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.

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.

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
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. 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.	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: – 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. – 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 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
Membership No.: 066380
UDIN: 22066380AJEJVN5803

Place: Hyderabad
Date: 18 May 2022

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	State Bank of India Union Bank of India CitiBank N.A. HDFC Bank Limited Kotak Mahindra Bank Limited	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		Export debtors	107,328.65	88,448.00	539.65	Yes
30-Jun-21		Domestic debtors		18,341.00		
30-Sep-21		Export debtors	99,196.39	92,599.00	(9,742.61)	Yes
30-Sep-21		Domestic debtors		16,340.00		
31-Dec-21		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
Membership No.: 066380
UDIN: 22066380AJEJVN5803

Place: Hyderabad
Date: 18 May 2022

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
Membership No.: 066380
UDIN: 22066380AJEJVN5803

Place: Hyderabad
Date: 18 May 2022

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
Assets			
Non-current assets			
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
Total non-current assets		**204,196.72**	**180,496.61**
Current assets			
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
Total current assets		**233,065.27**	**187,786.74**
Total assets		**437,261.99**	**368,283.35**
Equity and liabilities			
Equity			
Equity share capital	8	2,480.06	2,476.75
Other equity	9	250,586.05	213,785.42
Total equity		**253,066.11**	**216,262.17**
Liabilities			
Non-current liabilities			
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
Total non-current liabilities		**30,036.35**	**39,187.87**
Current liabilities			
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
Total current liabilities		**154,159.53**	**112,833.31**
Total liabilities		**184,195.88**	**152,021.18**
Total equity and liabilities		**437,261.99**	**368,283.35**

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

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 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
Income			
Revenue from operations	15	323,843.66	313,498.24
Other income	16	1,751.00	1,372.32
Total income		**325,594.66**	**314,870.56**
Expenses			
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
Total expenses		**273,630.09**	**241,583.54**
Profit before tax		**51,964.57**	**73,287.02**
Tax expense	24		
(i) Current tax		13,350.68	19,706.09
(ii) Deferred tax		(37.59)	(1,697.38)
Total tax expense		**13,313.09**	**18,008.71**
Profit for the year		**38,651.48**	**55,278.31**
Other comprehensive income (OCI)			
Items that will be reclassified to profit or loss			
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
Net other comprehensive income/(loss) to be reclassified to profit or loss		**1,432.18**	**(523.81)**
Items that will not be reclassified to profit or loss			
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
Net other comprehensive income not to be reclassified to profit or loss		**(78.09)**	**(27.46)**
Other comprehensive income/ (loss) for the year		**1,354.09**	**(551.27)**
Total comprehensive income for the year		**40,005.57**	**54,727.04**
Earnings per share:			
Equity shares of par value of ₹1 each			
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

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 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	Reserves and Surplus								
	Capital Redemption reserve	Securities premium	Capital reserve	General reserve	Employee stock option	Retained earnings	Remeasurements of defined benefit plans	Effective portion of Cash flow hedges	Total other Equity
Balance at the beginning of the previous reporting period	**-**	**62,520.54**	**1,917.53**	**30,786.74**	**878.42**	**85,110.24**	**(100.62)**	**(2,496.75)**	**178,616.10**
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the previous reporting period	**-**	**62,520.54**	**1,917.53**	**30,786.74**	**878.42**	**85,110.24**	**(100.62)**	**(2,496.75)**	**178,616.10**
Total comprehensive income for the year									
Profit for the year	-	-	-	-	-	55,278.31	-	-	55,278.31
Other comprehensive loss (net of tax)	-	-	-	-	-	-	(27.46)	(523.81)	(551.27)
Transactions with owners, recorded directly in equity									
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)	-	-	-	-	-
Balance at the end of the previous reporting period	**71.01**	**45,286.35**	**1,917.53**	**30,715.73**	**1,029.66**	**137,913.78**	**(128.08)**	**(3,020.56)**	**213,785.42**
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	Reserves and Surplus								
	Capital Redemption reserve	Securities premium	Capital reserve	General reserve	Employee stock option	Retained earnings	Remeasurements of defined benefit plans	Effective portion of Cash flow hedges	Total other Equity
Restated balance at the end of the previous reporting period	**71.01**	**45,286.35**	**1,917.53**	**30,715.73**	**1,029.66**	**137,913.78**	**(128.08)**	**(3,020.56)**	**213,785.42**
Total comprehensive income for the year									
Profit for the year	-	-	-	-	-	38,651.48	-	-	38,651.48
Other comprehensive income (net of tax)	-	-	-	-	-	-	(78.09)	1,432.18	1,354.09
Transactions with owners, recorded directly in equity									
Dividends	-	-	-	-	-	(3,716.78)	-	-	(3,716.78)
Share based payment	-	-	-	-	194.08	-	-	-	194.08
Share options exercised	-	317.74	-	-	-	-	-	-	317.74
Balance at the end of the current reporting period	**71.01**	**45,604.09**	**1,917.53**	**30,715.73**	**1,223.75**	**172,848.49**	**(206.17)**	**(1,588.38)**	**250,586.05**

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

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
Cash flow from operating activities			
Profit before tax		**51,964.57**	**73,287.02**
Adjustments for :			
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)
Operating profit before working capital changes		**65,675.95**	**88,659.10**
Movements in working capital:			
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
Cash generated from operations		**42,299.25**	**56,059.95**
Taxes paid (net of refunds)		(14,270.18)	(18,594.11)
Net cash flow generated from operating activities	(A)	**28,029.07**	**37,465.84**
Cash flow from investing activities			
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
Net cash flow used in investing Activities	(B)	**(31,845.16)**	**(23,261.87)**
Cash flow from financing activities			
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)
Net cash flow generated/(used) in financing activities	(C)	**15,142.91**	**(29,620.88)**

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
Net (decrease)/increase in cash and cash equivalents	(A+B+C)	**11,326.82**	**(15,416.91)**
Effect of exchange differences on translation of foreign currency cash and cash equivalents		94.10	(12.27)
Cash and cash equivalents at the beginning of the year		2,003.29	17,432.47
Cash and cash equivalents at the end of the year		**13,424.21**	**2,003.29**
Components of cash and cash equivalents:			
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
Total cash and cash equivalents (Refer Note 7B)		**13,424.21**	**2,003.29**

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)
Opening as on March 31, 2021	**1,017.04**	**42,918.09**	**40,927.05**	**232.84**
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
Closing as on March 31, 2022	**1,355.37**	**32,718.08**	**72,003.62**	**72.36**

*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
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

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.
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 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 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.

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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 or receivable in respect of previous years. Current tax for current year and prior periods is recognised at the amount expected to be paid or recovered from the tax authorities, using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

ii. Deferred tax

Deferred income tax assets and liabilities are recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of transaction;

- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences arising on the initial recognition of goodwill."

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred income tax assets and liabilities are measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or substantive enactment date. A deferred income tax assets is recognised to the extent that 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

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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
Gross carrying amount										
At March 31, 2020	**3,273.40**	**41,239.02**	**301.01**	**84,209.01**	**1,785.09**	**1,140.61**	**3,762.02**	**1,942.84**	**552.26**	**138,205.26**
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)
At March 31, 2021	**3,358.21**	**42,723.17**	**301.01**	**97,279.21**	**2,025.08**	**1,284.05**	**3,883.49**	**2,209.35**	**618.37**	**153,681.94**
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)
At March 31, 2022	**3,841.60**	**51,641.08**	**308.51**	**109,828.66**	**2,406.33**	**1,440.16**	**4,606.50**	**2,440.48**	**588.62**	**177,101.94**
Accumulated depreciation										
At March 31, 2020	**-**	**5,563.88**	**58.71**	**41,955.43**	**1,129.97**	**717.64**	**1,530.24**	**844.57**	**314.60**	**52,115.04**
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)
At March 31, 2021	**-**	**6,992.97**	**92.40**	**49,508.14**	**1,356.57**	**853.20**	**1,852.17**	**1,026.98**	**308.79**	**61,991.22**
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)
At March 31, 2022	**-**	**8,459.75**	**126.82**	**52,402.08**	**1,616.75**	**1,002.48**	**2,183.59**	**1,209.40**	**325.88**	**67,326.75**
Net carrying amount										
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
At March 31, 2022	**3,841.60**	**43,181.33**	**181.69**	**57,426.58**	**789.58**	**437.68**	**2,422.91**	**1,231.08**	**262.74**	**109,775.19**

Capital work-in-progress	
At March 31, 2021	14,658.41
At March 31, 2022	**19,414.56**

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
	Total	**17,551.15**	**1,863.41**	**-**	**-**	**19,414.56**
FY-2020-2021	Projects in progress	13,937.07	561.45	78.03	81.86	14,658.41
	Total	**13,937.07**	**561.45**	**78.03**	**81.86**	**14,658.41**

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)

3B. Intangible assets - Reconciliation of carrying amount

Particulars	Technical know how	Software	Product related intangibles	Others	Total
Gross carrying amount					
At March 31, 2020	**3,189.50**	**1,331.93**	**6,988.46**	**1,732.58**	**13,242.47**
Additions	-	139.22	912.31	-	1,051.53
Disposals	-	-	-	-	-
At March 31, 2021	**3,189.50**	**1,471.15**	**7,900.77**	**1,732.58**	**14,294.00**
Additions	-	491.34	974.28	-	1,465.62
Disposals	-	-	-	-	-
At March 31, 2022	**3,189.50**	**1,962.49**	**8,875.05**	**1,732.58**	**15,759.62**
Accumulated amortization					
At March 31, 2020	**3,172.74**	**601.22**	**2,489.31**	**1,061.40**	**7,324.67**
Amortization for the year	15.42	197.02	714.27	173.26	1,099.97
Disposals	-	-	-	-	-
At March 31, 2021	**3,188.16**	**798.24**	**3,203.58**	**1,234.66**	**8,424.64**
Amortization for the year	1.34	253.89	853.00	173.26	1,281.49
Disposals	-	-	-	-	-
At March 31, 2022	**3,189.50**	**1,052.13**	**4,056.58**	**1,407.92**	**9,706.13**
Net carrying amount					
At March 31, 2021	1.34	672.91	4,697.19	497.92	5,869.36
At March 31, 2022	**-**	**910.36**	**4,818.47**	**324.66**	**6,053.49**

i) The Company has not revalued its intangible assets during the current or previous year.

Intangible assets under development

Particulars	Total
At March 31, 2021	1,742.77
At March 31, 2022	**1,637.70**

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 1year	1-2 years	2-3 years	More than 3 years	
FY-2021-2022	Projects in Progress	954.18	71.76	-	611.76	1,637.70
	Total	**954.18**	**71.76**	**-**	**611.76**	**1,637.70**
FY-2020-2021	Projects in Progress	122.75	326.80	475.27	817.95	1,742.77
	Total	**122.75**	**326.80**	**475.27**	**817.95**	**1,742.77**

i) Projects in progress are neither overdue nor exceeds its cost when compared to its original plan during the current or previous year.

3C. Right-of-use assets

Particulars	Buildings	Computers	Total
Gross carrying amount			
At March 31, 2020	**834.95**	**-**	**834.95**
Additions	197.73	293.65	491.38
Deletions	-	-	-
At March 31, 2021	**1,032.68**	**293.65**	**1,326.33**
Additions	805.47	96.11	901.58
Deletions	177.73	-	177.73
At March 31, 2022	**1,660.42**	**389.76**	**2,050.18**

Notes to Standalone Financial Statements (Cont..)

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

3C. Right-of-use-assets (Contd..)

Accumulated depreciation

	Buildings	Computers	Total
At March 31, 2020	**154.62**	**-**	**154.62**
Depreciation for the year	156.04	75.74	231.78
Deletions	-	-	-
At March 31, 2021	**310.66**	**75.74**	**386.40**
Depreciation for the year	293.28	115.91	409.19
Deletions	-	-	-
At March 31, 2022	**603.94**	**191.65**	**795.59**

Net carrying amount

	Buildings	Computers	Total
At March 31, 2021	722.02	217.91	939.93
At March 31, 2022	**1,056.48**	**198.11**	**1,254.59**

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
Investments		
Investments in equity instruments		
a. Unquoted equity shares		
In wholly owned subsidiaries (cost) (refer Note 31)		
Granules USA Inc., USA - 700,000 (March 31, 2021 : 700,000) common stock of USD 0.10 each fully paid up	116.31	116.31
Granules Pharmaceuticals Inc., USA - 4,180 (March 31, 2021 : 4,180) common stock of USD 1 each fully paid up	56,453.66	56,453.66
Granules Europe Limited, UK - 100 (March 31, 2021: 100) equity shares of 1 Pound each fully paid up	0.08	0.08
Granules Life Sciences Private Limited, India - 30,000,000 (March 31, 2021: 25,000,000) equity shares of ₹10/- each fully paid up	3,000.00	2,500.00
In Others (Fair value through OCI)		
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
b. In Quoted equity shares (Fair value through OCI)		
Ipca Laboratories Limited - 100 (March 31, 2021: 50) equity shares	0.07	0.07
Total	**59,653.12**	**59,153.12**
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	59,653.05	59,153.05
Aggregate amount of impairment in value of investments	-	-

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 March 31, 2022	As at March 31, 2021
- Loans to related parties (refer Note 31)		
Granules Europe Limited	1,302.91	1,011.21
Total	**1,302.91**	**1,011.21**

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 March 31, 2022	As at March 31, 2021
Security deposits	1,244.87	1,191.08
Total	**1,244.87**	**1,191.08**

5. Other assets

5A. Non-current (Unsecured, considered good)

Particulars	As at March 31, 2022	As at March 31, 2021
Capital advances	3,244.51	4,240.01
Total	**3,244.51**	**4,240.01**

5B. Current (Unsecured, considered good)

Particulars	As at March 31, 2022	As at 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
Scrips on hand	1,811.21	-
Insurance claim receivable	232.86	-
Advance to suppliers	3,060.54	3,332.87
	17,385.93	**16,174.42**
Less : Allowance for doubtful advances	(169.53)	(169.53)
Total	**17,216.40**	**16,004.89**

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 March 31, 2022	As at 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
Total	**59,074.35**	**46,169.68**

*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 March 31, 2022	As at 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
Total	(C=A+B)	**121,042.80**	**101,423.62**

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 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)	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						
	Not Due	< 6 months	6 months -1 year	1-2 Years	2-3 years	> 3 years	Total
(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
Total	**98,576.60**	**17,312.31**	**4,828.67**	**1,876.35**	**97.53**	**1,285.98**	**123,977.44**

As at March 31, 2021

Particulars	Outstanding for following periods from due date of payment						
	Not Due	< 6 months	6 months -1 year	1-2 Years	2-3 years	> 3 years	Total
(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
Total	**86,629.46**	**15,079.19**	**892.60**	**411.43**	**268.93**	**1,137.71**	**104,419.32**

7B. Cash and bank balances

Particulars	As at March 31, 2022	As at March 31, 2021
Cash and cash equivalents		
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
Total (i+ii)	**13,424.21**	**2,003.29**
iii) Bank balances other than cash and cash equivalents stated above		
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
Total (iii)	**22,084.27**	**22,119.38**
Total (i+ii+iii)	**35,508.48**	**24,122.67**

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
Total	**28.48**	**27.71**

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	-
Total	**194.76**	**38.17**

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
Authorized		
505,000,000 (March 31, 2021-: 505,000,000) equity shares of ₹1/- each	5,050.00	5,050.00
Issued, subscribed and fully paid up		
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)
Outstanding at the end of the year	**248,005,776**	**2,480.06**	**247,674,796**	**2,476.75**

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	**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.

Notes to Standalone Financial Statements (Cont..)

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

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 Imited	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

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 Imited	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 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

Notes to Standalone Financial Statements (Cont..)

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

General reserve

It represents the portion of the net profit which the Company has transferred, before declaring dividend pursuant to the earlier provision of Companies Act 1956. Mandatory transfer to general reserve is not required under the Companies Act 2013.

Retained earnings

The amount that can be distributed by the Company as dividends to its equity shareholders

Share based payment reserve

The Company has established various equity settled share based payment plans for certain categories of employees of the Company. Refer Note 27 for further details on these plans.

Capital reserve

Capital reserve arising pursuant to scheme of amalgamation

Dividends

The following dividends were declared and paid by the Company during the year

Particulars	March 31, 2022	March 31, 2021
₹1.50 per equity share (March 31, 2021 : ₹1.00 per share)	3,716.78	2,474.77
Total	**3,716.78**	**2,474.77**

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
Total	**1,860.04**	**1,857.56**

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.

Effective portion of Cash flow hedges

Cash flow hedge represents the cumulative effective portion of gains or losses (net of taxes) arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges.

The reconciliation of cash flow hedge reserve for the year ended March 31, 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
Balance at the end of the year	**(1,588.38)**	**(3,020.56)**

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
Term Loans (Secured)				
Loans from financial institutions	23,370.06	33,380.74	9,348.02	9,537.35
Total	**23,370.06**	**33,380.74**	**9,348.02**	**9,537.35**

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 insitution	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
Total	**1,355.37**	**1,017.04**

The following is the movement in lease liabilities :

Balance as at April 1, 2020	725.86
Additions	491.38
Finance cost accrued during the period	71.59
Deletions	-
Payment of lease liabilities	(271.79)
Balance as at March 31, 2021	**1,017.04**
Additions	901.58
Finance cost accrued during the period	88.75
Deletions	(180.01)
Payment of lease liabilities	(471.99)
Balance as at March 31, 2022	**1,355.37**

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
Total	**1,561.26**

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
Total amount recognised in profit or loss	**676.42**	**617.60**

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
Total	**2,831.02**	**2,484.22**

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
Total	**2,283.25**	**1,334.49**
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)	-
Balance as at end of the year	**1,299.13**	**652.36**

12. Deferred tax liability (net)

Particulars	As at March 31, 2022	As at March 31, 2021
Deferred tax liability		
Property, plant and equipment and intangible assets	5,324.06	5,267.56
Leased Assets	315.76	236.56
Gross deferred tax liability	**5,639.82**	**5,504.12**
Deferred tax assets		
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
Gross deferred tax assets	**2,632.67**	**2,914.80**
Net deferred tax liability	**3,007.15**	**2,589.32**

13. Current financial liabilities

13A. Short-term borrowings

Particulars	As at March 31, 2022	As at March 31, 2021
Loans repayable on demand from Banks		
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
	81,351.64	**50,464.40**

i) 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.

ii) 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.

iii) The Company's exposure to interest rate, foreign currency and liquidity risks is included in note 33.

iv) 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 recitifed 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	State Bank of India Union Bank of India CitiBank N.A. HDFC Bank Limited Kotak Mahindra Bank Limited	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			232,558.84	232,456.00	102.84	
31-Mar-21		Export debtors	101,423.62	86,481.26	(4,494.43)	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.
31-Mar-21		Domestic debtors		19,436.79		
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
Total	**60,680.22**	**50,765.16**

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.	-	-
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 dislclosed 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				
	Less than 1 year	1-2 Years	2-3 Years	More than 3 years	Total
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				
	Less than 1 year	1-2 Years	2-3 Years	More than 3 years	Total
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
Total	**6,584.36**	**6,561.51**

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
Total	**1,579.08**	**1,966.85**

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
Total	**323,843.66**	**313,498.24**

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)
Total revenue from contracts with customers	**320,068.80**	**309,399.92**

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
Total revenue from contracts with customers	**320,068.80**	**309,399.92**

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
Total	**612.64**	**1,293.48**

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 liablities 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
Total	**1,751.00**	**1,372.32**

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
Cost of materials consumed	**186,415.66**	**150,219.35**

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
Inventories at the end of the year		
Finished goods	19,674.30	12,424.75
Work-in-progress	8,696.71	5,305.20
	28,371.01	**17,729.95**
Inventories at the beginning of the year		
Finished goods	12,424.75	13,411.11
Work-in-progress	5,305.20	5,063.77
	17,729.95	**18,474.88**
Total	**(10,641.06)**	**744.93**

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
Total	**28,279.90**	**31,825.23**

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
Total	**1,635.23**	**2,377.39**

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
Total	**12,616.09**	**11,845.14**

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
Penalities & 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
Total	**55,324.27**	**44,571.50**

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 seperately.	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)
Total tax expense recognised in statement of profit & loss	**13,313.09**	**18,008.71**

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
Tax expense	**13,313.09**	**18,008.71**

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
Total	**(4,472.10)**	**1,697.38**	**185.40**	**(2,589.32)**	**37.59**	**(455.42)**	**(3,007.15)**

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)
Total	**1,809.51**	**(455.42)**	**1,354.09**	**(736.67)**	**185.40**	**(551.27)**

25. Earning per equity share (EPS)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Earnings		
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	**2,486.10**	**2,502.78**

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
(a) Contingent liabilities:		
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) Guarantees		
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
(ii) Commitments		
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
Total	**885.54**	**744.21**

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
Balance as on March 31, 2020	**1,906.07**	**(146.51)**	**1,759.56**
Current service cost	360.89	-	360.89
Interest expense/(income)	124.66	(9.94)	114.72
Amount recognised in Statement of profit and loss	**485.55**	**(9.94)**	**475.61**
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
Amount recognised in other comprehensive income	**36.69**	**-**	**36.69**
Employers contribution	-	-	-
Benefits paid	(145.09)	-	(145.09)
Balance as on March 31, 2021	**2,283.22**	**(156.45)**	**2,126.77**
Current service cost	412.81	-	412.81
Interest expense/(income)	151.69	(7.87)	143.82
Amount recognised in Statement of profit and loss	**564.50**	**(7.87)**	**556.63**
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
Amount recognised in other comprehensive income	**104.35**	**-**	**104.35**
Employers contribution	-	-	-
Benefits paid	(153.48)	-	(153.48)
Balance as at March 31, 2022	**2,798.59**	**(164.32)**	**2,634.27**

Particulars	As at March 31, 2022	As at March 31, 2021
Non-current	2,053.59	1,763.55
Current	580.68	363.22
	2,634.27	**2,126.77**

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
Total	**11,094.65**	**6,395.79**

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)
Total	**72.35**	**62.18**

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
a) Subsidiary companies		
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) Transactions with enterprises over which key management personnel or their relatives exercise significant influence		
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
c) Transactions with key managerial personnel or their relatives		
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
a) Subsidiary Companies		
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) Enterprises over which key management personnel or their relatives exercise significant influence		
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 exchage 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)
i) Financial assets							
a) Financial assets not measured at fair value							
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) Financial assets measured at fair value through OCI							
Non-current investments	-	83.07	-	83.07	0.07	83.00	-
Other current financial assets	-	140.45	-	140.45	-	140.45	-
Total	**-**	**223.52**	**218,751.90**	**218,975.42**	**0.07**	**223.45**	**-**
ii) Financial liabilities							
a) Financial liabilities not measured at fair value							
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	-	-	-
Total	**-**	**-**	**173,341.65**	**173,341.65**	**-**	**-**	**-**

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)
i) Financial assets							
a) Financial assets not measured at fair value							
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) Financial assets measured at fair value through OCI							
Non-current investments	-	83.07	-	83.07	0.07	83.00	-
Total	**-**	**83.07**	**186,884.51**	**186,967.58**	**0.07**	**83.00**	**-**
ii) Financial liabilities							
a) Financial liabilities not measured at fair value							
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	-	-	-
Total	**-**	**-**	**142,188.85**	**142,188.85**	**-**	**-**	**-**

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 agenies. 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	-
Total	**121,042.80**	**101,423.62**

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
Assets			
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
Total	**120,850.53**	**6,662.45**	**1,302.96**
Liabilities			
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	-
Total	**98,379.96**	**34,160.87**	**128.89**

(All amounts are in Indian Rupees Lakhs)

Particulars	March 31, 2021		
	USD	EURO	Others
Assets			
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
Total	**87,077.65**	**5,713.51**	**1,011.50**
Liabilities			
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	-
Total	**58,900.45**	**44,864.92**	**32.33**

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			
	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	Total
As at March 31, 2022				
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
As at March 31, 2021				
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
As at March 31, 2022				
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
As at March 31, 2021				
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
As at March 31, 2022			
Highly probable forecast sales	1,913.86	1,913.86	-
As at March 31, 2021			
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
For the year ended March 31, 2022						
Highly probable forecast sales	1,913.86	-	-	-	1,121.19	Revenue from operations
For the year ended March 31, 2021						
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)
Net debt	**69,285.58**	**59,955.31**
Equity	2,480.06	2,476.75
Other equity	250,586.05	213,785.42
Total equity	**253,066.11**	**216,262.17**
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-availiability 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-availiability 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-availiability 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

i) 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)

ii) 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.

iii) The Company do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period

iv) The Company have not traded or invested in Crypto currency or Virtual Currency during the financial year.

v) 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:

(a) 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

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

vi) 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)

(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 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)

viii) The company 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 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

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

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

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.

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.

Description of Key Audit Matter

Revenue recognition

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

The key audit matter	How the matter was addressed in our audit
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.	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.
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.	– 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

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, 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:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 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.

f) 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:

a) 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.

b) 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.

c) 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.

d) (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
Membership No.: 066380
UDIN: 22066380AJEKHU3404

Place: Hyderabad
Date: 18 May 2022

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
Membership No.: 066380
UDIN: 22066380AJEKHU3404

Place: Hyderabad
Date: 18 May 2022

Consolidated 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
Assets			
Non-current assets			
Property, plant and equipment	3A	127,117.54	106,126.47
Right-of-use assets	3C	1,254.59	995.68
Capital work-in-progress	3A	31,191.80	18,477.17
Other intangible assets	3B	25,745.29	26,077.42
Intangible assets under development	3B	4,431.30	5,431.00
Financial assets			
(i) Investments	4A	1,966.80	1,898.94
(ii) Loans	4B	298.01	95.19
(iii) Other financial assets	4C	1,273.02	1,218.22
Deferred tax assets	12B	137.39	77.32
Income tax assets (net)		1,170.36	568.46
Other non-current assets	5A	6,205.51	10,679.00
Total non-current assets		**200,791.61**	**171,644.87**
Current assets			
Inventories	6	97,855.07	78,217.85
Financial assets			
(i) Trade receivables	7A	92,495.44	76,542.01
(ii) Cash and cash equivalents	7B	18,471.34	4,183.59
(iii) Bank balances other than cash and cash equivalents stated above	7B	22,474.27	22,920.80
(iv) Loans	7C	751.34	999.34
(v) Other financial assets	7D	269.23	56.95
Other current assets	5B	18,181.46	16,779.63
Total current assets		**250,498.15**	**199,700.17**
Total assets		**451,289.76**	**371,345.04**
Equity and liabilities			
Equity			
Equity share capital	8	2,480.06	2,476.75
Other equity	9	256,173.23	214,850.68
Equity attributable to owners of the company		**258,653.29**	**217,327.43**
Non Controlling interest		55.75	-
Total equity		**258,709.04**	**217,327.43**
Liabilities			
Non-current liabilities			
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)	12A	1,391.52	109.25
Total non-current liabilities		**28,420.72**	**36,707.80**
Current liabilities			
Financial liabilities			
(i) Borrowings	13A	85,905.67	50,464.40
(ii) Lease liabilities	10B	527.25	342.25
(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		62,596.14	53,780.06
(iv) Other financial liabilities	13C	8,557.36	7,526.46
Provisions	11B	2,283.25	1,334.49
Other current liabilities	14	1,652.49	2,018.68
Income tax liabilities (net)		1,373.02	1,518.78
Total current liabilities		**164,160.00**	**117,309.81**
Total liabilities		**192,580.72**	**154,017.61**
Total equity and liabilities		**451,289.76**	**371,345.04**

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

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 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
Income			
Revenue from operations	15	376,492.10	323,754.28
Other income	16	1,760.80	2,688.18
Total income		**378,252.90**	**326,442.46**
Expenses			
Cost of materials consumed	17	203,642.00	159,027.67
Changes in inventories of work-in-progress and finished goods	18	(15,277.91)	(19,900.33)
Employee benefit expenses	19	40,137.69	40,818.10
Finance costs	20	2,321.07	2,628.41
Depreciation and amortization	21	15,863.20	15,146.25
Other expenses	22	75,767.02	58,285.93
Total expenses		**322,453.07**	**256,006.03**
Profit before tax		**55,799.83**	**70,436.43**
Tax expense	24		
(i) Current tax		13,820.48	19,537.21
(ii) Deferred tax		703.54	(4,046.68)
Total tax expense		**14,524.02**	**15,490.53**
Profit for the year		**41,275.81**	**54,945.90**
Other comprehensive income			
Items that will be reclassified to profit or loss			
Fair value changes on cash flow hedges	9	1,913.86	(699.98)
Gain/(loss) arising on translation of foreign operations		2,653.37	(2,064.78)
Income tax relating to items that will be reclassified to profit or loss	24	(481.68)	176.17
Net other comprehensive income/(loss) to be reclassified to profit or loss		**4,085.55**	**(2,588.59)**
Items that will not be reclassified to profit or loss			
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
Net other comprehensive loss not to be reclassified to profit or loss		**(78.09)**	**(27.46)**
Other comprehensive income/(loss) for the year		**4,007.45**	**(2,616.05)**
Total comprehensive income for the year		**45,283.26**	**52,329.85**
Profit for the year attributable to:			
Shareholders of the Company		41,275.79	54,945.90
Non Controlling interest		0.02	-
Other Comprehensive Income for the year attributable to:		**41,275.81**	**54,945.90**
Shareholders of the Company		4,007.43	(2,616.05)
Non Controlling interest		0.02	-
Total Comprehensive Income for the year attributable to:		**4,007.45**	**(2,616.05)**
Shareholders of the Company		45,283.22	52,329.85
Non Controlling interest		0.04	-
Earnings per share:		**45,283.26**	**52,329.85**
Equity shares of par value of Re. 1 each			
Basic (₹)	25	16.66	22.05
Diluted (₹)		16.60	21.95

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

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

Consolidated 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 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											
	Capital Redemption reserve	Securities premium	Capital reserve	General reserve	Employee stock option	Retained earnings	Remeasurements of defined benefit plans	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
Balance at the beginning of the previous reporting period	**-**	**62,520.54**	**1,917.53**	**30,786.74**	**1,827.87**	**83,190.09**	**(98.17)**	**(2,496.75)**	**4,182.08**	**1,81,829.93**	**-**	**1,81,829.93**
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the previous reporting period	**-**	**62,520.54**	**1,917.53**	**30,786.74**	**1,827.87**	**83,190.09**	**(98.17)**	**(2,496.75)**	**4,182.08**	**1,81,829.93**	**-**	**1,81,829.93**
Total comprehensive income/(loss) for the year												
Profit for the year	-	-	-	-	-	54,945.90	-	-	-	54,945.90	-	54,945.90
Other Comprehensive income/(loss) (net of tax)	-	-	-	-	-	-	(27.46)	(523.81)	(2,064.78)	(2,616.05)	-	(2,616.05)
Transactions with owners, recorded directly in equity												
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.) for the year ended March 31, 2022

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

Particulars	Reserves and Surplus											
	Capital Redemption reserve	Securities premium	Capital reserve	General reserve	Employee stock option	Retained earnings	Remeasurements of defined benefit plans	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
Balance at the end of the previous reporting period	**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**	**-**	**2,14,850.68**
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the end of the previous reporting period	**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**	**-**	**2,14,850.68**
Total comprehensive income/(loss) for the year												
Non controlling interest due to issue of additional shares in subsidiary	-	-	-	-	-	(6.01)	-	-	-	(6.01)	55.71	49.70
Profit for the year	-		-	-	-	41,275.79	-	-	-	41,275.79	0.02	41,275.81
Other comprehensive income/(loss) (net of tax)	-	-	-	-	-	-	(78.09)	1,432.18	2,653.35	4,007.43	0.02	4,007.45
Transactions with owners, recorded directly in equity												
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)
Balance at the end of the current reporting period	**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

Chaitanya Tummala
Company Secretary

Place: Hyderabad
Date: May 18, 2022

Place: Hyderabad
Date: May 18, 2022

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
Cash flow from operating activities			
Profit before tax		**55,799.83**	**70,436.43**
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)
Operating profit before working capital changes		**73,428.83**	**89,879.02**
Movements in working capital:			
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
Cash generated from operations		**47,710.30**	**62,384.47**
Taxes paid (net of refunds)		(14,504.89)	(19,136.69)
Net cash flow generated from operating activities	**(A)**	**33,205.41**	**43,247.78**
Cash flow from investing activities			
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
Net cash flow used in investing activities	**(B)**	**(38,011.49)**	**(27,713.50)**
Cash flow from financing activities			
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)
Net cash flow used in financing activities	**(C)**	**18,999.71**	**(29,931.31)**
Net (decrease)/increase in cash and cash equivalents	**(A+B+C)**	**14,193.63**	**(14,397.03)**

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)
Cash and cash equivalents at the beginning of the year	**4,183.59**	**18,592.89**
Cash and cash equivalents at the end of the year	**18,471.34**	**4,183.59**
Components of cash and cash equivalents:		
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
Total cash and cash equivalents	**18,471.34**	**4,183.59**

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)
Opening as on March 31, 2021	**1,075.84**	**42,918.09**	**40,927.05**	**232.84**
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
Closing as on March 31, 2022	**1,355.37**	**32,718.08**	**76,557.65**	**72.36**

*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
Chairman and Managing Director
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Chief Financial Officer

Chaitanya Tummala
Company Secretary

Place: Hyderabad
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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 uncertainities

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 acquistion 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 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:

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 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 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.

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 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 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.

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 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)

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 Group has performed sensitivity analysis on the assumptions used and based on current estimates, the group expects to fully recover the carrying amount of financial and non-financial assets. As the outbreak continues to evolve, the group 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 specifiy 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 changes do not significantly change the requirements of Ind AS 103. The Group 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 Group 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 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 Group 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 Group 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 Group does not expect the amendment to have any significant impact in its financial statements.

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

3A. Property, plant and equipment and capital work-in-progress - Reconciliation of carrying amount

	Freehold land (Refer Note 41(ix))	Freehold buildings	Lease Hold Improvements	Plant and equipment	Computers	Office equipment	R&D Equipment	Furniture and fittings	Vehicles	Total
Gross carrying amount										
At March 31, 2020	**5,240.34**	**49,791.73**	**301.01**	**88,250.29**	**1,933.52**	**1,143.91**	**3,862.55**	**2,099.59**	**622.69**	**1,53,245.63**
Additions	84.81	1,810.90	-	16,637.73	393.71	165.33	181.40	272.99	128.32	19,675.19
Disposals	-	(3.89)	-	(575.72)	-	(21.89)	(58.82)	-	(62.21)	(722.53)
Exchange differences	(58.52)	(251.67)	-	(119.95)	(3.80)	(0.10)	(2.96)	(4.59)	(2.07)	(443.66)
At March 31, 2021	**5,266.63**	**51,347.07**	**301.01**	**1,04,192.35**	**2,323.43**	**1,287.25**	**3,982.17**	**2,367.99**	**686.73**	**1,71,754.63**
Additions	3,014.86	8,962.84	7.50	19,066.15	511.18	165.36	774.06	287.80	6.61	32,796.36
Disposals	-	(31.69)	-	(6,025.61)	(1.39)	(9.25)	(51.05)	(10.79)	(36.36)	(6,166.14)
Exchange differences	71.34	322.40	-	262.66	12.81	0.12	3.69	6.35	2.56	681.93
At March 31, 2022	**8,352.82**	**60,600.62**	**308.51**	**1,17,495.55**	**2,846.03**	**1,443.48**	**4,708.87**	**2,651.34**	**659.54**	**1,99,066.78**
Accumulated Depreciation										
At March 31, 2020	**-**	**6,532.43**	**58.71**	**43,756.38**	**1,249.41**	**701.74**	**1,581.71**	**916.65**	**366.58**	**55,163.61**
Depreciation for the year	-	1,716.97	33.69	8,469.52	265.63	157.25	366.58	196.08	60.64	11,266.34
Disposals	-	(1.18)	-	(524.66)	-	(21.12)	(44.23)	-	(59.44)	(650.63)
Exchange differences	-	(39.77)	-	(106.02)	(3.40)	(0.07)	2.03	(2.31)	(1.64)	(151.18)
At March 31, 2021	**-**	**8,208.45**	**92.40**	**51,595.22**	**1,511.64**	**837.80**	**1,906.09**	**1,110.42**	**366.14**	**65,628.14**
Depreciation for the year	-	1,765.17	34.42	8,840.57	311.99	158.42	384.09	208.61	55.67	11,758.95
Disposals	-	(8.00)	-	(5,477.55)	(1.38)	(8.74)	(49.02)	(10.40)	(34.79)	(5,589.88)
Exchange differences	-	50.91	-	86.81	6.04	0.11	2.55	3.40	2.22	152.04
At March 31, 2022	**-**	**10,016.53**	**126.82**	**55,045.05**	**1,828.29**	**987.59**	**2,243.71**	**1,312.03**	**389.24**	**71,949.25**
Net carrying amount										
At March 31, 2021	5,266.63	43,138.62	208.61	52,597.13	811.79	449.45	2,076.08	1,257.57	320.59	1,06,126.47
At March 31, 2022	**8,352.82**	**50,584.09**	**181.69**	**62,450.50**	**1,017.74**	**455.89**	**2,465.17**	**1,339.31**	**270.30**	**1,27,117.54**
Capital work-in-progress										
At March 31, 2021										18,477.17
At March 31, 2022										**31,191.80**

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 No. 26 (b).
iii) The Group has not revalued its property, plant and equipment during the current or previous year.

Ageing Schedule for Capital work -in -Progress as below

Year	CWIP	Amount in CWIP 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	25,405.83	3,519.83	1,746.33	519.81	31,191.80
	Total	**25,405.83**	**3,519.83**	**1,746.33**	**519.81**	**31,191.80**
FY-2020-2021	Projects in progress	15,520.11	2,280.33	341.74	334.99	18,477.17
	Total	**15,520.11**	**2,280.33**	**341.74**	**334.99**	**18,477.17**

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.

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3B. Intangible assets - Reconciliation of carrying amount

	Technical Know How	Software	Product related intangibles	Others	Total
Gross carrying amount					
At March 31, 2020	**3,189.50**	**1,404.93**	**13,413.15**	**15,262.63**	**33,270.21**
Additions	-	149.72	8,461.74	-	8,611.46
Disposals	-	-	-	-	-
Exchange differences	-	(2.02)	(160.35)	(452.59)	(614.96)
At March 31, 2021	**3,189.50**	**1,552.63**	**21,714.54**	**14,810.04**	**41,266.71**
Additions	-	491.34	2,041.23	-	2,532.57
Disposals	-	-	-	-	-
Exchange differences	-	2.93	526.05	557.61	1,086.58
At March 31, 2022	**3,189.50**	**2,046.90**	**24,281.82**	**15,367.65**	**44,885.87**
Accumulated amortization					
At March 31, 2020	**3,172.74**	**674.22**	**5,034.90**	**2,868.16**	**11,750.02**
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)
At March 31, 2021	**3,188.16**	**875.89**	**7,272.32**	**3,852.92**	**15,189.29**
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
At March 31, 2022	**3,189.50**	**1,136.20**	**9,768.09**	**5,046.77**	**19,140.57**
Net carrying amount					
At March 31, 2021	1.34	676.74	14,442.22	10,957.12	26,077.42
At March 31, 2022	**-**	**910.69**	**14,513.73**	**10,320.88**	**25,745.29**

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
At March 31, 2022	**4,431.30**

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 1year	1-2 years	2-3 years	More than 3 years	
FY-2021-2022	Projects in Progress	1,232.43	71.76	1,063.84	2,063.27	4,431.30
	Total	**1,232.43**	**71.76**	**1,063.84**	**2,063.27**	**4,431.30**
FY-2020-2021	Projects in Progress	221.25	2,517.31	1,874.49	817.95	5,431.00
	Total	**221.25**	**2,517.31**	**1,874.49**	**817.95**	**5,431.00**

i) Projects in progress are neither overdue nor exceeds its cost when compared to its original plan during the current or previous year.

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3C. Right-of-use assets

Particulars	Buildings	Computers	Total
Gross carrying amount			
At March 31, 2020	**1,007.25**	**-**	**1,007.25**
Additions	197.73	293.65	491.38
Depreciation	-	-	-
Exchange diferences	(5.07)	-	(5.07)
At March 31, 2021	**1,199.91**	**293.65**	**1,493.56**
Additions	805.47	96.11	901.58
Depreciation	177.73	-	177.73
Exchange diferences	6.24	-	6.24
At March 31, 2022	**1,833.89**	**389.76**	**2,223.65**

Accumulated depreciation

	Buildings	Computers	Total
At March 31, 2020	**212.05**		**212.05**
Depreciation for the year	212.59	75.74	288.33
Deletions	-	-	-
Exchange diferences	(2.50)	-	(2.50)
At March 31, 2021	**422.14**	**75.74**	**497.88**
Depreciation for the year	350.03	115.91	465.95
Deletions	-	-	-
Exchange diferences	5.23		5.23
At March 31, 2022	**777.40**	**191.65**	**969.06**

Net carrying amount

	Buildings	Computers	Total
At March 31, 2021	777.77	217.91	995.68
At March 31, 2022	**1,056.49**	**198.11**	**1,254.59**

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
Investments		
a. In Others (Fair value through OCI)		
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)
	1,966.73	**1,898.87**

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	As at March 31, 2021
b. In Quoted equity shares (Fair value through OCI)		
Ipca Laboratories Limited - 100 (March 31, 2021 :50) equity shares	0.07	0.07
Total	**1,966.80**	**1,898.94**
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	As at March 31, 2021
Loan to US Pharma Limited {refer note (i) & (ii) below}	298.01	95.19
Total	**298.01**	**95.19**

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	**1,020.87**	**1,064.59**

4C. Other Financial assets (Unsecured, considered good)

Particulars	As at March 31, 2022	As at March 31, 2021
Security deposits	1,273.02	1,218.22
Total	**1,273.02**	**1,218.22**

5. Other assets

5A. Non-current (Unsecured, considered good)

Particulars	As at March 31, 2022	As at March 31, 2021
Capital advances	6,205.51	10,679.00
Total	**6,205.51**	10,679.00

5B. Current (Unsecured, considered good)

Particulars	As at March 31, 2022	As at 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	As at March 31, 2021
Scripts on hand	1,811.21	-
Insurance Claim Receivable	232.86	-
Advance to suppliers	3,350.48	3,866.91
	18,350.99	**16,949.16**
Less : Allowance for doubtful advances	(169.53)	(169.53)
Total	**18,181.46**	**16,779.63**

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

Particulars	As at March 31, 2022	As at 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
Total	**97,855.07**	**78,217.85**

*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	As at March 31, 2021
(a) Considered good		91,686.67	77,221.70
Less : Allowance for doubtful trade receivables		(385.76)	(987.64)
	(A)	**91,300.91**	**76,234.06**
(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**
Total	**(C=A+B)**	**92,495.44**	**76,542.01**

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						
	Not Due	< 6 months	6 months -1 year	1-2 Years	2-3 years	> 3 years	Total
(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
Total	**69,219.62**	**21,686.46**	**1,060.00**	**2,065.62**	**112.40**	**1,285.98**	**95,430.08**

As at March 31, 2021

Particulars	Outstanding for following periods from due date of payment						
	Not Due	< 6 months	6 months -1 year	1-2 Years	2-3 years	> 3 years	Total
(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
Total	**56,636.14**	**19,234.11**	**1,747.01**	**513.81**	**268.93**	**1,137.71**	**79,537.71**

7B. Cash and bank balances

Particulars	As at March 31, 2022	As at March 31, 2021
Cash and cash equivalents		
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
Total -(i+ii)	**18,471.34**	**4,183.59**
iii) Bank balances other than cash and cash equivalents stated above		
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
Total -(iii)	**22,474.27**	**22,920.80**
Total (i+ii+iii)	**40,945.61**	**27,104.39**

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
Total	**751.34**	**999.34**

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	-
Total	**269.23**	**56.95**

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
Authorized		
505,000,000 (March 31, 2021: 505,000,000) Equity Shares of ₹1/- each	5,050.00	5,050.00
Issued, subscribed and fully paid up		
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)
Number of shares at the end of the year	**248,005,776**	**2,480.06**	**247,674,796**	**2,476.75**

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 Imited	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 Imited	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 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.

Notes to Consolidated Financial Statements (Cont..)

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

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
Total	**3,716.78**	**2,474.77**

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
Total	**1,860.04**	**1,857.56**

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
Balance at the end of the year	**(1,588.38)**	**(3,020.56)**

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
Term Loans (Secured)				
Loans from banks/financial institutions	23,370.06	33,380.74	9,348.02	9,537.35
Total	**23,370.06**	**33,380.74**	**9,348.02**	**9,537.35**

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
Total	**1,355.37**	**1,075.84**

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
Balance as at April 1, 2020	**844.07**
Additions	491.38
Finance cost accrued during the period	78.79
Payment of lease liabilities including exchange differences	(338.40)
Balance as at March 31, 2021	**1,075.84**
Additions	901.58
Finance cost accrued during the period	95.95
Deletions	(180.01)
Payment of lease liabilities including exchange differences	(537.99)
Balance as at March 31, 2022	**1,355.37**

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
Total	**1,561.26**

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
Total amount recognised in profit or loss	**1,358.56**	**1,149.63**

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
Total	**2,831.02**	**2,484.22**

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
Total	**2,283.25**	**1,334.49**

Notes to Consolidated Financial Statements (Cont..)

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

11B. Current (Contd...)

Particulars	As at March 31, 2022	As at March 31, 2021
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	887.56	652.36
Provision used during the year	(240.79)	-
Balance as at end of the year	**1,299.13**	**652.36**

12A. Deferred tax liability (net)

Particulars	As at March 31, 2022	As at March 31, 2021
Deferred tax liability		
Property, plant and equipment and intangible assets	12,205.43	12,532.73
Leased assets	315.76	236.56
Gross deferred tax liability	**12,521.19**	**12,769.29**
Deferred tax asset		
Employee benefit obligations	1,286.52	989.08
Allowance for doubtful debts	738.59	753.96
Cash flow hedges	534.21	1,015.89
Allowance for doubtful advances	42.67	42.67
Lease liability	341.12	255.97
Business loss	2,381.16	4,067.92
Research credit	1,566.89	1,527.35
Others	4,238.51	4,007.20
Gross deferred tax assets	**11,129.67**	**12,660.04**
Net deferred tax liability	**1,391.52**	**109.25**

12B. Deferred tax asset (net)

Particulars	As at March 31, 2022	As at March 31, 2021
Deferred tax asset		
Employee benefit obligations	77.14	25.01
Others	62.19	55.96
Gross deferred tax asset	**139.33**	**80.97**
Deferred tax liability		
Property, plant and equipment and intangible assets	1.94	3.65
Gross deferred tax liability	**1.94**	**3.65**
Net deferred tax asset	**137.39**	**77.32**

13. Current financial liabilities

13A. Short-term borrowings

Particulars	As at March 31, 2022	As at March 31, 2021
Loans repayable on demand from banks		
Packing credit loans (secured) (refer note (i) & (ii))	48,853.97	25,562.17
Working capital loan (unsecured)	4,554.03	-
Packing credit loans (unsecured) (refer note (ii))	23,149.65	15,364.88

Notes to Consolidated Financial Statements (Cont..)

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

13. Current financial liabilities

13A. Short-term borrowings

Particulars	As at March 31, 2022	As at March 31, 2021
Current maturities of non-current borrowings (refer note 10A)	9,348.02	9,537.35
Total	**85,905.67**	**50,464.40**

i) All secured short term borrowings from banks are secured by a paripassu first charge on the current assets of present and future of the Holding Company and a paripassu second charge of the fixed assets of present and future of the Holding Company.

ii) During the year ended March 31, 2022, the Group 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.

iii) The Group's exposure to interest rate, foreign currency and liquidity risks is included in note 33.

iv) As on March 31, 2022 the Group 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 Group has recitifed the quarterly returns of statements and filed with the banks.

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	State Bank of India Union Bank of India CitiBank N.A. HDFC Bank Limited Kotak Mahindra Bank Limited	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	3,13,498.24	3,15,871.66	(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			1,43,580.99	1,46,570.00	(2,989.01)	
31-Dec-21			2,32,558.84	2,32,456.00	102.84	
31-Mar-21		Export debtors	1,01,423.62	86,481.26	(4,494.43)	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.
31-Mar-21		Domestic debtors		19,436.79		
30-Jun-21		Export debtors	1,07,328.65	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	1,08,535.42	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)	

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
Total	**63,860.96**	**54,104.75**

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 dislclosed 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				
	Less than 1 year	1-2 Years	2-3 Years	More than 3 years	Total
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				
	Less than 1 year	1-2 Years	2-3 Years	More than 3 years	Total
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
Total	**8,557.36**	**7,526.46**

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
Total	**1,652.49**	**2,018.68**

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
Total	**3,76,492.10**	**3,23,754.28**

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)
Total revenue from contracts with customers	**3,72,717.23**	**3,19,603.46**

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
Total revenue from contracts with customers	**3,72,717.23**	**3,19,603.46**

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 liablities 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
Total	**1,760.80**	**2,688.18**

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
	2,37,628.27	**1,88,775.00**
Less: Inventory at the end of the year	33,986.27	29,747.33
Cost of materials consumed	**2,03,642.00**	**1,59,027.67**

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
Inventories at the end of the year		
Finished goods	47,014.85	39,585.92
Work-in-progress	13,783.56	5,934.58
	60,798.41	**45,520.50**
Inventories at the beginning of the year		
Finished goods	39,585.92	20,048.83
Work-in-progress	5,934.58	5,571.34
	45,520.50	**25,620.17**
Total	**(15,277.91)**	**(19,900.33)**

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
Total	**40,137.69**	**40,818.10**

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
Total	**2,321.07**	**2,628.41**

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
Total	**15,863.20**	**15,146.25**

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
Penalities 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
Total	**75,767.02**	**58,285.93**

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 seperately.	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)
Total tax expense recognised in statement of profit & loss	**14,524.02**	**15,490.53**

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)
Tax expense	**14,524.02**	**15,490.53**

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
Total	**4,295.89**	**4,078.54**	**185.40**	**(31.93)**	**(766.78)**	**(455.42)**	**(1,254.13)**

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)
Total	**4,462.88**	**(455.42)**	**4,007.45**	**(2,801.45)**	**185.40**	**(2,616.05)**

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
Earnings		
Profit for the year	**41,275.81**	**54,945.90**
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	**2,486.10**	**2,502.78**
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
(a) Contingent liabilities:		
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 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) Commitments		
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	-
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

Notes to Consolidated Financial Statements (Cont..)

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

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
Total	**885.54**	**744.21**

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
Balance as on March 31, 2020	1,906.07	(146.51)	1,759.56
Current service cost	360.89	-	360.89
Interest expense/(income)	124.66	(9.94)	114.72
Amount recognised in Statement of profit and loss	**485.55**	**(9.94)**	**475.61**
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
Amount recognised in other comprehensive income	**36.69**	**-**	**36.69**
Employers contribution	-	-	-
Benefits paid	(145.09)	-	(145.09)
Balance as on March 31, 2021	**2,283.22**	**(156.45)**	**2,126.77**
Current service cost	412.81	-	412.81
Interest expense/(income)	151.69	(7.87)	143.82
Amount recognised in Statement of profit and loss	**564.50**	**(7.87)**	**556.63**
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
Amount recognised in other comprehensive income	**104.35**	**-**	**104.35**
Employers contribution	-	-	-
Benefits paid	(153.48)	-	(153.48)
Balance as at March 31, 2022	**2,798.59**	**(164.32)**	**2,634.27**

Particulars	As at March 31, 2022	As at March 31, 2021
Non-current	2,053.59	1,763.55
Current	580.68	363.22
	2,634.27	**2,126.77**

(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
Total	**15,070.12**	**10,197.14**

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)
Total	**72.35**	**62.18**

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
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
a) Transactions with enterprises over which key management personnel or their relatives exercise significant influence		
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) Transactions with key managerial personnel or their relatives		
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 exchage 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						
	Carrying amount				Fair Value		
	Mandatorily at fair value through profit and loss (FVTPL)	Fair value through other comprehensive income (FVOCI)	Assets/ liabilities at amortised cost method	Total carrying amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
i) Financial assets							
a) Financial assets not measured at Fair value							
Non-current 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) Financial assets measured at fair value through OCI							
Non-current investments	-	1,966.80	-	1,966.80	0.07	1,966.73	-
Other current financial assets	-	140.45	-	140.45	-	140.45	-
Total	**-**	**2,107.25**	**135,892.20**	**137,999.45**	**0.07**	**2,107.18**	**-**
ii) Financial liabilities							
a) Financial liabilities not measured at fair value							
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	-	-	-
Total	**-**	**-**	**183,049.42**	**183,049.42**	**-**	**-**	**-**

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)
i) Financial assets							
a) Financial assets not measured at Fair value							
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)

Particulars	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)
	As at March 31, 2021						
	Carrying amount				Fair Value		
Trade receivables	-	-	76,542.01	76,542.01	-	-	-
Cash and cash equivalents	-	-	4,183.59	4,183.59	-	-	-
Bank balances other than cash and cash equivalents	-	-	22,920.80	22,920.80	-	-	-
Current loans	-	-	999.34	999.34	-	-	-
Other current financial assets	-	-	56.95	56.95	-	-	-
b) Financial assets measured at fair value through OCI							
Non-current investments	-	1,898.94	-	1,898.94	0.07	1,898.87	-
Total	**-**	**1,898.94**	**106,016.10**	**107,915.04**	**0.07**	**1,898.87**	**-**
ii) Financial liabilities							
a) Financial liabilities not measured at fair value							
Non-current borrowings	-	-	33,380.74	33,380.74	-	-	-
Non-current Lease liabilities	-	-	733.59	733.59	-	-	-
Trade payables	-	-	54,104.75	54,104.75	-	-	-
Other current financial liabilities	-	-	7,526.46	7,526.46	-	-	-
Current lease liabilities	-	-	342.25	342.25	-	-	-
Current borrowings	-	-	50,464.40	50,464.40	-	-	-
Total	**-**	**-**	**146,552.19**	**146,552.19**	**-**	**-**	**-**

33. Financial risk management

Framework

The Group is exposed primarily to Credit Risk, Liquidity Risk and Market risk (fluctuations in foreign currency exchange rates and interest rate), which may adversely impact the fair value of its financial instruments. The Group assesses the unpredictability of the financial environment and seeks to mitigate potential adverse effects on the financial performance of the Group.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analyzing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit. Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, investments, cash and cash equivalents, bank deposits and other financial assets. None of the financial instruments of the Group result in material concentration of credit risk, except for trade receivables.

Ind AS requires expected credit losses to be measured through a loss allowance. The Group assesses at each date of statements of financial position whether a financial asset or a group of financial assets is impaired. Expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. The Group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. The maximum exposure to credit risk was ₹92,495.44 lakhs and ₹76,542.01 lakhs as of March 31, 2022 and March 31, 2021 respectively, being the total of the carrying amount of balances with trade receivables.

Notes to Consolidated Financial Statements (Cont..)

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

Before accepting any new customer, the Group uses an external/internal credit scoring system to assess the potential customer's credit quality and defines credit limits of customer. Limits and scoring attributed to customers are reviewed at periodic intervals. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix.

Credit risk on financial assets, except trade receivables is limited as the company generally transacts with banks and financial institutions with high credit rating assigned by international and domestic credit rating agenies. 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	69,219.62	21,686.46	1,060.00	3,464.00	95,430.08
Expected Credit losses (Loss allowance provision)	(390.06)	(578.90)	(567.47)	(1,398.21)	(2,934.64)
Net carrying amount of trade receivables	68,829.56	21,107.56	492.53	2,065.79	92,495.44

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	56,636.14	19,234.11	1,747.01	1,920.45	79,537.71
Expected Credit losses (Loss allowance provision)	(309.90)	(649.49)	(439.37)	(1,596.94)	(2,995.70)
Net carrying amount of trade receivables	56,326.24	18,584.62	1,307.64	323.51	76,542.01

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

Region	March 31, 2022	March 31, 2021
USA	35,241.40	26,444.27
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	4,153.97
Rest of the world	597.72	-
	92,495.44	**76,542.01**

Liquidity risk

Liquidity risk refers to the risk that the Group cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of March 31, 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)	76,557.65	76,557.65	-	-	-	76,557.65
Lease liability	1,355.37	614.74	319.45	618.07	9.00	1,561.26
Trade payables	63,860.96	63,860.96	-	-	-	63,860.96
Other financial liabilities	8557.36	8,557.36	-	-	-	8,557.36

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
Assets			
Trade receivables	110,332.08	6,662.42	-
Loans	7.97	-	-
Cash and cash equivalents	10,510.48	0.03	0.05
Total	**120,850.53**	**6,662.45**	**0.05**
Liabilities			
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	-
Total	**98,379.96**	**34,160.87**	**128.89**

(All amounts are in Indian Rupees Lakhs)

Particulars	March 31, 2021		
	USD	EURO	Others
Assets			
Trade receivables	86,961.47	5,696.60	-
Loans	2.19	0.02	-
Cash and cash equivalents	113.99	16.89	0.29
Total	**87,077.65**	**5,713.51**	**0.29**
Liabilities			
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	-
Total	**58,900.45**	**44,864.92**	**32.33**

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			
	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	Total
As at March 31, 2022				
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
As at March 31, 2021				
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
As at March 31, 2022				
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
As at March 31, 2021				
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
As at March 31, 2022			

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	-
As at March 31, 2021			
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
For the year ended March 31, 2022						
Highly probable forecast sales	1,913.86	-	-	-	1,121.19	Revenue from operations
For the year ended March 31, 2021						
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:

(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 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:

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

Notes to Consolidated Financial Statements (Cont..)

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

35. Group information

Information about subsidiaries

The consolidated financial statements of the Group includes subsidiaries and Step-down subsidiary are listed in the table below:

Name	Country of incorporation	% of equity interest March 31, 2022	% of equity interest March 31, 2021
Granules USA Inc	USA	100%	100%
Granules Consumer Health, Inc.	USA	100%	NA
Granules Pharmaceuticals Inc	USA	99.92%	100%
Granules Europe Limited	UK	100%	100%
Granules Lifesciences Private Limited	India	100%	100%

36. Statutory Group Information

Name of the entity in the group	Net Assets, i.e., total assets minus total liabilities: As % of consolidated net assets	Net Assets: ₹	Share in profit and loss: As % of consolidated profit and loss	Share in profit and loss: ₹	Share in other Comprehensive income: As % of consolidated other comprehensive income	Share in other Comprehensive income: ₹	Share in total Comprehensive income: As % of total comprehensive income	Share in total Comprehensive income: ₹
Parent								
Granules India Limited								
Balance as at March 31, 2022	97.82%	253,066.09	93.64%	38,651.47	33.79%	1,354.08	88.35%	40,005.56
Balance as at March 31, 2021	99.51%	216,262.17	100.60%	55,278.31	21.07%	(551.27)	104.58%	54,727.04
Subsidiaries								
Foreign								
Granules USA Inc.,								
Balance as at March 31, 2022	0.74%	1,922.37	1.16%	476.82	1.80%	72.28	1.21%	549.10
Balance as at March 31, 2021	0.63%	1,373.27	2.07%	1,138.00	2.71%	(70.82)	2.04%	1,067.18
Granules Pharmaceuticals Inc.,								
Balance as at March 31, 2022	27.71%	71,693.84	6.39%	2,639.37	64.06%	2,567.27	11.50%	5,206.65
Balance as at March 31, 2021	30.92%	67,187.19	11.06%	6,077.84	73.55%	(1,924.21)	7.94%	4,153.63
Granules Europe Limited								
Balance as at March 31, 2022	-0.49%	(1,256.55)	-0.70%	(288.17)	0.39%	15.62	-0.60%	(272.55)
Balance as at March 31, 2021	-0.45%	(984.01)	-0.34%	(188.35)	2.67%	(69.75)	-0.49%	(258.10)
Granules Lifesciences Private Limted								
Balance as at March 31, 2022	1.13%	2,933.28	0.01%	5.85	-0.05%	(1.81)	0.01%	4.04
Balance as at March 31, 2021	1.12%	2,427.44	-0.13%	(72.56)	0.00%	-	-0.14%	(72.56)
Step-down subsidiary								
Granules Consumer Health, Inc.								
Balance as at March 31, 2022	-0.08%	(198.03)	-0.48%	(196.98)	0.00%	-	-0.43%	(196.98)
Balance as at March 31, 2021	0.00%	-	0.00%	-	0.00%	-	0.00%	-
On account of Eliminations								
Balance as at March 31, 2022	-26.87%	(69,507.71)	-0.03%	(12.58)	0.00%	-	-0.03%	(12.58)
Balance as at March 31, 2021	-31.72%	(68,938.63)	-13.26%	(7,287.34)	0.00%	-	-13.93%	(7,287.34)
Non-Controlling interests								
Balance as at March 31, 2022	0.02%	55.75	0.00%	0.02	0.00%	0.02	0.00%	0.04
Balance as at March 31, 2021	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Balance as at 31 March, 2022	**100.00%**	**258,709.04**	**100.00%**	**41,275.81**	**100.00%**	**4,007.45**	**100.00%**	**45,283.26**
Balance as at 31 March, 2021	**100.00%**	**217,327.43**	**100.00%**	**54,945.90**	**100.00%**	**(2,616.05)**	**100.00%**	**52,329.85**

Notes to Consolidated Financial Statements (Cont..)

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

37. The following table summarises the information relating to the Group's subsidiary that has non-controlling interest, before intra-group eliminations:

March 31, 2022	Granules Pharmaceuticals Inc.
Non-controling Interest (%)	0.08%
Non-current assets	53,935.65
Current assets	55,518.36
Non-current liabilities	(2,012.39)
Current liabilities	(35,747.76)
Net assets	**71,693.84**
Net assets attributable to non-controlling interest	**55.71**
Revenue for the year	94,311.36
Profit	2,639.37
Other comprehensive income	2,567.27
Total comprehensive income	**5,206.65**
Profit allocated to non-controlling interest (from 29 March 2022 i.e; date of acquisition of shares by non-controlling interest to 31 March 2022)	0.02
Other comprehensive income allocated to non-controlling interest (from 29 March 2022 i.e; date of acquisition of shares by non-controlling interest to 31 March 2022)	0.02
Total comprehensive income allocated to non-controlling interest	0.04
Cash flows generated from operating activity	**5,927.56**
Cash flows used in investing activity	**(4,001.71)**
Cash flow used in financing activity	**(587.23)**

38. Capital management

For the purpose of the Group's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure in consideration to the changes in economic conditions and the requirements of the financial covenants. The Group monitors capital using a gearing ratio, which is net debt divided by equity. Net debt consists of borrowings including interest accrued on borrowings, less cash and cash equivalents and other bank balances.

Particulars	March 31, 2022	March 31, 2021
Borrowings including interest accrued on borrowings	109,348.09	84,077.98
Less: cash and cash equivalents and other bank balances	(40,945.61)	(27,104.39)
Net debt	**68,402.48**	**56,973.59**
Equity	2,480.06	2,476.75
Other equity	256,173.23	214,850.68
Total equity	**258,653.29**	**217,327.43**
Net debt to equity ratio	0.26	0.26

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

39. The financial statements of each of the subsidiary are drawn up to the same reporting date i.e. year ended March 31, 2022, for the purpose of consolidation.

40. The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these financial statements since the requirement does not pertain to financial year ended 31 March 2022

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