929668
7.	Mr. Robert George Cunard	Independent Director	08346308
8.	Mrs. Jyothi Prasad	Independent Director	06947488

Ensuring the eligibility for the appointment/continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

for **Saurabh Poddar & Associates**  
Company Secretaries

**Saurabh Poddar**

Designation: Proprietor

Membership No: FCS 9190

COP No: 10787

PR : 785/2020 dated June 30, 2020

UDIN: F009190C000337089

Place: Hyderabad

Date: May 11, 2021

# INDEPENDENT AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CORPORATE GOVERNANCE REQUIREMENTS UNDER

## SEBI (Listing Obligations and Disclosure Requirements) REGULATIONS, 2015

### TO THE MEMBERS OF GRANULES INDIA LIMITED

1. This certificate is issued in accordance with the terms of our engagement letter dated June 29, 2020.
2. We have examined the compliance of conditions of Corporate Governance by **Granules India Limited** ("the Company"), for the year ended March 31, 2021, as stipulated in regulations 17 to 27, clauses (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time ("Listing Regulations") pursuant to the Listing Agreement of the Company with Stock Exchanges.

### Management's Responsibility

3. The compliance of conditions of Corporate Governance as stipulated under the listing regulations is the responsibility of the Company's Management including the preparation and maintenance of all the relevant records and documents. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of Corporate Governance stipulated in the Listing Regulations.

### Auditors' Responsibility

4. 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 financial statements of the Company.
5. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended March 31, 2021.
6. We conducted our examination of the above corporate governance compliance by the Company in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) and Guidance Note on Certification of Corporate Governance both issued by the

Institute of the Chartered Accountants of India (the "ICAI"), in so far as applicable for the purpose of this certificate. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.
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.

### Restriction on use

10. The certificate is addressed and provided to the Members of the Company solely for the purpose of enabling the Company to comply with the requirement of the Listing Regulations and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any 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 without our prior consent in writing.

for **B S R & Associates LLP**

Chartered Accountants

Firm's Registration No: 116231W/W-100024

**Sriram Mahalingam**

Partner

Place: Palakkad

Date: May 11, 2021

Membership No: 049642

UDIN: 21049642AAAAABF7822

# 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	<a href="http://www.granulesindia.com">www.granulesindia.com</a>
5	E-mail id	<a href="mailto:Investorrelations@granulesindia.com">Investorrelations@granulesindia.com</a>
6	Financial Year reported	Financial year ended March 31, 2021
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)	2,476.75
2	Total Turnover (₹ in Lakhs)	3,13,498.24
3	Total profit after taxes (₹ in Lakhs)	55,278.31
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	1.02
5	List of activities in which expenditure in 4 above has been incurred	(a) Skill development activity (b) Preventive healthcare & Sanitation (c) Disaster management (d) Ex-gratia Covid allowance to the temporary/ casual/daily wage workers of the Company

## 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 - 040-30660000, 69043500
5. e-mail id - [mail@granulesindia.com](mailto: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 at <a href="http://www.granulesindia.com">www.granulesindia.com</a> )	Available on our Intranet	Available on our Intranet	Refer to the CSR Policy (available at <a href="http://www.granulesindia.com">www.granulesindia.com</a> )	Available on our Intranet	Available on our Intranet	NA	Refer to the CSR Policy (available at <a href="http://www.granulesindia.com">www.granulesindia.com</a> )	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 / 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 emphasize on servicing its customers with the best quality products. The company not only believes in delivery of quality product but also believes in on-time service to all its customers.

All the customer complaints which were received have been resolved in a timeframe as stated in our Quality standard operating procedures 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.**

- Active Pharmaceutical Ingredients(APIs)
- Pharmaceutical Formulation Intermediates(PFIs)
- 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 products conform to highest quality standards & 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. Our formulation facility at Gagillapur, & API facilities at Jeedimetla, Bonthapally & Visakhapatnam have ISO 14001:2015 and ISO 45001:2018 certifications.

Granules India Limited realizes the importance of its resources and thus continuously strives to optimize and make best possible use of its resources through continuous improvements and operational excellence. Dedicated manufacturing excellence team is continuously thriving for OEE improvements, overall product value enhancement, high impact projects and lean processes. Granules business model and scale of manufacturing makes us one of the best in resource utilization. During this financial year we have achieved highest output and productivity which has resulted in reduced consumption coefficients of key utilities such as power, coal, fuel, water etc.

Through continuous improvement and productivity we have reduced our coal consumption by 21% at our Bonthapally API facility, by 15% at our Gagillapur formulations facility, 18% in our Jeedimetla facility and 28% in our Unit-IV facility located at Visakhapatnam.

Through better utilization of water resources we have achieved 17% reduction in water consumption at our Bonthapally API facility, 13% reduction at our Gagillapur formulations facility, 32% reduction at our Jeedimetla facility & 15% reduction at our Unit-IV facility located at Visakhapatnam.

Our continuous efforts have helped us to reduce our specific power consumption by 20% at our formulations facility located at Gagillapur, 5% at Bonthapally API facility, 19% at Jeedimetla facility and 23% at Unit-IV facility located at Visakhapatnam.

- (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.

Suppliers and vendors are evaluated as per procedures on material risk assessment, compliance to environmental regulations, labour laws, carbon footprint, and health & safety parameters for procurement process.

#### (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.

At our formulation unit at Gagillapur, 30% 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 75% of packing material in terms of value is procured from local sources (Telangana & Andhra Pradesh state). In addition to packaging material, we continuously strive to build local alternate vendors for our other raw materials including API supplies. We are in the process of backward integrating some of key starting materials (KSM) and Intermediates manufacturing at one of our location. We are also developing several indigenous vendors for our key raw materials instead of importing from international markets as part of de-risking strategy and Alternate Vendor Development (AVD).

### 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. Some of the systems set up at our manufacturing facilities for recycling & disposal of wastes are as follows:

- We recycle solvents used in manufacturing process thereby reducing the overall fresh solvent consumption in our API plants.
- We are in process of setting up a distillation plant for recovering one of the by-product to be environmental friendly and to be cost effective.
- We treat our waste water in ETP/ZLD plants where ever possible 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 authorized dealers, thereby reducing our carbon footprint.

### Principle 3

#### Businesses should promote the wellbeing of all employees.

#### 1. Please indicate the Total number of employees.

We have 5,435 employees (Staff 3,369 & Contract Labour 2,066) as on March 31, 2021.

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

We have 2,066 contract employees as on March 31, 2021.

#### 3. Please indicate the Number of permanent women employees.

We have 508 women employees (Staff 225 and Contract employees 283) as on March 31, 2021.

#### 4. Please indicate the Number of permanent employees with disabilities.

No.

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

No.

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

Not Applicable.

**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.**

Sl. 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 up gradation training in the last year?**

- (a) Permanent Employees - 70%
- (b) Permanent Women Employees - 70%
- (c) Casual/Temporary/Contractual Employees - 70%
- (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 marginalized.**

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

Yes, we have mapped our internal and external stakeholders including employees, customers, suppliers, community and regulators. Recently we have created community health center manned by a medical doctor, staff in Bonthapally for local community service.

We supported the State Governments and Local Bodies during the pandemic in the form of medicines, sanitizers, masks, etc.

We supplied ration to the economically backward and unemployed families during the pandemic times.

Efforts were put in to supply hygiene materials to the villages around the factories.

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

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

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

The company has implemented an elaborate EHS management system to prevent environmental degradation, workplace 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 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 500 employees over last three years 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?**

Complaints were not received.

## 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/NGOs/Others.**

The Environment policies are in place for our group companies.

- 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.**

In our formulation unit located at Gagillapur, over 30% 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. We understand the green-belt requirement and have hence maintained greenery in our units.

We have installed and qualified a ZLD at our unit-III located at Bonthapally where we manufacture KSMs and Intermediates.

Our continuous efforts have helped us to reduce our specific power consumption by 20% at our formulation facility located at Gagillapur, 5% at Bonthapally API facility, 19% at Jeedimetla and 23% at Unit-IV facility located at Visakhapatnam.

At our Bonthapally API unit we have reduced our specific coal consumption by 21%, specific water consumption by 17% compared to last FY'19-20. At Jeedimetla unit we have reduced our specific coal consumption by 18% and specific water consumption by 32% in FY'20-21 compared to FY'19-20. At our unit-IV facility located at Visakhapatnam we have reduced our specific coal consumption by 28% and specific water consumption by 15% compared to last FY'19-20. At our Gagillapur facility we have reduced our specific coal consumption by 15% and specific water consumption by 13% compared to last FY'19-20.

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<sub>x</sub>, NO<sub>x</sub>. This helps us to ensure air pollution levels are kept to the minimum and environmental impact is reduced.

- 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?**

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, workplace 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.

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

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

At our Bonthapally API facility we have reduced specific water consumption by 17% through improved steam condensate recovery. At Jeedimetla and Gagillapur units we have reduced specific water consumption by 32% & 13% respectively through continuous improvement projects and recycling of treated water for utility makeup.

- 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**

Covered in the above point.

- 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 "Self-Directed 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 organization?**

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**

Constructed Primary Medical Centers at Gagillapur Village and Bonthapally Village.

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. The Primary Medical Center at Bonthapally apart from being equipped with various furniture, instruments, etc also has a company sponsored medical doctor to provide primary treatment to the residents of neighbouring villages.

### 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.**

Granules 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 wherever necessary within stipulated time-frames.

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.

# Independent Auditors' 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 2021, 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 "the 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 2021, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

### 1. Recoverability of carrying value of intangible assets and intangible assets under development

See notes 2(f)(ii) to the standalone financial statements

The key audit matter	How the matter was addressed in our audit
<p>These intangible assets have been determined to have a finite life and therefore these are amortised over their useful life.</p> <p>Additionally, an impairment assessment is performed whenever there is an indication of impairment. Carrying values are considered to be impaired if they are below the recoverable value.</p>	<p>With regard to intangible assets, we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> <li>Assessed the appropriateness of accounting policy relating to intangible assets as per the relevant accounting standard.</li> <li>Evaluated the design and implementation of certain key internal financial controls with respect to the impairment assessment of intangible assets including intangibles under development.</li> </ul>

### 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 on the Standalone financial statements.

### Key Audit Matter

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.



The key audit matter	How the matter was addressed in our audit
<p>The assessment process of impairment of intangible assets (including those under development) is complex as it involves significant judgement and assumptions e.g.</p> <ul style="list-style-type: none"> <li>- discounted cashflow forecasts;</li> <li>- future growth rate;</li> <li>- discount rate (generally based on weighted average cost of capital)</li> <li>- probability of regulatory and commercial success; and</li> <li>- estimating the expected cost to complete the development for intangibles under development.</li> </ul> <p>Given the significant level of judgement involved in making the above estimates, determining the recoverable value and consequent impairment of intangibles including those under development has been determined to be a key audit matter.</p>	<ul style="list-style-type: none"> <li>• Evaluated qualitative analysis of the impairment indicators to assess existence of triggering events.</li> <li>• Evaluated the impairment model which is based on discounted cash flows. This included               <ul style="list-style-type: none"> <li>o Evaluating the appropriateness of the assumptions used for key inputs such as those relating to forecast revenue and gross margin based on our knowledge of the Company and the industry.</li> <li>o Evaluating appropriateness of the discount rate used with reference to external market data such as risk-free rate, share prices and country risk premium and weighted average cost of capital.</li> <li>o Tested the budgeting procedures upon which the cash flow forecasts were based. We also compared the actual past performances with the budgeted figures in order to assess the robustness of the overall budgeting process.</li> </ul> </li> <li>• Assessed sensitivity of the outcome of impairment assessment to changes in key assumptions such as discount rates and future growth rates.</li> <li>• Interviewing key research and development personnel and commercial personnel to assess reasonableness of the assumptions used, such as expected market share, revenue growth, expected margins, probability of success of products under development.</li> </ul>

### 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 and Board of Directors' 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 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, the 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The 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 in the standalone financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors 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.

2. (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 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 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 2021 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 2021.

(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**

Partner

Place: Palakkad

Date : 11 May 2021

Membership No.: 049642

UDIN: 21049642AAAABH8500

# Annexure A to the Independent Auditors' report

## 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 2021, we report that:

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.

been stipulated by the company and the borrower has been regular in the payment of the principal and interest, as stipulated.
- (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 financials statements, are held in the name of the Company.
- ii. The inventories, except goods in transit 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 one party covered in the register maintained under Section 189 of the Companies Act 2013 ("Act"). There are no firms, limited liability partnerships or other parties 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
- (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, investments made and guarantees given to the extent applicable.
- 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 with a view to determine whether they are complete and accurate.
- 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 and other material statutory dues have been regularly deposited during the year with the appropriate authorities. As explained to us, the Company did not have any dues on account of Sales tax, Service tax, Duty of excise, Value added tax and Cess.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, duty of customs, goods and service tax and other material statutory dues were in arrears as at 31 March 2021 for a period of more than six months from the date they became payable.

(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, Service tax, Goods and service tax and Value added tax which have not been deposited with appropriate authorities on account any dispute. However, the Company has the following disputed dues with respect to Income tax, duty of customs, duty of excise:

<b>Name of the Statute</b>	<b>Nature of the Dues</b>	<b>Amount (₹ In lakhs)*</b>	<b>Amount paid # (₹ in lakhs)</b>	<b>Period to which the amount relates</b>	<b>Forum where the dispute is pending</b>
Income Tax Act, 1961	Income tax	6.42	-	AY 2008-09	Honorable High Court of Judicature at Hyderabad for the State of Telangana and the State of Andhra Pradesh
The Central Excise Act, 1944	Customs Duty	10.90	5	FY 1993-94	Principal Commissioner of Customs
The Central Excise Act, 1944	Excise Duty	29.89	-	FY 2008-09 to 2010-11	The Customs, Excise and Service Tax Appellate Tribunal (CESTAT)
The Goods and Service Tax Act, 2017	GST	52.09	-	FY 2017-18	Commissioner of Central Tax Rangareddy -GST

\* 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 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 them 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 No.: 049642

UDIN: 21049642AAAAABH8500

Place: Palakkad

Date : 11 May 2021

# Annexure B

## to the Independent Auditors' report

**Annexure B to the Independent Auditors' report on the standalone financial statements of Granules India Limited for the period ended 31 March 2021.**

**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**

(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

### Opinion

We have audited the internal financial controls with reference to the financial statements of Granules India Limited ("the Company") as of 31 March 2021 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 the financial statements and such internal financial controls were operating effectively as at 31 March 2021, 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 the 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 the 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 the 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 the financial statements and their operating effectiveness. Our audit of internal financial controls with reference to the 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 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 the 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 standalone 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 standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone 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: Palakkad

Date : 11 May 2021

Membership No.: 049642

UDIN: 21049642AAAAABH8500



# Balance sheet

as at March 31, 2021

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

Particulars	Notes	As at March 31, 2021	As at March 31, 2020
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3A	92,630.65	86,770.55
Capital work-in-progress	3A	14,658.41	10,086.39
Intangible assets	3B	5,869.36	5,917.80
Intangible assets under development	3B	1,742.77	2,891.59
<b>Financial assets</b>			
(i) Investments	4A	59,153.12	44,539.17
(ii) Loans	4C	2,202.29	15,429.07
Other non-current assets	5A	4,240.01	1,495.37
<b>Total non-current assets</b>		<b>180,496.61</b>	<b>167,129.94</b>
<b>Current assets</b>			
Inventories	6	46,169.68	34,394.74
<b>Financial assets</b>			
(i) Trade receivables	7A	101,423.62	62,700.27
(ii) Cash and cash equivalents	7B	2,003.29	17,432.47
(iii) Bank balances other than cash and cash equivalents stated above	7B	22,119.38	9,801.38
(iv) Loans	7C	27.71	175.69
(v) Others	7D	38.17	264.99
Other current assets	5B	16,004.89	11,733.34
		<b>187,786.74</b>	<b>136,502.88</b>
Investments- Assets held for sale	4B	-	10,985.24
<b>Total current assets</b>		<b>187,786.74</b>	<b>147,488.12</b>
<b>Total assets</b>		<b>368,283.35</b>	<b>314,618.06</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Equity share capital	8	2,476.75	2,542.48
Other equity (refer note 9)		213,785.42	178,616.10
<b>Total equity</b>		<b>216,262.17</b>	<b>181,158.58</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
(i) Borrowings	10	34,114.33	42,091.66
Provisions	11A	2,484.22	2,150.34
Deferred tax liabilities (net)	12	2,589.32	4,472.10
<b>Total non-current liabilities</b>		<b>39,187.87</b>	<b>48,714.10</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
(i) Borrowings	13A	40,927.05	37,169.09
(ii) Trade payables	13B		
(a) Total outstanding dues of micro enterprises and small enterprises		324.69	855.47
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		50,440.47	31,432.03
(iii) Other financial liabilities	13C	17,034.67	12,681.99
Income tax liabilities (net)		1,457.45	345.47
Provisions	11B	682.13	595.51
Other current liabilities	14	1,966.85	1,665.82
<b>Total current liabilities</b>		<b>112,833.31</b>	<b>84,745.38</b>
<b>Total liabilities</b>		<b>152,021.18</b>	<b>133,459.48</b>
<b>Total equity and liabilities</b>		<b>368,283.35</b>	<b>314,618.06</b>
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

for and on behalf of the Board of Directors of

**Granules India Limited**

CIN : L24110TG1991PLC012471

**Krishna Prasad Chigurupati**

Chairman and Managing Director

DIN : 00020180

**Sandip Neogi**

Chief Financial Officer

**Chaitanya Tummala**

Company Secretary

Place: Palakkad

Date: May 11, 2021

Place: Hyderabad

Date: May 11, 2021

Place: Hyderabad

Date: May 11, 2021

# Statement of profit and loss

for the year ended March 31, 2021

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

Particulars	Notes	For the Year ended March 31, 2021	For the Year ended March 31, 2020
<b>Income</b>			
Revenue from operations	15	313,498.24	230,992.83
Other income	16	1,372.32	2,645.67
<b>Total income</b>		<b>314,870.56</b>	<b>233,638.50</b>
<b>Expenses</b>			
Cost of materials consumed	17	150,219.35	125,328.26
Changes in inventory of work-in-progress and finished goods	18	744.93	(3,129.76)
Employee benefit expenses	19	31,825.23	23,178.89
Finance costs	20	2,377.39	2,686.22
Depreciation and amortisation expense	21	11,845.14	10,182.44
Other expenses	22	44,571.50	36,201.72
<b>Total expenses</b>		<b>241,583.54</b>	<b>194,447.77</b>
<b>Profit before exceptional item and tax</b>		<b>73,287.02</b>	<b>39,190.73</b>
<b>Exceptional item</b>	4A	-	<b>(16,111.87)</b>
<b>Profit before tax</b>		<b>73,287.02</b>	<b>55,302.60</b>
Tax expense	24		
(i) Current tax		20,231.19	12,222.73
Adjustment of tax relating to earlier periods		(525.10)	-
(ii) Deferred tax		(1,697.38)	(1,327.03)
<b>Total tax expense</b>		<b>18,008.71</b>	<b>10,895.70</b>
<b>Profit for the year</b>		<b>55,278.31</b>	<b>44,406.90</b>
<b>Other comprehensive income</b>			
<b>Items that will be reclassified to profit or loss</b>			
Fair value changes on cash flow hedges	9	(699.98)	(3,138.36)
Income tax relating to items that will be reclassified to profit or loss	24	176.17	770.50
<b>Net other comprehensive income to be reclassified to profit or loss</b>		<b>(523.81)</b>	<b>(2,367.86)</b>
<b>Items that will not be reclassified to profit or loss</b>			
Re-measurement of defined benefit liability	28	(36.69)	(460.56)
Income tax relating to items that will not be reclassified to profit or loss	24	9.23	123.62
<b>Net other comprehensive income not to be reclassified to profit or loss</b>		<b>(27.46)</b>	<b>(336.94)</b>
<b>Other comprehensive income/ (loss) for the year</b>		<b>(551.27)</b>	<b>(2,704.80)</b>
<b>Total comprehensive income for the year</b>		<b>54,727.04</b>	<b>41,702.10</b>
<b>Earnings per share:</b>			
<b>Equity shares of par value of ₹ 1 each</b>			
Basic (INR)	25	22.18	17.47
Diluted (INR)		22.09	17.41
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: Palakkad

Date: May 11, 2021

for and on behalf of the Board of Directors of

**Granules India Limited**

CIN : L24110TG1991PLC012471

**Krishna Prasad Chigurupati**

Chairman and Managing Director

DIN : 00020180

**Sandip Neogi**

Chief Financial Officer

Place: Hyderabad

Date: May 11, 2021

**Chaitanya Tummala**

Company Secretary

Place: Hyderabad

Date: May 11, 2021

# Statement of changes in equity

for the year ended March 31, 2021

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

## Statement of changes in equity

Particulars	Other equity (Refer note 9)									
	Equity share capital (Refer note 8)	Reserves and Surplus				Other comprehensive income				Total attributable to owners of the company
		Capital Redemption reserve	Securities premium	Capital reserve	General reserve	Employee stock option	Retained earnings	Remeasurements of defined benefit plans	Cash flow hedge reserve	
<b>Balance as on March 31, 2019</b>	<b>2,542.48</b>	-	<b>62,520.54</b>	<b>1,917.53</b>	<b>30,786.74</b>	<b>680.36</b>	<b>43,768.43</b>	<b>236.32</b>	<b>(128.89)</b>	<b>142,323.51</b>
<b>Total comprehensive income/(loss) for the year</b>										
Profit for the year	-	-	-	-	-	-	44,406.90	-	-	44,406.90
Other comprehensive income/(loss) (net of tax)	-	-	-	-	-	-	-	(336.94)	(2,367.86)	(2,704.80)
<b>Transactions with owners, recorded directly in equity</b>										
Dividends (including dividend distribution tax)	-	-	-	-	-	-	(3,065.09)	-	-	(3,065.09)
Share based payment	-	-	-	-	-	198.06	-	-	-	198.06
<b>Balance as on March 31, 2020</b>	<b>2,542.48</b>	-	<b>62,520.54</b>	<b>1,917.53</b>	<b>30,786.74</b>	<b>878.42</b>	<b>85,110.24</b>	<b>(100.62)</b>	<b>(2,496.75)</b>	<b>181,158.58</b>
<b>Total comprehensive income/(loss) for the year</b>										
Profit for the year	-	-	-	-	-	-	55,278.31	-	-	55,278.31
Other comprehensive income/(loss) (net of tax)	-	-	-	-	-	-	-	(27.46)	(523.81)	(551.27)
<b>Transactions with owners, recorded directly in equity</b>										
Dividends	-	-	-	-	-	-	(2,474.77)	-	-	(2,474.77)
Share based payment	-	-	-	-	-	151.24	-	-	-	151.24
Share options exercised	5.29	-	409.21	-	-	-	-	-	-	414.50
Buyback of equity shares	(71.01)	-	(14,131.73)	-	-	-	-	-	-	(14,202.74)
Tax on buy-back of equity shares	-	-	(3,292.12)	-	-	-	-	-	-	(3,292.12)
Transaction costs towards Buyback of equity shares	-	-	(219.55)	-	-	-	-	-	-	(219.55)
Amount transferred to capital redemption reserve upon Buyback	-	71.01	-	-	(71.01)	-	-	-	-	-
<b>Balance as on March 31, 2021</b>	<b>2,476.75</b>	<b>71.01</b>	<b>45,286.35</b>	<b>1,917.53</b>	<b>30,715.73</b>	<b>1,029.66</b>	<b>137,913.78</b>	<b>(128.08)</b>	<b>(3,020.56)</b>	<b>216,262.17</b>

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

for and on behalf of the Board of Directors of

**Granules India Limited**

CIN : L24110TG1991PLC012471

**Krishna Prasad Chigurupati**

Chairman and Managing Director

DIN : 00020180

**Sandip Neogi**

Chief Financial Officer

Place: Hyderabad

Date: May 11, 2021

**Chaitanya Tummala**

Company Secretary

Place: Hyderabad

Date: May 11, 2021

# Statement of cash flows

for the year ended March 31, 2021

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

Particulars	For the Year ended March 31, 2021	For the Year ended March 31, 2020
<b>Cash flow from operating activities</b>		
<b>Profit before tax</b>	<b>73,287.02</b>	<b>55,302.60</b>
<b>Adjustments to reconcile profit before tax to net cash flows</b>		
Depreciation and amortisation expense	11,845.14	10,182.44
Bad debts written off	162.22	164.99
Allowance for doubtful trade receivables	749.95	671.42
Allowance for doubtful advances	169.53	-
Gain on sale of investment	-	(16,111.87)
Loss on sale of fixed assets (net)	36.84	23.45
Changes in fair value of cashflow hedges	1,204.52	148.13
Net loss/(gain) on foreign exchange fluctuations (unrealised)	(0.77)	(2,004.87)
Share based compensation expense	151.24	198.06
Interest expense	2,377.39	2,686.22
Interest income	(1,323.98)	(1,348.84)
<b>Operating profit before working capital changes</b>	<b>88,659.10</b>	<b>49,911.73</b>
<b>Movements in working capital:</b>		
Decrease/(Increase) in trade receivables	(38,613.01)	9,979.73
Increase in inventories	(11,774.94)	(2,981.23)
Decrease/(Increase) in other assets	(4,335.91)	633.58
Increase in trade payables, other liabilities and provisions	22,124.71	3,898.08
<b>Cash generated from operations</b>	<b>56,059.95</b>	<b>61,441.89</b>
Taxes paid (net of refunds)	(18,594.11)	(11,963.00)
<b>Net cash flow generated from operating activities (A)</b>	<b>37,465.84</b>	<b>49,478.89</b>
<b>Cash flow from investing activities</b>		
Purchase of fixed assets, including capital work-in-progress, capital advances and payables for capital goods	(22,262.59)	(11,943.18)
Proceeds from sale of fixed assets	32.71	17.63
Purchase of investments	(20.00)	-
Investment in subsidiaries	(2,500.00)	-
Proceeds from sale of associate	10,985.24	11,233.76
Placement of bank deposits	(12,317.76)	(9,193.71)
Loans given to subsidiaries	(77.51)	(6,927.63)
Interest received	2,898.04	332.84
<b>Net cash flow used in investing Activities (B)</b>	<b>(23,261.87)</b>	<b>(16,480.29)</b>
<b>Cash flow from financing activities</b>		
Proceeds from issuance of shares	414.50	-
Repayment of borrowings	(10,153.55)	(5,986.36)
(Repayment)/proceeds of short-term borrowings, net	2,960.23	(9,353.54)
Repayment of lease liability (including related interest)	(271.79)	(171.95)
Payment towards Buyback including transaction cost	(17,714.41)	-
Interest paid	(2,383.78)	(2,651.65)
Dividend paid on equity shares including tax thereon	(2,472.08)	(3,065.09)
<b>Net cash flow used in financing activities (C)</b>	<b>(29,620.88)</b>	<b>(21,228.59)</b>
<b>Net (decrease)/increase in cash and cash equivalents (A+B+C)</b>	<b>(15,416.91)</b>	<b>11,770.01</b>

# Statement of cash flows

for the year ended March 31, 2021

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

Particulars	For the Year ended March 31, 2021	For the Year ended March 31, 2020
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(12.27)	20.43
<b>Cash and cash equivalents at the beginning of the year</b>	<b>17,432.47</b>	<b>5,642.03</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>2,003.29</b>	<b>17,432.47</b>
<b>Components of cash and cash equivalents:</b>		
Cash on hand	10.49	13.29
Balances with banks		
On current accounts	1,848.70	833.29
On EEFC accounts	113.20	39.18
On deposit accounts	30.90	15,962.91
Remittances in transit	-	583.80
<b>Total cash and cash equivalents</b>	<b>2,003.29</b>	<b>17,432.47</b>

Change in liability arising from financing activities	Borrowings - Non Current (Refer note 10)*	Borrowings - Current (Refer note 13A)	Lease obligation (Refer note 10)
<b>Opening as on March 31, 2020</b>	<b>51,197.00</b>	<b>37,169.09</b>	<b>725.86</b>
Lease liability arised in the current year	-	-	491.38
(Repayment)/proceeds from borrowing during the year (net)	(10,153.55)	2,960.23	(271.79)
Changes in fair values	1,904.50	-	71.59
Foreign exchange movement	(29.86)	797.73	-
<b>Closing as on March 31, 2021</b>	<b>42,918.09</b>	<b>40,927.05</b>	<b>1,017.04</b>

\* Aforesaid reconciliation includes current maturities of non-current borrowings

The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS-7) - "Statement of Cash Flows".

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

for and on behalf of the Board of Directors of

**Granules India Limited**

CIN : L24110TG1991PLC012471

**Sriram Mahalingam**

Partner

Membership No : 049642

**Krishna Prasad Chigurupati**

Chairman and Managing Director

DIN : 00020180

**Sandip Neogi**

Chief Financial Officer

**Chaitanya Tummala**

Company Secretary

Place: Palakkad

Date: May 11, 2021

Place: Hyderabad

Date: May 11, 2021

Place: Hyderabad

Date: May 11, 2021

# 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, 2021. These standalone financial statements were authorised for issuance by the Company's Board of Directors on May 11, 2021.

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 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.

# Notes to financial statements

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

- Share based payments are measured at fair value.
- Assets held for sale are measured at fair value less cost to sell.

## 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 2(f)(ii) - Measurement of recoverable amount of cash generated units
- Note 24 & 26 (i) - Provision for income taxes, contingencies and evaluation of recoverability of deferred tax assets.

- Note 2(g)(iv) & 27 - Share based payments;
- Note 2(g)(i) & 28 - Assets and obligations relating to employee benefits;
- Note 6 - Provision for inventories.

### 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, 2021 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.
- Note 6 - Provision for inventories
- Note 7 - Provision for loss allowance on trade receivables
- Note 2(f)(ii) - Measurement of recoverable amount of cash generated units; impairment of tangible and intangible assets

## f) Measurement of fair values

Accounting policies and disclosures require measurement of fair value for both financial and non-financial assets. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company. The fair value of an

# Notes to financial statements

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

asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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).

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



# Notes to financial statements

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

- 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.

## 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. 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

# Notes to financial statements

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

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.

## 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

Derivative financial instruments are used 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.

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:

Where a derivative or non-derivative financial liability is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative or non-derivative financial liability 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 distributions 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.

# Notes to financial statements

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

## 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.

## 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.

Any gain or loss on disposal of an item of property plant and equipment is recognised in statement of profit and loss.

Cost of assets not ready for intended use, as on the balance sheet date, is shown as capital work-in-progress.

### 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.

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.

# Notes to financial statements

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

## 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	10 years
Others	10 years

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

## Non-current assets held for sale

Assets are classified as held for sale and stated at the lower of carrying amount and fair value less costs to sell if the asset is available for immediate sale and its sale is highly probable. Such assets or group of assets are presented separately in the Balance Sheet as "Assets Classified as Held for Sale". Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

## 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.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than the 270 days over and above the usual credit period.

# Notes to financial statements

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

The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held).

Evidence that a financial asset is credit impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being past due over a reasonable period of credit
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation;

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.

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

# Notes to financial statements

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

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.

#### Contingent liabilities and contingent assets

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised in the financial statements. A contingent asset is disclosed where an inflow of economic benefits is probable. Contingent assets are assessed continually and, if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

#### 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. Earnings per share ('EPS')

The earnings considered in ascertaining the Company's Earnings Per Share (EPS) comprise net profit after tax (and includes the post-tax effect of any extra ordinary items). The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year. Dilutive potential equity shares are deemed to be converted as of the beginning of the year, unless they have been issued at a later date. The number of shares used for computing the diluted EPS is the weighted average number of shares outstanding during the year after considering the dilutive potential equity shares.

#### j. Segment Reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Chairperson and Managing Director of the Company is responsible for allocating resources and assessing performance of the operating segments and accordingly is identified as the Chief Operating Decision Maker (CODM). All operating segments' operating results are reviewed regularly by the CODM to make decisions about

# Notes to financial statements

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

resources to be allocated to the segments and assess their performance.

The Company operates in one reportable business segment i.e. "Pharmaceuticals".

## k. Revenue

### i. Sale of goods

Revenue from sale of goods is recognised when a promise in a customer contract (performance obligation) has been satisfied by transferring control over the promised goods to the customer. Control is usually transferred upon shipment, delivery to, upon receipt of goods by the customer, in accordance with the delivery and acceptance terms agreed with the customers. The amount of revenue to be recognised is based on the consideration expected to be received in exchange for goods, excluding trade discounts, volume discounts, sales returns and any taxes or duties collected on behalf of the government which are levied on sales such as GST where applicable. Any additional amounts based on terms of agreement entered into with customers, is recognised in the period when the collectability becomes probable and a reliable measure of the same is available.

### 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.

## l. Leases

The company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Buildings	4 to 6 years
Laptops and Desktops	3 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

#### ii) Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease

# Notes to financial statements

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

term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

### iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of asset (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

### m. 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.



# Notes to financial statements

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

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 future taxable income will be available against which the deductible temporary timing differences and tax losses can be utilised.

## n. 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.

## o. Estimation of uncertainties relating to the global health pandemic from COVID-19

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, intangibles, inventories and investments. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information. The Company has performed sensitivity analysis on the assumptions used and based on current estimates, the company expects to fully recover the carrying amount of receivables, intangibles, inventories and investments. As the outbreak continues to evolve, the company will continue to closely monitor any material changes to future economic conditions.

## p. Recent pronouncements

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1,

2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

### Balance Sheet:

- Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period
- Specified format for disclosure of shareholding of promoters
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible assets under development.
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc

### Statement of profit and loss:

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the standalone financial statements.

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

# 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

Particulars	Freehold land	Freehold buildings	Lease Hold Improvements	Assets taken on lease	Plant and equipment	Computers	Office equipment	R&D equipment	Furniture and fittings	Vehicles	Total
<b>Gross carrying amount</b>											
<b>At March 31, 2019</b>	<b>3,101.62</b>	<b>23,477.90</b>	<b>271.76</b>	-	<b>71,629.09</b>	<b>1,417.19</b>	<b>1,004.28</b>	<b>3,389.17</b>	<b>1,855.13</b>	<b>501.82</b>	<b>106,647.96</b>
On account of adoption of Ind AS 116	-	-	-	834.95	-	-	-	-	-	-	834.95
Additions	171.78	17,284.16	29.25	-	12,190.05	367.90	147.75	373.81	87.71	63.47	30,715.88
Disposals	-	-	-	-	(110.20)	-	(11.42)	(0.96)	-	(13.03)	(135.61)
Exchange differences	-	476.96	-	-	500.07	-	-	-	-	-	977.03
<b>At March 31, 2020</b>	<b>3,273.40</b>	<b>41,239.02</b>	<b>301.01</b>	<b>834.95</b>	<b>84,209.01</b>	<b>1,785.09</b>	<b>1,140.61</b>	<b>3,762.02</b>	<b>1,942.84</b>	<b>552.26</b>	<b>139,040.21</b>
Additions	84.81	1,489.69	-	491.38	13,658.36	239.99	165.33	180.29	266.51	128.32	16,704.68
Disposals	-	(3.89)	-	-	(559.95)	-	(21.89)	(58.82)	-	(62.21)	(706.76)
Exchange differences	-	(1.65)	-	-	(28.21)	-	-	-	-	-	(29.86)
<b>At March 31, 2021</b>	<b>3,358.21</b>	<b>42,723.17</b>	<b>301.01</b>	<b>1,326.33</b>	<b>97,279.21</b>	<b>2,025.08</b>	<b>1,284.05</b>	<b>3,883.49</b>	<b>2,209.35</b>	<b>618.37</b>	<b>155,008.27</b>
<b>Accumulated depreciation</b>											
<b>At March 31, 2019</b>	<b>-</b>	<b>4,690.15</b>	<b>27.31</b>	<b>-</b>	<b>34,950.24</b>	<b>965.83</b>	<b>601.21</b>	<b>1,181.79</b>	<b>687.03</b>	<b>278.83</b>	<b>43,382.39</b>
Depreciation for the year	-	873.73	31.40	154.62	7,078.88	164.14	126.82	348.55	157.54	46.32	8,981.80
Disposals	-	-	-	-	(73.49)	-	(10.39)	(0.10)	-	(10.55)	(94.53)
<b>At March 31, 2020</b>	<b>-</b>	<b>5,563.88</b>	<b>58.71</b>	<b>154.62</b>	<b>41,955.43</b>	<b>1,129.97</b>	<b>717.64</b>	<b>1,530.24</b>	<b>844.57</b>	<b>314.60</b>	<b>52,269.66</b>
Depreciation for the year	-	1,430.27	33.69	231.78	8,063.95	226.60	156.68	366.16	182.41	53.63	10,745.17
Disposals	-	(1.18)	-	-	(511.24)	-	(21.12)	(44.23)	-	(59.44)	(637.21)
<b>At March 31, 2021</b>	<b>-</b>	<b>6,992.97</b>	<b>92.40</b>	<b>386.40</b>	<b>49,508.14</b>	<b>1,356.57</b>	<b>853.20</b>	<b>1,852.17</b>	<b>1,026.98</b>	<b>308.79</b>	<b>62,377.62</b>
<b>Net carrying amount</b>											
<b>At March 31, 2020</b>	<b>3,273.40</b>	<b>35,675.14</b>	<b>242.30</b>	<b>680.33</b>	<b>42,253.58</b>	<b>655.12</b>	<b>422.97</b>	<b>2,231.78</b>	<b>1,098.27</b>	<b>237.66</b>	<b>86,770.55</b>
<b>At March 31, 2021</b>	<b>3,358.21</b>	<b>35,730.20</b>	<b>208.61</b>	<b>939.93</b>	<b>47,771.07</b>	<b>668.51</b>	<b>430.85</b>	<b>2,031.32</b>	<b>1,182.37</b>	<b>309.58</b>	<b>92,630.65</b>
<b>Capital work-in-progress</b>											
<b>At March 31, 2020</b>											<b>10,086.39</b>
<b>At March 31, 2021</b>											<b>14,658.41</b>

i) For details of security on certain property, plant and equipment, refer note 10 & 13A.

ii) The amount of borrowing costs capitalised during the year ended March 31, 2021- was ₹ Nil (March 31, 2020 - ₹725.49 lakhs)

iii) For contractual commitments with respective capital work-in-progress. Refer Note No. 26 (ii).

iv) The aggregate depreciation expense on Assets taken on lease is included under depreciation and amortization expense in the statement of Profit and Loss.

# 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

Particulars	Technical know how	Software	Product related intangibles	Others	Total
<b>Gross carrying amount</b>					
<b>At March 31, 2019</b>	<b>3,189.50</b>	<b>1,141.48</b>	<b>6,789.88</b>	<b>1,732.58</b>	<b>12,853.44</b>
Additions	-	190.45	198.58	-	389.03
Disposals	-	-	-	-	-
<b>At March 31, 2020</b>	<b>3,189.50</b>	<b>1,331.93</b>	<b>6,988.46</b>	<b>1,732.58</b>	<b>13,242.47</b>
Additions	-	139.22	912.31	-	1,051.53
Disposals	-	-	-	-	-
<b>At March 31, 2021</b>	<b>3,189.50</b>	<b>1,471.15</b>	<b>7,900.77</b>	<b>1,732.58</b>	<b>14,294.00</b>
<b>Accumulated amortisation</b>					
<b>At March 31, 2019</b>	<b>3,155.91</b>	<b>329.93</b>	<b>1,750.05</b>	<b>888.14</b>	<b>6,124.03</b>
Amortisation for the year	16.83	271.29	739.26	173.26	1,200.64
Disposals	-	-	-	-	-
<b>At March 31, 2020</b>	<b>3,172.74</b>	<b>601.22</b>	<b>2,489.31</b>	<b>1,061.40</b>	<b>7,324.67</b>
Amortisation for the year	15.42	197.02	714.27	173.26	1,099.97
Disposals	-	-	-	-	-
<b>At March 31, 2021</b>	<b>3,188.16</b>	<b>798.24</b>	<b>3,203.58</b>	<b>1,234.66</b>	<b>8,424.64</b>
<b>Net carrying amount</b>					
At March 31, 2020	16.76	730.71	4,499.15	671.18	5,917.80
<b>At March 31, 2021</b>	<b>1.34</b>	<b>672.91</b>	<b>4,697.19</b>	<b>497.92</b>	<b>5,869.36</b>
<b>Intangible assets under development</b>					
At March 31, 2020					2,891.59
<b>At March 31, 2021</b>					<b>1,742.77</b>

## 4. Financial Assets

### 4A. Non-current Investments

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Investments</b>		
<b>Investments in equity instruments</b>		
<b>a. Unquoted equity shares</b>		
<b>In whole owned subsidiaries (refer note 31)</b>		
Granules USA Inc., USA - 700,000 (March 31, 2020 : 700,000) common stock of USD 0.10 each fully paid up	116.31	116.31
Granules Pharmaceuticals Inc., USA - 4,180 (March 31, 2020 : 3,751) common stock of USD 1 each fully paid up {refer note 4C (iii) below}	56,453.66	44,359.71
Granules Europe Limited, UK - 100 (March 31, 2020: 100) equity shares of 1 Pound each fully paid up	0.08	0.08
Granules Lifesciences Private Limited, India - 25,000,000 (March 31, 2020: Nil) equity shares of ₹ 10/- each fully paid up	2,500.00	-

# Notes to financial statements

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

## 4. Financial Assets (Contd..)

### 4A. Non-current Investments (Contd..)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>In Others</b>		
Jeedimetla Effluent Treatment Ltd - 15,142 (March 31, 2020 :15,142) equity shares	59.59	59.59
Patancheru Envitotech Ltd - 34,040 (March 31, 2020 :34,040) equity shares	3.41	3.41
RVK Energy Private Ltd - 1,282,000 (March 31, 2020: Nil) equity shares of ₹ 10/- each fully paid up	20.00	-
<b>b. In Quoted equity shares</b>		
Ipca Laboratories Limited - 250 (March 31, 2020 :250) equity shares	0.07	0.07
<b>Total</b>	<b>59,153.12</b>	<b>44,539.17</b>
Aggregate book value of quoted investments	0.07	0.07
Aggregate market value of quoted investments	4.76	3.46
Aggregate value of unquoted investments	59,153.05	44,539.10
Aggregate amount of impairment in value of investments	-	-

- a) During the year ended March 31, 2020, the Company had divested its entire 50% shareholding in Granules-Bioclause Pharmaceutical Co. Ltd, for a consideration of ₹ 11,233.76 lakhs (RMB 109 million). The closing conditions for the divestment were concluded in the previous year. Upon divestment, the resultant gain of ₹ 9,414.73 lakhs is disclosed as 'Exceptional item' in the standalone statement of profit and loss.
- b) During the year ended March 31, 2020, the Company had entered into a definitive agreement to divest its entire 50% shareholding in Granules Omnicem Private Limited, for a consideration of ₹ 10,985.24 lakhs. The Company had received the required regulatory approval in May 2020 and the sale has been concluded. The Company had recognised the resultant gain of ₹ 6,697.14 lakhs which is disclosed as an 'Exceptional item' in the standalone statement of profit and loss for the year ending March 31, 2020. In this regard, the consideration receivable was classified as Assets Held for Sale as at the Balance Sheet date as referred in note 4B below.

### 4B. Investments- Assets held for sale

Particulars	As at March 31, 2021	As at March 31, 2020
In Joint Venture (refer note 31)		
Granules Omnicem Private Limited	-	10,985.24
<b>Total</b>	<b>-</b>	<b>10,985.24</b>

### 4C. Loans (Unsecured considered good unless otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
- Loans to subsidiaries		
Granules Pharmaceuticals Inc. {refer note (i) & (iii) below}	-	13,455.24
Granules Europe Limited {refer note (i) below}	1,011.21	825.56
Security deposits	1,191.08	1,148.27
<b>Total</b>	<b>2,202.29</b>	<b>15,429.07</b>

# Notes to financial statements

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

## 4. Financial Assets (Contd..)

### 4C. Loans (Unsecured considered good unless otherwise stated) (Contd..)

**Note:**

- (i) Out of the above loans, an amount of ₹ Nil (March 31, 2020 - ₹ 6,362.90 lakhs) to Granules Pharmaceuticals Inc. and ₹ 77.51 lakhs (March 31, 2020 - ₹ 253.69 lakhs) to Granules Europe Limited was given during the financial year ended March 31, 2021. The Loans carries the rate equivalent to prevailing Government bond rate closest to the tenor of the loan on the date of loan given to Granules Pharmaceuticals Inc., and a fixed interest rate of 4% for the loan given to Granules Europe Limited. These loans are given for the purpose of setting up, modernisation and general corporate purpose of the subsidiaries outside India.

The above amount includes interest accrued of ₹ Nil (March 31, 2020 - ₹ 1,393.50 lakhs) from Granules Pharmaceuticals Inc. and ₹ 83.57 lakhs (March 31, 2020 - ₹ 44.79 lakhs) from Granules Europe Limited

- (ii) Maximum amount outstanding at any time

Particulars	During the year ended	
	March 31, 2021	March 31, 2020
Granules Pharmaceuticals Inc.	13,617.60	13,455.24
Granules Europe Limited	1,011.21	825.56

- (iii) During the year, the company has converted its loan given to Granules Pharmaceutical Inc. (wholly-owned subsidiary) based on a valuation report dated July 15, 2020 into equity shares to the extent of ₹ 12,093.95 lakhs. The same has been approved by the Board.

## 5. Other assets

### 5A. Non-current (Unsecured, considered good unless otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
Capital advances	4,240.01	1,495.37
<b>Total</b>	<b>4,240.01</b>	<b>1,495.37</b>

### 5B. Current (Unsecured, considered good unless otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
Balance with government authorities	8,064.72	5,370.91
Prepaid expenses	1,193.43	869.71
Export incentives receivable	3,583.40	2,731.48
Scripts on hand	-	170.52
Advance to suppliers	3,332.87	2,590.72
	<b>16,174.42</b>	<b>11,733.34</b>
Less : Allowance for doubtful advances	(169.53)	-
<b>Total</b>	<b>16,004.89</b>	<b>11,733.34</b>

# Notes to financial statements

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

## 6. Inventories (at lower of cost and net realisable value)

Particulars	As at March 31, 2021	As at March 31, 2020
Raw materials*	24,139.78	12,460.28
Packing materials	1,381.36	1,059.84
Work-in-progress	5,305.20	5,063.77
Finished goods**	12,424.75	13,411.11
Stores, spares and consumables	2,918.59	2,399.74
<b>Total</b>	<b>46,169.68</b>	<b>34,394.74</b>

\*includes raw materials-in-transit ₹ 4,285.10 lakhs (March 31, 2020 - ₹ 144.76 lakhs).

\*\*includes finished goods-in-transit ₹ 4,705.82 lakhs (March 31, 2020 - ₹ 3,769.44 lakhs)

- i) For details of inventories hypothecated against current borrowings refer note 10 and note 13A.
- ii) The Company recorded inventory write-down/(reversal) of ₹ (563.00) lakhs (March 31, 2020 - ₹ 747.57 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)

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Considered good	102,188.14	62,728.65
Less : Allowance for doubtful trade receivables	(987.64)	(297.39)
(A)	<b>101,200.50</b>	<b>62,431.26</b>
(b) Significant increase in credit risk	2,231.18	2,217.37
Less : Allowance for doubtful trade receivables	(2,008.06)	(1,948.36)
(B)	<b>223.12</b>	<b>269.01</b>
<b>Total</b>	<b>(C=A+B) 101,423.62</b>	<b>62,700.27</b>

Refer note 31 for trade receivables due from wholly owned subsidiaries.

Trade receivables are non-interest bearing and are generally on terms of upto 180 days

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.

#### Details of changes in allowance for credit losses :

Particulars	For the Year ended March 31, 2021	For the Year ended March 31, 2020
Balance at the beginning of the year	2,245.75	1,574.33
Provision made during the year, net of reversals	912.17	836.41
Trade receivables written off during the year	(162.22)	(164.99)
Balance at the end of the year	2,995.70	2,245.75

# Notes to financial statements

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

## 7. Financial Assets (Contd..)

### 7B. Cash and cash equivalents

Particulars	As at March 31, 2021	As at March 31, 2020
i) Cash on hand	10.49	13.29
ii) Balance with banks:		
On current accounts	1,848.70	833.29
On EEFC accounts	113.20	39.18
Deposits with original maturity of less than 3 months	30.90	15,962.91
Remittances in transit	-	583.80
<b>Total -(i+ii)</b>	<b>2,003.29</b>	<b>17,432.47</b>
iii) Bank balances other than cash and cash equivalents stated above		
Unpaid dividend account	56.11	55.87
Deposits with remaining maturity for less than 12 months	21,341.01	5,193.71
Balance in escrow account (refer notes (a) below)	-	4,000.00
Margin money deposits (refer note {b} below)	722.26	551.80
<b>Total -(iii)</b>	<b>22,119.38</b>	<b>9,801.38</b>
<b>Total (i+ii+iii)</b>	<b>24,122.67</b>	<b>27,233.85</b>

a) The Company has deposited an amount of ₹ Nil (March 2020: ₹ 4,000 lakhs) in escrow account towards security for performance of its obligations under regulation 9(xi) of Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018.

b) Margin money deposits are subject to first charge against bank guarantees and/or letters of credit obtained.

### 7C. Loans (Unsecured, considered good)

Particulars	As at March 31, 2021	As at March 31, 2020
Advance to employees	27.71	175.69
<b>Total</b>	<b>27.71</b>	<b>175.69</b>

### 7D. Other financial assets

Particulars	As at March 31, 2021	As at March 31, 2020
Interest accrued but not due on deposits	38.17	264.99
<b>Total</b>	<b>38.17</b>	<b>264.99</b>

# Notes to financial statements

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

## 8. Share capital

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Authorized</b>		
505,000,000 (March 31, 2020:- 505,000,000) equity shares of ₹ 1/- each	5,050.00	5,050.00
<b>Issued, subscribed and fully paid up</b>		
247,674,796 fully paid up equity shares of ₹ 1/- each ( March 31, 2020 : 254,247,562 equity shares of ₹ 1/- each)	2,476.75	2,542.48

### 8.1 Reconciliation of shares outstanding at the beginning and at the end of the year

Equity Shares	As at March 31, 2021		As at March 31, 2020	
	No.	₹	No.	₹
At the beginning of the year	254,247,562	2,542.48	254,247,562	2,542.48
Add: Shares issued on exercise of employee stock options	528,608	5.29	-	-
Less: Shares bought back	(7,101,374)	(71.01)	-	-
<b>Outstanding at the end of the year</b>	<b>247,674,796</b>	<b>2,476.75</b>	<b>254,247,562</b>	<b>2,542.48</b>

### 8.2 Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 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, 2021, the amount of interim dividend per share distributed along with final dividend per share recommended by the board to equity shareholders was ₹ 1.50 (March 31, 2020: ₹ 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

	As at March 31, 2021		As at March 31, 2020	
	No. of shares	% holding	No. of shares	% holding
Krishna Prasad Chigurupati	86,296,272	34.84	90,329,927	35.53

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 There are no shares issued pursuant to contract without payment being received in cash or by way of bonus shares during the period of five years immediately preceding the reporting date.

### 8.6 Buy back of Shares

For details of Buy back of Shares, refer note 36



# Notes to 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.

#### Capital redemption reserve

As per Companies Act, 2013, capital redemption reserve is created when company purchases its own shares out of free reserves or securities premium. A sum equal to the nominal value of the shares so purchased is transferred to capital redemption reserve. The reserve is utilised in accordance with the provisions of section 69 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. 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

Particulars	March 31, 2021	March 31, 2020
₹ 1.00 per equity share (March 31, 2020 : ₹ 1.00 per share)	2,474.77	2,542.48
Dividend distribution tax (DDT) on dividend	-	522.61
	<b>2,474.77</b>	<b>3,065.09</b>

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.

Particulars	March 31, 2021	March 31, 2020
₹ 0.75 per equity share (March 31, 2020 : ₹ 0.25 per share)	1,857.56	635.62
	<b>1,857.56</b>	<b>635.62</b>

# Notes to financial statements

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

## 9. Other equity (Contd..)

### 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.

The reconciliation of cash flow hedge reserve for the year ended March 31, 2021 is as follows:

Particulars	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the year	(2,496.75)	(128.89)
Gain/(loss) recognised in other comprehensive income during the year	(1,904.50)	(3,286.49)
Amount reclassified to statement of profit & loss during the year	1,204.52	148.13
Tax impact on the above	176.17	770.50
<b>Balance at the end of the year</b>	<b>(3,020.56)</b>	<b>(2,496.75)</b>

## 10. Long-term borrowings

Particulars	Non-current portion		Current maturities (refer note 13C)	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Term Loans (Secured)				
Loans from financial institutions	33,380.74	41,483.28	9,537.35	9,713.72
	<b>33,380.74</b>	<b>41,483.28</b>	<b>9,537.35</b>	<b>9,713.72</b>
Long term maturities of lease obligation				
Obligations under lease (Unsecured)	733.59	608.38	283.45	117.48
	<b>733.59</b>	<b>608.38</b>	<b>283.45</b>	<b>117.48</b>
<b>Total</b>	<b>34,114.33</b>	<b>42,091.66</b>	<b>9,820.80</b>	<b>9,831.20</b>

The details of secured loans are as under:

Name of the financial institution	Outstanding as on March 31, 2021	Outstanding as on March 31, 2020	Sanction Amount	No of installments	Commencement of Installments	Rate of interest
International Finance Corporation (Refer note (i))	28,998.71	34,257.96	EUR 45 Mn	12 half yearly equal installments of EUR 3.75 Mn	Jan-20	6M Euribor +2.75% p.a
Deutsche Investitions Und Entwicklungsschaft MBh (Refer note (i))	13,919.38	15,779.42	EUR 20 Mn	2 half yearly installments of EUR 1 Mn and thereafter 10 half yearly installments of EUR 1.8 Mn	Jan-20	6M Euribor +2.30% p.a

# Notes to financial statements

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

## 10. Long-term borrowings (Contd..)

Name of the financial institution	Outstanding as on March 31, 2021	Outstanding as on March 31, 2020	Sanction Amount	No of installments	Commencement of Installments	Rate of interest
International Finance Corporation (Refer note (i))	-	579.81	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))	-	579.81	US\$ 10 Mn	13 Half yearly equal installments of USD 0.77 Mn	Sep-14	6M Libor + 4.0%

- 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 ₹ 107,289.06 lakhs (March 31, 2020 - ₹ 96,856.94 lakhs) and a paripassu second charge of the current assets of present and future of the Company with a carrying amount of ₹ 187,786.74 lakhs (March 31, 2020 - ₹ 147,488.12 lakhs).

The following is the break-up of current and non-current lease liabilities :

Particulars	As at March 31, 2021	As at March 31, 2020
Current lease liabilities	283.45	117.48
Non-current lease liabilities	733.59	608.38
	<b>1,017.04</b>	<b>725.86</b>

The following is the movement in lease liabilities :

Particulars	Total
<b>Balance as at April 1, 2019</b>	
On account of adoption of Ind AS 116	834.95
Additions	-
Finance cost accrued during the period	62.86
Deletions	-
Payment of lease liabilities	(171.95)
<b>Balance as at March 31, 2020</b>	<b>725.86</b>
Additions	491.38
Finance cost accrued during the period	71.59
Deletions	-
Payment of lease liabilities	(271.79)
<b>Balance as at March 31, 2021</b>	<b>1,017.04</b>

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2021 on an undiscounted basis:

Particulars	Total
Less than one year	283.45
One to five years	680.87
More than five years	52.72
<b>Total</b>	<b>1,017.04</b>

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Rental expense recorded for short-term leases was ₹ 314.23 lakhs (Mar'20 : ₹ 301.51 lakhs)

# Notes to financial statements

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

## 11. Provisions

### 11A. Non-current

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits		
Gratuity (refer note 28(b))	1,763.55	1,474.77
Compensated absences	720.67	675.57
<b>Total</b>	<b>2,484.22</b>	<b>2,150.34</b>

### 11B. Current

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits		
Gratuity (refer note 28(b))	363.22	284.79
Compensated absences	318.91	310.72
<b>Total</b>	<b>682.13</b>	<b>595.51</b>

## 12. Deferred tax liability (net)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Deferred tax liability</b>		
Property, plant and equipment and intangible assets	5,267.56	5,410.69
Assets held for sale	-	1,202.12
Leased Assets	236.56	-
<b>Gross deferred tax liability</b>	<b>5,504.12</b>	<b>6,612.81</b>
<b>Deferred tax assets</b>		
Employee benefit obligations	846.31	735.78
Allowance for doubtful debts	753.96	565.21
Allowance for doubtful advances	42.67	-
Lease liability	255.97	-
Cash flow hedges	1,015.89	839.72
<b>Gross deferred tax assets</b>	<b>2,914.80</b>	<b>2,140.71</b>
<b>Net deferred tax liability</b>	<b>2,589.32</b>	<b>4,472.10</b>

# 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

Particulars	As at March 31, 2021	As at March 31, 2020
Loans repayable on demand from Banks - working capital loans		
Packing credit loans (secured) [refer note (i) & (ii)]	25,562.17	21,402.25
Packing credit loans (unsecured) [refer note (iii)]	15,364.88	7,973.54
Bill discounting (secured) [refer note (i) & (ii)]	-	7,793.30
	<b>40,927.05</b>	<b>37,169.09</b>

- i) During the year ended March 31, 2021, the Company has outstanding secured foreign currency denominated loans and the Bill discounting with interest rate of LIBOR + 0.5% p.a. to 1.25% from four banks. The facility is repayable within 180 days from the date of its origination.
- ii) All secured short term borrowings from banks are secured by a pari passu first charge on the current assets of present and future of the Company with a carrying amount of ₹ 187,786.74 lakhs (March 31, 2020 - ₹ 147,488.12 lakhs) and a pari passu second charge of the fixed assets of present and future of the company with a carrying amount of ₹ 107,289.06 lakhs (March 31, 2020 - ₹ 96,856.94 lakhs).
- iii) During the year ended March 31, 2021, the Company has outstanding unsecured foreign currency denominated loans carrying an interest rate of LIBOR + 0.40% p.a. to 1% from banks. The facility is repayable within 180 days from the date of its origination.
- iv) The Company's exposure to interest rate, foreign currency and liquidity risks is included in note 33.

### 13B. Trade payables

Particulars	As at March 31, 2021	As at March 31, 2020
Trade payables {refer note (b) below}		
Total outstanding dues of micro enterprises and small enterprises	324.69	855.47
Total outstanding dues of creditors other than micro enterprises and small enterprises {refer note 31}	50,440.47	31,432.03
<b>Total</b>	<b>50,765.16</b>	<b>32,287.50</b>

#### Note (a) :

Particulars	As at March 31, 2021	As at March 31, 2020
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	324.69	855.47
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.	-	-

# Notes to financial statements

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

## 13. Current financial liabilities

### 13B. Trade payables (Contd..)

Particulars	As at March 31, 2021	As at March 31, 2020
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.	-	-

The list of undertakings covered under MSMED was determined by the Company on the basis of information available with the Company and has been relied upon by the auditors.

#### Note (b) :

The Company's exposure to currency and liquidity risks related to trade payables is disclosed in Note 33.

### 13C. Other financial liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Current maturities of non-current borrowings (refer note 10)	9,537.35	9,713.72
Capital creditors	1,756.96	586.86
Salaries & bonus payable	2,373.97	497.61
Unclaimed dividend	58.80	55.87
Interest accrued but not due on borrowings	232.84	278.82
Current maturities of lease obligation (refer note 10)	283.45	117.48
Others	2,791.30	1,431.63
<b>Total</b>	<b>17,034.67</b>	<b>12,681.99</b>

## 14. Other current liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Advance from customers (refer note 15)	1,293.48	1,180.65
Statutory liabilities	673.37	485.17
<b>Total</b>	<b>1,966.85</b>	<b>1,665.82</b>

## 15. Revenue from operations

Particulars	For the Year ended March 31, 2021	For the Year ended March 31, 2020
Sale of products	309,399.92	225,651.77
Other operating revenue	4,098.32	5,341.06
<b>Total</b>	<b>313,498.24</b>	<b>230,992.83</b>

# Notes to financial statements

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

## 15. Revenue from operations (Contd..)

The operations of the Company are limited to one segment viz. pharmaceuticals products. Revenue from contract with customers is from sale of manufactured goods. Sale of goods are made at a point in time and revenue is recognised upon satisfaction of the performance obligations which is typically upon dispatch / delivery. The Company has a credit evaluation policy based on which the credit limits for the trade receivables are established. There is no significant financing component as the credit period provided by the Company is not significant.

Variable components such as discounts, chargebacks, rebates, sales returns etc. continues to be recognised as deductions from revenue in compliance with Ind AS 115.

### Reconciliation of Revenue recognised with contract price

Particulars	For the Year ended March 31, 2021	For the Year ended March 31, 2020
Revenue as per the contracted price	314,974.18	227,086.90
Adjusted for :		
Less : Sales returns	(4,585.57)	(1,159.10)
Less : Chargebacks, rebates and discounts	(988.69)	(276.03)
<b>Total revenue from contracts with customers</b>	<b>309,399.92</b>	<b>225,651.77</b>

The following table shows the distribution of the Company's revenue (excluding other operating income) by Region-wise, based on the location of the customers:

Region	For the Year ended March 31, 2021	For the Year ended March 31, 2020
North America	162,315.56	107,048.97
Europe	55,570.25	49,184.87
India	45,040.59	37,687.40
LATAM	28,839.77	20,459.81
AMEA	17,081.00	11,208.41
Rest of the world	552.75	62.31
<b>Total revenue from contracts with customers</b>	<b>309,399.92</b>	<b>225,651.77</b>

### Details of contract liabilities:

Particulars	As at March 31, 2021	As at March 31, 2020
Advance from customers (refer note 14)	1,293.48	1,180.65
	<b>1,293.48</b>	<b>1,180.65</b>

The Contract liabilities are primarily relate to advance consideration received from customers for sale of products, for which revenue is recorded at a point in time. The amount of ₹ 853.03 lakhs included in contract liabilities as at 31 March 2020 has been recognised as revenue in the current year.

## 16. Other income

Particulars	For the Year ended March 31, 2021	For the Year ended March 31, 2020
Interest income on		
Deposits with banks	1,121.56	521.73
Others	202.42	827.11
Foreign exchange gain, net	-	1,295.83
Other non-operating income	48.34	1.00
<b>Total</b>	<b>1,372.32</b>	<b>2,645.67</b>

# Notes to financial statements

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

## 17. Cost of materials consumed

Particulars	For the Year ended March 31, 2021	For the Year ended March 31, 2020
Inventory at the beginning of the year	13,520.12	13,926.62
Add: Purchases	162,220.37	124,921.76
	<b>175,740.49</b>	<b>138,848.38</b>
Less: Inventory at the end of the year	25,521.14	13,520.12
<b>Cost of materials consumed</b>	<b>150,219.35</b>	<b>125,328.26</b>

## 18. Changes in inventory of work-in-progress and finished goods

Particulars	For the Year ended March 31, 2021	For the Year ended March 31, 2020
<b>Inventories at the end of the year</b>		
Finished goods	12,424.75	13,411.11
Work-in-progress	5,305.20	5,063.77
	<b>17,729.95</b>	<b>18,474.88</b>
<b>Inventories at the beginning of the year</b>		
Finished goods	13,411.11	8,330.49
Work-in-progress	5,063.77	7,014.63
	<b>18,474.88</b>	<b>15,345.12</b>
<b>Total</b>	<b>744.93</b>	<b>(3,129.76)</b>

## 19. Employee benefit expenses

Particulars	For the Year ended March 31, 2021	For the Year ended March 31, 2020
Salaries, wages and bonus (refer note 28(b))	21,502.10	17,654.97
Managerial Remuneration	8,388.97	3,927.44
Contribution to provident and other funds (refer note 28(a))	744.21	655.96
Staff welfare expenses	1,038.71	742.46
Employee stock option scheme (refer note 27)	151.24	198.06
<b>Total</b>	<b>31,825.23</b>	<b>23,178.89</b>

## 20. Finance costs

Particulars	For the Year ended March 31, 2021	For the Year ended March 31, 2020
Interest expense		
- Term loan	1,295.99	814.26
- Working capital	544.68	1,199.82
- Others	29.86	97.06
Interest on lease liabilities (refer note 10)	71.59	62.86
Other borrowing costs	435.27	512.22
<b>Total</b>	<b>2,377.39</b>	<b>2,686.22</b>



# Notes to financial statements

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

## 21. Depreciation and amortisation expense

Particulars	For the Year ended March 31, 2021	For the Year ended March 31, 2020
Depreciation	10,745.17	8,981.80
Amortisation	1,099.97	1,200.64
<b>Total</b>	<b>11,845.14</b>	<b>10,182.44</b>

## 22. Other expenses

Particulars	For the Year ended March 31, 2021	For the Year ended March 31, 2020
Consumption of stores & spares	1,916.49	1,306.45
Power and fuel	6,551.38	5,699.65
Effluent treatment expenses	1,682.10	937.73
Analytical fees	502.02	341.05
Other manufacturing expenses	1,046.58	396.24
Repairs and maintenance		
Plant and machinery	3,666.47	3,731.36
Buildings	235.64	481.59
Others	2,030.73	1,748.85
Rent	314.23	301.51
Rates and taxes	1,560.26	2,084.95
Printing and stationery	112.32	122.38
Insurance	698.91	595.07
Directors sitting fees	35.70	39.20
Commission to Directors	209.72	-
Remuneration to statutory auditors (refer note 30)	62.18	58.03
Sales commission	2,593.40	2,547.63
Carriage outwards and clearing charges	9,529.77	5,789.15
Research & Development expenses (refer note 29)	6,215.50	5,208.28
Business Promotion expense	273.66	550.25
Communication expenses	125.46	137.01
Consultancy charges	653.31	681.94
Travelling and conveyance	1,038.67	1,132.88
Penalties & recall cost	214.61	-
Advertisement Charges	19.03	7.67
Donations	103.79	20.54
Contribution to electoral bonds	-	500.00
Loss on sale of fixed assets (net)	36.84	23.45
Bad debts written off	162.22	164.99
Allowance for doubtful trade receivables	749.95	671.42
Allowance for doubtful advances	169.53	-
Corporate social responsibility expenditure (refer note 23)	561.79	437.75
Foreign exchange loss (net)	820.07	-
Miscellaneous expenses	679.17	484.70
<b>Total</b>	<b>44,571.50</b>	<b>36,201.72</b>

## Notes to financial statements

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

### 23. Details of Corporate social responsibility expenditure

Particulars	For the Year ended March 31, 2021	For the Year ended March 31, 2020
(a) Gross amount required to be spent by the Company during the year:	561.77	437.75
(b) Amount spent during the year ended		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above in cash	561.79	437.75
(c) Amount unspent during the year ended	-	-

### 24. Tax expense

#### (a) Tax expense:

##### Amount recognised in profit (or) loss

Particulars	For the Year ended March 31, 2021	For the Year ended March 31, 2020
Current tax	20,231.19	12,222.73
Adjustment of tax relating to earlier periods	(525.10)	-
Deferred tax (benefit)/ expense		
Attributable to the origination and reversal of temporary differences	(1,697.38)	564.85
Tax rate change (Refer note below)	-	(1,891.88)
<b>Total tax expense recognised in statement of profit &amp; loss</b>	<b>18,008.71</b>	<b>10,895.70</b>

Note : The Company elected to exercise the option permitted under section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company had recognised provision for income tax for the year ended March 31, 2020 and remeasured its deferred tax liabilities basis the rates prescribed in the said section.

#### (b) Reconciliation of effective tax rate:

Particulars	For the Year ended March 31, 2021	For the Year ended March 31, 2020
Profit before tax (A)	73,287.02	55,302.60
Enacted tax rate in India (B)	25.17%	25.17%
Expected tax expenses (C = A*B)	18,444.88	13,918.56
Differential tax rate for long term capital gains	-	(1,268.44)
Reversal of excess provision on long term capital gains	(54.45)	-
Effect due to change in tax rate	-	(1,891.88)
Adjustment of tax relating to earlier periods	(525.10)	-
Others	143.38	137.46
<b>Tax expense</b>	<b>18,008.71</b>	<b>10,895.70</b>

# Notes to financial statements

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

## 24. Tax expense (Contd..)

### (b) Reconciliation of effective tax rate: (Contd..)

#### Movement in temporary differences:

Particulars	Balance as at April 1, 2019	Recognised in profit or loss during the year	Recognised in OCI during the year	Balance as at March 31, 2020	Recognised in profit or loss during the year	Recognised in OCI during the year	Balance as at March 31, 2021
On account of depreciation and amortization	(7,987.00)	2,576.31	-	(5,410.69)	143.13	-	(5,267.56)
On Account of Leased assets	-	-	-	-	(236.56)	-	(236.56)
On account of Assets held for sale	-	(1,202.12)	-	(1,202.12)	1,202.12	-	-
On account of employee benefits	674.40	(62.24)	123.62	735.78	101.30	9.23	846.31
On account of Allowance for doubtful debts	550.13	15.08	-	565.21	188.75	-	753.96
On account of Allowance for doubtful advances	-	-	-	-	42.67	-	42.67
On Account of Leased liability	-	-	-	-	255.97	-	255.97
On account of Cash flow hedges	69.22	-	770.50	839.72	-	176.17	1,015.89
<b>Total</b>	<b>(6,693.25)</b>	<b>1,327.03</b>	<b>894.12</b>	<b>(4,472.10)</b>	<b>1,697.38</b>	<b>185.40</b>	<b>(2,589.32)</b>

#### Income tax recognised in other comprehensive income

Particulars	For the year ended March 31, 2021			For the year ended March 31, 2020		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Fair value changes on cash flow hedges	(699.98)	176.17	(523.81)	(3,138.36)	770.50	(2,367.86)
Re-measurement of defined benefit liability	(36.69)	9.23	(27.46)	(460.56)	123.62	(336.94)
<b>Total</b>	<b>(736.67)</b>	<b>185.40</b>	<b>(551.27)</b>	<b>(3,598.92)</b>	<b>894.12</b>	<b>(2,704.80)</b>

# Notes to financial statements

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

## 25. Earning per equity share (EPS)

Particulars	For the Year ended March 31, 2021	For the Year ended March 31, 2020
<b>Earnings</b>		
Profit for the year	<b>55,278.31</b>	<b>44,406.90</b>
Weighted average shares used for computing of basic EPS	2,492.03	2,542.48
Add: Effect of dilution		
Effect of dilutive options granted but not yet exercised/not yet eligible for exercise	10.75	8.39
Weighted average shares used for computing diluted EPS	<b>2,502.78</b>	<b>2,550.87</b>
Earnings per share		
- Basic (in INR)	22.18	17.47
- Diluted (in INR)	22.09	17.41

## 26. Contingent liabilities and commitments

Particulars	As at March 31, 2021	As at March 31, 2020
<b>(i) Contingent liabilities:</b>		
<b>(a)</b> Claims arising from disputes not acknowledged as debts - direct taxes	6.42	6.42
Claims arising from disputes not acknowledged as debts - indirect taxes	92.88	40.79
Outstanding bank guarantees (excluding performance obligations)	496.35	286.35
Bills discounted (Non - recourse)	1,904.34	-

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.

The Company has a process whereby periodically all long-term contracts are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that there are no material foreseeable losses on such long term contracts which needs to be provided for in the books of account.

The Company has reviewed all its pending litigations including legal proceedings initiated in the ordinary course of business except as disclosed above. The Company does not expect the outcome of these proceedings to have a material and adverse effect on its financial position and accordingly no adjustment in respect thereof is expected.

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 from the year ended March 31, 2019 and concluded that there was no impact. Further, no contingent liability has been recognised based on retrospective application as amount cannot be reliably measured.

Particulars	As at March 31, 2021	As at March 31, 2020
<b>(b) Guarantees</b>		
Corporate guarantees given in favour of banks towards loans obtained by Joint Venture - Granules Omnichem Private Limited (refer note 31)	-	14,948.93

# Notes to financial statements

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

## 26. Contingent liabilities and commitments (Contd..)

During the year, the Company has provided guarantees in the form of Standby Letter of Credit (SBLC) for USD 4 mn to "Citi Bank N.A." for the loans obtained by Granules Pharmaceuticals Inc., respectively, which were be utilised for business purposes. Amount utilised by Granules Pharmaceuticals Inc., as at March 31, 2021 is ₹ Nil.

Particulars	As at March 31, 2021	As at March 31, 2020
<b>(ii) Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	21,095.36	3,464.58

## 27. Share based payments

### Granules India Limited - Employee Stock Option Scheme 2009 & 2017 (ESOS-2009 & ESOS-2017)

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 Nomination & 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 eight tranches viz. Grant I, Grant II, Grant III, Grant IV, Grant V, Grant VI, Grant VII & Grant VIII. 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 & VIII from the respective date of grant of the options.

Pursuant to the decision of the shareholders at their meeting held on 28th September, 2017, the Company has formulated an Employee Stock Option Scheme 2017 to be administered by the Nomination & Remuneration Committee of the Board of Directors. This scheme has been formulated in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ('SEBI Regulations') for the time being in force and as may be modified from time to time.

Under the Plan, options not exceeding 11,435,100 have been reserved to such person(s) who are in the permanent employment of the Company, whether working in India or out of India and to the Directors of the Company and to such other persons as may from time to time be allowed to be eligible for the benefits of the stock options under applicable laws and regulations prevailing from time to time (all such persons are hereinafter collectively referred to as 'Eligible Employees'), except persons who are promoters or belong to the promoter group or a Director who either himself or through his relative or through any Body corporate, directly or indirectly, holds more than ten per cent of the outstanding equity shares of the company and Independent Directors, at such price or prices, in one or more tranches and on such terms and conditions, as may be fixed or determined by the Board in accordance with the ESOS 2017.

Under the above Scheme till date, options were granted in one tranche viz. Grant I. The options granted under the Plan shall start vesting in tranches after one year from the date of grant and not more than three years under Grant I from the respective date of grant of the options.

## Notes to financial statements

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

### 27. Share based payments (Contd..)

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 :

	For the Year ended March 31, 2021			
	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	2,393,200	31.50 to 117.00	93.31	60
Add : Granted during the year	250,000	353.00	353.00	53
Less: Exercised during the year	528,608	31.50 to 97.00	78.41	-
Less: Lapsed/Cancelled/Surrendered during the Year	280,032	97.00	97.00	-
At the end of the year	1,834,560	97.00 to 353.00	132.43	50
Exercisable at the end of the year	40,000	97.00 to 117.00	107.00	49

	For the year ended March 31, 2020			
	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	4,224,700	9.10 to 142.00	128.36	55
Add : Granted during the year	2,864,800	97.00	97.00	64
Less: Exercised during the year	-	-	-	-
Less: Lapsed/Cancelled during the Year	4,696,300	9.10 to 142.00	127.09	-
At the end of the year	2,393,200	31.50 to 117.00	93.31	60
Exercisable at the end of the year	1,60,000	31.50 to 117.00	36.84	5

# Notes to financial statements

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

## 27. Share based payments (Contd..)

The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

Particulars	Grant I (ESOS 2017)	Grant VIII (ESOS 2009)	Grant VII (ESOS 2009)	Grant IV (ESOS 2009)
Date of Grant	Sept 23, 2020	June 18, 2019	March 29, 2019	April 28, 2014
Dividend yield	1.00%	1.00%	1.00%	1.11%
Expected volatility	75.01%	45.25%	45.25%	41.17%
Risk-free interest rate	5.20%	7.17%	7.17%	8.00%
Weighted average share price of ₹	460.41	116.70	140.76	44.00
Exercise price of ₹	353.00	97.00	117.00	31.50
Expected life of options granted in years	3	4	4	4

The estimated fair value of stock options is charged to profit or loss account:

Particulars	For the Year ended March 31, 2021	For the Year ended March 31, 2020
Employee stock option scheme	151.24	198.06

Employee wise details of options outstanding to senior management personnel :

Name	Designation	No. of options outstanding as on March 31, 2021
Sandip Neogi	Chief Financial Officer	100,000
Atul Dhavle	Chief Human Resources Officer	160,000
GSR Prasad	Chief Operating Officer	240,000

## 28. Employee benefits

### a) Defined contribution plan

Particulars	For the Year ended March 31, 2021	For the Year ended March 31, 2020
Contribution to provident and other funds	744.21	655.96

- 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.

# Notes to financial statements

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

## 28. Employee benefits (Contd..)

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:

Particulars	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/ liability
Balance as on March 31, 2019	1,147.93	(136.44)	1,011.49
Current service cost	314.91	-	314.91
Interest expense/(income)	83.43	(10.37)	73.06
<b>Amount recognised in Statement of profit and loss</b>	<b>398.34</b>	<b>(10.37)</b>	<b>387.97</b>
<i>Remeasurements:</i>			
Return on plan assets, excluding amounts included in interest expense/(income)	-	0.30	0.30
Actuarial (gain)/loss arising from:			
Financial assumptions	160.57	-	160.57
Experience adjustment	299.68	-	299.68
<b>Amount recognised in other comprehensive income</b>	<b>460.25</b>	<b>0.30</b>	<b>460.56</b>
Employers contribution	-	-	-
Benefits paid	(100.45)	-	(100.45)
<b>Balance as on March 31, 2020</b>	<b>1,906.07</b>	<b>(146.51)</b>	<b>1,759.56</b>
Current service cost	360.89	-	360.89
Interest expense/(income)	124.66	(9.94)	114.72
<b>Amount recognised in Statement of profit and loss</b>	<b>485.55</b>	<b>(9.94)</b>	<b>475.61</b>
<i>Remeasurements:</i>			
Return on plan assets, excluding amounts included in interest expense/(income)	-	-	-
Actuarial (gain)/loss arising from:			
Financial assumptions	(9.03)	-	(9.03)
Experience adjustment	45.72	-	45.72
<b>Amount recognised in other comprehensive income</b>	<b>36.69</b>	<b>-</b>	<b>36.69</b>
Employers contribution	-	-	-
Benefits paid	(145.09)	-	(145.09)
<b>Balance as at March 31, 2021</b>	<b>2,283.22</b>	<b>(156.45)</b>	<b>2,126.77</b>

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current	1,763.55	1,474.77
Current	363.22	284.79
	<b>2,126.77</b>	<b>1,759.56</b>



# Notes to financial statements

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

## 28. Employee benefits (Contd..)

(ii) The assumptions used for gratuity valuation are as below:

Particulars	For the Year ended March 31, 2021	For the Year ended March 31, 2020
Interest rate	6.88%	6.80%
Discount rate	6.88%	6.80%
Expected return on plan assets	6.88%	6.80%
Salary increase	10%	10%
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 7.67 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	For the year ended March 31, 2021		For the year ended March 31, 2020	
	Increase	Decrease	Increase	Decrease
Discount rate	(106.93)	118.42	(89.73)	98.79
Salary increase	119.30	(112.05)	100.88	(94.84)
Attrition rate	(18.16)	19.55	(16.20)	16.84

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, 2021 and March 31, 2020, the plan assets have been invested in Life Insurance Corporation

The expected contributions to the plan for the next annual period amounts to ₹ 63.80 lakhs.

### Maturity profile of defined benefit obligation

Particulars	For the Year ended March 31, 2021
1st Following year	363.22
2nd Following year	336.82
3rd Following year	312.61
4th Following year	317.61
5th Following year	254.86
Years 6 to 10	943.57

# Notes to financial statements

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

## 29. Research and development expenses

Details of research and development expenses incurred during the year is given below

Particulars	March 31, 2021	March 31, 2020
Capital	-	648.10
Revenue	6,215.50	5,208.28
<b>Total</b>	<b>6,215.50</b>	<b>5,856.38</b>

## 30. Remuneration to statutory auditors

Particulars	March 31, 2021	March 31, 2020
As Auditor (excluding GST)		
Statutory audit	40.50	32.00
Limited review	13.50	12.00
Certification	7.00	9.75
Reimbursement of expenses	2.21	4.28
Less : Transaction costs towards Buyback of equity shares adjusted in securities premium	(1.03)	-
<b>Total</b>	<b>62.18</b>	<b>58.03</b>

## 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 Life Sciences Private Limited (From Jan 15, 2021)	Wholly owned subsidiary company
5 Granules-Biocese Pharmaceutical Co. Ltd (upto Jan 21, 2020)	Associate
6 Granules Omnicem Private Limited (upto May 29, 2020)	Joint venture
7 Karvy Fintech Private Limited {formerly known as Karvy Computershare Private Limited} (upto Dec 26, 2019)	Enterprises over which key management personnel or their relatives exercise significant influence
8 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 Mr. Harsha Chigurupati (from Aug 29, 2019)	Executive Director
4 Mr. Sandip Neogi (from Nov 04, 2019)	Chief Financial Officer
5 Mr. K. Ganesh (upto May 14, 2019)	Chief Financial Officer
6 Mrs. Chaitanya Tummala	Company Secretary

### Non-executive directors

1 Mr. K. B. Sankar Rao	Non-Executive Director
2 Mr. A. Arun Rao	Independent Director
3 Mr. Arun Sawhney	Independent Director
4 Mrs. Jyothi Prasad	Independent Director
5 Mr. Robert George Cunard	Independent Director

# Notes to 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, 2021	March 31, 2020
<b>a) Subsidiary companies</b>		
i) Granules USA, Inc.		
Sale of goods	49,378.04	25,079.89
Reimbursements	0.07	-
ii) Granules Pharmaceuticals, Inc.		
Sale of goods	42,446.00	9,604.00
Interest on loans given	136.89	759.02
Reimbursements	27.07	-
Loans give	-	6,362.90
Interest amount received including TDS withhold	1,472.55	-
Equity subscribed (loan to equity subscribed) {refer note - 4B}	12,093.95	-
iii) Granules Europe Limited		
Interest on loans given	33.63	26.05
Loans given	77.51	253.69
iv) Granules Life Sciences Private Limited		
Investment in subsidiary	2,500.00	-
Reimbursements	81.33	-
<b>b) Associate</b>		
i) Granules-Biocese Pharmaceutical Co. Ltd (upto Jan 21, 2020)		
Purchases	-	14,232.60
<b>c) Transactions with enterprises over which key management personnel or their relatives exercise significant influence</b>		
i) Karvy Fintech Private Limited (formerly known as Karvy Computershare Private Limited) {upto Dec 26, 2019}		
Registrar Services	-	6.90
ii) Tyche Investments Private Limited		
Rent	60.37	64.64
<b>d) Transactions with key managerial personnel or their relatives</b>		
i) Mr.Krishna Prasad Chigurupati		
Managerial Remuneration	4,194.49	2,055.67
ii) Mrs. Uma Devi Chigurupati		
Managerial Remuneration	3,355.59	1,644.54
iii) Mr.Harsha Chigurupati		
Sitting fees (upto Aug 29, 2019)	-	1.20
Managerial Remuneration (from Aug 29, 2019)	838.90	227.24
iv) Mr. Sandip Neogi (from Nov 04, 2019)		
Salary	141.14	43.40
v) Mr. K. Ganesh (upto May 14, 2019)		
Salary	-	54.55
vi) Mrs. Chaitanya Tummala		
Salary	58.31	35.48

# Notes to 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 (Contd..)

Particulars	March 31, 2021	March 31, 2020
vii) Non-Executive Directors		
Sitting fees	35.70	38.00
Commission	209.72	-

### 31C. Closing balances

Particulars	March 31, 2021	March 31, 2020
<b>a) Subsidiary Companies</b>		
i) Granules USA, Inc.		
Investment in subsidiary	116.31	116.31
Trade receivables*	20,233.31	9,894.27
ii) Granules Pharmaceuticals, Inc.		
Investment in subsidiary	56,453.66	44,359.71
Loan to subsidiaries*	-	13,455.24
Trade receivables*	21,051.85	4,088.22
Other Payables*	27.12	-
iii) Granules Europe Limited		
Investment in subsidiary	0.08	0.08
Loan to subsidiaries*	1,011.21	825.56
iv) Granules Life Sciences Private Limited		
Investment in subsidiary	2,500.00	-
<b>b) Joint Ventures</b>		
i) Granules Omnicem Private Limited (upto May 29, 2020)		
Investment	-	4,288.10
Corporate Guarantee given	-	14,948.93
<b>c) Enterprises over which key management personnel or their relatives exercise significant influence</b>		
i) Tyche Investments Private Limited		
Payable	-	4.27
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

The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing regulations under Sections 92-92F of the Income-Tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company continuously updates its documents for the international transactions entered into with the associated enterprises during the financial year. The management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense for the year and that of provision for taxation.

# Notes to financial statements

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

## 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, 2021						
	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)
<b>i) Financial assets</b>							
<b>a) Financial assets not measured at Fair value</b>							
Non-current investments	-	-	59,153.12	59,153.12	-	-	-
Non-current loans	-	-	2,202.29	2,202.29	-	-	-
Trade receivables	-	-	101,423.62	101,423.62	-	-	-
Cash and cash equivalents	-	-	2,003.29	2,003.29	-	-	-
Bank balances other than cash and cash equivalents	-	-	22,119.38	22,119.38	-	-	-
Current loans	-	-	27.71	27.71	-	-	-
Other current financial assets	-	-	38.17	38.17	-	-	-
	-	-	<b>186,967.58</b>	<b>186,967.58</b>	-	-	-
<b>ii) Financial liabilities</b>							
<b>a) Financial liabilities not measured at fair value</b>							
Non-current borrowings	-	-	34,114.33	34,114.33	-	-	-
Trade payables	-	-	50,765.16	50,765.16	-	-	-
Other current financial liabilities	-	-	17,034.67	17,034.67	-	-	-
Current borrowings	-	-	40,927.05	40,927.05	-	-	-
	-	-	<b>142,841.21</b>	<b>142,841.21</b>	-	-	-

# Notes to financial statements

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

## 32. Fair Values (Contd..)

### Fair Valuation measurement hierarchy (Contd..)

Particulars	As at March 31, 2020						
	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)
<b>i) Financial assets</b>							
<b>a) Financial assets not measured at Fair value</b>							
Non-current investments	-	-	44,539.17	44,539.17	-	-	-
Non-current loans	-	-	15,429.07	15,429.07	-	-	-
Trade receivables	-	-	62,700.27	62,700.27	-	-	-
Cash and cash equivalents	-	-	17,432.47	17,432.47	-	-	-
Bank balances other than cash and cash equivalents	-	-	9,801.38	9,801.38	-	-	-
Current loans	-	-	175.69	175.69	-	-	-
Other current financial assets	-	-	264.99	264.99	-	-	-
Investments held for sale	-	-	-	-	-	10,985.24	-
	-	-	<b>150,343.04</b>	<b>150,343.04</b>	-	<b>10,985.24</b>	-
<b>ii) Financial liabilities</b>							
<b>a) Financial liabilities not measured at fair value</b>							
Non-current borrowings	-	-	42,091.66	42,091.66	-	-	-
Trade payables	-	-	32,287.50	32,287.50	-	-	-
Other current financial liabilities	-	-	12,681.99	12,681.99	-	-	-
Current borrowings	-	-	37,169.09	37,169.09	-	-	-
	-	-	<b>124,230.24</b>	<b>124,230.24</b>	-	-	-

# 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 41% and 22% of outstanding trade receivable as of March 31, 2021 and March 31, 2020. The maximum exposure to credit risk was ₹ 101,423.62 lakhs and ₹ 62,700.27 lakhs as of March 31, 2021 and March 31, 2020 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.

### Expected credit loss for trade receivables as at March 31, 2021

Particulars	Not Due	0-180 days	181-365 days	> 365 days	Total
Gross carrying amount of trade receivables	86,105.93	15,132.64	1,099.44	2,081.31	104,419.32
Provision for doubtful debts (additional provision)	-	0.09	-	1,248.88	1,248.97
Expected Credit losses (Loss allowance provision)	309.90	649.49	439.37	347.97	1,746.73
Net carrying amount of trade receivables	85,796.03	14,483.06	660.07	484.46	101,423.62

# Notes to financial statements

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

## 33. Financial risk management (Contd..)

### Expected credit loss for trade receivables as at March 31, 2020

Particulars	Not Due	0-180 days	181-365 days	> 365 days	Total
Gross carrying amount of trade receivables	52,180.12	9,851.81	535.29	2,378.80	64,946.02
Provision for doubtful debts (additional provision)	-	27.45	6.07	1,295.78	1,329.30
Expected Credit losses (Loss allowance provision)	32.13	230.02	207.46	446.84	916.45
Net carrying amount of trade receivables	52,147.99	9,594.34	321.76	636.18	62,700.27

### The Company's exposure to credit risk for trade receivables by geographic region is as follows:

Particulars	March 31, 2021	March 31, 2020
USA	51,325.87	29,112.71
Europe	21,611.81	13,424.48
India	9,494.00	8,758.31
LATAM	14,837.96	9,909.76
AMEA	4,153.98	1,495.01
	<b>101,423.62</b>	<b>62,700.27</b>

### 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.

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of March 31, 2021:

Particulars	Less than 1 year	1-2 years	2-5 years	5-9 years	Total
Borrowings (including current maturities)	9,820.80	9,852.71	24,208.90	52.72	43,935.13
Short-term Borrowings	40,927.05	-	-	-	40,927.05
Trade payables	50,765.16	-	-	-	50,765.16
Other financial liabilities (excluding current maturities of longterm borrowings)	7,213.87	-	-	-	7,213.87



# Notes to financial statements

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

## 33. Financial risk management (Contd..)

### Liquidity risk (Contd..)

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of March 31, 2020:

Particulars	Less than 1 year	1-2 years	2-5 years	5-9 years	Total
Borrowings (including current maturities)	9,831.20	9,350.68	27,979.66	4,761.31	51,922.86
Short-term Borrowings	37,169.09	-	-	-	37,169.09
Trade payables	32,287.50	-	-	-	32,287.50
Other financial liabilities (excluding current maturities of longterm borrowings)	2,850.79	-	-	-	2,850.79

### 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, 2021	March 31, 2020
USD - Borrowings	+100	(409.27)	(305.35)
	-100	409.27	305.35
EURO - Borrowings	+100	(209.44)	(362.27)
	-100	209.44	362.27

# 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, 2021		
	USD	EURO	Others
<b>Assets</b>			
Trade receivables	86,961.47	5,696.60	-
Loans and advances	-	-	1,011.21
Other non-current assets	369.03	127.04	75.86
Loans	2.19	0.02	-
Cash and cash equivalents	114.00	16.89	0.29
<b>Total</b>	<b>87,446.69</b>	<b>5,840.55</b>	<b>1,087.36</b>
<b>Liabilities</b>			
Borrowings	-	33,380.74	-
Trade payables	16,888.54	1,413.37	31.88
Other financial liabilities	-	9,770.19	-
Other current liabilities	683.49	7.74	-
Short-term Borrowings	40,927.05	-	-
<b>Total</b>	<b>58,499.08</b>	<b>44,572.04</b>	<b>31.88</b>

(All amounts are in Indian Rupees Lakhs)

Particulars	March 31, 2020		
	USD	EURO	Others
<b>Assets</b>			
Trade receivables	46,318.01	2,765.49	-
Loans and advances	13,455.24	-	825.56
Other non-current assets	75.95	566.75	6.89
Other current assets	197.64	24.82	0.32
Loans	0.04	-	-
Cash and cash equivalents	42.26	8.31	0.29
<b>Total</b>	<b>60,089.13</b>	<b>3,365.37</b>	<b>833.06</b>
<b>Liabilities</b>			
Borrowings	-	41,483.28	-
Trade payables	13,732.95	451.41	66.24
Other financial liabilities	2,499.02	9,062.47	0.41
Other current liabilities	803.47	15.08	-
Short-term Borrowings	37,169.09	-	-
<b>Total</b>	<b>54,204.53</b>	<b>51,012.24</b>	<b>66.65</b>

# 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, 2021 and March 31, 2020, 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 0.13% and 1.05% 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, 2021 is as follows:

Particulars	March 31, 2021	March 31, 2020
Balance at the beginning of the year	(2,496.75)	(128.89)
Gain/(loss) recognised in other comprehensive income during the year	(1,904.50)	(3,286.49)
Amount reclassified to statement of profit & loss during the year	1,204.52	148.13
Tax impact on the above	176.17	770.50
<b>Balance at the end of the year</b>	<b>(3,020.56)</b>	<b>(2,496.75)</b>

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, 2021	March 31, 2020
Cash flows in Euros		
Not later than one year	9,537.35	8,554.11
Later than one year and not later than five years	33,380.74	36,874.02
Later than five years and not later than nine years	-	4,609.25

## 34. Segment reporting

### A. Basis for segmentation

The operations of the Company are limited to one segment viz. Pharmaceutical products including ingredients and intermediaries.. The products being sold under this segment are of similar nature and comprises of pharmaceutical products only. The Company's Chief Operating Decision Maker (CODM) reviews the internal management reports prepared based on aggregation of financial information of the Company on a periodic basis, for the purpose of allocation of resources and evaluation of performance. Accordingly, management has identified pharmaceutical segment as the only operating segment for the Company.

### B. Segment information for secondary segment reporting (by geographical segment)

The Company has reportable geographical segments based on location of its customers:

- (i) Revenue from customers within India - Domestic
- (ii) Revenue from customers outside India - Exports

# Notes to financial statements

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

## 34. Segment reporting

### B. Segment information for secondary segment reporting (by geographical segment) (Contd..)

Revenue from one external customer exceed 10% of company's total revenue from operations of ₹ 33,293.59 lakhs for the year ended March 31, 2021 (March 31, 2020 - ₹ 37,802.81 lakhs)

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, 2021			March 31, 2020		
	Outside India	Within India	Total	Outside India	Within India	Total
Revenue	264,359.32	48,597.92	313,498.24	188,126.98	42,865.85	230,992.83
Non-current assets (refer note i)	-	119,141.20	119,141.20	-	107,161.70	107,161.70

#### Note:

- i) Non-current assets for this purpose consist of property, plant and equipment, capital work in progress, intangible assets, intangible assets under development and other non-current assets.

## 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, 2021	March 31, 2020
Borrowings including interest accrued on borrowings	85,095.02	89,253.29
Less: cash and cash equivalents and other bank balances	(24,122.67)	(27,233.85)
<b>Net debt</b>	<b>60,972.35</b>	<b>62,019.44</b>
Equity	2,476.75	2,542.48
Other equity	213,785.42	178,616.10
<b>Total equity</b>	<b>216,262.17</b>	<b>181,158.58</b>
Net debt to equity ratio	0.28	0.34

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.

# Notes to financial statements

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

## 36. Buy back of shares

During the year the Company has bought back 7,101,374 equity shares of ₹ 1 each, representing 2.79% of total number of equity share fully paid-up for an aggregate amount of ₹ 14,202.75 lakhs (excluding taxes and transaction cost) at ₹ 200 per share. The equity shares bought back were extinguished on 29 June 2020. An amount corresponding to face value of the shares bought back was transferred to Capital Redemption Reserve were adjusted against General reserve.

**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 2021

**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

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

**Sriram Mahalingam**  
Partner  
Membership No : 049642

**Krishna Prasad Chigurupati**  
Chairman and Managing Director  
DIN : 00020180

Place: Palakkad  
Date: May 11, 2021

**Sandip Neogi**  
Chief Financial Officer  
Place: Hyderabad  
Date: May 11, 2021

**Chaitanya Tummala**  
Company Secretary  
Place: Hyderabad  
Date: May 11, 2021

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# **Consolidated Financial Statements**

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# 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”), which comprise the consolidated balance sheet as at 31 March 2021, 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 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 as at 31 March 2021, 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 ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 opinion on the consolidated financial statements.

### 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.

**Key Audit Matters (contd...)**

**1. Recoverability of carrying value of intangible assets and intangible assets under development**

See notes 2(f)(ii) to the consolidated financial statements

The key audit matter	How the matter was addressed in our audit
<p>The Holding Company ("GIL") and Granules Pharmaceutical Inc. ("GPI") – a major subsidiary - have significant intangible assets comprising acquired intangibles, currently marketed products (developed internally) and intangibles under development as at 31 March 2021.</p> <p>These intangible assets have been determined to have a finite life and therefore these are amortised over their useful life.</p> <p>Additionally, an impairment assessment is performed whenever there is an indication of impairment. Carrying values are considered to be impaired if they are below the recoverable value.</p> <p>The assessment process of impairment of intangible assets (including those under development) is complex as it involves significant judgement and assumptions e.g.</p> <ul style="list-style-type: none"> <li>- discounted cashflow forecasts;</li> <li>- future growth rate;</li> <li>- discount rate (generally based on weighted average cost of capital)</li> <li>- probability of regulatory and commercial success;</li> </ul> <p>and</p> <ul style="list-style-type: none"> <li>- estimating the expected cost to complete the development for intangibles under development.</li> </ul> <p>Given the significant level of judgement involved in making the above estimates, determining the recoverable value and consequent impairment of intangibles including those under development has been determined to be a key audit matter.</p>	<p>With regard to intangible assets in the Holding Company, we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> <li>• Assessed the appropriateness of accounting policy relating to intangible assets as per the relevant accounting standard.</li> <li>• Evaluated the design and implementation of certain key internal financial controls with respect to the impairment assessment of intangible assets including intangibles under development.</li> <li>• Evaluated qualitative analysis of the impairment indicators to assess existence of triggering events.</li> <li>• Evaluated the impairment model which is based on discounted cash flows. This included <ul style="list-style-type: none"> <li>o Evaluating the appropriateness of the assumptions used for key inputs such as those relating to forecast revenue and gross margin based on our knowledge of the Group and the industry.</li> <li>o Evaluating appropriateness of the discount rate used with reference to external market data such as risk free rate, share prices and country risk premium and weighted average cost of capital.</li> <li>o Tested the budgeting procedures upon which the cash flow forecasts were based. We also compared the actual past performances with the budgeted figures in order to assess the robustness of the overall budgeting process.</li> </ul> </li> <li>• Assessed sensitivity of the outcome of impairment assessment to changes in key assumptions such as discount rates and future growth rates.</li> <li>• Interviewing key research and development personnel and commercial personnel to assess reasonableness of the assumptions used, such as expected market share, revenue growth, expected margins, probability of success of products under development.</li> </ul> <p>In view of the significance of the matter the auditor of the subsidiary has reported the following audit procedures in this area were applied, among others to obtain sufficient appropriate audit evidence:</p>



The key audit matter	How the matter was addressed in our audit
	<ul style="list-style-type: none"> <li>• Obtained the Company's impairment analyses 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.</li> <li>• Obtained an understanding of the key controls associated with the preparation of valuation models used to assess the recoverable amount of Company's developed product intangibles &amp; IP research and developments.</li> <li>• Understood management's process for forecasting cash flows, which is underpinned by models that include a product-by-product analysis.</li> <li>• Critically evaluated management's methodologies and their documented basis for key assumptions utilized in the valuation models.</li> <li>• Interviewed Company's management in order to understand and challenge the business assumptions used, such as expected market share, revenue growth, expected margins, probability of success of products under development.</li> <li>• Evaluated the valuation assumptions, such as discount rates, used by Company through reference to external market data such as risk-free rate, share prices and country risk premium.</li> </ul> <p>For those intangible where management determined that no impairment was required, they found that these judgements were supportable.</p>

### 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.

### Management's and Board of Directors' Responsibilities 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 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 Management and Board of Directors of the companies included in the Group 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 Management and 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 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 the respective Board of Directors 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 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 the internal financial controls with reference to the consolidated financial statements and the operating effectiveness of such controls based on our audit.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
  - Conclude on the appropriateness of Management and Board of Directors 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 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 to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial statements of which we are the independent auditors. 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 of two subsidiaries, whose financial statements reflect total assets (before consolidation adjustments) of ₹ 115,493.48 as at 31 March 2021, total revenues (before consolidation adjustments) of ₹ 102,097.26 and net cash inflows amounting to ₹ 643.19 for the year ended on that date, as considered in the consolidated financial statements. These financial statements 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, 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 is based solely on the audit reports of the other auditors.
- (b) The financial statements / financial information of two subsidiaries, whose financial statements / financial

information reflect total assets (before consolidation adjustments) of ₹ 2,454.62 as at 31 March 2021, total revenues (before consolidation adjustments) of ₹ NIL and net cash inflows amounting to ₹ 1,178.11 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. These unaudited financial statements / 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 these subsidiaries and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, is based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements / financial information are 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 as were audited by other auditors, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:
- 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.
  - 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.
  - 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 2021 taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding Company incorporated in India is disqualified as on 31 March 2021 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, its subsidiary companies 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, as noted in the 'Other Matters' paragraph:

- i. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2021 on the consolidated financial position of the Group. Refer Note 26 to the consolidated financial statements.
- ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2021.

iii. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company during the year ended 31 March 2021.

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 2021.

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, the remuneration paid during the current year by the Holding Company 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 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 No.: 116231W/ W-100024

**Sriram Mahalingam**

Partner

Place: Palakkad

Date : 11 May 2021

Membership No.: 049642

UDIN: 21049642AAAABJ7253

# Annexure A

## to the Independent Auditors' report

**Annexure A to the Independent Auditors' report on the consolidated financial statements of Granules India Limited for the period ended 31 March 2021.**

### **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**

(Referred to in paragraph A(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

#### **Opinion**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2021, we have audited the internal financial controls with reference to consolidated financial statements of Granules India Limited (hereinafter referred to as "the Holding Company"), as of that date.

In our opinion, the Holding Company, 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 2021, 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 Holding 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 Holding 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 Holding 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.

**Annexure A to the Independent Auditors' report on the consolidated financial statements of Granules India Limited for the period ended 31 March 2021 (continued)**

We believe that the audit evidence we have obtained 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.

for **B S R & Associates LLP**

Chartered Accountants

ICAI Firm Registration No.: 116231W/ W-100024

**Sriram Mahalingam**

Partner

Place: Palakkad

Date : 11 May 2021

Membership No.: 049642

UDIN: 21049642AAAABJ7253

# Consolidated Balance Sheet

as at March 31, 2021

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

Particulars	Notes	As at	
		March 31, 2021	March 31, 2020
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3A	107,122.15	98,877.21
Capital work-in-progress	3A	18,477.17	14,807.04
Intangible assets	3B	26,077.42	21,520.19
Intangible assets under development	3B	5,431.00	14,613.39
<b>Financial assets</b>			
(i) Investments	4A	1,898.94	1,934.03
(ii) Loans	4C	1,313.41	1,661.16
Deferred tax assets	12B	77.32	525.02
Income tax assets (net)		568.46	52.99
Other non-current assets	5A	10,679.00	5,974.87
<b>Total non-current assets</b>		<b>171,644.87</b>	<b>159,965.90</b>
<b>Current assets</b>			
Inventories	6	78,217.85	43,843.08
<b>Financial assets</b>			
(i) Trade receivables	7A	76,542.01	66,203.57
(ii) Cash and cash equivalents	7B	4,183.59	18,592.89
(iii) Bank balances other than cash and cash equivalents stated above	7B	22,920.80	9,801.38
(iv) Loans	7C	999.34	787.65
(v) Others	7D	56.95	360.97
Other current assets	5B	16,779.63	12,295.03
		<b>199,700.17</b>	<b>151,884.57</b>
Investments- Assets held for sale	4B	-	10,985.24
<b>Total current assets</b>		<b>199,700.17</b>	<b>162,869.81</b>
<b>Total assets</b>		<b>371,345.04</b>	<b>322,835.71</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Equity share capital	8	2,476.75	2,542.48
Other equity (refer note 9)		214,850.68	181,829.93
<b>Total equity</b>		<b>217,327.43</b>	<b>184,372.41</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
(i) Borrowings	10	34,114.33	42,152.25
Provisions	11A	2,484.22	2,150.34
Deferred tax liabilities (net)	12A	109.25	4,820.91
<b>Total non-current liabilities</b>		<b>36,707.80</b>	<b>49,123.50</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
(i) Borrowings	13A	40,927.05	37,169.09
(ii) Trade payables	13B		
(a) Total outstanding dues of micro enterprises and small enterprises		324.69	855.47
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		53,780.06	34,832.49
(iii) Other financial liabilities	13C	18,058.42	13,603.70
Income tax liabilities (net)		1,518.78	570.91
Provisions	11B	682.13	595.51
Other current liabilities	14	2,018.68	1,712.63
<b>Total current liabilities</b>		<b>117,309.81</b>	<b>89,339.80</b>
<b>Total liabilities</b>		<b>154,017.61</b>	<b>138,463.30</b>
<b>Total equity and liabilities</b>		<b>371,345.04</b>	<b>322,835.71</b>
Significant accounting policies	2		

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

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

for and on behalf of the Board of Directors of

**Granules India Limited**

CIN : L24110TG1991PLC012471

**Krishna Prasad Chigurupati**

Chairman and Managing Director

DIN : 00020180

**Sandip Neogi**

Chief Financial Officer

**Chaitanya Tummala**

Company Secretary

Place: Palakkad

Date: May 11, 2021

Place: Hyderabad

Date: May 11, 2021

Place: Hyderabad

Date: May 11, 2021

# Consolidated statement of profit and loss

for the year ended March 31, 2021

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

Particulars	Notes	For the Year ended March 31, 2021	For the Year ended March 31, 2020
<b>Income</b>			
Revenue from operations	15	323,754.28	259,864.65
Other income	16	2,688.18	3,655.52
<b>Total income</b>		<b>326,442.46</b>	<b>263,520.17</b>
<b>Expenses</b>			
Cost of materials consumed	17	159,027.67	131,491.77
Changes in inventory of work-in-progress and finished goods	18	(19,900.33)	(3,398.64)
Employee benefit expenses	19	40,818.10	30,074.58
Finance costs	20	2,628.41	2,702.38
Depreciation and amortisation	21	15,146.25	13,695.35
Other expenses	22	58,285.93	49,165.11
<b>Total expenses</b>		<b>256,006.03</b>	<b>223,730.55</b>
<b>Profit before exceptional item, tax, share of profit of joint venture and associate</b>		<b>70,436.43</b>	<b>39,789.62</b>
Exceptional item	4A	-	(2,773.90)
<b>Profit before tax, share of profit of joint venture and associate</b>		<b>70,436.43</b>	<b>42,563.52</b>
Share of profit in joint venture and associate, net of tax		-	2,549.09
<b>Profit before tax</b>		<b>70,436.43</b>	<b>45,112.61</b>
Tax expense	24		
(i) Current tax		20,255.74	12,570.83
Adjustment of tax relating to earlier periods		(718.53)	-
(ii) Deferred tax		(4,046.68)	(998.05)
<b>Total tax expense</b>		<b>15,490.53</b>	<b>11,572.78</b>
<b>Profit for the year</b>		<b>54,945.90</b>	<b>33,539.83</b>
<b>Other comprehensive income</b>			
<b>Items that will be reclassified to profit or loss</b>			
Fair value changes on cash flow hedges	9	(699.98)	(3,138.36)
Gain/(loss) arising on translation of foreign operations		(2,064.78)	2,923.29
Income tax relating to items that will be reclassified to profit or loss	24	176.17	770.50
<b>Net other comprehensive income to be reclassified to profit or loss</b>		<b>(2,588.59)</b>	<b>555.43</b>
<b>Items that will not be reclassified to profit or loss</b>			
Re-measurement of defined benefit liability	28	(36.69)	(460.56)
Income tax relating to items that will not be reclassified to profit or loss	24	9.23	123.62
<b>Net other comprehensive income not to be reclassified to profit or loss</b>		<b>(27.46)</b>	<b>(336.94)</b>
<b>Other comprehensive income for the year</b>		<b>(2,616.05)</b>	<b>218.49</b>
<b>Total comprehensive income for the year</b>		<b>52,329.85</b>	<b>33,758.32</b>
<b>Earnings per share:</b>			
<b>Equity shares of par value of ₹ 1 each</b>			
Basic (INR)	25	22.05	13.19
Diluted (INR)		21.95	13.15
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: Palakkad  
Date: May 11, 2021

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

**Krishna Prasad Chigurupati**  
Chairman and Managing Director  
DIN : 00020180

**Sandip Neogi**  
Chief Financial Officer

Place: Hyderabad  
Date: May 11, 2021

**Chaitanya Tummala**  
Company Secretary

Place: Hyderabad  
Date: May 11, 2021



# Consolidated statement of changes in equity

for the year ended March 31, 2021

(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	
		Capital Redemption reserve	Securities premium	Capital reserve	General reserve	Employee stock option	Retained earnings	Remeasurements of defined benefit plans	Cash flow hedge reserve		Foreign currency translation reserve
<b>Balance as on March 31, 2019</b>	<b>2,542.48</b>	-	<b>62,520.54</b>	<b>1,917.53</b>	<b>30,786.74</b>	<b>1,096.00</b>	<b>52,715.35</b>	<b>238.77</b>	<b>(128.89)</b>	<b>1,258.79</b>	<b>152,947.31</b>
<b>Total comprehensive income/(loss) for the year</b>											
Profit for the year	-	-	-	-	-	-	33,539.83	-	-	-	33,539.83
Other comprehensive income/(loss) (net of tax)	-	-	-	-	-	-	-	(336.94)	(2,367.86)	2,923.29	218.49
<b>Transactions with owners, recorded directly in equity</b>											
Dividends (including dividend distribution tax)	-	-	-	-	-	-	(3,065.09)	-	-	-	(3,065.09)
Share based payment	-	-	-	-	-	731.87	-	-	-	-	731.87
<b>Balance as on March 31, 2020</b>	<b>2,542.48</b>	-	<b>62,520.54</b>	<b>1,917.53</b>	<b>30,786.74</b>	<b>1,827.87</b>	<b>83,190.09</b>	<b>(98.17)</b>	<b>(2,496.75)</b>	<b>4,182.08</b>	<b>184,372.41</b>
<b>Total comprehensive income/(loss) for the year</b>											
Profit for the year	-	-	-	-	-	-	54,945.90	-	(523.81)	(2,064.78)	54,945.90
Other comprehensive income/(loss) (net of tax)	-	-	-	-	-	-	-	(27.46)	-	-	(2,616.05)
<b>Transactions with owners, recorded directly in equity</b>											
Dividends	-	-	-	-	-	-	(2,474.77)	-	-	-	(2,474.77)
Share based payment	5.29	-	409.21	-	-	-	-	-	-	-	814.36
Buyback of equity shares	(71.01)	-	(14,131.73)	-	-	399.86	-	-	-	-	(14,202.74)
Tax on buy-back of equity shares	-	-	(3,292.12)	-	-	-	-	-	-	-	(3,292.12)
Transaction costs towards Buyback of equity shares	-	-	(219.55)	-	-	-	-	-	-	-	(219.55)
Amount transferred to capital redemption reserve upon Buyback	-	71.01	-	(71.01)	-	-	-	-	-	-	-
<b>Balance as on March 31, 2021</b>	<b>2,476.75</b>	<b>71.01</b>	<b>45,286.35</b>	<b>1,917.53</b>	<b>30,715.73</b>	<b>2,227.73</b>	<b>135,661.22</b>	<b>(125.63)</b>	<b>(3,020.56)</b>	<b>2,117.30</b>	<b>217,327.43</b>

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

for and on behalf of the Board of Directors of

**Granules India Limited**

CIN : L24110TG1991PLC012471

**Sriram Mahalingam**

Partner

Membership No : 049642

**Krishna Prasad Chigurupati**

Chairman and Managing Director

DIN : 00020180

**Sandip Neogi**

Chief Financial Officer

**Chaitanya Tummala**

Company Secretary

Place: Palakkad

Date: May 11, 2021

Place: Hyderabad

Date: May 11, 2021

Place: Hyderabad

Date: May 11, 2021

# Consolidated cash flow statement

for the year ended March 31, 2021

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

Particulars	For the Year ended March 31, 2021	For the Year ended March 31, 2020
<b>Cash flow from operating activities</b>		
<b>Profit before tax excluding share of profit of joint venture &amp; associate</b>	<b>70,436.43</b>	<b>42,563.52</b>
<b>Adjustments to reconcile profit before tax to net cash flows</b>		
Depreciation and amortisation expense	15,146.25	13,695.35
Bad debts written off	246.31	302.01
Allowance for doubtful trade receivables	749.95	535.48
Allowance for doubtful advances	169.53	-
Gain on disposal of associate and joint venture (net)	-	(2,773.90)
Impairment of Investments	-	2,171.53
Loss on sale of fixed assets (net)	39.19	24.67
Writeoff of Intangible assets under development	72.89	1,127.83
Changes in fair value of cashflow hedges	1,204.52	148.13
Net loss/(gain) on foreign exchange fluctuations (unrealised)	23.56	(1,410.42)
Share based payment expense	399.86	731.87
Re-classified forex from OCI to P&L on account of sale of associate	-	(930.44)
Interest expense	2,628.40	2,702.38
Interest income	(1,237.87)	(636.20)
<b>Operating profit before working capital changes</b>	<b>89,879.02</b>	<b>58,251.81</b>
<b>Movements in working capital:</b>		
Increase in trade receivables	(3,639.03)	(3,905.60)
Increase in inventories	(34,588.76)	(5,421.83)
Decrease/(Increase) in other assets	(4,550.37)	441.75
Increase in trade payables, other liabilities and provisions	15,283.61	10,160.84
<b>Cash generated from operations</b>	<b>62,384.47</b>	<b>59,526.97</b>
Taxes paid (net of refunds)	(19,136.69)	(11,908.13)
<b>Net cash flow generated from operating activities (A)</b>	<b>43,247.78</b>	<b>47,618.84</b>
<b>Cash flow from investing activities</b>		
Purchase of fixed assets, including capital work-in-progress, capital advances and payables for capital goods	(27,134.16)	(18,447.90)
Proceeds from sale of fixed assets	32.71	17.63
Purchase of investments	(20.00)	-
Placement of bank deposits	(13,119.18)	(9,193.71)
Proceeds from sale of associate	10,985.24	11,233.76
Interest received	1,541.89	326.91
<b>Net cash flow used in investing activities (B)</b>	<b>(27,713.50)</b>	<b>(16,063.31)</b>
<b>Cash flow from financing activities</b>		
Proceeds from issuance of shares	414.50	-
Repayment of borrowings	(10,153.55)	(5,986.36)
(Repayment)/proceeds of short-term borrowings, net	2,960.23	(9,353.54)
Repayment of lease liability (including related interest)	(338.40)	(219.90)
Buyback of shares	(17,714.41)	-
Interest paid	(2,627.60)	(2,660.61)
Dividend paid on equity shares including tax thereon	(2,472.08)	(3,065.09)
<b>Net cash flow used in financing activities (C)</b>	<b>(29,931.31)</b>	<b>(21,285.50)</b>
<b>Net (decrease)/increase in cash and cash equivalents (A+B+C)</b>	<b>(14,397.03)</b>	<b>10,270.03</b>

# Consolidated cash flow statement

for the year ended March 31, 2021

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

Particulars	For the Year ended March 31, 2021	For the Year ended March 31, 2020
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(12.27)	20.43
<b>Cash and cash equivalents at the beginning of the year</b>	<b>18,592.89</b>	<b>8,302.43</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>4,183.59</b>	<b>18,592.89</b>
<b>Components of cash and cash equivalents:</b>		
Cash on hand	10.49	13.29
Balances with banks		
On current accounts	4,029.00	1,993.71
On EEFC accounts	113.20	39.18
On deposit accounts	30.90	15,962.91
Remittances in transit	-	583.80
<b>Total cash and cash equivalents</b>	<b>4,183.59</b>	<b>18,592.89</b>

Change in liability arising from financing activities	Borrowings - Non Current (Refer note 10)*	Borrowings - Current (Refer note 13A)	Lease obligation (Refer note 10)
Opening as on March 31, 2020	51,197.00	37,169.09	844.07
Lease liability arisen in the current year	-	-	491.38
(Repayment)/proceeds from borrowing during the year (net)	(10,153.55)	2,960.23	(338.40)
Changes in fair values	1,904.50	-	78.79
Foreign exchange movement	(29.86)	797.73	-
<b>Closing as on March 31, 2021</b>	<b>42,918.09</b>	<b>40,927.05</b>	<b>1,075.84</b>

\* Aforesaid reconciliation includes current maturities of non-current borrowings

The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS-7) - "Statement of Cash Flows".

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

for and on behalf of the Board of Directors of

**Granules India Limited**

CIN : L24110TG1991PLC012471

**Sriram Mahalingam**

Partner

Membership No : 049642

**Krishna Prasad Chigurupati**

Chairman and Managing Director

DIN : 00020180

**Sandip Neogi**

Chief Financial Officer

**Chaitanya Tummala**

Company Secretary

Place: Palakkad

Date: May 11, 2021

Place: Hyderabad

Date: May 11, 2021

Place: Hyderabad

Date: May 11, 2021

# 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), and its subsidiary companies. The Company and its subsidiaries 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 Group 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, 2021. These consolidated financial statements were authorised for issuance by the Company's Board of Directors on May 11, 2021.

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 12 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 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

# Notes to Consolidated Financial Statements

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

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 or amortised cost.
- Net defined benefit assets/(liability) are measured at fair value of plan assets, less present value of defined benefit obligations.
- Share based payments are measured at fair value.
- Assets held for sale are measured at fair value less cost to sell.

## 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 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;

# Notes to Consolidated Financial Statements

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

- Note 2(f)(ii) - Measurement of recoverable amount of cash generated units
- Note 24 & 26 (i) - Provision for income taxes, contingencies and evaluation of recoverability of deferred tax assets.
- Note 2(g)(iv) & 27 - Share based payments;
- Note 2(g)(i) & 28 - Assets and obligations relating to employee benefits;
- Note 6 - Provision for inventories.

## 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, 2021 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.
- Note 6 - Provision for inventories
- Note 7A - Provision for loss allowance on trade receivables
- Note 2(f)(ii) - Measurement of recoverable amount of cash generated units; impairment of tangible and intangible assets

## g) Measurement of fair values

Accounting policies and disclosures require measurement of fair value for both financial and non-financial assets. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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).

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.

# Notes to Consolidated Financial Statements

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

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

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.

# Notes to Consolidated Financial Statements

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

## 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. 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

Derivative financial instruments are used 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.

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 or non-derivative financial liability is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative or non-derivative financial liability 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



# Notes to Consolidated Financial Statements

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

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 distributions 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.

Any gain or loss on disposal of an item of property plant and equipment is recognised in statement of profit and loss.

Cost of assets not ready for intended use, as on the balance sheet date, is shown as capital work-in-progress.

### 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.

# Notes to Consolidated Financial Statements

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

## 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.

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	8-10 years
Others	10 years

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

### Non-current assets held for sale

Assets are classified as held for sale and stated at the lower of carrying amount and fair value less costs to sell if the asset is available for immediate sale and its sale is highly probable. Such assets or group of assets are presented separately in the Balance Sheet as "Assets Classified as Held for Sale". Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

## 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.

# Notes to Consolidated Financial Statements

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

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 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 products, to the extent each of these factors impact the Group's business and markets. The Group 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 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.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than the 270 days over and above the usual credit period.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Group to actions such as realising security (if any is held).

Evidence that a financial asset is credit impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being past due over a reasonable period of credit
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation;"

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.

# Notes to Consolidated Financial Statements

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

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 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.

## Contingent liabilities and contingent assets

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised in the financial statements. A contingent asset is disclosed where an inflow of economic benefits is probable. Contingent assets are assessed continually and, if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

## Onerous contracts

A contract is considered to be onerous when the expected economic benefits to be derived by the Group from the

# Notes to Consolidated Financial Statements

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

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. Earnings per share ('EPS')

The earnings considered in ascertaining the Company's Earnings Per Share (EPS) comprise net profit after tax (and includes the post-tax effect of any extra ordinary items). The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year. Dilutive potential equity shares are deemed to be converted as of the beginning of the year, unless they have been issued at a later date. The number of shares used for computing the diluted EPS is the weighted average number of shares outstanding during the year after considering the dilutive potential equity shares.

## j. Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Chairperson and Managing Director of the Company is responsible for allocating resources and assessing performance of the operating segments and accordingly is identified as the Chief Operating Decision Maker (CODM). All operating segments' operating results are reviewed regularly by the CODM to make decisions about resources to be allocated to the segments and assess their performance.

The Group operates in one reportable business segment i.e. "Pharmaceuticals".

## k. Revenue

### i. Sale of goods

Revenue from sale of goods is recognised when a promise in a customer contract (performance obligation) has been satisfied by transferring control

over the promised goods to the customer. Control is usually transferred upon shipment, delivery to, upon receipt of goods by the customer, in accordance with the delivery and acceptance terms agreed with the customers. The amount of revenue to be recognised is based on the consideration expected to be received in exchange for goods, excluding trade discounts, volume discounts, sales returns and any taxes or duties collected on behalf of the government which are levied on sales such as GST where applicable. Any additional amounts based on terms of agreement entered into with customers, is recognised in the period when the collectability becomes probable and a reliable measure of the same is available.

### 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.

## l. Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

# Notes to Consolidated Financial Statements

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

## Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

### i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Buildings 4 to 6 years

Laptops and Desktops 3 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

### ii) Lease Liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

### iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of asset (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

## m. 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.

# Notes to Consolidated Financial Statements

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

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.

## n. 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.

## o. Estimation of uncertainties relating to the global health pandemic from COVID-19:

The Group has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, intangibles, inventories and investments. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information. The Company has performed sensitivity analysis on the assumptions used and based on current estimates, the Group expects to fully recover the carrying amount of receivables, intangibles, inventories and investments. As the outbreak continues to evolve, the company will continue to closely monitor any material changes to future economic conditions.

## p. Recent pronouncements

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

### Balance Sheet:

- Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current

# Notes to Consolidated Financial Statements

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

- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period
- Specified format for disclosure of shareholding of promoters
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible assets under development.
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc

## Statement of profit and loss:

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the financial statements.

The amendments are extensive and the Group will evaluate the same to give effect to them as required by law



# 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

Particulars	Freehold land	Freehold buildings	Lease Hold Improvements	Assets taken on lease	Plant and equipment	Computers	Office equipment	R&D Equipment	Furniture and fittings	Vehicles	Total
<b>Gross carrying amount</b>											
<b>At March 31, 2019</b>	<b>4,906.41</b>	<b>31,325.55</b>	<b>271.76</b>	-	<b>75,337.71</b>	<b>1,550.87</b>	<b>1,007.31</b>	<b>3,481.41</b>	<b>2,000.74</b>	<b>566.44</b>	<b>120,448.20</b>
On account of adoption of Ind AS 116	-	-	-	993.90	-	-	-	-	-	-	993.90
Additions	171.78	17,284.16	29.25	-	12,190.05	370.64	147.75	373.81	87.71	63.47	30,718.62
Disposals	-	-	-	-	(110.20)	-	(11.42)	(0.96)	(1.87)	(13.03)	(137.48)
Exchange differences	162.15	1,182.02	-	13.35	832.73	12.01	0.27	8.29	13.01	5.81	2,229.64
<b>At March 31, 2020</b>	<b>5,240.34</b>	<b>49,791.73</b>	<b>301.01</b>	<b>1,007.25</b>	<b>88,250.29</b>	<b>1,933.52</b>	<b>1,143.91</b>	<b>3,862.55</b>	<b>2,099.59</b>	<b>622.69</b>	<b>154,252.88</b>
Additions	84.81	1,810.90	-	491.38	16,637.73	393.71	165.33	181.40	272.99	128.32	20,166.57
Disposals	-	(3.89)	-	-	(575.72)	-	(21.89)	(58.82)	-	(62.21)	(722.53)
Exchange differences	(58.52)	(251.67)	-	(5.07)	(119.95)	(3.80)	(0.10)	(2.96)	(4.59)	(2.07)	(448.73)
<b>At March 31, 2021</b>	<b>5,266.63</b>	<b>51,347.07</b>	<b>301.01</b>	<b>1,493.56</b>	<b>104,192.35</b>	<b>2,323.43</b>	<b>1,287.25</b>	<b>3,982.17</b>	<b>2,367.99</b>	<b>686.73</b>	<b>173,248.19</b>
Accumulated Depreciation											
<b>At March 31, 2019</b>	-	<b>5,319.04</b>	<b>27.31</b>	-	<b>36,416.29</b>	<b>1,057.01</b>	<b>584.60</b>	<b>1,228.24</b>	<b>741.14</b>	<b>318.88</b>	<b>45,692.51</b>
Depreciation for the year*	-	1,139.87	31.40	208.63	7,260.39	184.55	127.36	358.92	170.47	54.13	9,535.72
Disposals	-	-	-	-	(73.49)	-	(10.39)	(0.10)	(0.65)	(10.55)	(95.18)
Exchange differences	-	73.52	-	3.42	153.19	7.85	0.17	(5.35)	5.69	4.12	242.61
<b>At March 31, 2020</b>	-	<b>6,532.43</b>	<b>58.71</b>	<b>212.05</b>	<b>43,756.38</b>	<b>1,249.41</b>	<b>701.74</b>	<b>1,581.71</b>	<b>916.65</b>	<b>366.58</b>	<b>55,375.66</b>
Depreciation for the year	-	1,716.97	33.69	288.33	8,469.52	265.63	157.25	366.58	196.08	60.64	11,554.69
Disposals	-	(1.18)	-	-	(524.66)	-	(21.12)	(44.23)	-	(59.44)	(650.63)
Exchange differences	-	(39.77)	-	(2.50)	(106.02)	(3.40)	(0.07)	2.03	(2.31)	(1.64)	(153.68)
<b>At March 31, 2021</b>	-	<b>8,208.45</b>	<b>92.40</b>	<b>497.88</b>	<b>51,595.22</b>	<b>1,511.64</b>	<b>837.80</b>	<b>1,906.09</b>	<b>1,110.42</b>	<b>366.14</b>	<b>66,126.04</b>
Net carrying amount											
<b>At March 31, 2020</b>	<b>5,240.34</b>	<b>43,259.30</b>	<b>242.30</b>	<b>795.20</b>	<b>44,493.91</b>	<b>684.11</b>	<b>442.17</b>	<b>2,280.84</b>	<b>1,182.94</b>	<b>256.11</b>	<b>98,877.21</b>
<b>At March 31, 2021</b>	<b>5,266.63</b>	<b>43,138.62</b>	<b>208.61</b>	<b>995.68</b>	<b>52,597.13</b>	<b>811.79</b>	<b>449.45</b>	<b>2,076.08</b>	<b>1,257.57</b>	<b>320.59</b>	<b>107,122.15</b>
<b>Capital work-in-progress</b>											
<b>At March 31, 2020</b>											<b>14,807.04</b>
<b>At March 31, 2021</b>											<b>18,477.17</b>

\*Includes depreciation charge of assets pertaining to Granules Pharmaceuticals Inc. of ₹ Nil (March 31, 2020 - ₹ 117.81 lakhs) capitalised as part of IP R&D included in Product related intangibles

- For details of security on certain property, plant and equipment, refer note 10 & 13A.
- The amount of borrowing costs capitalised during the year ended March 31, 2021- was ₹ Nil (March 31, 2020 - ₹ 725.49 lakhs)
- For contractual commitments with respective capital work-in-progress. Refer Note No. 26 (ii).
- The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the statement of Profit and Loss.

# 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

Particulars	Technical Know How	Software	Product related intangibles	Others	Total
<b>Gross carrying amount</b>					
<b>At March 31, 2019</b>	<b>3,189.50</b>	<b>1,208.63</b>	<b>8,451.74</b>	<b>13,995.56</b>	<b>26,845.43</b>
Additions	-	190.45	4,628.41	-	4,818.86
Disposals	-	-	-	-	-
Exchange differences	-	5.85	333.00	1,267.07	1,605.92
<b>At March 31, 2020</b>	<b>3,189.50</b>	<b>1,404.93</b>	<b>13,413.15</b>	<b>15,262.63</b>	<b>33,270.21</b>
Additions	-	149.72	8,461.74	-	8,611.46
Disposals	-	-	-	-	-
Exchange differences	-	(2.02)	(160.35)	(452.59)	(614.96)
<b>At March 31, 2021</b>	<b>3,189.50</b>	<b>1,552.63</b>	<b>21,422.30</b>	<b>15,102.28</b>	<b>41,266.71</b>
Accumulated amortisation					
<b>At March 31, 2019</b>	<b>3,155.91</b>	<b>384.80</b>	<b>1,929.94</b>	<b>1,705.66</b>	<b>7,176.31</b>
Amortisation for the year*	16.83	280.06	2,963.71	1,023.43	4,284.03
Disposals	-	-	-	-	-
Exchange differences	-	9.36	141.25	139.07	289.68
<b>At March 31, 2020</b>	<b>3,172.74</b>	<b>674.22</b>	<b>5,034.90</b>	<b>2,868.16</b>	<b>11,750.02</b>
Amortisation for the year	15.42	196.37	2,324.22	1,055.55	3,591.56
Disposals	-	-	-	-	-
Exchange differences	-	5.30	(86.80)	(70.79)	(152.29)
<b>At March 31, 2021</b>	<b>3,188.16</b>	<b>875.89</b>	<b>7,272.32</b>	<b>3,852.92</b>	<b>15,189.29</b>
Net carrying amount					
<b>At March 31, 2020</b>	<b>16.76</b>	<b>730.71</b>	<b>8,378.25</b>	<b>12,394.47</b>	<b>21,520.19</b>
<b>At March 31, 2021</b>	<b>1.34</b>	<b>676.74</b>	<b>14,149.98</b>	<b>11,249.36</b>	<b>26,077.42</b>
<b>Intangible assets under development</b>					
<b>At March 31, 2020</b>					<b>14,613.39</b>
<b>At March 31, 2021</b>					<b>5,431.00</b>

\*Includes amortisation charge of assets pertaining to Granules Pharmaceuticals Inc. of ₹ Nil (March 31, 2020 - ₹ 6.59 lakhs) capitalised as part of IP R&D included in product related intangibles

# Notes to Consolidated Financial Statements

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

## 4. Financial Assets

### 4A. Non-current Investments

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Investments</b>		
<b>a. In Others</b>		
Jeedimetla Effluent Treatment Ltd - 15,142 (March 31, 2020 :15,142) equity shares	59.59	59.59
Patancheru Envitotech Ltd - 34,040 (March 31, 2020 :34,040) equity shares	3.41	3.41
RVK Energy Private Ltd - 1,282,000 (March 31, 2020: Nil) equity shares of ₹ 10/- each fully paid up	20.00	-
US Pharma Limited - 410.52 (March 31, 2020 : 410.52) equity shares	4,010.85	4,132.54
Less : Impairment in US Pharma Limited {refer note (c) below}	(2,194.98)	(2,261.58)
	<b>1,898.87</b>	<b>1,933.96</b>
<b>b. In Quoted equity shares</b>		
Ipca Laboratories Limited - 250 (March 31, 2020 :250) equity shares	0.07	0.07
<b>Total</b>	<b>1,898.94</b>	<b>1,934.03</b>
Aggregate book value of quoted investments	0.07	0.07
Aggregate market value of quoted investments	4.76	3.46
Aggregate value of unquoted investments	1,898.87	1,933.96
Aggregate amount of impairment in value of investments	2,194.98	2,261.58

- a) During the year ended March 31, 2020, the Company had entered into a definitive agreement to divest its entire 50% shareholding in Granules-Biocause Pharmaceutical Co. Ltd, for a consideration of ₹ 11,233.76 lakhs (RMB 109 million). The closing conditions for the divestment were concluded in the previous year. Upon divestment, the resultant loss of ₹ 3,203.39 lakhs is disclosed as 'Exceptional item' in the consolidated statement of profit and loss.
- b) During the year ended March 31, 2020, the Company had entered into a definitive agreement to divest its entire 50% shareholding in Granules Omnichem Private Limited, for a consideration of ₹ 10,985.24 lakhs and the company had received the required regulatory approvals subsequent to the balance sheet date. The Company had recognised the resultant gain of ₹ 5,977.29 lakhs and the same is disclosed as an 'Exceptional item' in the consolidated statement of profit and loss.
- c) Other expenses include an amount of USD 3 Million which represents the impairment of investment in a downstream entity by GPI for the year ended March 31, 2020. The impairment was arising from the management's qualitative assessment of the impairment indicators and the comparison of the carrying value of the investment with the recoverable value of the investee entity in accordance with the Ind AS 36.

### 4B. Investments- Assets held for sale

Particulars	As at March 31, 2021	As at March 31, 2020
<b>In Joint Venture</b>		
Granules Omnichem Private Limited (refer note (b) above)	-	10,985.24
<b>Total</b>	<b>-</b>	<b>10,985.24</b>

# Notes to Consolidated Financial Statements

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

## 4. Financial Assets (Contd..)

### 4C. Loans (Unsecured considered good unless otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
Loan to US Pharma Limited {refer note (i) & (ii) below}	95.19	484.93
Security deposits	1,218.22	1,176.23
<b>Total</b>	<b>1,313.41</b>	<b>1,661.16</b>

**Note:**

- (i) 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.
- (ii) Maximum amount outstanding at any time

Particulars	During the year ended	
	March 31, 2021	March 31, 2020
US Pharma Limited	1,064.59	1,096.89

## 5. Other assets

### 5A. Non-current (Unsecured, considered good unless otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
Capital advances	10,679.00	5,974.87
<b>Total</b>	<b>10,679.00</b>	<b>5,974.87</b>

### 5B. Current (Unsecured, considered good unless otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
Balance with government authorities	8,064.72	5,370.91
Prepaid expenses	1,434.13	997.26
Export incentives receivable	3,583.40	2,731.48
Scripts on hand	-	170.52
Advance to suppliers	3,866.91	3,024.86
	<b>16,949.16</b>	<b>12,295.03</b>
Less : Allowance for doubtful advances	(169.53)	-
<b>Total</b>	<b>16,779.63</b>	<b>12,295.03</b>

# Notes to Consolidated Financial Statements

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

## 6. Inventories (at lower of cost and net realisable value)

Particulars	As at March 31, 2021	As at March 31, 2020
Raw materials*	27,723.27	14,496.35
Packing materials	2,024.06	1,304.54
Work-in-progress	5,934.58	5,571.34
Finished goods**	39,585.92	20,048.83
Stores, spares and consumables	2,950.02	2,422.02
<b>Total</b>	<b>78,217.85</b>	<b>43,843.08</b>

\*includes raw materials-in-transit ₹ 4,285.10 lakhs (March 31, 2020 - ₹ 144.76 lakhs).

\*\*includes finished goods-in-transit ₹ 4,705.82 lakhs (March 31, 2020 - ₹ 3,769.44 lakhs)

- For details of inventories hypothecated against current borrowings Refer note 10 & 13A.
- The Group recorded inventory write-down/(reversal) of ₹ (563.00) lakhs (March 31, 2020 - ₹ 753.38 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)

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Considered good	77,306.53	66,231.95
Less : Allowance for doubtful trade receivables	(987.64)	(297.39)
<b>(A)</b>	<b>76,318.89</b>	<b>65,934.56</b>
(b) Significant increase in credit risk	2,231.18	2,217.37
Less : Allowance for doubtful trade receivables	(2,008.06)	(1,948.36)
<b>(B)</b>	<b>223.12</b>	<b>269.01</b>
<b>Total</b>	<b>(C=A+B) 76,542.01</b>	<b>66,203.57</b>

Trade receivables are non-interest bearing and are generally on terms of upto 180 days.

The Groups's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in Note 34.

For receivables secured against borrowings, Refer note 10 & 13A.

#### Details of changes in allowance for credit losses :

Particulars	For the Year ended March 31, 2021	As at March 31, 2020
Balance at the beginning of the year	2,245.75	1,704.23
Provision made during the year, net of reversals	996.26	837.49
Trade receivables written off during the year	(246.31)	(302.01)
Effect of changes in the foreign exchange rates	-	6.05
<b>Balance at the end of the year</b>	<b>2,995.70</b>	<b>2,245.75</b>

# Notes to Consolidated Financial Statements

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

## 7. Financial Assets (Contd..)

### 7B. Cash and cash equivalents

Particulars	As at March 31, 2021	As at March 31, 2020
i) Cash on hand	10.49	13.29
ii) Balance with banks:		
On current accounts	4,029.00	1,993.71
On EEFC accounts	113.20	39.18
Deposits with original maturity of less than 3 months	30.90	15,962.91
Remittances in transit	-	583.80
<b>Total -(i+ii)</b>	<b>4,183.59</b>	<b>18,592.89</b>
iii) <b>Bank balances other than cash and cash equivalents stated above</b>		
Unpaid dividend account	56.11	55.87
Deposits with remaining maturity for less than 12 months	22,142.43	5,193.71
Balance in escrow account (refer notes (a) below)	-	4,000.00
Margin money deposits(refer note {b} below)	722.26	551.80
<b>Total -(iii)</b>	<b>22,920.80</b>	<b>9,801.38</b>
<b>Total (i+ii+iii)</b>	<b>27,104.39</b>	<b>28,394.27</b>

a) The Company has deposited an amount of ₹ Nil (March 2020: ₹ 4,000 lakhs) in escrow account towards security for performance of its obligations under regulation 9(xi) of Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018.

b) Margin money deposits are subject to first charge against bank guarantees and/or letters of credit obtained.

### 7C. Loans (Unsecured, considered good)

Particulars	As at March 31, 2021	As at March 31, 2020
Advance to employees	29.94	175.69
Loan to US Pharma Limited	969.40	611.96
<b>Total</b>	<b>999.34</b>	<b>787.65</b>

### 7D. Other financial assets

Particulars	As at March 31, 2021	As at March 31, 2020
Interest accrued but not due on deposits	38.32	264.99
Interest accrued but not due on loan given	18.63	95.98
<b>Total</b>	<b>56.95</b>	<b>360.97</b>

# Notes to Consolidated Financial Statements

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

## 8. Share capital

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Authorized</b> 505,000,000 (March 31, 2020: 505,000,000) Equity Shares of ₹ 1/- each	5,050.00	5,050.00
<b>Issued, subscribed and fully paid up</b> 247,674,796 fully paid up equity shares of ₹ 1/- each (March 31, 2020 : 254,247,562 equity shares of ₹ 1/- each)	2,476.75	2,542.48

### 8.1 Reconciliation of shares outstanding at the beginning and at the end of the year

Particulars	As at March 31, 2021		As at March 31, 2020	
	No.	₹	No.	₹
At the beginning of the year	254,247,562	2,542.48	254,247,562	2,542.48
Add: Shares issued on exercise of employee stock options	528,608	5.29	-	-
Less: Shares bought back	(7,101,374)	(71.01)	-	-
<b>Number of shares at the end of the year</b>	<b>247,674,796</b>	<b>2,476.75</b>	<b>254,247,562</b>	<b>2,542.48</b>

### 8.2 Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 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, 2021, the amount of interim dividend per share distributed along with final dividend per share recommended by the board to equity shareholders was ₹ 1.50 (March 31, 2020: ₹ 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

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	% holding	No. of shares	% holding
Krishna Prasad Chigurupati	86,296,272	34.84	90,329,927	35.53

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** There are no shares issued pursuant to contract without payment being received in cash or by way of bonus shares during the period of five years immediately preceding the reporting date.

### 8.6 Buy back of Shares

For details of Buy back of Shares, refer note 39

# 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.

#### Capital redemption reserve

As per Companies Act, 2013, capital redemption reserve is created when company purchases its own shares out of free reserves or securities premium. A sum equal to the nominal value of the shares so purchased is transferred to capital redemption reserve. The reserve is utilised in accordance with the provisions of section 69 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

Particulars	March 31, 2021	March 31, 2020
₹ 1.00 per equity share (March 31, 2020 : ₹ 1.00 per share)	2,474.77	2,542.48
Dividend distribution tax (DDT) on dividend	-	522.61
	<b>2,474.77</b>	<b>3,065.09</b>

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.

Particulars	March 31, 2021	March 31, 2020
₹ 0.75 per equity share (March 31, 2020 : ₹ 0.25 per share)	1,857.56	635.62
	<b>1,857.56</b>	<b>635.62</b>

### 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, 2021 is as follows:

Particulars	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the year	(2,496.75)	(128.89)
Gain/(loss) recognised in other comprehensive income during the year	(1,904.50)	(3,286.49)
Amount reclassified to statement of profit & loss during the year	1,204.52	148.13
Tax impact on the above	176.17	770.50
<b>Balance at the end of the year</b>	<b>(3,020.56)</b>	<b>(2,496.75)</b>

### 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

Particulars	Non-current portion		Current maturities (refer note 13C)	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Term Loans (Secured)				
Loans from financial institutions	33,380.74	41,483.28	9,537.35	9,713.72
	<b>33,380.74</b>	<b>41,483.28</b>	<b>9,537.35</b>	<b>9,713.72</b>
Long term maturities of lease obligation				
Obligations under lease (Unsecured)	733.59	668.97	342.25	175.10
	<b>733.59</b>	<b>668.97</b>	<b>342.25</b>	<b>175.10</b>
<b>Total</b>	<b>34,114.33</b>	<b>42,152.25</b>	<b>9,879.60</b>	<b>9,888.82</b>

The details of secured loans are as under:

Name of the bank	Outstanding as on March 31, 2021	Outstanding as on March 31, 2020	Sanction Amount	No of installments	Commencement of Installments	Rate of interest
International Finance Corporation (Refer note (i))	28,998.71	34,257.96	EUR 45 Mn	12 half yearly equal installments of EUR 3.75 Mn	Jan-20	6M Euribor +2.75% p.a
Deutsche Investitions Und Entwicklungsschaft MBh (Refer note (i))	13,919.38	15,779.42	EUR 20 Mn	2 half yearly installments of EUR 1 Mn and thereafter 10 half yearly installments of EUR 1.8 Mn	Jan-20	6M Euribor +2.30% p.a
International Finance Corporation (Refer note (i))	-	579.81	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))	-	579.81	US\$ 10 Mn	13 Half yearly equal installments of USD 0.77 Mn	Sep-14	6M Libor + 4.0%

- i) All secured term loans are secured by a pari passu first charge on the fixed assets of present and future of the company with a carrying amount of ₹ 107,289.06 lakhs (March 31, 2020 - ₹ 96,856.94 lakhs) and a pari passu second charge of the current assets of present and future of the Company with a carrying amount of ₹ 187,786.74 lakhs (March 31, 2020 - ₹ 147,488.12 lakhs).

# Notes to Consolidated Financial Statements

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

## 10. Long-term borrowings (Contd..)

The following is the break-up of current and non-current lease liabilities :

Particulars	As at March 31, 2021	As at March 31, 2020
Current lease liabilities	342.25	175.10
Non-current lease liabilities	733.59	668.97
	<b>1,075.84</b>	<b>844.07</b>

The following is the movement in lease liabilities :

Particulars	Total
<b>Balance as at April 1, 2019</b>	-
On account of adoption of Ind AS 116	993.90
Additions	-
Finance cost accrued during the period	70.06
Deletions	-
Payment of lease liabilities	(233.24)
Effect of changes in the foreign exchange rates	13.34
<b>Balance as at March 31, 2020</b>	<b>844.07</b>
Additions	491.38
Finance cost accrued during the period	78.79
Deletions	-
Payment of lease liabilities	(338.40)
<b>Balance as at March 31, 2021</b>	<b>1,075.84</b>

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2021 on an undiscounted basis:

Particulars	Total
Less than one year	342.25
One to five years	680.87
More than five years	52.72
<b>Total</b>	<b>1,075.84</b>

The Group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Rental expense recorded for short-term leases was ₹ 782.51 lakhs (Mar'20 : ₹ 613.97 lakhs)

## 11. Provisions

### 11A. Non-current

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits		
Gratuity (refer note 28(b))	1,763.55	1,474.77
Compensated absences	720.67	675.57
<b>Total</b>	<b>2,484.22</b>	<b>2,150.34</b>

# Notes to Consolidated Financial Statements

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

## 11. Provisions (Contd..)

### 11B. Current

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits		
Gratuity (refer note 28(b))	363.22	284.79
Compensated absences	318.91	310.72
<b>Total</b>	<b>682.13</b>	<b>595.51</b>

## 12A. Deferred tax liability (net)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Deferred tax liability</b>		
Property, plant and equipment and intangible assets	12,532.73	13,261.04
Assets held for sale	-	1,202.12
Leased Assets	236.56	-
<b>Gross deferred tax liability</b>	<b>12,769.29</b>	<b>14,463.16</b>
<b>Deferred tax asset</b>		
Employee benefit obligations	989.08	735.78
Allowance for doubtful debts	753.96	565.21
Cash flow hedges	1,015.89	839.72
Allowance for doubtful advances	42.67	-
Lease liability	255.97	-
Business loss	4,067.92	4,719.61
Research credit	1,527.35	1,361.96
Others	4,007.20	1,419.97
<b>Gross deferred tax assets</b>	<b>12,660.04</b>	<b>9,642.25</b>
<b>Net deferred tax liability</b>	<b>109.25</b>	<b>4,820.91</b>

## 12B. Deferred tax asset (net)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Deferred tax asset</b>		
Business loss	-	467.17
Employee benefit obligations	25.01	49.22
Others	55.96	14.56
<b>Gross deferred tax asset</b>	<b>80.97</b>	<b>530.95</b>
<b>Deferred tax liability</b>		
Property, plant and equipment and intangible assets	3.65	5.93
<b>Gross deferred tax liability</b>	<b>3.65</b>	<b>5.93</b>
<b>Net deferred tax asset</b>	<b>77.32</b>	<b>525.02</b>

# Notes to Consolidated Financial Statements

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

## 13. Current financial liabilities

### 13A. Short-term borrowings

Particulars	As at March 31, 2021	As at March 31, 2020
Loans repayable on demand from banks - working capital loans		
Packing credit loans (secured) [refer note (i) & (ii)]	25,562.17	21,402.25
Packing credit loans (unsecured) [refer note (iii)]	15,364.88	7,973.54
Bill discounting (secured) [refer note (i) & (ii)]	-	7,793.30
<b>Total</b>	<b>40,927.05</b>	<b>37,169.09</b>

- i) During the year ended March 31, 2021, the Company has outstanding secured foreign currency denominated loans and the Bill discounting with interest rate of LIBOR + 0.5% p.a. to 1.25% from four banks. The facility is repayable within 180 days from the date of its origination.
- ii) 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 ₹ 187,786.74 lakhs (March 31, 2020 - ₹ 147,488.12 lakhs) and a paripassu second charge of the fixed assets of present and future of the company with a carrying amount of ₹ 107,289.06 lakhs (March 31, 2020 - ₹ 96,856.94 lakhs).
- iii) During the year ended March 31, 2021, the Company has outstanding unsecured foreign currency denominated loans carrying an interest rate of LIBOR + 0.40% p.a to 1%. from banks. The facility is repayable within 180 days from the date of its origination.
- iv) The Company's exposure to interest rate, foreign currency and liquidity risks is included in note 34.

### 13B. Trade payables

Particulars	As at March 31, 2021	As at March 31, 2020
Trade payables {refer note (b) below}		
Total outstanding dues of micro enterprises and small enterprises	324.69	855.47
Total outstanding dues of creditors other than micro enterprises and small enterprises {refer note 31}	53,780.06	34,832.49
<b>Total</b>	<b>54,104.75</b>	<b>35,687.96</b>

#### 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	324.69	855.47
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.

# Notes to Consolidated Financial Statements

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

## 13. Current financial liabilities (Contd..)

The list of undertakings covered under MSMED was determined by the Company on the basis of information available with the Company and has been relied upon by the auditors.

### Note (b) :

The Group's exposure to currency and liquidity risks related to trade payables is disclosed in Note 34.

## 13C. Other financial liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Current maturities of non-current borrowings (refer note 10)	9,537.35	9,713.72
Capital creditors	1,756.96	586.86
Salaries and bonus payable	3,338.92	1,361.70
Unclaimed dividend	58.80	55.87
Interest accrued but not due on borrowings	232.84	278.82
Current maturities of lease obligation (refer note 10)	342.25	175.10
Others	2,791.30	1,431.63
<b>Total</b>	<b>18,058.42</b>	<b>13,603.70</b>

## 14. Other current liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Advance from customers (refer note 15)	1,327.30	1,219.84
Statutory liabilities	691.38	492.79
<b>Total</b>	<b>2,018.68</b>	<b>1,712.63</b>

## 15. Revenue from operations

Particulars	As at March 31, 2021	As at March 31, 2020
Sale of products	319,603.46	254,523.59
Other operating revenue	4,150.82	5,341.06
<b>Total</b>	<b>323,754.28</b>	<b>259,864.65</b>

The operations of the Group are limited to one segment viz. pharmaceuticals products. Revenue from contract with customers is from sale of manufactured goods. Sale of goods are made at a point in time and revenue is recognised upon satisfaction of the performance obligations which is typically upon dispatch / delivery. The Group has a credit evaluation policy based on which the credit limits for the trade receivables are established. There is no significant financing component as the credit period provided by the Group is not significant. Variable components such as discounts, chargebacks, rebates, sales returns etc. continues to be recognised as deductions from revenue in compliance with Ind AS 115.

# Notes to Consolidated Financial Statements

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

## 15. Revenue from operations (Contd..)

### Reconciliation of Revenue recognised with contract price

Particulars	For the Year ended March 31, 2021	For the Year ended March 31, 2020
Revenue as per the contracted price	390,920.91	287,111.90
Adjusted for :		
Less : Sales returns	(6,320.33)	(1,379.40)
Less : Chargebacks, rebates and discounts	(64,997.12)	(31,208.91)
<b>Total revenue from contracts with customers</b>	<b>319,603.46</b>	<b>254,523.59</b>

The following table shows the distribution of the Group's revenue (excluding other operating income) by region-wise, based on the location of the customers:

Particulars	For the Year ended March 31, 2021	For the Year ended March 31, 2020
North America	172,519.10	135,899.89
Europe	55,570.25	49,184.87
India	45,040.59	37,687.40
LATAM	28,839.77	20,459.81
AMEA	17,081.00	11,208.41
Rest of the world	552.75	83.21
<b>Total revenue from contracts with customers</b>	<b>319,603.46</b>	<b>254,523.59</b>

### Details of contract liabilities:

Particulars	As at March 31, 2021	As at March 31, 2020
Advance from customers (refer note 14)	1,327.30	1,219.84
	<b>1,327.30</b>	<b>1,219.84</b>

The Contract liabilities are primarily relate to advance consideration received from customers for sale of products, for which revenue is recorded at a point in time. The amount of ₹ 860.38 lakhs included in contract liabilities as at 31 March 2020 has been recognised as revenue in the current year.

## 16. Other income

Particulars	For the Year ended March 31, 2021	For the Year ended March 31, 2020
Interest income		
Deposits with banks	1,130.33	521.73
Others	107.54	114.47
Foreign exchange gain, net	-	2,298.43
Other non-operating income	1,450.31	720.89
<b>Total</b>	<b>2,688.18</b>	<b>3,655.52</b>

# Notes to Consolidated Financial Statements

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

## 17. Cost of materials consumed

Particulars	For the Year ended March 31, 2021	For the Year ended March 31, 2020
Inventory at the beginning of the year	15,800.89	14,057.95
Add: Purchases	172,974.11	133,234.71
	<b>188,775.00</b>	<b>147,292.66</b>
Less: Inventory at the end of the year	29,747.33	15,800.89
<b>Cost of materials consumed</b>	<b>159,027.67</b>	<b>131,491.77</b>

## 18. Changes in inventory of work-in-progress and finished goods

Particulars	For the Year ended March 31, 2021	For the Year ended March 31, 2020
<b>Inventories at the end of the year</b>		
Finished goods	39,585.92	20,048.83
Work-in-progress	5,934.58	5,571.34
	<b>45,520.50</b>	<b>25,620.17</b>
<b>Inventories at the beginning of the year</b>		
Finished goods	20,048.83	15,206.90
Work-in-progress	5,571.34	7,014.63
	<b>25,620.17</b>	<b>22,221.53</b>
<b>Total</b>	<b>(19,900.33)</b>	<b>(3,398.64)</b>

## 19. Employee benefit expenses

Particulars	For the Year ended March 31, 2021	For the Year ended March 31, 2020
Salaries, wages and bonus (refer note 28(b))	30,359.11	23,711.38
Managerial remuneration	8,388.97	4,170.77
Contribution to provident and other funds (refer note 28(a))	744.21	655.96
Staff welfare expenses	1,081.45	804.60
Employee Stock Option Scheme (refer note 27)	244.36	731.87
<b>Total</b>	<b>40,818.10</b>	<b>30,074.58</b>

## 20. Finance costs

Particulars	For the Year ended March 31, 2021	For the Year ended March 31, 2020
Interest expense		
- Term loan	1,295.99	814.26
- Working capital	553.25	1,199.82
- Others	33.76	82.09
Interest on lease liabilities (refer note 10)	78.79	70.06
Other borrowing costs	666.62	536.15
<b>Total</b>	<b>2,628.41</b>	<b>2,702.38</b>

# Notes to Consolidated Financial Statements

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

## 21. Depreciation and amortisation expense

Particulars	For the Year ended March 31, 2021	For the Year ended March 31, 2020
Depreciation*	11,554.69	9,417.91
Amortisation*	3,591.56	4,277.44
<b>Total</b>	<b>15,146.25</b>	<b>13,695.35</b>

\* Net off depreciation charge of assets pertaining to Granules Pharmaceuticals Inc. of ₹ Nil (March 31, 2020 - ₹ 117.81 lakhs) and amortisation charge of assets pertaining of ₹ Nil (March 31, 2020 - ₹ 6.59 lakhs) which has been capitalised as part of IP R&D included in Product related intangibles.

## 22. Other expenses

Particulars	For the Year ended March 31, 2021	For the Year ended March 31, 2020
Consumption of stores & spares	2,385.68	1,531.10
Power and fuel	6,885.15	5,973.76
Effluent treatment expenses	1,759.76	976.67
Analytical fees	502.02	341.05
Other manufacturing expenses	1,725.66	614.09
Repairs and maintenance		
Plant and machinery	4,249.46	4,307.66
Buildings	427.84	492.91
Others	2,275.35	1,980.30
Rent	782.51	613.97
Rates and taxes	2,122.61	2,502.91
Printing and stationery	146.41	156.84
Insurance	1,443.41	1,597.23
Writeoff of Intangible assets under development	72.89	1,127.83
Impairment of Investments {refer note 4(a)}	-	2,171.53
Commission to Directors	209.72	-
Directors sitting fees	35.70	39.20
Remuneration to statutory auditors (refer note 30)	62.18	58.03
Sales commission	2,979.03	2,715.67
Carriage outwards & clearing charges	12,368.06	7,325.30
Research & development expenses (refer note 29)	10,015.74	7,890.91
Business promotion expense	562.42	1,085.20
Communication expenses	217.78	229.60
Consultancy charges	2,032.83	1,513.19
Travelling and conveyance	1,069.56	1,340.56
Penalties & recall cost	214.61	-
Advertisement Charges	70.14	90.93
Donations	103.79	20.54
Loss on sale of fixed assets (net)	39.19	24.67
Contribution to electoral bonds	-	500.00
Bad debts written off	246.31	302.01
Allowance for doubtful trade receivables	749.95	535.48
Allowance for doubtful advances	169.53	-
Foreign exchange loss (net)	820.07	-
Corporate social responsibility expenditure (refer note 23)	561.79	437.75
Miscellaneous expenses	978.78	668.22
<b>Total</b>	<b>58,285.93</b>	<b>49,165.11</b>



# Notes to Consolidated Financial Statements

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

## 23. Details of Corporate social responsibility expenditure

Particulars	For the Year ended March 31, 2021	For the Year ended March 31, 2020
(a) Gross amount required to be spent by the Company during the year:	561.77	437.75
(b) Amount spent during the year ended		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above in cash	561.79	437.75
(c) Amount unspent during the year ended:	-	-

## 24. Tax expense

### (a) Tax expense:

#### Amount recognised in profit (or) loss

Particulars	For the Year ended March 31, 2021	For the Year ended March 31, 2020
Current tax	20,255.74	12,570.83
Adjustment of tax relating to earlier periods	(718.53)	-
Deferred tax (benefit)/expense		
Attributable to the origination and reversal of temporary differences	(4,046.68)	893.83
Tax rate change (Refer note below)	-	(1,891.88)
<b>Total tax expense recognised in statement of profit &amp; loss</b>	<b>15,490.53</b>	<b>11,572.78</b>

**Note :** The Company elected to exercise the option permitted under section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognised provision for income tax for the year ended March 31, 2020 and remeasured its deferred tax liabilities basis the rates prescribed in the said section.

### (b) Reconciliation of effective tax rate:

Particulars	For the Year ended March 31, 2021	For the Year ended March 31, 2020
Profit before tax (A)	70,436.43	42,563.52
Enacted tax rate in India (B)	25.17%	25.17%
Expected tax expenses (C = A*B)	17,727.44	10,712.39
Differential tax rate for long term capital gains	-	2,033.06
Reversal of excess provision on long term capital gains	(54.45)	-
Effect of change in tax rates	-	(1,891.88)
Effect of Impact on Carryback of net operating losses recognition as deferred tax assets	(407.86)	(139.47)
Changes in recognised deductible temporary differences	416.89	-
Effect of tax incentives and concessions (research and development and other allowances)	(205.53)	(497.90)
Impairment in Investments	-	546.53
Unrecognised deferred tax assets	65.67	50.00
Adjustment of tax relating to earlier periods	(718.53)	-
Others	(1,333.10)	760.05
<b>Tax expense</b>	<b>15,490.53</b>	<b>11,572.78</b>

# Notes to Consolidated Financial Statements

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

## 24. Tax expense (Contd..)

### Movement in temporary differences:

Particulars	Balance as at April 1, 2019	Recognised in profit or loss during the year including exchange differences	Recognised in OCI during the year	Balance as at March 31, 2020	Recognised in profit or loss during the year including exchange differences	Recognised in OCI during the year	Balance as at March 31, 2021
Depreciation and amortization	(15,352.15)	2,085.18	-	(13,266.97)	730.58	-	(12,536.38)
Leased assets	-	-	-	-	(236.56)	-	(236.56)
Assets held for sale	-	(1,202.12)	-	(1,202.12)	1,202.12	-	-
Employee benefits	674.40	(13.02)	123.62	785.00	219.86	9.23	1,014.09
Allowance for doubtful debts	550.13	15.08	-	565.21	188.75	-	753.96
Allowance for doubtful advances	-	-	-	-	42.67	-	42.67
Leased liability	-	-	-	-	255.97	-	255.97
Cash flow hedges	69.22	-	770.50	839.72	-	176.17	1,015.89
Business loss	5,954.43	(767.65)	-	5,186.78	(1,118.86)	-	4,067.92
Others	1,977.18	819.32	-	2,796.50	2,794.01	-	5,590.51
<b>Total</b>	<b>(6,126.79)</b>	<b>936.79</b>	<b>894.12</b>	<b>(4,295.89)</b>	<b>4,078.54</b>	<b>185.40</b>	<b>(31.93)</b>

### Income tax recognised in other comprehensive income

Particulars	For the Year ended March 31, 2021			For the Year ended March 31, 2020		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Gain/(loss) arising on translation of foreign operations	(2,064.78)	-	(2,064.78)	2,923.29	-	2,923.29
Fair value changes on cash flow hedges	(699.98)	176.17	(523.81)	(3,138.36)	770.50	(2,367.86)
Re-measurement of defined benefit liability	(36.69)	9.23	(27.46)	(460.56)	123.62	(336.94)
<b>Total</b>	<b>(2,801.45)</b>	<b>185.40</b>	<b>(2,616.05)</b>	<b>(675.63)</b>	<b>894.11</b>	<b>218.49</b>

## 25. Earning per equity share

Particulars	For the Year ended March 31, 2021	For the Year ended March 31, 2020
<b>Earnings</b>		
Profit for the year	54,945.90	33,539.83
Weighted average shares used for computing of basic EPS	2,492.03	2,542.48
Add: Effect of dilution		
Effect of dilutive options granted but not yet exercised/not yet eligible for exercise	10.75	8.39
Weighted average shares used for computing diluted EPS	2,502.78	2,550.87
Earnings per share		
- Basic (in INR)	22.05	13.19
- Diluted (in INR)	21.95	13.15

# Notes to Consolidated 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, 2021	As at March 31, 2020
<b>(i) Contingent liabilities:</b>		
<b>(a)</b> Claims arising from disputes not acknowledged as debts - direct taxes	6.42	6.42
Claims arising from disputes not acknowledged as debts - indirect taxes	92.88	40.79
Outstanding bank guarantees (excluding performance obligations)	496.35	286.35
Bills discounted (Non - recourse)	18,398.94	-

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.

The Company has a process whereby periodically all long-term contracts are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that there are no material foreseeable losses on such long term contracts which needs to be provided for in the books of account.

The Company has reviewed all its pending litigations including legal proceedings initiated in the ordinary course of business except as disclosed above. The Company does not expect the outcome of these proceedings to have a material and adverse effect on its financial position and accordingly no adjustment in respect thereof is expected.

### Note :

- a) 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 from the year ended March 31, 2019 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.
- b) During the year 2019-20, Granules Pharamaceutical Inc., received a class action suit from a plaintiff stating that one of the products of the Company - Metformin had a carcinogenic element. However, the USFDA obtained test results from the Company and issued a clean report. As of March 31, 2021, the litigation is active. The legal attorney is unable to state that an outcome unfavorable to the Company is either probable or remote, nor they are in a position to provide an estimate of the amount or range of potential loss in the event of an unfavorable outcome.
- c) This breach of contract matter arises out of a March 13, 2019 construction agreement between plaintiff, Tri Window Guys, LLC ("TWG") and Granules Pharmaceuticals, Inc. ("GPI"). TWG has also set forth tortious interference and fraudulent inducement claims. Defendants, GPI, Karthikeyan Kumarasamy and Vijay Ramanavarapu, have answered Plaintiff's first amended complaint, filed counterclaims and filed a third party complaint. Defendants have propounded written discovery demands upon TWG, which are not yet due. GPI Management is aggressively defending this action and as indicated above has filed both counterclaims and third party claims relative to the contract and construction at issue.

The Court dismissed Company's petition in past and the hearing will be scheduled. GPI has filed another suit against TWG in Virginia.

- d) Granules USA Inc., has a large multi-district litigation (MDL) pending in the United States District for the Southern District of Florida. The claims in the Master Personal Injury Complaint ('MPIC') include personal injury claims by plaintiffs that the Zantac and/or ranitidine manufactured and/or sold by defendants was contaminated with NDMA. Of note, the FDA did require all

# 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..)

companies that sold Zantac and/or ranitidine to recall the products in late 2019. There are currently approximately 96 plaintiffs that have filed individual Short Form Complaints against the Granules entities. Plaintiffs claim that they developed numerous types of cancer as a result of the NDMA in the ranitidine product manufactured by Granules India and sold by Granules USA. The litigation is still in the litigation stage with Motions to Dismiss still pending. However, the court has also set an aggressive discovery schedule therefore Granules is currently in the process of producing documents and preparing witnesses for their upcoming depositions. There have not yet been any settlement demands advanced to Granules.

- e) During the year 2019-20, Granules USA Inc., received a class action suit from a plaintiff stating that one of the products of the Company - Metformin had a carcinogenic element. However, the USFDA obtained test results from the Company and issued a clean report. As of March 31, 2021, the litigation is active. The legal attorney is unable to state that an outcome unfavorable to the Company is either probable or remote, nor they are in a position to provide an estimate of the amount or range of potential loss in the event of an unfavorable outcome.

Particulars	As at March 31, 2021	As at March 31, 2020
<b>(b) Guarantees</b>		
Corporate guarantees given in favour of banks towards loans obtained by Joint Venture - Granules Omnicem Private Limited (refer note 31)	-	14,948.93

Particulars	As at March 31, 2021	As at March 31, 2020
<b>(ii) Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	22,193.22	4,889.22

## 27. Share based payments

### Granules India Limited - Employee Stock Option Scheme 2009 & 2017 (ESOS-2009 & ESOS-2017)

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.

# Notes to Consolidated Financial Statements

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

## 27. Share based payments (Contd..)

Under the above Scheme till date, options were granted in eight tranches viz. Grant I, Grant II, Grant III, Grant IV, Grant V, Grant VI, Grant VII & Grant VIII. 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 & VIII from the respective date of grant of the options.

Pursuant to the decision of the shareholders at their meeting held on 28th September, 2017, the Company has formulated an Employee Stock Option Scheme 2017 to be administered by the Nomination & Remuneration Committee of the Board of Directors. This scheme has been formulated in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ('SEBI Regulations') for the time being in force and as may be modified from time to time.

Under the Plan, options not exceeding 11,435,100 have been reserved to such person(s) who are in the permanent employment of the Company, whether working in India or out of India and to the Directors of the Company and to such other persons as may from time to time be allowed to be eligible for the benefits of the stock options under applicable laws and regulations prevailing from time to time (all such persons are hereinafter collectively referred to as 'Eligible Employees'), except persons who are promoters or belong to the promoter group or a Director who either himself or through his relative or through any Body corporate, directly or indirectly, holds more than ten per cent of the outstanding equity shares of the company and Independent Directors, at such price or prices, in one or more tranches and on such terms and conditions, as may be fixed or determined by the Board in accordance with the ESOS 2017.

Under the above Scheme till date, options were granted in one tranche viz. Grant I. The options granted under the Plan shall start vesting in tranches after one year from the date of grant and not more than three years under Grant I 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 :

Particulars	For the year ended March 31, 2021			
	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	2,393,200	31.50 to 117.00	93.31	60
Add : Granted during the year	250,000	353.00	353.00	53
Less: Exercised during the year	528,608	31.50 to 97.00	78.41	-
Less: Lapsed/Cancelled/Surrendered during the Year	280,032	97.00	97.00	-
At the end of the year	1,834,560	97.00 to 353.00	132.43	50
Exercisable the end of the year	40,000	97.00 to 117.00	107.00	49

# Notes to Consolidated Financial Statements

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

## 27. Share based payments (Contd..)

Particulars	For the year ended March 31, 2020			
	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	4,224,700	9.10 to 142.00	128.36	55
Add : Granted during the year	2,864,800	97.00	97.00	64
Less: Exercised during the year	-	-	-	-
Less: Lapsed/Cancelled during the Year	4,696,300	9.10 to 142.00	127.09	-
At the end of the year	2,393,200	31.50 to 117.00	93.31	60
Exercisable the end of the year	160,000	31.50 to 117.00	36.84	5

The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

	Grant I (ESOS 2017)	Grant VIII (ESOS 2009)	Grant VII (ESOS 2009)	Grant IV (ESOS 2009)
Date of Grant	Sept 23, 2020	June 18, 2019	March 29, 2019	April 28, 2014
Dividend yield	1.00%	1.00%	1.00%	1.11%
Expected volatility	75.01%	45.25%	45.25%	41.17%
Risk-free interest rate	5.20%	7.17%	7.17%	8.00%
Weighted average share price of ₹	460.41	116.70	140.76	44.00
Exercise price of ₹	353.00	97.00	117.00	31.50
Expected life of options granted in years	3	4	4	4

### 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 :

Particulars	For the year ended March 31, 2021			
	No of options	Exercise price per option (in USD)	Weighted Average exercise price per option (in USD)	Weighted Average remaining useful life (months)
Options outstanding at the beginning of the year	228	19,149.26	19,149.26	8
Add : Granted during the year	-	-	-	-
Less: Exercised during the year	-	-	-	-
Less: Lapsed/Cancelled during the Year	-	-	-	-
At the end of the year	228	19,149.26	19,149.26	8
Exercisable at the end of the year	171	19,149.26	19,149.26	8

Particulars	For the year ended March 31, 2020			
	No of options	Exercise price per option (in USD)	Weighted Average exercise price per option (in USD)	Weighted Average remaining useful life (months)
Options outstanding at the beginning of the year	190	19,149.26	19,149.26	16
Add : Granted during the year	38	19,149.26	19,149.26	16
Less: Exercised during the year	-	-	-	-
Less: Lapsed/Cancelled during the Year	-	-	-	-
At the end of the year	228	19,149.26	19,149.26	16
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:

Particulars	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, 2021	For the year ended March 31, 2020
Employee stock option scheme*	399.86	731.87

Out of ₹ 399.86 lakhs, ₹ 244.36 lakhs included in Employee benefit expense and ₹ 155.50 lakhs included in other expenses under the head Research & development expenses.

Employee wise details of options outstanding to senior management personnel :

Name	Designation	No. of options outstanding as on March 31, 2021
Sandip Neogi	Chief Financial Officer	100,000
Atul Dhavle	Chief Human Resources Officer	160,000
GSR Prasad	Chief Operating Officer	240,000

# Notes to Consolidated Financial Statements

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

## 28. Employee benefits

### a) Defined contribution plan

Particulars	March 31, 2021	March 31, 2020
Contribution to provident and other funds	744.21	655.96

- 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
<b>Balance as on March 31, 2019</b>	<b>1,147.93</b>	<b>(136.44)</b>	<b>1,011.49</b>
Current service cost	314.91	-	314.91
Interest expense/(income)	83.43	(10.37)	73.06
<b>Amount recognised in Statement of profit and loss</b>	<b>398.34</b>	<b>(10.37)</b>	<b>387.97</b>
Remeasurements:			
Return on plan assets, excluding amounts included in interest expense/(income)	-	0.30	0.30
Actuarial (gain)/loss arising from:			
Financial assumptions	160.57	-	160.57
Experience adjustment	299.68	-	299.68
<b>Amount recognised in other comprehensive income</b>	<b>460.25</b>	<b>0.30</b>	<b>460.56</b>
Employers contribution	-	-	-
Benefits paid	(100.45)	-	(100.45)
<b>Balance as on March 31, 2020</b>	<b>1,906.07</b>	<b>(146.51)</b>	<b>1,759.56</b>
Current service cost	360.89	-	360.89
Interest expense/(income)	124.66	(9.94)	114.72
<b>Amount recognised in Statement of profit and loss</b>	<b>485.55</b>	<b>(9.94)</b>	<b>475.61</b>
Remeasurements:			
Return on plan assets, excluding amounts included in interest expense/(income)	-	-	-
Actuarial (gain)/loss arising from:			
Financial assumptions	(9.03)	-	(9.03)
Experience adjustment	45.72	-	45.72
<b>Amount recognised in other comprehensive income</b>	<b>36.69</b>	<b>-</b>	<b>36.69</b>
Employers contribution	-	-	-
Benefits paid	(145.09)	-	(145.09)
<b>Balance as at March 31, 2021</b>	<b>2,283.22</b>	<b>(156.45)</b>	<b>2,126.77</b>



# Notes to Consolidated Financial Statements

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

## 28. Employee benefits (Contd..)

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current	1,763.55	1,474.77
Current	363.22	284.79
	<b>2,126.77</b>	<b>1,759.56</b>

### (ii) The assumptions used for gratuity valuation are as below:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest rate	6.88%	6.80%
Discount rate	6.88%	6.80%
Expected return on plan assets	6.88%	6.80%
Salary increase	10%	10%
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 7.67 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	For the Year ended March 31, 2021		For the Year ended March 31, 2020	
	Increase	Decrease	Increase	Decrease
Discount rate	(106.93)	118.42	(89.73)	98.79
Salary increase	119.30	(112.05)	100.88	(94.84)
Attrition rate	(18.16)	19.55	(16.20)	16.84

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, 2021 and March 31, 2020, the plan assets have been invested in Life Insurance Corporation

The expected contributions to the plan for the next annual period amounts to ₹ 63.80 lakhs.

### Maturity profile of defined benefit obligation

Particulars	For the year ended March 31, 2021
1st Following year	363.22
2nd Following year	336.82
3rd Following year	312.61
4th Following year	317.61
5th Following year	254.86
Years 6 to 10	943.57

# 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, 2021	March 31, 2020
Capital	-	2,918.31
Revenue	10,015.74	7,890.91
<b>Total</b>	<b>10,015.74</b>	<b>10,809.22</b>

## 30. Remuneration to statutory auditors

Particulars	As at March 31, 2021	As at March 31, 2020
As Auditor (excluding GST)		
Statutory audit	40.50	32.00
Limited review	13.50	12.00
Certification	7.00	9.75
Reimbursement of expenses and taxes	2.21	4.28
Less : Transaction costs towards Buyback of equity shares adjusted in securities premium	(1.03)	-
<b>Total</b>	<b>62.18</b>	<b>58.03</b>

## 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} (upto Dec 26, 2019)	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 (upto Jan 21, 2020)	Associate
4	Granules Omnicem Private Limited (upto May 29, 2020)	Joint venture
<b>Key managerial personnel</b>		
1	Mr. Krishna Prasad Chigurupati	Chairman & Managing Director
2	Mrs. Uma Devi Chigurupati	Executive Director
3	Mr. Harsha Chigurupati (from Aug 29, 2019)	Executive Director
4	Mr. Sandip Neogi (from Nov 04, 2019)	Chief Financial Officer
5	Mr. K. Ganesh (upto May 14, 2019)	Chief Financial Officer
6	Mrs. Chaitanya Tummala	Company Secretary
<b>Relatives to key managerial personnel</b>		
1	Ms. Priyanka Chigurupati	Relative of Key Managerial Personnel
<b>Non-executive directors</b>		
1	Mr. K. B. Sankar Rao	Non-Executive Director
2	Mr. A. Arun Rao	Independent Director
3	Mr. Arun Sawhney	Independent Director
4	Mrs. Jyothi Prasad	Independent Director
5	Mr. Robert George Cunard	Independent Director

# 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, 2021	March 31, 2020
<b>a) Associate</b>		
i) Granules-Bioclause Pharmaceutical Co. Ltd (upto Jan 21, 2020) Purchases	-	14,232.60
<b>b) Transactions with enterprises over which key management personnel or their relatives exercise significant influence</b>		
i) Karvy Fintech Private Limited (formerly known as Karvy Computershare Private Limited) {upto Dec 26, 2019} Registrar Services	-	6.90
ii) Tyche Investments Private Limited Rent	60.37	64.64
<b>c) Transactions with key managerial personnel or their relatives</b>		
i) Mr.Krishna Prasad Chigurupati Managerial Remuneration	4,194.49	2,161.46
ii) Mrs. Uma Devi Chigurupati Managerial Remuneration	3,355.59	1,644.54
iii) Mr.Harsha Chigurupati Sitting fees (upto Aug 29, 2019) Managerial Remuneration (from Aug 29, 2019)	- 838.90	1.20 227.24
iv) Mr. Sandip Neogi (from Nov 04, 2019) Salary	141.14	43.40
v) Mr. K. Ganesh (upto May 14, 2019) Salary	-	54.55
vi) Ms.Priyanka Chigurupati Salary	131.20	137.53
vii) Mrs. Chaitanya Tummala Salary	58.31	35.48
viii) Non-Executive Directors Sitting fees Commission	35.70 209.72	38.00 -

### 31C. Closing balances

Particulars	March 31, 2021	March 31, 2020
<b>a) Joint Venture</b>		
i) Granules Omnichem Private Limited Investment (includes share of profits) Corporate Guarantee given	- -	5,007.94 14,948.93
<b>b) Enterprises over which key management personnel or their relatives exercise significant influence</b>		
i) Tyche Investments Private Limited Payable Rental Deposit	- 20.00	4.27 20.00

# Notes to Consolidated Financial Statements

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

## 31. Related party disclosures (Contd..)

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

# Post classification of Assets held for sale on the basis of share purchase agreement dated September 13, 2019, the group was no longer considered the share of profit/loss for the purpose of consolidation

The Group has established a comprehensive system of maintenance of information and documents as required by the transfer pricing regulations under Sections 92-92F of the Income-Tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Group continuously updates its documents for the international transactions entered into with the associated enterprises during the financial year. The management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense for the year and that of provision for taxation.

## 32. Interest in joint venture/associate :

During the previous year, the Company had entered into a definitive agreement to divest its entire 50% shareholding in Granules-Bioclause Pharmaceutical Co. Ltd, for a consideration of ₹ 11,233.76 lakhs (RMB 109 million). The closing conditions for the divestment were concluded in previous year. Upon divestment, the resultant loss of ₹ 3,203.39 lakhs is disclosed as 'Exceptional item' in the consolidated statement of profit and loss for the year ended March 31, 2020. The associate follows calendar year as its reporting period. The company has considered share of profits upto March 2019 during the year FY 19-20 and below are the unaudited numbers of associate for the period ended March 31, 2019.

### Summarised Balance Sheet as on March 31, 2019 of Granules Bio-cause Pharmaceutical Co. Ltd :

Particulars	March 31, 2019
Current assets, including cash and cash equivalents ₹ 12,714.64 lakhs	30,507.09
Non-current assets	4,626.49
Current liabilities	6,403.55
<b>Equity</b>	<b>28,730.03</b>
Proportion of the Group's ownership	50%
Group's share at closing exchange rate	14,365.01
<b>Summarised statement of profit and loss of the Granules Bio-cause Pharmaceutical co. Ltd:</b>	
Revenue	7,463.29
Profit	6,018.95
<b>Group's share of profit</b>	<b>3,009.47</b>

### Summarised balance sheet as on June 30, 2019 of Granules Omnichem Private Limited:

During the previous year, the Company had entered into a definitive agreement to divest its entire 50% shareholding in Granules Omnichem Private Limited, for a consideration of ₹ 10,985.24 lakhs and the company has received the required regulatory approvals in the month of May'2020. The Company has recognised the resultant gain of ₹ 5,977.30 lakhs and the same is disclosed as an 'Exceptional item' in the consolidated statement of profit and loss. Investment is presented as held for sale as at March 31, 2020. The joint venture follows calendar year as its reporting period. The company has considered share of profits upto June 2019 and below are the unaudited numbers of joint venture for the period ended June 30, 2019

# 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..)

Particulars	June 30, 2019
Current assets, including cash and cash equivalents ₹ 326.14 lakhs and prepayments ₹ 92.99 lakhs	4,845.31
Non-current assets	17,921.17
Current liabilities	6,589.19
Non-current liabilities, including borrowing ₹ 5,993.42 lakhs	6,161.38
<b>Equity</b>	<b>10,015.91</b>
Proportion of the Group's ownership	50%
Carrying amount of the investment	5,007.96
<b>Summarised statement of profit and loss of the Granules Omnichem Private Limited:</b>	
Total Revenue	774.73
Cost of raw material and components consumed	459.48
Depreciation & amortization	326.64
Finance cost	46.17
Employee benefit	308.77
Other expense	554.44
<b>Profit before tax</b>	<b>(920.77)</b>
Income tax expense	-
<b>Profit after tax</b>	<b>(920.77)</b>
Re-measurement gains/(loss) on employee defined benefit plans	-
<b>Total comprehensive income</b>	<b>(920.77)</b>
<b>Group's share of profit</b>	<b>(460.39)</b>

## 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.

### 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:

# Notes to Consolidated Financial Statements

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

## 33. Fair Values (Contd..)

Particulars	As at March 31, 2021						
	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)
<b>i) Financial assets</b>							
<b>a) Financial assets not measured at Fair value</b>							
Non-current investments	-	-	1,898.94	1,898.94	-	-	-
Non-current loans	-	-	1,313.41	1,313.41	-	-	-
Trade receivables	-	-	76,542.01	76,542.01	-	-	-
Cash and cash equivalents	-	-	4,183.59	4,183.59	-	-	-
Bank balances other than cash and cash equivalents	-	-	22,920.80	22,920.80	-	-	-
Current loans	-	-	999.34	999.34	-	-	-
Other current financial assets	-	-	56.95	56.95	-	-	-
	-	-	<b>107,915.04</b>	<b>107,915.04</b>	-	-	-
<b>ii) Financial liabilities</b>							
<b>a) Financial liabilities not measured at fair value</b>							
Non-current borrowings	-	-	34,114.33	34,114.33	-	-	-
Trade payables	-	-	54,104.75	54,104.75	-	-	-
Other current financial liabilities	-	-	18,058.42	18,058.42	-	-	-
Current borrowings	-	-	40,927.05	40,927.05	-	-	-
	-	-	<b>147,204.55</b>	<b>147,204.55</b>	-	-	-

Particulars	As at March 31, 2020						
	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)
<b>i) Financial assets</b>							
<b>a) Financial assets not measured at Fair value</b>							
Non-current investments	-	-	1,934.03	1,934.03	-	-	-
Non-current loans	-	-	1,661.16	1,661.16	-	-	-
Trade receivables	-	-	66,203.57	66,203.57	-	-	-
Cash and cash equivalents	-	-	18,592.89	18,592.89	-	-	-
Bank balances other than cash and cash equivalents	-	-	9,801.38	9,801.38	-	-	-
Current loans	-	-	787.65	787.65	-	-	-
Other current financial assets	-	-	360.97	360.97	-	-	-
Investments held for sale	-	-	-	-	-	10,985.24	-
	-	-	<b>99,341.65</b>	<b>99,341.65</b>	-	<b>10,985.24</b>	-
<b>ii) Financial liabilities</b>							
<b>a) Financial liabilities not measured at fair value</b>							
Non-current borrowings	-	-	42,152.25	42,152.25	-	-	-
Trade payables	-	-	35,687.96	35,687.96	-	-	-
Other current financial liabilities	-	-	13,603.70	13,603.70	-	-	-
Current borrowings	-	-	37,169.09	37,169.09	-	-	-
	-	-	<b>128,613.00</b>	<b>128,613.00</b>	-	-	-

# 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 Group 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 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 adjusted for forward-looking information. The maximum exposure to credit risk was ₹ 76,542.01 lakhs and ₹ 66,203.57 lakhs as of March 31, 2021 and March 31, 2020 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.

### Expected credit loss for trade receivables as at March 31, 2021

Particulars	Not Due	0-180 days	181-365 days	> 365 days	Total
Gross carrying amount of trade receivables	59,030.06	17,312.56	1,099.44	2,095.65	79,537.71
Provision for doubtful debts (additional provision)	-	0.09	-	1,248.88	1,248.97
Expected Credit losses (Loss allowance provision)	309.90	649.49	439.37	347.97	1,746.73
Net carrying amount of trade receivables	58,720.16	16,662.98	660.07	498.80	76,542.01

### Expected credit loss for trade receivables as at March 31, 2020

Particulars	Not Due	0-180 days	181-365 days	> 365 days	Total
Gross carrying amount of trade receivables	55,683.42	9,851.81	535.29	2,378.80	68,449.32
Provision for doubtful debts (additional provision)	-	27.45	6.07	1,295.78	1,329.30
Expected Credit losses (Loss allowance provision)	32.13	230.02	207.46	446.84	916.45
Net carrying amount of trade receivables	55,651.29	9,594.34	321.76	636.18	66,203.57

# 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 Company's exposure to credit risk for trade receivables by geographic region is as follows:

Particulars	March 31, 2021	March 31, 2020
USA	26,444.27	32,616.01
Europe	21,611.81	13,424.48
India	9,494.00	8,758.31
LATAM	14,837.96	9,909.76
AMEA	4,153.97	1,495.01
	<b>76,542.01</b>	<b>66,203.57</b>

### 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, 2021:

Particulars	Less than 1 year	1-2 years	2-5 years	5-9 years	Total
Borrowings (including current maturities)	9,879.60	9,852.71	24,208.90	52.72	43,993.93
Short-term Borrowings	40,927.05	-	-	-	40,927.05
Trade payables	54,104.75	-	-	-	54,104.75
Other financial liabilities (excluding current maturities of longterm borrowings)	8,178.82	-	-	-	8,178.82

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of March 31, 2020:

Particulars	Less than 1 year	1-2 years	2-5 years	5-9 years	Total
Borrowings (including current maturities)	9,888.82	9,408.30	27,982.63	4,761.31	52,041.07
Short-term Borrowings	37,169.09	-	-	-	37,169.09
Trade payables	35,687.96	-	-	-	35,687.96
Other financial liabilities (excluding current maturities of longterm borrowings)	3,714.88	-	-	-	3,714.88

### 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.



# Notes to Consolidated Financial Statements

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

## 34. Financial risk management (Contd..)

### 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 Group's profit before tax is affected through the impact on borrowings, as follows:

Particulars	Change in basis points	March 31, 2021	March 31, 2020
USD - Borrowings	+100	(409.27)	(305.35)
	-100	409.27	305.35
EURO - Borrowings	+100	(209.44)	(362.27)
	-100	209.44	362.27

### 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.

The year end foreign currency exposures are as under -

(All amounts are in Indian Rupees Lakhs)

Particulars	March 31, 2021		
	USD	EURO	Others
<b>Assets</b>			
Trade receivables	86,961.47	5,696.60	-
Loans and advances	-	-	1,011.21
Other non-current assets	369.03	127.04	75.86
Loans	2.19	0.02	-
Cash and cash equivalents	114.00	16.89	0.29
<b>Total</b>	<b>87,446.69</b>	<b>5,840.55</b>	<b>1,087.36</b>
<b>Liabilities</b>			
Borrowings	-	33,380.74	-
Trade payables	16,888.54	1,413.37	31.88
Other financial liabilities	-	9,770.19	-
Other current liabilities	683.49	7.74	-
Short-term borrowings	40,927.05	-	-
<b>Total</b>	<b>58,499.08</b>	<b>44,572.04</b>	<b>31.88</b>

# Notes to Consolidated Financial Statements

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

## 34. Financial risk management (Contd..)

(All amounts are in Indian Rupees Lakhs)

Particulars	March 31, 2020		
	USD	EURO	Others
<b>Assets</b>			
Trade receivables	46,318.01	2,765.49	-
Loans and advances	13,455.24	-	825.56
Other non-current assets	75.95	566.75	6.89
Other current assets	197.64	24.82	0.32
Loans	0.04	-	-
Cash and cash equivalents	42.26	8.31	0.29
<b>Total</b>	<b>60,089.13</b>	<b>3,365.37</b>	<b>833.06</b>
<b>Liabilities</b>			
Borrowings	-	41,483.28	-
Trade payables	13,732.95	451.41	66.24
Other financial liabilities	2,499.02	9,062.47	0.41
Other current liabilities	803.47	15.08	-
Short-term borrowings	37,169.09	-	-
<b>Total</b>	<b>54,204.53</b>	<b>51,012.24</b>	<b>66.65</b>

For the year ended March 31, 2021 and March 31, 2020, every percentage point depreciation / appreciation in the exchange rate between Indian rupees and U.S. dollar/Euro will affect the Groups's profit before tax by approximately 0.14% and 0.93% respectively.

The Group 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, 2021 is as follows:

Particulars	March 31, 2021	March 31, 2020
Balance at the beginning of the year	(2,496.75)	(128.89)
Gain/(loss) recognised in other comprehensive income during the year	(1,904.50)	(3,286.49)
Amount reclassified to statement of profit & loss during the year	1,204.52	148.13
Tax impact on the above	176.17	770.50
<b>Balance at the end of the year</b>	<b>(3,020.56)</b>	<b>(2,496.75)</b>

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, 2021	March 31, 2020
Cash flows in Euros		
Not later than one year	9,537.35	8,554.11
Later than one year and not later than five years	33,380.74	36,874.02
Later than five years and not later than nine years	-	4,609.25

# Notes to Consolidated Financial Statements

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

## 35. Segment reporting

### A. Basis for segmentation

The operations of the Group are limited to one segment viz. Pharmaceutical products including ingredients and intermediaries. The products being sold under this segment are of similar nature and comprises of pharmaceutical products only. The Company's Chief Operating Decision Maker (CODM) reviews the internal management reports prepared based on aggregation of financial information of the Company on a periodic basis, for the purpose of allocation of resources and evaluation of performance. Accordingly, management has identified pharmaceutical segment as the only operating segment for the Company.

### B. Segment information for secondary segment reporting (by geographical segment)

The Company has reportable geographical segments based on location of its customers:

- (i) Revenue from customers within India - Domestic
- (ii) Revenue from customers outside India - Exports

Revenue from one external customer exceed 10% of company's total revenue from operations of ₹ 33,293.59 lakhs for the year ended March 31, 2021 (March 31, 2020 - ₹ 37,802.81 lakhs)

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, 2021			March 31, 2020		
	Outside India	Within India	Total	Outside India	Within India	Total
Revenue	275,156.36	48,597.92	323,754.28	216,998.80	42,865.85	259,864.65
Non-current assets (refer note - i)	48,645.54	119,141.20	167,786.74	48,631.00	107,161.70	155,792.70

#### Note:

- i) Non-current assets for this purpose consist of property, plant and equipment, capital work in progress, intangible assets, intangible assets under development 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	% of equity interest		
	Country of incorporation	March 31, 2021	March 31, 2020
Granules USA Inc	USA	100%	100%
Granules Pharmaceuticals Inc	USA	100%	100%
Granules Europe Limited	UK	100%	100%
Granules Lifesciences Private Limited	India	100%	100%

### Joint arrangement in which the Group is a joint venture/ associate

During the previous year, the Group has a 50% interest in Granules Bio-cause Pharmaceutical co. ltd and Granules Omnichem private Limited. For more details, refer to Note 31.

# 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	₹
<b>Parent</b>								
Granules India Limited								
Balance as at March 31, 2021	99.51%	216,262.17	100.60%	55,278.31	21.07%	(551.27)	104.58%	54,727.04
Balance as at March 31, 2020	98.26%	181,158.58	132.40%	44,406.90	-1237.96%	(2,704.80)	123.53%	41,702.10
<b>Subsidiaries</b>								
<b>Foreign</b>								
Granules USA Inc.,								
Balance as at March 31, 2021	0.58%	1,256.96	2.07%	1,138.00	2.71%	(70.82)	2.04%	1,067.18
Balance as at March 31, 2020	0.10%	189.78	1.68%	565.04	2.22%	4.86	1.69%	569.90
Granules Pharmaceuticals Inc.,								
Balance as at March 31, 2021	4.94%	10,733.54	11.06%	6,077.84	73.55%	(1,924.21)	7.94%	4,153.63
Balance as at March 31, 2020	3.43%	6,331.30	-2.41%	(808.38)	1937.76%	4,233.78	10.15%	3,425.40
Granules Europe Limited								
Balance as at March 31, 2021	-0.45%	(984.09)	-0.34%	(188.35)	2.67%	(69.75)	-0.49%	(258.10)
Balance as at March 31, 2020	-0.39%	(725.99)	-0.59%	(198.65)	-9.89%	(21.61)	-0.65%	(220.26)
Granules Lifesciences Private Limited								
Balance as at March 31, 2021	-0.03%	(72.56)	-0.13%	(72.56)	0.00%	-	-0.14%	(72.56)
Balance as at March 31, 2020	0.00%	-	0.00%	-	0.00%	-	0.00%	-
<b>Joint venture/associate (investment as per the equity method)</b>								
<b>Indian</b>								
Granules Omnicheem private Limited (refer note 4A)								
Balance as at March 31, 2021	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Balance as at March 31, 2020	0.00%	-	-1.37%	(460.39)	0.00%	-	-1.36%	(460.39)
<b>Foreign</b>								
Granules Bio-cause Pharmaceutical co. ltd (refer note 4A)								
Balance as at March 31, 2021	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Balance as at March 31, 2020	0.00%	-	8.97%	3,009.47	-166.26%	(363.26)	7.84%	2,646.21
On account of Eliminations								
Balance as at March 31, 2021	-4.55%	(9,868.59)	-13.26%	(7,287.34)	0.00%	-	-13.93%	(7,287.34)
Balance as at March 31, 2020	-1.40%	(2,581.26)	-38.68%	(12,974.16)	-425.87%	(930.48)	-41.20%	(13,904.64)
<b>Balance as at 31 March, 2021</b>	<b>100.00%</b>	<b>217,327.43</b>	<b>100.00%</b>	<b>54,945.90</b>	<b>100.00%</b>	<b>(2,616.05)</b>	<b>100.00%</b>	<b>52,329.85</b>
<b>Balance as at 31 March, 2020</b>	<b>100.00%</b>	<b>184,372.41</b>	<b>100.00%</b>	<b>33,539.83</b>	<b>100.00%</b>	<b>218.49</b>	<b>100.00%</b>	<b>33,758.32</b>

# 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, 2021	March 31, 2020
Borrowings including interest accrued on borrowings	85,153.82	89,488.98
Less: cash and cash equivalents and other bank balances	(27,104.39)	(28,394.27)
<b>Net debt</b>	<b>58,049.43</b>	<b>61,094.71</b>
Equity	2,476.75	2,542.48
Other equity	214,850.68	181,829.93
<b>Total equity</b>	<b>217,327.43</b>	<b>184,372.41</b>
Net debt to equity ratio	0.27	0.33

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. Buy back of shares

During the year the Company has bought back 7,101,374 equity shares of ₹ 1 each, representing 2.79% of total number of equity share fully paid-up for an aggregate amount of ₹ 14,202.75 lakhs (excluding taxes and transaction cost) at ₹ 200 per share. The equity shares bought back were extinguished on 29 June 2020. An amount corresponding to face value of the shares bought back was transferred to Capital Redemption Reserve were adjusted against General reserve.

# Notes to Consolidated Financial Statements

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

- 40.** The financial statements of each of the subsidiary are drawn up to the same reporting date i.e. year ended March 31, 2021, for the purpose of consolidation.
- 41.** 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 2021
- 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 **BSR & Associates LLP**

Chartered Accountants

Firm registration number 116321W/W-100024

*for and on behalf of the Board of Directors of*

**Granules India Limited**

CIN : L24110TG1991PLC012471

**Sriram Mahalingam**

Partner

Membership No : 049642

**Krishna Prasad Chigurupati**

Chairman and Managing Director

DIN : 00020180

**Sandip Neogi**

Chief Financial Officer

Place: Hyderabad

Date: May 11, 2021

**Chaitanya Tummala**

Company Secretary

Place: Hyderabad

Date: May 11, 2021

Place: Palakkad

Date: May 11, 2021

# 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

### Part "A" : Subsidiaries

(₹ In Lakhs)

Name of the Subsidiary	Granules USA, Inc.,	Granules Pharmaceuticals Inc.,	Granules Europe Limited	Granules Lifesciences Private Limited
1 Reporting period	March 31, 2021	March 31, 2021	March 31, 2021	March 31, 2021
2 Reporting Currency	USD	USD	GBP	INR
3 Exchange rate as on the last date of the financial year	73.1661	73.1661	100.9569	1.00
4 Share capital	116.31	56,453.65	0.08	2,500.00
5 Other Equity	1,256.96	10,733.54	(984.09)	(72.56)
6 Total Assets	22,183.57	91,494.03	27.18	2,427.44
7 Total Liabilities	20,810.30	26,122.71	1,011.19	-
8 Investments	-	1,815.87	-	-
9 Turnover	51,588.69	50,508.57	-	-
10 Profit/(loss) before taxation	1,493.60	5,801.38	(188.35)	(72.56)
11 Provision for taxation	355.60	(276.46)	-	-
12 Profit/(loss) after taxation	1,138.00	6,077.84	(188.35)	(72.56)
13 Proposed Dividend	-	-	-	-
14 % of shareholding	100%	100%	100%	100%
15 Country of Incorporation	USA	USA	UK	India

For and on behalf of the Board of Directors of

#### Granules India Limited

CIN : L24110TG1991PLC012471

Krishna Prasad Chigurupati  
Chairman and Managing Director  
DIN : 00020180

#### Sandip Neogi

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](http://www.granulesindia.com), Email: [investorrelations@granulesindia.com](mailto:investorrelations@granulesindia.com), Tel: +91-40-306600000, 69043500

## NOTICE

Notice is hereby given that the 30<sup>th</sup> Annual General Meeting (AGM) of the members of Granules India Limited (the Company) will be held on Thursday, August 05, 2021 at 3.00 PM IST through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") without the physical presence of the members at a common venue, in compliance with General Circular No. 14/2020, 17/2020, 20/2020 and 02/2021 issued by Ministry of Corporate Affairs (MCA Circulars), to transact the businesses mentioned below:

The proceedings of the AGM shall be deemed to be conducted at the Registered Office of the Company which shall be the deemed Venue of the AGM.

### ORDINARY BUSINESS:

- To consider and adopt (a) the audited standalone financial statements of the Company for the financial year ended March 31, 2021 and the reports of the Board of Directors and the Auditors thereon; and (b) the audited consolidated financial statements of the Company for the financial year ended March 31, 2021 and the report of Auditors thereon and in this regard, pass the following resolutions as **Ordinary Resolutions:**
  - "RESOLVED THAT** the audited standalone financial statements of the Company for the financial year ended March 31, 2021 and the reports of the Board of Directors and Auditors thereon laid before this meeting, be and are hereby considered and adopted."
  - "RESOLVED THAT** the audited consolidated financial statements of the Company for the financial year ended March 31, 2021 and the report of Auditors thereon laid before this meeting, be and are hereby considered and adopted."

- To declare a final dividend of 75 paisa per equity share and to approve and ratify the interim dividend of 75 paisa per equity share, already paid during the year for the year ended March 31, 2021 and, in this regard, pass the following resolutions as an **Ordinary Resolutions:**
  - "RESOLVED THAT** a final dividend at the rate of 75 paisa per equity share of ₹ 1/- (One rupee) each fully paid-up of the Company be and is hereby declared for the financial year ended March 31, 2021 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, 2021."
  - "RESOLVED THAT** pursuant to the recommendation of the Board of Directors, interim dividend of 75 paisa per equity share paid during the FY 2020-21 be and is hereby approved and ratified."
- To appoint a Director in place of Mr. Harsha Chigurupati (DIN: 01606477), 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, Mr. Harsha Chigurupati (DIN: 01606477), who retires by rotation at this meeting be and is hereby appointed as a Director of the Company, liable to retire by rotation."

By Order of the Board of Directors

Place: Hyderabad  
Date: May 11, 2021

**Chaitanya Tummala**  
Company Secretary



## NOTES:

1. In view of the continuing Covid-19 pandemic and restrictions imposed on the movement of people, the Ministry of Corporate Affairs ("MCA") vide its circular dated May 5, 2020 read with circulars dated April 8, 2020, April 13, 2020 and January 13, 2021 (collectively referred to as "MCA Circulars") and SEBI vide its Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 and SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021 (collectively referred to as "SEBI Circulars") has permitted the holding of the Annual General Meeting ("AGM") through VC / OAVM, without the physical presence of the members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), and MCA Circulars, the AGM of the Company being conducted through VC / OAVM herein after called as "e-AGM".
  2. The relevant details, pursuant to Regulations 26(4) and 36(3) of the SEBI Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of Director seeking re-appointment at this AGM is annexed.
  3. 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.
  4. Pursuant to the provisions of the Act, a member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a member of the Company. Since this AGM will be conducted through VC / OAVM, physical attendance of members has been dispensed with. Accordingly, the facility for appointment of proxies by the members will not be available for the AGM and hence the Proxy Form and Attendance Slip including route map are not annexed to this Notice.
  5. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
  6. In compliance with the aforesaid MCA Circulars and SEBI Circulars, Notice of the AGM along with the Annual Report for FY 2020-21 is being sent only through electronic mode to those members whose email addresses are registered with the Company or Depository Participant(s).
- Shareholders are also requested to visit the website of the company [www.granulesindia.com](http://www.granulesindia.com) or the website of the Registrar and Transfer Agent [www.kfintech.com](http://www.kfintech.com) for downloading the Annual Report and Notice of the AGM.
7. (a) The Company has notified closure of Register of Members and Share Transfer Books from Friday, July 30, 2021 to, Thursday, August 05, 2021 (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 11, 2021 has recommended a dividend of 75 paise per share on equity share of ₹ 1/- each as final dividend for the financial year 2020-21 in addition to the interim dividend of 75 paise per equity share paid during the year. Final dividend, if declared, at the Annual General Meeting, will be paid on or before September 03, 2021. The Company has fixed Thursday, July 29, 2021 as the 'Record Date' for determining entitlement of members to final dividend for the financial year ended March 31, 2021, if approved at the AGM.
8. Pursuant to Finance Act 2020, dividend income will be taxable in the hands of shareholders w.e.f. April 1, 2020 and the Company is required to deduct tax at source from dividend paid to shareholders at the prescribed rates. For the prescribed rates for various categories, the shareholders are requested to refer to the Finance Act, 2020 and amendments thereof. The shareholders are requested to update their PAN with the Company/ M/s. KFin Technologies Private Limited (in case of shares held in physical mode) and depositories (in case of shares held in demat mode). A Resident individual shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source by uploading the documents at <https://ris.kfintech.com/form15>. Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%.  
  
Non-resident shareholders can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits by uploading the documents at <https://ris.kfintech.com/form15>.  
  
The aforesaid declarations and documents need to be submitted by the shareholders by 5.00 p.m. IST on July 28, 2021.

9. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from, April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form.
10. To support the 'Green Initiative', members who have not yet registered their email addresses are requested to register the same with their DPs in case the shares are held by them in electronic form and with M/s. KFin Technologies Private Limited in case the shares are held by them in physical form.
11. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/ mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their Depository Participants in case the shares are held by them in electronic form and to M/s. KFin Technologies Private Limited in case the shares are held by them in physical form.
12. As per the provisions of Section 72 of the Act, the facility for making nomination is available for the members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. Members are requested to submit the said details to their Depository Participants in case the shares are held by them in electronic form and to M/s. KFin Technologies Private Limited in case the shares are held in physical form.
13. Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or the Registrar, M/s. KFin Technologies Private Limited, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such members after making requisite changes.
14. In case of joint holders, the member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.
15. Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to the Company before 5.00 pm on August 03, 2021 through email on [investorrelations@granulesindia.com](mailto:investorrelations@granulesindia.com). The same will be replied by the Company suitably.
16. (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](http://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](http://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 the Registrar, M/s. KFin Technologies Private Limited for lodging claim for refund of shares and / or dividend from the IEPF Authority.
17. Due dates for transfer of unclaimed/unpaid dividends for the financial year 2013-14 and thereafter to IEPF:

Financial year	Type of dividend	Due date of transfer
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
2018-2019	1st Interim	28.08.2025
	2nd Interim	04.12.2025
	3rd Interim	06.03.2026
	Final	03.10.2026
2019-2020	1st Interim	03.09.2026
	2nd Interim	26.11.2026
	3rd Interim	25.02.2027
	Final	18.09.2027
2020-2021	1st Interim	22.08.2027
	2nd Interim	25.11.2027
	3rd Interim	05.03.2028

## 18. Procedure of E-Voting and attending E-AGM

- i. In compliance with the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, Regulation 44 of the SEBI Listing Regulations and in terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 in relation to E-voting facility provided by the listed entities, the members are provided with the facility to cast their vote electronically, through the e-Voting services provided by M/s Kfintech Technologies Private Limited (Kfintech), on all the resolutions set forth in this Notice. The instructions for e-Voting are given herein below.
- ii. However, in pursuant to SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on "e-voting facility provided by Listed Companies", e-voting process has been enabled to all the individual demat account holders, by way of single login credential, through their demat accounts / websites of Depositories / DPs in order to increase the efficiency of the voting process.
- iii. Individual demat account holders would be able to cast their vote without having to register again with the e-Voting service provider (ESP) thereby not only facilitating seamless authentication but also ease and convenience of participating in e-Voting process. Shareholders are advised to update their mobile number and e-mail ID with their DPs to access e-Voting facility.
- iv. The remote e-voting period commences from 9.00 a.m (IST) on August 02, 2021 and ends on 5.00 p.m (IST) on August 04, 2021.
- v. The voting rights of members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date i.e Thursday, July 29, 2021.
- vi. Any person holding shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes a member of the Company after sending of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at [evoting@Kfintech.com](mailto:evoting@Kfintech.com). However, if he / she is already registered with Kfintech for remote e-Voting then he /she can use his / her existing User ID and password for casting the vote.
- vii. In case of Individual Shareholders holding securities in demat mode and who acquires shares of the Company and becomes a member of the Company after sending of the Notice and holding shares as of the cut-off date may follow steps mentioned below under "Login method for remote e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode."
- viii. The details of the process and manner for remote e-Voting and e-AGM are explained herein below:
  - Step 1 :** Access to Depositories e-Voting system in case of individual shareholders holding shares in demat mode.
  - Step 2:** Access to Kfintech e-Voting system in case of shareholders holding shares in physical and non-individual shareholders in demat mode.
  - Step 3:** Access to join virtual meetings(e-AGM) of the Company on Kfintech system to participate e-AGM and vote at the AGM.

### Details on Step 1 are mentioned below:

#### I) Login method for remote e-Voting for Individual shareholders holding securities in demat mode.

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL	<p><b>1. User already registered for IDeAS facility:</b></p> <ol style="list-style-type: none"> <li>i) Visit URL: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a></li> <li>ii) Click on the "Beneficial Owner" icon under "Login" under 'IDeAS' section.</li> <li>iii) On the new page, enter User ID and Password. Post successful authentication, click on "Access to e-Voting"</li> <li>iv) Click on company name or e-Voting service provider and you will be re-directed to e-Voting service provider website for casting the vote during the remote e-Voting period.</li> </ol>

Type of shareholders	Login Method
	<p><b>2. User not registered for IDeAS e-Services</b></p> <ul style="list-style-type: none"> <li>i) To register click on link : <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a></li> <li>ii) Select "Register Online for IDeAS" or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>iii) Proceed with completing the required fields.</li> <li>iv) Follow steps given in points 1</li> </ul> <p><b>3. Alternatively by directly accessing the e-Voting website of NSDL</b></p> <p>Open URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a></p> <ul style="list-style-type: none"> <li>i) Click on the icon "Login" which is available under 'Shareholder/Member' section.</li> <li>ii) A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password / OTP and a Verification Code as shown on the screen.</li> <li>iii) Post successful authentication, you will requested to select the name of the company and the e-Voting Service Provider name, i.e. KFintech.</li> </ul> <p>On successful selection, you will be redirected to KFintech e-Voting page for casting your vote during the remote e-Voting period.</p>
Individual Shareholders holding securities in demat mode with CDSL	<p><b>1. Existing user who have opted for Easi / Easiest</b></p> <ul style="list-style-type: none"> <li>i) Visit URL: <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or URL: <a href="http://www.cdslindia.com">www.cdslindia.com</a></li> <li>ii) Click on New System Myeasi</li> <li>iii) Login with your registered user id and password.</li> <li>iv) The user will see the e-Voting Menu. The Menu will have links of ESP i.e. KFintech e-Voting portal.</li> <li>v) Click on e-Voting service provider name to cast your vote.</li> </ul> <p><b>2. User not registered for Easi/Easiest</b></p> <ul style="list-style-type: none"> <li>i) Option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>ii) Proceed with completing the required fields.</li> <li>iii) Follow the steps given in point 1.</li> </ul> <p><b>3. Alternatively, by directly accessing the e-Voting website of CDSL</b></p> <ul style="list-style-type: none"> <li>i) Visit URL: <a href="http://www.cdslindia.com">www.cdslindia.com</a></li> <li>ii) Provide your demat Account Number and PAN No.</li> <li>iii) System will authenticate user by sending OTP on registered Mobile &amp; Email as recorded in the demat Account.</li> <li>iv) After successful authentication, user will be provided links for the respective ESP, i.e. <b>KFintech</b> where the e- Voting is in progress.</li> </ul>
Individual Shareholder login through their demat accounts / Website of Depository Participant	<ul style="list-style-type: none"> <li>i) You can also login using the login credentials of your demat account through your DP registered with NSDL /CDSL for e-Voting facility.</li> <li>ii) Once logged-in, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL / CDSL Depository site after successful authentication, wherein you can see e-Voting feature.</li> <li>iii) Click on options available against company name or e-Voting service provider - <b>KFintech</b> and you will be redirected to e-Voting website of <b>KFintech</b> for casting your vote during the remote e-Voting period without any further authentication.</li> </ul>

**Important note:** Members who are unable to retrieve User ID / Password are advised to use Forgot user ID and Forgot Password option available at respective websites.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type			Helpdesk details
Securities held with NSDL			Please contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Securities held with CDSL			Please contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 or 022-23058542-43

**Details on Step 2 are mentioned below:**

**II) Login method for e-Voting for shareholders other than Individual's shareholders holding securities in demat mode and shareholders holding securities in physical mode.**

(A) Members whose email IDs are registered with the Company/ Depository Participants (s), will receive an email from KFintech which will include details of E-Voting Event Number (EVEN), USER ID and password. They will have to follow the following process:

- i. Launch internet browser by typing the URL: <https://emeetings.kfintech.com/>
- ii. Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be EVEN (E-Voting Event Number) xxxx, followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with KFintech for e-voting, you can use your existing User ID and password for casting the vote.
- iii. After entering these details appropriately, click on "LOGIN".
- iv. You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A- Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,\$, etc.,). The system will prompt you to change your password and update your contact details like mobile number, email ID etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.

- v. You need to login again with the new credentials.
- vi. On successful login, the system will prompt you to select the "EVEN" i.e., 'Granules India Limited- AGM' and click on "Submit"
- vii. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR/ AGAINST" taken together shall not exceed your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the member does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
- viii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/ demat accounts.
- ix. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.
- x. You may then cast your vote by selecting an appropriate option and click on "Submit".
- xi. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have voted on the resolution (s), you will not be allowed to modify your vote. During the voting period, members can login any number of times till they have voted on the Resolution(s).
- xii. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are also required to send scanned certified true copy (PDF Format) of the

Board Resolution/Authority Letter etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to cast its vote through remote e-voting, together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer's email id [dhanu.a@dhara.com](mailto:dhanu.a@dhara.com) with a copy marked to [evoting@kfintech.com](mailto:evoting@kfintech.com). The scanned image of the above-mentioned documents should be in the naming format "Corporate Name\_Even No."

- (B) Members whose email IDs are not registered with the Company/Depository Participants(s), and consequently the Annual Report, Notice of AGM and e-voting instructions cannot be serviced, will have to follow the following process:
- i. Members who have not registered their email address and in consequence the Annual Report, Notice of AGM and e-voting instructions cannot be serviced, may temporarily get their email address and mobile number provided with KFintech, by accessing the link: <https://karisma.kfintech.com/emailreg>. Members are requested to follow the process as guided to capture the email address and mobile number for sending the soft copy of the notice and e-voting instructions along with the User ID and Password. In case of any queries, member may write to [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com).
  - ii. Alternatively, member may send an e-mail request at the email id [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) along with scanned copy of the signed copy of the request letter providing the email address, mobile number, self-attested PAN copy and Client Master copy in case of electronic folio and copy of share certificate in case of physical folio for sending the Annual report, Notice of AGM and the e-voting instructions.
  - iii. After receiving the e-voting instructions, please follow all steps above to cast your vote by electronic means.

**Details on Step 3 are mentioned below:**

**III) Instructions for all the shareholders, including Individual, other than Individual and Physical, for attending the AGM of the Company through VC/OAVM and e-Voting during the meeting.**

- i. Member will be provided with a facility to attend the AGM through VC / OAVM platform provided by KFintech. Members may access the same at <https://emeetings.kfintech.com/> by using the e-voting login credentials provided in the email received from

the Company/KFintech. After logging in, click on the Video Conference tab and select the EVEN of the Company. Click on the video symbol and accept the meeting etiquettes to join the meeting. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned above.

- ii. Facility for joining AGM through VC/ OAVM shall open at least 15 minutes before the commencement of the Meeting.
- iii. Members are encouraged to join the Meeting through Laptops / Desktops with Google Chrome (preferred browser), Safari, Internet Explorer, Microsoft Edge, Mozilla Firefox 22.
- iv. Members will be required to grant access to the webcam to enable VC / OAVM. Further, Members connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- v. As the AGM is being conducted through VC / OAVM, for the smooth conduct of proceedings of the AGM, members are encouraged to express their views / send their queries in advance mentioning their name, demat account number / folio number, email id, mobile number at [investorrelations@granulesindia.com](mailto:investorrelations@granulesindia.com). Questions /queries received by the Company till August 04, 2021 (5.00 p.m. IST) shall only be considered and responded during the AGM.
- vi. The members who have not cast their vote through remote e-voting shall be eligible to cast their vote through e-voting system available during the AGM. E-voting during the AGM is integrated with the VC / OAVM platform. The members may click on the voting icon displayed on the screen to cast their votes.
- vii. A member can opt for only single mode of voting i.e., through remote e-voting or voting at the AGM. If a member casts votes by both modes, then voting done through remote e-voting shall prevail and vote at the AGM shall be treated as invalid.
- viii. Facility of joining the AGM through VC / OAVM shall be available for members on first come first served basis.
- ix. Institutional members are encouraged to attend and vote at the AGM through VC / OAVM.

- x. The members who wish to speak during the meeting may register themselves as speakers for the AGM to express their views. They can visit <https://emeetings.kfintech.com> and login through the user id and password provided in the mail received from KFintech. On successful login, select 'Speaker Registration' which will be opened during the period starting from August 02, 2021 (9.00 a.m. IST) up to August 04, 2021 (5.00 p.m. IST). Members shall be provided a 'queue number' before the meeting. The Company reserves the right to restrict the speakers at the AGM to only those members who have registered themselves, depending on the availability of time for the AGM.
- xi. The members who wish to post their questions prior to the meeting can do the same by visiting <https://emeetings.kfintech.com>. Please login through the user id and password provided in the mail received from KFintech. On successful login, select 'Post Your Question' option which will be opened from August 02, 2021 (9.00 a.m. IST) up to August 04, 2021 (5.00 p.m. IST).
- xii. In case of any query and/or grievance, in respect of voting by electronic means, members may refer to the Help & Frequently Asked Questions (FAQs) and E-voting user manual available at the download section of <https://evoting.kfintech.com> (KFintech Website) or at [evoting@kfintech.com](mailto:evoting@kfintech.com) or call KFintech's toll free No. 1-800-309-4001 for any further clarifications.
- xiii. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on Thursday, July 29, 2021, being the cut-off date, are entitled to vote on the Resolutions set forth in this Notice. A person who is not a member as on the cut-off date should treat this Notice for information purposes only. Once the vote on a resolution(s) is cast by the member, the member shall not be allowed to change it subsequently.
- xiv. In case a person has become a member of the Company after dispatch of AGM Notice but on or before the cut-off date for E-voting, he/she may obtain the User ID and Password in the manner as mentioned below:
- i. 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
    1. Example for NSDL:
    2. MYEPWD <SPACE> IN12345612345678
    3. Example for CDSL:
    4. MYEPWD <SPACE> 1402345612345678
    5. Example for Physical:
    6. MYEPWD <SPACE> XXXX1234567890
  - ii. 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.kfintech.com/>, the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.
  - iii. Members who may require any technical assistance or support before or during the AGM are requested to contact KFintech at toll free number 1-800-309-4001 or write to them at [evoting@kfintech.com](mailto:evoting@kfintech.com).
- xv. The results of the electronic voting shall be declared to the Stock Exchanges after the AGM. The results along with the Scrutinizer's Report, shall also be placed on the website of the Company.

## Annexure to the Notice dated May 11, 2021

### Details of Directors retiring by rotation / seeking re-appointment at the Meeting.

<p><b>Name of Director</b></p> <p><b>Date of Birth</b></p> <p><b>Date of Appointment</b></p> <p><b>Relationship with other Directors</b></p> <p><b>Expertise in specific functional area</b></p> <p><b>Profile</b></p>	<p><b>Mr. Harsha Chigurupati</b></p> <p>September 05, 1983</p> <p>July 26, 2010</p> <p>Mr. Harsha Chigurupati is son of Mr. Krishna Prasad Chigurupati, Chairman and Managing Director of the Company and Mrs. Uma Devi Chigurupati, Executive Director of the Company. He has over 15 years of entrepreneurial experience in marketing, business development, customer relationship management etc. He also has in depth knowledge and experience in various fields of research and development, clinical trials, regulatory and legal framework navigation, patents and peer review journal publications.</p> <p>Mr. Harsha Chigurupati holds a Bachelor's degree of science in business administration from Boston University, USA. He has over 15 years of entrepreneurial experience in marketing, business development, customer relationship management etc. He also has in-depth knowledge and experience in various fields of research and development, clinical trials, regulatory and legal framework navigation, patents and peer review journal publications etc.</p> <p>Mr. Chigurupati has been with Granules since 2005 in various capacities. He was instrumental in commercializing the Company's Finished Dosage Division and transitioning the Company's customer base towards brand owners. As an Executive Director, he is responsible for the standalone operations and P&amp;L of the Company. 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".</p>
<p><b>Board membership of other Indian Companies</b></p>	<p>Chigurupati Technologies Private Limited</p> <p>Product Armor Packaging Private Limited</p>
<p><b>Chairman/member of the Committees of the Board of Directors of the Company</b></p> <p><b>Chairman / member of the Committees in other companies in which he is a Director</b></p> <p><b>Number of shares held in the company</b></p>	<p>Risk Management Committee - Chairman</p> <p>NIL</p> <p>NIL</p>

By Order of the Board of Directors

Place: Hyderabad  
Date: May 11, 2021

**Chaitanya Tummala**  
Company Secretary









# Corporate Information

## BOARD OF DIRECTORS

**Mr. Krishna Prasad Chigurupati,**  
Chairman and Managing Director – Non-Independent

**Mr. Arun Rao Akinepally,**  
Director – Non-Executive, Independent

**Mr. K.B. Sankar Rao,**  
Director – Non-Executive, Non-Independent

**Mrs. Uma Devi Chigurupati,**  
Executive Director – Non-Independent

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

**Mr. Arun Sawhney,**  
Director - Non-Executive, Independent

**Mr. Robert George Cunard,**  
Director - Non-Executive, Independent

**Mrs. Jyothi Prasad,**  
Director - Non-Executive, Independent

## CHIEF FINANCIAL OFFICER

**Mr. Sandip Neogi**

## CHIEF OPERATING OFFICER

**Mr. GSR Prasad**

## CHIEF HUMAN RESOURCES OFFICER

**Mr. Atul Dhavle**

## COMPANY SECRETARY & COMPLIANCE OFFICER

**Ms. Chaitanya Tummala**

## REGISTERED OFFICE

2nd Floor, 3rd Block, My Home Hub, Madhapur,  
Hyderabad (TS) 500 081  
Ph: 91-40-306600000, 69043500  
Fax: 91-40-23115145  
E-mail: investorrelations@granulesindia.com

## STATUTORY AUDITORS

M/s B S R & Associates LLP  
Chartered Accountants  
Salarpuria Knowledge City,  
Orwell, B Wing, 6th Floor, Unit-3,  
Sy No. 83/1, Plot No 2, Raidurg,  
Hyderabad (TS) - 500 081

## INTERNAL AUDITORS

M/s. Dhanunjaya & Haranath  
Chartered Accountants  
302, Wings, 8-3-960/6/2, Srinagar Colony,  
Hyderabad (TS)- 500 073

## SECRETARIAL AUDITORS

M/s. Saurabh Poddar & Associates,  
4-1-6/A/1, 2nd Floor, AB Chambers,  
Street No:- 6, Tilak Road, Abids,  
Hyderabad (TS) - 500 001

## REGISTRAR & TRANSFER AGENT

KFin Technologies Private Limited  
Selenium Tower B, Plot 31-32,  
Gachibowli, Financial District,  
Nanakramguda, Hyderabad – 500 032. India.  
Toll free number - 1-800-309-4001  
Email: einward.ris@kfintech.com  
Website: www.kfintech.com



## GRANULES INDIA LIMITED

### Registered Office:

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