



**REGISTERED OFFICE**

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CIN: L24110TG1991PLC012471

**Date: July 05, 2022**

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 2021-22.**

Pursuant to Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 we are submitting herewith the soft copy of the Annual Report of the Company for the financial year 2021-22 along with Notice of the 31<sup>st</sup> Annual General Meeting of the Company scheduled on July 27, 2022 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**

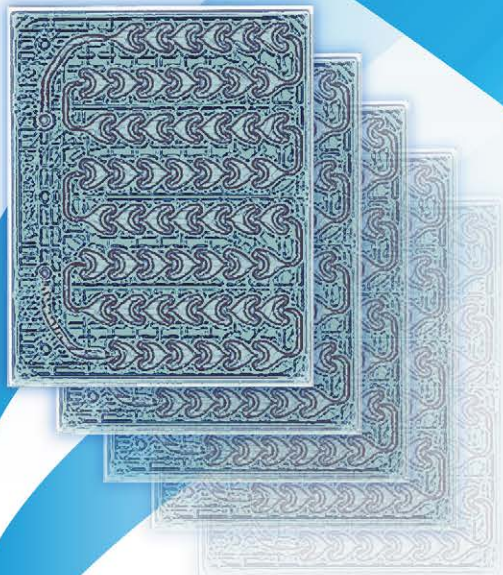
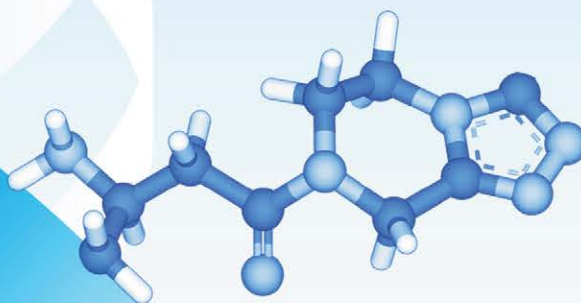
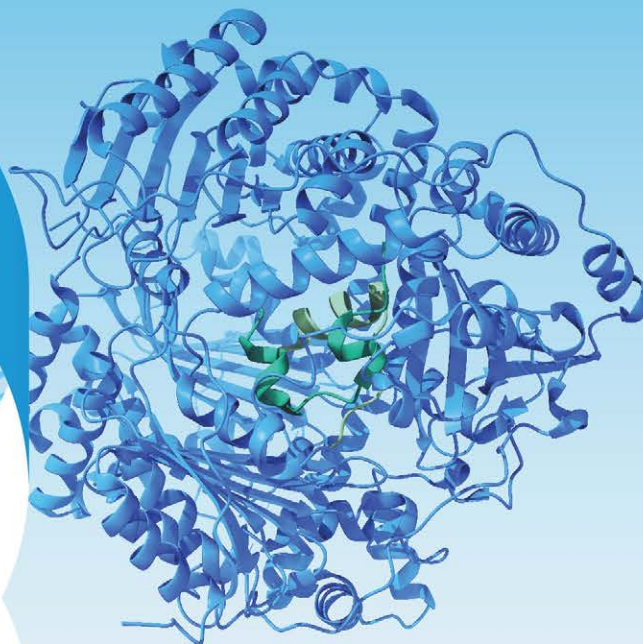
*T. Chaitanya*  
**CHAITANYA TUMMALA**  
**(COMPANY SECRETARY &**  
**COMPLIANCE OFFICER)**



**Encl: As above**

# Transforming with science and technology

Innovation | Excellence | Sustainability



Granules India Limited  
Annual Report 2021-22

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## Transforming with science and technology

**Innovation | Excellence | Sustainability**

Science and technology form the backbone of pharma manufacturing. At Granules India, our spirit of innovation is helping take the business to the next level. Technology will play a critical role in enhancing and optimising capacities, capabilities, processes and quality standards while ensuring cost efficiency for the business and our customers. Extensive and advanced level research and development will keep our product pipeline robust with a diverse range of cost-effective offerings. Excellence is a moving target at Granules. This means that we are continuously calibrating our core and strengthening strategies to deliver more. To become a business that stands for more than profitability and helps create positive impact in the industry, we are adopting and embedding sustainable practices across our operations. Our core focus remains on transforming with times and to this end, we will continue to overrule the status quo and think anew.

# FY 2021-22 Highlights



## Operational

- Granules has the highest generic prescription in terms of absolute growth 17.8% in the US market
- 6 ANDA approvals from USFDA, and additional approvals for 1 EU dossier and 2 Canadian dossiers
- Launched 24 generic products under GPI label in US
- Filed 2 patents in India directed towards new process for manufacturing intermediates and /or APIs, purification and pharmaceutical composition thereof
- USFDA approval for generic Prazosin Hydrochloride capsules used for the treatment of high blood pressure



## Financial

**₹ 3,76,492 Lakhs**  
Income from Operations

**₹ 72,223 Lakhs**  
EBITDA

**19.2%**  
EBITDA Margins

**₹ 41,276 Lakhs**  
PAT

**₹ 16.66**  
EPS

**1.64**  
Asset Turnover



## Environmental

**3,72,589 KL**  
Water consumption

**76,25,239 kwh**  
Renewable energy share

**81,111 KL**  
Recycled water used



## Social

**10%**  
Women employees

**68%**  
Permanent workforce

**₹ 9.13 Cr**  
CSR expenditure



## Governance

**100%**  
Shareholder Grievance Resolved

**98%**  
Average board meeting attendance

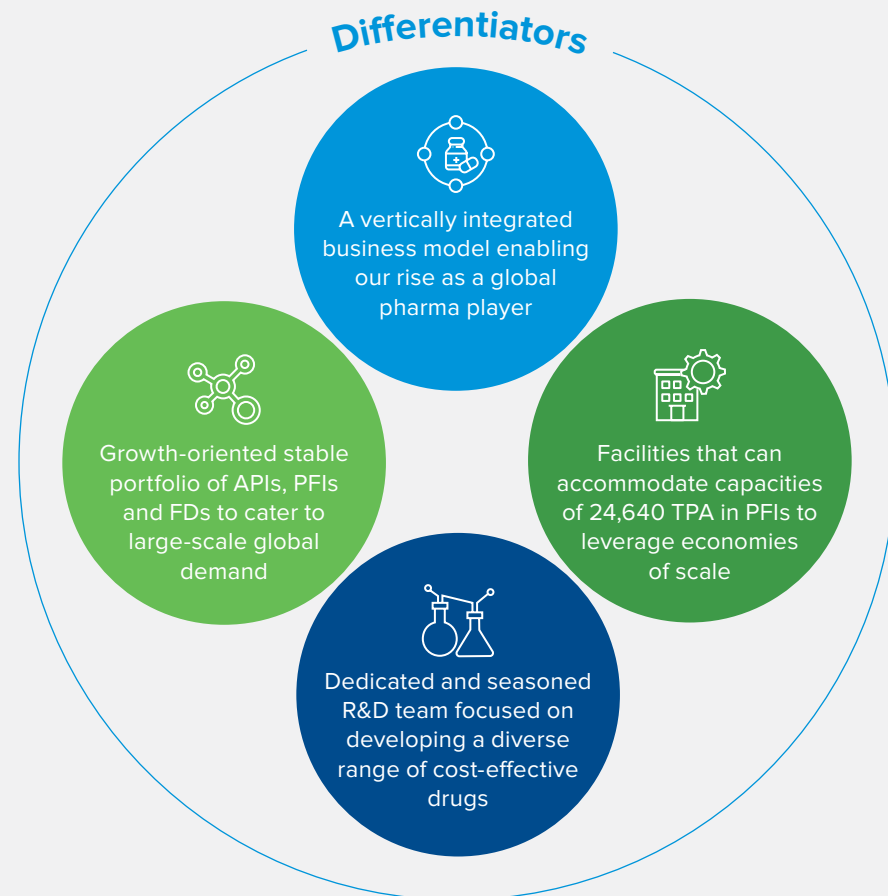
**50%**  
Independent directors on board

## COMPANY OVERVIEW

# For quality healthcare that transforms lives

Granules India Limited is among India's largest pharma manufacturing companies with over three decades of experience in manufacturing high quality pharmaceutical products. We produce Active Pharmaceutical Ingredients (API), Pharmaceutical Formulation Intermediates (PFI) and Finished doses (FD) and the same are marketed across key markets of North America, Europe, India and Latin America. Powered by vertical integration, scale, manufacturing excellence, focused execution and cost leadership through continuous innovation, we offer high quality, affordable medicines to people across the world.

We have built one of the largest PFI and single site FD facilities in the world. Our's is the world's largest Paracetamol API facility. We have state-of-the-art research and development centres in Hyderabad and Virginia.



## VISION

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

## VALUES



### Integrity

We consistently adhere to moral and ethical principles in our thinking as well as actions while conducting our business



### Quality

We strive to maintain the highest standards in our products, processes and system all the time

## 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 foundation for mutual growth and success.



### Improvement

We systematically enhance value of our products, processes and services in pursuit of excellence



### People

We cultivate a conducive work environment where every employee feels excited and can realise their potential



### Customer Centricity

We focus on our energies towards understanding and addressing customer expectations thereby building lasting business relationships



**80+**  
Countries where we operate

**7**  
Manufacturing plants

Largest PFI facility in the world

**5,000+**  
Employees

**60+**  
ANDA filings

39,360 TPA of API  
24,640 TPA of PFI  
23.3 Billion dosages of FD  
Installed Capacity

## OUR BUSINESS SEGMENTS

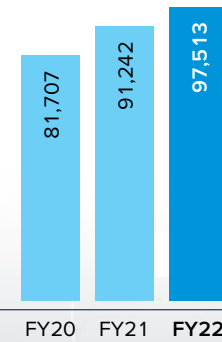
# Enhancing efficacy. Diversifying offerings.

Over the years, we have established a strong presence across the healthcare value chain. Our global-scale operations within API, PFI and FD will focus on achieving cost efficiencies and continuous innovation to remain on the cutting edge of supply chain, manufacturing and operational efficiency.

### ACTIVE PHARMACEUTICAL INGREDIENTS (API)

APIs are a key focus area at Granules, which helped us emerge as the key manufacturer and supplier of Paracetamol, Metformin, Guaifenesin, and Methocarbamol. We are among the most efficient and cost-effective manufacturers in the world, offering a specialized API portfolio. We work to enhance our API manufacturing capabilities to add new products to our portfolio pipeline.

Revenue (₹ in Lakhs)



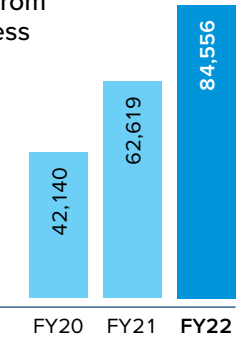
### PHARMACEUTICAL FORMULATION INTERMEDIATES (PFI)

With a batch processing capacity of 6 tonnes, we are among the largest PFI manufacturers in the world. We pioneered the commercialization of PFIs, to optimise cost economics of products. This enabled Granules to become a preferred PFI supplier for some of the most renowned global pharma companies. We use our facilities at Jeedimetla and Gagillapur to process the intermediaries and compress them into finished doses.



Revenue (₹ in Lakhs)

**22%**  
Revenue from PFI business



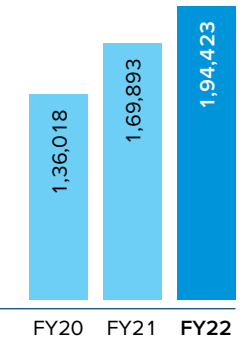
### FINISHED DOSAGES (FD)

The existing portfolio that includes Caplets, Tablets as well as Press-fit Capsules in Bulk, Blister packs and Bottles contribute to over half of our revenue. They are manufactured at our state-of-the-art facility at Gagillapur. This unit is equipped with automated processes, robust infrastructure and superior quality systems to efficiently produce finished dosages that are marketed across 80+ countries.



Revenue (₹ in Lakhs)

**52%**  
Revenue from FD



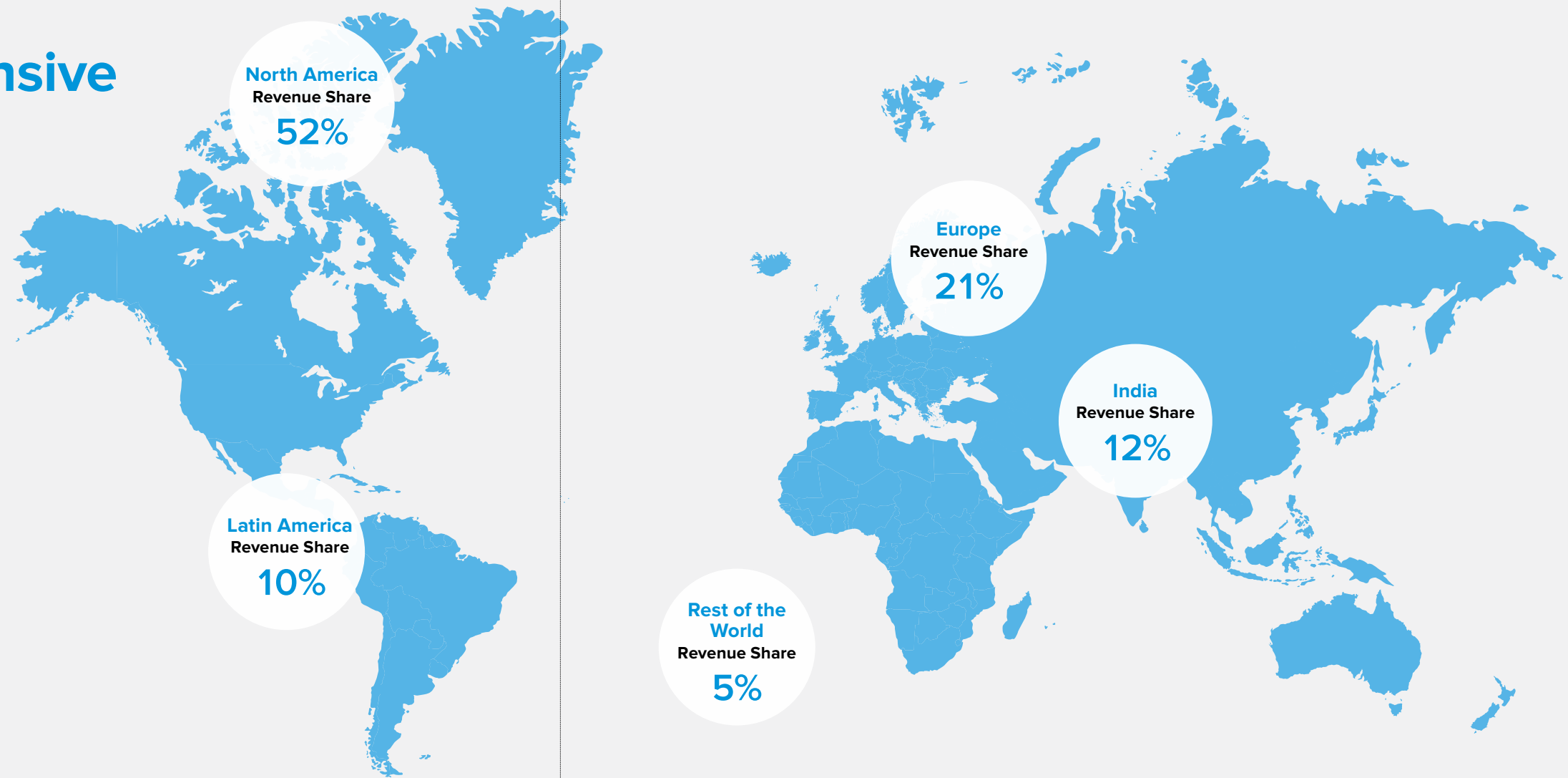


## GEOGRAPHIC FOOTPRINT

# Building an expansive circle of impact

Our manufacturing facilities are located across Hyderabad, Visakhapatnam and Virginia. We have dedicated API and PFI manufacturing facilities at Bonthapally, Jeedimetla and Gagillapur. We undertake continuous capacity expansion within these facilities.

Our Gagillapur unit is one of the largest single-unit manufacturing site for PFIs and Finished Dosages. At Vizag unit V, we manufacture small to medium volume API that are forward integrated into our finished doses and sold to third-party consumers. We set up a formulations, R&D and manufacturing facility in Virginia, USA to develop and commercialise oral solid dosages in the US under 'Make in America'.



## Manufacturing units

### Bonthapally, Hyderabad (API facility)

Capacity	34,560 TPA
Capabilities	5 Paracetamol Grades 5.2 tonne batch size
Regulatory approvals	API - U.S. FDA, EDQM, WHO, COFEPRIS, INFARMED

### Jeedimetla, Hyderabad (Multi-Product API and PFI facility)

Capacity	API- 4,800 TPA PFI Capacity: 1,440 TPA
Capabilities	1.2 tonne PFI batch size
Regulatory approvals	API - U.S. FDA, EDQM, COFEPRIS, WHO, CDCSO PFI - WHO GMP, COFEPRIS, INFARMED

### Gagillapur, Hyderabad (Finished Dosage and PFI facility)

Capacity	PFI Capacity: 23,200 TPA MUPS Capacity: 5 Bn PA FD - 21.8 Bn PA
Capabilities	6 MT PFI batch size High shear and fluid bed granulation Pilot facility with geometrical scale-up
Regulatory approvals	PFI - US FDA, COFEPRIS, TGA, MCC, INFARMED FD - US FDA, MCC, COFEPRIS, TGA, INFARMED

### Bonthapally, Hyderabad (API intermediates facility)

Capacity	61.5 KL
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### Paravada (U-4), Visakhapatnam (API facility)

Capacity	API- 380 KL PA
Regulatory approvals	API - U.S. FDA, KFDA, EU GMP, WHO GMP, EDQM

### Paravada (U-5), Visakhapatnam (API and FD facility)

Capacity	API Oncology- 4.33 KL & Non-Oncology/NPD- 10.53 KL. FD: Tablets-1Bn PA and Capsules- 71 Mn PA
Regulatory Approvals	API and FDF - EU GMP

### Chantilly, Virginia (R&D and FD Facility)

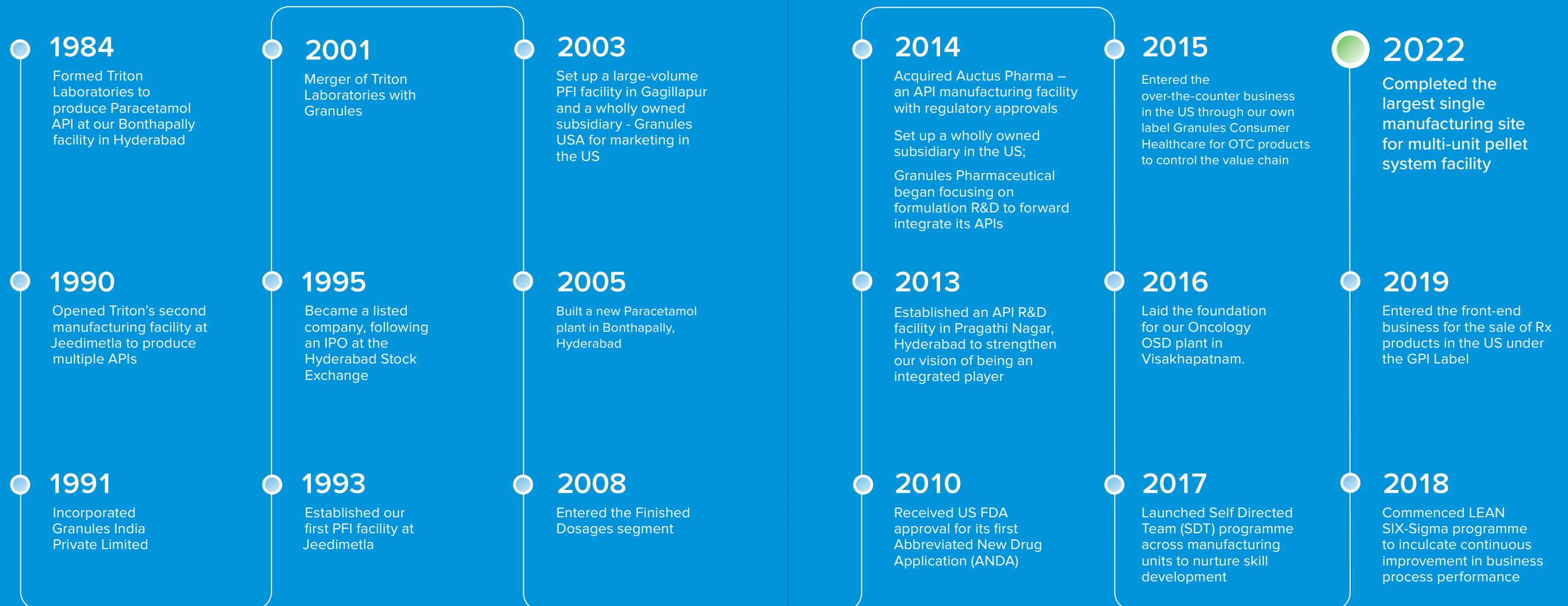
Capacity	FD - 1.5 billion units PA 100,000 Sq Feet – R&D & manufacturing capacity
Regulatory approvals	FD - US FDA, DEA



## JOURNEY

# Three decades of delivering on promises

Since our inception in 1984, we have made decisive strides and innovated continuously to maintain our manufacturing leadership across key pharma markets. Our trajectory emphasises an unyielding purpose of harnessing science and technology to make safe, high-quality and affordable pharmaceutical products.

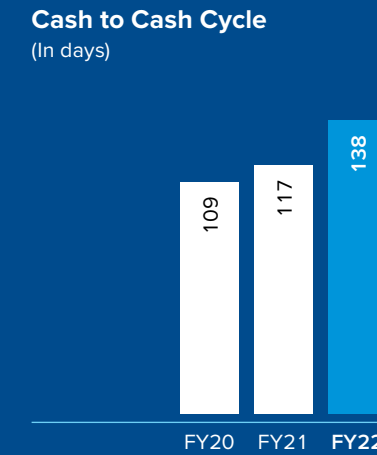
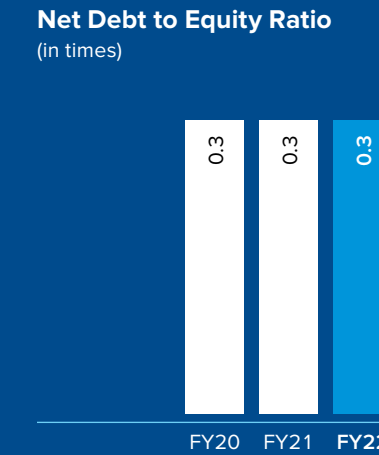
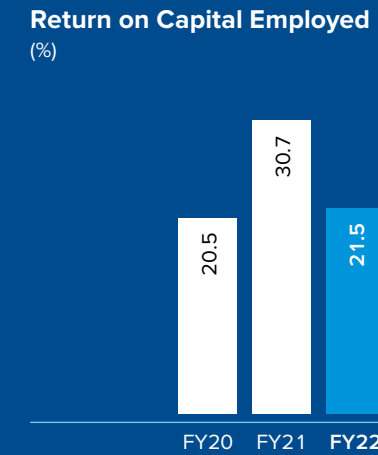
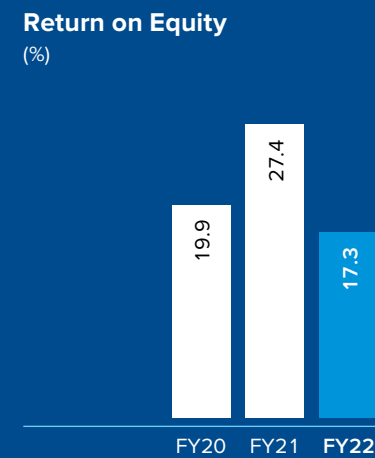
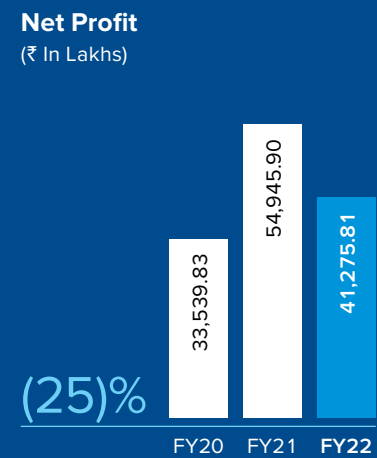
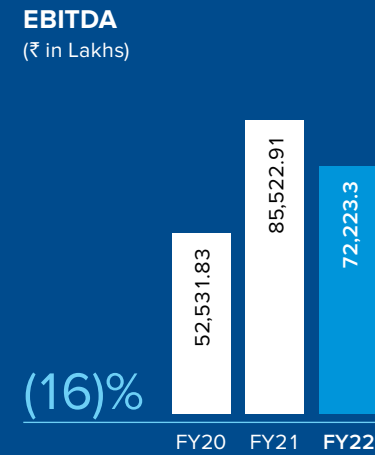
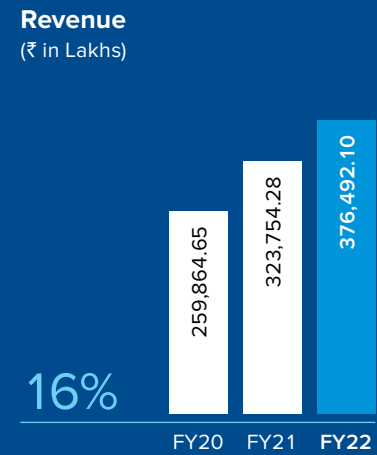




## KEY PERFORMANCE INDICATORS

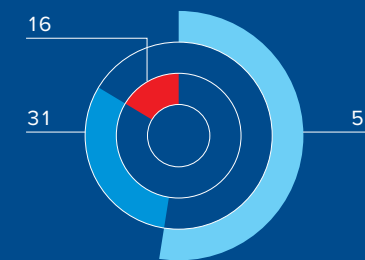
# Keeping our fundamentals strong

Our inherent resilience, robust strategy and focus on building future readiness from the ground up, enabled steady performance through an environment of supply chain instabilities and rising input costs.

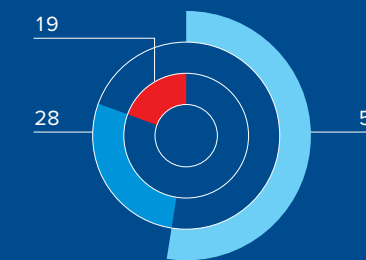


### Revenue Break Up (%)

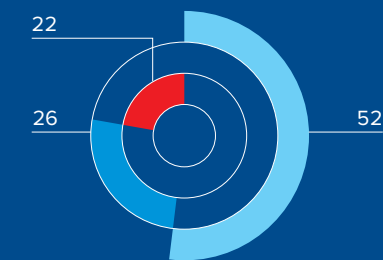
FY 2019-20



FY 2020-21



FY 2021-22



■ FD ■ API ■ PFI

## CHAIRMAN'S MESSAGE

Our sustained growth and success are outcomes of manufacturing excellence and focused execution around the core molecules backed by our solid track record of quality, compliance and Environmental Health and Safety (EH&S). We are transforming holistically with science and technology at the helm, to truly become an innovation and science-led enterprise.



### Dear Shareholders,

I write this to you with an optimistic view that the worst of the pandemic is behind us. As a society, we have demonstrated unmatched resilience during these turbulent times. The last two years taught us to work even harder towards creating consistent value for our stakeholders. The pandemic-induced disruptions tested our mettle and only those organizations that have strong fundamentals, resources and focused and far-sighted planning thrived through the challenge.

### Industry overview

The Indian pharma industry has seen a growth of ~10% in FY 2021-22. This growth is largely due to a push from domestic and emerging markets. India is rightly said to be the pharma capital of the world with 60% of the world's vaccines and 20% of generic medicines demand supplied by our country. It is expected that the Indian pharma industry will reach \$120 billion by 2030. This promising outlook opens ample opportunities for us as a Company that has been a preferred choice among customers due to our propositions of efficiency and quality.

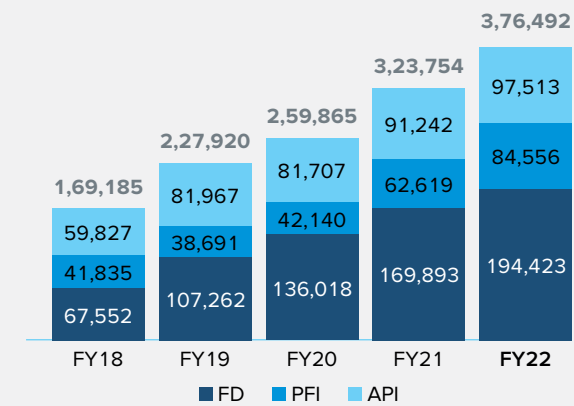
### Looking back at our performance

We recorded stellar performance during the financial year under review in times of substantial uncertainty. In the last three quarters, we grew in terms of revenue, absolute gross margin, EBITDA and PAT. We delivered despite the disruptions caused during the second and third COVID wave. We were also impacted by the global supply chain disruptions in Q4 due to Russia-Ukraine conflict that impacted the availability and price of raw materials, solvents and catalysts. We continued to face pricing challenge in the US market that resulted in somewhat lower EBITDA and gross margins.

We closed the books at ₹ 3,76,492 Lakhs, which is a growth of 16% over FY 2020-21. The share of fixed doses remains the largest in our portfolio whereas the highest revenue increase was recorded in PFI. Our gross margin for the year was at ₹ 1,88,128 Lakhs, a slight increase over the previous year. This is despite upto 60% hike in some of the raw materials, 40 to 70% in solvents



### Revenue (₹ in Lakhs)



and freight hike of 70%. Our net debt was at ₹ 69,661 Lakhs mainly due to increased inventory and receivables due to increased sales. It was a strategic decision to maintain inventories at a higher level due to COVID and freight delays. There was a 21-day increase in our cash-to-cash cycle, which now stands at 138 days. It was attributed to increase in inventory, receivables and price of raw materials.

### Strategic approach

Over the years we have moved from being an API to fully integrated pharma manufacturer with strong presence across the value chain. Cost leadership and focused innovation continue to remain at the core of our operations. Our sustained growth and success are outcomes of manufacturing excellence

**We are doubling down on R&D, technology and sustainability. A strong R&D for API and formulation, is in the card, thereby enhancing the scale and quality of our pipeline. We wish to bring in technology platforms to reimagine manufacturing through Innovation.**

and focused execution around the core molecules backed by our solid track record of quality, compliance and Environmental Health and Safety (EH&S). We achieved the leadership position in scaling up key molecules with some of the largest manufacturing facilities under our name. We are now set to embark upon a transformation journey with science and technology at the helm, to truly become an innovation and science-led enterprise.

We are doubling down on R&D, technology and sustainability. A strong R&D for API and formulation, is in the card, thereby enhancing the scale and quality of our pipeline. We wish to bring in technology platforms to reimagine manufacturing through Innovation. Harnessing technology and digitization in chemistry and biotransformations would strengthen existing business and lead to creation of new businesses. We want to achieve backward integration by controlling the supply chain for our selected products through Innovation in Science and technology.

### Prioritising sustainability

Today the world of pharma is increasingly moving towards green chemistry. We are aware of the bearings of our operations on GHG emissions. We are designing our processes, products and facilities to be efficient enough to reduce any negative impact on the environment. At Granules, we are involving key stakeholders such as employees, regulators, customers and suppliers in the process of devising our long-term ESG vision. I am confident that green chemistry can be cost-effective through scale optimization and we aspire to work towards achieving carbon neutral status in the future.

I would like to thank our people for demonstrating unbridled devotion to ensuring that our customers' healthcare journeys remain undisrupted through every volatility. I am also grateful to the Board and all our stakeholders for reposing their continued trust in us and for motivating us to keep excelling at what we do. Together, we will realise our vision to ensure quality healthcare for everyone.

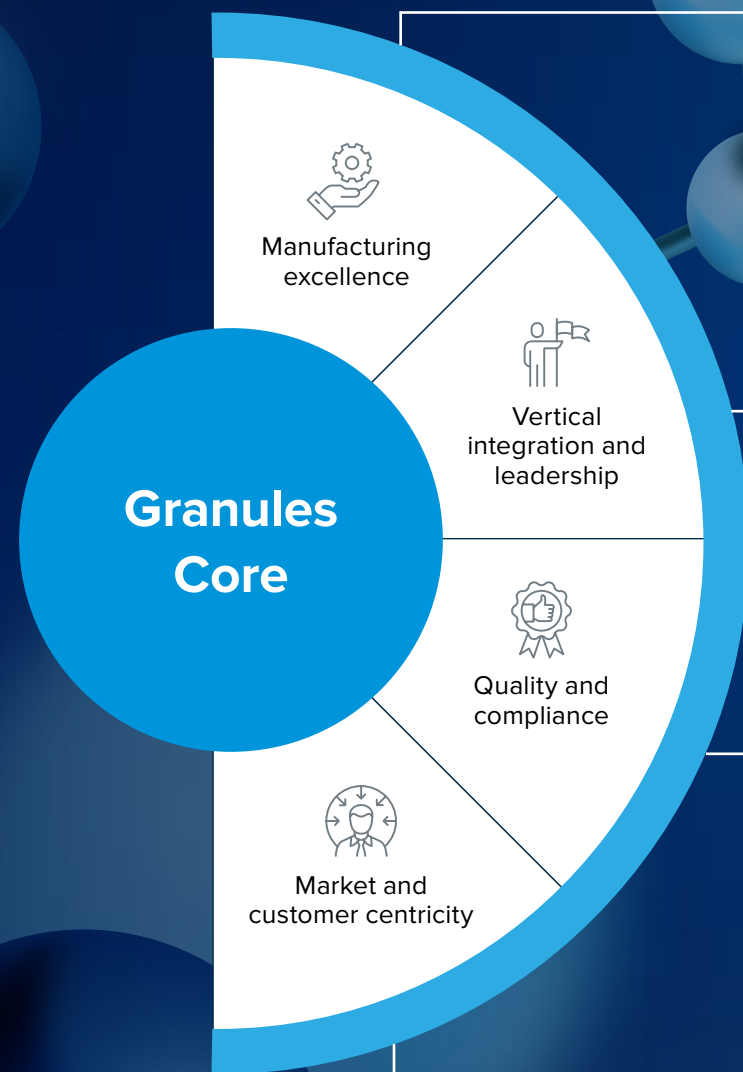
Sincerely,

**Dr. Krishna Prasad Chigurupati**  
Chairman & Managing Director

## STRENGTHENING THE CORE

# Calibrating our core to enhance future readiness

Vertical integration, continuous process improvement, enhancement of tech capabilities and stringent compliance with quality standards form the key aspects of our value proposition. Our existing products, customers, pipeline, manufacturing facilities and capabilities form the core strength. We have a reputation and culture of Manufacturing Excellence, Economies of Scale, Large Volume Products and Production Capabilities, and Infrastructure for Controlled Substance and Oncology manufacturing.



- Built on scale
- Focused execution
- Cost leadership through a culture of continuous incremental innovation

We are recognized as the most cost-efficient pharmaceutical manufacturer backed by our commitment to quality, compliance and EH&S. With the largest facility for PFI and Finished dosages, we have achieved advantage of scale and leadership in our key molecules.

We are strengthening our core in the following ways:

- Vertically integrated across the value chain
- Leadership in key molecules. Scale advantage in Paracetamol, Metformin and Ibuprofen
- Among the world's largest facility for Paracetamol API
- One of the world's largest facilities for the PFIs and FDs



Targeting global cost leadership in select molecules



Focus on successful new product launches



New business development initiatives



New product development sales

- Excellent regulatory track record
- Facilities approved by all major health authorities/regulators



Global leadership molecules



Customer service excellence

- Successfully built and ramped up the US business
- Customer relationship management with key B2B partners



## BUILDING TECHNOLOGY PLATFORMS

# Imbuing cutting edge science and technology into pharmaceuticals

Technology has played one of the most crucial roles in the overall advancement of the drug manufacturing process. We are undergoing transformation to achieve excellence in science, technology, and innovation. Our approach aims to develop technological platforms in chemistry and biotransformation to boost the innovation engine and bring innovative offerings for our customers.

Transitioning from inefficient and waste intensive processes to acceptable, resource efficient alternatives require a significant change in approach and technology. Biotech and Biomanufacturing is driving incredible, unprecedented technological advancements, being fuelled by nature-based tools such as fermentation, enzymes and microorganisms.

Building relevant technology platforms and innovation is an integral part of our strategy going forward and set to move the organization towards excellence in Science, Technology and Innovation while protecting the manufacturing excellence, as the DNA of the organization.

Biological catalysts allow for mild working conditions compared to traditional chemical catalysts, so it is eco-friendly, biodegradable and highly cost-effective. It comprises fewer steps, easy purification and requires minimal capital investment than conventional synthetic processes.

Enzyme/protein engineering is an exciting opportunity for us to drive future innovation from the perspective of Cost competitiveness, Manufacturing excellence & productivity and Sustainability & Green chemistry.

We are also leveraging our technology alliances to achieve backward integration for some of the key raw materials, including PAP and DCDA, employing innovative routes and process technologies, and focusing on manufacturing quality with sustainability at the forefront. Using novel approaches and procedures,

We will be using the technology platforms, coupled with innovation in reuse and recycle of by products, with almost no generation of waste, reimagined manufacturing platform using minimum resources of energy, development of "eco-green" process development.

## MANUFACTURING EXCELLENCE

# Taking excellence and making it better

Over the years, our manufacturing facilities and our commitment to operational excellence have held us in good stead. Now, we are reimagining manufacturing by exploring innovative process technology, that pegs us ahead of the curve.

### Novel initiatives

We, at Granules, are focusing on developing differentiated technologies to enable the production of complicated formulations. During the year, we completed a new finished dosage block for the manufacture of MUPS (Multi-unit pellet system) products, with an investment of ₹ 240 Crore. MUPS has become one of our specialized manufacturing facilities. We have already received approval for a number of products and are in the process of acquiring the remaining soon. Once commercial operations begin, we will emerge as one of the largest suppliers of MUPS capacity across the world on the chosen set of approved molecules, which are going to get launched in the US and Europe market.

We are evaluating opportunities to offer product, process, and related services to customers in oncology. Last year, we completed the submission by validation batches and technology transfer is in progress for several products. The commercial supplies from oncology block are expected as soon as we receive regulatory approvals this year.

With an investment of ₹ 240 Crore, MUPS has become one of our specialized manufacturing facilities.

## RESEARCH AND DEVELOPMENT

# Taking excellence and making it better

To retain our competitive edge, we are developing a strong R&D engine for API, finished formulations as well as chemical intermediates through exacting standards of technical, IP and regulatory capabilities. We are rethinking manufacturing with revolutionary process technologies. The collaborations and internal innovations we are exploring will continue to keep us ahead of the curve.

Granules India Limited has recently inaugurated a new state-of-the-art Integrated Product Research and Development Centre at MN Park Genome Valley, Hyderabad. The R&D has been set up in a sprawling 20,000 Sq ft and will function with an initial strength of more than 150 scientists across both the divisions.

Our R&D division is engaged in developing technology-based products and exploring process improvements on existing products as part of CQ-IP (Continuous Quality improvement). This technology absorption starts at the pilot level and is scaled up to the commercial level with focus on innovation, cost-efficient processes, operational efficiency mapping and integrated manufacturing setup.

We are working to continuously enrich the size and quality of our product pipeline and portfolio. Going forward we will target more first-wave launch as well as niche products, and balance the portfolio with high-volume products.

## ₹ 143 Crore

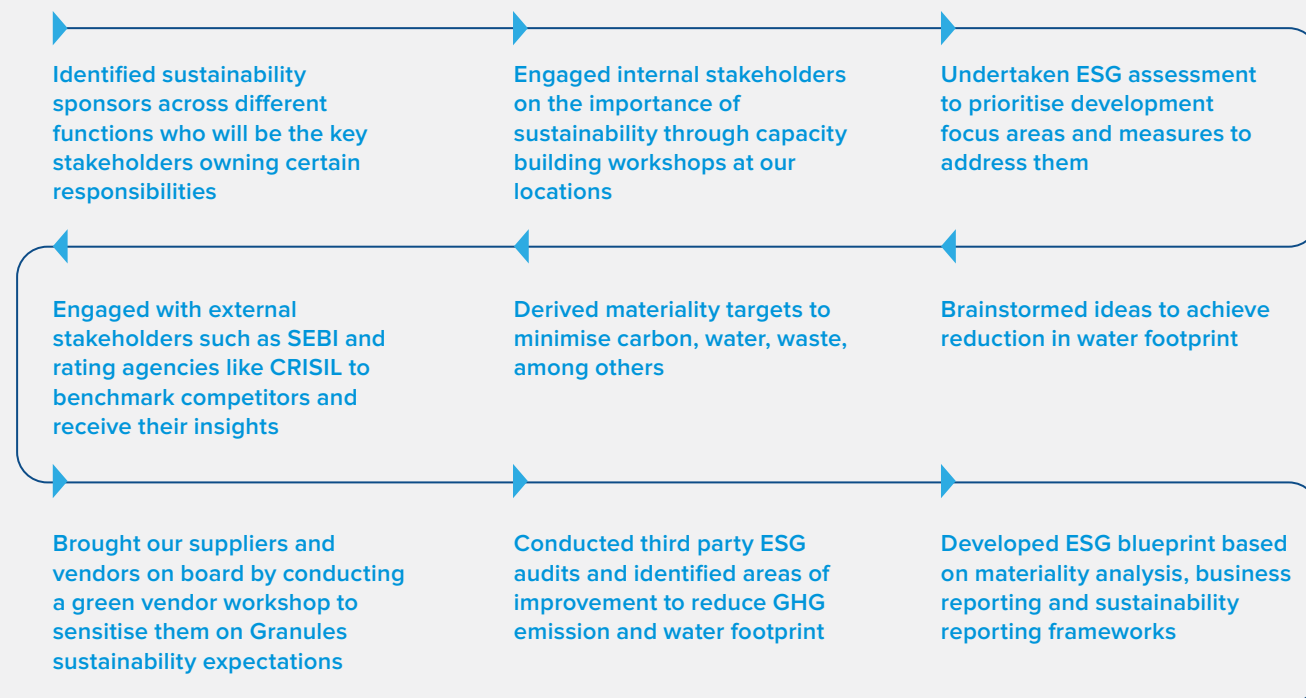
R&D spend in FY 2021-22

## ESG APPROACH

# Holistic and inclusive approach to ESG

In our transformation, sustainability plays a crucial pillar in building future readiness and enhancing the quality of life for our stakeholders. Our investments would be targeted towards ensuring responsible operations, thereby staying true to our promise of making a positive difference.

Our sustainability growth strategy is based on the fundamentals of transparency, integrity and accountability to ensure complete justice to our environmental, social, and governance commitments. We commenced our sustainability journey last year by undertaking the following steps:



## MATERIALITY ASSESSMENT

We identified the material topics in consultation with internal and external stakeholders such as customers, investors, employees and regulators. It helped us understand their expectations as well as sustainability aspects that have tangible bearings on the business. These initial topics were screened and prioritized with the help of senior leadership and function heads to arrive at a final list.

### Material issues



## BUILDING A COMPREHENSIVE ESG STRATEGY

As part of our growth strategy we will continue to focus on R&D, technology and sustainability. We will invest heavily in attracting and retaining scientific talent, infrastructure development and strategic partnerships. As part of integrating ESG into every aspect of our business, we will work to develop baseline ESG data and frame sustainability goals to create ESG framework. Below are some of our focus areas outlined to align our business goals with sustainability initiatives:





## ENVIRONMENT

# Aiming for across-the-board sustainable operation

Pharmaceuticals being a resource-intensive industry, we are cognisant of the impact of our operations on the environment. We strive to minimise that impact through innovation. Aligning the design, development and manufacturing of our key products using processes that reduce resources, minimise wastage and eliminate the use of hazardous substances have helped us in this endeavour. The push has resulted in environment friendly practises throughout our drug manufacturing processes.

We are committed to reducing our carbon footprint by bringing down the use of fossil fuels and promoting the use of green energy. The move to switch to renewables would lower our manufacturing cost, improve efficiencies and reduce pollution. We are focusing on developing our own, low-cost APIs and KSMs using freely available raw materials and innovative technology. By adopting technologies such as flow chemistry, biotransformation and fermentation, the idea is to minimise carbon footprint right from raw materials to the finished dosage.



Energy consumption

Drug manufacturing remains highly energy-intensive, and the need of the hour is substantial process optimization. At Granules, we undertook energy conservation initiatives that helped reduce consumption. The initiatives include, substitution of higher capacity air compressor, AHU cut-off automation, improved condensate recovery, Optimizing Steam Consumption & Flash steam recovery at all API units. We are also increasing our share of renewable energy every year by installing solar panels at our plant locations. Internal reduction target has been taken and the same will be measured and published in future.



Reducing GHG emissions

Producing life-saving drugs involves green-house gas emission and we are working to bring these emissions down by incorporating changes such as design changes & interlocking in AHUs, air-cooled chillers replaced with water cooled chillers, retrofitting LED lighting, power factor improvements, dust collector and flash jet pumps to recover heat from steam condensate.



Water conservation

Water is an important input in the pharma manufacturing process. We are committed to achieving sustainable utilization of freshwater for all our operations that would essentially result in continual availability of safe, clean and affordable water for the communities we operate in. We implemented water recycling, rainwater harvesting, recovery of steam condensate, among other conservation techniques across our plants.



Waste management

Although regulated, the industry produces large volumes of waste that can be segregated as hazardous and non-hazardous. Our manufacturing plants generate substantial volume of solvents or hazardous waste and we are working towards reducing the same through process optimization and co-processing. We recycle almost 100% of the non-hazardous waste generated at our manufacturing sites. We are also in the process of converting wastelands into greenlands through afforestation.





## SOCIAL

# Strengthening relationships. Sharing growth.

Symbiotic relationships between pharma manufacturing and public health systems go a long way in ensuring better quality of life for community at large. It is our responsibility to care for our associates and the lives that are influenced and impacted by our operations.



### COVID-19 response

In the second year of the pandemic, our workforce was agile in delivering on the expectations our customers have of us around the world. We conducted mass vaccination drives for our 4,500+ strong workforce free of cost over a period of 6 months. We are now working to enable booster shots for our employees.

We helped our people stay safe through the infection surge by educating them through team meetings and e-messages. Besides providing gratuitous RT-PCR tests, we helped those infected with a COVID kit, including medicines, multivitamins and sanitiser. We rolled out seven-day, paid, COVID leave policy for those who tested positive.



**100**  
Employees graduated from TISS degree programme

### Learning and development

We promote continuous learning for our shop floor employees. We partnered with the Tata Institute of Social Sciences (TISS) to offer a bachelor's programme in vocational studies (B. Voc). This is a B a three-year, integrated programme in pharmaceutical manufacturing that helps students gain technical expertise and upgrade their skills. At the end of the first year, they get a diploma, at the end of the second year, an advanced diploma, and a degree at the end of the third year. One day of the week is reserved for classroom session while the rest of the days are for on-the-job training. We bear the complete cost of the programme for these students.



### Granules Learning Academy

The academy enables career development for our employees by upgrading their skills to meet business priorities. Most of the learning happens on the job with theoretical inputs through classroom training. The programme is structured to provide evaluation and feedback at regular intervals. It focuses on four main aspects:

- Operations training for manufacturing process and quality control for analysts
- SUPAC training and OOS investigation training for managers on regulatory guidelines and standards
- First-time leader programme for building leadership skills for future leaders
- Roles based, four-tier operational excellence training – White belt, Yellow belt, Green belt, Black belt

### Skill development – Pharma Pathshala

This programme is in partnership with Swarna Bharat Trust. Students between ages 18 and 21 with a qualification of intermediate board certificate are chosen to be trained in various aspects of the industry, such as basic chemistry, manufacturing of active pharmaceutical ingredients, granulation, compression, coating, packing, quality control and quality assurance for two months. The trainers include visiting faculty who work at our manufacturing units and the curriculum is prepared as prescribed by the Life Science Sector Skill Development Council (LSSSDC), a body that works under the National Skill Development Corporation. Students who are trained at Pharma Pathshala are given an opportunity to work with us, following the successful completion of the programme. We wish to empower 10,000+ people by 2030.



**800+**  
Job given to students from Pharma Pathshala



**₹ 30 Lakhs**  
Investment for clinic set up

### Corporate social responsibility

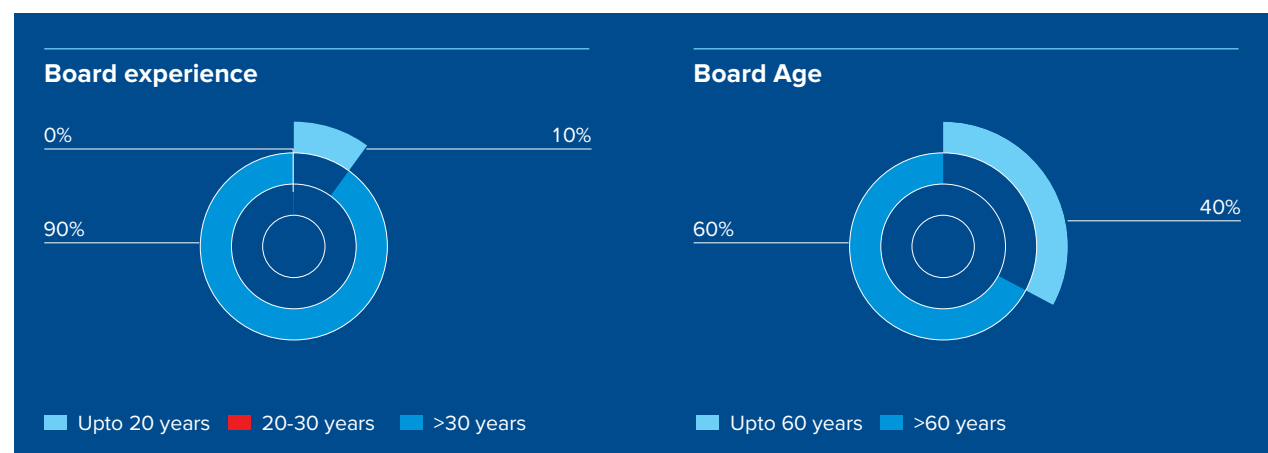
#### Community Health

Our focus remains steadfast on improving the health and well-being of the communities we work with through sustained interventions. We started a public health clinic in Bonthapally village, which is close to our API facility near Hyderabad. Equipped with a qualified medical doctor and a paramedic, this clinic provides first line of treatment for minor ailments such as fever, pains, injuries, among others.

## GOVERNANCE

# Building an organization founded in integrity and transparency

We have long been advocates of professionalism, fairness and accountability and have deeply embedded these ideals into our day-to-day functioning. We believe that a well-informed and autonomous Board is necessary to ensure highest standards of corporate governance. Our Board oversees the functioning of the management and safeguards the interest of stakeholders.



## Profile of Board of Directors



**Dr. Krishna Prasad Chigurupati**  
Chairman and Managing Director



Dr. Krishna Prasad Chigurupati is the Chairman and Managing Director of Granules India Limited. Under his leadership, the organization has transformed itself into one of the largest pharmaceutical manufacturing companies.

His pharmaceutical journey started in 1984 with the manufacturing of Paracetamol for quality-conscious customers in the global markets. He pioneered many innovations in pharmaceutical manufacturing including commercializing Pharmaceutical Formulation Intermediates as a cost-effective product for global finished dosage manufacturers.

Dr. Prasad with his passion for innovation undertook research in process chemistry and filed 33 patents, out of which 5 patents were granted so far. He also ventured into setting up facilities across the continents in cities and countries such as China and the US. He was awarded an Honorary Doctor of Science by GITAM Deemed University for his exemplary contribution to science & society.

Dr. Prasad is an avid marathon runner and has participated in many marathons across the globe. In 2010, he along with his wife, Mrs. Uma Devi Chigurupati, ran marathons on all the seven continents including Antarctica and the north pole. In 2015, they have completed the 'World Marathon Challenge' of running seven marathons in seven continents in seven days. Both these achievements have been recognized by the Guinness Book of World Records.

He is a passionate wine connoisseur and is the co-founder of KRSMA. The vineyard and the winery are located near Hampi. Today the wine from this vineyard is recognized worldwide and has put Hampi Hills and India on the world wine map.

Dr. Prasad is the President of Hyderabad Chapter of Swarna Bharat Trust, an NGO involved in the holistic improvement of the face of rural India, in the fields of Health, Education, Employment and Human Development.



**Dr. K.V.S. Ram Rao**  
Joint Managing Director & Chief Executive Officer

Dr. K.V.S. Ram Rao holds a bachelor's degree in Chemical Engineering from Osmania University, Hyderabad and Masters & Ph.D. in Chemical Engineering from Indian Institute of Science, Bangalore.

Dr. Rao has 30 years of experience in the field of Manufacturing, R&D, Business Development and Commercial operations. Prior to Granules, Dr. Rao worked as the Executive Director & CEO for CSM Business of PI Industries Limited. He played significant role in Dr. Reddy's while working in various capacities from 2000 to 2018. He also worked with Jubilant Life Sciences and Gujarat Heavy Chemicals Ltd.

Dr. Rao is well known for making high stake business decisions and solving complex challenges, while building strong leadership team. He established innovative business models to drive growth agenda of the company while instituting good manufacturing and R&D systems. He also built best in class practices in environment, health & safety and nurtured diversity & inclusion. He possesses sharp business acumen, deep market knowledge & industry network, strong leadership skills and well-grounded principles of governance & ethics.

## GOVERNANCE contd



**Mrs. Uma Devi Chigurupati**  
Executive Director



An entrepreneur, a successful businesswoman, sportsperson, and two-time Guinness Book of World Record holder, Mrs. Uma Devi Chigurupati is also the Executive Director of Granules India Limited. She spearheads the Corporate Social Responsibility and Human Resources functions in the Company. A post-graduate in Soil Microbiology from Nagarjuna University, she holds more than three decades of experience in Pharmaceuticals across various corporate functions.

Mrs. Chigurupati has been the Chairperson of FICCI FLO Hyderabad. During her tenure, she has taken up many initiatives to empower women at both grass root & white-collar levels.

Mrs. Chigurupati is also Director of KRSMA Estates Private Limited, one of India's premier boutique wineries. Under her tenure, she has established the vineyard in the Hampi Hills of Karnataka and has been vital to the ongoing operations at the site.



**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 14 years of entrepreneurial experience in marketing, product development, customer relationship management & operations. 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.

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 loyalists. As an Executive Director, he is responsible for the standalone Operations and P&L of the Company.



**Mr. Arun Rao Akinepally**  
Independent Director



Mr. Arun Rao Akinepally is B.Tech in Chemical Engineering from the University of Madras and MS from Illinois Institute of Technology, Chicago, USA. He is the Managing Director of Akin Laboratories Private Limited, a formulation manufacturing Company. Mr. Arun Rao has a deep understanding of Finished Dosage business and technical operations.

Mr. Arun Rao is also on the Boards of ESPI Industries and Chemicals Private Limited, a leading manufacturer of antacids in India and Sanzyme Private Limited 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. K. B. Sankar Rao**  
Non-Executive,  
Non-Independent Director



Mr. K. B. Sankar Rao is an M.Pharm from Andhra University and has rich experience of more than three decades in various domains including manufacturing, projects, supply chain, quality, R&D and business strategy. Mr. K. B. Sankar Rao was associated with various reputed organizations like Warner Hindustan, Cipla and Dr. Reddy's.

He led large teams in manufacturing while institutionalizing systems and processes to drive efficiencies. He was involved in the implementation of 'Theory of Constraints' principles to improve due date performance in R&D. He was instrumental in deploying a self-managed team concept to empower the workforce in manufacturing while driving productivity. Mr. K.B. Sankar Rao was the Managing Director of Raje Retail Private Limited, a pharmacy retail chain under the brand name- "My Health Pharmacy" in Hyderabad.



**Mr. Arun Sawhney**  
Independent Director



Mr. Arun Sawhney holds bachelor's degree in commerce from the University of Mumbai and Post Graduate Diploma in Management from IMI, New Delhi. Mr. Sawhney brings four decades of rich experience in Chemical & Pharmaceutical industry while working with Companies like Ranbaxy, Dr Reddys, Max-Gb Limited.

Mr Sawhney possess deep expertise in the areas of corporate strategy, business development, sales & marketing and new product planning to commercialization. In his last assignment as CEO and Managing Director of Ranbaxy, Mr. Sawhney successfully led one of the largest mergers in Indian Corporate history.

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 2012-2014. Mr. Sawhney is currently engaged with leading Companies in advisory capacity and a visiting faculty at IIM-Lucknow for subjects of Leadership & Organization Behavior.



**Mr. Robert George Cunard**  
Independent Director



Mr. Robert George Cunard holds bachelor's degree from University of Pittsburgh in Business Economics. Mr. Cunard brings more than 30 years of experience in the areas of Executive Management, Sales & Marketing, Business Development and Supply Chain in the US Market. Mr Cunard possess deep understanding of various business models to serve different customer segments including B2B & B2C. He is a strategic thinker with sharp business acumen.

Mr. Cunard was CEO of Aurobindo Pharma USA, Inc., the subsidiary of Aurobindo Pharma Limited. In the past, Mr. Cunard also led critical roles in Mylan Laboratories and Teva Pharmaceuticals. Mr. Cunard is currently an Operating Partner, with HealthEdge Investment Partners, a US healthcare focused private equity fund in addition to his charitable activities.

## GOVERNANCE contd



**Dr. Saumen Chakraborty**  
Independent Director



Dr. Saumen Chakraborty is a Graduate in Physics from Visvabharati University-Santiniketan, a Postgraduate in Management from Indian Institute of Management (IIM)-Ahmedabad and is an Executive Fellow in Management from Indian School of Business (ISB)-Hyderabad. He possesses over 37 years of rich experience in Corporate Finance, Human Resources, IT& BPE, Manufacturing Operations and Quality functions while working with Dr. Reddy's, Tecumseh, Eicher, C-DoT and CMC.

He had played a significant role in evolution of Dr. Reddy's as a Global Pharmaceutical Company, while handling various CXOs role over 20 years. As a Global CFO at Dr.Reddy's, he built robust financial systems and strong corporate governance thereby enhancing shareholders value. Dr. Saumen as Global Chief of HR, built contemporary HR processes and systems to make Dr. Reddy's a Great Place to Work. He established Business Process Excellence function and led TOC implementation in Dr.Reddy's.

Saumen has sharp business acumen, strong process orientation and leadership capabilities to build high performing teams. He is recipient of Best CFO award from various bodies including CNBC, IMA and BW-Yes Bank. He has been a speaker in multiple global and national conferences, and academic institutes. He serves as an Independent Director, for Krishna Institute of Medical Sciences Limited. He is the founder and Managing Director of Samarjita Management Consultancy Private Limited.



**Mrs. Sucharita Rao Palepu**  
Independent Director

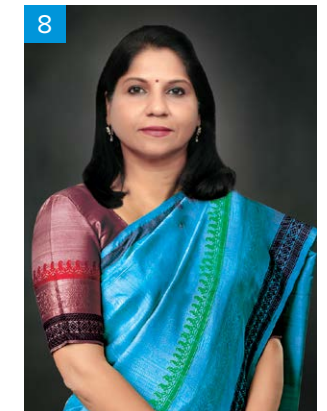
Sucharita Rao Palepu is a Chartered Accountant and possess over 30 years of professional experience in Information Technology and Financial Services Industries. She is currently an Independent Advisor, specializing in Organization & HR Transformation.

She was earlier in HR Leadership positions at Tech Mahindra, Infosys and Mahindra Satyam and was also associated with SMIFS Capital Markets & Pennar Paterson Securities.

She has worked extensively on HR Strategy, Talent Management, Learning & Development, Global Reward programs and Diversity initiatives. Over her career in HR, she has led several transformation programs and large-scale initiatives that have been recognized across various platforms. She is actively involved in a few NGOs and is also a certified coach. She was awarded the Exemplary Woman in Leadership Award (APAC) in HR Branding Awards 2015-16.



## Management team



## GOVERNANCE contd

### 1 Dr. Krishna Prasad Chigurupati

#### Chairman and Managing Director

Dr. Krishna Prasad Chigurupati is the Chairman and Managing Director of Granules India Limited. Under his leadership, the organization has transformed itself into one of the largest pharmaceutical manufacturing companies.

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### 2 Dr. K.V.S. Ram Rao Joint Managing Director and Chief Executive Officer

Dr. K.V.S. Ram Rao holds a bachelor's degree in Chemical Engineering from Osmania University, Hyderabad and Masters & Ph.D. in Chemical Engineering from Indian Institute of Science, Bangalore.

Dr. Rao has 30 years of experience in the field of Manufacturing, R&D, Business Development and Commercial operations. Prior to Granules, Dr. Rao worked as the Executive Director & CEO for CSM Business of PI Industries Limited. He played significant role in Dr. Reddy's while working in various capacities from 2000 to 2018. He also worked with Jubilant Life Sciences and Gujarat Heavy Chemicals Ltd.

Dr. Rao is well known for making high stake business decisions and solving complex challenges, while building strong leadership team. He established innovative business models to drive growth agenda of the company while instituting good manufacturing and R&D systems. He also built best in class practices in environment, health & safety and

nurtured diversity & inclusion. He possesses sharp business acumen, deep market knowledge & industry network, strong leadership skills and well-grounded principles of governance & ethics.

### 3 Mrs. Uma Devi Chigurupati Executive Director

An entrepreneur, a successful businesswoman, sportsperson, and two-time Guinness Book of World Record holder, Mrs. Uma Devi Chigurupati is also the Executive Director of Granules India Limited. She spearheads the Corporate Social Responsibility and Human Resources functions in the Company. A post-graduate in Soil Microbiology from Nagarjuna University, she holds more than three decades of experience in Pharmaceuticals across various corporate functions.

Mrs. Chigurupati has been the Chairperson of FICCI FLO Hyderabad. During her tenure, she has taken up many initiatives to empower women at both grass root & white-collar levels.

Mrs. Chigurupati is also Director of KRSMA Estates Private Limited, one of India's premier boutique wineries. Under her tenure, she has established the vineyard in the Hampi Hills of Karnataka and has been vital to the ongoing operations at the site.



### 4 Mr. Harsha Chigurupati Executive Director

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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 loyalists. As an Executive Director, he is responsible for the standalone Operations and P&L of the Company.

### 5 Ms. Priyanka Chigurupati Executive Director of Granules Pharmaceuticals, Inc. & Granules USA, Inc.

Ms. Priyanka Chigurupati is the Executive Director of Granules Pharmaceuticals, Inc. & Granules USA, 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 (US). 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.

### 6 Mr. Sandip Neogi Chief Financial Officer

Mr. Sandip Neogi is a Chartered Accountant and Cost Accountant. He comes with a rich experience of over 28 years in Strategic Financial Planning and Analysis, Business valuations, Risk Management, SEC Expertise, Mergers and Acquisitions, Treasury, USGAAP, IFRS, Indian GAAP and Internal controls. He had earlier worked with reputed organizations such as Nissan Automobiles, Hospira Healthcare, Dr Reddy's, CA-TCG Software, Tata Korf and Price Waterhouse Coopers.

### 7 Mr. GSR Prasad Chief Operating Officer

Mr. GSR Prasad is M.S in Pharmaceutical Sciences from BITS Pilani and has more than 30 years of rich experience in Pharmaceutical Operations including Manufacturing, Quality, Technical Services, Process Validations, Supply Chain Management, Greenfield and Brownfield Projects. 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 AstraZeneca, Themis, Sangfroid, Pharmeng (based at Novartis), Biovail Corporation (now Bausch Health), and Novast Laboratories in India, Canada, USA and China.

### 8 Ms. Uma Rao G Chief Human Resources Officer

Ms. Uma is a Post Graduate in Personnel Management and Industrial Relations from Tata Institute of Social Sciences. She comes with a rich experience of over 30 years across a wide gamut of HR functions like Strategic HR, contemporary HR policies, Business HR partnering, Talent Management, Compensation and Benefits, merger & acquisition-related HR work, Industrial Relations and dealings with labour unions and long term settlements among others. Uma has worked in leading organizations in IT, Manufacturing, Telecom and FMCG space in companies like Tata Consultancy Services, Idea Cellular, Hindustan Petroleum Corp Ltd, HIL, IBM and Mars International India and most recently with Ashok Leyland in key leadership roles. She has been awarded for outstanding contributions by Women Economic Forum and HRD Congress. Uma is an Academic Council Member at Pondicherry University, Reva University and a Member of the Board of Apprenticeship Training.



## GOVERNANCE contd

**9 Mr. Manikandan Ramalingam**  
**Senior Vice President & Head Formulation R&D**

Mr. Manikandan Ramalingam is pharmaceutical technologist with 22 years of experience and holds M. Pharma Tech from NIPER (Mohali) and Master black belt in six sigma. In his experience, worked in providing technical, strategic, and functional leadership in uniquely challenging positions in Pharmaceutical Research. Worked at Sun Pharma and Dr. Reddy's prior to joining Granules; and served as functional head of Product development Research and subject matter expert for formulation at Dr.Reddys. Has expertise in, API Assessment for FD design & API – FD integration, Pre-formulation, Formulation design. (Different type of dosage forms), Biopharmaceutics and pharmacokinetics, New Technology adoption and Product Scale up and manufacturing. Also served in leading cross functional research team, change management, Training and team building, Regulatory risk management, product selection assessment, Contract research management, thereby ensuring successful translation of products from Ideation to the Market.

**10 Mr. G. N. Prashanth**  
**Senior Vice President & Head Corporate Quality**

Mr. G.N. Prashanth is a postgraduate in pharmacy from Bangalore University and holds a graduate certification from IIMB. He has more than 29 years of experience and has worked in companies like Cipla, AstraZeneca, Orchid Chemicals and Pharmaceuticals, Neopharma, Kemwell, Microlabs, and Strides. He has experience in various

functions like Quality Control, Analytical Development, Quality Assurance, Regulatory Affairs, and Project Management. He has joined us in October 2019 as Senior Vice President and Head of Corporate Quality.

**11 Mr. Sanjay Kumar****Senior Vice President – Corporate Strategy & Planning**

Sanjay is a B.Tech from IIT Kanpur and holds an MBA from IIM Bangalore. He is qualified CFA and done courses in Business Analytics and Corporate Business Strategy.

Sanjay has over 20 years of experience in Corporate Strategy, Budgeting & Planning process, Performance management, Capital Projects Evaluations, Business case and Financial Modelling. He has worked closely with senior leadership teams in various Organizations to enable decision making and execution of key programs.

In Granules, Sanjay will focus on Corporate Strategy Planning, Growth Levers identification, Due Diligence of New Business and Ventures opportunities, and Annual Business Planning & Review. He was earlier associated with organizations such as Viatrix (formerly Mylan), Granules India, Wanbury, Indian Engineering Services (Civil Services).

## RECOGNITIONS

## Validations that power our purpose

During the year, the several accolades bestowed on us was testimony to our continued excellence and ahead-of-the-curve approaches.



Dr. Krishna Prasad Chigurupati (CMD) received the Lifetime Achievement Award from ET India Pharma World Awards



Declared the Best Manufacturer of Bulk Drugs at the HMTV Business Excellence Awards



Recognized at the Emerging Supplier of the Year at the Rising Star Award



Dr. Krishna Prasad Chigurupati (CMD) bestowed the acclaim of Business Person of the Year by TV9 Network



Received Certificate of Appreciation from the Telangana government recognising the relief work we extended during the pandemic



Won Silver at the India Green Manufacturing Challenge



Our API unit-1 won Gold and was given a certification for efforts in the reduction of effluent generation at source at the 11<sup>th</sup> CII National 3M competition 2021



Our API unit-2 won Silver at the 11<sup>th</sup> CII National 3M competition 2021 for low-cost automation through an interlock between universal Mill & Screw Feeder to enhance effective equipment utilization



Won the 2<sup>nd</sup> TPM Challengers Trophy as Jury Challenger for efforts in the reduction of effluent generation at source



At the 10<sup>th</sup> CII National Poka-Yoke Competition, we were the gold and silver winner for reduction of tablet defects due to oil spots and elimination of human intervention during fluid bed drying, respectively at the GGP Awards



# Management Discussion and Analysis

## Global Economy

According to the World Bank's Global Economic Prospects report (June 2022), global growth is expected to come down from 5.7% in 2021 to 2.9% in 2022 - lower than the estimated 4.1% in January. Growth is projected to hover in that same space over 2023-24, given geo-political strains, investment, and trade in the near term, fading of pent-up demand, and withdrawal of fiscal and monetary policy accommodation.

Growth in advanced economies is projected to decelerate from 5.1% in 2021 to 2.6% in 2022. Growth is expected to moderate to 2.2% in 2023, largely reflecting the unwinding of the fiscal and monetary policy support provided during the pandemic. Among emerging market and developing economies (EMDEs), growth is projected to fall from 6.6% in 2021 to 3.4% in 2022—well below the annual average of 4.8% over 2011-2019.

The COVID pandemic has put the healthcare industry, including pharmaceutical industry at the centre stage. There is a sharp upswing in demand in the pharmaceutical industries, aided by rising awareness as well as health and wellness focus among consumers. It is the need of the hour to ease supply-side disruptions and make proactive adjustments to the tightening monetary policies across EMDEs to reign in the inflationary environment. Global inflation is expected to moderate next year, albeit still likely remaining above inflation targets in many economies. The war's effects on energy markets continue to keep global growth outlook uncertain, with price surges across wide ranging, energy-related commodities. Higher energy prices will have to be actively normalized to prevent rise in production costs, tighter financial conditions, and macro-economic policy constraints especially energy-importing countries.

## Indian Economy

The Indian economy grew by 8.7% during FY22 and consolidated its recovery, with most constituents surpassing pre-pandemic levels of activity. India's long-term growth prospects remain viable beyond the near-term risks stemming from slowed growth, elevated inflation, supply disruptions and financial market volatility, among others.

As per the World Bank in its April 2022 Issue of the Global Economic Prospects, India's GDP is expected to grow at 7.5% in FY23 aided by the recovery of service consumption following

the pandemic. India's economic growth will be supported by fixed investment undertaken by the private sector and by the government, which has introduced incentives and reforms to improve the business climate.

The RBI's State of the economy bulletin (May 2022) highlights that activity in contact-intensive services is gaining traction, and consumer confidence is inching up to its highest level since the outbreak of the pandemic. An uptick in economic activity in April 2022 is evident in high frequency indicators. With the tapering down of infections, mobility indicators have improved while labour participation is picking up across urban and rural constituents.

## Global Pharma Outlook

As per IQVIA publication titled 'Global use of medicines 2022', the global medicine market – using invoice price levels – is expected to grow at 3-6% CAGR through 2026, reaching ~\$ 1.8 trillion in total market size. This implies an increase of nearly \$ 350 billion in global spending over the next five years, with most of the increase expected from developed countries, despite their lower rates of growth. Spending across major Pharmerging markets is expected to grow 5-8% CAGR through 2026, with China slowing to 2.5-5.5%, offsetting higher growth in other large markets – Brazil, India, and Russia – and smaller Pharmerging markets, which are growing at a rate of 6.5-9.5% over the same period. During the last 10 years, the relative spending of countries has shifted; generally, Pharmerging countries have risen while slower growing, developed markets dipped.

The outlook for global medicine spending shifted considerably in the years between 2020 and 2022, but afterwards is expected to be like the pre-COVID outlook, excluding the spending for COVID-19 vaccines. As a result of lower spending in the near-term, spending is expected to be \$ 175 bn lower over seven years till 2026 than it would have been without the pandemic, excluding the incremental spending on vaccines and therapeutics for COVID-19. The phased rollout of vaccines and booster shots in the base case estimate will result in \$ 250 bn in incremental spending globally and an additional spending on COVID-19 therapeutics at \$ 58 bn, resulting in a net impact on spending of \$ 133 bn, or about 3% of the cumulative global spend during that period.

## Global invoice spending and growth in selected countries

	2021 SPENDING US\$BN	2017-2021 CAGR	2026 SPENDING US\$BN	2022-2026 CAGR
Global	1423.5	5.1%	\$1,750-1,780	3-6%
<b>Developed</b>	1344.9	4.9%	\$1,635-1,665	2.5-5.5%
10 Developed	935.2	4.3%	\$1,100-1,130	2-5%
United States	580.4	4.9%	\$685-715	2.5-5.5%
Japan	85.4	-0.5%	\$73-93	-2-1%
EU4+UK	209.7	4.8%	\$245-275	3-6%
Germany	64.6	6.2%	\$76-96	4.5-7.5%
France	42.0	3.0%	\$48-52	2-5%
United Kingdom	36.6	5.9%	\$46-50	4-7%
Italy	36.5	3.0%	\$41-45	2-5%
Spain	29.8	5.4%	\$32-36	1.5-4.5%
Canada	27.4	5.2%	\$32-36	3-6%
South Korea	17.9	6.0%	\$21-25	3.5-6.5%
Australia	14.4	0.6%	\$15-19	1.5-4.5%
Other Developed	115.2	4.7%	\$132-152	3-6%
<b>Pharmerging</b>	354.2	7.8%	\$470-500	5-8%
China	169.4	6.1%	\$190-220	2.2-5.5%
Brazil	31.6	11.7%	\$47-51	7.5-10.5%
India	25.2	11.1%	\$37-41	8-11%
Russia	18.8	11.4%	\$27-31	7.5-10.5%
Other Pharmerging	109.2	8.3%	\$151-171	6.5-9.5%
<b>Lower Income Countries</b>	19.0	0.1%	\$21-25	2.5-5.5%

Source: IQVIA Market Prognosis, September 2021; IQVIA Institute, November 2021

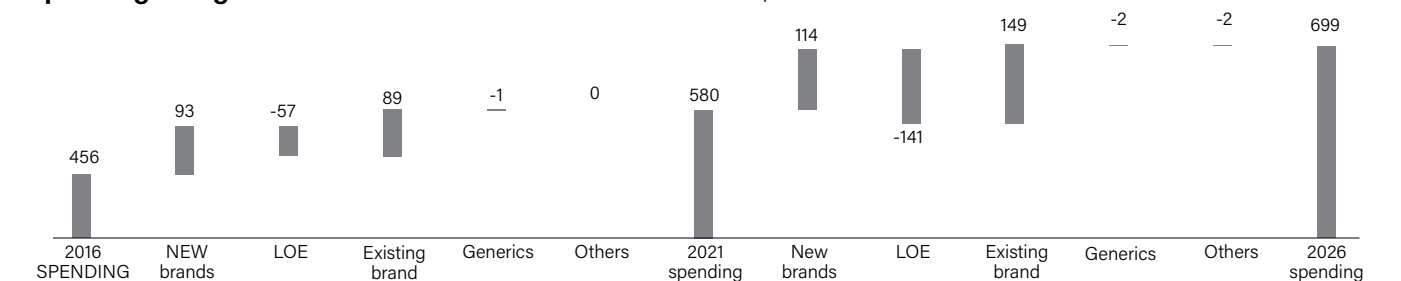
The largest uncertainty in the next five years will be the potential impact of economic factors on countries' budgeting and whether there will be shifts in policies for healthcare and medicine spending. It is expected that the pricing and value of medicines will be under increased scrutiny during this period, but this was already underway in most developed markets and an increasingly key issue in the U.S. market. Global spending on medicines continues to be driven by innovation and offset by losses of exclusivity and the lower costs of generics and biosimilars.

## US Market

Spending in the U.S. is expected to increase by \$ 119 billion through 2026, driven by new and existing brands. Overall medicine spending at invoice prices is expected to reach ~\$ 700 bn by 2026, while off-invoice discounts and rebates are expected to reach 39% and net spending is expected to increase by only \$ 44 bn over five years.

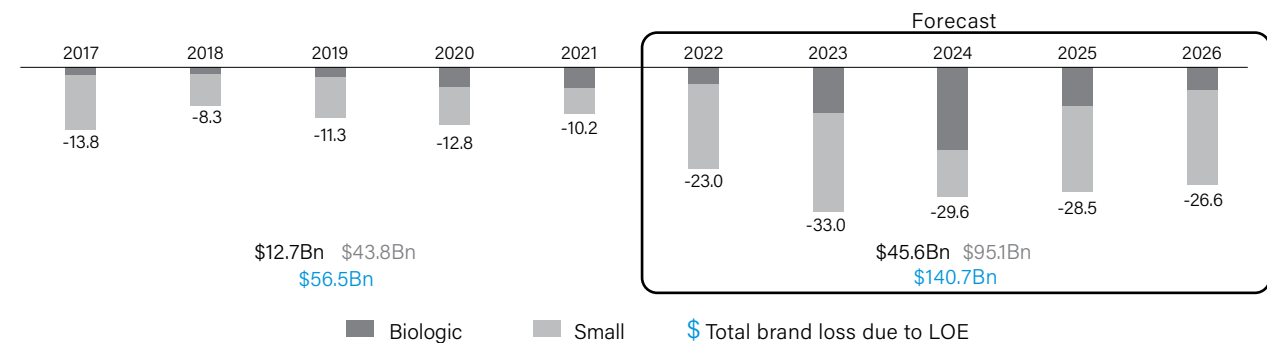
The largest driver of growth will be increased usage of existing protected branded products, which are expected to add \$ 149 bn in spending over five years. The contribution from new brands is expected to increase to \$ 114 bn over the next five years. Generics, including biosimilars, had a modest impact on growth due to price deflation, growth from the related patent expiry events, notwithstanding. The impact of losses of exclusivity is expected to increase to \$ 141 bn, from \$ 57 bn in the prior five years, with both small molecule and biologic product exposure to LOE multiplying.

## Spending and growth drivers in U.S. 2016-2026 const US\$Bn



Source: IQVIA Market Prognosis, September 2021; IQVIA Institute, November 2021

### U.S. Impact of brand losses of exclusivity 2017-2026, US\$Bn



Source: IQVIA Market Prognosis, September 2021; IQVIA Institute, November 2021

### EU4+UK

Medicine spending in the top five European markets is expected to increase by \$ 51 bn over the next five years, up from \$ 44 bn growth in the past five years but with large shifts in growth drivers. Overall spending is forecasted to reach \$ 261 billion by 2026. Generics, including biosimilars, are expected to add \$ 15 bn in growth over the next five years, about the same as in the past five years despite a larger impact of losses of exclusivity due to price deflation. Payer actions will be shaped by the pace of economic and COVID-19 recovery and may be more impactful later in the forecast.

The impact of losses of exclusivity (LOE) in the five largest European markets (Germany, France, Italy, Spain and the UK), are expected to triple over the next five years and over half of the impact is expected to be reflected in biologics, with \$ 19.4 bn of the \$ 33.3 bn total impact.

### Japan

Spending growth in Japan is projected to maintain a consistent -2 to 1% growth rate over the next five years to \$ 83 billion in 2026, as COVID-19 recovery and long-term trends affecting long-listed brands continue. Over the past decade, protected brands' share of spending rose from 47% to 54%, reversing a long historical trend where the share would decline over time. Generic share of spending is also expected to rise, supported

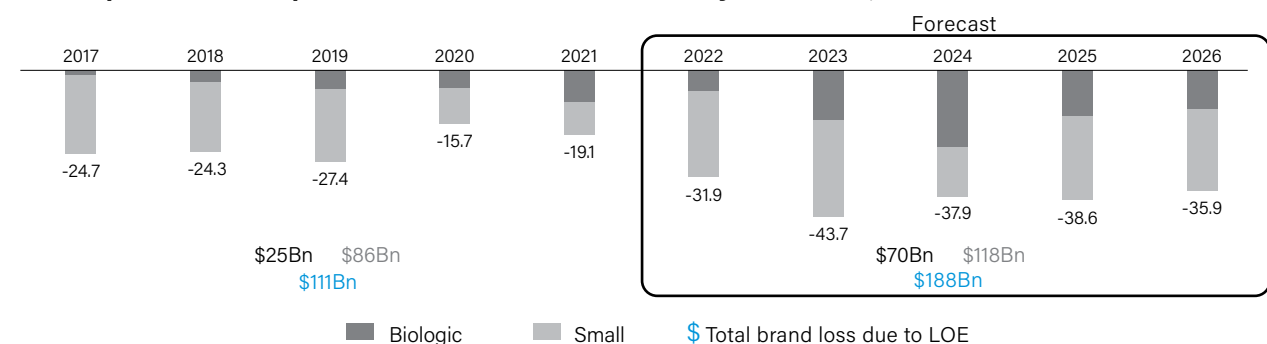
by policies that were principally effective over the last 15-year period, encouraging doctors to alternate available generics with a combination of incentives and penalties.

### Pharmerging markets

China's growth remains the largest driver of this group of countries and is being driven by a shift in the types of products used, with spending being driven by new medicines to a greater degree. By 2026, China is projected to exceed \$ 205 billion, an increase of over \$ 35 bn in the next five years. Over the next five years, the government policies to update the national reimbursement drug list (NRDL) annually is contributing to a greater share of new original medicines being reimbursed, resulting in higher levels of spending, though these are generally subject to lower negotiated net prices. In parallel, the government introduced volume-based procurement policies with tenders for off-patent and generic drugs to control the spend in off-patent categories.

Brazil, India and Russia are the next three largest pharmerging markets and they are all expected to grow by over 7.5% CAGR through 2026. Saudi Arabia, Philippines and Indonesia had significant impacts on spending in 2020 from the pandemic but have rebounded in 2021, with compounded annual growth projected through 2026 to continue steadily in low- to mid-single digits.

### Developed market impact of brand losses of exclusivity 2017-2026, US\$Bn



Source: IQVIA Market Prognosis, September 2021; IQVIA Institute, November 2021

### Generic Pharma Outlook

Outlook for Generic spending growth will be modest, as volume increases are offset by price deflation, but the influx and maturation of biosimilars, particularly in the U.S., is expected to result in higher absolute growth. In the last five years, losses of exclusivity resulted in \$ 111 bn in lower brand spending as relatively few of the largest-selling products faced LOE, in contrast to the next five years, which are expected to generate \$ 188 billion in lower brand spending, including biosimilars.

Losses of exclusivity in the U.S. are expected to be nearly \$ 140 bn through 2026, with significant impact on spending for both small molecules and biologics, from \$ 57 bn in the preceding five years, as both small molecule and biologic product exposure to LOE increased substantially. Small molecule expiries are expected to lower brand spending by \$ 95 bn through 2026, over double the impact of the last five years, including the impact of high-profile products in the anticoagulants therapy area, including rivaroxaban (Xarelto).

The impact of losses of exclusivity (LOE) in the five largest European markets (Germany, France, Italy, Spain and the UK), are expected to triple over the next five years and more than half of the impact is expected to be biologics, accounting for \$ 19.4 bn of the \$ 33.3 bn total impact. Small molecule LOE is expected to double in terms of impact on brands in the next five years even as they have been a smaller share of overall impact.

Generic share of spending in Japan, is expected to rise, supported by policies that were largely effective over the past 15-year period, encouraging doctors to substitute available generics with a combination of incentives and penalties.

The Generic Pharma industry continued to suffer from price erosion in their US generics business, Cost inflation and supply chain woes, thereby significantly impacting the margins of Generic players.

The pricing pressure is the result of customer consolidation, increased competition, and recent measures by the US government to lower drug prices for customers. We believe that the resulting price erosion will lead to consolidation towards the stronger generic players. This strength will be on the back of control over the supply chain and backward integration through innovative routes and differentiation through use of innovative manufacturing technology.

Prices for the Key Raw Materials have increased due to plant closure, and COVID shut down in China, geo-political instability, Energy cost increases as well as Logistics costs increases. This has led to challenges related to raw material availability and higher prices of certain products. The ongoing Russia-Ukraine war has pushed the oil prices to multi-year highs. As regards its impact, higher crude prices are the major headwinds for various sectors, including the pharma industry as oil derivatives such as solvents are key inputs. Most of the solvent prices have surged to record highs.

Cancellation of flights, congestion at the ports, and limited availability of containers and manpower at the ports have caused a huge slowdown in the supply chain, thereby impacting the incoming raw materials and outbound shipments. Logistics cost has gone up drastically for all regions due to non-availability of container space and port congestions across the globe. The logistics cost from China has increase up to almost three folds and has almost doubled for Europe and US regions.

### Over the Counter (OTC) Drugs Market

OTC or over-the-counter drugs are pharmaceutical products that are perceived to be safe to buy without prescription and are used to treat common symptoms for cold, body pain, allergy, flu, heartburn, acne, and other basic health problems.

As per Global Market Insights Report of 2020, the OTC drugs market size was valued at \$ 152 billion in 2020 and is expected to grow at a CAGR of over 5.1% to reach \$ 209 billion in 2027.

Emergence of COVID-19 has affected millions of people across the globe, affecting several industrial sectors. The outbreak has considerably influenced the sales of OTC drugs with increased focus on personal health during the pandemic. This has significantly augmented the intake of cold and flu products besides vitamins. However, in some regions, OTC drug sales were restricted to counteract stockpiling and maintain supply.

Increasing availability and manufacturing of OTC drugs for a broad range of common disease conditions will significantly drive the over-the-counter drugs market revenue in the impending years. Repetitive occurrence of common flu and cold impels the demand for therapeutics. Awareness on and demand for vitamin supplements and weight loss products will majorly contribute to the industry value during the forecast period i.e. from 2020 to 2027. Cost-benefits, positive results and broader accessibility are projected to highly fuel demand for over-the-counter drugs.

### Indian pharmaceutical industry

The current market size of the Indian pharmaceutical industry is at ~\$ 50 billion, according to the Ministry of Commerce & Industry, Government of India and is likely to reach \$ 130 billion by 2030, growing at a CAGR of 12.3%. The Indian pharmaceutical industry is the world's third largest in terms of volume and 11th largest in terms of spending as per the IQVIA report on 'Global use of medicines 2022'. Its footprint transcends the value chain, with Indian pharmaceutical companies leading in APIs as well as formulations. India's API industry is ranked the third largest in the world, and the country contributes ~57% of APIs to the pre-qualified list of the WHO. Globally, India is the largest provider of generic medicines, commanding 20% share in the global supply by volume, and the leading vaccine manufacturer. India supplies over 50% of Africa's requirement for generics, ~40% of generic demand in the US and ~25% of all medicines in the UK. India also accounts for ~60% of the global vaccine demand and is a leading supplier of DPT, BCG and Measles vaccines. Of WHO's vaccines, 70% are sourced from India. The country





has the highest number of US-FDA-compliant pharma plants besides USA with a strong network of manufacturing facilities and a highly skilled resource pool.

In shaping public health outcomes, the pharmaceutical industry contributed to India's economic growth. It is estimated that the industry directly and indirectly provides employment to 2.7+ million people, in high-skill areas like R&D and manufacturing. It generates ₹ 11 bn of trade surplus every year and is among the top five sectors contributing to the reduction of India's trade deficit.

The Indian government took several initiatives to support the Indian pharmaceutical industry. Initiatives such as the production linked incentive (PLI) schemes, medical device and bulk drug parks are likely to boost domestic production of active pharmaceutical ingredients (APIs), biopharmaceuticals, complex generics, patented drugs, and various medical devices, helping India transform as the global manufacturing hub.

India supplies low-cost generic drugs globally, and over the past two decades, the country's reliance on imports for several KSMs, intermediates and APIs increased substantially. Currently, India imports nearly 68% of the API, by value, from China. The latter is also a single supplier for several critical intermediaries and APIs, including high-burden disease categories such as cardiovascular diseases, diabetes and tuberculosis. These are also listed in the National List of Essential Medicines (NLEM). India is largely dependent on China for antibiotic APIs manufactured by the fermentation route such as Penicillin, Cephalosporins and Macrolides. Any disruption in China's bulk drugs market bears direct influence on the Indian pharma industry.

When the COVID-19 outbreak ensued, multiple sectors in India faced a raw material supply shortage. The Indian pharmaceutical sector was among the worst hit sectors. With factories in China hit by lockdown, India was stretched in maintaining continuous supply of active pharmaceutical ingredients (APIs). Prices of commonly used APIs shot up significantly due to increased wages and other costs in China, as well as the pandemic, environmental issues, pollution, safety and regulatory concerns.

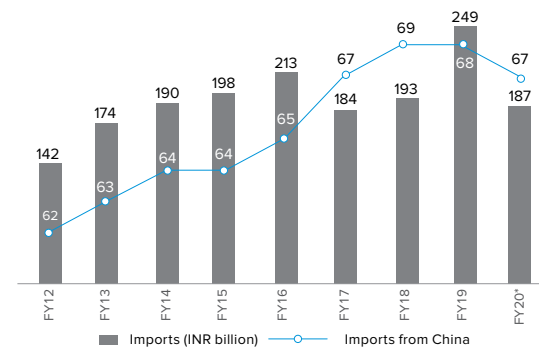
### Over 70 per cent of all APIs imported from China (in %)

API	Proportion
Oxytetracycline(antibiotic)	100%
Paracetamol	100%
Metformin	100%
Ampicillin	100%
Ciprofloxacin	100%
Tetracycline	99.8%
Azithromycin	99.4%

Source: "Relief for Pharma firms as govt starts clearing API imports from China", Business Standard accessed on 9<sup>th</sup> March 2022, "Indian API industry reaching the full potential Thought Leadership", KPMG in India, accessed on 9<sup>th</sup> March 2022

India's import dependency can largely be attributed to the lack of cost-effective options in domestic API manufacturing as compared to imports. India's raw material demand for essential APIs, including Paracetamol, Metformin and other antibiotics has high reliance on China, in some cases up to 100%.

### India's API import dependency; ~68 per cent being imported from China



Note: FY20 refers to imports between April 2019 and December 2019

This high import dependency is majorly due to availability of APIs and bulk drugs in China at low prices. Indian API manufacturers are working towards maintaining their competitive edge in the manufacture of APIs at the lower end of the spectrum and fermentation technologies. The Chinese API industry has an inherent advantage because of economies of scale and support from the Chinese government in the form of financial incentives, infrastructure, and regulatory policies, enabling advantages in capex requirements due to large Special Economic Zones, tax incentives, borrowing costs, logistics costs and conversion costs as labor and electricity costs in China are relatively cheaper. Initially, huge capacity was created by the public and private fermentation sectors to cater to growing demand. However, owing to commercial unviability, substantial quantities were being imported from China, which prompted local manufacturers to halt operations. As the sole manufacturer of penicillin, China has started manufacturing intermediates from penicillin G (6-APA, 7-ADCA and 7-ACCA) and, therefore, has strategically priced penicillin, which makes even the production of intermediates uneconomical in India.

Any disruption in China's bulk drugs market has a direct influence on the Indian pharma industry. A considerable increase in the prices of raw materials was recorded due to traffic restrictions and staff shortages,

**Production Linked Incentive (PLI) scheme:** A clear vision for the API industry will mean ensuring greater self-sufficiency. The recently launched government schemes to promote API (bulk drug) through clusters and Production Linked Incentive (PLI) program will support the 'Make in India' initiative for domestic manufacturing. PLI scheme was announced for Key Starting Materials (KSMs) and APIs to boost domestic manufacturing

of 53 bulk drugs, with a financial outlay of ₹ 6,940 crores. It includes financial incentives for eligible manufacturers on incremental sales over base year FY20 for a period of six years. The scheme is expected to boost the exports by ~\$ 25 billion over a period of 6 years. However, challenges around land acquisition, ease of doing business, environmental clearances, taxation, R&D need to be considered and resolved by respective stakeholders.

### Company Overview

Granules India Limited (GIL) is a leading, vertically integrated pharmaceutical Company dedicated to manufacturing Active Pharmaceutical Ingredients (API), Pharmaceutical Formulation Intermediates (PFI) and Finished Dosages (FD) products. Established in 1991, we have since successfully forayed into key international pharmaceutical markets of the United States of America, Canada, Latin America, Europe, Asia Pacific, and India.

GIL has built one of the largest PFI and single site FD facilities in the world. We have the world's largest Paracetamol API facility. Our two state-of-the-art R&D centres are in Hyderabad and Virginia.

Known for our process innovation and unparalleled efficiencies, today, we supply pharmaceutical products to 300+ customers in 80+ countries. We are also a preferred supplier of superior quality pharma products for some of the world's leading branded pharma and generics companies. Our exports now contribute over 88% of the revenue.

We progressively moved from being an API to a fully integrated player with dominant finished dosage sales, we have had a US driven growth trajectory built on scale, manufacturing excellence, focused execution, and cost leadership. We are also making good inroads within Europe and contribution from the region has been on an upward trend.

We are focused on moving towards manufacturing of complex formulations through differentiated technology. During the year, we completed new finished dosage block for the manufacturing of MUPS (multi-unit pellet system) products in our existing manufacturing plant with an capex of ₹ 240 Cr.

Today, we have seven manufacturing units, of which six are India and one in the USA.

Value chain	Facility location	Installed capacity
API	Bonthapally	34,560 TPA
	Jeedimetla	4,800 TPA
	Vizag (Unit 4)	380 KL
	Vizag (Unit 5)	
PFI	Gagillapur	23,200 TPA
	Jeedimetla	1,440 TPA
Finished Dosage	Gagillapur	26.8 Bn
	Virginia, USA	1.5 Bn
API Intermediates	Bonthapally	61.5 KL

### Strategy

FY22 was a challenging year for the industry with considerable headwinds around the availability and price of raw materials, solvents, catalysts, uncertainties arising out of the Ukraine-Russia conflict as well as the re-emergence of COVID-19 cases in China. The global supply chain and the logistics continue to remain under duress. The logistics costs remained at elevated levels. We continue to combat pricing challenges in the US market.

Granules demonstrated unrelenting resilience in the face of an adverse external environment within the industry. We faced Pricing pressures from the customers on one side and Cost increases from the suppliers and supply disruptions from China on the other hand. While the input costs are at elevated levels, there may likely be a positive trend in terms of PAP supplies (the KSM for Paracetamol) as one of the biggest manufacturers in China is expected to start and stabilise its production in the near term. We continue to remain agile to the changing business environment and doing our best to fulfil customer commitments and maintain service levels.

World around us is changing and presents a unique opportunity. We see an opportunity in this disorder, and we are preparing ourselves and striving to benefit from emerging mega trends. The world is set to move towards environmentally responsible, and green chemistry at the heart of it.

Transitioning from inefficient and waste intensive processes to acceptable, resource efficient alternatives require a significant change in approach and technology. Our human civilization has been built on the foundation of consistent scientific and technological progress. Technology has influenced our course and revolutionized the way we work and live in a persistent manner. In recent decades the pace of progress has accelerated leading to many important breakthroughs. For example, Biotech and Biomanufacturing is driving incredible, unprecedented technological advancements, being fuelled by nature-based tools such as fermentation, enzymes, and microorganisms.

At Granules, we are going through a major business transformation to propel excellence in science, technology, and innovation. Our strategy focuses on three elements. The first of which is strengthening the core by exploiting the current business. Second is to build technology platforms to fortify existing businesses and create new businesses. The third part is to create a strategic lever through ESG by combining the strength of science and technology and reimagining manufacturing.

Building relevant technology platforms and innovation is an integral part of our strategy going forward and set to move the organization towards excellence in Science, Technology and Innovation while protecting the manufacturing excellence, as the DNA of the organization.



We are leveraging our technology alliances to achieve backward integration for some of the key raw materials, including PAP and DCDA, employing innovative routes and process technologies, and focusing on manufacturing quality with sustainability at the forefront.

Enzyme/protein engineering is an exciting opportunity for us to drive future innovation from the perspective of Innovative product offerings, Cost competitiveness, Manufacturing excellence & productivity and Sustainability & Green chemistry.

We believe that what is good for the society, is good for the business as well. We will strive to reduce the carbon footprint comprehensively across all our activities. These technology platforms using novel approaches and procedures, coupled with innovation in reuse and recycle of by products, will lead to utilization of minimal resources of energy, minimal generation of waste and green process development.

In Summary, our strategy is to build technology platforms in chemistry and biotransformation to bring the innovation engine to full throttle and to look at creating the synergies for existing and new businesses. Our efforts are concentrated on reimagining manufacturing, through innovative process technology and become an industry leader in segment over long-term through partnerships and internal innovations. We are dedicating our efforts towards executing on our strategy through the followings

- Strong R&D engine for both API and Formulation
- Bring excellence in the technical, IP and regulatory engines
- Relook at the commercial engines to propel growth in the US as well as in other geographies. B2B business with focus on value-add APIs.
- Strong focus on cost management, review, and governance
- Creation of systems and processes for sustainability
- Technology development and partnerships

Our people are central to all what we have achieved so far, and key to our future success. We are building an effective organizational design, which focuses on these growth drivers and building management capabilities -both organically and inorganically – and transform ourselves into a learning organization.

## Business overview and key business segments

### Key business segments

#### Active Pharmaceutical Ingredients (APIs)

Known as one of the most cost-effective and efficient manufacturers of APIs, we have emerged as a leading manufacturer and supplier of Paracetamol, Metformin, Guaifenesin, and Methocarbamol. We are continuously working to improve our API manufacturing capability to add new products to our portfolio. Today, most of the new PFI and FD

products developed by us are supported by vertical integration of respective APIs. An emphasis on adopting advanced technology, backward integration to critical steps combined with the strength of a robust, resolute team, empowers us to consistently meet evolving customer demands with precision and excellence.

Revenue	(₹ in Lakhs)		
	FY22	FY21	FY20
API	97,513	91,242	81,707

### Pharmaceutical Formulation Intermediates (PFI)

We emerged as one of India's largest PFI manufacturers with a batch processing capacity of six tons. Ensuring economies of scale and cost-efficiency, we brought breakthroughs in the PFI space. The PFIs produced by us can be directly taken to the hoppers from the drums and it has enabled us to become a preferred PFI supplier for some of the most renowned global pharma companies. Presently, the PFI business accounts for 22% of our revenue.

Currently, we are using the PFI facilities at Jeedimetla and Gagillapur to further process into Finished Dosages.

Revenue	(₹ in Lakhs)		
	FY22	FY21	FY20
PFI	84,556	62,619	42,140

### Finished Dosages (FD)

Over the years, we have sustainably grown our FD capabilities and it is currently contributing over 50% of our revenue. The existing portfolio of finished dosages comprises Caplets, Tablets as well as Press-fit Capsules in Bulk, Blister packs and Bottles. Our state-of-the-art manufacturing facility at Gagillapur is equipped with automated processes, robust infrastructure, and superior quality systems to efficiently produce finished dosages that are marketed in 80+ countries, including the highly regulated markets of the US and Europe. It also produces Bi-layered tablets, Rapid release tablets, and Extended release (ER) tablets. We developed our own ANDAs and dossiers to offer an added advantage to our customers.

Revenue	(₹ in Lakhs)		
	FY22	FY21	FY20
FDs	194,423	169,893	136,018

### Research and development

With experienced and qualified human resources, our R&D strengths are the driving force of our current and future growth. With innovation instilled into the 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 have increased our investment in Research and Development, which stood at ₹ 143 crores during FY22. We are strengthening our R&D



capabilities and our team is committed to translating science and technology into innovative pharmaceutical products and manufacturing processes, meeting global regulatory standards.

We are working towards strengthening our product pipeline and our portfolio with a new vigour. We are bolstering our R&D capabilities to enhance its scale and quality. Several launches are planned for the next 18 months. Our pipeline is moving from 'similar-to-industry-peer products and other generics' to products which focus on innovation, science, and technology. Going forward we will target more first wave launch products, niche products and balance the portfolio with high volume products.

Granules India limited has recently inaugurated a new state of art Integrated Product Research and Development centre at MN Park Genome valley Hyderabad. The R&D has been set up in a sprawling 20,000 Sq. ft and will function with an initial strength of more than 150 scientists across both the divisions.

The new facility brings API R&D and Formulation R&D teams together under one umbrella. This will enable seamless coordination between both the teams leading to agile product development processes and collaborative problem solving. The common analytical resources will help us become efficiency in the R&D processes. Our vision is to develop integrated R&D products with vertical integration which will see Granules evolve into an R&D driven organization.

### FY 2021-22 Highlights

**Existing Business:** The existing core business remained our focal point, while we constantly expanded our product portfolio and global presence with focus on high volume products built on maximizing process efficiencies and vertical integration.

**US Generics:** Since setting up US sales and marketing operations in 2019, we launched 24 generic products under the GPI label. Focused product selection, development and manufacturing brought in significant growth of the US Generics business. Our portfolio has been constantly evolving from large volume immediate release (IR) products to complex extended/delayed release (ER/DR) products. We had the highest generics prescription in terms of absolute growth (17.8%) in the US market during FY22.

**Emerging business:** The product selection process for our 'Emerging business' focuses on identifying and developing high entry barrier products, with diverse complexities at API and/or formulations development. We 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 Visakhapatnam. We also offer development and manufacturing services for customers across the world aligned with their High Potent Formulation requirements.

In finished dosage forms, we filed 64 ANDAs with the U.S. FDA, of which 50 ANDAs were approved and 14 are currently under review. We continued to leverage our ANDA filings into other markets outside US. We filed six dossiers in the European region and 5 dossiers in Canada.

We received 6 ANDA approvals from the USFDA. The on-time approvals exemplify the quality of our ANDA filings. In addition, the approval for the dossiers filed in other countries also gained momentum. Approvals were received for one dossier in EU and for two dossiers in Canada.

We aim to continue the products of different complexity in each dosage form viz. Immediate release, Extended release, Delayed release, MUPS and Oral suspensions.

We embarked on a journey to build our intellectual property assets and currently hold 8 granted patents and 13 pending patent applications across several countries. In FY22, we filed 2 patent applications in India. These patent filings were primarily directed towards new process to manufacture intermediates and/or APIs, purification, and pharmaceutical composition thereof.

### Safeguarding business objectives with proactive risk mitigation

#### Enterprise Risk Management

Managing risks effectively helps us stay on top of volatilities and maintain our business excellence. 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 stake holders, leveraging internal knowledge repository and using industry



benchmark data related to the similar risks, top risks of the company have been identified. The internal Risk committee as created by Board evaluates, 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 and reviews quarterly status update of the projects that are undertaken or are 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 for the Internal Risk Committee and the Board Risk Committee on a periodic basis. Each project is tracked and reviewed on following parameters:

- 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.

Our identified top-priority risks and our mitigation strategies of the company are mentioned as below.

*Our business is subject to supply chain uncertainty and increased input costs leading to the concerns of Failure to supply would lead to loss of business and reputation.*

Our mitigation strategy is directed towards Alternate vendor development and partnership with vendors, extended geographies for vendor selection, and continuous engagement with the customers in a transparent manner with respect to the pricing that reflects added input cost

*We are working in a Regulatory environment in which adherence to standards of Quality and compliance is mandatory, the failure of which could adversely affect our Business performance and loss of business*

Our mitigation strategy is directed towards strengthening our capabilities by continuous learning and development initiatives on best practices and regular audits to stay in tune with ever evolving regulatory expectations. We are ensuring implementation of stringent review systems and suitable preventive actions are rolled out.

*We are subject to Operational risks wherein high operation costs may lead to loss of profitability and may result in low business performance*

Our mitigation strategy is directed towards establishing a seamless co-ordination between R&D, technology transfer and manufacturing teams with continuous emphasis on Innovation and operational excellence

*Our growth and sustainability may be hindered due to poor product pipeline selection, delays in regulatory approvals and product launches, inability to gain market share, increase in competitive intensity and price erosion*

Our mitigation strategy is directed towards robust product selection and any course correction, if required. We are investing in science and technology to achieve cost leadership and we are monitoring the Market intelligence data to be on top of competitive landscape in the industry

*We strive to adhere to the standards as per Environment, Health & Safety (EHS) and Sustainability. the failure of compliance to these standards would lead to regulatory, reputational and business continuity risks which may in turn impact sustainability of our business adversely. Natural calamity risks may also result in business disruption & would serve as a threat to our sustainability*

Our Corporate EHS function provides EHS guidelines to all manufacturing sites and target for reduction in waste, GHG emission & water utilization. Various projects are underway to ensure that EHS parameters always remain as per expectable standards. Disaster management plan is put in place to deal with natural calamities.

**Human Capital**

Our people are central to all what we have achieved so far, and source of our optimism for a better and a bright future. At Granules India, we believe that people who feel truly associated with the organization are the ones who perform to their true potential. As a core part of our business strategy, we are committed to providing an environment where all our employees feel enabled with a strong a sense of belonging. We have launched Granules Learning Academy concept that includes Training of Grass-Root employees on Fundamentals of Unit of Operation, in Manufacturing and in Quality Control. 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 and Units/functional objectives with individual employee goals, up to managerial level through rigorous review process. This enables our employees to work on stretched targets while meeting company’s objectives. 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 and 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.

**Financial overview:**

**Revenue by Business Segments**

Business segments	FY22	(in %)
API	26	
PFI	22	
FD	52	

Business segments	FY21	(in %)
API	28	
PFI	19	
FD	52	

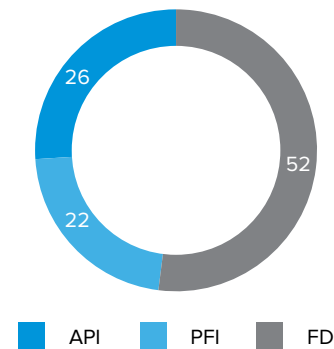
**Revenue by Geography**

Regions	FY22	(in %)
North America	52	
Europe	21	
Latin America	10	
India	12	
ROW	5	

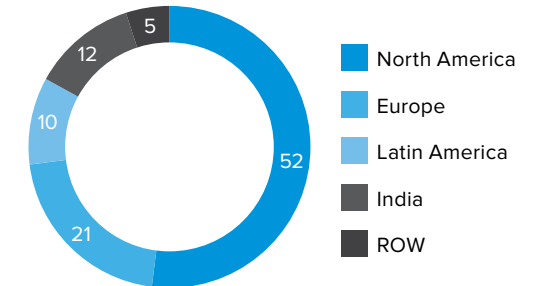
  

Regions	FY21	(in %)
North America	54	
Europe	18	
Latin America	9	
India	14	
ROW	6	

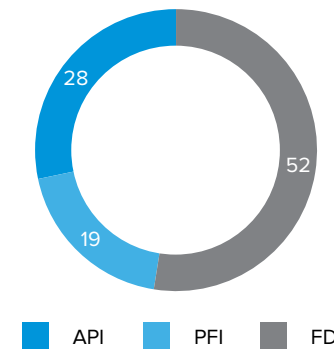
**Revenue by Business Segments FY22 (%)**



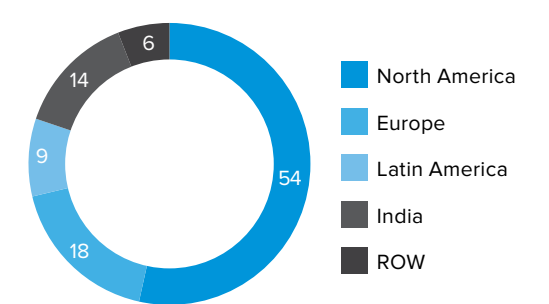
**Revenue by Geography FY22 (%)**



**Revenue by Business Segments FY21 (%)**



**Revenue by Geography FY21 (%)**



**Financial review****Consolidated abridged Profit & Loss Statement**

(₹ in Lakhs)

Particulars	2022	%	2021	%	Growth%
Revenue	376,492.10		323,754.28		16.3%
EBITDA	72,223.30	19.2%	85,522.91	26.4%	(15.6%)
PAT	41,275.81	11.0%	54,945.90	17.0%	(24.9%)
EPS	16.66		22.05		

**Revenue from operations**

Revenue from operations increased by 16.3% to ₹376,492.10 lakhs in 2021-22 across all geographies. Major growth is driven by PFIs and Finished dosages and increase in market share for the new launches. 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**

EBITDA margin down by 720 bps over the previous year is due to the non-availability of Para Amino Phenol (PAP) and increase in prices of Key starting raw materials (KRM) and solvents and logistic cost in the current year.

**Dividend**

The Board of Directors have recommended final dividend of 75 paise per equity share of ₹ 1/- each in addition to interim dividend of 75 paise per equity share of ₹ 1/- each paid during the year.

**Consolidated Balance Sheet**

(₹ in lakhs)

Particulars	As on March 31, 2022	As on March 31, 2021
<b>ASSETS</b>		
Tangible and Intangible Assets	189,740.52	157,107.74
Non-Current Assets other than above	11,051.09	14,537.13
Current Assets	250,498.15	199,700.17
<b>Total</b>	<b>451,289.76</b>	<b>371,345.04</b>
<b>EQUITY AND LIABILITIES</b>		
Total equity	258,709.04	217,327.43
Non-Current liabilities	28,420.72	36,707.80
Current liabilities	164,160.00	117,309.81
<b>Total</b>	<b>451,289.76</b>	<b>371,345.04</b>

**Shareholders' Funds:**

Shareholders' funds increased 19.02% over the previous year due to increase in profits.

(₹ in Lakhs)

Particulars	As on March 31, 2022	As on March 31, 2021	Change
Long-term debt (Current portion)	9,348.02	9,537.35	-189.33
Long-term debt (non-current portion)	23,370.06	33,380.74	-10,010.68
Short-term borrowings	76,557.65	40,927.05	35,630.60
<b>Total Debt</b>	<b>109,275.73</b>	<b>83,845.14</b>	<b>25,430.59</b>

**Tangible and Intangible Assets**

Tangible and Intangible assets increased to ₹ 189,740.52 lakhs as on March 31, 2022, is primarily due to capitalization of MUPS blocks and expansion of MPP-2 in the existing facilities and also acquired new lands for projects expansion.

(₹ in Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Opening Cash and Cash equivalents	4,183.59	18,592.89
Cash flow from		
Operating activities	33,205.41	43,247.78
Investing activities	(38,011.49)	(27,713.50)
Financing activities	18,999.71	(29,931.31)
Effect of exchange rate changes	94.12	(12.27)
Closing cash and cash equivalents	18,471.34	4,183.59

**Consolidated Ratios**

Key Ratios	As on March 31, 2022	As on March 31, 2021	% variance	Reason for variance
Debtors Turnover	4.45	4.54	-2%	
Inventory Turnover	4.28	5.30	-19%	
Interest coverage ratio	25.04	27.80	-10%	
Current Ratio	1.53	1.70	-10%	
Debt equity ratio	0.42	0.39	9%	
Operating profit margin (EBITDA)%	19.2%	26.4%	-27%	EBITDA (%) for the year is lower due to the non-availability of Para Amino Phenol (PAP) and increase in prices of Key starting raw materials (KRM) and solvents and logistic cost in the current year. All these could not be recovered fully from customers.
Net profit margin %	11.0%	17.0%	-35%	PAT for the year is lower due to the non-availability of Para Amino Phenol (PAP) and increase in prices of Key starting raw materials (KRM) and solvents and logistic cost in the current year. All these could not be recovered fully from customers.
Return on Networth %	18.1%	29.6%	-39%	Return on Networth (%) for the year is lower due to the non-availability of Para Amino Phenol (PAP) and increase in prices of Key starting raw materials (KRM) and solvents and logistic cost in the current year. All these could not be recovered fully from customers.

**Internal Control Systems and Adequacy**

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

**Cautionary Statements**

Certain statements in the Management Discussion and Analysis, describing the Company's objectives, and predictions may be 'forward-looking statements', within the meaning of applicable laws and regulations. Actual results may vary significantly from forward-looking statements contained in this document due to various risks and uncertainties. These risks and uncertainties include the effect of economic and political conditions in India.



# Board's Report

TO THE MEMBERS OF GRANULES INDIA LIMITED,

The Board of Directors presents the Company's thirty-first Annual Report and the Company's audited financial statements (standalone and consolidated) for the financial year ended March 31, 2022.

## Financial Results:

The Company's financial performance for the year ended March 31, 2022 is summarized below:

	₹ in lakhs			
	Standalone		Consolidated	
	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2022	Year ended March 31, 2021
Revenue from Operations	3,23,843.66	3,13,498.24	3,76,492.10	3,23,754.28
Other Income	1,751.00	1,372.32	1,760.80	2,688.18
Total Income	3,25,594.66	3,14,870.56	3,78,252.90	3,26,442.46
Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)	66,215.89	87,509.55	73,984.10	88,211.09
Less: Finance Costs	1,635.23	2,377.39	2,321.07	2,628.41
Less: Depreciation	12,616.09	11,845.14	15,863.20	15,146.25
Profit Before Tax	51,964.57	73,287.02	55,799.83	70,436.43
Less: Tax Expenses	13,313.09	18,008.71	14,524.02	15,490.53
Profit for the year	38,651.48	55,278.31	41,275.81	54,945.90
Dividends paid	(3,716.78)	(2,474.77)	(3,716.78)	(2,474.77)

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

## Overview of Financial and Business Operations

**Consolidated Financial Summary:** On a consolidated basis, the revenue from operations was ₹ 3,76,492.10 lakhs in FY 2021-22 as against ₹ 3,23,754.28 lakhs for FY 2020-21 and the net profit after tax was ₹ 41,275.81 in FY 2021-22 lakhs as against ₹ 54,945.90 lakhs for FY 2020-21.

**Standalone Financial Summary:** On a standalone basis, the revenue from operations was ₹ 3,23,843.66 lakhs in FY 2021-22 as against ₹ 3,13,498.24 lakhs for FY 2020-21 and the net profit after tax was ₹ 38,651.48 in FY 2021-22 lakhs as against ₹ 55,278.31 lakhs for FY 2020-21.

For more details, please refer to Management Discussion and Analysis report.

The primary growth driver in FY 2021-22 was led by a change in the product mix. On a standalone basis, the Finished Dosages (FD) business contributed the largest share of revenue of the Company at 45% while Pharmaceutical Finished Intermediates (PFI) and Active Pharmaceutical Ingredients (API) contributed 25% and 30% respectively while it was 50%, 20% and 30% for FD, PFI and API respectively for the FY 2020-21.

In FY 2021-22, we have filed eight ANDAs with US FDA, four dossiers in the European region and 2 ANDSs in Canada. We have also filed six US DMFs, four CEPs (Certificate of Suitability) with EDQM and five EDMFs, 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 the launch of new products.

Vertical integration has always been the strength and focus area of the Company. It will continue its focus on its core business and strengthen it by enhancing its market presence by backward integration strategies, improving operational efficiencies and continuous supply chain management. Non-core business will also be given equal focus and the Company shall endeavor towards adding new products, cost leadership and most importantly offering reliable and consistent services to all the customers. The Company's goal of transforming more of its business into the finished dosage business will continue and with this objective, the Company will continue to grow as an integrated pharmaceutical Company in a sustainable and responsible manner.

## Expansion Programs and Projects

As part of the expansion program, capacity enhancement at our Gagillapur facility with Multiple Unit Pellet System (MUPS) facility was completed and commercialized during the year under review. Expansion of capacity for manufacturing multiple APIs at Unit -V, Visakhapatnam was completed during the year under review and will be commercialized during the financial year 2022-23.

## COVID-19

The Company has witnessed an increase in its input cost, logistic cost and port congestion as an indirect impact of COVID-19. Like all other Companies, it has taken appropriate short-term and long-term measures to combat this issue. The direct impact of COVID-19 second wave was also faced by the Company and the Company has followed the guidelines issued by the Government to run the operations with a complete cautious approach to the health and safety of the employees.

## Dividend

The Board of Directors has recommended a final dividend of 0.75 paise per equity share (Face value ₹ 1/- per equity share) for the financial year 2021-22. This is in addition to the interim dividend of 75 paise per equity share paid during the year. The total dividend for the financial year 2021-22 aggregates to ₹ 1.50/- per equity share as 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 the date of this report. There has been no change in the nature of business of the Company.

## Share Capital

The authorized share capital of the Company is 50,50,00,000 equity shares of ₹ 1/- each. The paid-up share capital is 24,80,05,776 equity shares of ₹ 1/- each. The Company had allotted 3,30,980 equity shares of ₹ 1/- each during the year upon exercise of an equal number of stock options by the employees pursuant to the Employees Stock Option Scheme of the Company.

## 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 ₹ 3,17,996/- (three lakh seventeen thousand nine hundred and ninety-six only) for the financial year 2013-14, was transferred during the year under review to the Investor Education and Protection Fund established by the Central Government. Further, during the year under review, the Company had transferred 5,090 equity shares to Investor Education and Protection Fund relating to the investors who have not claimed any dividend from the last seven consecutive years.

The details of the investors whose amount and shares are transferred are available on the website of the Company <https://www.granulesindia.com/>.

## 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 the Company, caters to the requirements of customers in the U.S market. During the FY 2021-22, the Company achieved a turnover of ₹ 51,719.32 lakhs against the turnover of ₹ 51,588.69 lakhs for FY 2020-21 and the profit after tax is ₹ 476.82 lakhs against ₹ 1,138.00 lakhs for FY 2020-21.

During the period under review, Granules USA, Inc. incorporated its wholly-owned subsidiary under the name "Granules Consumer Health Inc." (GCH) and as a result of this Granules Consumer Health Inc. became a step-down subsidiary of the Company. GCH will be focused on marketing private-label over-the-counter drugs to retailers.

#### Granules Pharmaceuticals, Inc.

Granules Pharmaceuticals, Inc. (GPI), a wholly-owned foreign subsidiary of the Company located in Virginia, USA focuses on formulation R&D. During the FY 2021-22, the Company achieved a turnover of ₹ 94,311.36 lakhs against the turnover of ₹ 50,508.57 lakhs for FY 2020-21 and the profit after tax is ₹ 2,639.37 lakhs against ₹ 6,077.84 lakhs for FY 2020-21.

During the year FY 2021-22, GPI received four (4) final approvals from the US FDA for the ANDAs filed by it and two (2) new ANDAs were filed during the year under review. During the year under review, GPI launched five (5) new products under its label.



Establishment Inspection Report was received during the year under review from the US FDA for its facility located in Virginia, USA.

#### Granules Europe Limited

Granules Europe Limited is a wholly-owned foreign subsidiary of the Company set up in the United Kingdom for focusing on marketing to European customers.

#### Granules Life Sciences Private Limited

Granules Life Sciences Private Limited is a wholly-owned Indian subsidiary of the Company located in Hyderabad, India is in the process of finalizing the project plan for establishing a greenfield facility to develop and manufacture formulation products.

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

The Company has no joint venture or associate Company during the period under review.

No other Company has become or ceased to be a 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 of the Company and its subsidiaries for FY 2021-22 are prepared in compliance with the Section 129(3) of the Companies Act, 2013 and regulation 34 of the Listing Regulations and in accordance with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015. The audited Consolidated Financial Statements together with the Auditor's Report thereon form a part of this annual report. The consolidated financial statements have been prepared on the basis of audited financial statements of the Company and its subsidiaries 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 a copy of separate audited accounts of its subsidiaries will be provided to the members at their request till the date of the Annual General Meeting of the Company.

#### 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 to the best of their knowledge and ability hereby confirm that:

- in the preparation of the annual accounts for the year ended March 31, 2022, the applicable accounting standards have been followed and there are no material departures from the same;
- accounting policies have been selected 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, 2022 and of the profit and loss of the Company for the year ended in that date;
- proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the annual accounts have been prepared on a going concern basis for the financial year ended March 31, 2022;
- adequate internal financial controls for the Company to follow have been laid down and these are operating effectively; and
- proper and adequate systems have been devised to ensure compliance with the provisions of all applicable laws and these systems are operating effectively.

#### Corporate Governance

The Company is committed to maintaining the highest standards of corporate governance and adhering to the corporate governance requirements set out by the 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 Secretarial Auditor 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.

#### Related Party Transactions

All related party transactions entered by the Company during the financial year 2021-22 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 subsidiaries,

the Company had not entered into any transaction with related parties which could be considered material in accordance with the policy of the Company on the 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 transactions 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 annexed herewith as **Annexure IV** to the Board's report.

The details of the transactions with related parties were also provided in the notes to the financial statements.

#### Corporate Social Responsibility

The Corporate Social Responsibility ('CSR') Committee comprised three members out of which one is an Independent Director. The details of the constitution of the Committee and its meetings are provided in the corporate governance report. The CSR activities of the Company are governed through the Corporate Social Responsibility Policy ('CSR Policy') approved by the Board and in compliance with Schedule VII of the Act. The CSR Policy may be accessed on the Company's website at: [www.granulesindia.com](http://www.granulesindia.com)

During the year under review, the Company has spent ₹ 912.98 lakhs on CSR activities. The annual report on CSR activities is annexed herewith as **Annexure I** to the Board's report.

#### Nomination and Remuneration Committee

The Committee comprised four members out of which three are Independent Directors. The details of the constitution of the Committee and its meetings are provided in the corporate governance report. The Chairman of the Committee is an Independent Director, thereby resulting in independent and unbiased decisions.

The Performance Evaluation and Remuneration Policy framed by the Committee and approved by the Board is directed towards rewarding the performance of Executive and Non-Executive Directors, Key Managerial Personnel and Senior Management Personnel of the Company based on a review of achievements periodically. The Performance Evaluation and Remuneration Policy may be accessed on the Company's website at: [www.granulesindia.com](http://www.granulesindia.com).

#### Enterprise Risk Management

The Company has a Risk Management Committee of the Board and the details of the Committee and its terms of reference are set out in the Corporate Governance report.

The Risk Management Committee has been entrusted with the responsibility to assist the Board in (a) overseeing and approving the Company's enterprise risk management framework; and (b) oversees at 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. The Company has a 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. An assurance of 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 external consultants on behalf of the management at least once in a year. We believe that these systems provide reasonable assurance that our internal financial controls are designed effectively and are operating as intended.

#### Internal Audit and Controls

The Company continues to engage M/s. Dhanunjaya & Haranath, Chartered Accountants as its Internal Auditors. During the year, the Company continued to implement its suggestions and recommendations to improve the internal controls. Their scope of work includes a review of the operational efficiency, the effectiveness of systems & processes, compliances and assessing the robustness of the internal control systems in all areas of operations and financial closure process. Internal Auditor's findings are discussed and suitable corrective actions are taken as per the directions of the Audit Committee on an ongoing basis to improve the performance of the Company.

The Company's internal control systems are well established and are commensurate with the nature of its business and the size and complexity of its operations. The Audit Committee reviews the 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

Assessment and appointment of members to the Board are based on a combination of the criterion that includes ethics, personal and professional stature, domain expertise, gender diversity and specific qualifications required for the position. While appointing the Independent Director, the potential Board



member is also assessed on the basis of independence criteria defined in Section 149(6) of the Act, and regulation 16(1)(b) of the Listing Regulations.

### Appointment

Pursuant to the recommendations of the Nomination and Remuneration Committee ('NRC') and the Board of Directors, the members of the Company through postal ballot approved the following appointments during the year under review:

- Appointed Dr. Saumen Chakraborty (DIN: 06471520) as an Independent Director not liable to retire by rotation, for a period of 5 years commencing from December 13, 2021 to December 12, 2026.
- Appointed Mrs. Sucharita Rao Palepu (DIN: 07807717) as an Independent Director not liable to retire by rotation, for a period of 5 years commencing from December 22, 2021 to December 21, 2026.
- Appointed Dr. Kandiraju Venkata Sitaram Rao (DIN: 08874100) as a Joint Managing Director & CEO not liable to retire by rotation, for a period of 5 years commencing from January 05, 2022 to January 04, 2027.

### Re-appointment

- Mrs. Uma Devi Chigurupati (00737689) was re-appointed as Whole-Time Director by the members in the 26<sup>th</sup> Annual General Meeting held on September 28, 2017 for a period of five years w.e.f. May 31, 2017. The current term of office of Mrs. Uma Devi Chigurupati as Whole-Time Director concludes on May 31, 2022. Considering the commitment consistently shown and results exhibited, the Board of Directors on the recommendation of the Nomination and Remuneration Committee, has decided to re-appoint Mrs. Uma Devi Chigurupati as Whole-Time Director of the Company for a further period of 5 (five) years effective from May 31, 2022 to May 30, 2027.
- In accordance with the provisions of Section 152 of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Kolli Basava Sankar Rao, (DIN: 05167550) Non-Executive Director of the Company retires by rotation at the ensuing AGM and being eligible, has offered himself for re-appointment.

The Board recommends for the approval of the members by way of a special resolution for the appointment of Mrs. Uma Devi Chigurupati as Whole-Time Director of the Company and by way of ordinary resolution for the appointment of Mr. Kolli Basava Sankar Rao, as Non-Executive Director of the Company.

In the opinion of the Board, the Directors appointed during the year under review possess the integrity, expertise and experience to perform their functions effectively in the Company.

### Cessation

- During the year under review, Mrs. Jyothi Prasad (DIN: 06947488) resigned as an Independent Director of the Company with effect from October 06, 2021. The Board places on record its deep appreciation for the invaluable contribution and guidance rendered by Mrs. Jyothi Prasad during her tenure.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet 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 the Board / Committee meetings when executives of the Company are asked to make presentations about the 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 to enable the Independent Directors to discuss matters about the Company's affairs and put forth their combined views to the Board of Directors of the Company.

### Key Managerial Personnel

Dr. Krishna Prasad Chigurupati, Chairman and Managing Director, Dr. Kandiraju Venkata Sitaram Rao, Joint Managing Director & CEO, 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 includes 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 thereunder 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.

The performance of the Board and individual Directors was evaluated by the Board after seeking inputs from all the Directors. The criteria for performance evaluation of the Board included aspects such as Board composition and structure, the effectiveness of Board processes, contribution in the long-term strategic planning, etc. The performance of the Committees

was evaluated by the Board after seeking input from the Committee Members.

In a separate meeting, the Independent Directors evaluated the performance of Non-Independent Directors and the performance of the Board as a whole including the Chairman of the Board.

### Employee stock option scheme

The Company's Employees Stock Option Schemes viz. ESOS-2009 & ESOS-2017 has been in place and the Company has made grants under ESOS-2009 & ESOS-2017 to the eligible employees of the Company and its subsidiaries. The Nomination and Remuneration Committee of the Board of Directors of the Company, inter alia, administers and monitors the Employees' Stock Option Schemes. The Company did not make any grant under ESOS-2017 during the FY 2021-22. There has not been any material change in the Employee Stock Option Schemes during the financial year under review. The Schemes and their implementation are in line with the SEBI (Share Based Employee Benefits) Regulations, 2021 ("SBEB Regulations") as amended thereof.

The details of the stock options granted/ vested/ exercised under the Granules India Limited – ESOS 2009 approved by the members in the 18<sup>th</sup> Annual General Meeting and Granules India Limited – ESOS 2017 approved by the members in the 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 before the grant date on National Stock Exchange (where there was the highest trading volume).	
(c)	Options vested during the year	3,60,980	75,000
(d)	Options exercised during the year	3,30,980	NIL
(e)	Total number of shares arising as a result of the exercise of options	3,30,980	NA
(f)	Options lapsed/surrendered during the year	1,22,640	NIL
(g)	Options lapsed/surrendered to date under the scheme	88,32,272	NIL
(h)	Variation in terms of options	NIL	NIL
(i)	Money realized by exercise of options during the year	3,21,05,060	NA
(j)	Total number of options in force	67,70,528	2,50,000
(k)	Employee wise details of options granted during the year to be exercised at	NA	NIL
(k)(i)	Senior managerial personnel	NA	NIL
(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.	NA	NIL
(k)(iii)	Identified employees who were granted an 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.	NA	NIL
(l)	Diluted Earnings per share (EPS) under the issue of shares on exercise of options calculated by Accounting Standards – Earning per share.	₹ 16.60 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 shall have been recognized if it had used the fair value of the options.	Not Applicable	

The applicable disclosures as stipulated under the SEBI guidelines as of March 31, 2022 (cumulative position) about the Employee's Stock Option Schemes are herein under provided. The issue of equity shares pursuant to the 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.

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 period under review. The Schemes and its implementation are in line with the SEBI (Share Based Employee Benefits) Regulations, 2014 ("SBEB Regulations") as amended thereof.

Under regulation 13 of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2021, a certificate from M/s. Saurabh Poddar & Associates, Practicing Company Secretaries is annexed herewith as **Annexure-II** to the Board's report.



Sl. No.	Description	Details of Scheme	
		ESOS-2009	ESOS-2017
(n)	The weighted-average exercise price, whose exercise price either equals or exceeds or is less than the market price of the stock	₹ 97.00/- 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 and their reports

### Statutory Auditors

M/s. B. S. R. & Associates LLP, Firm of Chartered Accountants, Hyderabad (Registration No. 116231W/W-100024) was appointed as statutory 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 as per the provisions of the Companies Act, 2013 read with rules made thereunder and the term of the statutory auditors concludes at the conclusion of the 31<sup>st</sup> AGM of the Company.

Subject to the approval of the members, the Board on the recommendations of the Audit Committee of the Board approved the appointment of M/s. S. R. Batliboi & Associates LLP Chartered Accountants (Registration No. 101049W/E300004) as the statutory auditors of the Company for a period of 5 (five) consecutive years from the conclusion of 31<sup>st</sup> AGM till the conclusion of the 36<sup>th</sup> AGM in place of the retiring auditors. Further, M/s. S. R. Batliboi & Associates LLP, Chartered Accountants have confirmed their consent/willingness and eligibility under the provisions of the Companies Act, 2013 read-with rules made thereunder. They have also confirmed that they meet the criteria for appointment specified in Section 141 of the Act and all other applicable provisions of the Act. Further, the Company has also received a copy of the Peer Review Certificate issued by the Institute of Chartered Accountants of India to the said auditors and a declaration from the auditors that they are not disqualified for the appointment under the Act.

The notes on the 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 a secretarial audit for the financial year 2021-22. The secretarial audit report for the financial year ended March 31, 2022 is annexed herewith 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

Seven 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 comprised four (4) Members out of which three (3) are Independent Directors and one (1) is an Executive Director. During the year under review, five Committee meetings were held, details of which are provided in the Corporate Governance report. During the year under review, there were no instances when the recommendations of the Audit Committee were not accepted by the Board.

### Whistleblower Policy and Vigil Mechanism

The Company has devised an effective whistleblower mechanism enabling employees to communicate their concerns about illegal or unethical practices freely. The Company has also established a vigil mechanism for employees to report concerns about any unethical behavior, actual or suspected fraud or violation of the Company's code of conduct. Protected disclosures can be made by a whistleblower through several channels. The whistleblower policy of the Company ('the Policy') provides for adequate safeguards against the victimization of employees who avail of the mechanism. No personnel of the Company has been denied access to the Chairperson of the Audit Committee. The Policy also facilitates all employees of the Company to report any instance of leak of unpublished price-sensitive information.

The Policy on vigil mechanism and whistleblower 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 Joint Managing Director & CEO 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 annexed herewith as **Annexure V** to the Board's report.

### Extract of Annual Return

Pursuant to Section 92(3) read with Section 134(3)(a) of the Act, the Annual Return as of March 31, 2022 is placed on the website of the Company and may be accessed on the Company's website at: [www.granulesindia.com](http://www.granulesindia.com).

### Particulars of Employees and Related Disclosures

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, are annexed herewith as **Annexure VI** to the Board's report.

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 over the limits set out in the said rules forms part of this report.

Considering 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 by the members at the registered office of the Company or through electronic mode during business hours on working days up to the date of the forthcoming 31<sup>st</sup> AGM of the Company. Any member interested in obtaining a copy thereof may write to the Company secretary in this regard.

The Directors further state that, the remuneration paid to the Key Managerial Personnel and others is as per the Performance evaluation and Remuneration Policy 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

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.
- Neither the Managing Director nor the Whole-time Directors of the Company receive any remuneration or commission from any of its subsidiaries.
- The Company does not have any scheme of provision of money for the purchase of its shares by employees or by trustees for the benefit of employees.
- Cost Audit is not applicable for the financial year 2021-22.
- 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 the future.
- No fraud has been reported by the Auditors to the Audit Committee or the Board.
- There is no proceeding pending under the Insolvency and Bankruptcy Code, 2016.
- There was no instance of one-time settlement with any Bank or Financial Institution.

## Acknowledgments

We express our sincere appreciation and thank our valued shareholders, customers, bankers, business partners/associates, analysts, financial institutions, insurance companies and Central and State government departments for their continued support and encouragement to the Company.

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

On behalf of the Board of Directors

**Dr. Krishna Prasad Chigurupati**

Hyderabad

Chairman and Managing Director

June 05, 2022

DIN: 00020180



## ANNEXURE I TO THE BOARD'S REPORT

### Annual Report on Corporate Social Responsibility (CSR) activities for the financial year 2021-22 as per Rule 8 of Companies (Corporate Social Responsibility Policy) Rules, 2014.

- Brief outline on CSR Policy of the Company: CSR Policy can be accessed on [www.granulesindia.com](http://www.granulesindia.com).
- 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.	Dr. Krishna Prasad Chigurupati	Member/Executive Director	01	01
3.	Mr. Akinepally Arun Rao	Member/Independent Director	01	01

- Provide the web-link where Composition of the CSR Committee, CSR Policy and CSR Projects approved by the Board is disclosed on the website of the Company. The composition of the CSR Committee and the CSR Policy can be accessed at the link [www.granulesindia.com](http://www.granulesindia.com)
- Provide the details of the Impact assessment of CSR Projects carried out in pursuance of sub-rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report). NOT APPLICABLE
- 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	2018-19	Nil	Nil
2	2019-20	Nil	Nil
3	2020-21	Nil	Nil
	<b>TOTAL</b>		Nil

- Average net profit of the company as per section 135(5): ₹ **45579.48 lakhs**
- (a) Two percent of the average net profit of the company as per section 135(5): ₹ **911.59 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): ₹ **911.59 lakhs.**
- (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 the second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
912.98 lakhs	Nil	NA	NA	NA	NA



- 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	Project duration	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
				State.	District.					Name CSR Registration number
1.	--	--	--	--	--	--	--	--	--	--
	<b>TOTAL</b>	--	--	--	--	--	--	--	--	--

- 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 District	87.84	NO	Swarna Bharat Trust CSR00001645
2.	Preventive Health Care	Cl.(i) promoting preventive health care	No	Karnataka	Mangaluru	200.00	NO	Rai Estates Educational and Charitable Trust. CSR00015670
3.	Preventive Healthcare	Cl.(i) promoting preventive health care	Yes	Telangana	Hyderabad	364.02	YES	Government of Telangana NA
4.	Ex-Gratia Covid allowance to the temporary/casual/daily wage workers of the Company	As the exception is provided under General Circular no 15/2020 issued by the Ministry of Corporate Affairs Dated 10.04.2020.	NA	Paid to the temporary/casual/daily wage workers of the Company at all manufacturing locations		51.17	YES	NA NA
5.	Granules Trust	Schedule VII activities	Yes	Telangana	Hyderabad	209.95	NO	Granules Trust CSR00006834
	<b>TOTAL</b>					<b>912.98</b>		

- Amount spent on Administrative Overheads: **NIL**

- Amount spent on Impact Assessment, if applicable: **NA**

Total amount spent for the Financial Year (8b+8c+8d+8e): ₹ 912.98 lakhs



(f) Excess amount for set-off, if any

Sl. No.	Particular	Amount (in ₹)
(i)	Two percent of the average net profit of the company as per section 135(5)	911.59 lakhs
(ii)	Total amount spent for the Financial Year 2021-22	912.98 lakhs
(iii)	Excess amount spent for the financial year [(ii)-(i)]	1.39 lakhs
(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)]	1.39 lakhs

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.			The amount remaining to be spent in succeeding financial years. (in ₹)
				Name of the Fund	Amount (in ₹).	Date of transfer.	
1.	2018-19	-	-	-	-	-	-
2.	2019-20	-	-	-	-	-	-
3.	2020-21	-	-	-	-	-	-
	<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 a 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 the creation or acquisition of the 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 percent of the average net profit as per section 135(5): **NA**

Sd/-  
**Uma Devi Chigurupati**  
Chairperson of CSR Committee

Sd/-  
**Dr. Krishna Prasad Chigurupati**  
Chairman and Managing Director

## ANNEXURE-II TO BOARD'S REPORT COMPLIANCE CERTIFICATE

[Pursuant to Regulation 13 of the Securities Exchange Board of India  
(Share Based Employee Benefits and Sweat Equity) Regulations, 2021]

To,  
The Members,  
M/s Granules India Limited

I, Saurabh Poddar, Company Secretary in practice, have been appointed as the Secretarial Auditor vide a resolution passed at its meeting held on May 11, 2021 by the Board of Directors of M/s. Granules India Limited (hereinafter referred to as 'the Company'), having CIN:- L24110TG1991PLC012471 and having its registered office at Second Floor, Block III, My Home Hub, Madhapur, Cyberabad, Hyderabad – 500 081.

This certificate is issued under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (hereinafter referred to as "the Regulations") for the year ended March 31, 2022.

### Management Responsibility

The Board of Directors and the Nomination and Remuneration Committee of the Board is responsible for formulation and implementation of the Employee Stock Option Scheme - 2009 and Employee Stock Option Scheme – 2017 (hereinafter referred to as "Schemes") in compliance with the Regulations and the special resolutions passed at the respective shareholder's meetings dated September 25, 2009 and September 28, 2017 ("Shareholder resolutions") respectively.

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

### Auditors' Responsibility

1. Pursuant to the requirements of the Regulations, it is our responsibility to obtain reasonable assurance and form an opinion, as to whether the Scheme is in compliance with the Regulations and the Shareholder resolutions.

2. In connection with the above, we have performed the following procedures:

- Read the Schemes provided to us by the Company;
- Read the resolutions passed at the meeting of the Board of Directors;

- Read the shareholder's resolutions passed at the general meetings and;
- Obtained required explanations and representations from the management.

3. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Company Secretaries of India. The Guidance Note requires that we comply with ethical requirements of the Code of Ethics issued by the Institute of Company Secretaries of India.

### Certification

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 Regulations.

### Assumption & Limitation of Scope and Review

- Ensuring the authenticity of documents and information furnished is the responsibility of the management of the Company.
- Our responsibility is to give a certificate based on our examination of relevant documents and information. It is neither an audit nor an investigation.
- 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.
- This certificate is solely for your information and it is not to be used, circulated, quoted, or otherwise referred to for any purpose other than for the Regulations.

**For M/s. Saurabh Poddar & Associates**  
Company Secretaries

**Name: Saurabh Poddar**  
Membership No. FCS 9190  
COP No. 10787

Place: Hyderabad  
Date: May 31, 2022

PR: 785/2020 dated June 30, 2020  
UDIN: F009190D000442491



## ANNEXURE III TO THE BOARD'S REPORT

### Form No. MR-3

#### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31-03-2022

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

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

I, have conducted the secretarial audit of the compliance with applicable statutory provisions and the adherence to good corporate practices by M/s. Granules India Limited (hereinafter called the Company). The secretarial audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conduct/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 the secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2022 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 the Company for the financial year ended on 31st March 2022 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment;
- (v) The following Regulations and Guidelines are 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, 2021;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the Company during the Audit Period)**
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the Company during the Audit Period)** and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018. **(Not applicable to the Company during the Audit Period)**

- (vi) I further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof on a 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 thereunder; and
2. Drugs Price Control Order, 2013 and notifications made thereunder.

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.
- (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 a proper balance of Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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 its size and operations 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 and standards.

**For Saurabh Poddar & Associates**  
Company Secretaries  
Place: Hyderabad

**Name: Saurabh Poddar**  
Membership No. FCS 9190  
COP No. 10787

Place: Hyderabad  
May 18, 2022

PR: 785/2020 dated June 30, 2020  
UDIN: F009190D000339916

## ANNEXURE TO THE SECRETARIAL AUDIT REPORT

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

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 a 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 regarding the compliance of laws, rules and regulations and happening of events etc.
- 5 The compliance with the provisions of corporate and other applicable laws, rules, regulations and standards is the responsibility of the management. My examination was limited to the verification of procedures on a test-check basis.
- 6 The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**for Saurabh Poddar & Associates**  
Company Secretaries

**Name: Saurabh Poddar**  
Membership No: FCS 9190  
COP No: 10787

Place: Hyderabad  
May 18, 2022

PR: 785/2020 dated 30th June 2020  
UDIN: F009190D000339916



## ANNEXURE-IV TO THE BOARD'S REPORT

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

Form No. AOC-2 (Under 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 on an 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 the relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts or arrangements or transactions including the value, if any:	Salient terms of the contracts or arrangements or transactions 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 2021-22	39,094.89	11.05.2021	NIL	The transaction is at arm's length price
2	Granules Pharmaceuticals Inc. (Wholly Owned foreign subsidiary)	Sale of goods	FY 2021-22	53,412.31	11.05.2021	NIL	The transaction is at arm's length price

On behalf of the Board of Directors

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

Hyderabad  
June 05, 2022

## ANNEXURE V TO BOARD'S REPORT

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

### A Particulars of Conservation of Energy

During the financial year 2021-22, the Company has engaged a couple of reputed agencies to carry out energy & water audits in the majority of operating units to find potential areas of improvement to save water, energy and reduce Green House Gases (GHG) emissions and they have identified and recommended innovative projects to reduce energy, water consumption and ways & means to reduce GHG emissions.

During the year under review, identified projects are implemented in API units of the Company with an investment of ₹ 52.6 lakhs which has potential fuel savings of 3.2 KL per annum and energy savings of 7,26,271 kVAh per annum. Air Cooled chillers were replaced with water-cooled chillers in the formulation unit with an investment of ₹ 130 lakhs which helps in achieving energy saving of 23,16,488 kVAh/annum.

Aligning with the Paris Agreement on the reduction of emission of GHG, the Company started using renewable solar energy from the grid through open access. During the year under review, 26.86% of the total energy consumed at the Formulation unit located at Gagillapur, Hyderabad was from Solar Energy.

### B Technology Absorption

- Efforts made toward technology absorption
 

The R&D Division at Granules is continuously engaged in developing technology-based products and process improvement for the existing products as part of Continuous Quality improvement (CQ-IP). This technology absorption starts from the pilot level and is scaled up until the commercial level with a focus on innovation, cost-efficient process, operational efficiency mapping and integrated manufacturing.
- Benefits derived like product improvement, cost reduction, product development or import substitution
  - Through continuous process improvement, products were ensured to meet the quality requirements for Genotoxic limits as specified by global regulatory bodies.
  - Import substitutions through strategic sourcing within India to enable cost efficiency, continuous supply and to avoid supply disruptions
  - System is in place for technology adoption of a few COVID-19 drugs to meet if any future Covid pandemic requirements arise.
  - Structured programs were enabled for cost improvement of the current products and to overcome the challenge of price erosion.
- In case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year)
  - Details of technology imported
  - Year of import
  - Whether the technology has been fully absorbed
  - If not fully absorbed, areas where absorption has not taken place, and the reasons therefore

No imported technology

Expenditure incurred in R&D (₹ in lakhs)	FY 2021-22	FY 2020-21
Capital	774.06	180.29
Recurring	10,320.59	6,215.50
<b>Total</b>	<b>11,094.65</b>	<b>6,395.79</b>

Updates on the Research & Development activities of the Company are provided below:

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 and meet global regulatory standards. With experienced and qualified human resources, our R&D capability is the driving force of the current momentum and future growth of the organization. With innovation instilled into the 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 substances and drug products.



## 2021-22 – Highlights

**Existing Business:** The existing business has always remained our focal point, while we are constantly expanding our product portfolio and global presence with a 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 core molecules as they have remained as a priority for the Company. We continue to geographically expand our PFI and finished dosage offerings to new customers. Granules as a 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 24 generic products under the GPI label. Focussed product selection, development and manufacturing have been key for the significant growth of US Generics business. Our portfolio has been constantly evolving from large volume immediate release (IR) products to complex extended/delayed-release (ER / DR) products. Granules have the highest generic prescription absolute growth (17.8%) in the US market during FY 2022.

**Emerging business:** The product selection process for our “Emerging business,” focuses on identifying and developing high entry barrier products, with varied complexities at API and/or formulation 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 Visakhapatnam. We also offer development and manufacturing services for customers across the world for their High Potent Formulation products.

As on March 31, 2022, we filed a total of 30 (06 in FY 2021-22) U.S. Drug Master Files (“USDMFs”) across several therapeutic categories with the United States Food and Drug Administration (“US FDA”) in the United States, 23 (04 in FY 2021-22) Certificates of Suitability (“CEPs”) with the European Directorate for the Quality of Medicines (“EDQM”) and 5 European Drug Master Files (“EDMFs”) 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 the finished dosage form, we filed 64 (8 in FY 2021-22) ANDAs with the US FDA of which 50 ANDAs have been approved and 14 are under review. We continued to leverage our ANDA filing

into other markets outside the US. We filed four dossiers in the European region and 2 ANDS in Canada.

Granules received 6 ANDA approvals from US FDA in the financial year 2021-22. These on-time approvals exemplify the quality of our ANDA filings. In addition, the approval for the dossier filed in other countries also gained momentum viz. received approval for one dossier from the EU and two dossiers from Canada.

We aim to continue the products of different complexity in each dosage form viz. immediate release, extended-release, delayed-release, MUPS, and suspensions.

We have also embarked upon our journey to build Granules’ intellectual property assets. Granules currently hold 8 granted patents and 13 pending patent applications in active prosecution in various countries. In FY 2021-22, we filed 2 patent applications in India. These inventions were primarily directed towards a new process for manufacturing intermediates and / or APIs, purification, and 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.

We will continue to identify and develop complex products with limited competition and continuously bring process efficiencies for our existing products to have a competitive advantage in the market. Thus, bringing focus on our R&D activities will enhance our product registrations and filings across a diversified product portfolio for the key markets, as well as strengthen our global presence.

## C Total Foreign Exchange Earned and Used

Particulars	(₹ in lakhs)	
	FY 2021-22	FY 2020-21
Foreign Exchange Earnings	2,79,239.97	2,65,275.20
Foreign Exchange Outgo	1,03,838.87	86,905.85

On behalf of the Board of Directors

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

Hyderabad  
June 05, 2022

## ANNEXURE VI TO BOARD’S REPORT

### Information in terms of Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

- (i) The ratio of the remuneration of each Director to the median remuneration of the employees of the Company and the percentage increase in remuneration of each Director and Key Managerial Personnel (KMP) for the financial year 2021-22:

Sl. No.	Name of the Director/KMP	Designation	% increase in remuneration in the FY 2021-22	Ratio of remuneration of each Director /KMP to the median remuneration of employees
1	Dr. Krishna Prasad Chigurupati	Chairman & Managing Director	-35.27%	659.03
2	Dr. Kandiraju Venkata Sitaram Rao <sup>(1)</sup>	Joint Managing Director & CEO	NA	NA
3	Mrs. Uma Devi Chigurupati	Executive Director	-91.91%	65.90
4	Mr. Harsha Chigurupati	Executive Director	-67.63%	65.90
5	Mr. K. B. Sankar Rao	Non-Executive, Non-Independent Director	-30.54%	8.40
6	Mr. Arun Rao Akinepally	Non-Executive, Independent Director	-29.27%	8.69
7	Mr. Arun Sawhney	Non-Executive, Independent Director	-28.64%	8.84
8	Mr. Robert George Cunard	Non-Executive, Independent Director	-30.40%	8.01
9	Dr. Saumen Chakraborty <sup>(1)</sup>	Non-Executive, Independent Director	NA	NA
10	Mrs. Sucharita Rao Palepu <sup>(1)</sup>	Non-Executive, Independent Director	NA	NA
11	Mrs. Jyothi Prasad <sup>(2)</sup>	Non-Executive, Independent Director	NA	NA
12	Mr. Sandip Neogi	Chief Financial Officer	3.26%	35.37
13	Ms. Chaitanya Tummala <sup>(3)</sup>	Company Secretary	6.48%	9.98

(1) Remuneration in the financial year 2021-22 was paid for part of the year, hence not comparable.

(2) Resigned with effect from October 6, 2021.

(3) Excludes the value of stock options.

(4) Non-Executive Directors were paid commission on profits and sitting fees for attending the Board and Committee Meetings of the Company.

- (ii) The median remuneration of employees increased by 6.0% in the financial year 2021-22.
- (iii) The number of permanent employees on the rolls of the Company as of March 31, 2022, is 3,686.
- (iv) Average percentage increase in the salaries of employees other than managerial personnel for the financial year 2021-22 was 10.20% as compared to the financial year 2020-21. There was a decrease of 57.05 % in the total remuneration of Executive Directors and KMP for the financial year 2021-22.
- (v) It is hereby confirmed that the remuneration to the Directors and KMP for the financial year 2021-22 is as per the performance evaluation and remuneration policy of the Company.

Hyderabad  
June 05, 2022

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



# Corporate Governance Report

In accordance with Regulation 34(3) read with Schedule V of Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and the report contains the details of Corporate Governance systems and processes at Granules India Limited (Granules or the Company).

## COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Corporate Governance encompasses a set of systems and practices to ensure that the Company's affairs are being managed in a manner that ensures accountability, transparency, and fairness in all transactions in the widest sense. The objective is to meet stakeholders' aspirations and societal expectations. Good governance practices stem from the dynamic culture and positive mindset of the organization. We are committed to meeting the aspirations of all our stakeholders.

The essence of Corporate Governance lies in promoting and maintaining integrity, transparency and accountability of the management. The demands of Corporate Governance require professionals to raise their competence and capability levels to meet the expectations in managing the enterprise and its resources effectively with the highest standards of ethics. It has thus become crucial to foster and sustain a culture that integrates all components of good governance by carefully balancing the inter-relationship among the Board of Directors, Board Committees, Auditors, and the Senior Management. Granules not only adheres to the prescribed Corporate Governance practices as per the Listing Regulations but is also committed to sound Corporate Governance principles and practices.

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 seven Committees to discharge its responsibilities

effectively and efficiently. 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 the overall implementation of decisions and policies. In the operations and functioning of the Company, the CMD is assisted by the Joint Managing Director & CEO, Executive Directors, and a core group of senior-level executives.

### Board Leadership

Half of the Board, 5 out of 10, are Independent Directors as of March 31, 2022. 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 are 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 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 have 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
- Code of Business Conduct
- Whistleblower Policy
- 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 the Company represents the optimum blend of professionalism, knowledge and experience. As of March 31, 2022, the Board of Directors comprised ten Directors, of which six 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.	Dr. Krishna Prasad Chigurupati* Chairman & Managing Director DIN – 00020180	Non-Independent, Executive
2.	Dr. Kandiraju Venkata Sitaram Rao <sup>(4)</sup> Joint Managing Director & CEO DIN – 08874100	Non-Independent, Executive
3.	Mrs. Uma Devi Chigurupati* DIN – 00737689	Non-Independent, Executive
4.	Mr. Harsha Chigurupati* DIN – 01606477	Non-Independent, Executive
5.	Mr. Kolli Basava Sankar Rao DIN – 05167550	Non-Independent, Non-Executive
6.	Mr. Arun Rao Akinepally DIN – 00876993	Independent, Non-Executive
7.	Mr. Arun Sawhney DIN – 01929668	Independent, Non-Executive
8.	Mr. Robert George Cunard DIN – 08346308	Independent, Non-Executive
9.	Mrs. Jyothi Prasad <sup>(1)</sup> DIN – 06947488	Independent, Non- Executive
10.	Dr. Saumen Chakraborty <sup>(2)</sup> DIN-06471520	Independent, Non-Executive
11.	Mrs. Sucharita Rao Palepu <sup>(3)</sup> DIN – 078077178	Independent, Non-Executive

\*Promoter Director

<sup>(1)</sup> Mrs. Jyothi Prasad ceased to be a member of the Board of the Company with effect from October 6, 2021.

<sup>(2)</sup> Dr. Saumen Chakraborty was appointed as a member of the Board of the Company with effect from December 13, 2021.

<sup>(3)</sup> Mrs. Sucharita Rao Palepu was appointed as a member of the Board of the Company with effect from December 22, 2021.

<sup>(4)</sup> Dr. Kandiraju Venkata Sitaram Rao was appointed as a member of the Board of the Company with effect from January 05, 2022.

Mrs. Uma Devi Chigurupati is the spouse of Dr. Krishna Prasad Chigurupati and Mr. Harsha Chigurupati is the son of Dr. 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 2021-22, 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 complied with the requirement of having one-half of the Board as an Independent Directors. None of the Directors

on the Board are a 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.

### Directors' Profile

You can read the detailed profile of the Board of Directors at <https://granulesindia.com/about-us/our-leadership/> and can be viewed in corporate overview section.

### Annual Board Retreat

During the financial year 2021-22, the annual Board retreat was held from March 07, 2022 to March 08, 2022, where the Board members conducted a detailed strategic review of the Company's business and discussed various governance-related matters.

### Independent Directors

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

The Company has received a declaration from the Independent Directors confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Act read with Regulation 16(1)(b) of the Listing Regulations. In terms of Regulation 25(8) of the Listing Regulations, the Independent Directors have confirmed that they are not aware of any circumstances or situations which exist or may be reasonably anticipated that could impair or impact their ability to discharge their duties.

In the opinion of the Board, the Independent Directors fulfill the conditions of independence specified in the Act and the SEBI Listing Regulations and are independent of the management.

Mrs. Jyothi Prasad, Independent Director has resigned with effect from October 6, 2021 from the Directorship of the Company before the expiry of her term of appointment due to personal reasons. She confirmed that there are no other material reasons about the Company for her resignation.

Other than Mrs. Jyothi Prasad, no-any other 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, 2022.

Mr. Arun Rao Akinepally was elected as the Lead Independent Director by the Independent Directors of the Company on cessation of Mrs. Jyothi Prasad as a member of the Board.



### Meetings of Independent Directors

The Company's Independent Directors had met two times during the financial year 2021-22 without the presence of Executive Directors and other members of the management. During these meetings, the Independent Directors reviewed the performance of the Company and its Non-Independent Directors, that of the Chairman & Managing Director, and the Board along with the quality of the information given to the Board were also discussed. It also enabled the Independent Directors to discuss matters about 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.

### MEETINGS OF THE BOARD AND ITS COMMITTEES AND PROCEDURES

#### Institutionalized decision-making process

The Board of Directors is the apex body constituted by the 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 seven Committees, namely Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Share Transfer and Stakeholders Relationship Committee, Risk Management Committee, Business Review Committee and Growth Opportunities Evaluation Committee. The Board is authorized to constitute additional functional Committees, from time to time, depending on business needs and the 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 schedule of meetings and their agenda is finalized in consultation with the Chairman of the Board, Chairpersons of the Committees of the Board and the Lead Independent Director and agendas are circulated in advance with detailed notes and appropriate presentations covering finance, marketing, operations, an overview of business operations of the subsidiary Companies, global business environment,

the Company's business opportunities and strategy and risk management practices.

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

The agenda and notes on agenda are circulated to Directors in advance and the defined agenda format. All material information is incorporated into 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 were taken by management to limit risks of adverse exchange rate movement, if material;
- Non-compliance with 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 the remuneration of the Auditors as recommended by the Audit Committee;
- Internal Audit findings and External Audit Reports (through the Audit Committee);
- Proposals for major investments, mergers and amalgamations;
- Reports on progress made on the ongoing projects;
- Review the functioning of the subsidiary and joint venture companies;
- Related party transactions;
- Status of business risk exposures, its management and related action plans;
- Making of loans and investment of surplus funds;
- Borrowing of monies, giving guarantees, or providing security in respect of loan;
- Brief on statutory developments, changes in government policies, among others with impact thereof;
- Details of litigations, prosecutions, etc.;
- Compliance Certificate certifying compliance with all laws as applicable to the Company; and
- Reconciliation of Share Capital Audit Report under SEBI (Depositories and Participants) Regulations, 1996.

#### Recording Minutes of Proceedings at Board and Committee Meetings

The Company Secretary records the 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 the 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 the Board/Committee meetings are communicated promptly to the relevant 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 the 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

Seven (7) Board meetings were held during the year, as against the minimum requirement of four meetings. The details of the Board meetings held are given below:

Date	Board Strength	No. of Directors Present
May 11, 2021	08	08
July 27, 2021	08	08
November 12, 2021	07	06
December 13, 2021	07	07
January 03, 2022	09	09
February 08, 2022	10	10
March 14, 2022	10	10

### Attendance and Directorship & Committee positions in other companies:

The names and categories of the Directors on the Board, their attendance at Board meetings held during the year April 2021 – March 2022 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 2021-22		Number of Directorships in other public Companies (5)	No. of Membership(s)/ Chairmanship(s) of Board Committees in other Companies as on 31-03-2022 (6)
		Board	AGM		
Dr. Krishna Prasad Chigurupati Chairman & Managing Director DIN – 00020180	Non-Independent, Executive	7	Yes	Nil	Nil
Dr. Kandiraju Venkata Sitaram Rao <sup>(4)</sup> DIN-08874100	Non-Independent, Executive	2	N.A.	Nil	Nil
Mr. Harsha Chigurupati DIN – 01606477	Non-Independent, Executive	7	Yes	Nil	Nil
Mrs. Uma Devi Chigurupati DIN – 00737689	Non-Independent, Executive	6	Yes	Nil	Nil
Mr. Kolli Basava Sankar Rao DIN – 05167550	Non-Independent, Non-Executive	7	Yes	Nil	Nil
Mr. Arun Rao Akinepally DIN – 00876993	Independent, Non-Executive	7	Yes	Nil	Nil
Mr. Arun Sawhney DIN – 01929668	Independent, Non-Executive	7	Yes	Nil	Nil
Mr. Robert George Cunard DIN – 08346308	Independent, Non-Executive	7	Yes	Nil	Nil
Mrs. Jyothi Prasad <sup>(1)</sup> DIN-06947488	Independent, Non-Executive	2	Yes	3	4 (3 as Chairperson)
Dr. Saumen Chakraborty <sup>(2)</sup> DIN-06471529	Independent, Non-Executive	3	N.A.	1(One)	1 (1 as Chairman)
Mrs. Sucharita Rao Palepu <sup>(3)</sup> DIN- 07807717	Independent, Non-Executive	3	N.A.	Nil	Nil

## Notes:

- (1) Mrs. Jyothi Prasad ceased to be a member of the Board of the Company with effect from October 6, 2021.
- (2) Dr. Saumen Chakraborty was appointed as a member of the Board of the Company with effect from December 13, 2021.
- (3) Mrs. Sucharita Rao Palepu was appointed as a member of the Board of the Company with effect from December 22, 2021.
- (4) Dr. Kandiraju Venkata Sitaram Rao was appointed as a member of the Board of the Company with effect from January 05, 2022.
- (5) The directorships, held by Directors as mentioned above, do not include directorships in foreign companies.
- (6) 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.
- (7) None of the Directors hold Directorships in more than 7(Seven) 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 and category of Directorship as on 31-03-2022
1.	Dr. Krishna Prasad Chigurupati	Nil	-
2.	Dr. Kandiraju Venkata Sitaram Rao	Nil	-
3.	Mrs. Uma Devi Chigurupati	Nil	-
4.	Mr. Harsha Chigurupati	Nil	-
5.	Mr. Kolli Basava Sankar Rao	Nil	-
6.	Mr. Arun Rao Akinepally	Nil	-
7.	Mr. Arun Sawhney	Nil	-
8.	Mr. Robert George Cunard	Nil	-
9.	Dr. Saumen Chakraborty	1	Independent Director at Krishna Institute of Medical Sciences Limited
10.	Mrs. Sucharita Rao Palepu	Nil	-

## Shares held by Non-Executive Directors:

The number of equity shares of the Company held by Non-Executive Directors, as of March 31, 2022 are as follows:

Sl. No.	Name of Non-Executive Director	No. of shares held	Percentage of paid-up capital
1.	Mr. Arun Rao Akinepally (holding along with his spouse)	2,85,000	0.11
2.	Mr. Kolli Basava Sankar Rao (holding along with his spouse)	45,27,533	1.82
3.	Mr. Arun Sawhney	Nil	Nil
4.	Mr. Robert George Cunard	Nil	Nil
5.	Dr. Saumen Chakraborty	Nil	Nil
6.	Mrs. Sucharita Rao Palepu	Nil	Nil

## Core Skills/ Expertise/ Competencies of the Board of Directors

The Board comprises of qualified members who possess the required skills, expertise and competencies that allow them to make effective contributions to the Board and its Committees.

The following skills/ expertise/ competencies have been identified for the effective functioning of the Company and are currently available with the Board:

- Leadership and Strategic Planning
- Industry Experience
- Global Business
- Operations and Research & Development
- Finance
- Human Resources





Sl. No.	Name of the Director	Skills & Expertise					
		Leadership and Strategic Planning	Industry Experience	Global Business	Operations and Research & Development	Finance	Human Resources
1	Dr. Krishna Prasad Chigurupati	✓	✓	✓	✓	✓	✓
2	Dr. Kandiraju Venkata Sitaram Rao	✓	✓	✓	✓	✓	✓
3	Mrs. Uma Devi Chigurupati	✓	✓	✓	✓	✓	✓
4	Mr. Harsha Chigurupati	✓	✓	✓	✓	✓	✓
5	Mr. Kolli Basava Sankar Rao	✓	✓	✓	✓	✓	✓
6	Mr. Arun Rao Akinepally	✓	✓	✓	✓	✓	✓
7	Mr. Arun Sawhney	✓	✓	✓	✓	✓	✓
8	Mr. Robert George Cunard	✓	✓	✓	✓	✓	✓
9	Dr. Saumen Chakraborty	✓	✓	✓	✓	✓	✓
10	Mrs. Sucharita Rao Palepu	✓	✓	✓	✓	✓	✓

## COMMITTEES OF THE BOARD

The Board Committees play 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 that 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 Committee is to monitor and provide effective supervision of the management's financial reporting to view to ensure adequate, accurate and timely disclosures that maintain the transparency, integrity and quality of financial control and reporting. The Committee oversees the work carried out by the management, statutory auditors and internal auditors, about the financial reporting process and the safeguards employed by them.

The Committee comprises four members, with a majority being Independent Directors. The composition, procedures, powers and role of the Committee constituted by the Board comply with the requirements of Regulation 18 of the Listing Regulations and Section 177 of the Companies Act, 2013. The terms of reference of the Committee are broadly as under:

- 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.
- 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.

- 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.
- Reviewing financial statements and draft audit reports, including quarterly/half-yearly financial information.
- 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 the exercise of judgment by the management.
  - Qualifications/modified opinion in the draft audit report.
  - Significant adjustments arising out of the audit.
  - The going concern assumption.
  - Compliance with the accounting standards, listing regulations & legal requirements concerning financial statements.
  - Disclosure of Related party transactions, claims against the Company and contingent liabilities.
- Reviewing, with the management, external and internal auditors, the adequacy, and compliance of internal control systems.
- Reviewing the adequacy of internal audit functions.
- Discussion with the internal auditors on any significant findings and follow up thereon.
- Review of independence of the auditors.
- Evaluation of Internal financial controls and risk management system.
- Review of borrowings, inter-corporate loans and investments.
- Review of the functioning of whistle-blower mechanism.

- Review and approve of related party transactions.
- Review of the corporate annual budget and business plan.
- Approval of appointment of CFO.
- Any other function as delegated by the Board from time to time and as required under the applicable laws.

5 (five) meetings of the Committee were held during the FY 2021-22. The dates on which the said meetings were held are May 11, 2021, July 27, 2021, November 12, 2021, February 8, 2022 and March 14, 2022. The Committee at its meeting held on May 11, 2021, had considered the audited annual accounts for the financial year 2020-21.

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

Name	Category	Number of meetings during the financial year 2021-2022	
		Held	Attended
Dr. Saumen Chakraborty Chairman (w.e.f 22.12.2021)	Independent, Non-Executive	02	02
Mrs. Jyothi Prasad* (Chairperson till 05.10.2021)	Independent, Non-Executive	02	02
Mr. Arun Sawhney	Independent, Non-Executive	05	05
Mr. Arun Rao Akinepally	Independent, Non-Executive	05	05
Dr. Krishna Prasad Chigurupati	Non-Independent, Executive	05	05

\* Mrs. Jyothi Prasad ceased to be a member of the Board of the Company with effect from October 06, 2021.

The Committee meetings were also attended by the partner/representatives of the Statutory Auditors and Internal Auditors. Mrs. Jyothi Prasad, then Chairperson of the Audit Committee, was present at the 30<sup>th</sup> Annual General Meeting of the Company held on August 05, 2021.

The Committee meetings are preceded by pre-audit Committee meetings with the CFO, the internal & external auditors and other key finance personnel of the Company. During these meetings, key audit-related matters are discussed and items that need further discussion at the Committee meetings are identified.

The internal and statutory auditors of the company discuss their findings and updates and submit their views to the Committee. Separate discussions are held with the internal auditors to focus on compliance issues and to conduct detailed reviews of the processes and internal controls in the Company. Permissible non-audit-related services undertaken by the statutory and independent auditors are also pre-approved by the Committee.

The Committee of the Board was reconstituted with the following members with effect from December 22, 2021.

- Dr. Saumen Chakraborty Independent Director
- Mr. Arun Rao Akinepally, Independent Director,
- Mr. Arun Sawhney, Independent Director and
- Dr. Krishna Prasad Chigurupati, Chairman & Managing Director.

### Nomination & Remuneration Committee

The role of the Committee is to oversee the selection of Directors and Senior Management Personnel based on criteria related

to the specific requirement of expertise and independence. The Committee evaluates the performance of Directors and Senior Management Personnel and recommends to the Board the remuneration payable to Directors and Senior Management Personnel of the Company.

The Committee's composition and terms of reference comply with the provisions of Section 178 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 terms of reference of the Committee *inter alia*, are as under:

- Make recommendations to the Board regarding the composition of the Board.
- Identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board, their appointment, payment of remuneration and changes if any.
- Support the Board and Independent Directors, as may be required, in the evaluation of the performance of the Board, its Committees and Individual Directors.
- Devise a policy on Board diversity.
- Review of the compensation strategy, human resources related policies and issues of the Company from time to time.
- Review and administer the Company's ESOP schemes and recommend changes if any.



The remuneration policy of the Company is in consonance with the existing industry practice. The remuneration policy is primarily based on the criteria like the performance of the Company, potential, experience and performance of individual personnel and the external environment. The Committee for the FY 2021-22 comprises three Non-Executive Independent Directors and one Executive Director. Mr. Arun Sawhney, Independent Director, is the Chairman of the Committee.

5 (five) meetings of the Committee were held during the financial year 2021-2022. The dates on which the said meetings were held are May 10, 2021, July 27, 2021, November 11, 2021, December 13, 2021 and February 07, 2022.

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

Name	Category	Number of meetings during the financial year 2021-2022	
		Held	Attended
Mr. Arun Sawhney, Chairman	Independent, Non-Executive	05	05
Mrs. Jyothi Prasad*	Independent, Non-Executive	02	02
Mr. K.B. Sankar Rao**	Non-Independent, Non-Executive	04	04
Mr. Arun Rao Akinapally	Independent, Non-Executive	03	03
Dr. Krishna Prasad Chigurupati	Non-Independent, Executive	05	05
Dr. Saumen Chakraborty	Independent, Non-Executive	01	01

\* Mrs. Jyothi Prasad ceased to be a member of the Board of the Company with effect from October 6, 2021.

\*\* Mr. K.B Sankar Rao was a member of the Committee till December 21, 2021.

Mr. Arun Sawhney, Chairman of the Committee was present at the 30<sup>th</sup> Annual General Meeting of the Company held on August 05, 2021.

The Committee of the Board was reconstituted with the following members with effect from October 19, 2021.

- Mr. Arun Sawhney, Independent Director
- Mr. Arun Rao Akinapally, Independent Director,
- Mr. K.B Sankar Rao, Non-Executive Director and
- Dr. Krishna Prasad Chigurupati, Chairman & Managing Director.

The Committee of the Board was further reconstituted with the following members with effect from December 22, 2021.

- Mr. Arun Sawhney, Independent Director
- Mr. Arun Rao Akinapally, Independent Director,
- Dr. Saumen Chakraborty, Independent Director and
- Dr. Krishna Prasad Chigurupati, Chairman & Managing Director.

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 looks into various aspects of interest of the shareholders. The Committee ensures cordial investor relations and oversees the mechanism for redressal of investors' grievances. The Committee's composition and terms of reference comply with the provisions of Section 178 of the Companies Act, 2013 and Regulation 20 of the Listing Regulations. The terms of reference of the Committee *inter alia*, are as under:

- Resolving the grievances of the shareholders.
- Reviewing details of the transfer of unclaimed dividend/equity shares to the Investor Education and Protection Fund.
- Reviewing the transmission, de-materialization/re-materialization and issue of duplicate share certificates of the Company's shares.
- Reviewing adherence to the service standards in respect of various services being rendered by the Registrar & Share Transfer Agent.
- Ensuring timely receipt of dividend/annual reports/statutory notices by the shareholders of the Company.

1(One) meeting of the Committee was held during the financial year April 2021- March 2022. The composition of the Committee during the year April 2021 – March 2022 and the details of meetings attended by its members are given below:

Name	Category	Number of meetings during the financial year 2021-22	
		Held	Attended
Mr. Arun Rao Akinapally, Chairman	Independent, Non-Executive	01	01
Mrs. Uma Devi Chigurupati	Non-Independent, Executive	01	01
Dr. Krishna Prasad Chigurupati	Non-Independent, Executive	01	01

Mr. Arun Rao Akinapally, Chairman of the Committee was present at the 30<sup>th</sup> Annual General Meeting of the Company held on August 05, 2021.

#### Compliance Officer

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

#### Investor Grievance Redressal

During the financial year 2021-22, 01 (One) complaint was received from the shareholders and all the grievances were redressed within an average time of 7 days and no complaint is pending as of March 31, 2022.

#### Corporate Social Responsibility (CSR) Committee

The Committee has been entrusted with the specific responsibility of reviewing corporate social responsibility

programs. The scope of the Committee also includes approving the budget of CSR activities, reviewing the CSR programs, formulation of annual action plan and monitoring CSR spending.

The Committee of the Board is constituted in accordance with the provisions of Section 135 of the Companies Act, 2013. The terms of reference of the Committee *inter alia*, are as under:

- Formulate, review and recommend to the Board the CSR policy containing guiding principles for selection, implementation and monitoring of CSR activities as specified under Schedule VII of the Act;
- Formulate and recommend to the Board (including any revisions thereto), an annual action plan in pursuance of the CSR policy and have oversight over its implementation;
- Recommend the amount to be spent on CSR activities and review reports on the performance of CSR.

1 (One) meeting of the Committee was held during the financial year April 2021 – March 2022. The composition of the Committee during the year April 2021 – March 2022 and the details of meetings attended by its members are given below:

Name	Category	Number of meetings during the financial year 2021-22	
		Held	Attended
Mrs. Uma Devi Chigurupati, Chairperson	Non-Independent, Executive	01	01
Dr. Krishna Prasad Chigurupati	Non-Independent, Executive	01	01
Mr. Arun Rao Akinapally	Independent, Non-Executive	01	01

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

#### 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's composition and terms of reference comply with the provisions of Regulation 21 of the Listing Regulations as amended from time to time. The terms of reference of the Committee *inter alia*, are as under:

- Review the Company's risk governance structure, risk assessment and risk management practices and guidelines, policies and procedures for risk assessment and risk management.
- Review and approve the Enterprise Risk Management (ERM) framework.
- Review the Company's risk appetite and strategy relating to key risks, including market risk, cyber security risk, product risk and reputational risk, as well as the guidelines, policies and processes for monitoring and mitigating such risks.
- Review and analyze risk exposure related to specific issues and provide oversight of risk across the organization;
- Nurture a healthy and independent risk management function in the Company.



2 (Two) meetings of the Committee were held during the financial year April 2021 – March 2022. The composition of the Committee during the year April 2021 – March 2022 and the details of meetings attended by its members are given below:

Name	Category	Number of meetings during the financial year 2021-22	
		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	02

### 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. 08 (Eight) meetings of the Committee were held during the financial year April 2021 - March 2022. 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 2021-22	
		Held	Attended
Mr. K. B. Sankar Rao, Chairman	Non-Independent, Non-Executive	08	08
Mr. Arun Rao Akinepally	Independent, Non-Executive	08	08
Mr. Arun Sawhney	Independent, Non-Executive	08	08
Mr. Robert George Cunard	Independent, Non-Executive	08	07
Dr. Krishna Prasad Chigurupati	Non-Independent, Executive	08	08

### Growth Opportunities Evaluation Committee

The Board Constituted a Growth Opportunities Evaluation Committee on May 18, 2022 with an objective to provide guidance to the management for exploring various inorganic growth opportunities. The composition of the Committee is given below:

Name	Category
Mr. K.B. Sankar Rao, Chairman	Non-Independent, Non-Executive
Mr. Arun Sawhney	Independent, Non-Executive
Dr. Krishna Prasad Chigurupati	Non-Independent, Executive

## DIRECTORS' REMUNERATION

### Performance Evaluation & Remuneration policy

The Company has formulated a Performance Evaluation & Remuneration Policy for Directors, Key Managerial Personnel and other employees and is available on the website of the Company [www.granulesindia.com](http://www.granulesindia.com). The Company's remuneration policy is directed towards rewarding performance based on a review of achievements periodically.

Further, the Policy contains the criteria for performance evaluation of Independent Directors, the Board and other individual Directors. The criteria for performance evaluation cover the areas relevant to the functioning of the Independent Directors such as preparation, participation, conduct, and effectiveness.

The performance evaluation of Independent Directors was done by the entire Board and in the evaluation, the Directors who are subject to evaluation had not participated. The Independent Directors at their separate meeting evaluated the performance of the Chairperson of the Company, Non-Independent Directors and the Board as a whole.

### Details of remuneration paid to the Executive Directors during the FY 2021-22

(₹ in lakhs)

Name	Salary		Perquisites	Commission	Total
	Fixed	Variable			
Dr. Krishna Prasad Chigurupati Chairman & Managing Director	180.00	-	8.88	2,526.33	<b>2,715.21</b>
Dr. Kandiraju Venkata Sitaram Rao* Joint Managing Director & CEO	147.90	87.50	-	-	<b>235.40</b>
Mrs. Uma Devi Chigurupati Executive Director	23.36	-	0.79	247.37	<b>271.52</b>
Mr. Harsha Chigurupati Executive Director	60.00	-	0.41	211.11	<b>271.52</b>

\* Dr. Kandiraju Venkata Sitaram Rao was appointed as a member of the Board of the Company with effect from January 05, 2022.

### Service Contract, Severance Fees, and Notice Period

Terms of Agreement	Dr. Krishna Prasad Chigurupati	Dr. Kandiraju Venkata Sitaram Rao	Mr. Harsha Chigurupati	Mrs. Uma Devi Chigurupati
Period of Contract	5 years up to August 31, 2024	5 years up to January 04, 2027	5 years up to August 28, 2024	5 years up to May 30, 2027*
Severance fees/notice period	Three Months	Six Months	Three Months	Three Months

There is no separate provision for payment of severance fees.

\* Term of Mrs. Uma Devi Chigurupati is subject to approval of members at the ensuing AGM.

### Details of remuneration paid to Non-Executive Directors during the FY 2021-22

During the FY 2021-22, the Company paid sitting fees of ₹ 40,000 per meeting to the Non-Executive Directors for attending each meeting of the Board and Business Review Committee and ₹ 30,000 per meeting for attending each meeting of the Audit Committee, Nomination and Remuneration Committee, Share Transfer & Stakeholder Relationship Committee, Corporate Social Responsibility Committee, and Risk Management Committee.

The Members had, at the AGM of the Company held on August 13, 2020 approved the payment of commission to the Non-Executive Directors within the ceiling of 0.25% per annum of the net profits of the Company as computed under the applicable provisions of the Act. The said commission is decided each quarter by the Nomination & Remuneration Committee and distributed amongst the Non-Executive Directors.

There were no pecuniary transactions with any Non-Executive Director of the Company.

Following are the details of sitting fees paid to the Directors for attending Board and Committee meetings during the FY 2021-22 and commission paid/provided during the period under review:

(₹ in lakhs)

Name	Sitting fee	Commission
Mr. Kolli Basava Sankar Rao	7.80	26.82
Mr. Arun Rao Akinepally	9.00	26.82
Mr. Arun Sawhney	9.60	26.82
Mr. Robert George Cunard	6.20	26.82
Mrs. Jyothi Prasad <sup>(1)</sup>	2.00	10.05
Dr. Saumen Chakraborty <sup>(2)</sup>	2.10	9.69
Mrs. Sucharita Rao Palepu <sup>(3)</sup>	1.20	8.75

(1) Mrs. Jyothi Prasad ceased to be a member of the Board of the Company with effect from October 6, 2021.

(2) Dr. Saumen Chakraborty was appointed as a member of the Board of the Company with effect from December 13, 2021.

(3) Mrs. Sucharita Rao Palepu was appointed as a member of the Board of the Company with effect from December 22, 2021.

## GENERAL BODY MEETINGS

### Annual General Meetings

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

AGM	Year	Location	Date	Time	Number of special resolutions passed
30 <sup>th</sup>	2020-21	Held Through VC/OAVM	05/08/2021	03:00 p.m	0
29 <sup>th</sup>	2019-20	Held Through VC/OAVM	13/08/2020	04:00 p.m	1
28 <sup>th</sup>	2018-19	Hotel Taj Banjara, Road No. 1, Banjara Hills, Hyderabad	28/08/2019	04:00 p.m.	3

**Extraordinary General Meetings**

No Extra-Ordinary General Meetings of the members of the Company were held during the period under review and during the three preceding financial years.

**POSTAL BALLOT**

For the year ended March 31, 2022 three resolutions were passed through postal ballot.

Further, no special resolution is being proposed to be passed through Postal Ballot.

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

Financial Year	Date	Number of special resolutions passed
2021-22	24/02/2022	2
2019-20	09/03/2020	1
2019-20	10/10/ 2019	1

**DISCLOSURES****i) Related Party Transactions**

All related party transactions that were entered into during FY 2021-22 were on an arm's length basis, in the ordinary course of business and were in compliance with the applicable provisions of the Companies Act, 2013 and the Listing Regulations. There were no material significant related party transactions entered into by the Company with Promoters, Directors, KMPs or other designated persons which may have a potential conflict with the interest of the Company at large. The Company has not entered into any transaction with any person or entity belonging to the Promoter/Promoter Group which holds (s) 10% or more shareholding in the Company and has not given any loan to any firm/Company in which Directors of the Company are interested.

In compliance with Regulations 34(3) and the accounting standard 18, transactions with related parties are disclosed in the notes to accounts.

The Policy on Related Party Transactions as approved by the Board is placed on the website of the Company [www.granulesindia.com](http://www.granulesindia.com).

**ii) Details of Non-Compliance etc.**

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

**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) Whistleblower Policy**

The Company promotes ethical behavior in all its business activities and has put in place a mechanism for reporting illegal or unethical behavior. The Company has a Vigil Mechanism & Whistle Blower Policy under which the employees & Directors are free to report violations of applicable laws, regulations and the Code of Conduct without fear of any retaliation. The reportable matters may be disclosed as per the procedure mentioned in the Whistle Blower Policy of the Company. During the year under review, no personnel of the Company was denied access to the Audit Committee.

Whistle-Blower Policy of the Company is placed on the website of the Company [www.granulesindia.com](http://www.granulesindia.com)

**v) 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 the minimization of risk associated with any strategic, operational, financial and compliance risk across all business operations.

**vi) Subsidiary Companies**

The subsidiaries of the Company function independently with an adequately empowered Board of Directors. The minutes of the Board Meetings of subsidiaries are placed before the Board of the Company for its review periodically and statements of all significant transactions and arrangements entered by the subsidiary companies are also placed before the Board.

In addition to the above, Regulation 24 of the SEBI Listing regulations requires that at least one Independent Director on the Board of Directors of the listed entity shall be a Director on the Board of Directors of an unlisted material subsidiary, whether incorporated in India or not. Accordingly, Independent Director was appointed on the Board of the unlisted material subsidiary.

The Company has formulated a policy for determining material subsidiaries and is placed on the website of the Company [www.granulesindia.com](http://www.granulesindia.com).

**vii) Code of Conduct**

The Company has laid down a "Code of Conduct" for the Directors and the Senior Management Personnel. The members of the Board including Independent Directors and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct as of March 31, 2022. A declaration to this effect signed by the Joint Managing Director & Chief Executive Officer is given as an annexure to this report. The code is placed on the website of the Company [www.granulesindia.com](http://www.granulesindia.com).

**viii) CEO and CFO Certification**

The Joint Managing Director & Chief Executive Officer and the Chief Financial Officer have certified to the Board regarding the compliance of matters specified in Regulation 17(8) read with Part B of Schedule II of the Listing Regulations and is given as annexure to this report. The certificate has been reviewed by the Audit Committee and taken on record by the Board at the meeting held on May 18, 2022.

**ix) Certificate on Corporate Governance**

Certificate from the secretarial auditor, M/s. Saurabh Poddar & Associates confirming compliance with conditions of Corporate Governance, as stipulated under Regulation 34 read with Schedule V of the Listing Regulations, is given as annexure to this Report.

**x) Certificate from a Company Secretary in practice**

A certificate from a Company Secretary in Practice stating that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of the Company by the SEBI or the Ministry of Corporate Affairs or any such statutory authority as stipulated under Regulation 34 read with Schedule V of the Listing Regulations is given as annexure to this Report.

**xi) Details of the Utilization of Funds raised through Preferential Allotment or Qualified Institutional Placement:**

The Company has not raised any funds through preferential allotment or qualified institutional placement during the financial year ended March 31, 2022.

**xii) Acceptance of the Recommendations of the Committees by the Board of Directors**

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, 2022:

Sl. No.	Payments to the Statutory Auditors (excluding taxes)	Fees paid in ₹ lakhs
1.	Statutory Audit fees paid for Audit of the Company	40.25
2.	Fees paid for Limited review of the Company	15.00
3.	Fees paid for other services	15.05
4.	Reimbursement of expenses	2.05
	<b>Total</b>	<b>72.35</b>

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

As per the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 ('POSH Act') and rules made thereunder, the Company has formed an Internal Complaints Committee (ICC) for its workplaces to address complaints pertaining to sexual harassment in accordance with the POSH Act. The Company has a detailed policy for the prevention of sexual harassment at the workplace, which ensures a free and fair inquiry process with clear timelines for resolution.

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 of during the year	Not Applicable
3.	Number of cases pending as of March 31, 2022	Not Applicable

**xv) Details of Compliance with Mandatory Requirements and Adoption of Discretionary Requirements**

The Company has complied with all the mandatory requirements of the Corporate Governance as per the Listing Regulations. Reporting of Internal Auditors to the Audit Committee has been adopted from discretionary requirements.

**xvi) Familiarization Programs for Board Members**

The Board members are provided with necessary documents, reports and internal policies to enable them to familiarize themselves 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 programs imparted to Independent Directors are placed on the website of the Company [www.granulesindia.com](http://www.granulesindia.com)

**xvii) Prevention of Insider Trading**

In accordance with the requirements of SEBI(Insider Trading) Regulations, 2015, Company has formulated a code of conduct for the prohibition of Insider Trading in the Company's Shares. The Code lays down guidelines for procedures to be followed and disclosures to be made while trading in securities of the Company.

**xviii) Commodity Price Risks/Foreign Exchange Risk And Hedging Activities**

The Company is not carrying on any Commodity Business. The appropriate disclosure on foreign exchange risk and hedging activities is given in note 2 a (v) of the notes to the standalone financial statements.

**xix) The Disclosures of the Compliance with Corporate Governance requirements specified in Regulations 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
17A	Maximum Number of Directorships	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 concerning a subsidiary of the listed entity	Yes
24A	Secretarial Audit	Yes
25	Obligations concerning Independent Directors	Yes
26	Obligations concerning Directors and senior management	Yes
27	Other Corporate Governance requirements	Yes
46(2)(b) to (i)	Website	Yes

**MEANS OF COMMUNICATION**

**Stock Exchange Intimations:** All submissions to the Stock Exchanges are made through the respective electronic filing systems. All unpublished price sensitive information, material events or information as detailed in Regulation 30 of the Listing Regulations are disseminated to the Stock Exchanges by filing them with the National Stock Exchange of India Limited through NSE's Digital Portal and with BSE Limited through BSE's Listing Centre.

**Financial Results:** The quarterly/half-yearly/annual financial results are published in the 'Business Standard' and 'Nava Telangana' and are displayed on the website of the Company [www.granulesindia.com](http://www.granulesindia.com) They are also filed with the stock exchanges through their online portals.

**News Releases, Presentations, Among Others:** Official news releases and official media releases are sent to Stock Exchanges and are displayed on the website of the Company [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 calls. The presentations made and transcripts of the earnings call are also uploaded on the website of the Company [www.granulesindia.com](http://www.granulesindia.com)

**Website:** The Company's website [www.granulesindia.com](http://www.granulesindia.com) contains a separate dedicated section 'Investors' 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 are circulated to members and others entitled thereto.

**Management Discussion and Analysis (MDA) Report:** The report on MDA forms part of the annual report.

**SEBI Complaints Redress System (SCORES):** The investor complaints are processed in a centralized web-based complaints redress system. The salient features of this system are: Centralized 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:** The Company has designated the following email-ID exclusively for investor servicing: [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.

**31<sup>st</sup> Annual General Meeting**

Date: July 27, 2022

Time : 3.00 p.m.

Venue : The Company is conducting the meeting through VC / OAVM pursuant to the MCA Circular 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 21, 2022 to July 27, 2022 (both days inclusive)

**Dividend Payment**

The final dividend for the financial year 2021-22, if declared, shall be paid /credited on or before August 25, 2022. The company has paid an 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**

The annual listing fees for the financial year 2022-23 has been paid by the Company to BSE and NSE.

**The tentative calendar for the financial year 2022-2023**

The tentative dates of the meeting of the Board of Directors for consideration of quarterly financial results for the financial year 2022-2023 are as follows:

Results	Tentative Dates
First quarter	Second week of August, 2022
Second quarter and half yearly	Fourth week of October 2022
Third quarter	Fourth week of January 2023
Fourth quarter and annual	Third week of May 2023

**Stock Market Price Data**

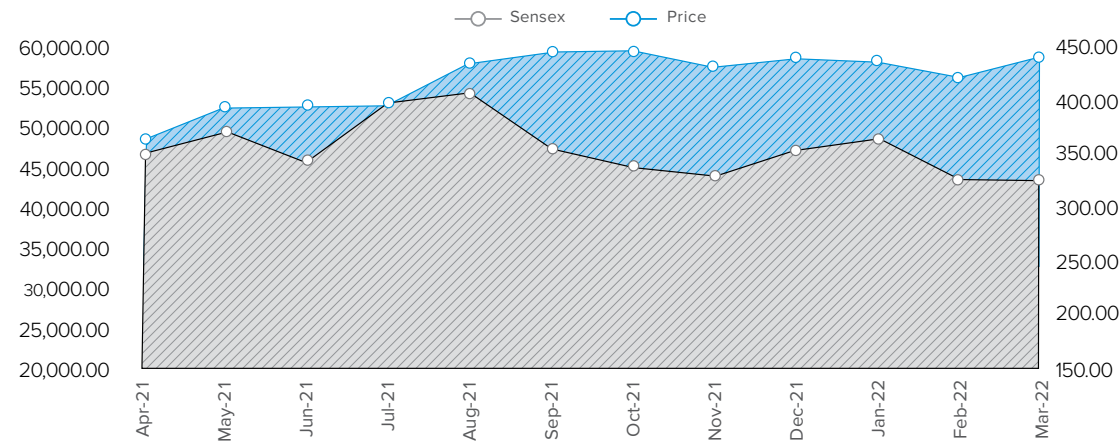
High, low (based on the closing prices) and the number of shares traded during each month in the last financial year on BSE and NSE were as follows:

Month	BSE			NSE		
	High	Low	Volume	High	Low	Volume
Apr-21	350.00	304.15	27,59,090	349.00	304.10	6,52,89,190
May-21	370.40	312.80	51,66,166	370.55	312.80	10,09,01,600
Jun-21	340.50	303.10	47,24,837	340.75	303.10	6,07,41,613
Jul-21	396.55	328.20	84,94,764	396.55	328.05	13,96,02,374
Aug-21	404.50	315.70	73,73,768	404.80	316.00	6,50,39,519
Sep-21	353.10	314.65	25,81,867	352.85	314.60	4,06,88,012
Oct-21	335.50	305.20	23,43,505	335.60	305.00	3,25,38,527
Nov-21	328.55	285.80	22,55,129	328.60	280.50	4,18,57,054
Dec-21	349.40	292.30	34,07,079	349.50	292.20	4,35,88,483
Jan-22	362.25	290.05	28,39,494	362.40	290.00	5,32,93,740
Feb-22	326.90	265.45	15,03,353	327.00	265.20	2,00,27,067
Mar-22	324.25	277.35	27,87,165	323.95	277.05	2,55,85,147

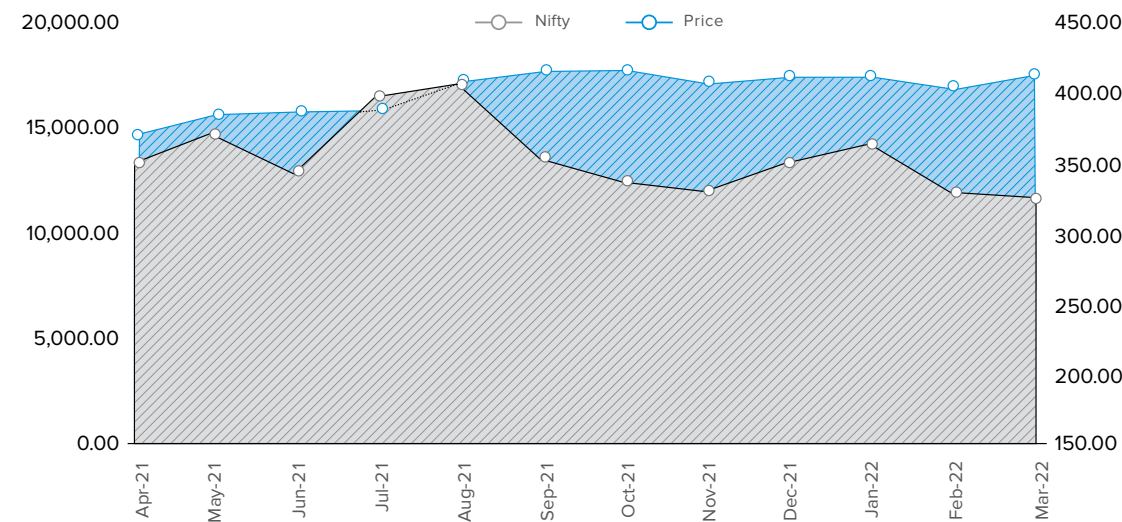


## Performance of Share Price

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



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



## Registrar and Transfer Agents

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

### KFin Technologies Limited

Selenium Tower B, Plot 31-32, Gachibowli,

Financial District, Nanakramguda,

Hyderabad – 500 032

Tel: +91-40-67161500

Toll-Free No.: 1-800-309-4001;

E-mail: [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 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 is effected through the depositories with no involvement of the Company.

## Secretarial Audit

M/s. Saurabh Poddar & Associates, Practicing Company Secretaries, has conducted a Secretarial Audit of the Company for the financial year 2021-22 in compliance with Regulation 24A (1) of the Listing Regulations. Their Audit Report confirms that the Company has complied with the applicable provisions of the Act and the rules made thereunder, Listing Regulations

and the applicable SEBI Acts & regulations. The Secretarial Audit Report forms part of the Board's Report.

In accordance with Regulation 24A (2) of the Listing Regulations, the Company has obtained an Annual Secretarial Compliance Report from M/s. Saurabh Poddar & Associates, Practising Company Secretaries, confirming compliances with all applicable SEBI regulations, circulars and guidelines for the year ended March 31, 2022.

Pursuant to Regulation 40(9) of the SEBI Listing Regulations, the certificate has been issued, on a yearly basis, by a Company Secretary in practice, certifying due compliance of share transfer formalities by the Company.

M/s. Saurabh Poddar & Associates, practicing Company Secretary carried out an 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 dematerialized shares held with NSDL and CDSL.

## Shareholding

a) Shareholding pattern by size as of March 31, 2022

Category (Shares)	No. of Shareholders	No. of Shares held	Percentage of Shareholding
1 - 5000	2,13,700	3,48,10,576	14.04
5001 - 10000	669	49,59,414	2.00
10001 - 20000	253	36,86,668	1.49
20001 - 30000	106	27,33,845	1.10
30001 - 40000	45	15,99,673	0.65
40001 - 50000	36	16,63,342	0.67
50001 - 100000	67	46,64,815	1.88
100001 & ABOVE	137	19,38,87,443	78.17
<b>TOTAL</b>	<b>2,15,013</b>	<b>24,80,05,776</b>	<b>100.00</b>

b) Shareholding pattern category-wise as of March 31, 2022

Hyderabad – 500 038 vide Client ID: 40451330 and DP ID: IN301220. 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.	An aggregate number of shareholders and the outstanding shares in the Unclaimed Suspense account at the beginning of the year i.e., April 01, 2021.	09	26,000
2.	No. of shareholders who approached the Company for the transfer of shares from the Unclaimed Suspense account during the year.	-	-
3.	No. of shareholders to whom shares were transferred from the Unclaimed Suspense account during the year.	-	-
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.	-	-
5.	An aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense account at the end of the year i.e., March 31, 2022.	09	26,000

Category	No. of Shares held	Percentage of Shareholding
Promoters/Associates	10,41,15,386	41.98
Mutual Funds, Banks, FPC etc.	6,81,52,965	27.48
Bodies Corporate	1,06,44,024	4.29
HUF	13,88,849	0.56
Individual Shareholders	6,37,04,552	25.69
<b>TOTAL</b>	<b>24,80,05,776</b>	<b>100.00</b>

## Dematerialization of shares and liquidity

The Company's shares are compulsorily traded in dematerialized form and are available for trading on both the depositories in India viz. the NSDL and CDSL. The Company's equity shares, representing 99.94% of the Company's share capital were dematerialized as of March 31, 2022.

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 Global Depository Receipts (GDRs) or American Depository Receipts (ADRs) or Warrants or Any Other Convertible instruments.

There are no outstanding GDRs/ADRs/warrants or any other convertible instruments as of 31<sup>st</sup> March 2022.

## Employee Stock Options

The information on stock options granted by the Company during the financial year 2021-22 and other particulars about employee's stock options are set out in the Director's Report.

## Disclosure concerning 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, Ground Floor, Swarna Jayanti Commercial Complex, Ameerpet,



The voting rights on the shares outstanding in the suspense account shall remain frozen till the rightful owner of such shares claims the shares.

#### Transfer of Shares to Investor Education and Protection Fund

Pursuant to the provisions of Section 124 of the Act read with the IEPF Rules, all the shares for which dividends remain unpaid or unclaimed for a period of seven consecutive years or more shall be transferred to the demat account of the IEPF Authority as notified by the Ministry of Corporate Affairs. Accordingly, the Company has transferred 5,090 (0.002%) equity shares to the IEPF Authority during the financial year 2021-22.

#### Plant locations

##### Finished Dosage Unit:

Survey Nos:160/A, 161/E, 162 & 174/A, Gagillapur Village, Dundigal-Gandimaisamma Mandal, Medchal-Malkajgiri District – 500 043, Telangana State, India.

##### API Unit – I:

Sy. No. 533, 535, 536, 537 Temple Road, Bonthapally Village, Gummadidala Mandal, Sangareddy District – 502 313, Telangana State, India.

##### API Unit – II:

Plot No. 15A/1, Phase III, IDA Jeedimetla, Qutubullapur Mandal, Hyderabad – 500 055, Medchal-Malkajgiri District, Telangana State, India.

##### API Unit – III:

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

##### API Unit – IV:

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

##### API Unit – V:

Plot No. 30, J. N. Pharma City, Parawada Mandal, Visakhapatnam District – 531 019, Andhra Pradesh, India.

#### R & D Centres

- Plot No. 56, Road No. 5, ALEAP Industrial Area, Pragathi Nagar, Gajularamaram village, Qutubullapur Mandal, Hyderabad – 500 072, Medchal-Malkajgiri District, Telangana State, India.
- 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 District – 412 115, India.

- Plot No. 160/A, 161/E, Gagillapur Village, Dindigal-Gandimaisamma Mandal, Medchal-Malkajgiri District – 500 043, Telangana State, India.
- Plot No. 15/A/1, Phase-III, I.D.A, Jeedimetla, Qutubullapur Mandal, Hyderabad – 500 055, Medchal-Malkajgiri District, Telangana State, India.

#### Address for correspondence

Registered Office & Corporate Office  
2<sup>nd</sup> Floor, 3<sup>rd</sup> Block, My Home Hub, Madhapur,  
Hyderabad (TS) – 500 081, India  
Tel: 91-40-69043500, Fax: 91-40-23115145  
E-mail: [investorrelations@granulesindia.com](mailto:investorrelations@granulesindia.com)  
Website: [www.granulesindia.com](http://www.granulesindia.com)

#### Green Initiative

The Company welcomes and supports the 'Green Initiative' undertaken by the Ministry of Corporate Affairs, Government of India, enabling electronic delivery of documents including the Annual Report to the Members at their e-mail addresses registered with the Depository Participants ('DPs') and RTA. Members who have not registered their e-mail addresses so far are requested to do the same. Those holding shares in demat form can register their e-mail address with their concerned DPs. Members who hold shares in physical form are requested to register their e-mail address with the RTA by sending a letter duly signed by the first/sole holder quoting details of the folio number.

On behalf of the Board of Directors

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

Hyderabad  
June 05, 2022

## DECLARATION BY THE JOINT MANAGING DIRECTOR & CEO

I, Kandiraju Venkata Sitaram Rao, Joint Managing Director & CEO 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 2021-22.

**Dr. Kandiraju Venkata Sitaram Rao**  
Joint Managing Director & CEO

Date: June 05, 2022

DIN: 08874100

## CEO AND CFO CERTIFICATE

(Pursuant to Regulation 17(8) read with Part B of Schedule II of the Listing Regulations)

To,

The Board of Directors  
M/s Granules India Limited

We hereby certify that:

- We have reviewed financial statements and the cash flow statement for the year ended March 31, 2022 and to the best of our knowledge and belief:
  - these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - these statements together present a true and fair view of the company's affairs and comply with existing accounting standards, applicable laws and regulations.
- There are, to the best of our knowledge and belief, no transactions entered into by the company during the period, which is fraudulent, illegal or violates the company's code of conduct.
- 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 for 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.
- We have indicated to the auditors and the Audit committee –
  - that there are no significant changes in internal control over financial reporting during the year;
  - that there are no significant changes in accounting policies during the year; and
  - 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  
May 18, 2022

#### Dr. Kandiraju Venkata Sitaram Rao

Joint Managing Director & CEO  
DIN: 08874100



## 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

I, have examined the relevant registers, records, forms, returns and disclosures received from the Directors of M/s. Granules India Limited has CIN (Corporate Identification Number) L24110TG1991PLC012471) and has its Registered Office at 2<sup>nd</sup> Floor, 03<sup>rd</sup> Block, My Home Hub, Madhapur, Hyderabad – 500 081, Telangana, India (the Company), produced before us by the Company to issue this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C subclause (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](http://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 31st March, 2022 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.	Dr. Krishna Prasad Chigurupati	Chairman & Managing Director	00020180
2.	Dr. Kandiraju Venkata Sitaram Rao	Joint Managing Director & CEO	08874100
3.	Mrs. Uma Devi Chigurupati	Executive Director	00737689
4.	Mr. Harsha Chigurupati	Executive Director	01606477
5.	Mr. Basava Sankar Rao Kolli	Non-Executive Director	05167550
6.	Mr. Arun Rao Akinepally	Independent Director	00876993
7.	Mr. Arun Sawhney	Independent Director	01929668
8.	Mr. Robert George Cunard	Independent Director	08346308
9.	Dr. Saumen Chakraborty	Independent Director	06471520
10.	Mrs. Sucharita Rao Palepu	Independent Director	07807717

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

**Name: Saurabh Poddar**

Membership No: FCS 9190

COP No.10787

PR: 785/2020 dated June 30,2020

UDIN: F009190D000068183

Place: Hyderabad

Date: April 11, 2022

## CERTIFICATE ON COMPLIANCE WITH THE CORPORATE GOVERNANCE REQUIREMENTS UNDER SEBI

(Listing Obligations and Disclosure Requirements) REGULATIONS, 2015

To,

The Members,  
Granules India Limited

I, Saurabh Poddar, Company Secretary in practice, have been appointed as the Secretarial Auditor vide a resolution passed at its meeting held on May 11, 2021 by the Board of Directors of M/s. Granules India Limited (hereinafter referred to as 'the Company'), having CIN:- L24110TG1991PLC012471 and having its registered office at Second Floor, Block III, My Home Hub, Madhapur, Cyberabad, Hyderabad – 500 081.

I, have examined the compliance of conditions of Corporate Governance by Granules India Limited ("the Company"), for the year ended March 31, 2022, 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

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 compliance with the conditions of Corporate Governance stipulated in the Listing Regulations.

### Auditors' Responsibility

- 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.
- Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations for the year ended March 31, 2022.
- We conducted our examination of the above corporate governance compliance by the Company in accordance with the Guidance Note on Reports and Guidance Note on

Certification of Corporate Governance both issued by the Institute of the Company Secretaries of India (the "ICSI"), 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 ICSI.

### Certification:

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 the Corporate Governance as stipulated in the above-mentioned Listing Regulations.

### Assumption & Limitation of Scope and Review:

- Ensuring the authenticity of documents and information furnished is the responsibility of the management of the Company.
- Our responsibility is to give a certificate based on our examination of relevant documents and information. It is neither an audit nor an investigation.
- 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.
- 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 M/s. Saurabh Poddar & Associates**

Company Secretaries

**Name: Saurabh Poddar**

Membership No. FCS 9190

COP No. 10787

Place: Hyderabad

Date: May 31, 2022

PR : 785/2020 dated June 30, 2020

UDIN: F009190D000444451





# 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	The financial year ended March 31, 2022
7	Sector(s) that the Company is engaged in (industrial activity)	Pharmaceuticals
8	List three key products/services that the Company manufactures/ provides (as in the 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)	₹2,480.05
2	Total Turnover (₹ in Lakhs)	₹3,23,843.66
3	Total profit after taxes (₹ in Lakhs)	38,651.48
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	2.36
5	List of activities in which expenditure in 4 above has been incurred	(a) Skill development activity (b) Promoting preventive healthcare (c) 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 policy/policies

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

- DIN Number- 00020180
- Name – Dr. Krishna Prasad Chigurupati
- Designation - Chairman and Managing Director

(b) Details of the BR head

- DIN Number – 00020180
- Name - Krishna Prasad Chigurupati
- Designation - Chairman and Managing Director
- Telephone number - 040- 69043500
- 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 assesses 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? - Yes, the company publishes a BR and can be viewed as part of the annual report. This report is published annually.

### 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 been 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
6.	Indicate the link for the policy to be viewed online?	Refer to the whistleblower 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 an 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 an 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 the 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					NA				
4. It is planned to be done within the next 6 months									
5. It is planned to be done within the 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 groups/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 procedures in place to ensure that the business of the Company is carried out fairly and responsibly.

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

Granules India strongly emphasizes servicing its customers with the best quality products. The company not only believes in the delivery of the quality products 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****Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle**

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

- a) Active Pharmaceutical Ingredients (APIs)  
b) Pharmaceutical Formulation Intermediates (PFIs)

- c) Finished Dosages (FDs)

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

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

All of our products conform to the 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.

The Company realizes the importance of its resources and thus continuously strives to optimize and make the best possible use of its resources through continuous improvements and operational excellence. The 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 make us one of the best in resource utilization. During the financial year 2021-22, we have achieved the highest output and productivity which has resulted in reduced consumption coefficients of key utilities such as power, coal, fuel, water etc. and because of these efforts, the International Research Institute for Manufacturing, under India Green Manufacturing Challenge 2021-22, has awarded silver rating (642.6 points) for our green efforts.

Through continuous improvement and productivity, we have reduced our coal consumption by 12 % at our Bonthapally API unit -1 facility, increased by 25% at our Gagillapur formulations facility and the increase has been attributed to the commissioning of new modules D, H, G and MUP's block, increased by 1.3 % in our Jeedimetla facility and increased by 33.16% in our Unit-IV facility located at Visakhapatnam due to high volume fast runner product manufacturing and low calorific value of imported coal.

Through better utilization of water resources, we have 8.13% increase in specific water consumption at our Bonthapally

API facility, increased specific water consumption by 13.95 % at our Gagillapur formulations facility as new MUPS block construction has just been completed along with the commissioning of three modules D, H and G, 18.17% reduction in specific water consumption at our Jeedimetla facility by reusing cooled steam condensate recovery for cooling tower makeup's, 61.09% reduction in specific water consumption at our Unit-IV facility located at Visakhapatnam, 64.96% reduction in specific water consumption was achieved at our Unit-V facility located at Visakhapatnam.

Our continuous energy conservation efforts have helped us to reduce specific energy consumption in many of the units, however specific energy consumption for our Gagillapur formulations facility has increased by 13.95% due to the commissioning of new production facility MUPS and additional modules D, H and G, additional packing lines, while in unit-I there is an increase in specific energy consumption by 16.31% due to reduction in production volume by 14 % in Bonthapally API facility, specific energy increased by 3.42% at Jeedimetla facility due to product mix change with slow runners and specific energy consumption reduced by 40.43% at Unit-IV facility due to fast runner product manufacturing and OE initiatives and Unit-V specific energy consumption reduced by 68.15% since high volume manufacturing block MPP-2 operations were commenced.

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

Through better utilization of water resources, we have 8.13% increase in specific water consumption at our Bonthapally API facility due to lower production volumes, increased specific water consumption by 13.95 % at our Gagillapur formulations facility as new MUPS block construction has just been completed along with the commissioning of three modules D, H and G, 18.17% reduction in specific water consumption at our Jeedimetla facility by reusing cooled steam condensate recovery for cooling tower makeup's, 61.09% reduction in specific water consumption at our Unit-IV facility located at Visakhapatnam, 64.96% reduction in specific water consumption was achieved at our Unit-V facility located at Visakhapatnam.

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

Yes, the Company has well-defined standard procedures for identifying and approving vendors. Periodic site audits of vendors, regulatory approval checks and regular sample analyses are performed to ensure that the product is of the highest quality. Also, we have qualified and sourced 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 the 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 facilities are strategically located in the vicinity of each other to ensure the transportation is the bare minimum which in turn also ensures vehicular air emissions are at their lowest levels.

More than 90% of our raw materials are transported by sea, having a minimum GHG footprint. All our KSM vendors are GMP compliant adopting sustainable practices. As part of routine audits apart from Quality we also rate them for sustainable practices.

At our formulation facility at Gagillapur in the financial year 2021-22, 26.86% of our total electricity demand was procured from the environmental friendly solar power source. We are looking forward to further exploring this concept and increasing the solar power consumption. 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?

We source around 33% of our input raw materials and 95% of packing materials from local sources. However, 90% of our fossil fuels are sourced locally, 90% of other services are sourced from local communities.

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

Over 95% 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 other raw materials including API supplies. We are in the process of backward integrating some of the key starting materials (KSM) and intermediates manufacturing at one of our locations. We are also developing several indigenous vendors for our key raw materials instead of importing from international markets as part of the de-risking strategy and Alternate Vendor Development (AVD).

An awareness program was conducted in November, 2021 to vendors on ESG concerning the green supply chain.

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, the Company 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 the manufacturing process thereby reducing the overall fresh solvent consumption in our API facilities.
- We are in process of setting up a distillation plant for recovering one of the by-products to be environmentally friendly and to be cost-effective.
- We treat our waste water in ETP/ZLD plants wherever possible and the treated water is used in utility make-ups. In GGP 57.95% of the treated water is recycled. In BPL-1 more than 62.50% of treated water is recycled.
- Our wastes such as used plastics, HDPE drums, fiber drums, shippers, etc. are properly segregated and passed on to selected trusted vendors for re-processing.
- Around 96% of solid organic waste generated during the manufacturing processes is sent to cement industries for co-incineration or to authorized dealers, thereby reducing our carbon footprint.
- During the financial year 2021-22, our Bonthapally API facility obtained permits to commission the acetic acid recovery plant from the mother liquors generated during the production processes for acetic acid recovery and sell the same as a byproduct which helps in generating additional revenue.

### Principle 3

#### Businesses should promote the well-being of all employees

1. [Please indicate the Total number of employees](#)  
We have 5,427 employees (staff 3,686 & contract Labour 1,741) as on March 31, 2022.
2. [Please indicate the total number of employees hired on a temporary/contractual/casual basis](#)  
We have 1,741 contract employees as on March 31, 2022.
3. [Please indicate the Number of permanent women employees.](#)  
We have 574 women employees (staff 242 and contract employees 332) as on March 31, 2022.
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 are 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.](#)

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. The community health center at Bonthapally continues to be manned by a medical doctor, staff for local community service.  
We continued supporting the State Governments and Local Bodies during the pandemic. Nearly 10 crore paracetamol tablets worth ₹ 3.63 crores were supplied to the State Government.  
Over 5,000 workforce was administered both doses of Covid 19 vaccines.
2. [Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?](#)  
Yes, we have identified disadvantaged, vulnerable & 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.](#)

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 the “Earn & Learn” program. Through various training programs, technical skills are imparted to these targeted youth who are then employable in various pharmaceutical companies.

We have recruited over 238 employees during the financial year 2021-22 through this initiative. These members are provided with on-the-job training along with opportunities for higher education through the “Self-Managed Team” way of working.

### Principle 5

#### Businesses 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 were satisfactorily resolved by the management?](#)  
Complaints were not received.

### Principle 6

#### Businesses should respect, protect, and make efforts to restore the environment

1. [Does the policy related to Principle 6 cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others.](#)  
The Environment, Health & Safety 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 hyperlinks for the webpage etc.](#)  
In our formulations facility located at Gagillapur, in the financial year, 2021-22 over 26.86% of our electricity demand was procured from an environment-friendly renewable source of solar energy. We are looking forward to further exploring the increase of solar power consumption. 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 facilities.

We have installed and qualified a 50 KLD ZLD at our unit-III located at Bonthapally where we manufacture KSMs and

Intermediates and recycle around 15 KLD for boiler and cooling tower makeups.

Our continuous energy conservation efforts have helped us to reduce specific energy consumption in many of the units, however specific energy consumption for our formulations unit at Gagillapur has increased by 24.92% due to the commissioning of new production facility MUPS and additional modules D,H, and G additional packing lines, while there is increase specific energy consumption by 16.31% due to reduction of production volumes by 14 % in Bonthapally API facility, specific energy increased by 3.42% at Jeedimetla facility due to product mix and specific energy consumption reduced by 40.43% at Unit-IV facility due to fast runner product manufacturing and OE initiatives and Unit-V specific energy consumption reduced by 68.15% since high volume manufacturing block MPP-2 operations were commenced.

Through continuous improvement and productivity, we have reduced our coal consumption by 12 % at our Bonthapally API facility, increased by 25% at our Gagillapur formulations facility and the increase attributed commissioning of new modules D, H, G and MUP's block, increased by 1.3 % in our Jeedimetla facility and increased by 33.16% in our Unit-IV facility located at Visakhapatnam due to high volume fast runner product manufacturing and low calorific value of imported coal.

The Company 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 SOx and NOx. 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 filed?](#)

The Company 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 employees. The Company aims to go beyond the statutory requirements by endeavoring toward the reduction of the

use of natural resources and energy by reducing, reusing, or recycling the raw materials.

In the financial year 2021- 22, the Company has engaged Honeywell and National Productivity Council to carry out energy audits across the units to identify areas of improvement with respect to energy savings and fixing of the baseline energy footprint. Going further the Company will access the technical feasibility for CDM project registration at UNFCCC.

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 into 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 authorized vendors. In the financial year 2021-22 more than 96% of the solid hazardous waste is disposed to cement industries for co-processing thereby reducing the GHG footprint.

Through better utilization of water resources, we have 08.13% increase in specific water consumption at our Bonthapally API facility, increased specific water consumption by 13.95 % at our Gagillapur formulations facility as new MUPS block construction has just completed along with the commissioning of three modules D, H and G, 18.17% reduction in specific water consumption at our Jeedimetla facility by reusing cooled steam condensate recovery for cooling tower makeup's, 61.09% reduction in specific water consumption at our Unit-IV facility located at Visakhapatnam, and increased production volumes without increasing utilities around 64.96% reduction in specific water consumption is achieved at our Unit-V facility located at Visakhapatnam.

5. [Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give a hyperlink for the webpage](#)

Yes, in the financial year 2021-22 our formulation unit has engaged National Productivity Council to do Energy & Water audit and they suggested areas of improvement. Similarly, other units have engaged Honeywell to carry out Energy and Water audit in the same reporting period. All the recommendations are being checked for their financial and technical viability.

6. [Are the Emissions/Waste generated by the Company within the permissible limits are given by CPCB/SPCB for the financial year being reported?](#)

Yes, in the financial year 2021-22, all the emission parameters and waste generated are well within the

standards prescribed by SPCB. A MOEF &CC approved the third party is engaged by the Company for all the units. Records are maintained on monthly basis.

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

#### Businesses should support inclusive growth and equitable development

1. [Does the company have specified programs/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 society. Our program “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 opportunities, these candidates are provided with training and opportunities for higher education under the concept of “earn and learn”.

2. [Are the programs/projects undertaken through an 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 periodically 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](#)

None

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 and staff to provide primary treatment to the residents of neighboring 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 the financial year.](#)

The Company has a standard operating procedure to acknowledge, investigate and respond to any product quality-related complaints/queries. 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 years. 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 surveys through consistent visits/interaction with the customers.



# Independent Auditor's Report

To the Members of **Granules India Limited**

## Report on the Audit of the Standalone Financial Statements

### Opinion

We have audited the standalone financial statements of Granules India Limited (the "Company"), which comprise the standalone balance sheet as at 31 March 2022, 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 significant accounting policies and other explanatory information.

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 2022, and its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Description of Key Audit Matter

### Revenue recognition

See note 2(m)(i) to the standalone financial statements

The key audit matter	How the matter was addressed in our audit
<p>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.</p> <p>Control is usually transferred upon shipment, delivery to, upon receipt of goods by the customer, in accordance with the delivery terms agreed with the customers.</p> <p>We have identified existence of revenue recognition as a key audit matter because there are variations in customer contracts. Consequently, there is a risk of revenue being overstated on account of recognition before transfer of control particularly due to pressures for achieving the performance targets for the year.</p>	<p>In view of the significance of the matter 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 the revenue recognition accounting policies with the applicable accounting standards.</li> <li>– We evaluated the design and implementation of key internal financial controls with respect to existence of revenue recognition and tested operating effectiveness of such controls on selected transactions.</li> <li>– Performed substantive testing, by using statistical sampling, of revenue transactions recorded during the year (including year end cut-off) by checking the underlying documents for testing the existence of revenue.</li> <li>– Tested manual journal entries on revenue recognised during the year, selected considering specific risk-based criteria, to identify unusual transactions.</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 obtained by us, is sufficient and appropriate to provide a basis for our opinion on the standalone 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 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.

### 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 standalone financial statements and our auditor's report thereon. The Company's annual report is expected to be made available to us after the date of this auditor's report.

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.

When we read the Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take actions as per applicable laws and regulations.

### Management's and Board of Directors' Responsibilities for the Standalone Financial Statements

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

a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, 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 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 in preparation of standalone 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 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 auditor's 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 (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India 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 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 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 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:
  - a) The Company has disclosed the impact of pending litigations as at 31 March 2022 on its financial position in its standalone financial statements - Refer Note 26 to the standalone financial statements.

- b) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses. - Refer Note 26 to the standalone financial statements.
- c) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- d) (i) The management has represented that, to the best of its knowledge and belief and as disclosed in Note 38(v) to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:
  - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or
  - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (ii) The management has represented, that, to the best of its knowledge and belief and as disclosed in Note 38(vi) to the standalone financial statements, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall:
  - directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Party or

- provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries.

(iii) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (d)(i) and (d)(ii) contain any material mis-statement.

- e) The dividend declared or paid during the year by the Company is in compliance with Section 123 of the Act.

(C) With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

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) of the Act which are required to be commented upon by us.

For **B S R & Associates LLP**

Chartered Accountants

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

**Sulabh Kumar Kedia**

Partner

Place: Hyderabad

Date: 18 May 2022

Membership No.: 066380

UDIN: 22066380AJEJVN5803



## Annexure A

### to the Independent Auditor's Report on the Audit of Standalone Financial Statements

(Referred to in our report of even date)

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (a) (B) The Company has maintained proper records showing full particulars of intangible assets except for certain product related intangibles which have been purchased as a group of intangible assets and capitalised accordingly.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified in a phased manner over a period of 3 years. In accordance with this programme, certain property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the standalone financial statements are held in the name of the Company.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.
- (e) According to information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) and rules made thereunder.
- (ii) (a) The inventory, except goods-in-transit, has been physically verified by the management during the year. For goods-in-transit subsequent evidence of receipts has been linked with inventory records. In our opinion, the frequency of such verification is reasonable and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were more than 10% in the aggregate of each class of inventory.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks on the basis of security of current assets. In our opinion, the quarterly returns or statements filed by the Company with such banks are in agreement with the books of account of the Company except as follows:

Quarter	Name of bank	Particulars	Amount as per books of account	Amount as reported in the quarterly return/ statement	Amount of difference	Whether return/ statement subsequently rectified
31-Mar-21		Total inventory	46,169.68	37,104.64	9,065.04	Yes
30-Jun-21			48,356.99	47,262.50	1,094.49	Yes
30-Sep-21			53,207.04	41,830.70	11,376.34	Yes
31-Dec-21			53,790.80	50,043.69	3,747.11	Yes
31-Mar-21		Sales (During the current accounting year upto end of this month)	313,498.24	315,871.66	(2,373.42)	Yes
30-Sep-21			143,580.99	146,570.00	(2,989.01)	Yes
31-Dec-21			232,558.84	232,456.00	102.84	Yes
31-Mar-21		Export debtors	101,423.62	86,481.26	(4,494.43)	Yes
31-Mar-21		Domestic debtors		19,436.79		
30-Jun-21	State Bank of India	Export debtors	107,328.65	88,448.00	539.65	Yes
30-Jun-21	Union Bank of India	Domestic debtors		18,341.00		
30-Sep-21	CitiBank N.A.	Export debtors	99,196.39	92,599.00	(9,742.61)	Yes
30-Sep-21	HDFC Bank Limited	Domestic debtors		16,340.00		
31-Dec-21	Kotak Mahindra Bank Limited	Export debtors	108,535.42	96,201.00	(6,417.58)	Yes
31-Dec-21		Domestic debtors		18,752.00		
31-Mar-21		Trade payables	50,765.16	37,402.00	13,363.16	Yes
30-Jun-21			54,817.54	37,242.00	17,575.54	Yes
30-Sep-21			55,784.66	45,767.00	10,017.66	Yes
31-Dec-21			57,624.56	36,811.00	20,813.56	Yes
31-Mar-21		Short term borrowings (including bills purchased / discounted)	40,927.05	41,331.38	(404.33)	Yes
30-Jun-21			51,589.95	51,901.00	(311.05)	Yes
30-Sep-21			58,300.58	57,973.18	327.40	Yes
31-Dec-21			64,595.44	64,779.26	(183.82)	Yes



(iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has made investments, provided guarantee, granted loans, secured or unsecured to Companies during the year, in respect of which the requisite information is as below. The Company has not provided any security, granted any advances in the nature of loans, secured or unsecured, to Companies during the year. The Company has not made investments, provided

any guarantee or security, granted any loans or advances in the nature of loans, secured or unsecured, to firms, limited liability partnership or any other parties during the year.

(a) Based on the audit procedures carried on by us and as per the information and explanations given to us, the Company has provided loans, or stood guarantee to any other entity as below:

(₹ in Lakhs)

Particulars	Guarantees	Security	Loans	Advances in nature of loans
Aggregate amount during the year - Subsidiaries*	15,142.15	-	178.56	-
Balance outstanding as at balance sheet date -Subsidiaries*	18,178.17	-	1,302.91	-

\*As per the Companies Act, 2013

(b) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion the investments made, guarantees provided during the year and the terms and conditions of the grant of loans and guarantees provided during the year are, prima facie, not prejudicial to the interest of the Company.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of loans given, in our opinion the repayment of principal and payment of interest has been stipulated. However, the repayment of principal or payment of interest is not due.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans given.

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no loan granted falling due during the year, which has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to same parties.

(f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans either repayable on demand or without specifying any terms or period of repayment.

(g) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans given.

(iv) According to the information and explanations given to us and on the basis of our examination of records of the Company, in respect of investments made and loans, guarantees and security given by the Company, in our opinion the provisions of Section 185 and 186 of the Companies Act, 2013 ("the Act") have been complied with.

(v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.

(vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Act in respect of its manufactured goods (and/or services provided by it) and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the records with a view to determine whether these are accurate or complete.

(vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Services Tax ('GST'), Provident fund, Employees' State Insurance, Income-Tax, Duty of Customs, Cess and other statutory dues have generally been regularly deposited with the appropriate authorities.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in

respect of Goods and Services Tax ('GST'), Provident fund, Employees' State Insurance, Income-Tax, Duty of Customs, Cess and other statutory dues were in arrears as at 31 March 2022 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, statutory dues relating to Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues which have not been deposited on account of any dispute are as follows:

Name of the statute	Nature of the dues	Amount (₹ in Lakhs)*	Period to which the amount relates	Forum where dispute is pending	Remarks, if any
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 (5.00)#	FY 1999-2000	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

# Represents amounts paid under protest

(viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.

(ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans and borrowing or in the payment of interest thereon to any lender.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.

(c) In our opinion and according to the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

(d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) According to the information and explanations given to us and on an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries as defined under the Act.





- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries (as defined under the Act).
- (x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) Accordingly, clause 3(x)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.
- (xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the course of the audit.
- (b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- (xiv)(a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company
- has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports of the Company issued till date for the period under audit.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.
- (xvi)(a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable
- (b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.
- (d) The Company is not part of any group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016 as amended). Accordingly, the requirements of clause 3(xvi)(d) are not applicable.
- (xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities

existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

- xx) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant

to any project. Accordingly, clauses 3(xx)(a) and (b) of the Order are not applicable.

For **B S R & Associates LLP**

Chartered Accountants

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

**Sulabh Kumar Kedia**

Partner

Place: Hyderabad

Date: 18 May 2022

Membership No.: 066380

UDIN: 22066380AJEJVN5803



## Annexure B

### to the Independent Auditor's Report on the Audit of Standalone Financial Statements

#### 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 standalone financial statements of Granules India Limited ("the Company") as of 31 March 2022 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 standalone financial statements and such internal financial controls were operating effectively as at 31 March 2022, based on the internal financial controls with reference to standalone 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 standalone 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 standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to standalone 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### Inherent Limitations of Internal Financial controls with Reference to Financial Statements

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

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

**Sulabh Kumar Kedia**

Partner

Place: Hyderabad

Date: 18 May 2022

Membership No.: 066380

UDIN: 22066380AJEJVN5803



# Standalone Balance Sheet

as at March 31, 2022

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

Particulars	Notes	As at March 31, 2022	As at March 31, 2021
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3A	109,775.19	91,690.72
Right-of-use assets	3C	1,254.59	939.93
Capital work-in-progress	3A	19,414.56	14,658.41
Other intangible assets	3B	6,053.49	5,869.36
Intangible assets under development	3B	1,637.70	1,742.77
Financial assets			
(i) Investments	4A	59,653.12	59,153.12
(ii) Loans	4B	1,302.91	1,011.21
(iii) Other financial assets	4C	1,244.87	1,191.08
Income tax assets (net)		615.78	-
Other non-current assets	5A	3,244.51	4,240.01
<b>Total non-current assets</b>		<b>204,196.72</b>	<b>180,496.61</b>
<b>Current assets</b>			
Inventories	6	59,074.35	46,169.68
Financial assets			
(i) Trade receivables	7A	121,042.80	101,423.62
(ii) Cash and cash equivalents	7B	13,424.21	2,003.29
(iii) Bank balances other than cash and cash equivalents stated above	7B	22,084.27	22,119.38
(iv) Loans	7C	28.48	27.71
(v) Other financial assets	7D	194.76	38.17
Other current assets	5B	17,216.40	16,004.89
<b>Total current assets</b>		<b>233,065.27</b>	<b>187,786.74</b>
<b>Total assets</b>		<b>437,261.99</b>	<b>368,283.35</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Equity share capital	8	2,480.06	2,476.75
Other equity	9	250,586.05	213,785.42
<b>Total equity</b>		<b>253,066.11</b>	<b>216,262.17</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
(i) Borrowings	10A	23,370.06	33,380.74
(ii) Lease liabilities	10B	828.12	733.59
Provisions	11A	2,831.02	2,484.22
Deferred tax liabilities (net)	12	3,007.15	2,589.32
<b>Total non-current liabilities</b>		<b>30,036.35</b>	<b>39,187.87</b>
<b>Current liabilities</b>			
Financial liabilities			
(i) Borrowings	13A	81,351.64	50,464.40
(ii) Lease liabilities	10B	527.25	283.45
(iii) Trade payables	13B		
(a) Total outstanding dues of micro enterprises and small enterprises		1,264.82	324.69
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		59,415.40	50,440.47
(iv) Other financial liabilities	13C	6,584.36	6,561.51
Other current liabilities	14	1,579.08	1,966.85
Provisions	11B	2,283.25	1,334.49
Income tax liabilities (net)		1,153.73	1,457.45
<b>Total current liabilities</b>		<b>154,159.53</b>	<b>112,833.31</b>
<b>Total liabilities</b>		<b>184,195.88</b>	<b>152,021.18</b>
<b>Total equity and liabilities</b>		<b>437,261.99</b>	<b>368,283.35</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

**Sulabh Kumar Kedia**

Partner

Membership No : 066380

Place: Hyderabad

Date: May 18, 2022

for and on behalf of the Board of Directors of

**Granules India Limited**

CIN : L24110TG1991PLC012471

**Dr. Krishna Prasad Chigurupati**

Chairman and Managing Director

DIN : 00020180

**Sandip Neogi**

Chief Financial Officer

Place: Hyderabad

Date: May 18, 2022

**Dr. K.V.S Ram Rao**

Joint Managing Director and Chief Executive Officer

DIN : 08874100

**Chaitanya Tummala**

Company Secretary

Place: Hyderabad

Date: May 18, 2022

# Standalone Statement of Profit and Loss

for the year ended March 31, 2022

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

Particulars	Notes	For the Year ended March 31, 2022	For the Year ended March 31, 2021
<b>Income</b>			
Revenue from operations	15	323,843.66	313,498.24
Other income	16	1,751.00	1,372.32
<b>Total income</b>		<b>325,594.66</b>	<b>314,870.56</b>
<b>Expenses</b>			
Cost of materials consumed	17	186,415.66	150,219.35
Changes in inventories of work-in-progress and finished goods	18	(10,641.06)	744.93
Employee benefit expenses	19	28,279.90	31,825.23
Finance costs	20	1,635.23	2,377.39
Depreciation and amortization expense	21	12,616.09	11,845.14
Other expenses	22	55,324.27	44,571.50
<b>Total expenses</b>		<b>273,630.09</b>	<b>241,583.54</b>
<b>Profit before tax</b>		<b>51,964.57</b>	<b>73,287.02</b>
Tax expense	24		
(i) Current tax		13,350.68	19,706.09
(ii) Deferred tax		(37.59)	(1,697.38)
<b>Total tax expense</b>		<b>13,313.09</b>	<b>18,008.71</b>
<b>Profit for the year</b>		<b>38,651.48</b>	<b>55,278.31</b>
<b>Other comprehensive income (OCI)</b>			
<b>Items that will be reclassified to profit or loss</b>			
Fair value changes on cash flow hedges	9	1,913.86	(699.98)
Income tax relating to items that will be reclassified to profit or loss	24	(481.68)	176.17
<b>Net other comprehensive income/(loss) to be reclassified to profit or loss</b>		<b>1,432.18</b>	<b>(523.81)</b>
<b>Items that will not be reclassified to profit or loss</b>			
Re-measurement of defined benefit liability	28	(104.35)	(36.69)
Income tax relating to items that will not be reclassified to profit or loss	24	26.26	9.23
<b>Net other comprehensive income not to be reclassified to profit or loss</b>		<b>(78.09)</b>	<b>(27.46)</b>
<b>Other comprehensive income/ (loss) for the year</b>		<b>1,354.09</b>	<b>(551.27)</b>
<b>Total comprehensive income for the year</b>		<b>40,005.57</b>	<b>54,727.04</b>
<b>Earnings per share:</b>			
<b>Equity shares of par value of ₹ 1 each</b>			
Basic (₹)	25	15.60	22.18
Diluted (₹)		15.55	22.09

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

**Sulabh Kumar Kedia**

Partner

Membership No : 066380

Place: Hyderabad

Date: May 18, 2022

for and on behalf of the Board of Directors of

**Granules India Limited**

CIN : L24110TG1991PLC012471

**Dr. Krishna Prasad Chigurupati**

Chairman and Managing Director

DIN : 00020180

**Sandip Neogi**

Chief Financial Officer

Place: Hyderabad

Date: May 18, 2022

**Dr. K.V.S Ram Rao**

Joint Managing Director and Chief Executive Officer

DIN : 08874100

**Chaitanya Tummala**

Company Secretary

Place: Hyderabad

Date: May 18, 2022

# Standalone Statement of Changes in Equity

for the year ended March 31, 2022

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

## Statement of changes in equity

### Equity Share Capital as at March 31, 2022

Balance at the beginning of the current reporting period	Changes in equity share capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in Equity share capital during the current year	Balance at the end of the current reporting period
2,476.75	-	2,476.75	3.31	2,480.06

### Equity Share Capital as at March 31, 2021

Balance at the beginning of the previous reporting period	Changes in equity share capital due to prior period errors	Restated balance at the beginning of the previous reporting period	Changes in Equity share capital during the previous year	Balance at the end of the previous reporting period
2,542.48	-	2,542.48	(65.72)	2,476.75

## Other Equity

Particulars	Capital Redemption reserve	Securities premium	Reserves and Surplus			Remeasurements of defined benefit plans	Effective portion of Cash flow hedges	Total other Equity
			Capital reserve	General reserve	Employee stock option			
<b>Balance at the beginning of the previous reporting period</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>178,616.10</b>
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-
<b>Restated balance at the beginning of the previous reporting period</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>178,616.10</b>
<b>Total comprehensive income for the year</b>	-	-	-	-	-	55,278.31	-	55,278.31
Profit for the year	-	-	-	-	-	55,278.31	-	55,278.31
Other comprehensive 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	-	409.21	-	-	-	-	-	409.21
Buyback of equity shares	-	(14,131.73)	-	-	-	-	-	(14,131.73)
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 at the end of the previous reporting period</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>213,785.42</b>
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-



# Standalone Statement of Changes in Equity

for the year ended March 31, 2022

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

## Other Equity

Particulars	Capital Redemption reserve	Securities premium	Reserves and Surplus			Remeasurements of defined benefit plans	Effective portion of Cash flow hedges	Total other Equity
			Capital reserve	General reserve	Employee stock option			
<b>Restated balance at the end of the previous reporting period</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>213,785.42</b>
<b>Total comprehensive income for the year</b>	-	-	-	-	-	38,651.48	-	38,651.48
Profit for the year	-	-	-	-	-	38,651.48	-	38,651.48
Other comprehensive income (net of tax)	-	-	-	-	-	(78.09)	1,432.18	1,354.09
<b>Transactions with owners, recorded directly in equity</b>	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	(3,716.78)	-	(3,716.78)
Share based payment	-	-	-	194.08	-	-	-	194.08
Share options exercised	-	317.74	-	-	-	-	-	317.74
<b>Balance at the end of the current reporting period</b>	<b>71.01</b>	<b>45,604.09</b>	<b>1,917.53</b>	<b>30,715.73</b>	<b>1,223.75</b>	<b>172,848.49</b>	<b>(206.17)</b>	<b>250,586.05</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

### Sulabh Kumar Kedia

Partner

Membership No : 066380

### Dr. Krishna Prasad Chigurupati

Chairman and Managing Director

DIN : 00020180

### Dr. K.V.S Ram Rao

Joint Managing Director and Chief Executive Officer

DIN : 08874100

### Sandip Neogi

Chief Financial Officer

Place: Hyderabad

Date: May 18, 2022

### Chaitanya Tummala

Company Secretary

Place: Hyderabad

Date: May 18, 2022



## Standalone Statement of Cash Flows for the year ended March 31, 2022

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

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>Cash flow from operating activities</b>		
<b>Profit before tax</b>	<b>51,964.57</b>	<b>73,287.02</b>
<b>Adjustments for :</b>		
Depreciation and amortization expense	12,616.09	11,845.14
Bad debts written off	0.10	162.22
Allowance for doubtful trade receivables	(61.06)	749.95
Allowance for doubtful advances	-	169.53
Allowance for scrips on hand	226.00	-
Loss on sale of fixed assets (net)	478.34	36.84
Changes in fair value of cashflow hedges	1,121.19	1,204.52
Net gain on foreign exchange fluctuations (unrealised)	(1,198.74)	(0.77)
Share based compensation expense	194.08	151.24
Interest expense	1,635.23	2,377.39
Interest income	(1,299.85)	(1,323.98)
<b>Operating profit before working capital changes</b>	<b>65,675.95</b>	<b>88,659.10</b>
<b>Movements in working capital:</b>		
Increase in trade receivables	(17,123.20)	(38,613.01)
Increase in inventories	(12,904.67)	(11,774.94)
Increase in other assets	(1,492.07)	(4,335.91)
Increase in trade payables, other liabilities and provisions	8,143.24	22,124.71
<b>Cash generated from operations</b>	<b>42,299.25</b>	<b>56,059.95</b>
Taxes paid (net of refunds)	(14,270.18)	(18,594.11)
<b>Net cash flow generated from operating activities</b>	<b>(A) 28,029.07</b>	<b>37,465.84</b>
<b>Cash flow from investing activities</b>		
Purchase of fixed assets, including capital work-in-progress, capital advances and payables for capital goods	(32,455.60)	(22,262.59)
Proceeds from sale of fixed assets	97.92	32.71
Purchase of investments	-	(20.00)
Investment in subsidiaries	(500.00)	(2,500.00)
Proceeds from sale of associate	-	10,985.24
Redemption/(Placement) of bank deposits	36.28	(12,317.76)
Loans given to subsidiaries	(178.56)	(77.51)
Interest received	1,154.80	2,898.04
<b>Net cash flow used in investing Activities</b>	<b>(B) (31,845.16)</b>	<b>(23,261.87)</b>
<b>Cash flow from financing activities</b>		
Proceeds from issuance of shares	321.05	414.50
Repayment of borrowings	(9,547.79)	(10,153.55)
Proceeds of short-term borrowings, net	30,297.89	2,960.23
Repayment of lease liability (including related interest)	(471.99)	(271.79)
Payment towards Buyback including transaction cost	-	(17,714.41)
Interest paid	(1,739.12)	(2,383.78)
Dividend paid on equity shares including tax thereon	(3,717.13)	(2,472.08)
<b>Net cash flow generated/(used) in financing activities</b>	<b>(C) 15,142.91</b>	<b>(29,620.88)</b>

## Standalone Statement of Cash Flows for the year ended March 31, 2022

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

Particulars		For the year ended March 31, 2022	For the year ended March 31, 2021
<b>Net (decrease)/increase in cash and cash equivalents</b>	(A+B+C)	<b>11,326.82</b>	<b>(15,416.91)</b>
Effect of exchange differences on translation of foreign currency cash and cash equivalents		94.10	(12.27)
<b>Cash and cash equivalents at the beginning of the year</b>		<b>2,003.29</b>	<b>17,432.47</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>13,424.21</b>	<b>2,003.29</b>
<b>Components of cash and cash equivalents:</b>			
Cash on hand		0.38	10.49
Balances with banks			
On current accounts		1,352.95	1,848.70
On EEFC accounts		10,510.41	113.20
On deposit accounts		1,560.47	30.90
<b>Total cash and cash equivalents (Refer Note 7B)</b>		<b>13,424.21</b>	<b>2,003.29</b>

Changes in liabilities arising from financing activities	Lease liabilities-Non Current and Current (Refer Note 10B)	Borrowings - Non Current (Refer note 10A)*	Borrowings - Current (Refer note 13A)	Interest accrued on borrowings - Current (Refer note 13C)
<b>Opening as on March 31, 2021</b>	<b>1,017.04</b>	<b>42,918.09</b>	<b>40,927.05</b>	<b>232.84</b>
Interest expenses	88.75	-	-	1,546.48
(Repayment)/proceeds from borrowing during the year (net)	-	(9,547.79)	30,297.89	-
Deletions	(180.01)	-	-	-
Additions	901.58	-	-	-
Payment of lease liabilities	(471.99)	-	-	-
Changes in fair values	-	(652.22)	-	-
Interest paid	-	-	-	(1,739.12)
Effect of changes in foreign exchange rates	-	-	778.68	32.16
<b>Closing as on March 31, 2022</b>	<b>1,355.37</b>	<b>32,718.08</b>	<b>72,003.62</b>	<b>72.36</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

**Sulabh Kumar Kedia**  
Partner  
Membership No : 066380

**Dr. Krishna Prasad Chigurupati** **Dr. K.V.S Ram Rao**  
Chairman and Managing Director Joint Managing Director and Chief Executive Officer  
DIN : 00020180 DIN : 08874100

Place: Hyderabad  
Date: May 18, 2022

**Sandip Neogi**  
Chief Financial Officer  
Place: Hyderabad  
Date: May 18, 2022

**Chaitanya Tummala**  
Company Secretary  
Place: Hyderabad  
Date: May 18, 2022



# Notes to Standalone 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, 2022. These standalone financial statements were authorised for issuance by the Company's Board of Directors on May 18, 2022

The financial statements are presented in ₹ 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 realization 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 (₹), 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.
- 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

# Notes to Standalone Financial Statements (Cont..)

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

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;

#### 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, 2022 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 2 (d) - Useful lives of property, plant and equipment;
- Note 2 (e) - Useful lives of Intangible assets;
- Note 7 - Provision for loss allowance on trade receivables
- Note 2 (h) - 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 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.



## Notes to Standalone Financial Statements (Cont..)

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

### 2 Significant accounting policies

#### a. Financial instruments

##### i. Recognition and initial measurement

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

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

##### ii. Classification and subsequent measurement

Financial assets

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

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

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

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

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

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

#### 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.

## Notes to Standalone Financial Statements (Cont..)

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

#### Financial assets: subsequent measurement and gains and losses

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 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



## Notes to Standalone Financial Statements (Cont..)

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

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.

### b. 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 includes 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.

### c. 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.

### d. 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.

## Notes to Standalone Financial Statements (Cont..)

(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 other non-current assets as capital advances.

### e. 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 amortization 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. Amortization

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

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

### f. 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.

### g. 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,





## Notes to Standalone Financial Statements (Cont..)

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

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.

### h. 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.

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 reorganization;

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.

### i. Employee benefits

#### i. Defined contribution plans

The Company makes specified monthly contribution towards employee provident fund to Government administered provident fund scheme, which is a defined contribution scheme. The Company's contribution is recognised as an expense in the statement of profit and loss during the period in which the employee renders the related service. The Company has no further obligations beyond its monthly contributions.

#### ii. Defined benefit plans

For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in

## Notes to Standalone Financial Statements (Cont..)

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

net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to statement of profit and loss in subsequent periods.

Past service costs are recognised in statement of profit and loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and nonroutine settlements; and
- Net interest expense or income

When the benefits of a plan are changed or curtailed, the resulting change in the benefit that relates to the past service ('past service cost') or the gain or loss on curtailment is recognised immediately in the statement of profit and loss. The Company recognises the gains and losses on the settlement of a defined benefit plan when settlement occurs.

### iii. Compensated Absence Policy

The employees of the Company are entitled to compensated absences. The employees can carry forward a portion of the unutilised accumulating compensated absences and utilise it in future periods or encash the leaves during the period of employment or retirement or at termination of employment. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The Company measures the expected cost of compensated absences as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting

period. The Company recognises accumulated compensated absences based on actuarial valuation using the projected unit credit method. Non-accumulating compensated absences are recognised in the period in which the absences occur.

### iv. Other long-term employee benefits

The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary as at March 31st every year using projected unit credit method on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognised in the period in which the absences occur.

### v. Short-term employee benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and ex-gratia. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognised as an expense as the related service is rendered by employees.

### vi. 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.

### j. 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



## Notes to Standalone Financial Statements (Cont..)

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

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.

### k. 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.

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

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

### m. 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

## Notes to Standalone Financial Statements (Cont..)

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

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.

### n. Leases

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

To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves use of an identified asset, whether specified explicitly or implicitly;
- The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use;
- The Company has right to direct the use of the asset by either having right to operate the asset or the Company having designed the asset in a way that predetermines how and for what purpose it will be used.

#### (i) As lessee

The Company's lease asset classes primarily consist of leases for buildings and plant and machinery. The company, at the inception of a contract, assesses whether the contract is a lease or not. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration.

The Company elected to use the following practical expedients on initial application:

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- Applied the practical expedient to grandfather the assessment of which transactions are leases as on 01 April 2019 (initial application date for Ind AS 116). Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in Ind AS 116. This policy is applied to contracts entered into, or changed, on or after 01 April 2019. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.



## Notes to Standalone Financial Statements (Cont..)

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

The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the Statement of Profit and Loss.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in Statement of Profit and Loss.

Lease payments included in the measurement of the lease liability comprise the following:

- a. Fixed payments including in-substance fixed payments
- b. Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- c. Amounts expected to be payable under a residual value guarantee and

- d. the exercise price under a purchase option that the Company and its associate is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'financial liabilities' in the statement of financial position.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The Company recognises the lease payments associated with these leases as an expense in the Statement of Profit or Loss over the lease term.

### o. 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

## Notes to Standalone Financial Statements (Cont..)

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

or receivable in respect of previous years. Current tax for current year and prior periods is recognised at the amount expected to be paid or recovered from the tax authorities, using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

### ii. Deferred tax

Deferred income tax assets and liabilities are recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of transaction;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill."

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred income tax assets and liabilities are measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or substantive enactment date. A deferred income tax 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.

### p. 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.

### q. 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 financial and non-financial assets. 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 financial and non-financial assets. As the outbreak continues to evolve, the company will continue to closely monitor any material changes to future economic conditions.

### r. Recent Pronouncements

Recent pronouncements Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1st, 2022, as below:

#### Ind AS 103 – Reference to Conceptual Framework

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These



## Notes to Standalone Financial Statements (Cont..)

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

changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its financial statements.

### Ind AS 16 – Proceeds before intended use

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

### Ind AS 37 – Onerous Contracts –Costs of Fulfilling a Contract

The amendments specify that that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate

directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements.

### Ind AS 109 – Annual Improvements to Ind AS (2021)

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

### Ind AS 106 – Annual Improvements to Ind AS (2021)

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Company does not expect the amendment to have any significant impact in its financial statements.

## Notes to Standalone Financial Statements (Cont..)

(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 (Refer Note 38(ix))	Freehold buildings	Lease Hold Improvements	Plant and equipment	Computers	Office equipment	R&D equipment	Furniture and fittings	Vehicles	Total
<b>Gross carrying amount</b>										
<b>At March 31, 2020</b>	<b>3,273.40</b>	<b>41,239.02</b>	<b>301.01</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>138,205.26</b>
Additions	84.81	1,489.69	-	13,658.36	239.99	165.33	180.29	266.51	128.32	16,213.30
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>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>153,681.94</b>
Additions	483.39	8,949.60	7.50	18,575.06	382.64	165.36	774.06	241.92	6.61	29,586.14
Disposals	-	(31.69)	-	(6,025.61)	(1.39)	(9.25)	(51.05)	(10.79)	(36.36)	(6,166.14)
<b>At March 31, 2022</b>	<b>3,841.60</b>	<b>51,641.08</b>	<b>308.51</b>	<b>109,828.66</b>	<b>2,406.33</b>	<b>1,440.16</b>	<b>4,606.50</b>	<b>2,440.48</b>	<b>588.62</b>	<b>177,101.94</b>
<b>Accumulated depreciation</b>										
<b>At March 31, 2020</b>	-	<b>5,563.88</b>	<b>58.71</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>52,115.04</b>
Depreciation for the year	-	1,430.27	33.69	8,063.95	226.60	156.68	366.16	182.41	53.63	10,513.39
Disposals	-	(1.18)	-	(511.24)	-	(21.12)	(44.23)	-	(59.44)	(637.21)
<b>At March 31, 2021</b>	-	<b>6,992.97</b>	<b>92.40</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>61,991.22</b>
Depreciation for the year	-	1,474.78	34.42	8,371.49	261.56	158.02	380.44	192.82	51.88	10,925.41
Disposals	-	(8.00)	-	(5,477.55)	(1.38)	(8.74)	(49.02)	(10.40)	(34.79)	(5,589.88)
<b>At March 31, 2022</b>	-	<b>8,459.75</b>	<b>126.82</b>	<b>52,402.08</b>	<b>1,616.75</b>	<b>1,002.48</b>	<b>2,183.59</b>	<b>1,209.40</b>	<b>325.88</b>	<b>67,326.75</b>
<b>Net carrying amount</b>										
At March 31, 2021	3,358.21	35,730.20	208.61	47,771.07	668.51	430.85	2,031.32	1,182.37	309.58	91,690.72
<b>At March 31, 2022</b>	<b>3,841.60</b>	<b>43,181.33</b>	<b>181.69</b>	<b>57,426.58</b>	<b>789.58</b>	<b>437.68</b>	<b>2,422.91</b>	<b>1,231.08</b>	<b>262.74</b>	<b>109,775.19</b>
<b>Capital work-in-progress</b>										
At March 31, 2021	-	-	-	-	-	-	-	-	-	14,658.41
<b>At March 31, 2022</b>	-	-	-	-	-	-	-	-	-	<b>19,414.56</b>

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

ii) For contractual commitments with respective capital work-in-progress, refer Note 26(ii).

iii) The Company has not revalued its property, plant and equipment during the current or previous year.

### Ageing Schedule for Capital work-in-Progress as below

Year	Capital work-in-progress	Amount in Capital work-in-Progress for a period of				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
FY-2021-2022	Projects in progress	17,551.15	1,863.41	-	-	19,414.56
	<b>Total</b>	<b>17,551.15</b>	<b>1,863.41</b>	-	-	<b>19,414.56</b>
FY-2020-2021	Projects in progress	13,937.07	561.45	78.03	81.86	14,658.41
	<b>Total</b>	<b>13,937.07</b>	<b>561.45</b>	<b>78.03</b>	<b>81.86</b>	<b>14,658.41</b>

i) Project execution plans are modulated basis capacity requirement assessment on an annual basis and all the projects are executed as per rolling plans.

ii) Projects in progress are neither overdue nor exceeds its cost when compared to its original plan during the current or previous year.





## Notes to Standalone Financial Statements (Cont..)

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

### 4B. Loans (Unsecured, considered good)

Particulars	As at	As at
	March 31, 2022	March 31, 2021
- Loans to related parties (refer Note 31)		
Granules Europe Limited	1,302.91	1,011.21
<b>Total</b>	<b>1,302.91</b>	<b>1,011.21</b>

#### Note:

- (i) Loan given to Granules Europe Limited an amount of ₹178.56 lakhs (March 31, 2021 ₹77.51 lakhs) during the financial year ended March 31, 2022. The Loan carries the rate equivalent to prevailing Government bond rate closest to the tenor of the loan on the date of loan given to Granules Europe limited. These loans are given for the purpose of setting up, modernization and general corporate purpose of the subsidiaries outside India.
- (ii) The above amount includes interest accrued of ₹210.83 lakhs (March 31, 2021 - ₹83.57 lakhs) from Granules Europe Limited.
- (iii) The loan is repayable on May 2, 2022. Subsequent to the year end, the Company vide its amendment to the agreement w.e.f May 3, 2022, has extended the term loan for a period of 5 years. Accordingly, the loan has been disclosed as non-current in this financial statements.
- (iv) Maximum amount outstanding at any time

Particulars	During the year ended	
	March 31, 2022	March 31, 2021
Granules Europe Limited	1,302.91	1,011.21

### 4C. Other Financial assets (Unsecured, considered good)

Particulars	As at	As at
	March 31, 2022	March 31, 2021
Security deposits	1,244.87	1,191.08
<b>Total</b>	<b>1,244.87</b>	<b>1,191.08</b>

## 5. Other assets

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

Particulars	As at	As at
	March 31, 2022	March 31, 2021
Capital advances	3,244.51	4,240.01
<b>Total</b>	<b>3,244.51</b>	<b>4,240.01</b>

### 5B. Current (Unsecured, considered good)

Particulars	As at	As at
	March 31, 2022	March 31, 2021
Balance with government authorities	9,101.53	8,064.72
Prepaid expenses	1,368.22	1,193.43
Export incentives receivable	1,811.57	3,583.40
Scripts on hand	1,811.21	-
Insurance claim receivable	232.86	-
Advance to suppliers	3,060.54	3,332.87
	<b>17,385.93</b>	<b>16,174.42</b>
Less : Allowance for doubtful advances	(169.53)	(169.53)
<b>Total</b>	<b>17,216.40</b>	<b>16,004.89</b>

## Notes to Standalone Financial Statements (Cont..)

(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	As at
	March 31, 2022	March 31, 2021
Raw materials*	26,017.16	24,139.78
Packing materials	1,648.39	1,381.36
Work-in-progress	8,696.71	5,305.20
Finished goods**	19,674.30	12,424.75
Stores, spares and consumables	3,037.79	2,918.59
<b>Total</b>	<b>59,074.35</b>	<b>46,169.68</b>

\*includes raw materials-in-transit ₹3,118.35 lakhs (March 31, 2021 - ₹4,285.10 lakhs).

\*\*includes finished goods-in-transit ₹6,235.45 lakhs (March 31, 2021 - ₹4,705.82 lakhs)

- i) For details of inventories hypothecated against current borrowings refer note 10A and Note 13A.
- ii) The Company recorded inventory write-down/(reversal) of ₹(94.32) lakhs (March 31, 2021 - ₹(563.00) 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	As at
	March 31, 2022	March 31, 2021
(a) Considered good	120,234.03	102,103.31
Less : Allowance for doubtful trade receivables	(385.76)	(987.64)
(A)	119,848.27	101,115.67
(b) Significant increase in credit risk	2,494.54	1,067.14
(c) Credit impaired	1,248.87	1,248.87
Less : Allowance for doubtful trade receivables	(2,548.88)	(2,008.06)
(B)	1,194.53	307.95
<b>Total (C=A+B)</b>	<b>121,042.80</b>	<b>101,423.62</b>

Refer note 31 for trade receivables due from subsidiaries.

Trade receivables are non-interest bearing and are generally with payment terms of upto 180 days from the date of invoice or bill of lading date.

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 10A & 13A.

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

Particulars	For the year ended	For the year ended
	March 31, 2022	March 31, 2021
Balance at the beginning of the year	2,995.70	2,245.75
Provision made during the year, net of reversals	(60.96)	912.17
Trade receivables written off during the year	(0.10)	(162.22)
Balance at the end of the year	2,934.64	2,995.70



## Notes to Standalone Financial Statements (Cont..)

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

### Ageing Schedule for Trade receivables as below

#### As at March 31, 2022

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	< 6 months	6 months -1 year	1-2 Years	2-3 years	> 3 years	
(i) Undisputed Trade receivables - considered good	98,576.60	17,312.31	4,345.12	-	-	-	120,234.03
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	483.55	1,876.35	97.53	37.11	2,494.54
(iii) Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	-	-	-	-	1,248.87	1,248.87
<b>Total</b>	<b>98,576.60</b>	<b>17,312.31</b>	<b>4,828.67</b>	<b>1,876.35</b>	<b>97.53</b>	<b>1,285.98</b>	<b>123,977.44</b>

#### As at March 31, 2021

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	< 6 months	6 months -1 year	1-2 Years	2-3 years	> 3 years	
(i) Undisputed Trade receivables - considered good	86,629.46	15,079.19	394.66	-	-	-	102,103.31
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	497.94	411.43	98.68	59.09	1,067.14
(iii) Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	-	-	-	170.25	1,078.62	1,248.87
<b>Total</b>	<b>86,629.46</b>	<b>15,079.19</b>	<b>892.60</b>	<b>411.43</b>	<b>268.93</b>	<b>1,137.71</b>	<b>104,419.32</b>

### 7B. Cash and bank balances

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Cash and cash equivalents</b>		
i) Cash on hand	0.38	10.49
ii) Balance with banks:		
On current accounts	1,352.95	1,848.70
On EEFC accounts	10,510.41	113.20
Deposits with original maturity of less than 3 months	1,560.47	30.90
<b>Total (i+ii)</b>	<b>13,424.21</b>	<b>2,003.29</b>
<b>iii) Bank balances other than cash and cash equivalents stated above</b>		
Unpaid dividend account	57.28	56.11
Deposits with remaining maturity for less than 12 months	20,753.80	21,341.01
Margin money deposits (refer note (a) below)	1,273.19	722.26
<b>Total (iii)</b>	<b>22,084.27</b>	<b>22,119.38</b>
<b>Total (i+ii+iii)</b>	<b>35,508.48</b>	<b>24,122.67</b>

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

## Notes to Standalone Financial Statements (Cont..)

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

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

Particulars	As at March 31, 2022	As at March 31, 2021
Advance to employees	28.48	27.71
<b>Total</b>	<b>28.48</b>	<b>27.71</b>

### 7D. Other financial assets

Particulars	As at March 31, 2022	As at March 31, 2021
Interest accrued but not due on deposits	54.31	38.17
Derivative financial instruments	140.45	-
<b>Total</b>	<b>194.76</b>	<b>38.17</b>

The Company's exposure to currency risks are disclosed in Note 33.

### 8. Share capital

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Authorized</b>		
505,000,000 (March 31, 2021:- 505,000,000) equity shares of ₹1/- each	5,050.00	5,050.00
<b>Issued, subscribed and fully paid up</b>		
248,005,776 fully paid up equity shares of ₹1/- each (March 31, 2021 : 247,674,796 equity shares of ₹1/- each)	2,480.06	2,476.75

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

Equity Shares	As at March 31, 2022		As at March 31, 2021	
	No.	₹	No.	₹
At the beginning of the year	247,674,796	2,476.75	254,247,562	2,542.48
Add: Shares issued on exercise of employee stock options	330,980	3.31	528,608	5.29
Less: Shares bought back	-	-	(7,101,374)	(71.01)
<b>Outstanding at the end of the year</b>	<b>248,005,776</b>	<b>2,480.06</b>	<b>247,674,796</b>	<b>2,476.75</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, 2022, 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, 2021: ₹1.50). 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

Shareholder	As at March 31, 2022		As at March 31, 2021	
	No. of shares	% holding	No. of shares	% holding
Dr. Krishna Prasad Chigurupati	<b>86,296,272</b>	<b>34.80</b>	<b>86,296,272</b>	<b>34.84</b>

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.







## Notes to Standalone Financial Statements (Cont..)

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

### The details of secured loans are as under:

Name of the bank/financial institution	Outstanding as on March 31, 2022	Outstanding as on March 31, 2021	Sanction Amount	No of Installments	Commencement of Installments	Rate of Interest
International Finance Corporation (Refer note (i) and (ii))	22,106.81	28,998.71	EUR 45.00 Mn	12 half yearly equal installments of EUR 3.75 Mn	Jan-20	6M Euribor + 1.00% p.a (Previous year: 6M Euribor +2.75% p.a)
Deutsche Investitions Und Entwicklungsschaft MBh (Refer note (i) and (ii))*	-	13,919.38	EUR 20.00 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
Hong Kong and Shanghai Banking Corporation (Refer note (i) and (ii))*	10,611.27	-	EUR 16.20 Mn	9 half yearly installments of EUR 1.8 Mn	Jul-21	6M Euribor +0.80 % p.a

i) All secured term loans are secured by a paripassu first charge on the fixed assets of present and future of the Company and a paripassu second charge of the current assets of present and future of the Company.

ii) The Company has not defaulted on payment of principal and interest thereon on above term loans.

\*During the year the company has re-financed long term borrowing of Deutsche Investitions Und Entwicklungsschaft MBh Euro 16.2 mn with Hong Kong and Shanghai Banking Corporation

### 10B. The following is the break-up of current and non-current lease liabilities :

Particulars	As at March 31, 2022	As at March 31, 2021
Non-current lease liabilities	828.12	733.59
Current lease liabilities	527.25	283.45
<b>Total</b>	<b>1,355.37</b>	<b>1,017.04</b>

### The following is the movement in lease liabilities :

<b>Balance as at April 1, 2020</b>	725.86
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>
Additions	901.58
Finance cost accrued during the period	88.75
Deletions	(180.01)
Payment of lease liabilities	(471.99)
<b>Balance as at March 31, 2022</b>	<b>1,355.37</b>

### The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2022 on an undiscounted basis:

Particulars	Amount
Less than one year	614.74
One to five years	937.52
More than five years	9.00
<b>Total</b>	<b>1,561.26</b>

## Notes to Standalone Financial Statements (Cont..)

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

i) 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.

ii) The effective interest rate for lease liabilities is 8%, with maturity between 2022-2028.

Particulars	For the Year ended Mar 31, 2022	For the Year ended Mar 31, 2021
Depreciation expense of right-of-use assets	409.19	231.78
Interest expense on lease liabilities	88.75	71.59
Expense relating to short-term leases (included in other expenses)	178.48	314.23
<b>Total amount recognised in profit or loss</b>	<b>676.42</b>	<b>617.60</b>

## 11. Provisions

### 11A. Non-current

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for employee benefits		
Gratuity (refer Note 28(b))	2,053.59	1,763.55
Compensated absences	777.43	720.67
<b>Total</b>	<b>2,831.02</b>	<b>2,484.22</b>

### 11B. Current

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for employee benefits		
Gratuity (refer note 28(b))	580.68	363.22
Compensated absences	403.44	318.91
Provision for Sale return	1,299.13	652.36
<b>Total</b>	<b>2,283.25</b>	<b>1,334.49</b>
Details of changes in provision for sale return during the year ended March 31, 2022 are as follows:		
Balance as at beginning of the year	652.36	-
Provision made during the year, net of reversals	887.57	652.36
Provision used during the year	(240.79)	-
<b>Balance as at end of the year</b>	<b>1,299.13</b>	<b>652.36</b>

## 12. Deferred tax liability (net)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Deferred tax liability</b>		
Property, plant and equipment and intangible assets	5,324.06	5,267.56
Leased Assets	315.76	236.56
<b>Gross deferred tax liability</b>	<b>5,639.82</b>	<b>5,504.12</b>
<b>Deferred tax assets</b>		
Employee benefit obligations	976.08	846.31
Allowance for doubtful debts	738.59	753.96
Allowance for doubtful advances	42.67	42.67
Lease liability	341.12	255.97
Cash flow hedges	534.21	1,015.89



## Notes to Standalone Financial Statements (Cont..)

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

### 12. Deferred tax liability (net) (Cont..)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Gross deferred tax assets</b>	<b>2,632.67</b>	<b>2,914.80</b>
<b>Net deferred tax liability</b>	<b>3,007.15</b>	<b>2,589.32</b>

### 13. Current financial liabilities

#### 13A. Short-term borrowings

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Loans repayable on demand from Banks</b>		
Packing credit loans (secured) [refer note (i) & (ii)]	48,853.97	25,562.17
Packing credit loans (unsecured) [refer note (ii)]	23,149.65	15,364.88
Current maturities of non-current borrowings (refer Note 10A)	9,348.02	9,537.35
	<b>81,351.64</b>	<b>50,464.40</b>

- 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 and a paripassu second charge of the fixed assets of present and future of the company.
- During the year ended March 31, 2022, the Company has outstanding foreign currency denominated loans carrying an interest rate of LIBOR + 0.20% p.a to 1% or SOFR + 0.2% to 1% from banks. The facility is repayable within 180 days from the date of its origination.
- The Company's exposure to interest rate, foreign currency and liquidity risks is included in note 33.
- As on March 31, 2022 the company has obtained various borrowings from banks on basis of security of current assets wherein the quarterly returns/statements of current as filed with the banks in agreement with the books except the below. Subsequently, the Company has recitified the quarterly returns of statements and filed with the banks.

## Notes to Standalone Financial Statements (Cont..)

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

Quarter	Name of Bank	Particulars	Amounts as per the books of accounts	Amount as reported in quarterly returns/statements	Amount of difference	Reason for material discrepancies
31-Mar-21		Trade payables	50,765.16	37,402.00	13,363.16	The difference is on account of non-consideration of: (i) accrued expenses (ii) in-transit stock (raw materials)
30-Jun-21			54,817.54	37,242.00	17,575.54	
30-Sep-21			55,784.66	45,767.00	10,017.66	
31-Dec-21			57,624.56	36,811.00	20,813.56	
31-Mar-21		Total inventory	46,169.68	37,104.64	9,065.04	The difference is on account non-consideration of: (i) engineering stock and in-transit stock (finished goods and raw materials) (ii) provision for slow moving, and obsolete inventory and provision for net realisable value.
30-Jun-21			48,356.99	47,262.50	1,094.49	
30-Sep-21			53,207.04	41,830.70	11,376.34	
31-Dec-21			53,790.80	50,043.69	3,747.11	
31-Mar-21		Sales	313,498.24	315,871.66	(2,373.42)	The difference is on account of non-consideration of (i) sales returns and in-transit stock adjustment (sales cut-off) (ii) forex adjustments.
30-Sep-21			143,580.99	146,570.00	(2,989.01)	
31-Dec-21	State Bank of India Union Bank of India CitiBank N.A.		232,558.84	232,456.00	102.84	
31-Mar-21	HDFC Bank Limited Kotak Mahindra Bank Limited	Export debtors	101,423.62	86,481.26	(4,494.43)	
31-Mar-21		Domestic debtors		19,436.79		The difference is on account non-consideration of: (i) in-transit stock adjustment (sales cut-off) (ii) provision for doubtful trade receivables based on expected credit loss model.
30-Jun-21		Export debtors	107,328.65	88,448.00	539.65	
30-Jun-21		Domestic debtors		18,341.00		
30-Sep-21		Export debtors	99,196.39	92,599.00	(9,742.61)	
30-Sep-21		Domestic debtors		16,340.00		
31-Dec-21		Export debtors	108,535.42	96,201.00	(6,417.58)	
31-Dec-21		Domestic debtors		18,752.00		
31-Mar-21		Short term borrowings (including bills purchased / discounted)	40,927.05	41,331.38	(404.33)	The difference is on account of non-consideration of period end foreign exchange re-statement.
30-Jun-21			51,589.95	51,901.00	(311.05)	
30-Sep-21			58,300.58	57,973.18	327.40	
31-Dec-21			64,595.44	64,779.26	(183.82)	

#### 13B. Trade payables

Particulars	As at March 31, 2022	As at March 31, 2021
Trade payables (refer note (b) below)		
Total outstanding dues of micro enterprises and small enterprises	1,264.82	324.69
Total outstanding dues of creditors other than micro enterprises and small enterprises (refer Note 31)	59,415.40	50,440.47
<b>Total</b>	<b>60,680.22</b>	<b>50,765.16</b>

#### Note (a) :

i) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal amount due to micro and small enterprises	1,264.82	324.69
Interest due on the above	-	-
ii) The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Development Act (MSMED), 2006 along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	-	-
iv) The amount of interest accrued and remaining unpaid at the end of each accounting year;	-	-



## Notes to Standalone Financial Statements (Cont..)

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

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.	-	-
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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.

### Ageing Schedule for Trade payables as below:

#### As on March 31, 2022

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 Years	2-3 Years	More than 3 years	
i) MSME	1,264.82	-	-	-	1,264.82
ii) Others	59,160.05	204.98	50.37	-	59,415.40
iii) Disputed dues-MSME	-	-	-	-	-
iv) Disputed dues-others	-	-	-	-	-

#### As on March 31, 2021

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 Years	2-3 Years	More than 3 years	
i) MSME	324.69	-	-	-	324.69
ii) Others	50,208.84	70.30	49.94	111.39	50,440.47
iii) Disputed dues-MSME	-	-	-	-	-
iv) Disputed dues-others	-	-	-	-	-

### 13C. Other financial liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Capital creditors	4,008.68	1,756.96
Salaries and bonus payable	1,419.00	2,373.97
Unclaimed dividend	59.62	58.80
Interest accrued but not due on borrowings	72.36	232.84
Others	1,024.70	2,138.94
<b>Total</b>	<b>6,584.36</b>	<b>6,561.51</b>

### 14. Other current liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Contract liabilities (refer Note 15)	612.64	1,293.48
Statutory liabilities	966.44	673.37
<b>Total</b>	<b>1,579.08</b>	<b>1,966.85</b>

## Notes to Standalone Financial Statements (Cont..)

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

### 15. Revenue from operations

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
Sale of products	320,068.80	309,399.92
Other operating revenue	3,774.86	4,098.32
<b>Total</b>	<b>323,843.66</b>	<b>313,498.24</b>

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, 2022	For the Year ended March 31, 2021
Revenue as per the contracted price	327,611.28	314,974.18
Adjusted for :		
Less : Sales returns	(5,235.10)	(4,585.57)
Less : Chargebacks, rebates and discounts	(2,307.38)	(988.69)
<b>Total revenue from contracts with customers</b>	<b>320,068.80</b>	<b>309,399.92</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, 2022	For the Year ended March 31, 2021
North America	141,642.01	162,315.56
Europe	77,864.33	55,570.25
India	43,203.50	45,040.59
LATAM	37,896.86	28,839.77
AMEA	18,347.58	17,081.00
Rest of the world	1,114.51	552.75
<b>Total revenue from contracts with customers</b>	<b>320,068.80</b>	<b>309,399.92</b>

### Details of contract liabilities:

Particulars	As at March 31, 2022	As at March 31, 2021
Contract liabilities (refer Note 14)	612.64	1,293.48
<b>Total</b>	<b>612.64</b>	<b>1,293.48</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 ₹1,193.84 lakhs included in contract liabilities as at 31 March 2021 has been recognised as revenue in the current year.



## Notes to Standalone Financial Statements (Cont..)

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

### 16. Other income

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
Interest income on		
Deposits with banks	1,131.96	1,121.56
Others	167.89	202.42
Other non-operating income	451.15	48.34
<b>Total</b>	<b>1,751.00</b>	<b>1,372.32</b>

### 17. Cost of materials consumed

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
Inventory at the beginning of the year	25,521.14	13,520.12
Add: Purchases	188,560.07	162,220.37
	214,081.21	175,740.49
Less: Inventory at the end of the year	27,665.55	25,521.14
<b>Cost of materials consumed</b>	<b>186,415.66</b>	<b>150,219.35</b>

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

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
<b>Inventories at the end of the year</b>		
Finished goods	19,674.30	12,424.75
Work-in-progress	8,696.71	5,305.20
	<b>28,371.01</b>	<b>17,729.95</b>
<b>Inventories at the beginning 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>Total</b>	<b>(10,641.06)</b>	<b>744.93</b>

### 19. Employee benefit expenses

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
Salaries, wages and bonus (refer Note 28(b))	22,760.40	21,502.10
Managerial remuneration (refer Note 31)	3,493.66	8,388.97
Contribution to provident and other funds (refer Note 28(a))	885.54	744.21
Staff welfare expenses	946.22	1,038.71
Employee stock option scheme (refer Note 27)	194.08	151.24
<b>Total</b>	<b>28,279.90</b>	<b>31,825.23</b>

## Notes to Standalone Financial Statements (Cont..)

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

### 20. Finance costs

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
Interest expense		
- Term loan	582.10	1,295.99
- Working capital	438.02	544.68
- Others	44.95	29.86
Interest on lease liabilities (refer Note 10B)	88.75	71.59
Other borrowing costs	481.41	435.27
<b>Total</b>	<b>1,635.23</b>	<b>2,377.39</b>

### 21. Depreciation and amortization expense

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
Depreciation	11,334.60	10,745.17
Amortization	1,281.49	1,099.97
<b>Total</b>	<b>12,616.09</b>	<b>11,845.14</b>

### 22. Other expenses

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
Consumption of stores & spares	2,304.14	1,916.49
Power and fuel	6,991.06	6,551.38
Effluent treatment expenses	1,859.97	1,682.10
Analytical fees	356.56	502.02
Other manufacturing expenses	408.40	1,046.58
Repairs and maintenance		
Plant and machinery	4,367.74	3,666.47
Buildings	452.82	235.64
Others	2,387.64	2,030.73
Rent	178.48	314.23
Rates and taxes	1,670.34	1,560.26
Printing and stationery	171.98	112.32
Insurance	763.97	698.91
Directors sitting fees	37.90	35.70
Commission to Directors	135.76	209.72
Remuneration to statutory auditors (refer Note 30)	72.35	62.18
Sales commission	3,310.21	2,593.40
Carriage outwards and clearing charges	13,836.74	9,529.77
Research & Development expenses (refer Note 29)	10,320.59	6,215.50
Business Promotion expense	209.12	273.66
Communication expenses	130.21	125.46
Consultancy charges	1,157.06	653.31
Travelling and conveyance	950.15	1,038.67
Penalties & recall cost	-	214.61
Advertisement Charges	19.82	19.03



## Notes to Standalone Financial Statements (Cont..)

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

### 22. Other expenses (Cont..)

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
Donations	47.66	103.79
Loss on sale of fixed assets (net)	478.34	36.84
Bad debts written off	0.10	162.22
Allowance for doubtful trade receivables	(61.06)	749.95
Allowance for doubtful advances	-	169.53
Allowance for scrips on hand	226.00	-
Corporate social responsibility expenditure (refer Note 23)	912.98	561.79
Foreign exchange loss (net)	650.94	820.07
Miscellaneous expenses	976.30	679.17
<b>Total</b>	<b>55,324.27</b>	<b>44,571.50</b>

### 23. Details of Corporate social responsibility expenditure

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
(a) Gross amount required to be spent by the Company during the year:	911.59	561.77
(b) Amount spent during the year ended		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above in cash	912.98	561.79
(c) Amount unspent during the year ended:	-	-
(d) Total of Previous years Shortfall	-	-
(e) Reason for Shortfall	NA	NA
(f) Nature of CSR Activities		
i) Skill Development	87.84	38.02
ii) Preventive healthcare and Sanitation including contributions towards COVID-19 under state disaster management	564.02	84.58
iii) Ex-gratia COVID allowance to the temporary/casual/Daily wage workers of the company	51.17	370.94
iv) Granules Trust for various Activities specified in Schedule VII of the Companies Act, 2013	209.95	68.25
(g) Details of Related party transactions		
Granules Trust	209.95	68.25
(h) Where a provision is made with respect to a liability by entering into a contractual obligation, the movements in the provision during the year shall be shown separately.	Not Applicable	Not Applicable

### 24. Tax expense

#### (a) Tax expense:

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

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Current tax	13,350.68	19,706.09
Deferred tax benefit		
Attributable to the origination and reversal of temporary differences	(37.59)	(1,697.38)
<b>Total tax expense recognised in statement of profit &amp; loss</b>	<b>13,313.09</b>	<b>18,008.71</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.

## Notes to Standalone Financial Statements (Cont..)

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

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

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Profit before tax (A)	51,964.57	73,287.02
Enacted tax rate in India (B)	25.17%	25.17%
Expected tax expenses (C = A*B)	13,078.45	18,444.88
Reversal of excess provision on long term capital gains	-	(54.45)
Adjustment of tax relating to earlier periods	-	(525.10)
Others	234.64	143.38
<b>Tax expense</b>	<b>13,313.09</b>	<b>18,008.71</b>

### Movement in temporary differences:

Particulars	Balance as at April 1, 2020	Recognised in profit or loss during the year	Recognised in OCI during the year	Balance as at March 31, 2021	Recognised in profit or loss during the year	Recognised in OCI during the year	Balance as at March 31, 2022
On account of depreciation and amortization	(5,410.69)	143.13	-	(5,267.56)	(56.50)	-	(5,324.06)
On account of leased assets	-	(236.56)	-	(236.56)	(79.20)	-	(315.76)
On account of assets held for sale	(1,202.12)	1,202.12	-	-	-	-	-
On account of employee benefits	735.78	101.30	9.23	846.31	103.51	26.26	976.08
On account of allowance for doubtful debts	565.21	188.75	-	753.96	(15.37)	-	738.59
On account of allowance for doubtful advances	-	42.67	-	42.67	-	-	42.67
On account of leased liability	-	255.97	-	255.97	85.15	-	341.12
On account of cash flow hedges	839.72	-	176.17	1,015.89	-	(481.68)	534.21
<b>Total</b>	<b>(4,472.10)</b>	<b>1,697.38</b>	<b>185.40</b>	<b>(2,589.32)</b>	<b>37.59</b>	<b>(455.42)</b>	<b>(3,007.15)</b>

### Income tax recognised in other comprehensive income

Particulars	For the year ended March 31, 2022			For the year ended March 31, 2021		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Fair value changes on cash flow hedges	1,913.86	(481.68)	1,432.18	(699.98)	176.17	(523.81)
Re-measurement of defined benefit liability	(104.35)	26.26	(78.09)	(36.69)	9.23	(27.46)
<b>Total</b>	<b>1,809.51</b>	<b>(455.42)</b>	<b>1,354.09</b>	<b>(736.67)</b>	<b>185.40</b>	<b>(551.27)</b>

### 25. Earning per equity share (EPS)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>Earnings</b>		
Profit for the year	38,651.48	55,278.31
Weighted average shares used for computing of basic EPS	2,478.40	2,492.03
Add: Effect of dilution		
Effect of dilutive options granted but not yet exercised/not yet eligible for exercise	7.70	10.75
Weighted average shares used for computing diluted EPS	<b>2,486.10</b>	<b>2,502.78</b>



## Notes to Standalone Financial Statements (Cont..)

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

### 25. Earning per equity share (EPS)(Contd.)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Earnings per share		
- Basic (in ₹)	15.60	22.18
- Diluted (in ₹)	15.55	22.09

### 26. Contingent liabilities and commitments

Particulars	As at March 31, 2022	As at March 31, 2021
<b>(a) Contingent liabilities:</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	92.88

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, 2022	As at March 31, 2021
<b>(b) Guarantees</b>		
Corporate guarantees given in favour of banks towards loans obtained by Wholly owned subsidiary company - Granules USA, Inc.	11,954.33	-
Corporate guarantees given in favour of banks towards loans obtained by Wholly owned subsidiary company - Granules Pharmaceuticals, Inc.	3,187.82	-

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 to be utilised for business purposes. Amount utilised by Granules Pharmaceuticals Inc., as at March 31, 2022 is ₹ Nil (March 31, 2021 - ₹ Nil).

Particulars	As at March 31, 2022	As at March 31, 2021
<b>(ii) Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	6,813.83	21,095.36

## Notes to Standalone Financial Statements (Cont..)

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

### 27. Share based payments

#### Granules India Limited – Employee Stock Option Scheme 2009 & 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.

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 Standalone Financial Statements (Cont..)

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

The details of activity under the Scheme are summarised below :

Particulars	For the year ended March 31, 2022			
	Shares arising out of options	Range of Exercise prices	Weighted Average exercise price	Weighted Average remaining useful life (months)
Options outstanding at the beginning of the year	1,834,560	97.00 to 353.00	132.43	50
Add : Granted during the year	-	-	-	-
Less: Exercised during the year	330,980	97.00	97.00	-
Less: Lapsed/Cancelled/Surrendered during the Year	122,640	97.00	97.00	-
At the end of the year	1,380,940	97.00 to 353.00	144.07	38
Exercisable at the end of the year	145,000	97.00 to 353.00	233.55	39

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 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

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, 2022	For the year ended March 31, 2021
Employee stock option scheme (Refer Note 19)	194.08	151.24

Employee wise details of options outstanding to senior management personnel :

Name	Designation	No. of options outstanding as on March 31, 2022
Sandip Neogi	Chief Financial Officer	100,000
Atul Dhavle	Chief Human Resources Officer	120,000
GSR Prasad	Chief Operating Officer	180,000

## Notes to Standalone Financial Statements (Cont..)

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

### 28. Employee benefits

#### a) Defined contribution plan

Particulars	March 31, 2022	March 31, 2021
Contribution to provident fund	839.03	689.46
Contribution to employee state insurance	46.51	54.75
<b>Total</b>	<b>885.54</b>	<b>744.21</b>

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:

Particulars	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/liability
<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 on March 31, 2021</b>	<b>2,283.22</b>	<b>(156.45)</b>	<b>2,126.77</b>
Current service cost	412.81	-	412.81
Interest expense/(income)	151.69	(7.87)	143.82
<b>Amount recognised in Statement of profit and loss</b>	<b>564.50</b>	<b>(7.87)</b>	<b>556.63</b>
Remeasurements:			
Return on plan assets, excluding amounts included in interest expense/(income)	-	-	-
Actuarial (gain)/loss arising from:			
Demographic assumptions	(84.85)	-	(84.85)
Financial assumptions	(55.59)	-	(55.59)
Experience adjustment	244.79	-	244.79
<b>Amount recognised in other comprehensive income</b>	<b>104.35</b>	<b>-</b>	<b>104.35</b>
Employers contribution	-	-	-
Benefits paid	(153.48)	-	(153.48)
<b>Balance as at March 31, 2022</b>	<b>2,798.59</b>	<b>(164.32)</b>	<b>2,634.27</b>

Particulars	As at March 31, 2022	As at March 31, 2021
Non-current	2,053.59	1,763.55
Current	580.68	363.22
	<b>2,634.27</b>	<b>2,126.77</b>



## Notes to Standalone Financial Statements (Cont..)

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

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

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest rate	7.39%	6.88%
Discount rate	7.39%	6.88%
Expected return on plan assets	7.39%	6.88%
Salary increase	10%	10%
Attrition rate	25.17%	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 4.68 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, 2022		For the year ended March 31, 2021	
	Increase	Decrease	Increase	Decrease
Discount rate	(102.35)	111.33	(106.93)	118.42
Salary increase	116.49	(110.94)	119.30	(112.05)
Attrition rate	(13.61)	14.39	(18.16)	19.55

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, 2022 and March 31, 2021, the plan assets have been invested in Life Insurance Corporation

The expected contributions to the plan for the next annual period amounts to ₹79.03 lakhs.

### Maturity profile of defined benefit obligation

Particulars	For the year ended March 31, 2022
1st Following year	580.68
2nd Following year	494.26
3rd Following year	474.16
4th Following year	381.02
5th Following year	331.01
Years 6 to 10	1,030.90

## 29. Research and development expenses

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

Particulars	March 31, 2022	March 31, 2021
Capital	774.06	180.29
Revenue	10,320.59	6,215.50
<b>Total</b>	<b>11,094.65</b>	<b>6,395.79</b>

## Notes to Standalone Financial Statements (Cont..)

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

### 30. Remuneration to statutory auditors

Particulars	March 31, 2022	March 31, 2021
As Auditor (excluding GST)		
Statutory audit	40.25	40.50
Limited review	15.00	13.50
Certification	15.05	7.00
Reimbursement of expenses	2.05	2.21
Less : Transaction costs towards Buyback of equity shares adjusted in securities premium	-	(1.03)
<b>Total</b>	<b>72.35</b>	<b>62.18</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.	Subsidiary company
3 Granules Europe Limited	Wholly owned subsidiary company
4 Granules Life Sciences Private Limited (from January 15, 2021)	Wholly owned subsidiary company
5 Granules Consumer Health, Inc (Incorporated on June 15, 2021)	Wholly owned step down subsidiary company
6 Granules Omnichem Private Limited (upto May 29, 2020)	Joint venture
7 Tyche Investments Private Limited	Enterprises over which key management personnel or their relatives exercise significant influence
8 Espi Industries and Chemicals Private Limited	Enterprises over which key management personnel or their relatives exercise significant influence
9 Granules Trust	Enterprises over which key management personnel or their relatives exercise significant influence

#### Key managerial personnel

1 Dr. Krishna Prasad Chigurupati	Chairman and Managing Director
2 Dr. K.V.S Ram Rao (from January 05, 2022)	Joint Managing Director and Chief Executive Officer
3 Mrs. Uma Devi Chigurupati	Executive Director
4 Mr. Harsha Chigurupati	Executive Director
5 Mr. Sandip Neogi	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 (upto October 06, 2021)	Independent Director
5 Mr. Robert George Cunard	Independent Director
6 Mr. Saumen Chakraborty (from December 13, 2021)	Independent Director
7 Mrs.Sucharita Rao Palepu (from December 22, 2021)	Independent Director





## Notes to Standalone Financial Statements (Cont..)

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

### 31B. Transactions during the year

Particulars	March 31, 2022	March 31, 2021
<b>a) Subsidiary companies</b>		
i) Granules USA, Inc.		
Sale of goods	39,094.89	49,378.04
Reimbursements	59.31	0.07
Corporate guarantee given	11,954.33	-
ii) Granules Pharmaceuticals, Inc.		
Sale of goods	53,412.31	42,446.00
Interest on loans given	-	136.89
Reimbursements		
to Granules Pharmaceuticals, Inc	919.90	27.07
from Granules Pharmaceuticals, Inc	22.21	-
Interest amount received including TDS withhold	-	1,472.55
Equity subscribed (loan to equity subscribed)	-	12,093.95
Corporate guarantee given	3,187.82	-
Standby Letter of Credit given	-	2,926.64
iii) Granules Europe Limited		
Interest on loans given	128.91	33.63
Loans given	178.56	77.51
iv) Granules Life Sciences Private Limited		
Investment in subsidiary	500.00	2,500.00
Reimbursements	157.62	81.33
<b>b) Transactions with enterprises over which key management personnel or their relatives exercise significant influence</b>		
i) Tyche Investments Private Limited		
Rent	-	60.37
Rental deposit repaid	20.00	-
ii) Espi Industries and Chemicals Private Limited		
Sale of goods	0.36	-
iii) Granules Trust		
Contribution towards CSR	209.95	68.25
<b>c) Transactions with key managerial personnel or their relatives</b>		
i) Dr. Krishna Prasad Chigurupati		
Managerial Remuneration	2,715.21	4,194.49
ii) Dr. K.V.S Ram Rao		
Managerial Remuneration	235.40	-
iii) Mrs. Uma Devi Chigurupati		
Managerial Remuneration	271.52	3,355.59
iv) Mr. Harsha Chigurupati		
Managerial Remuneration	271.52	838.90
v) Mr. Sandip Neogi		
Salary	145.74	141.14

## Notes to Standalone Financial Statements (Cont..)

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

### 31B. Transactions during the year (Cont..)

Particulars	March 31, 2022	March 31, 2021
vi) Mrs. Chaitanya Tummala		
Salary	78.89	58.31
vii) Non-Executive Directors		
Sitting fees	37.90	35.70
Commission	135.76	209.72

### 31C. Closing balances

Particulars	March 31, 2022	March 31, 2021
<b>a) Subsidiary Companies</b>		
i) Granules USA, Inc.		
Investment in subsidiary	116.31	116.31
Trade receivables*	19,722.13	20,233.31
Corporate guarantee given	11,954.33	-
ii) Granules Pharmaceuticals, Inc.		
Investment in subsidiary	56,453.66	56,453.66
Trade receivables*	31,190.54	21,051.85
Other Payables*	173.40	27.12
Corporate guarantee given*	3,187.82	-
Standby Letter of Credit given*	3,036.02	2,926.64
iii) Granules Europe Limited		
Investment in subsidiary	0.08	0.08
Loan to subsidiaries*	1,302.91	1,011.21
iv) Granules Life Sciences Private Limited		
Investment in subsidiary	3,000.00	2,500.00
Other Receivables	7.32	-
<b>b) Enterprises over which key management personnel or their relatives exercise significant influence</b>		
i) Tyche Investments Private Limited		
Rental Deposit	-	20.00

i) 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.

ii) \*Foreign currency balances included above have been shown at restated values arrived by using the closing exchange rates

iii) 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.

iv) There were no loans or advances in the nature of loans granted by the Company to promoters, Directors, Key managerial persons and the related parties (as defined under Companies Act, 2013), either severally or jointly with any other person, that were repayable on demand or without specifying any terms or period of repayment.



## Notes to Standalone Financial Statements (Cont..)

(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, 2022						
	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	-	-	59,570.05	59,570.05	-	-	-
Non-current loans	-	-	1,302.91	1,302.91	-	-	-
Other non-current financial assets	-	-	1,244.87	1,244.87	-	-	-
Trade receivables	-	-	121,042.80	121,042.80	-	-	-
Cash and cash equivalents	-	-	13,424.21	13,424.21	-	-	-
Bank balances other than cash and cash equivalents	-	-	22,084.27	22,084.27	-	-	-
Current loans	-	-	28.48	28.48	-	-	-
Other current financial assets	-	-	54.31	54.31	-	-	-
<b>b) Financial assets measured at fair value through OCI</b>							
Non-current investments	-	83.07	-	83.07	0.07	83.00	-
Other current financial assets	-	140.45	-	140.45	-	140.45	-
<b>Total</b>	-	<b>223.52</b>	<b>218,751.90</b>	<b>218,975.42</b>	<b>0.07</b>	<b>223.45</b>	-
<b>ii) Financial liabilities</b>							
<b>a) Financial liabilities not measured at fair value</b>							
Non-current borrowings	-	-	23,370.06	23,370.06	-	-	-
Non-current Lease liabilities	-	-	828.12	828.12	-	-	-
Trade payables	-	-	60,680.22	60,680.22	-	-	-
Other current financial liabilities	-	-	6,584.36	6,584.36	-	-	-
Current lease liabilities	-	-	527.25	527.25	-	-	-
Current borrowings	-	-	81,351.64	81,351.64	-	-	-
<b>Total</b>	-	-	<b>173,341.65</b>	<b>173,341.65</b>	-	-	-

## Notes to Standalone Financial Statements (Cont..)

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

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	-	-	59,070.05	59,070.05	-	-	-
Non-current loans	-	-	1,011.21	1,011.21	-	-	-
Other non-current financial assets	-	-	1,191.08	1,191.08	-	-	-
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>b) Financial assets measured at fair value through OCI</b>							
Non-current investments	-	83.07	-	83.07	0.07	83.00	-
<b>Total</b>	-	<b>83.07</b>	<b>186,884.51</b>	<b>186,967.58</b>	<b>0.07</b>	<b>83.00</b>	-
<b>ii) Financial liabilities</b>							
<b>a) Financial liabilities not measured at fair value</b>							
Non-current borrowings	-	-	33,380.74	33,380.74	-	-	-
Non-current Lease liabilities	-	-	733.59	733.59	-	-	-
Trade payables	-	-	50,765.16	50,765.16	-	-	-
Other current financial liabilities	-	-	6,561.51	6,561.51	-	-	-
Current lease liabilities	-	-	283.45	283.45	-	-	-
Current borrowings	-	-	50,464.40	50,464.40	-	-	-
<b>Total</b>	-	-	<b>142,188.85</b>	<b>142,188.85</b>	-	-	-

### 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.



## Notes to Standalone Financial Statements (Cont..)

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

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 42% and 41% of outstanding trade receivable as of March 31, 2022 and March 31, 2021. The maximum exposure to credit risk was ₹121,042.80 lakhs and ₹101,423.62 lakhs as of March 31, 2022 and March 31, 2021 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, 2022

Particulars	Not Due	0-180 days	181-365 days	> 365 days	Total
Gross carrying amount of trade receivables	98,576.60	17,312.31	4,828.67	3,259.86	123,977.44
Expected Credit losses (Loss allowance provision)	(390.06)	(578.90)	(567.47)	(1,398.21)	(2,934.64)
Net carrying amount of trade receivables	98,186.54	16,733.41	4,261.20	1,861.66	121,042.80

### 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	86,629.46	15,079.19	892.60	1,818.07	104,419.32
Expected Credit losses (Loss allowance provision)	(309.90)	(649.49)	(439.37)	(1,596.94)	(2,995.70)
Net carrying amount of trade receivables	86,319.56	14,429.70	453.23	221.13	101,423.62

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

Region	March 31, 2022	March 31, 2021
North America	63,788.76	51,325.87
Europe	22,528.55	21,611.81
India	12,405.89	9,494.00
LATAM	17,870.61	14,837.96
AMEA	3,851.27	4,153.98
Rest of the world	597.72	-
<b>Total</b>	<b>121,042.80</b>	<b>101,423.62</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.

## Notes to Standalone Financial Statements (Cont..)

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

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of March 31, 2022:

Particulars	Carrying value	Less than 1 year	1-2 years	2-5 years	5-9 years	Total
Long-term borrowings and interest (including current maturities)	32,718.08	9,632.36	9,538.88	14,133.05	-	33,304.29
Short-term borrowings (excluding current maturities of long-term borrowings)	72,003.62	72,003.62	-	-	-	72,003.62
Lease liability	1,355.37	614.74	319.45	618.07	9.00	1,561.26
Trade payables	60,680.22	60,680.22	-	-	-	60,680.22
Other financial liabilities	6,584.36	6,584.36	-	-	-	6,584.36

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

Particulars	Carrying value	Less than 1 year	1-2 years	2-5 years	5-9 years	Total
Long-term borrowings and interest (including current maturities)	42,918.09	10,880.84	10,836.25	25,656.89	52.72	47,426.70
Short-term borrowings (excluding current maturities of long-term borrowings)	40,927.05	40,927.05	-	-	-	40,927.05
Lease liability	1,017.04	353.50	361.57	416.58	53.96	1,185.61
Trade payables	50,765.16	50,765.16	-	-	-	50,765.16
Other financial liabilities	6,561.51	6,561.51	-	-	-	6,561.51

### 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. All the debt obligations of the Company are with floating interest rates which is subject to exposure to the risk 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, 2022	March 31, 2021
USD - Borrowings	+100	(720.04)	(409.27)
	-100	720.04	409.27
EURO - Borrowings	+100	(208.74)	(209.44)
	-100	208.74	209.44

### 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.



## Notes to Standalone Financial Statements (Cont..)

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

The year end foreign currency exposures are as under -

(All amounts are in Indian Rupees Lakhs)

Particulars	March 31, 2022		
	USD	EURO	Others
<b>Assets</b>			
Trade receivables	110,332.08	6,662.42	-
Loans and advances	-	-	1,302.91
Loans	7.97	-	-
Cash and cash equivalents	10,510.48	0.03	0.05
<b>Total</b>	<b>120,850.53</b>	<b>6,662.45</b>	<b>1,302.96</b>
<b>Liabilities</b>			
Borrowings	-	23,370.06	-
Trade payables	25,017.05	1,132.70	86.53
Other financial liabilities	1,359.29	310.09	42.36
Short-term Borrowings	72,003.62	9,348.02	-
<b>Total</b>	<b>98,379.96</b>	<b>34,160.87</b>	<b>128.89</b>

(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
Loans	2.19	0.02	-
Cash and cash equivalents	113.99	16.89	0.29
<b>Total</b>	<b>87,077.65</b>	<b>5,713.51</b>	<b>1,011.50</b>
<b>Liabilities</b>			
Borrowings	-	33,380.74	-
Trade payables	16,888.54	1,413.37	31.88
Other financial liabilities	1,084.86	533.46	0.45
Short-term Borrowings	40,927.05	9,537.35	-
<b>Total</b>	<b>58,900.45</b>	<b>44,864.92</b>	<b>32.33</b>

For the year ended March 31, 2022 and March 31, 2021, 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 0.10% and 0.15% respectively.

### Commodity rate risk

Exposure to market risk with respect to commodity prices primarily arises from the Company's purchases and sales of active pharmaceutical ingredients, including the raw material components for such active pharmaceutical ingredients. These are commodity products, whose prices may fluctuate significantly over short periods of time. The prices of the Company's raw materials generally actuate in line with commodity cycles, although the prices of raw materials used in the Company's active pharmaceutical ingredients business are generally more volatile. The cost of raw materials forms the largest portion of the Company's operating expenses. Commodity price risk exposure is evaluated and managed through operating procedures and sourcing policies. As of 31 March 2022, the Company had not entered into any material derivative contracts to hedge exposure to fluctuations in commodity prices

## Notes to Standalone Financial Statements (Cont..)

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

### Cash flow hedges

#### Foreign currency risk:

Foreign exchange forward contracts are designated as hedging instruments in cash flow hedges of forecast sales in US dollar. Further, Euro denominated debt are designated as hedging instruments in cash flow hedges of forecast sales in Euro. These forecast transactions are highly probable. The foreign exchange forward contract balances vary with the level of expected foreign currency sales and changes in foreign exchange forward rates.

There is an economic relationship between the hedged items and the hedging instruments as the terms of the foreign exchange forward contracts and loans match the terms of the expected highly probable forecast transactions (i.e., notional amount and expected payment date). The Company has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the foreign exchange forward contracts and loans are identical to the hedged risk components. To test the hedge effectiveness, the Company uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

The hedge ineffectiveness can arise from:

- Differences in the timing of the cash flows of the hedged items and the hedging instruments
- The counterparties' credit risk differently impacting the fair value movements of the hedging instruments and hedged items

### Changes to the forecasted amount of cash flows of hedged items and hedging instruments

The Company is holding the following foreign exchange forward contracts

Particulars	Maturity			Total
	Not later than one year	Later than one year and not later than five years	Later than five years and not later than nine years	
<b>As at March 31, 2022</b>				
Foreign exchange forward contracts (highly probable forecast sales)				
Notional amount (₹ in lakhs)	12,424.32	-	-	12,424.32
Average forward rate (INR / USD)	78.22	-	-	78.22
Euro denominated debt (highly probable forecast sales)				
Notional amount (₹ in lakhs)	8,529.01	21,857.51	-	30,386.52
Average forward rate (INR / Euro)	76.84	78.77	-	78.21
<b>As at March 31, 2021</b>				
Euro denominated debt (highly probable forecast sales)				
Notional amount (₹ in lakhs)	8,494.87	30,386.52	-	38,881.39
Average forward rate (INR / Euro)	76.53	78.21	-	77.84

The impact of the hedging instruments on the balance sheet is, as follows:

Particulars	Notional amount	Carrying amount	Line item in the balance sheet	Change in fair value used for measuring ineffectiveness for the period
<b>As at March 31, 2022</b>				
Forward exchange contracts	12,424.32	140.45	Derivative instruments under current financial assets	140.45
Euro denominated debt	32,718.08	32,718.08	Non-current borrowings and Short-term borrowings	1,773.41
<b>As at March 31, 2021</b>				
Euro denominated debt	42,918.09	42,918.09	Non-current borrowings and Short-term borrowings	(699.98)



## Notes to Standalone Financial Statements (Cont..)

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

The impact of the hedged item on the balance sheet is, as follows:

Particulars	Change in fair value used for measuring ineffectiveness for the period	Effective portion of cash flow hedge	Cost of cashflow hedge
<b>As at March 31, 2022</b>			
Highly probable forecast sales	1,913.86	1,913.86	-
<b>As at March 31, 2021</b>			
Highly probable forecast sales	(699.98)	(699.98)	-

The effect of the cash flow hedge in the statement of profit and loss is, as follows:

Particulars	Total hedging gain/(loss) recognised in OCI	Ineffectiveness recognised in profit or loss	Line item in the statement of profit and loss	Cost of hedging recognise in OCI	Amount reclassified from OCI to profit or loss	Line item in the statement of profit and loss
<b>For the year ended March 31, 2022</b>						
Highly probable forecast sales	1,913.86	-	-	-	1,121.19	Revenue from operations
<b>For the year ended March 31, 2021</b>						
Highly probable forecast sales	(699.98)	-	-	-	1,204.52	Revenue from operations

### 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

Revenue from one external customer exceed 10% of company's total revenue from operations of ₹ NIL for the year ended March 31, 2022 (March 31, 2021 - ₹33,293.59 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, 2022			March 31, 2021		
	Outside India	Within India	Total	Outside India	Within India	Total
Revenue from operations	278,208.77	45,634.89	323,843.66	264,900.32	48,597.92	313,498.24
Non-current assets (refer note i)	-	141,380.04	141,380.04	-	119,141.20	119,141.20

#### Note:

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

## Notes to Standalone Financial Statements (Cont..)

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

### 35. Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure in consideration to the changes in economic conditions and the requirements of the financial covenants. The Company monitors capital using a gearing ratio, which is net debt divided by equity. Net debt consists of borrowings including interest accrued on borrowings, less cash and cash equivalents and other bank balances.

Particulars	March 31, 2022	March 31, 2021
Borrowings including interest accrued on borrowings	104,794.06	84,077.98
Less: cash and cash equivalents and other bank balances	(35,508.48)	(24,122.67)
<b>Net debt</b>	<b>69,285.58</b>	<b>59,955.31</b>
Equity	2,480.06	2,476.75
Other equity	250,586.05	213,785.42
<b>Total equity</b>	<b>253,066.11</b>	<b>216,262.17</b>
Net debt to equity ratio	0.27	0.28

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

### 36. Financial Ratios

Ratio	Numerator	Denominator	Current Period	Previous Period	% Variance	Reason for variance
Current Ratio	2,33,065.27	1,54,159.53	1.51	1.66	-9%	
Debt Equity Ratio	1,04,721.70	2,53,066.11	0.41	0.39	7%	
Debt Service Coverage Ratio	52,362.87	11,655.01	4.49	5.52	-19%	
Return on Equity Ratio	38,651.48	2,34,664.14	16%	28%	-41%	Profit after tax ("PAT") for the year is lower due to the non-availability of Para Amino Phenol (PAP) and increase in prices of Key starting raw materials (KRM) and solvents and logistic cost in the current year. All these could not be recovered fully from customers.
Inventory Turnover Ratio	323,843.66	52,622.01	6.15	7.78	-21%	
Trade Receivable Turnover Ratio	323,843.66	111,233.21	2.91	3.82	-24%	
Trade Payables Turnover Ratio	188,560.07	55,722.69	3.38	3.91	-13%	
Net capital turnover ratio	323,843.66	78,905.74	4.10	4.18	-2%	
Net profit ratio	38,651.48	323,843.66	12%	18%	-32%	PAT for the year is lower due to the non-availability of Para Amino Phenol (PAP) and increase in prices of Key starting raw materials (KRM) and solvents and logistic cost in the current year. All these could not be recovered fully from customers.



## Notes to Standalone Financial Statements (Cont..)

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

### 36. Financial Ratios (Cont.)

Ratio	Numerator	Denominator	Current Period	Previous Period	% Variance	Reason for variance
Return on Capital employed	53,599.79	269,276.25	20%	31%	-36%	Earnings before Interest and Tax for the year is lower due to the non-availability of Para Amino Phenol (PAP) and increase in prices of Key starting raw materials (KRM) and solvents and logistic cost in the current year. All these could not be recovered fully from customers.
Return on investment - Treasury	1,260.87	23,997.88	5%	4%	34%	Interest rate on deposits increased in the current year resulting in higher return in current year.

#### Basis for Calculating above Ratios as below

1. Current Ratio	Current Assets/Current liabilities
2. Debt -Equity Ratio	Total Debt/Shareholder's Equity
3. Debt Service Coverage Ratio	Earnings available for debt service /Debt Service
4. Return on equity	Net Profit after Tax/Average Shareholder's Equity
5. Inventory Turnover Ratio	Sales/Average Inventory
6. Trade Receivables Turnover Ratio	Net Sales/Average Trade Receivable
7. Trade Payables Turnover Ratio	Net Purchases/Average Trade Payables
8. Net Capital Turnover Ratio	Net Sales/Working Capital (Current assets less Current liabilities)
9. Net Profit Ratio	Net Profit /Net Sales
10. Return on Capital Employed	Earnings before interest and Tax/Average Capital Employed (Total assets less Current liabilities)
11. Return on investment - Treasury	Interest generated from Invested funds/ Average invested funds in treasury investments

**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 2022

### 38. Other Statutory information

- There are no proceedings initiated or pending against the company as at March 31, 2022, under Prohibition of Benami Property Transaction Act, 1988 (As amended in 2016)
- The Company do not have any transactions with companies struck off as per Section 248 of the Companies Act, 2013 and Section 560 of the Companies Act, 1956.
- The Company do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period
- The Company have not traded or invested in Crypto currency or Virtual Currency during the financial year.
- The Company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
  - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

## Notes to Standalone Financial Statements (Cont..)

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

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
  - provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- The Company have not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961)
  - The company is not declared a wilful defaulter by any bank or financial institutions or vendor.
  - Title deeds of all immovable properties were held in the name of the Company.

**39.** On March 24, 2021, the Ministry of Corporate Affairs (MCA) through notification, amended Schedule III to the Companies Act, 2013, applicable for financial period commencing from April 01, 2021. The Company has incorporated the changes as per the said amendment in the above results and has also changed the comparative numbers wherever applicable.

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

**Sulabh Kumar Kedia**  
Partner  
Membership No : 066380

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

**Dr. K.V.S Ram Rao**  
Joint Managing Director and Chief Executive Officer  
DIN : 08874100

Place: Hyderabad  
Date: May 18, 2022

**Sandip Neogi**  
Chief Financial Officer  
Place: Hyderabad  
Date: May 18, 2022

**Chaitanya Tummala**  
Company Secretary  
Place: Hyderabad  
Date: May 18, 2022



# Independent Auditor's Report

To the Members of **Granules India Limited**

## Report on the Audit of the 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 2022, 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.

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 2022, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Description of Key Audit Matter

### Revenue recognition

See note 2(m)(i) to the consolidated financial statements

#### The key audit matter

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 terms agreed with the customers.

### 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 reports of other auditors referred to in paragraph (a) of the "Other Matters" section 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 and based on the consideration of reports of other auditors on separate financial statements of components audited by them, 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.

#### How the matter was addressed in our audit

In view of the significance of the matter we, along with the component auditors, applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence:

- Assessed the appropriateness of the revenue recognition accounting policies with the applicable accounting standards.
- We evaluated the design and implementation of key internal financial controls with respect to existence of revenue recognition and tested operating effectiveness of such controls on selected transactions.

#### The key audit matter

We have identified existence of revenue recognition as a key audit matter because there are variations in customer contracts. Consequently, there is a risk of revenue being overstated on account of recognition before transfer of control particularly due to pressures for achieving the performance targets for the year.

#### How the matter was addressed in our audit

- Performed substantive testing, by using statistical sampling, of revenue transactions recorded during the year (including year end cut-off) by checking the underlying documents for testing the existence of revenue.
- Tested manual journal entries on revenue recognised during the year, selected considering specific risk-based criteria, to identify unusual transactions.

### 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 consolidated financial statements and our auditor's report thereon. The Holding Company's annual report is expected to be made available to us after the date of this auditor's report.

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.

When we read the Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take actions as per applicable laws and regulations.

### 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 Board of 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 are responsible for overseeing the financial reporting process of each company.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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



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

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

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 auditor's 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 4 subsidiaries, whose financial statements reflect total assets (before consolidation adjustments) of ₹143,942.64 lakhs as at 31 March 2022, total revenues (before consolidation adjustments) of ₹146,030.68 lakhs and net cash inflows (before consolidation adjustments) amounting to ₹2,847.67 lakhs 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 reports of the other auditors.
- (b) The financial statements of 1 subsidiary, whose financial statements reflect total assets (before consolidation

adjustments) of ₹46.37 lakhs as at 31 March 2022, total revenues (before consolidation adjustments) of ₹Nil and net cash inflows (before consolidation adjustments) amounting to ₹19.17 lakhs for the year ended on that date, as considered in the consolidated financial statements, have not been audited either by us or by other auditor. These unaudited financial statements have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiary, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements 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 certified by the Management.

### Report on Other Legal and Regulatory Requirements

- As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India 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.
- 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.

- In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.
  - On the basis of the written representations received from the directors of the Holding Company as on 31 March 2022 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164(2) of the Act.
  - With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary company incorporated in India 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 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:
- The consolidated financial statements disclose the impact of pending litigations as at 31 March 2022 on the consolidated financial position of the Group. Refer Note 26 to the consolidated financial statements.
  - The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2022. Refer Note 26 to the consolidated financial statements.
  - 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 2022. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by its subsidiary companies incorporated in India during the year ended 31 March 2022.
  - (i) The management has represented that, to the best of its knowledge and belief and as disclosed in Note 41(v) to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other



sources or kind of funds) by the Holding Company or its subsidiary company incorporated in India to or in any other persons or entities, including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever (“Ultimate Beneficiaries”) by or on behalf of the Holding Company or its subsidiary company incorporated in India or
- provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(ii) The management has represented, that, to the best of its knowledge and belief and as disclosed in Note 41(vi) to the consolidated financial statements, no funds have been received by the Holding Company or its subsidiary company incorporated in India from any persons or entities, including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Holding Company or its subsidiary companies incorporated in India shall:

- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever (“Ultimate Beneficiaries”) by or on behalf of the Funding Parties or
- provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries.

(iii) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to

believe that the representations under sub-clause (d) (i) and (d) (ii) contain any material mis-statement.

- e) The dividend declared or paid during the year by the Holding Company is in compliance with Section 123 of the Act. The subsidiary company incorporated in India has neither declared nor paid any dividend during the year.

C. With respect to the matter to be included in the Auditor’s Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us and based on the reports of the statutory auditors of such subsidiary companies incorporated in India which were not audited by us, the remuneration paid during the current year by the Holding Company and its subsidiary companies to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company and its subsidiary companies 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) of the Act which are required to be commented upon by us.

For **B S R & Associates LLP**

Chartered Accountants

Firm’s Registration No.: 116231W/W-100024

**Sulabh Kumar Kedia**

Partner

Place: Hyderabad

Date: 18 May 2022

Membership No.: 066380

UDIN: 22066380AJEKHU3404



## Annexure A

### to the Independent Auditor’s Report on Consolidated Financial Statements

(Referred to in our report of even date)

(xxi) In our opinion and according to the information and explanations given to us, following companies incorporated in India and included in the consolidated financial statements, have unfavourable remarks,

qualifications or adverse remarks given by the respective auditors in their reports under the Companies (Auditor’s Report) Order, 2020 (CARO):

Sr. No.	Name of the entities	CIN	Holding Company/ Subsidiary/ JV/ Associate	Clause number of the CARO report which is unfavourable or qualified or adverse
1	Granules India Limited	L24110TG1991PLC012471	Holding	3(ii)(b)

For **B S R & Associates LLP**

Chartered Accountants

Firm’s Registration No.: 116231W/W-100024

**Sulabh Kumar Kedia**

Partner

Membership No.: 066380

UDIN: 22066380AJEKHU3404

Place: Hyderabad

Date: 18 May 2022



# Annexure B

## to the Independent Auditor's Report on the Consolidated Financial Statements

### 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 2(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 2022, we have audited the internal financial controls with reference to consolidated financial statements of Granules India Limited (hereinafter referred to as "the Holding Company") and such company incorporated in India under the Companies Act, 2013 which is its subsidiary company, as of that date.

In our opinion, the Holding Company and such company incorporated in India which is its subsidiary 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 2022, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

#### Management's Responsibility for Internal Financial Controls

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

#### Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the relevant subsidiary company in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

#### Meaning of Internal Financial controls with Reference to 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 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### Inherent Limitations of Internal Financial controls with Reference to consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated

financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to 1 subsidiary company, which is a company incorporated in India, is based on the corresponding report of the auditor of such company incorporated in India.

For **B S R & Associates LLP**

Chartered Accountants

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

**Sulabh Kumar Kedia**

Partner

Place: Hyderabad

Date: 18 May 2022

Membership No.: 066380

UDIN: 22066380AJEKHU3404



# Consolidated Statement of Changes in Equity

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated) for the year ended March 31, 2022

## Statement of changes in equity

### Equity Share Capital as at March 31, 2022

Balance at the beginning of the current reporting period	Changes in equity share capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in Equity share capital during the period	Balance at the end of the current reporting period
2476.75	-	2,476.75	3.31	2,480.06

### Equity Share Capital as at March 31, 2021

Balance at the beginning of the previous reporting period	Changes in equity share capital due to prior period errors	Restated balance at the beginning of the previous reporting period	Changes in Equity share capital during the previous year	Balance at the end of the previous reporting period
2,542.48	-	2,542.48	(65.73)	2,476.75

## Other Equity

Particulars	Reserves and Surplus					Effective portion of Cash flow hedges	Foreign currency translation reserve	Equity attributable to the shareholders of the Company	Non-Controlling interests	Total attributable to owners of the company	
	Capital Redemption reserve	Securities premium	Capital reserve	General reserve	Employee stock option						Remeasurements of defined benefit plans
<b>Balance at the beginning of the previous reporting period</b>	-	62,520.54	1,917.53	30,786.74	1,827.87	83,190.09	(98.17)	4,182.08	1,81,829.93	-	1,81,829.93
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-	-
<b>Restated balance at the beginning of the previous reporting period</b>	-	62,520.54	1,917.53	30,786.74	1,827.87	83,190.09	(98.17)	4,182.08	1,81,829.93	-	1,81,829.93
<b>Total comprehensive income/(loss) for the year</b>	-	-	-	-	54,945.90	-	(27.46)	(2,064.78)	(2,616.05)	-	54,945.90
Other Comprehensive income/(loss) (net of tax)	-	-	-	-	54,945.90	-	(27.46)	(2,064.78)	(2,616.05)	-	(2,616.05)
<b>Transactions with owners, recorded directly in equity</b>	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	(2,474.77)	-	-	-	(2,474.77)	-	(2,474.77)
Share options exercised	-	409.21	-	-	-	-	-	-	409.21	-	409.21
Share based payment	-	-	-	-	399.86	-	-	-	399.86	-	399.86
Buyback of equity shares	-	(14,131.73)	-	-	-	-	-	-	(14,131.73)	-	(14,131.73)
Tax on buy-back of equity shares	-	(3,292.12)	-	-	-	-	-	-	(3,292.12)	-	(3,292.12)
Transaction costs towards Buyback of equity shares	-	(219.55)	-	-	-	-	-	-	(219.55)	-	(219.55)
Amount transferred to capital redemption reserve upon Buyback	71.01	-	-	(71.01)	-	-	-	-	-	-	-

## Consolidated Statement of Changes in Equity (Cont.)

(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated) for the year ended March 31, 2022

Particulars	Reserves and Surplus					Effective portion of Cash flow hedges	Foreign currency translation reserve	Equity attributable to the shareholders of the Company	Non-Controlling interests	Total attributable to owners of the company		
	Capital Redemption reserve	Securities premium	Capital reserve	General reserve	Employee stock option						Remeasurements of defined benefit plans	
<b>Balance at the end of the previous reporting period</b>	71.01	45,286.35	1,917.53	30,715.73	2,227.73	1,35,661.22	(125.63)	3,020.56	2,117.30	2,14,850.68		
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-		
<b>Restated balance at the end of the previous reporting period</b>	71.01	45,286.35	1,917.53	30,715.73	2,227.73	1,35,661.22	(125.63)	3,020.56	2,117.30	2,14,850.68		
<b>Total comprehensive income/(loss) for the year</b>	-	-	-	-	(6.01)	-	-	-	(6.01)	55.71	49.70	
Non controlling interest due to issue of additional shares in subsidiary	-	-	-	-	-	-	-	-	-	0.02	41,275.81	
Profit for the year	-	-	-	-	-	41,275.79	(78.09)	1,432.18	2,653.35	4,007.43	4,007.45	
Other comprehensive income/(loss) (net of tax)	-	-	-	-	-	-	-	-	-	0.02	4,007.45	
<b>Transactions with owners, recorded directly in equity</b>	-	-	-	-	-	-	-	-	-	-	-	
Dividends	-	-	-	-	(3,716.78)	-	-	-	(3,716.78)	-	(3,716.78)	
Share options exercised	-	317.74	-	-	-	-	-	-	317.74	-	317.74	
Share based payment	-	-	-	-	(555.62)	-	-	-	(555.62)	-	(555.62)	
<b>Balance at the end of the current reporting period</b>	71.01	45,604.09	1,917.53	30,715.73	1,672.11	1,73,214.23	(203.72)	1,588.38	4,770.65	2,56,173.23	55.75	2,56,228.98

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

**Sulabh Kumar Kedia**  
Partner  
Membership No : 066380

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

**Dr. K.V.S Ram Rao**  
Joint Managing Director and Chief Executive Officer  
DIN : 08874100

**Sandip Neogi**  
Chief Financial Officer  
Place: Hyderabad  
Date: May 18, 2022

**Chaitanya Tummala**  
Company Secretary  
Place: Hyderabad  
Date: May 18, 2022





## Consolidated Statement of Cash Flows for the year ended March 31, 2022

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

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>Cash flow from operating activities</b>		
<b>Profit before tax</b>	<b>55,799.83</b>	<b>70,436.43</b>
Adjustments for :		
Depreciation and amortization expense	15,863.20	15,146.25
Bad debts written off	0.10	246.31
Allowance for doubtful trade receivables	(61.06)	749.95
Allowance for doubtful advances	-	169.53
Allowance for scrips on hand	226.00	-
Loss on sale of fixed assets (net)	478.34	39.19
Write off of intangible assets under development	-	72.89
Changes in fair value of cashflow hedges	1,121.19	1,204.52
Gain on foreign exchange fluctuations (unrealised)	(1,196.60)	23.56
Share based payment expense	162.16	399.86
Interest expense	2,321.08	2,628.40
Interest income	(1,285.41)	(1,237.87)
<b>Operating profit before working capital changes</b>	<b>73,428.83</b>	<b>89,879.02</b>
<b>Movements in working capital:</b>		
Increase in trade receivables	(13,112.70)	(3,639.03)
Increase in inventories	(18,402.66)	(34,588.76)
Increase in other assets	(1,600.68)	(4,550.37)
Increase in trade payables, other liabilities and provisions	7,397.51	15,283.61
<b>Cash generated from operations</b>	<b>47,710.30</b>	<b>62,384.47</b>
Taxes paid (net of refunds)	(14,504.89)	(19,136.69)
<b>Net cash flow generated from operating activities (A)</b>	<b>33,205.41</b>	<b>43,247.78</b>
<b>Cash flow from investing activities</b>		
Purchase of fixed assets, including capital work-in-progress, capital advances and payables for capital goods	(39,770.69)	(27,134.16)
Proceeds from sale of fixed assets	97.92	32.71
Purchase of investments	-	(20.00)
Redemption/(placement) of bank deposits	447.70	(13,119.18)
Proceeds from sale of associate	-	10,985.24
Interest received	1,213.58	1,541.89
<b>Net cash flow used in investing activities (B)</b>	<b>(38,011.49)</b>	<b>(27,713.50)</b>
<b>Cash flow from financing activities</b>		
Proceeds from issuance of shares	370.74	414.50
Repayment of borrowings	(9,547.79)	(10,153.55)
Proceeds of short-term borrowings, net	34,851.92	2,960.23
Repayment of lease liability (including related interest)	(540.27)	(338.40)
Buyback of shares	-	(17,714.41)
Interest paid	(2,417.76)	(2,627.60)
Dividend paid on equity shares including tax thereon	(3,717.13)	(2,472.08)
<b>Net cash flow used in financing activities (C)</b>	<b>18,999.71</b>	<b>(29,931.31)</b>
<b>Net (decrease)/increase in cash and cash equivalents (A+B+C)</b>	<b>14,193.63</b>	<b>(14,397.03)</b>

## Consolidated Statement of Cash Flows for the year ended March 31, 2022 (Cont.)

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

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Effect of exchange differences on translation of foreign currency cash and cash equivalents	94.12	(12.27)
<b>Cash and cash equivalents at the beginning of the year</b>	<b>4,183.59</b>	<b>18,592.89</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>18,471.34</b>	<b>4,183.59</b>
<b>Components of cash and cash equivalents:</b>		
Cash on hand	0.38	10.49
Balances with banks		
On current accounts	6,400.08	4,029.00
On EEFC accounts	10,510.41	113.20
On deposit accounts	1,560.47	30.90
<b>Total cash and cash equivalents</b>	<b>18,471.34</b>	<b>4,183.59</b>

Change in liabilities arising from financing activities	Lease liabilities-Non Current and Current (Refer Note 10B)	Borrowings - Non Current (Refer note 10A)*	Borrowings - Current (Refer note 13A)	Interest accrued on borrowings - Current (Refer note 13C)
<b>Opening as on March 31, 2021</b>	<b>1,075.84</b>	<b>42,918.09</b>	<b>40,927.05</b>	<b>232.84</b>
Interest expenses	95.95	-	-	2,225.13
(Repayment)/proceeds from borrowing during the year (net)	-	(9,547.79)	34,851.92	-
Deletions	(180.01)	-	-	-
Additions	901.58	-	-	-
Payment of lease liabilities	(537.99)	-	-	-
Changes in fair values	-	(652.22)	-	-
Interest paid	-	-	-	(2,417.76)
Foreign exchange movement	-	-	778.68	32.15
<b>Closing as on March 31, 2022</b>	<b>1,355.37</b>	<b>32,718.08</b>	<b>76,557.65</b>	<b>72.36</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

**Sulabh Kumar Kedia**  
Partner  
Membership No : 066380

Place: Hyderabad  
Date: May 18, 2022

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

**Dr. Krishna Prasad Chigurupati**      **Dr. K.V.S Ram Rao**  
Chairman and Managing Director      Joint Managing Director and Chief Executive Officer  
DIN : 00020180      DIN : 08874100

**Sandip Neogi**      **Chaitanya Tummala**  
Chief Financial Officer      Company Secretary  
Place: Hyderabad      Place: Hyderabad  
Date: May 18, 2022      Date: May 18, 2022



# 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, 2022. These consolidated financial statements were authorised for issuance by the Company's Board of Directors on May 18, 2022.

The financial statements are presented in ₹ 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 realization 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.

#### Non-controlling interest ("NCI")

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the reporting date and are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

#### Joint arrangements (equity accounted investees)

Joint arrangements are those arrangements over which the Company has joint control, established by contractual agreement and requiring unanimous

# Notes to Consolidated Financial Statements (Cont..)

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

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 (₹), 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 32 - Financial instruments;

#### 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, 2022 is included in the following notes:



## Notes to Consolidated Financial Statements (Cont..)

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

- Note 26 (a) – 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 2 (d) - Useful lives of property, plant and equipment;
- Note 2 (e) - Useful lives of Intangible assets;
- Note 7 - Provision for loss allowance on trade receivables
- Note 2 (h) - 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 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 Group becomes a party to the contractual provisions of the instrument.

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

#### ii. Classification and subsequent measurement

Financial assets

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

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

## Notes to Consolidated Financial Statements (Cont..)

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

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 (Cont..)

(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 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.

#### b. 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

## Notes to Consolidated Financial Statements (Cont..)

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

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.

#### c. 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 ₹ 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.

#### d. 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 long-term loans and advances as capital advances.





## Notes to Consolidated Financial Statements (Cont..)

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

### e. 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 amortization 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. Amortization

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

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

### f. 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.

### g. 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 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.

### h. 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.

## Notes to Consolidated Financial Statements (Cont..)

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

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 group 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 Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganization;

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.

### i. Employee benefits

#### i. Defined contribution plans

The Group makes specified monthly contribution towards employee provident fund to Government

administered provident fund scheme, which is a defined contribution scheme. The Group's contribution is recognised as an expense in the statement of profit and loss during the period in which the employee renders the related service. The Group has no further obligations beyond its monthly contributions.

#### ii. Defined benefit plans

For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to statement of profit and loss in subsequent periods.

Past service costs are recognised in statement of profit and loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and nonroutine settlements; and
- Net interest expense or income

When the benefits of a plan are changed or curtailed, the resulting change in the benefit that relates to the past service ('past service cost') or the gain or loss on curtailment is recognised immediately in the statement of profit and loss. The Group recognises the gains and losses on the settlement of a defined benefit plan when settlement occurs.



## Notes to Consolidated Financial Statements (Cont..)

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

### iii. Compensated Absence Policy

The employees of the Group are entitled to compensated absences. The employees can carry forward a portion of the unutilised accumulating compensated absences and utilise it in future periods or encash the leaves during the period of employment or retirement or at termination of employment. The Group records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The Group measures the expected cost of compensated absences as the additional amount that the Group expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. The Group recognises accumulated compensated absences based on actuarial valuation using the projected unit credit method. Non-accumulating compensated absences are recognised in the period in which the absences occur.

### iv. Other long-term employee benefits

The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary as at March 31st every year using projected unit credit method on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognised in the period in which the absences occur.

### v. Short-term employee benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and ex-gratia. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognised as an expense as the related service is rendered by employees.

### vi. 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.

### j. 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 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.

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

The earnings considered in ascertaining the Group'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

## Notes to Consolidated Financial Statements (Cont..)

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

used for computing the diluted EPS is the weighted average number of shares outstanding during the year after considering the dilutive potential equity shares.

### l. 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 Group'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 Group 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".

### m. 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.

### n. Leases

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

To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The contract involves use of an identified asset, whether specified explicitly or implicitly;
- The Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use;
- The Group has right to direct the use of the asset by either having right to operate the asset or the Group having designed the asset in a way that predetermines how and for what purpose it will be used.

#### (i) As lessee

The Group's lease asset classes primarily consist of leases for buildings and plant and machinery. The Group, at the inception of a contract, assesses whether the contract is a lease or not. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration.

The Group elected to use the following practical expedients on initial application:



## Notes to Consolidated Financial Statements (Cont..)

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

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- Applied the practical expedient to grandfather the assessment of which transactions are leases as on 01 April 2019 (initial application date for Ind AS 116). Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in Ind AS 116. This policy is applied to contracts entered into, or changed, on or after 01 April 2019. At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method

from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the Statement of Profit and Loss.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Group recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the re-measurement in Statement of Profit and Loss.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments including in-substance fixed payments
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- Amounts expected to be payable under a residual value guarantee and
- the exercise price under a purchase option that the Group and its associate is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when

## Notes to Consolidated Financial Statements (Cont..)

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

there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'financial liabilities' in the statement of financial position.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The Group recognises the lease payments associated with these leases as an expense in the Statement of Profit or Loss over the lease term.

- 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.
  - 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.
  - 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 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.

- 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.
- 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





## Notes to Consolidated Financial Statements (Cont..)

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

### 3B. Intangible assets - Reconciliation of carrying amount

	Technical Know How	Software	Product related intangibles	Others	Total
Gross carrying amount					
<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>21,714.54</b>	<b>14,810.04</b>	<b>41,266.71</b>
Additions	-	491.34	2,041.23	-	2,532.57
Disposals	-	-	-	-	-
Exchange differences	-	2.93	526.05	557.61	1,086.58
<b>At March 31, 2022</b>	<b>3,189.50</b>	<b>2,046.90</b>	<b>24,281.82</b>	<b>15,367.65</b>	<b>44,885.87</b>
<b>Accumulated amortization</b>					
<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>
Amortization 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>
Amortization for the year	1.34	257.47	2,316.20	1,063.29	3,638.30
Disposals	-	-	-	-	-
Exchange differences	-	2.85	179.57	130.57	312.99
<b>At March 31, 2022</b>	<b>3,189.50</b>	<b>1,136.20</b>	<b>9,768.09</b>	<b>5,046.77</b>	<b>19,140.57</b>
<b>Net carrying amount</b>					
At March 31, 2021	1.34	676.74	14,442.22	10,957.12	26,077.42
<b>At March 31, 2022</b>	<b>-</b>	<b>910.69</b>	<b>14,513.73</b>	<b>10,320.88</b>	<b>25,745.29</b>

i) The Company has not revalued its intangible assets during the current or previous year.

### Intangible assets under development

At March 31, 2021	5,431.00
<b>At March 31, 2022</b>	<b>4,431.30</b>

### Ageing Schedule for Intangible under development as below

Year	Intangible assets under development	Amount in Intangible assets under development for a period of				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
<b>FY-2021-2022</b>	Projects in Progress	1,232.43	71.76	1,063.84	2,063.27	4,431.30
	<b>Total</b>	<b>1,232.43</b>	<b>71.76</b>	<b>1,063.84</b>	<b>2,063.27</b>	<b>4,431.30</b>
<b>FY-2020-2021</b>	Projects in Progress	221.25	2,517.31	1,874.49	817.95	5,431.00
	<b>Total</b>	<b>221.25</b>	<b>2,517.31</b>	<b>1,874.49</b>	<b>817.95</b>	<b>5,431.00</b>

i) Projects in progress are neither overdue nor exceeds its cost when compared to its original plan during the current or previous year.

## Notes to Consolidated Financial Statements (Cont..)

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

### 3C. Right-of-use assets

Particulars	Buildings	Computers	Total
<b>Gross carrying amount</b>			
<b>At March 31, 2020</b>	<b>1,007.25</b>	<b>-</b>	<b>1,007.25</b>
Additions	197.73	293.65	491.38
Depreciation	-	-	-
Exchange differences	(5.07)	-	(5.07)
<b>At March 31, 2021</b>	<b>1,199.91</b>	<b>293.65</b>	<b>1,493.56</b>
Additions	805.47	96.11	901.58
Depreciation	177.73	-	177.73
Exchange differences	6.24	-	6.24
<b>At March 31, 2022</b>	<b>1,833.89</b>	<b>389.76</b>	<b>2,223.65</b>

### Accumulated depreciation

	Buildings	Computers	Total
<b>At March 31, 2020</b>	<b>212.05</b>	<b>-</b>	<b>212.05</b>
Depreciation for the year	212.59	75.74	288.33
Deletions	-	-	-
Exchange differences	(2.50)	-	(2.50)
<b>At March 31, 2021</b>	<b>422.14</b>	<b>75.74</b>	<b>497.88</b>
Depreciation for the year	350.03	115.91	465.95
Deletions	-	-	-
Exchange differences	5.23	-	5.23
<b>At March 31, 2022</b>	<b>777.40</b>	<b>191.65</b>	<b>969.06</b>

### Net carrying amount

	Buildings	Computers	Total
At March 31, 2021	777.77	217.91	995.68
<b>At March 31, 2022</b>	<b>1,056.49</b>	<b>198.11</b>	<b>1,254.59</b>

i) The aggregate depreciation expense on assets taken on lease is included under depreciation and amortization expense in the Statement of Profit and Loss.

## 4. Financial Assets

### 4A. Non-current Investments

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Investments</b>		
<b>a. In Others (Fair value through OCI)</b>		
Jeedimetla Effluent Treatment Ltd - 15,142 (March 31, 2021 :15,142) equity shares	59.59	59.59
Patancheru Envirotech Ltd - 34,040 (March 31, 2021 :34,040) equity shares	3.41	3.41
RVK Energy Private Ltd - 1,282,000 (March 31, 2021: 1,282,000) equity shares of ₹ 10/- each fully paid up	20.00	20.00
US Pharma Limited - 410.52 (March 31, 2021 : 410.52) equity shares	4,078.71	4,010.85
Less : Impairment in US Pharma Limited	(2,194.98)	(2,194.98)
	<b>1,966.73</b>	<b>1,898.87</b>



## Notes to Consolidated Financial Statements (Cont..)

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

### 4. Financial Assets (Contd...)

#### 4A. Non-current Investments

Particulars	As at	
	March 31, 2022	March 31, 2021
<b>b. In Quoted equity shares (Fair value through OCI)</b>		
Ipca Laboratories Limited - 100 (March 31, 2021 :50) equity shares	0.07	0.07
<b>Total</b>	<b>1,966.80</b>	<b>1,898.94</b>
Aggregate book value of quoted investments	0.07	0.07
Aggregate market value of quoted investments	1.07	0.95
Aggregate value of unquoted investments	1,966.73	1,898.87
Aggregate amount of impairment in value of investments	2,194.98	2,194.98

#### 4B. Loans (Unsecured, considered good)

Particulars	As at	
	March 31, 2022	March 31, 2021
Loan to US Pharma Limited (refer note (i) & (ii) below)	298.01	95.19
<b>Total</b>	<b>298.01</b>	<b>95.19</b>

#### Note:

- (i) The term loan given to US Pharma Limited carries towards working capital, carries fixed coupon rate of 7% per annum. The loan is repayable starting from March, 2021 onwards in 12 quarterly installments ending December 31, 2023.
- (ii) Maximum amount outstanding at any time

Particulars	During the year ended	
	March 31, 2022	March 31, 2021
US Pharma Limited	<b>1,020.87</b>	<b>1,064.59</b>

#### 4C. Other Financial assets (Unsecured, considered good)

Particulars	As at	
	March 31, 2022	March 31, 2021
Security deposits	1,273.02	1,218.22
<b>Total</b>	<b>1,273.02</b>	<b>1,218.22</b>

### 5. Other assets

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

Particulars	As at	
	March 31, 2022	March 31, 2021
Capital advances	6,205.51	10,679.00
<b>Total</b>	<b>6,205.51</b>	<b>10,679.00</b>

#### 5B. Current (Unsecured, considered good)

Particulars	As at	
	March 31, 2022	March 31, 2021
Balance with government authorities	9,102.65	8,064.72
Prepaid expenses	2,042.22	1,434.13
Export incentives receivable	1,811.57	3,583.40

## Notes to Consolidated Financial Statements (Cont..)

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

### 5B. Current (Unsecured, considered good) (Contd...)

Particulars	As at	
	March 31, 2022	March 31, 2021
Scripts on hand	1,811.21	-
Insurance Claim Receivable	232.86	-
Advance to suppliers	3,350.48	3,866.91
	<b>18,350.99</b>	<b>16,949.16</b>
Less : Allowance for doubtful advances	(169.53)	(169.53)
<b>Total</b>	<b>18,181.46</b>	<b>16,779.63</b>

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

Particulars	As at	
	March 31, 2022	March 31, 2021
Raw materials*	31,031.01	27,723.27
Packing materials	2,955.26	2,024.06
Work-in-progress	13,783.56	5,934.58
Finished goods**	47,014.85	39,585.92
Stores, spares and consumables	3,070.39	2,950.02
<b>Total</b>	<b>97,855.07</b>	<b>78,217.85</b>

\*includes raw materials-in-transit ₹3,118.35 lakhs (March 31, 2021 - ₹4,285.10 lakhs).

\*\*includes finished goods-in-transit ₹6,235.45 lakhs (March 31, 2021 - ₹4,705.82 lakhs)

- i) For details of inventories hypothecated against current borrowings Refer note 10A & 13A.
- ii) The Group recorded inventory write-down/(reversal) of ₹(94.32) lakhs (March 31, 2021 - ₹(563.00) 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, 2022	March 31, 2021
(a) Considered good	91,686.67	77,221.70
Less : Allowance for doubtful trade receivables	(385.76)	(987.64)
	<b>91,300.91</b>	<b>76,234.06</b>
(b) Significant increase in credit risk	2,494.54	1,067.14
(c) Credit impaired	1,248.87	1,248.87
Less : Allowance for doubtful trade receivables	(2,548.88)	(2,008.06)
	<b>1,194.53</b>	<b>307.95</b>
<b>Total</b>	<b>(C=A+B) 92,495.44</b>	<b>76,542.01</b>

Trade receivables are non-interest bearing and are generally with payment terms of upto 180 days from the date of invoice or bill of lading date.

The Groups'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 10A & 13A.



## Notes to Consolidated Financial Statements (Cont..)

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

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

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Balance at the beginning of the year	2,995.70	2,245.75
Provision made during the year, net of reversals	(60.96)	996.26
Trade receivables written off during the year	(0.10)	(246.31)
Balance at the end of the year	2,934.64	2,995.70

### Ageing Schedule for Trade receivables as below

#### As at March 31, 2022

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	< 6 months	6 months -1 year	1-2 Years	2-3 years	> 3 years	
(i) Undisputed Trade receivables - considered good	69,219.62	21,686.46	576.45	189.27	14.87	-	91,686.67
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	483.55	1,876.35	97.53	37.11	2,494.54
(iii) Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	-	-	-	-	1,248.87	1,248.87
<b>Total</b>	<b>69,219.62</b>	<b>21,686.46</b>	<b>1,060.00</b>	<b>2,065.62</b>	<b>112.40</b>	<b>1,285.98</b>	<b>95,430.08</b>

#### As at March 31, 2021

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	< 6 months	6 months -1 year	1-2 Years	2-3 years	> 3 years	
(i) Undisputed Trade receivables - considered good	56,636.14	19,234.11	1,249.07	102.38	-	-	77,221.70
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	497.94	411.43	98.68	59.09	1,067.14
(iii) Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	-	-	-	170.25	1,078.62	1,248.87
<b>Total</b>	<b>56,636.14</b>	<b>19,234.11</b>	<b>1,747.01</b>	<b>513.81</b>	<b>268.93</b>	<b>1,137.71</b>	<b>79,537.71</b>

### 7B. Cash and bank balances

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Cash and cash equivalents</b>		
i) Cash on hand	0.38	10.49
ii) Balance with banks:		
On current accounts	6,400.08	4,029.00
On EEFC accounts	10,510.41	113.20

## Notes to Consolidated Financial Statements (Cont..)

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

### 7B. Cash and bank balances (Contd...)

Particulars	As at March 31, 2022	As at March 31, 2021
Deposits with original maturity of less than 3 months	1,560.47	30.90
<b>Total -(i+ii)</b>	<b>18,471.34</b>	<b>4,183.59</b>
<b>iii) Bank balances other than cash and cash equivalents stated above</b>		
Unpaid dividend account	57.28	56.11
Deposits with remaining maturity for less than 12 months	21,143.80	22,142.43
Margin money deposits (refer note (a) below)	1,273.19	722.26
<b>Total -(iii)</b>	<b>22,474.27</b>	<b>22,920.80</b>
<b>Total (i+ii+iii)</b>	<b>40,945.61</b>	<b>27,104.39</b>

a) 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, 2022	As at March 31, 2021
Advance to employees	28.48	29.94
Loan to US Pharma Limited (Refer Note 4B)	722.86	969.40
<b>Total</b>	<b>751.34</b>	<b>999.34</b>

### 7D. Other financial assets

Particulars	As at March 31, 2022	As at March 31, 2021
Interest accrued but not due on deposits	57.32	38.32
Interest accrued but not due on loan given	71.46	18.63
Derivative financial instruments	140.45	-
<b>Total</b>	<b>269.23</b>	<b>56.95</b>

The Company's exposure to currency risks are disclosed in Note 33.

## 8. Share capital

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Authorized</b>		
505,000,000 (March 31, 2021: 505,000,000) Equity Shares of ₹1/- each	5,050.00	5,050.00
<b>Issued, subscribed and fully paid up</b>		
248,005,776 fully paid up equity shares of ₹1/- each (March 31, 2021 : 247,674,796 equity shares of ₹1/- each)	2,480.06	2,476.75

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

Equity Shares	As at March 31, 2022		As at March 31, 2021	
	No.	₹	No.	₹
At the beginning of the year	247,674,796	2,476.75	254,247,562	2,542.48
Add: Shares issued on exercise of employee stock options	3,30,980	3.31	5,28,608	5.29
Less: Shares bought back	-	-	(71,01,374)	(71.01)
<b>Number of shares at the end of the year</b>	<b>248,005,776</b>	<b>2,480.06</b>	<b>247,674,796</b>	<b>2,476.75</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, 2022, the amount of



## Notes to Consolidated Financial Statements (Cont..)

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

interim dividend per share distributed along with final dividend per share recommended by the board to equity shareholders was ₹1.50 (March 31, 2021: ₹1.50). 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, 2022		As at March 31, 2021	
	No. of shares	% holding	No. of shares	% holding
Dr. Krishna Prasad Chigurupati	86,296,272	34.80	86,296,272	34.84

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.

### Disclosure of Shareholding of Promoters

#### As at March 31, 2022

#### Shares held by Promoters

Promoter Name	As at March 31, 2022		As at March 31, 2021		% Change during the year
	No of Shares	% of total shares	No of Shares	% of total shares	
Dr. Krishna Prasad Chigurupati	86,296,272	34.80%	86,296,272	34.84%	0.00%
Chigurupati Uma Devi	9,459,687	3.81%	9,459,687	3.82%	0.00%
Priyanka Chigurupati	1,861,706	0.75%	1,861,706	0.75%	0.00%
Pragnya Chigurupati	1,885,346	0.76%	1,885,346	0.76%	0.00%
Suseela Devi Chigurupati	65,000	0.03%	65,000	0.03%	0.00%
Nikhila Reddy Yedaguri	29,500	0.01%	29,500	0.01%	0.00%
Tyche Investments Private Limited	3,636,721	1.47%	3,636,721	1.47%	0.00%
Venkata Mahesh Krishna Narra	5,000	0.00%	-	0.00%	100.00%
Santhi Sree Ramanavarapu	876,154	0.35%	876,154	0.35%	0.00%

#### As at March 31, 2021

#### Shares held by Promoters

Promoter Name	As at March 31, 2021		As at March 31, 2020		% Change during the year
	No of Shares	% of total shares	No of Shares	% of total shares	
Dr. Krishna Prasad Chigurupati	86,296,272	34.84%	90,329,927	35.53%	-4.47%
Chigurupati Uma Devi	9,459,687	3.82%	9,902,860	3.89%	-4.48%
Priyanka Chigurupati	1,861,706	0.75%	1,957,598	0.77%	-4.90%
Pragnya Chigurupati	1,885,346	0.76%	1,973,020	0.78%	-4.44%
Suseela Devi Chigurupati	65,000	0.03%	65,000	0.03%	0.00%
Nikhila Reddy Yedaguri	29,500	0.01%	29,500	0.01%	0.00%
Tyche Investments Private Limited	3,636,721	1.47%	3,807,096	1.50%	-4.48%
Santhi Sree Ramanavarapu	876,154	0.35%	917,200	0.36%	-4.48%

### 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

During the previous 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

## Notes to Consolidated Financial Statements (Cont..)

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

share. The equity shares bought back were extinguished on 25 June 2020. An amount corresponding to face value of the shares bought back was transferred to Capital Redemption Reserve were adjusted against General reserve.

### 9. Other equity

(Refer disclosure of other equity in Statement of changes in equity)

#### 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, 2022	March 31, 2021
₹1.50 per equity share (March 31, 2021 : ₹1.00 per share)	3,716.78	2,474.77
<b>Total</b>	<b>3,716.78</b>	<b>2,474.77</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, 2022	March 31, 2021
₹0.75 per equity share (March 31, 2021 : ₹0.75 per share)	1,860.04	1,857.56
<b>Total</b>	<b>1,860.04</b>	<b>1,857.56</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 (Cont..)

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

### The reconciliation of cash flow hedge reserve for the year ended March 31, 2022 is as follows:

Particulars	As at March 31, 2022	As at March 31, 2021
Balance at the beginning of the year	(3,020.56)	(2,496.75)
Gain/(loss) recognised in other comprehensive income during the year	792.67	(1,904.50)
Amount reclassified to statement of profit & loss during the year	1,121.19	1,204.52
Tax impact on the above	(481.68)	176.17
<b>Balance at the end of the year</b>	<b>(1,588.38)</b>	<b>(3,020.56)</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.

### 10A. Long-term borrowings

Particulars	Non-current portion		Current maturities (refer Note 13A)	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
<b>Term Loans (Secured)</b>				
Loans from banks/financial institutions	23,370.06	33,380.74	9,348.02	9,537.35
<b>Total</b>	<b>23,370.06</b>	<b>33,380.74</b>	<b>9,348.02</b>	<b>9,537.35</b>

### The details of secured loans are as under:

Name of the bank/financial institution	Outstanding as on March 31, 2022	Outstanding as on March 31, 2021	Sanction Amount	No of Installments	Commencement of Installments	Rate of Interest
International Finance Corporation (Refer note (i) and (ii))	22,106.81	28,998.71	EUR 45.00 Mn	12 half yearly equal installments of EUR 3.75 Mn	Jan-20	6M Euribor + 1.00% p.a (Previous year: 6M Euribor +2.75% p.a)
Deutsche Investitions Und Entwicklungsschaft MBh (Refer note (i) and (ii))*	-	13,919.38	EUR 20.00 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
Hong Kong and Shanghai Banking Corporation (Refer note (i) and (ii))*	10,611.27	-	EUR 16.20 Mn	9 half yearly installments of EUR 1.8 Mn	Jul-21	6M Euribor +0.80 % p.a

i) All secured term loans are secured by a paripassu first charge on the fixed assets of present and future of the Group and a paripassu second charge of the current assets of present and future of the group.

ii) The Group has not defaulted on payment of principal and interest thereon on above term loans.

\*During the year the company has re-financed long term borrowing of Deutsche Investitions Und Entwicklungsschaft MBh Euro 16.2 mn with Hong Kong and Shanghai Banking Corporation.

### 10B. The following is the break-up of current and non-current lease liabilities :

Particulars	As at March 31, 2022	As at March 31, 2021
Current lease liabilities	527.25	342.25
Non-current lease liabilities	828.12	733.59
<b>Total</b>	<b>1,355.37</b>	<b>1,075.84</b>

## Notes to Consolidated Financial Statements (Cont..)

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

### The following is the movement in lease liabilities :

Particulars	Amount
<b>Balance as at April 1, 2020</b>	<b>844.07</b>
Additions	491.38
Finance cost accrued during the period	78.79
Payment of lease liabilities including exchange differences	(338.40)
<b>Balance as at March 31, 2021</b>	<b>1,075.84</b>
Additions	901.58
Finance cost accrued during the period	95.95
Deletions	(180.01)
Payment of lease liabilities including exchange differences	(537.99)
<b>Balance as at March 31, 2022</b>	<b>1,355.37</b>

### The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2022 on an undiscounted basis:

Particulars	Amount
Less than one year	614.74
One to five years	937.52
More than five years	9.00
<b>Total</b>	<b>1,561.26</b>

i) 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.

ii) The effective interest rate for lease liabilities is 8%, with maturity between 2022-2028.

Particulars	For the Year ended Mar 31, 2022	For the Year ended Mar 31, 2021
Depreciation expense of right-of-use assets	465.95	288.33
Interest expense on lease liabilities	95.95	78.79
Expense relating to short-term leases (included in other expenses)	796.66	782.51
<b>Total amount recognised in profit or loss</b>	<b>1,358.56</b>	<b>1,149.63</b>

## 11. Provisions

### 11A. Non-current

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for employee benefits		
Gratuity (refer note 28(b))	2,053.59	1,763.55
Compensated absences	777.43	720.67
<b>Total</b>	<b>2,831.02</b>	<b>2,484.22</b>

### 11B. Current

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for employee benefits		
Gratuity (refer note 28(b))	580.68	363.22
Compensated absences	403.44	318.91
Provision for sales return	1,299.13	652.36
<b>Total</b>	<b>2,283.25</b>	<b>1,334.49</b>





## Notes to Consolidated Financial Statements (Cont..)

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

### 13B. Trade payables

Particulars	As at March 31, 2022	As at March 31, 2021
Trade payables (refer note (b) below)		
Total outstanding dues of micro enterprises and small enterprises	1,264.82	324.69
Total outstanding dues of creditors other than micro enterprises and small enterprises (refer note 31)	62,596.14	53,780.06
<b>Total</b>	<b>63,860.96</b>	<b>54,104.75</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	1,264.82	324.69
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.	-	-

The list of undertakings covered under MSMED was determined by the Group on the basis of information available with the Group 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 33.

#### Ageing Schedule for Trade payables as below:

##### As on March 31, 2022

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 Years	2-3 Years	More than 3 years	
i) MSME	1,264.82	-	-	-	1,264.82
ii) Others	62,455.50	39.70	79.69	21.25	62,596.14
iii) Disputed dues-MSME	-	-	-	-	-
iv) Disputed dues-others	-	-	-	-	-

##### As on March 31, 2021

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 Years	2-3 Years	More than 3 years	
i) MSME	324.69	-	-	-	324.69
ii) Others	53,221.91	395.56	51.20	111.39	53,780.06
iii) Disputed dues-MSME	-	-	-	-	-
iv) Disputed dues-others	-	-	-	-	-

## Notes to Consolidated Financial Statements (Cont..)

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

### 13C. Other financial liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Capital creditors	4,008.68	1,756.96
Salaries and bonus payable	3,386.15	3,338.92
Unclaimed dividend	59.62	58.80
Interest accrued but not due on borrowings	72.36	232.84
Others	1,030.55	2,138.94
<b>Total</b>	<b>8,557.36</b>	<b>7,526.46</b>

### 14. Other current liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Contract liabilities (Refer Note 15)	661.21	1,327.30
Statutory liabilities	991.28	691.38
<b>Total</b>	<b>1,652.49</b>	<b>2,018.68</b>

### 15. Revenue from operations

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
Sale of products	3,72,717.23	3,19,603.46
Other operating revenue	3,774.87	4,150.82
<b>Total</b>	<b>3,76,492.10</b>	<b>3,23,754.28</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.

#### Reconciliation of Revenue recognised with contract price

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
Revenue as per the contracted price	5,17,805.91	3,90,920.91
Adjusted for :		
Less : Sales returns	(6,972.52)	(6,320.33)
Less : Chargebacks, rebates and discounts	(1,38,116.16)	(64,997.12)
<b>Total revenue from contracts with customers</b>	<b>3,72,717.23</b>	<b>3,19,603.46</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:

Region	For the Year ended March 31, 2022	For the Year ended March 31, 2021
North America	1,94,290.45	1,72,519.10
Europe	77,864.33	55,570.25
India	43,203.50	45,040.59
LATAM	37,896.86	28,839.77



## Notes to Consolidated Financial Statements (Cont..)

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

Region	For the Year ended March 31, 2022	For the Year ended March 31, 2021
AMEA	18,347.58	17,081.00
Rest of the world	1,114.51	552.75
<b>Total revenue from contracts with customers</b>	<b>3,72,717.23</b>	<b>3,19,603.46</b>

### Details of contract liabilities:

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
Contract liabilities (refer Note 14)	661.21	1,327.30

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 ₹1,193.84 lakhs included in contract liabilities as at 31 March 2021 has been recognised as revenue in the current year.

### 16. Other income

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
Interest income		
Deposits with banks	1,176.31	1,130.33
Others	109.10	107.54
Other non-operating income	475.38	1,450.31
<b>Total</b>	<b>1,760.80</b>	<b>2,688.18</b>

### 17. Cost of materials consumed

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
Inventory at the beginning of the year	29,747.33	15,800.89
Add: Purchases	2,07,880.94	1,72,974.11
	<b>2,37,628.27</b>	<b>1,88,775.00</b>
Less: Inventory at the end of the year	33,986.27	29,747.33
<b>Cost of materials consumed</b>	<b>2,03,642.00</b>	<b>1,59,027.67</b>

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

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
<b>Inventories at the end of the year</b>		
Finished goods	47,014.85	39,585.92
Work-in-progress	13,783.56	5,934.58
	<b>60,798.41</b>	<b>45,520.50</b>
<b>Inventories at the beginning 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>Total</b>	<b>(15,277.91)</b>	<b>(19,900.33)</b>

## Notes to Consolidated Financial Statements (Cont..)

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

### 19. Employee benefit expenses

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
Salaries, wages and bonus (refer note 28(b))	34,500.02	30,359.11
Managerial remuneration	3,493.66	8,388.97
Contribution to provident and other funds (refer note 28(a))	885.54	744.21
Staff welfare expenses	1,074.72	1,081.45
Employee Stock Option Scheme (refer note 27)	183.75	244.36
<b>Total</b>	<b>40,137.69</b>	<b>40,818.10</b>

### 20. Finance costs

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
Interest expense		
- Term loan	582.10	1,295.99
- Working capital	462.18	553.25
- Others	43.68	33.76
Interest on lease liabilities (refer note 10B)	95.95	78.79
Other borrowing costs	1,137.16	666.62
<b>Total</b>	<b>2,321.07</b>	<b>2,628.41</b>

### 21. Depreciation and amortization expense

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
Depreciation	12,224.90	11,554.69
Amortization	3,638.30	3,591.56
<b>Total</b>	<b>15,863.20</b>	<b>15,146.25</b>

### 22. Other expenses

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
Consumption of stores and spares	2,958.99	2,385.68
Power and fuel	7,466.11	6,885.15
Effluent treatment expenses	2,010.13	1,759.76
Analytical fees	356.56	502.02
Other manufacturing expenses	2,200.63	1,725.66
Repairs and maintenance		
Plant and machinery	5,333.12	4,249.46
Buildings	474.32	427.84
Others	2,600.47	2,275.35
Rent	796.66	782.51
Rates and taxes	2,153.49	2,122.61
Printing and stationery	201.76	146.41
Insurance	1,784.09	1,443.41
Write off of intangible assets under development	-	72.89
Commission to directors	135.76	209.72
Directors sitting fees	37.90	35.70
Remuneration to statutory auditors (refer note 30)	72.35	62.18



## Notes to Consolidated Financial Statements (Cont..)

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

### 22. Other expenses (Contd...)

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
Sales commission	3,598.23	2,979.03
Carriage outwards & clearing charges	19,508.17	12,368.06
Research & development expenses (refer note 29)	14,296.06	10,015.74
Business promotion expense / Other Commercial Expenses	1,341.74	562.42
Communication expenses	214.04	217.78
Consultancy charges	3,073.80	2,032.83
Travelling and conveyance	1,120.66	1,069.56
Penalties and recall cost	-	214.61
Advertisement Charges	296.80	70.14
Donations	69.94	103.79
Loss on sale of fixed assets (net)	478.34	39.19
Bad debts written off	0.10	246.31
Allowance for doubtful trade receivables	(61.06)	749.95
Allowance for doubtful advances	-	169.53
Allowance for scrips on hand	226.00	-
Foreign exchange loss (net)	650.94	820.07
Corporate social responsibility expenditure (refer note 23)	912.98	561.79
Miscellaneous expenses	1,457.94	978.78
<b>Total</b>	<b>75,767.02</b>	<b>58,285.93</b>

### 23. Details of Corporate social responsibility (CSR) expenditure

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
a) Gross amount required to be spent by the Group during the year:	911.59	561.77
(b) Amount spent during the year ended		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above in cash	912.98	561.79
(c) Amount unspent during the year ended:	-	-
(d) Total of Previous years Shortfall	-	-
(e) Reason for Shortfall	NA	NA
(f) Nature of CSR Activities		
(i) Skill Development	87.84	38.02
(ii) Preventive healthcare and Sanitation including contributions towards COVID-19 under state disaster management	564.02	84.58
(iii) Ex-gratia COVID allowance to the temporary/casual/Daily wage workers of the company	51.17	370.94
(iv) Granules Trust for various Activities specified in Schedule VII of the Companies Act, 2013	209.95	68.25
(g) Details of Related party transactions		
Granules Trust	209.95	68.25
(h) Where a provision is made with respect to a liability by entering into a contractual obligation, the movements in the provision during the year shall be shown separately.	Not Applicable	Not Applicable

## Notes to Consolidated Financial Statements (Cont..)

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

### 24. Tax expense

#### (a) Tax expense:

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

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Current tax	13,820.48	19,537.21
Deferred tax (benefit)/expense		
Attributable to the origination and reversal of temporary differences	703.54	(4,046.68)
<b>Total tax expense recognised in statement of profit &amp; loss</b>	<b>14,524.02</b>	<b>15,490.53</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.

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

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Profit before tax (A)	55,799.83	70,436.43
Enacted tax rate in India (B)	25.17%	25.17%
Expected tax expenses (C = A*B)	14,043.70	17,727.44
Reversal of excess provision on long term capital gains	-	(54.45)
Effect of Impact on Carryback of net operating losses recognition as deferred tax assets	-	(407.86)
Changes in recognised deductible temporary differences	-	416.89
Effect of tax incentives and concessions (research and development and other allowances)	17.05	(205.53)
Unrecognised deferred tax assets	120.63	65.67
Adjustment of tax relating to earlier periods	-	(718.53)
Others	342.64	(1,333.10)
<b>Tax expense</b>	<b>14,524.02</b>	<b>15,490.53</b>

#### Movement in temporary differences:

Particulars	Balance as at April 1, 2020	Recognised in profit or loss during the year including exchange differences	Recognised in OCI during the year	Balance as at March 31, 2021	Recognised in profit or loss during the year including exchange differences	Recognised in OCI during the year	Balance as at March 31, 2022
Depreciation and amortization	(13,266.97)	730.58	-	(12,536.38)	329.01	-	(12,207.37)
Leased assets	-	(236.56)	-	(236.56)	(79.20)	-	(315.76)
Assets held for sale	(1,202.12)	1,202.12	-	-	-	-	-
Employee benefits	785.00	219.86	9.23	1,014.09	323.31	26.26	1,363.66
Allowance for doubtful debts	565.21	188.75	-	753.96	(15.37)	-	738.59
Allowance for doubtful advances	-	42.67	-	42.67	-	-	42.67
Leased liability	-	255.97	-	255.97	85.15	-	341.12
Cash flow hedges	839.72	-	176.17	1,015.89	-	(481.68)	534.21
Business loss	5,186.78	(1,118.86)	-	4,067.92	(1,686.76)	-	2,381.16
Others	2,796.50	2,794.01	-	5,590.51	277.08	-	5,867.59
<b>Total</b>	<b>4,295.89</b>	<b>4,078.54</b>	<b>185.40</b>	<b>(31.93)</b>	<b>(766.78)</b>	<b>(455.42)</b>	<b>(1,254.13)</b>



## Notes to Consolidated Financial Statements (Cont..)

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

### Income tax recognised in other comprehensive income

Particulars	For the year ended March 31, 2022			For the year ended March 31, 2021		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Gain/(loss) arising on translation of foreign operations	2,653.37	-	2,653.37	(2,064.78)	-	(2,064.78)
Fair value changes on cash flow hedges	1,913.86	(481.68)	1,432.18	(699.98)	176.17	(523.81)
Re-measurement of defined benefit liability	(104.35)	26.26	(78.09)	(36.69)	9.23	(27.46)
<b>Total</b>	<b>4,462.88</b>	<b>(455.42)</b>	<b>4,007.45</b>	<b>(2,801.45)</b>	<b>185.40</b>	<b>(2,616.05)</b>

#### Notes:

Group has tax losses carried forward amounting to ₹1,465.35 lakhs as at March 31, 2022 and ₹980.20 lakhs March 31, 2021. Unrecognised deferred tax assets on these losses amounts to ₹200.75 lakhs as at March 31, 2022 and ₹134.29 lakhs March 31, 2021

### 25. Earning per equity share

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>Earnings</b>		
<b>Profit for the year</b>	<b>41,275.81</b>	<b>54,945.90</b>
Weighted average shares used for computing of basic EPS	2,478.40	2,492.03
Add: Effect of dilution		
Effect of dilutive options granted but not yet exercised/not yet eligible for exercise	7.70	10.75
Weighted average shares used for computing diluted EPS	<b>2,486.10</b>	<b>2,502.78</b>
Earnings per share		
- Basic (in ₹)	16.66	22.05
- Diluted (in ₹)	16.60	21.95

### 26. Contingent liabilities and commitments

Particulars	As at March 31, 2022	As at March 31, 2021
<b>(a) Contingent liabilities:</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	92.88

The Group 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 Group's financial position and results of operations.

The Group has a process whereby periodically all long-term contracts are assessed for material foreseeable losses. At the year end, the Group 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 Group has reviewed all its pending litigations including legal proceedings initiated in the ordinary course of business except as disclosed above. The Group 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 Group 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

## Notes to Consolidated Financial Statements (Cont..)

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

periods, the Group 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 Pharmaceutical, Inc. ("GPI") and Granules USA Inc., ("GUSA") received a class action suit from a plaintiff stating that one of the products of the Group – Metformin had a carcinogenic element. However, the USFDA obtained test results from the Group and issued a clean report. As of March 31, 2022, the litigation is active. Based on the Management assessment and legal advice received, the Group 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.
- 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 part and the hearing will be scheduled. The company has filed another suit against TWG in Virginia. Based on the Management assessment and legal advice received, the Group 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.
- 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 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 matter 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. Based on the Management assessment and legal advice received, the Group 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.

Particulars	As at March 31, 2022	As at March 31, 2021
<b>(b) Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	15,030.21	22,193.22

### 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 (Cont..)

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

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, 2022			
	Shares arising out of options	Range of Exercise prices	Weighted Average exercise price	Weighted Average remaining useful life (months)
Options outstanding at the beginning of the year	1,834,560	97.00 to 353.00	132.43	50
Add : Granted during the year	-	-	-	-
Less: Exercised during the year	330,980	97.00	97.00	-
Less: Lapsed/Cancelled/Surrendered during the Year	122,640	97.00	97.00	-
At the end of the year	1,380,940	97.00 to 353.00	144.07	38
Exercisable the end of the year	145,000	97.00 to 353.00	233.55	39

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	-

## Notes to Consolidated Financial Statements (Cont..)

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

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)
Less: Lapsed/Cancelled 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

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 09, 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.

### The details of activity under the Scheme are summarised below :

Particulars	For the year ended March 31, 2022			
	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	2
Add : Granted during the year	-	-	-	-
Less: Exercised during the year	(6)	19,149.26	19,149.26	-
Less: Lapsed/Cancelled during the Year	(140)	19,149.26	19,149.26	-
At the end of the year	82	19,149.26	19,149.26	2
Exercisable at the end of the year	62	19,149.26	19,149.26	2



## Notes to Consolidated Financial Statements (Cont..)

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

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

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

	Assumptions
Date of Grant	May 07, 2018
Dividend yield	0.00%
Expected volatility	33.00%
Risk-free interest rate	2.73%
Weighted average share price in USD	19,210.00
Exercise price in USD	19,149.26
Expected life of options granted in years	5.25

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

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Employee stock option scheme, net	183.75	244.36

Employee wise details of options outstanding to senior management personnel :

Name	Designation	No. of options outstanding as on March 31, 2022
Sandip Neogi	Chief Financial Officer	100,000
Atul Dhavle	Chief Human Resources Officer	120,000
GSR Prasad	Chief Operating Officer	180,000

### 28. Employee benefits

#### a) Defined contribution plan

Particulars	March 31, 2022	March 31, 2021
Contribution to provident fund	839.03	689.46
Contribution to employee state insurance	46.51	54.75
<b>Total</b>	<b>885.54</b>	<b>744.21</b>

- 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 Consolidated Financial Statements (Cont..)

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

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
<b>Balance as on March 31, 2020</b>	1,906.07	(146.51)	1,759.56
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 on March 31, 2021</b>	<b>2,283.22</b>	<b>(156.45)</b>	<b>2,126.77</b>
Current service cost	412.81	-	412.81
Interest expense/(income)	151.69	(7.87)	143.82
<b>Amount recognised in Statement of profit and loss</b>	<b>564.50</b>	<b>(7.87)</b>	<b>556.63</b>
Remeasurements:			
Return on plan assets, excluding amounts included in interest expense/(income)	-	-	-
Actuarial (gain)/loss arising from:			
Demographic assumptions	(84.85)	-	(84.85)
Financial assumptions	(55.59)	-	(55.59)
Experience adjustment	244.79	-	244.79
<b>Amount recognised in other comprehensive income</b>	<b>104.35</b>	<b>-</b>	<b>104.35</b>
Employers contribution	-	-	-
Benefits paid	(153.48)	-	(153.48)
<b>Balance as at March 31, 2022</b>	<b>2,798.59</b>	<b>(164.32)</b>	<b>2,634.27</b>

Particulars	As at March 31, 2022	As at March 31, 2021
Non-current	2,053.59	1,763.55
Current	580.68	363.22
	<b>2,634.27</b>	<b>2,126.77</b>

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

Particulars	March 31, 2022	March 31, 2021
Interest rate	7.39%	6.88%
Discount rate	7.39%	6.88%
Expected return on plan assets	7.39%	6.88%
Salary increase	10%	10%
Attrition rate	25.17%	20%
Retirement age - Years	60	60

Assumptions regarding future mortality experience are set in accordance with published statistics and mortality tables.





## Notes to Consolidated Financial Statements (Cont..)

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

The weighted average duration of the defined benefit obligation was 4.68 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, 2022		For the year ended March 31, 2021	
	Increase	Decrease	Increase	Decrease
Discount rate	(102.35)	111.33	(106.93)	118.42
Salary increase	116.49	(110.94)	119.30	(112.05)
Attrition rate	(13.61)	14.39	(18.16)	19.55

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, 2022 and March 31, 2021, the plan assets have been invested in Life Insurance Corporation

The expected contributions to the plan for the next annual period amounts to ₹79.03 lakhs.

### Maturity profile of defined benefit obligation

Particulars	For the year ended March 31, 2022
1st Following year	580.68
2nd Following year	494.26
3rd Following year	474.16
4th Following year	381.02
5th Following year	331.01
Years 6 to 10	1,030.90

## 29. Research and development expenses

a. Details of Research and development expenses incurred during the year is given below

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Capital	774.06	181.40
Revenue	14,296.06	10,015.74
<b>Total</b>	<b>15,070.12</b>	<b>10,197.14</b>

## 30. Remuneration to statutory auditors

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
As Auditor (excluding GST)		
Statutory audit	40.25	40.50
Limited review	15.00	13.50
Certification	15.05	7.00
Reimbursement of expenses and taxes	2.05	2.21
Less : Transaction costs towards Buyback of equity shares adjusted in securities premium	-	(1.03)
<b>Total</b>	<b>72.35</b>	<b>62.18</b>

## Notes to Consolidated Financial Statements (Cont..)

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

### 31. Related party disclosures

#### 31A. Names of related parties and description of relationship

Name of the related party	Relationship
1 Tyche Investments Private Limited	Enterprises over which key management personnel or their relatives exercise significant influence
2 Granules Omnichem Private Limited (upto May 29, 2020)	Joint venture
3 Espi Industries and Chemicals Private Limited	Enterprises over which key management personnel or their relatives exercise significant influence
4 Granules Trust	Enterprises over which key management personnel or their relatives exercise significant influence

#### Key managerial personnel

1 Dr. Krishna Prasad Chigurupati	Chairman & Managing Director
2 Dr. K.V.S Ram Rao (from January 05, 2022)	Joint Managing Director and Chief Executive Officer
3 Mrs. Uma Devi Chigurupati	Executive Director
4 Mr. Harsha Chigurupati	Executive Director
5 Mr. Sandip Neogi	Chief Financial Officer
6 Mrs. Chaitanya Tummala	Company Secretary

#### Relatives to key managerial personnel

1 Ms. Priyanka Chigurupati	Relative of Key Managerial Personnel
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#### 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 (upto October 06, 2021)	Independent Director
5 Mr. Robert George Cunard	Independent Director
6 Mr. Saumen Chakraborty (from December 13, 2021)	Independent Director
7 Mrs. Sucharita Rao Palepu (from December 22, 2021)	Independent Director

#### 31B. Transactions during the year

Particulars	March 31, 2022	March 31, 2021
<b>a) Transactions with enterprises over which key management personnel or their relatives exercise significant influence</b>		
i) Tyche Investments Private Limited		
Rent	-	60.37
Rental deposit repaid	20.00	-
ii) Espi Industries and Chemicals Private Limited		
Sale of goods	0.36	-
iii) Granules Trust		
Contribution towards CSR	209.95	68.25
<b>b) Transactions with key managerial personnel or their relatives</b>		
i) Dr. Krishna Prasad Chigurupati		
Managerial Remuneration	2,715.21	4,194.49
ii) Dr. K.V.S Ram Rao		
Managerial Remuneration	235.40	-
iii) Mrs. Uma Devi Chigurupati		
Managerial Remuneration	271.52	3,355.59
iv) Mr. Harsha Chigurupati		
Managerial Remuneration	271.52	838.90

## Notes to Consolidated Financial Statements (Cont..)

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

### 31B. Transactions during the year (Contd..)

Particulars	March 31, 2022	March 31, 2021
v) Mr. Sandip Neogi		
Salary	145.74	141.14
vi) Ms. Priyanka Chigurupati		
Salary	173.03	131.20
vii) Mrs. Chaitanya Tummala		
Salary	78.89	58.31
viii) Non-Executive Directors		
Sitting fees	37.90	35.70
Commission	135.76	209.72

### 31C. Closing balances

Particulars	March 31, 2022	March 31, 2021
b) Enterprises over which key management personnel or their relatives exercise significant influence		
i) Tyche Investments Private Limited		
Rental Deposit	-	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 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.

There were no loans or advances in the nature of loans granted by the Company to promoters, Directors, Key managerial persons and the related parties (as defined under Companies Act, 2013), either severally or jointly with any other person, that were repayable on demand or without specifying any terms or period of repayment,

### 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.

## Notes to Consolidated Financial Statements (Cont..)

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

### Fair Valuation measurement hierarchy

The following table shows the carrying amounts and fair values of financial assets and liabilities including their levels of fair value hierarchy:

Particulars	As at March 31, 2022				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 loans	-	-	298.01	298.01	-	-	-
Other non-current financial assets	-	-	1,273.02	1,273.02	-	-	-
Trade receivables	-	-	92,495.44	92,495.44	-	-	-
Cash and cash equivalents	-	-	18,471.34	18,471.34	-	-	-
Bank balances other than cash and cash equivalents	-	-	22,474.27	22,474.27	-	-	-
Current loans	-	-	751.34	751.34	-	-	-
Other current financial assets	-	-	128.78	128.78	-	-	-
<b>b) Financial assets measured at fair value through OCI</b>							
Non-current investments	-	1,966.80	-	1,966.80	0.07	1,966.73	-
Other current financial assets	-	140.45	-	140.45	-	140.45	-
<b>Total</b>	-	<b>2,107.25</b>	<b>135,892.20</b>	<b>137,999.45</b>	<b>0.07</b>	<b>2,107.18</b>	-
<b>ii) Financial liabilities</b>							
<b>a) Financial liabilities not measured at fair value</b>							
Non-current borrowings	-	-	23,370.06	23,370.06	-	-	-
Non-current Lease liabilities	-	-	828.12	828.12	-	-	-
Trade payables	-	-	63,860.96	63,860.96	-	-	-
Other current financial liabilities	-	-	8,557.36	8,557.36	-	-	-
Current lease liabilities	-	-	527.25	527.25	-	-	-
Current borrowings	-	-	85,905.67	85,905.67	-	-	-
<b>Total</b>	-	-	<b>183,049.42</b>	<b>183,049.42</b>	-	-	-

Particulars	As at March 31, 2021				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 loans	-	-	95.19	95.19	-	-	-
Other non-current financial assets	-	-	1,218.22	1,218.22	-	-	-



# Notes to Consolidated Financial Statements (Cont..)

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

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

Particulars	Carrying value	Less than 1 year	1-2 years	2-5 years	5-9 years	Total
Long-term borrowings and interest (including current maturities)	42,918.09	10,880.84	10,836.25	25,656.89	52.72	47,426.70
Short-term borrowings (excluding current maturities of long-term borrowings)	40,927.05	40,927.05	-	-	-	40,927.05
Lease liability	1,058.28	394.74	361.57	416.58	53.96	1,226.84
Trade payables	54,104.75	54,104.75	-	-	-	54,104.75
Other financial liabilities	7,526.46	7,526.46	-	-	-	7,526.46

## Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Group's exposure to market risk is primarily on account of foreign currency exchange rate risk.

## Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. As the Group's debt obligation with floating interest rates are primarily in USD/EURO which is subject to insignificant change, exposure to the risk of changes in market interest rates are substantially independent of changes in market interest rates.

## Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on borrowings, as follows:

Particulars	Change in basis points	March 31, 2022	March 31, 2021
USD - Borrowings	+100	(720.04)	(409.27)
	-100	720.04	409.27
EURO - Borrowings	+100	(208.74)	(209.44)
	-100	208.74	209.44

## 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, 2022		
	USD	EURO	Others
<b>Assets</b>			
Trade receivables	110,332.08	6,662.42	-
Loans	7.97	-	-
Cash and cash equivalents	10,510.48	0.03	0.05

# Notes to Consolidated Financial Statements (Cont..)

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

The year end foreign currency exposures are as under -

(All amounts are in Indian Rupees Lakhs)

Particulars	March 31, 2022		
	USD	EURO	Others
<b>Total</b>	<b>120,850.53</b>	<b>6,662.45</b>	<b>0.05</b>
<b>Liabilities</b>			
Borrowings	-	23,370.06	-
Trade payables	25,017.05	1,132.70	86.53
Other financial liabilities	1,359.29	310.09	42.36
Short-term borrowings	72,003.62	9,348.02	-
<b>Total</b>	<b>98,379.96</b>	<b>34,160.87</b>	<b>128.89</b>

(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	2.19	0.02	-
Cash and cash equivalents	113.99	16.89	0.29
<b>Total</b>	<b>87,077.65</b>	<b>5,713.51</b>	<b>0.29</b>
<b>Liabilities</b>			
Borrowings	-	33,380.74	-
Trade payables	16,888.54	1,413.37	31.88
Other financial liabilities	1,084.86	533.46	0.45
Short-term borrowings	40,927.05	9,537.35	-
<b>Total</b>	<b>58,900.45</b>	<b>44,864.92</b>	<b>32.33</b>

For the year ended March 31, 2022 and March 31, 2021, 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 0.09% and 0.16% respectively.

## Commodity rate risk

Exposure to market risk with respect to commodity prices primarily arises from the Group's purchases and sales of active pharmaceutical ingredients, including the raw material components for such active pharmaceutical ingredients. These are commodity products, whose prices may fluctuate significantly over short periods of time. The prices of the Group's raw materials generally actuate in line with commodity cycles, although the prices of raw materials used in the Group's active pharmaceutical ingredients business are generally more volatile. The cost of raw materials forms the largest portion of the Group's operating expenses. Commodity price risk exposure is evaluated and managed through operating procedures and sourcing policies. As of 31 March 2022, the Group had not entered into any material derivative contracts to hedge exposure to fluctuations in commodity prices.

## Cash flow hedges

### Foreign currency risk:

Foreign exchange forward contracts are designated as hedging instruments in cash flow hedges of forecast sales in US dollar. Further, Euro denominated debt are designated as hedging instruments in cash flow hedges of forecast sales in Euro. These forecast transactions are highly probable. The foreign exchange forward contract balances vary with the level of expected foreign currency sales and changes in foreign exchange forward rates.

There is an economic relationship between the hedged items and the hedging instruments as the terms of the foreign exchange forward contracts and loans match the terms of the expected highly probable forecast transactions (i.e., notional amount and expected payment date). The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the foreign exchange forward contracts and loans are identical to the hedged risk components. To test the hedge effectiveness,



## Notes to Consolidated Financial Statements (Cont..)

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

the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

The hedge ineffectiveness can arise from:

- Differences in the timing of the cash flows of the hedged items and the hedging instruments
- The counterparties' credit risk differently impacting the fair value movements of the hedging instruments and hedged items

### Changes to the forecasted amount of cash flows of hedged items and hedging instruments

The Group is holding the following foreign exchange forward contracts

Particulars	Maturity			Total
	Not later than one year	Later than one year and not later than five years	Later than five years and not later than nine years	
<b>As at March 31, 2022</b>				
Foreign exchange forward contracts (highly probable forecast sales)				
Notional amount (₹ in lakhs)	12,424.32	-	-	12,424.32
Average forward rate (INR / USD)	78.22	-	-	78.22
Euro denominated debt (highly probable forecast sales)				
Notional amount (₹ in lakhs)	8,529.01	21,857.51	-	30,386.52
Average forward rate (INR / Euro)	76.84	78.77	-	78.21
<b>As at March 31, 2021</b>				
Euro denominated debt (highly probable forecast sales)				
Notional amount (₹ in lakhs)	8,494.87	30,386.52	-	38,881.39
Average forward rate (INR / Euro)	76.53	78.21	-	77.84

The impact of the hedging instruments on the balance sheet is, as follows:

	Notional amount	Carrying amount	Line item in the balance sheet	Change in fair value used for measuring ineffectiveness for the period
<b>As at March 31, 2022</b>				
Forward exchange contracts	12,424.32	140.45	Derivative instruments under current financial assets	140.45
Euro denominated debt	32,718.08	32,718.08	Non-current borrowings and Short-term borrowings	1,773.41
<b>As at March 31, 2021</b>				
Euro denominated debt	42,918.09	42,918.09	Non-current borrowings and Short-term borrowings	(699.98)

The impact of the hedged item on the balance sheet is, as follows:

	Change in fair value used for measuring ineffectiveness for the period	Effective portion of cash flow hedge	Cost of cashflow hedge
<b>As at March 31, 2022</b>			

## Notes to Consolidated Financial Statements (Cont..)

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

The impact of the hedged item on the balance sheet is, as follows:

	Change in fair value used for measuring ineffectiveness for the period	Effective portion of cash flow hedge	Cost of cashflow hedge
Highly probable forecast sales	1,913.86	1,913.86	-
<b>As at March 31, 2021</b>			
Highly probable forecast sales	(699.98)	(699.98)	-

The effect of the cash flow hedge in the statement of profit and loss is, as follows:

	Total hedging gain/(loss) recognised in OCI	Ineffectiveness recognised in profit or loss	Line item in the statement of profit and loss	Cost of hedging recognise in OCI	Amount reclassified from OCI to profit or loss	Line item in the statement of profit and loss
<b>For the year ended March 31, 2022</b>						
Highly probable forecast sales	1,913.86	-	-	-	1,121.19	Revenue from operations
<b>For the year ended March 31, 2021</b>						
Highly probable forecast sales	(699.98)	-	-	-	1,204.52	Revenue from operations

### 34. 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:

- Revenue from customers within India – Domestic
- Revenue from customers outside India – Exports

Revenue from one external customer exceed 10% of company's total revenue from operations of ₹ Nil for the year ended March 31, 2022 (March 31, 2021 - ₹33,293.59 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, 2022			March 31, 2021		
	Outside India	Within India	Total	Outside India	Within India	Total
Revenue	330,857.21	45,634.89	376,492.10	275,156.36	48,597.92	323,754.28
Non-current assets (refer note - i)	54,565.99	141,380.04	195,946.03	48,645.55	119,141.20	167,786.75

#### Note:

- 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.



# Notes to Consolidated Financial Statements (Cont..)

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

## 41. Other Statutory information

- i) There are no proceedings initiated or pending against the Group as at March 31, 2022, under Prohibition of Benami Property Transaction Act, 1988 (As amended in 2016)
- ii) The Group do not have any transactions with companies struck off as per Section 248 of the Companies Act, 2013 and Section 560 of the Companies Act, 1956.
- iii) The Group do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period
- iv) The Group have not traded or invested in Crypto currency or Virtual Currency during the financial year.
- v) The Group have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
- (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or
- (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- vi) The Group have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:
- (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- vii) The Group have not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961
- viii) The Group is not declared a wilful defaulter by any bank or financial institutions or vendor.
- ix) Title deeds of all immovable properties were held in the name of the Group.

**42.** On March 24, 2021, the Ministry of Corporate Affairs (MCA) through notification, amended Schedule III to the Companies Act, 2013, applicable for financial period commencing from April 01, 2021. The Company has incorporated the changes as per the said amendment in the above results and has also changed the comparative numbers wherever applicable.

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

**Sulabh Kumar Kedia**  
Partner  
Membership No : 066380

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

**Dr. K.V.S Ram Rao**  
Joint Managing Director and Chief Executive Officer  
DIN : 08874100

**Sandip Neogi**  
Chief Financial Officer

**Chaitanya Tummala**  
Company Secretary

Place: Hyderabad  
Date: May 18, 2022

Place: Hyderabad  
Date: May 18, 2022

Place: Hyderabad  
Date: May 18, 2022

# 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, 2022	March 31, 2022	March 31, 2022	March 31, 2022
2. Reporting Currency	USD	USD	GBP	INR
3. Exchange rate as on the last date of the financial year	75.9004	75.9004	99.8273	1.00
4. Share capital	116.31	56,503.36	0.08	3,000.00
5. Other Equity	1,806.06	15,190.48	(1,256.64)	(66.72)
6. Total Assets	27,324.58	107,570.28	46.35	2,941.00
7. Total Liabilities	25,402.97	37,760.18	1,302.90	7.72
8. Investments	0.76	1,883.73	-	-
9. Turnover	51,719.32	94,311.36	-	-
10. Profit/(loss) before taxation	637.54	3,698.54	(288.17)	5.85
11. Provision for taxation	160.72	1,059.17	-	-
12. Profit/(loss) after taxation	476.82	2,639.37	(288.17)	5.85
13. Proposed Dividend	-	-	-	-
14. % of shareholding	100%	99.92%	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

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

**Dr. K.V.S Ram Rao**  
Joint Managing Director and Chief Executive Officer  
DIN : 08874100

**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), E-mail: [investorrelations@granulesindia.com](mailto:investorrelations@granulesindia.com), Tel:+91-40-69043500.

## NOTICE

Notice is hereby given that the 31<sup>st</sup> Annual General Meeting (AGM) of the members of Granules India Limited (the Company) will be held on Wednesday, July 27, 2022 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, 02/2021 and 02/2022 issued by the 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:

1. To consider and adopt (a) the audited standalone financial statements of the Company for the financial year ended March 31, 2022 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, 2022 and the report of Auditors thereon and in this regard pass the following resolutions as **Ordinary Resolutions:**
  - (a) **“RESOLVED THAT** the audited standalone financial statements of the Company for the financial year ended March 31, 2022 and the reports of the Board of Directors and Auditors thereon laid before this meeting, be and are hereby considered and adopted.”
  - (b) **“RESOLVED THAT** the audited consolidated financial statements of the Company for the financial year ended March 31, 2022 and the report of Auditors thereon laid before this meeting, be and are hereby considered and adopted.”
2. To declare a final dividend of 75 paise per equity share and to approve and ratify the interim dividend of 75 paise per equity share, already paid for the financial year ended March 31, 2022 and in this regard to pass the following resolutions as an **Ordinary Resolutions:**
  - (a) **“RESOLVED THAT** a final dividend at the rate of 75 paise 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, 2022 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, 2022.”

- (b) **“RESOLVED THAT** pursuant to the recommendation of the Board of Directors, an interim dividend of 75 paise per equity share paid during the financial year 2021-22 be and is hereby approved and ratified.”
3. To appoint a Director in place of Mr. Kolli Basava Sankar Rao (DIN: 05167550), who retires by rotation and is being eligible, seeks re-appointment and in this regard and, if thought fit, to pass the following resolution as an **Ordinary Resolution:**

**“RESOLVED THAT** pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Kolli Basava Sankar Rao (DIN: 05167550), who retires by rotation at this meeting be and is hereby appointed as a Director of the Company, liable to retire by rotation.”
4. To appoint M/s. S.R. Batliboi & Associates LLP, Chartered Accountants (Registration No. 101049W/E300004) as statutory auditors to hold office from the conclusion of the thirty-first Annual General Meeting until the conclusion of the thirty-sixth Annual General Meeting and in this regard to consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution:**

**“RESOLVED THAT** pursuant to the provisions of Sections 139, 142 of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies(Audit and Auditors) Rules, 2014 including any statutory modification(s) or reenactment(s) thereof, for the time being in force, M/s. S.R. Batliboi & Associates LLP, Chartered Accountants (Registration No. 101049W/E300004), be and are hereby appointed as the statutory auditors of the Company, for a term of 5 (five) consecutive years to hold office from the conclusion of the thirty-first Annual General Meeting to the conclusion of the thirty-sixth Annual General Meeting at a remuneration of ₹ 55 Lakhs for the financial year 2022-23 and with authority to the Board to revise mutually during the tenure of five years, if required.”
5. To re-appoint Mrs. Uma Devi Chigurupati as Whole-Time Director of the Company in terms of provisions of Sections

### SPECIAL BUSINESS:

196, 197, 203 read with schedule V to the Companies Act, 2013, and in this regard to consider and, if thought fit, to pass the following resolution as a **Special Resolution:**

**RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013, consent of the members be and is hereby accorded for the re-appointment of Mrs. Uma Devi Chigurupati (holding DIN 00737689), as Whole-Time Director of the Company for a period of 5 (five) years effective from May 31, 2022, liable to retire by rotation, on the following terms and conditions:

### Terms and Conditions:

#### (a) Salary, Perquisites and Allowances per annum:

Particulars	Amount in ₹ lakhs
Salary, Perquisites and Allowances	24.00

The perquisites and allowances shall be evaluated, wherever applicable, as per the provisions of the Income-tax Act, 1961 or any rules thereunder or any statutory modification(s) or re-enactment thereof; in the absence of any such rules, perquisites and allowances shall be evaluated at actual cost. The Whole-Time Director is entitled to medical reimbursement as per the policy of the Company for senior managerial executives.

(b) The Company’s contribution to provident fund, superannuation or annuity fund, if any to the extent these singly or together are not taxable under the Income Tax law, gratuity payable and encashment of leave, as per the rules of the Company and to the extent not taxable under the Income Tax law, shall not be included for the purpose of computation of the overall ceiling of remuneration.

#### (c) Reimbursement of Expenses:

Expenses incurred for traveling, boarding and lodging during business trips and provision of the car(s) for use on the Company’s business and communication expenses at residence shall be reimbursed at actuals and not considered as perquisites.

#### (d) General:

- (i) The Whole-Time Director will perform her duties with regard to the work of the Company and will manage and attend to such business and carry out the orders and directions given by the Board and or the Managing Director from time to time.
- (ii) The Whole-Time Director shall adhere to the Company’s Code of Conduct.

(iii) The office of the Whole-Time Director may be terminated by the Company or by her by giving the 3 (three) months prior notice in writing.

**“RESOLVED FURTHER THAT** in case of the adequacy of profits, Mrs. Uma Devi Chigurupati be paid such commission which, together with salary, allowances and perquisites shall not exceed 0.5 % of the net profits of the Company calculated in accordance with the provisions of Section 198 of the Companies Act, 2013.”

**“RESOLVED FURTHER THAT** in the event of any loss or inadequacy of profits in any financial year during her tenure, the Company shall pay to Mrs. Uma Devi Chigurupati, the remuneration by way of salary, perquisites, commission or any other allowances as specified in the above resolution and in accordance with the limits specified under Section II of Part II of Schedule V of the Companies Act, 2013 or such other limits as may be prescribed by the Ministry of Corporate Affairs from time to time in this regard, as minimum remuneration.”

**“RESOLVED FURTHER THAT** Mrs. Uma Devi Chigurupati, Whole-Time Director shall not be paid sitting fees for attending meetings of the Board of Directors or any Committee(s) thereof.”

6. To approve revision in the remuneration payable to Non-Executive Directors by way of commission and in this regard, to consider and, if thought fit, to pass the following resolution as a **Special Resolution:**

**“RESOLVED THAT** in supersession of all the earlier resolutions passed for payment of remuneration to Non-Executive Directors and pursuant to the provisions of Sections 197, 198 and all other applicable provisions of the Companies Act, 2013 and the Rules made thereunder and applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and based on the recommendation of the Nomination and Remuneration Committee and the Board of Directors, the consent of the members of the Company be and is hereby accorded for the payment of commission to the Non-Executive Directors of the Company (other than the Managing Director and/or Whole-Time Director or Executive Director) for a period of five years commencing from April 1, 2022 up to and including the financial year of the Company ending on March 31, 2027 to the extent of 0.05% per Non-Executive Director within a total maximum limit of 1% of net profit of the Company calculated in accordance with the provisions of Section 198 of The Act, in addition to the sitting fees and reimbursement of expenses being paid by the Company for participating in the Board/Committee Meetings of the Company.”

**“RESOLVED FURTHER THAT** the total overall managerial remuneration payable to all the Directors of





the Company in any financial year shall not exceed the limits prescribed under Section 197 and other applicable provisions of the Act.”

“**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby severally authorized to do all such acts, deeds, matters and things as may be deemed necessary to give effect to this resolution.”

By Order of the Board of Directors

Place: Hyderabad

**Chaitanya Tummala**

Date: June 5, 2022

Company Secretary

#### NOTES:

- The Ministry of Corporate Affairs (“MCA”) vide its circular dated May 5, 2020 read with circulars dated April 8, 2020, April 13, 2020, January 13, 2021 and May 5, 2022 (collectively referred to as “MCA Circulars”) and SEBI vide its Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020, SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021 and SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 13, 2022 (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 hereinafter called as “e-AGM”.
- 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 the Directors seeking re-appointment at this AGM is annexed.
- 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 the route map are not annexed to this Notice.
- Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
- In compliance with the aforesaid MCA Circulars and SEBI Circulars, Notice of the AGM along with the Annual Report for FY 2021-22 is being sent only through electronic mode

to those Members whose e-mail 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) or the website of the stock exchanges, NSE and BSE for downloading the Annual Report and Notice of the AGM.

- The Company has notified closure of Register of Members and Share Transfer Books from Thursday, July 21, 2022 to Wednesday, July 27, 2022 (both days inclusive) for AGM.
  - The Board of Directors of the Company at their Meeting held on May 18, 2022 has recommended a dividend of 75 paise per share on equity share of ₹1/- each as the final dividend for the financial year 2021-22 in addition to the interim dividend of 75 paise per equity share paid during the year. The final dividend, if declared, at the Annual General Meeting, will be paid on or before August 25, 2022. The members holding equity shares of the Company as on Wednesday, July 20, 2022 are entitled to the final dividend for the financial year ended on March 31, 2022, if approved at the AGM.
- Under 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 the 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 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 the 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 20, 2022.

- To support the ‘Green Initiative’, Members who have not yet registered their e-mail 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 Limited in case the shares are held by them in physical form.
- Members are requested to intimate changes, if any, about their name, postal address, e-mail address, telephone/mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as the 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 Limited in case the shares are held by them in physical form.
- In the 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.
- Members seeking any information about the accounts or any matter to be placed at the AGM, are requested to write to the Company before 5.00 p.m. on July 25, 2022 through e-mail on [investorrelations@granulesindia.com](mailto:investorrelations@granulesindia.com). The same will be replied to by the Company suitably.
- Under 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).
  - 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 Limited for lodging a claim for refund of shares and/or dividend from the IEPF Authority.

13. Due dates for transfer of unclaimed/unpaid dividends for the financial year 2014-15 and thereafter to IEPF:

Financial year	Type of dividend	Due date of transfer
2014-15	Final	19.09.2022
2015-16	1st Interim	03.09.2022
	2nd Interim	07.12.2022
	3rd Interim	05.03.2023
	Final	16.09.2023
2016-17	1st Interim	16.09.2023
	2nd Interim	30.11.2023
	3rd Interim	05.03.2024
	Final	03.11.2024
2017-18	1st Interim	19.09.2024
	2nd Interim	15.12.2024
	3rd Interim	16.03.2025
	Final	12.10.2025
2018-19	1st Interim	28.08.2025
	2nd Interim	04.12.2025
	3rd Interim	06.03.2026
	Final	03.10.2026
2019-20	1st Interim	03.09.2026
	2nd Interim	26.11.2026
	3rd Interim	25.02.2027
	Final	18.09.2027
2020-21	1st Interim	22.08.2027
	2nd Interim	25.11.2027
	3rd Interim	05.03.2028
	Final	10.09.2028
2021-22	1st Interim	01.09.2028
	2nd Interim	18.12.2028
	3rd Interim	16.03.2029

14. Procedure of E-Voting and attending E-AGM:

- 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 the 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 Kfin Technologies Limited (KFintech), on all the resolutions outlined in this Notice. The instructions for e-Voting are given hereinbelow.

- ii. However, under 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 a single login credential, through their Demat accounts/websites of Depositories/DPs 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 the e-Voting process. Shareholders are advised to update their mobile number and e-mail ID with their DPs to access the e-Voting facility.
- iv. The remote e-voting period commences from 9.00 a.m. (IST) on July 24, 2022 and ends at 5.00 p.m. (IST) on July 26, 2022.
- v. The voting rights of members shall be in proportion to their shares in the paid-up equity share capital of the Company as of the cut-off date i.e Wednesday, July 20, 2022.
- 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 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 the 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 hereinbelow:

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 the KFintech system to participate in 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 the ‘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 the e-Voting service provider website for casting the vote during the remote e-Voting period.</li> </ol> <p><b>2. User not registered for IDeAS e-Services</b></p> <ol style="list-style-type: none"> <li>i) To register, click on the 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> </ol> <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> <ol style="list-style-type: none"> <li>i) Click on the icon “Login” which is available under the ‘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 request to select the name of the Company and the e-Voting Service Provider name, i.e. fintech.</li> </ol> <p>On successful selection, you will be redirected to the KFintech e-Voting page for casting your vote during the remote e-Voting period.</p>

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL	<p><b>1. Existing users who have opted for Easi / Easiest</b></p> <ol 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 to ESP i.e. KFintech e-Voting portal.</li> <li>v) Click on the e-Voting service provider name to cast your vote.</li> </ol> <p><b>2. User not registered for Easi/Easiest</b></p> <ol 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> </ol> <p><b>3. Alternatively, by directly accessing the e-Voting website of CDSL</b></p> <ol 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 the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account.</li> <li>iv) After successful authentication, the user will be provided links for the respective ESP, i.e KFintech where the e-Voting is in progress.</li> </ol>
Individual Shareholder login through their Demat accounts/Website of Depository Participant	<ol style="list-style-type: none"> <li>i) You can also log in using the login credentials of your Demat account through your DP registered with NSDL /CDSL for the e-Voting facility.</li> <li>ii) Once logged in, you will be able to see the e-Voting option. Once you click on the e-Voting option, you will be redirected to NSDL / CDSL Depository site after successful authentication, wherein you can see the e-Voting feature.</li> <li>iii) Click on options available against company name or e-Voting service provider – KFintech and you will be redirected to the e-Voting website of KFintech for casting your vote during the remote e-Voting period without any further authentication.</li> </ol>

**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 log in through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Securities held with NSDL	Please contact the NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll-free number 1800 1020 990 and 1800 22 44 30
Securities held with CDSL	Please contact the 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 shareholders holding securities in Demat mode and shareholders holding securities in physical mode.
  - (A) Members whose e-mail IDs are registered with the Company/ Depository Participants (s), will receive an e-mail 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 the case of the physical folio, the User ID will be EVEN (E-Voting Event Number)

XXXX, followed by the folio number. In the case of the Demat account, the 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 “Log in”.
- iv. You will now reach the 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, e-mail ID, etc. on the 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 log in 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 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 hereinabove. 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 account.
- 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 clicking 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 log in 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 e-mail ID [ghanu.a@dhhara.com](mailto:ghanu.a@dhhara.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 e-mail 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 e-mail address and in consequence the Annual Report, Notice of AGM and e-voting instructions cannot be serviced, may temporarily get their e-mail address and mobile number provided with KFintech, by accessing the link: <https://ris.kfintech.com/clientservices/mobilereg/mobileemailreg.aspx>. Members are requested to follow the process as guided to capture the e-mail 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, a member may write to [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com).
- ii. Alternatively, a member may send an e-mail request at the e-mail ID [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) along with a scanned copy of the signed copy of the request letter providing the e-mail address, mobile number, self-attested PAN copy and Client Master copy in case of the 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 individuals, 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 e-mail 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. Therefore, it is 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, e-mail ID, mobile number at [investorrelations@granulesindia.com](mailto:investorrelations@granulesindia.com). Questions /queries received by the Company till July 26, 2022 (5.00 p.m. IST) shall only be considered and responded to during the AGM.
- vi. The members who have not cast their vote through remote e-voting shall be eligible to cast their vote through the 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 a 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 voting at the AGM shall be treated as invalid.
- viii. Facility of joining the AGM through VC / OAVM shall be available for members on a 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 log in 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 July 24, 2022 (9.00 a.m. IST) up to July 26, 2022 (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 before 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 the ‘Post Your Question’ option which will open from July 24, 2022 (9.00 a.m. IST) up to July 26, 2022 (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 call KFintech’s toll-free number 1-800-309-4001 for any further clarifications.
- xiii. The Members, whose names appear in the Register of Members/List of Beneficial Owners as of Wednesday, July 20, 2022, being the cut-off date, are entitled to vote on the resolutions outlined in this Notice. A person who is not a member as of 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 the 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 electronic voting results 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

### A. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013.

#### Item No. 05

The current term of office of Mrs. Uma Devi Chigurupati as Whole-Time Director concludes on May 30, 2022. Considering the commitment consistently shown and results exhibited, the Board of Directors on the recommendation of the Nomination and Remuneration Committee, in their meeting held on May 18, 2022 has decided to re-appoint Mrs. Uma Devi Chigurupati as Whole-Time Director of the Company for a further period of 5 (five) years effective from May 31, 2022 to May 30, 2027. The re-appointment of Mrs. Uma Devi Chigurupati is appropriate and in the best interest of the Company for the results shown and the efforts made by her to the improvement of the performance of the Company. The approval of the members is being sought to the terms and conditions of the re-appointment of Mrs. Uma Devi Chigurupati as Whole-Time Director and the remuneration payable to her.

In the event of any loss or inadequacy of profits in any financial year during her tenure, the Company shall pay to Mrs. Uma Devi Chigurupati, the remuneration by way of salary, perquisites, commission or any other allowances in accordance with the limits and conditions specified under Section II of Part II of Schedule V to the Companies Act, 2013 or such other limits as may be prescribed by the Government from time to time in this regard, as minimum remuneration.

Mrs. Uma Devi Chigurupati satisfies all the conditions set out in Part-I of Schedule V to the Act and conditions set out under Section 196(3) of the Act for being eligible for her re-appointment. She is not disqualified from being re-appointed as Director in terms of Section 164 of the Act.

The resolution seeks the approval of the members in terms of Sections 196 and 197 read with Schedule V and other applicable provisions of the Companies Act, 2013, and the rules made thereunder for the re-appointment of Mrs. Uma Devi Chigurupati as Whole-Time Director of the Company for a period of five years commencing from May 31, 2022 to May 30, 2027.

Dr. Krishna Prasad Chigurupati, Chairman and Managing Director, Mrs. Uma Devi Chigurupati, Executive Director and Mr. Harsha Chigurupati, Executive Director along with their relatives are deemed to be concerned or interested in the proposed resolution.

Save and except the above, none of the other Directors, Key Managerial Persons (KMPs) of the Company or any relatives of such Directors or KMPs, are in any way concerned or interested financially or otherwise in the proposed resolution.

The Board recommends the special resolution set forth in Item No. 5 for approval of the members.

#### Item No. 06

The members of the Company in their meeting held on August 13, 2020 had approved the payment of remuneration to the Non-Executive Directors to the extent of the total maximum limit of 0.25% (quarter percent) of the net profit of the Company and this total commission of 0.25% on the net profit of the Company to be distributed equally to all Non-Executive Directors over a period of five years commencing from April 1, 2020 up to and including financial year of the Company ending on March 31, 2025 in addition to the sitting fees and reimbursement of expenses being paid by the Company for participating in the Board/Committee Meetings of the Company.

Taking into consideration the strength of the Non-Executive Directors on the Board, it is proposed to revise the limits set for payment of remuneration for Non-Executive Directors from 0.25% of the net profit of the Company to be distributed equally to all Non-Executive Directors to 0.05% per Non-Executive Director within a total maximum limit of 1% of net profit of the Company calculated in accordance with the provisions of Section 198 of the Act for a period of five years commencing from April 1, 2022 up to and including a financial year of the Company ending on March 31, 2027 in addition to the sitting fees and reimbursement of expenses being paid by the Company for participating in the Board/Committee Meetings.

Except the Executive Directors and Key Managerial Personnel of the Company and their relatives, all

Non-Executive Directors along with their relatives, are deemed to be concerned or interested, financially or otherwise, in this resolution to the extent of remuneration or fees that may be received by them.

The Board recommends the special resolution set forth in Item No. 6 for approval of the members.

### B. Information pursuant to regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

#### Item No. 04

As per the provisions of the Companies Act, 2013 read with rules made thereunder, the term of M/s. B.S.R. &

Associates LLP, Chartered Accountants (Registration No. 116231W/W-100024) statutory auditors of the Company concludes at the conclusion of the 31<sup>st</sup> AGM.

The Audit Committee and the Board of Directors of the Company have recommended appointment of M/s. S.R. Batliboi & Associates LLP (Firm Registration No.101049W/E300004) as Statutory Auditors of the Company for a term of five (5) consecutive years from the conclusion of the 31<sup>st</sup> AGM till the conclusion of 36<sup>th</sup> AGM of the Company in place of the retiring auditors.

Additional information about statutory auditors pursuant to regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is provided below:

Details	Particulars
Proposed fees payable to the statutory auditors	For FY 2022-23: ₹55 lakhs with authority to the Board to revise the fees mutually during their tenure of five years, if required.
Terms of appointment.	M/s. S.R. Batliboi & Associates LLP is proposed to be appointed for a term of five (5) consecutive years from the conclusion of the 31 <sup>st</sup> AGM till the conclusion of 36 <sup>th</sup> AGM of the Company.
Material change in the fee payable	No material changes in fees for the proposed auditors. Outgoing auditors were paid a statutory audit fees ₹55.25 lakhs for FY 2021-22.
Basis of recommendation and credentials of statutory auditors	The recommendations are based on the fulfilment of the eligibility criteria prescribed in the Companies Act, 2013, industry experience, competency of the audit team, efficiency in conduct of audit and the independence.  M/s. S.R. Batliboi & Associates LLP (FRN: 101049W/E300004, (“the Audit Firm”), is a firm of Chartered Accountants registered with the Institute of Chartered Accountants of India. The audit Firm is a Limited Liability Partnership firm (“LLP”) incorporated in India. It has registered office at 22, Camac Street, Kolkata and has 11 branch offices in various cities in India. The Audit Firm has valid Peer Review certificate and is part of S.R. Batliboi & Associates network of audit firms. It is primarily engaged in providing audit and assurance services to its clients.

M/s. S.R. Batliboi & Associates LLP have conveyed their consent to be appointed as the statutory auditors of the Company for a term of five consecutive years along with the confirmation that, their appointment, if approved by the members, would be within the limits prescribed under the Act.

None of the Directors or Key Managerial Personnel of the Company or their relatives are in any way, concerned or interested, financially or otherwise, in the said resolution.

The Board recommends the ordinary resolution set forth in Item No. 4 for approval of the members.

### C. Disclosure under regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings.

#### Details of Directors seeking re-appointment at the Meeting.

Name of the Director	Mrs. Uma Devi Chigurupati	Mr. Kolli Basava Sankar Rao
Date of birth	August 10, 1959	January 10, 1954
Qualification	M. Sc. (Soil Microbiology)	M. Pharma
Nature of appointment	Re-appointment	Re-appointment
Terms and conditions of appointment/re-appointment	Liable to retire by rotation and terms and conditions of appointment are provided in Item No. 5 of the Notice.	Liable to retire by rotation
Remuneration last drawn by such person, if applicable and remunerations sought to be paid	Last drawn: 0.5 % of the net profits of the Company calculated in accordance with the provisions of Section 198 of the Companies Act, 2013. Sought to be paid: Same as above.	Sitting Fees for attending the Board and Committee meetings and commission was paid along with other Non-Executive Directors as approved by the members.
Date of first appointment on the Board	May 31, 2012.	February 19, 2013

Name of the Director	Mrs. Uma Devi Chigurupati	Mr. Kolli Basava Sankar Rao
Relationship with other Directors on the Board	Mrs. Uma Devi Chigurupati is spouse of Dr. Krishna Prasad Chigurupati, Chairman and Managing Director and mother of Mr. Harsha Chigurupati, Executive Director of the Company.	None
Expertise in the specific functional area	She has more than three decades of experience in Pharmaceuticals across various corporate functions and expertise in undertaking CSR activities and HR initiatives.	He has more than three decades in various domains including manufacturing, projects, supply chain, quality, R&D and business strategy.
Brief profile	An entrepreneur, a successful businesswoman, sportsperson, and two-time Guinness Book of World Record holder, Mrs. Uma Devi Chigurupati is also the Whole-Time Director of Granules India Limited. She spearheads the Corporate Social Responsibility and Human Resources functions in the Company. A post-graduate in Soil Microbiology from Nagarjuna University, she holds more than three decades of experience in Pharmaceuticals across various corporate functions.  Mrs. Chigurupati has been the Chairperson of FICCI FLO Hyderabad. During her tenure, she has taken up many initiatives to empower women at both grass root & white-collar levels.  Mrs. Chigurupati is also Director of KRSMA Estates Private Limited, one of India's premier boutique wineries. Under her tenure, she has established the vineyard in the Hampi Hills of Karnataka and has been vital to the ongoing operations at the site.	Mr. K. B. Sankar Rao is an M. Pharma from Andhra University and has rich experience of more than three decades in various domains including manufacturing, projects, supply chain, quality, R&D and business strategy.  Mr. K. B. Sankar Rao was associated with various reputed organizations like Warner Hindustan, Cipla and Dr. Reddy's.  He led large teams in manufacturing while institutionalizing systems and processes to drive efficiencies. He was involved in the implementation of 'Theory of Constraints' principles to improve due date performance in R&D. He was instrumental in deploying a self-managed team concept to empower the workforce in manufacturing while driving productivity. Mr. K.B. Sankar Rao was the Managing Director of Raje Retail Private Limited, a pharmacy retail chain under the brand name- "My Health Pharmacy" in Hyderabad.
Directorship in other listed Companies in the last three years	NIL	NIL
Directorship in other Indian Companies	1. Tyche Investments Private Limited 2. KRSMA Vineyards Private Limited 3. KRSMA Estates Private Limited 4. Chigurupati Vineyards Private Limited	1. Raje Retail Private Limited
Chairperson/member of the Committees of the Board of Directors of the Company	1. Corporate Social Responsibility Committee – Chairperson 2. Share Transfer & Stakeholder Relationship Committee – Member 3. Risk Management Committee – Member	1. Business Review Committee – Chairman 2. Growth Opportunities Evaluation Committee – Chairman 3. Risk Management Committee – Member
Chairperson/member of the Committees in other Companies including listed entity in which she is a Director	NIL	NIL
Number of meetings of the Board attended during the financial year 2021-22	06 out of 07	07 out of 07
Number of shares held in the Company	94,59,687	29,95,863

By Order of the Board of Directors

Hyderabad  
June 5, 2022

**Chaitanya Tummala**  
Company Secretary

## Corporate information

### Board of Directors

#### **Dr. Krishna Prasad Chigurupati,**

Chairman and Managing Director – Non-Independent

#### **Dr. K.V.S Ram Rao**

Joint Managing Director & CEO-Non-Independent

#### **Mrs. Uma Devi Chigurupati,**

Executive Director – Non-Independent

#### **Mr. Harsha Chigurupati,**

Executive Director, Non-Independent

#### **Mr. Kolli Basava Sankar Rao,**

Director – Non-Executive, Non-Independent

#### **Mr. Arun Rao Akinepally,**

Director – Non-Executive, Independent

#### **Mr. Arun Sawhney,**

Director - Non-Executive, Independent

#### **Mr. Robert George Cunard,**

Director - Non-Executive, Independent

#### **Dr. Saumen Chakraborty,**

Director - Non-Executive, Independent

#### **Mrs. Sucharita Rao Palepu,**

Director - Non-Executive, Independent

### Chief Financial Officer

#### **Mr. Sandip Neogi**

### Chief Human Resources Officer

#### **Ms. Uma Rao G**

### Chief Operating Officer

#### **Mr. GSR Prasad**

### Company Secretary & Compliance Officer

#### **Ms. Chaitanya Tummala**

### Registered Office

2nd Floor, 3rd Block, My Home Hub,  
Madhapur, Hyderabad (TS) 500 081

Ph: 91-40-69043500

Fax: 91-40-23115145

E-mail: [investorrelations@granulesindia.com](mailto:investorrelations@granulesindia.com)

### Internal Auditors

M/s. Dhanunjaya & Haranath

Chartered Accountants

302, Wings, 8-3-960/6/2, Srinagar Colony,  
Hyderabad (TS)- 500 073

### Registrar & Transfer Agent

KFin Technologies 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](mailto:einward.ris@kfintech.com)

Website: [www.kfintech.com](http://www.kfintech.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

### 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



**GRANULES INDIA LIMITED**

**Registered Office:**

2nd Floor, 3rd Block My Home Hub,  
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