



Management Discussion and Analysis

Global Economy

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

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

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

Indian Economy

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

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

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

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

Global Pharma Outlook

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

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

Global invoice spending and growth in selected countries

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

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

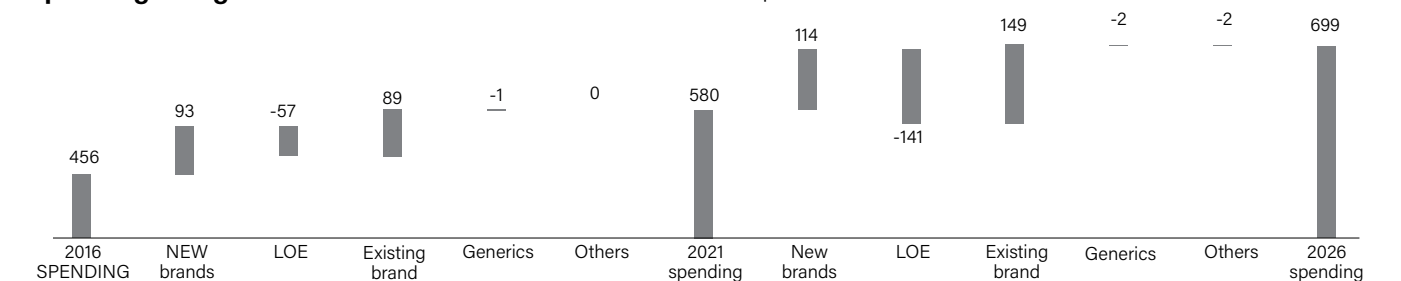
The largest uncertainty in the next five years will be the potential impact of economic factors on countries' budgeting and whether there will be shifts in policies for healthcare and medicine spending. It is expected that the pricing and value of medicines will be under increased scrutiny during this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

US Market

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

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

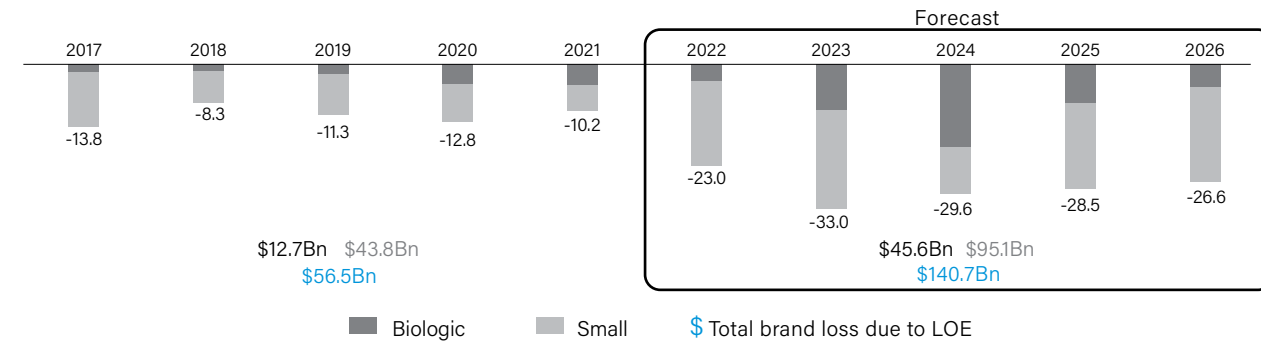
Spending and growth drivers in U.S. 2016-2026 const US\$Bn



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



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



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

EU4+UK

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

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

Japan

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

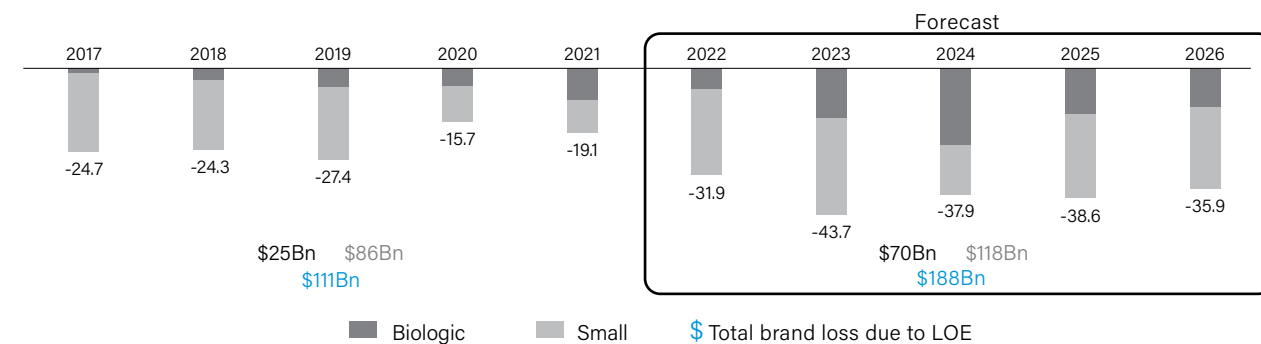
by policies that were principally effective over the last 15-year period, encouraging doctors to alternate available generics with a combination of incentives and penalties.

Pharmerging markets

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

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

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



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

Generic Pharma Outlook

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

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

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

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

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

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

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

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

Over the Counter (OTC) Drugs Market

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

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

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

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

Indian pharmaceutical industry

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



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

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

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

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

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

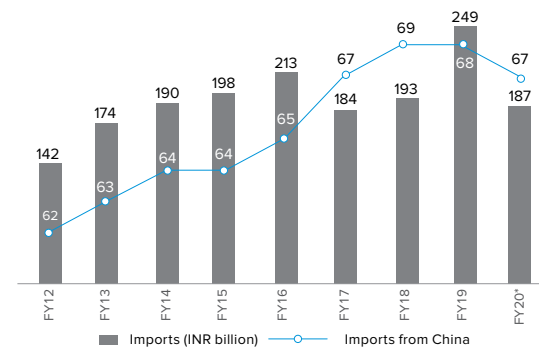
Over 70 per cent of all APIs imported from China (in %)

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

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

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

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



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

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

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

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

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

Company Overview

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

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

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

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

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

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

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

Strategy

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

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

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

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

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

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



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

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

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

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

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

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

Business overview and key business segments

Key business segments

Active Pharmaceutical Ingredients (APIs)

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

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

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

Pharmaceutical Formulation Intermediates (PFI)

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

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

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

Finished Dosages (FD)

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

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

Research and development

With experienced and qualified human resources, our R&D strengths are the driving force of our current and future growth. With innovation instilled into the culture of the Company at various levels, R&D is a crucial attribute in fostering our vision to become a global leader in the pharmaceutical product development and manufacturing process. We have increased our investment in Research and Development, which stood at ₹ 143 crores during FY22. We are strengthening our R&D



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

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

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

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

FY 2021-22 Highlights

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

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

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

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

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

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

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

Safeguarding business objectives with proactive risk mitigation

Enterprise Risk Management

Managing risks effectively helps us stay on top of volatilities and maintain our business excellence. The company has adopted Enterprise wide Risk Management (ERM) framework to identify, prioritise and monitor top rated business risks. Based on interviews with the key business stake holders, leveraging internal knowledge repository and using industry



benchmark data related to the similar risks, top risks of the company have been identified. The internal Risk committee as created by Board evaluates, manage and monitor major risks of the company on an ongoing basis. The risk committee also evaluates the residual risk and the strategic risk that the company must live with given its risk appetite. The company has defined a process through which it monitors its present risk profile and risk appetite to re-prioritise some of the risks as part of a long-term risk mitigation plan. Some high impact risk which, if not mitigated, can affect the business severely. The Board Committee has gone through each of the risks and reviews quarterly status update of the projects that are undertaken or are to be undertaken to mitigate these risks. The all-important point is to start / monitor risk mitigating projects and offer the status report for each project for the Internal Risk Committee and the Board Risk Committee on a periodic basis. Each project is tracked and reviewed on following parameters:

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

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

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

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

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

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

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

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

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

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

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

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

Human Capital

Our people are central to all what we have achieved so far, and source of our optimism for a better and a bright future. At Granules India, we believe that people who feel truly associated with the organization are the ones who perform to their true potential. As a core part of our business strategy, we are committed to providing an environment where all our employees feel enabled with a strong a sense of belonging. We have launched Granules Learning Academy concept that includes Training of Grass-Root employees on Fundamentals of Unit of Operation, in Manufacturing and in Quality Control. Role based training pertaining to guidelines and standards is being initiated for managers engaged in pharmaceutical manufacturing. Our new Performance Management System connects company’s objectives and Units/functional objectives with individual employee goals, up to managerial level through rigorous review process. This enables our employees to work on stretched targets while meeting company’s objectives. Granules has undertaken a Self-Directed Teams (SDTs) initiative to provide a livelihood opportunity for young 10+2 students from the rural areas of Telangana and Andhra Pradesh through Learn & Earn model. They are being recruited through a structured and rigorous selection process after which they undergo a two-month Pharmaceutical Manufacturing Training and an additional two-month On-the-Job Training. This program is now Granules engine for deployment of grass-root level employees in our manufacturing units across various functions.

Financial overview:

Revenue by Business Segments

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

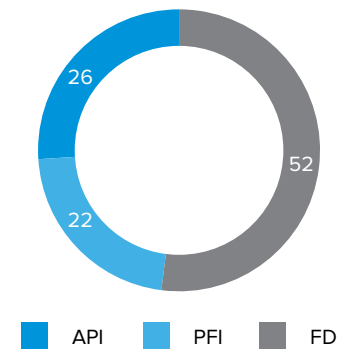
Business segments	FY21	(in %)
API	28	
PFI	19	
FD	52	

Revenue by Geography

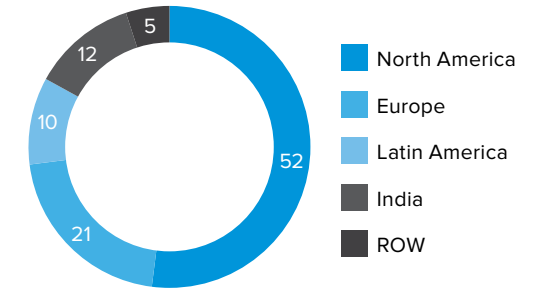
Regions	FY22	(in %)
North America	52	
Europe	21	
Latin America	10	
India	12	
ROW	5	

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

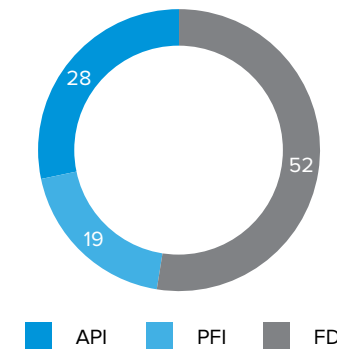
Revenue by Business Segments FY22 (%)



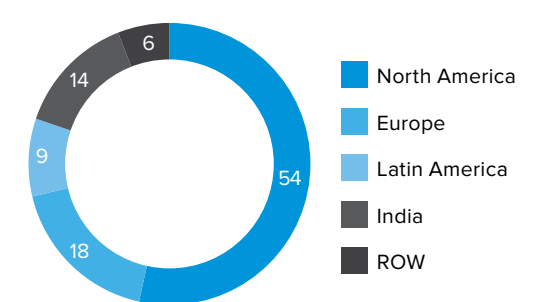
Revenue by Geography FY22 (%)



Revenue by Business Segments FY21 (%)



Revenue by Geography FY21 (%)



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

(₹ in Lakhs)

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

Revenue from operations

Revenue from operations increased by 16.3% to ₹376,492.10 lakhs in 2021-22 across all geographies. Major growth is driven by PFIs and Finished dosages and increase in market share for the new launches. During the year, some of the customers moved up the value chain from APIs to PFIs and Finished Dosages, which Granules expects will continue.

EBITDA

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

Dividend

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

Consolidated Balance Sheet

(₹ in lakhs)

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

Shareholders' Funds:

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

(₹ in Lakhs)

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

Tangible and Intangible Assets

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

(₹ in Lakhs)

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

Consolidated Ratios

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

Internal Control Systems and Adequacy

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

Cautionary Statements

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



Board's Report

TO THE MEMBERS OF GRANULES INDIA LIMITED,

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

Financial Results:

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

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

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

Overview of Financial and Business Operations

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

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

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

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

In FY 2021-22, we have filed eight ANDAs with US FDA, four dossiers in the European region and 2 ANDSs in Canada. We have also filed six US DMFs, four CEPs (Certificate of Suitability) with EDQM and five EDMFs, which will be used for building future revenue from API business. The management believes that it will continue to strengthen its position through dedicated research and the launch of new products.

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

Expansion Programs and Projects

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

COVID-19

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

Dividend

The Board of Directors has recommended a final dividend of 0.75 paise per equity share (Face value ₹ 1/- per equity share) for the financial year 2021-22. This is in addition to the interim dividend of 75 paise per equity share paid during the year. The total dividend for the financial year 2021-22 aggregates to ₹1.50/- per equity share as paid in the previous year.

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

Material Changes affecting the Company

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

Share Capital

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

Transfer to the Investor Education & Protection Fund (Iepf)

In terms of Section 124(5) of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, unclaimed dividend

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

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

Management's Discussion and Analysis Report

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

Subsidiaries, Joint Ventures and Associate Companies

Subsidiary Companies, their Performance and Developments

Granules USA, Inc.

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

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

Granules Pharmaceuticals, Inc.

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

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



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

Granules Europe Limited

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

Granules Life Sciences Private Limited

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

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

Joint Venture /Associate Companies

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

No other Company has become or ceased to be a Company's subsidiaries, joint ventures or associate Companies.

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

Consolidated Financial Statements

The consolidated financial statements of the Company and its subsidiaries for FY 2021-22 are prepared in compliance with the Section 129(3) of the Companies Act, 2013 and regulation 34 of the Listing Regulations and in accordance with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015. The audited Consolidated Financial Statements together with the Auditor's Report thereon form a part of this annual report. The consolidated financial statements have been prepared on the basis of audited financial statements of the Company and its subsidiaries as approved by their respective Boards. As per the provisions of Section 136 of the Companies Act, 2013, the Company has placed separate audited accounts of its subsidiaries on its website www.granulesindia.com and a copy of separate audited accounts of its subsidiaries will be provided to the members at their request till the date of the Annual General Meeting of the Company.

Compliance With Secretarial Standards

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

Director's Responsibility Statement

Pursuant to the requirement of Section 134(5) of the Companies Act, 2013, with respect to the Director's Responsibility Statement, the Board of Directors of the Company to the best of their knowledge and ability hereby confirm that:

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

Corporate Governance

The Company is committed to maintaining the highest standards of corporate governance and adhering to the corporate governance requirements set out by the Securities and Exchange Board of India (SEBI). The report on Corporate Governance as stipulated under the Listing Regulations forms an integral part of this Report. The requisite certificate from the Secretarial Auditor of the Company confirming compliance with the conditions of corporate governance is attached to the report on Corporate Governance.

Business Responsibility Report

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

Related Party Transactions

All related party transactions entered by the Company during the financial year 2021-22 with related parties were in the ordinary course of business and are on an arm's length basis. During the year, except with the wholly-owned subsidiaries,

the Company had not entered into any transaction with related parties which could be considered material in accordance with the policy of the Company on the materiality of related party transactions.

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

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

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

Corporate Social Responsibility

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

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

Nomination and Remuneration Committee

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

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

Enterprise Risk Management

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

The Risk Management Committee has been entrusted with the responsibility to assist the Board in (a) overseeing and approving the Company's enterprise risk management framework; and (b) oversees at all the risks that the organization faces such as strategic, financial, credit, market, liquidity, security, property, IT, legal, regulatory, reputational and other risks have been identified and assessed and there is an adequate risk management infrastructure in place capable of addressing those risks. The Company has a proper process for risk management.

Internal Financial Controls

Internal Financial Controls are an integrated part of the risk management process, addressing financial and financial reporting risks. The internal financial controls have been documented, digitized, and embedded in the business processes. An assurance of the effectiveness of internal financial controls is obtained through management reviews, control self-assessment, continuous monitoring by functional experts as well as testing of the internal financial control systems by the external consultants on behalf of the management at least once in a year. We believe that these systems provide reasonable assurance that our internal financial controls are designed effectively and are operating as intended.

Internal Audit and Controls

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

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

Directors and Key Managerial Personnel

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



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

Appointment

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

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

Re-appointment

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

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

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

Cessation

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

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

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

Key Managerial Personnel

Dr. Krishna Prasad Chigurupati, Chairman and Managing Director, Dr. Kandiraju Venkata Sitaram Rao, Joint Managing Director & CEO, Mrs. Uma Devi Chigurupati, Executive Director, Mr. Harsha Chigurupati, Executive Director, Mr. Sandip Neogi, Chief Financial Officer and Ms. Chaitanya Tummala, Company Secretary are Key Managerial Personnel of the Company during the year under review.

Board Evaluation

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

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

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

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

Employee stock option scheme

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

The details of the stock options granted/ vested/ exercised under the Granules India Limited – ESOS 2009 approved by the members in the 18th Annual General Meeting and Granules India Limited – ESOS 2017 approved by the members in the 26th Annual General Meeting, are given below:

Sl. No.	Description	Details of Scheme	
		ESOS-2009	ESOS-2017
(a)	Options granted till date under the scheme	15,602,800	2,50,000
(b)	Pricing formula	Closing market price as on the date before the grant date on National Stock Exchange (where there was the highest trading volume).	
(c)	Options vested during the year	3,60,980	75,000
(d)	Options exercised during the year	3,30,980	NIL
(e)	Total number of shares arising as a result of the exercise of options	3,30,980	NA
(f)	Options lapsed/surrendered during the year	1,22,640	NIL
(g)	Options lapsed/surrendered to date under the scheme	88,32,272	NIL
(h)	Variation in terms of options	NIL	NIL
(i)	Money realized by exercise of options during the year	3,21,05,060	NA
(j)	Total number of options in force	67,70,528	2,50,000
(k)	Employee wise details of options granted during the year to be exercised at	NA	NIL
(k)(i)	Senior managerial personnel	NA	NIL
(k)(ii)	Any other employee who receives a grant in any one year of options amounting to 5% or more of options granted during the year.	NA	NIL
(k)(iii)	Identified employees who were granted an option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	NA	NIL
(l)	Diluted Earnings per share (EPS) under the issue of shares on exercise of options calculated by Accounting Standards – Earning per share.	₹ 16.60 per share	
(m)	Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost shall have been recognized if it had used the fair value of the options.	Not Applicable	

The applicable disclosures as stipulated under the SEBI guidelines as of March 31, 2022 (cumulative position) about the Employee's Stock Option Schemes are herein under provided. The issue of equity shares pursuant to the exercise of options does not affect the Statement of Profit and Loss of the Company, as the exercise is made at the market price prevailing as on the date of the grant plus taxes as applicable.

The Nomination and Remuneration Committee of the Board of Directors of the Company, inter alia, administers and monitors the Employees' Stock Option Scheme. There has not been any material change in the Employee Stock Option Schemes during the period under review. The Schemes and its implementation are in line with the SEBI (Share Based Employee Benefits) Regulations, 2014 ("SBEB Regulations") as amended thereof.

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



Sl. No.	Description	Details of Scheme	
		ESOS-2009	ESOS-2017
(n)	The weighted-average exercise price, whose exercise price either equals or exceeds or is less than the market price of the stock	₹ 97.00/- per share	NA
(o)	Description of the method and significant assumptions used during the year to estimate the fair values of options.	The assumptions and model used for estimating fair value are disclosed in Note 27 of Standalone financial statements.	

Auditors and their reports

Statutory Auditors

M/s. B. S. R. & Associates LLP, Firm of Chartered Accountants, Hyderabad (Registration No. 116231W/W-100024) was appointed as statutory auditors of the Company, for a term of 5 (five) consecutive years, at the 26th Annual General Meeting held on September 28, 2017 as per the provisions of the Companies Act, 2013 read with rules made thereunder and the term of the statutory auditors concludes at the conclusion of the 31st AGM of the Company.

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

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

Secretarial Auditor

The Board has appointed M/s. Saurabh Poddar & Associates, Company Secretaries, to conduct a secretarial audit for the financial year 2021-22. The secretarial audit report for the financial year ended March 31, 2022 is annexed herewith as **Annexure III** to the Board's report. The secretarial audit report does not contain any qualification, reservation or adverse remark.

Disclosures

Meetings of the Board

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

Audit Committee

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

Whistleblower Policy and Vigil Mechanism

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

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

Code of Conduct

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

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

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

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

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

Extract of Annual Return

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

Particulars of Employees and Related Disclosures

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are annexed herewith as **Annexure VI** to the Board's report.

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

Considering the first proviso to Section 136(1) of the Act, the annual report excluding the aforesaid information is being sent to the members of the Company. The said information is available for inspection by the members at the registered office of the Company or through electronic mode during business hours on working days up to the date of the forthcoming 31st AGM of the Company. Any member interested in obtaining a copy thereof may write to the Company secretary in this regard.

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

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

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

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

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

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

The Company regularly conducts awareness programs for its employees.

General

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

- Details relating to deposits covered under Chapter V of the Act.
- Issue of equity shares with differential rights as to dividend, voting or otherwise.
- Issue of shares (including sweat equity shares) to employees of the Company under any scheme save and except Employee Stock Option Scheme referred to in this report.
- Neither the Managing Director nor the Whole-time Directors of the Company receive any remuneration or commission from any of its subsidiaries.
- The Company does not have any scheme of provision of money for the purchase of its shares by employees or by trustees for the benefit of employees.
- Cost Audit is not applicable for the financial year 2021-22.
- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in the future.
- No fraud has been reported by the Auditors to the Audit Committee or the Board.
- There is no proceeding pending under the Insolvency and Bankruptcy Code, 2016.
- There was no instance of one-time settlement with any Bank or Financial Institution.

Acknowledgments

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

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

On behalf of the Board of Directors

Dr. Krishna Prasad Chigurupati

Hyderabad

Chairman and Managing Director

June 05, 2022

DIN: 00020180



ANNEXURE I TO THE BOARD'S REPORT

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

- Brief outline on CSR Policy of the Company: CSR Policy can be accessed on www.granulesindia.com.
- Composition of CSR Committee:

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

- Provide the web-link where Composition of the CSR Committee, CSR Policy and CSR Projects approved by the Board is disclosed on the website of the Company. The composition of the CSR Committee and the CSR Policy can be accessed at the link www.granulesindia.com
- Provide the details of the Impact assessment of CSR Projects carried out in pursuance of sub-rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report). NOT APPLICABLE
- Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
1	2018-19	Nil	Nil
2	2019-20	Nil	Nil
3	2020-21	Nil	Nil
	TOTAL		Nil

- Average net profit of the company as per section 135(5): ₹ **45579.48 lakhs**
- (a) Two percent of the average net profit of the company as per section 135(5): ₹ **911.59 lakhs**
(b) Surplus arising out of the CSR projects or programs or activities of the previous financial years: **NIL**
(c) Amount required to be set off for the financial year: **NIL**
Total CSR obligation for the financial year (7a+7b- 7c): ₹ **911.59 lakhs.**
- (a) CSR amount spent or unspent for the financial year:

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

- Details of CSR amount spent against **ongoing projects** for the financial year: **NA**

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

- Details of CSR amount spent against **other than ongoing projects** for the financial year:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/No)	Location of the project.		Amount spent for the project (₹ in lakhs)	Mode of implementation on-Direct (Yes/NO)	Mode of implementation – Through implementing agency
				State.	District.			Name. CSR registration number.
1.	Skill development activity	Cl.(ii) livelihood enhancement projects	Yes	Telangana	Ranga Reddy District	87.84	NO	Swarna Bharat Trust CSR00001645
2.	Preventive Health Care	Cl.(i) promoting preventive health care	No	Karnataka	Mangaluru	200.00	NO	Rai Estates Educational and Charitable Trust. CSR00015670
3.	Preventive Healthcare	Cl.(i) promoting preventive health care	Yes	Telangana	Hyderabad	364.02	YES	Government of Telangana NA
4.	Ex-Gratia Covid allowance to the temporary/casual/daily wage workers of the Company	As the exception is provided under General Circular no 15/2020 issued by the Ministry of Corporate Affairs Dated 10.04.2020.	NA	Paid to the temporary/casual/daily wage workers of the Company at all manufacturing locations		51.17	YES	NA NA
5.	Granules Trust	Schedule VII activities	Yes	Telangana	Hyderabad	209.95	NO	Granules Trust CSR00006834
	TOTAL					912.98		

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

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

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



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

Sl. No.	Particular	Amount (in ₹.)
(i)	Two percent of the average net profit of the company as per section 135(5)	911.59 lakhs
(ii)	Total amount spent for the Financial Year 2021-22	912.98 lakhs
(iii)	Excess amount spent for the financial year [(ii)-(i)]	1.39 lakhs
(iv)	Surplus arising out of the CSR projects or programs or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)+(iv)]	1.39 lakhs

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

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹).	Amount transferred to any fund specified under Schedule VII as per section 135(6) if any.			The amount remaining to be spent in succeeding financial years. (in ₹)
				Name of the Fund	Amount (in ₹).	Date of transfer.	
1.	2018-19	-	-	-	-	-	-
2.	2019-20	-	-	-	-	-	-
3.	2020-21	-	-	-	-	-	-
TOTAL		-	-	-	-	-	-

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

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

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

(a) Date of creation or acquisition of the capital asset(s). **NA**(b) Amount of CSR spent for the creation or acquisition of the capital asset. **NA**(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address, etc. **NA**(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). **NA**11 Specify the reason(s), if the company has failed to spend two percent of the average net profit as per section 135(5): **NA**

Sd/- Uma Devi Chigurupati Chairperson of CSR Committee	Sd/- Dr. Krishna Prasad Chigurupati Chairman and Managing Director
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ANNEXURE-II TO BOARD'S REPORT COMPLIANCE CERTIFICATE

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

To,
The Members,
M/s Granules India Limited

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

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

Management Responsibility

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

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

Auditors' Responsibility

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

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

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

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

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

Certification

On the basis of the examination carried out by us and the information, explanations and representations provided to us by the management of the Company, in our opinion, the Schemes are implemented in accordance with the Regulations.

Assumption & Limitation of Scope and Review

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

For M/s. Saurabh Poddar & Associates
Company Secretaries

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

Place: Hyderabad
Date: May 31, 2022

PR: 785/2020 dated June 30, 2020
UDIN: FO09190D000442491



ANNEXURE III TO THE BOARD'S REPORT

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31-03-2022

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

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

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

Based on my verification of the M/s. Granules India Limited books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of the secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2022 complied with the statutory provisions listed hereunder and also that the Company has proper Board-Processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I, have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2022 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment;
- (v) The following Regulations and Guidelines are prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (Not applicable to the Company during the Audit Period)
- (d) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2021;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the Company during the Audit Period)**
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the Company during the Audit Period)** and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018. **(Not applicable to the Company during the Audit Period)**

- (vi) I further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof on a test-check basis, the Company has complied with the following laws applicable specifically to the Company:

1. Drugs and Cosmetics Act, 1940 and Rules made thereunder; and
2. Drugs Price Control Order, 2013 and notifications made thereunder.

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

- (i) Secretarial Standards (SS-1 and SS-2) issued by The Institute of Company Secretaries of India.
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

I further report that the Board of Directors of the Company is duly constituted with a proper balance of Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

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

I further report that there are adequate systems and processes in the Company commensurate with its size and operations to

monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period there were no specific events/actions having a major bearing on the Company's affairs in pursuance of the above-referred laws, rules, regulations, guidelines and standards.

For Saurabh Poddar & Associates
Company Secretaries
Place: Hyderabad

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

Place: Hyderabad
May 18, 2022

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

ANNEXURE TO THE SECRETARIAL AUDIT REPORT

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

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

- 1 Maintenance of secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
- 2 I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on a test-check basis to ensure that correct facts are reflected in secretarial records. I believe that the process and practices, I followed provide a reasonable basis for my opinion.
- 3 I have not verified the correctness and appropriateness of financial records and books of accounts of the company.
- 4 Wherever required, I have obtained management representation regarding the compliance of laws, rules and regulations and happening of events etc.
- 5 The compliance with the provisions of corporate and other applicable laws, rules, regulations and standards is the responsibility of the management. My examination was limited to the verification of procedures on a test-check basis.
- 6 The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

for Saurabh Poddar & Associates
Company Secretaries

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

Place: Hyderabad
May 18, 2022

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



ANNEXURE-IV TO THE BOARD'S REPORT

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

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

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

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

Sl. No.	Names of the related party and nature of the relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts or arrangements or transactions including the value, if any:	Salient terms of the contracts or arrangements or transactions including the value, if any:	Date(s) of approval by the Board:	Amount paid as advances if any:	Justification for entering into contracts
1	Granules USA, Inc. (Wholly-Owned foreign subsidiary)	Sale of goods	FY 2021-22	39,094.89	11.05.2021	NIL	The transaction is at arm's length price
2	Granules Pharmaceuticals Inc. (Wholly Owned foreign subsidiary)	Sale of goods	FY 2021-22	53,412.31	11.05.2021	NIL	The transaction is at arm's length price

On behalf of the Board of Directors

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

Hyderabad
June 05, 2022

ANNEXURE V TO BOARD'S REPORT

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

A Particulars of Conservation of Energy

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

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

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

B Technology Absorption

- Efforts made toward technology absorption

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

No imported technology

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

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

Over the years, we have been constantly investing in Research and Development, where our team has been able to passionately translate science and technology into pharmaceutical products and manufacturing processes and meet global regulatory standards. With experienced and qualified human resources, our R&D capability is the driving force of the current momentum and future growth of the organization. With innovation instilled into the culture of the Company at various levels, R&D is a crucial attribute in fostering our vision to become a global leader in the pharmaceutical product development and manufacturing process.

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



2021-22 – Highlights

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

US Generics: Since setting up US sales and marketing operations in 2019, Company has launched 24 generic products under the GPI label. Focussed product selection, development and manufacturing have been key for the significant growth of US Generics business. Our portfolio has been constantly evolving from large volume immediate release (IR) products to complex extended/delayed-release (ER / DR) products. Granules have the highest generic prescription absolute growth (17.8%) in the US market during FY 2022.

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

As on March 31, 2022, we filed a total of 30 (06 in FY 2021-22) U.S. Drug Master Files (“USDMFs”) across several therapeutic categories with the United States Food and Drug Administration (“US FDA”) in the United States, 23 (04 in FY 2021-22) Certificates of Suitability (“CEPs”) with the European Directorate for the Quality of Medicines (“EDQM”) and 5 European Drug Master Files (“EDMFs”) in Europe, along with other regulatory filings in key regulated markets to support potential customers for ANDA and dossier filings. As part of our vertical integration strategy, we intend to file ANDAs for several of these APIs to forward integrate into FDFs.

In the finished dosage form, we filed 64 (8 in FY 2021-22) ANDAs with the US FDA of which 50 ANDAs have been approved and 14 are under review. We continued to leverage our ANDA filing

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

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

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

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

Way Forward

We will continue to leverage our knowledge and experience in our existing products to expand them into new markets and dosage forms. This would not only help us to bring economies of scale but also, mitigate market concentrated risk.

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

C Total Foreign Exchange Earned and Used

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

On behalf of the Board of Directors

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

Hyderabad
June 05, 2022

ANNEXURE VI TO BOARD’S REPORT

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

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

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

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

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

(3) Excludes the value of stock options.

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

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

Hyderabad
June 05, 2022

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



Corporate Governance Report

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

COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

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

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

The Company also believes that an active, well-informed and independent Board is necessary to ensure the highest standard of corporate governance. At Granules, the Board of Directors is at the core of corporate governance and oversees how the management serves and protects the interest of the stakeholders. The Board of Granules is responsible for and committed to the sound principles of corporate governance in the Company. Our corporate governance framework ensures that we make timely and transparent disclosures regarding our financials and performance, as well as the leadership and governance of the Company. The Company acknowledges the individual and collective responsibilities to manage the business activities with integrity.

Appropriate Governance Structure with defined roles and responsibilities

The Company has put in place an internal governance structure with defined roles and responsibilities of every constituent in the system. The Company's shareholders appoint the Board of Directors, which in turn governs the Company. The Board has established seven Committees to discharge its responsibilities

effectively and efficiently. The Company Secretary at Granules acts as the Secretary to all the Committees of the Board constituted under the Companies Act, 2013. The Chairman and Managing Director (CMD) provide overall direction and guidance to the Board. Concurrently, the CMD is responsible for the overall implementation of decisions and policies. In the operations and functioning of the Company, the CMD is assisted by the Joint Managing Director & CEO, Executive Directors, and a core group of senior-level executives.

Board Leadership

Half of the Board, 5 out of 10, are Independent Directors as of March 31, 2022. At Granules, it is believed that an experienced Board consciously creates a culture of leadership which in turn provides a long-term vision and policy approach to improve the quality of governance.

The Board's actions and decisions are aligned with the Company's best interests. Granules are committed to the goal of sustainability and elevating the Company's value creation.

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

Ethics/Governance Policies

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

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

THE BOARD OF DIRECTORS

Board Composition and Category of Directors

The Board of Directors of the Company represents the optimum blend of professionalism, knowledge and experience. As of March 31, 2022, the Board of Directors comprised ten Directors, of which six are Non-executive Directors and the composition of the Board and category of Directors are as follows:

Sl. No.	Name of the Director	Category
1.	Dr. Krishna Prasad Chigurupati* Chairman & Managing Director DIN – 00020180	Non-Independent, Executive
2.	Dr. Kandiraju Venkata Sitaram Rao ⁽⁴⁾ Joint Managing Director & CEO DIN – 08874100	Non-Independent, Executive
3.	Mrs. Uma Devi Chigurupati* DIN – 00737689	Non-Independent, Executive
4.	Mr. Harsha Chigurupati* DIN – 01606477	Non-Independent, Executive
5.	Mr. Kolli Basava Sankar Rao DIN – 05167550	Non-Independent, Non-Executive
6.	Mr. Arun Rao Akinepally DIN – 00876993	Independent, Non-Executive
7.	Mr. Arun Sawhney DIN – 01929668	Independent, Non-Executive
8.	Mr. Robert George Cunard DIN – 08346308	Independent, Non-Executive
9.	Mrs. Jyothi Prasad ⁽¹⁾ DIN – 06947488	Independent, Non- Executive
10.	Dr. Saumen Chakraborty ⁽²⁾ DIN-06471520	Independent, Non-Executive
11.	Mrs. Sucharita Rao Palepu ⁽³⁾ DIN – 078077178	Independent, Non-Executive

*Promoter Director

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

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

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

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

Mrs. Uma Devi Chigurupati is the spouse of Dr. Krishna Prasad Chigurupati and Mr. Harsha Chigurupati is the son of Dr. Krishna Prasad Chigurupati and Mrs. Uma Devi Chigurupati. None of the other Directors are related to any other Director on the Board.

During the financial year 2021-22, the Company had the Managing Director as Chairman who is also the promoter of the Company and the number of Independent Directors during the year complied with the requirement of having one-half of the Board as an Independent Directors. None of the Directors

on the Board are a member of more than 10 (ten) Committees or Chairperson of more than 5 (five) Committees as specified in Regulation 26(1) of the Listing Regulations, across all the Companies in which he/she is a Director.

Directors' Profile

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

Annual Board Retreat

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

Independent Directors

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

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

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

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

Other than Mrs. Jyothi Prasad, no-any other Independent Director has resigned from the Directorship of the Company before the expiry of their term of appointment during the financial year ended March 31, 2022.

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



Meetings of Independent Directors

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

MEETINGS OF THE BOARD AND ITS COMMITTEES AND PROCEDURES

Institutionalized decision-making process

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

The Board has constituted seven Committees, namely Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Share Transfer and Stakeholders Relationship Committee, Risk Management Committee, Business Review Committee and Growth Opportunities Evaluation Committee. The Board is authorized to constitute additional functional Committees, from time to time, depending on business needs and the framework of the law for the time being in force.

Scheduling and Selection of Agenda Items for Board and Committee Meetings

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

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

The schedule of meetings and their agenda is finalized in consultation with the Chairman of the Board, Chairpersons of the Committees of the Board and the Lead Independent Director and agendas are circulated in advance with detailed notes and appropriate presentations covering finance, marketing, operations, an overview of business operations of the subsidiary Companies, global business environment,

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

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

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

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

- Annual operating plans of businesses and budgets including capital budgets and any updates;
- Quarterly results of the Company;
- Company's annual financial results, financial statements, auditors' report and Board's report;
- Minutes of meetings of the Audit Committee and other committees of the Board;
- Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company;
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property;
- Quarterly details of foreign exchange exposures and steps were taken by management to limit risks of adverse exchange rate movement, if material;
- Non-compliance with any regulatory, statutory or listing requirements, and shareholder's service, such as dividend non-payment, share transfer delay (if any), among others;
- Appointment, remuneration and resignation of Directors;
- Formation/reconstitution of Board Committees;
- Terms of reference of Board Committees;
- Minutes of Board meetings of unlisted subsidiary companies;
- Declaration of Independent Directors at the time of appointment/annually;
- Disclosure of Directors' interest and their shareholding;
- Appointment or removal of the Key Managerial Personnel;
- Appointment of Internal Auditors and Secretarial Auditors;
- Quarterly/Annual Secretarial Audit reports submitted by Secretarial Auditors;
- Dividend declaration;
- Significant changes in accounting policies and internal controls;

- Takeover of a company or acquisition of a controlling or substantial stake in another company;
- Issue of securities;
- Recommending appointment of and fixing of the remuneration of the Auditors as recommended by the Audit Committee;
- Internal Audit findings and External Audit Reports (through the Audit Committee);
- Proposals for major investments, mergers and amalgamations;
- Reports on progress made on the ongoing projects;
- Review the functioning of the subsidiary and joint venture companies;
- Related party transactions;
- Status of business risk exposures, its management and related action plans;
- Making of loans and investment of surplus funds;
- Borrowing of monies, giving guarantees, or providing security in respect of loan;
- Brief on statutory developments, changes in government policies, among others with impact thereof;
- Details of litigations, prosecutions, etc.;
- Compliance Certificate certifying compliance with all laws as applicable to the Company; and
- Reconciliation of Share Capital Audit Report under SEBI (Depositories and Participants) Regulations, 1996.

Recording Minutes of Proceedings at Board and Committee Meetings

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

Post-Meeting Follow-up Mechanism

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

Compliance

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

Number of Board meetings

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

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

Attendance and Directorship & Committee positions in other companies:

The names and categories of the Directors on the Board, their attendance at Board meetings held during the year April 2021 – March 2022 and the number of Directorships and Committee Chairmanships / Memberships held by them in other Companies are given below.



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

Notes:

- (1) Mrs. Jyothi Prasad ceased to be a member of the Board of the Company with effect from October 6, 2021.
- (2) Dr. Saumen Chakraborty was appointed as a member of the Board of the Company with effect from December 13, 2021.
- (3) Mrs. Sucharita Rao Palepu was appointed as a member of the Board of the Company with effect from December 22, 2021.
- (4) Dr. Kandiraju Venkata Sitaram Rao was appointed as a member of the Board of the Company with effect from January 05, 2022.
- (5) The directorships, held by Directors as mentioned above, do not include directorships in foreign companies.
- (6) In accordance with Regulation 26(1) of the Listing Regulations, Memberships/Chairmanships of only Audit Committees and Stakeholders' Relationship Committees in all public limited companies (excluding Granules India Limited) have been considered.
- (7) None of the Directors hold Directorships in more than 7(Seven) listed entities.

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

Sl. No.	Name of the Director	No. of Directorships in other Listed Companies	Name of the other Listed Companies and category of Directorship as on 31-03-2022
1.	Dr. Krishna Prasad Chigurupati	Nil	-
2.	Dr. Kandiraju Venkata Sitaram Rao	Nil	-
3.	Mrs. Uma Devi Chigurupati	Nil	-
4.	Mr. Harsha Chigurupati	Nil	-
5.	Mr. Kolli Basava Sankar Rao	Nil	-
6.	Mr. Arun Rao Akinepally	Nil	-
7.	Mr. Arun Sawhney	Nil	-
8.	Mr. Robert George Cunard	Nil	-
9.	Dr. Saumen Chakraborty	1	Independent Director at Krishna Institute of Medical Sciences Limited
10.	Mrs. Sucharita Rao Palepu	Nil	-

Shares held by Non-Executive Directors:

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

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

Core Skills/ Expertise/ Competencies of the Board of Directors

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

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

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



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

COMMITTEES OF THE BOARD

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

Audit Committee

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

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

- Overview of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information is disclosed.
- Recommending the appointment and removal of statutory auditors, internal auditors and cost auditors, fixation of their audit fee and approval for payment for any other services.

- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- Reviewing financial statements and draft audit reports, including quarterly/half-yearly financial information.
- Reviewing with the management the annual financial statements before submission to the Board, focusing primarily on:
 - The changes in accounting policies and practices.
 - Major accounting entries based on the exercise of judgment by the management.
 - Qualifications/modified opinion in the draft audit report.
 - Significant adjustments arising out of the audit.
 - The going concern assumption.
 - Compliance with the accounting standards, listing regulations & legal requirements concerning financial statements.
 - Disclosure of Related party transactions, claims against the Company and contingent liabilities.
- Reviewing, with the management, external and internal auditors, the adequacy, and compliance of internal control systems.
- Reviewing the adequacy of internal audit functions.
- Discussion with the internal auditors on any significant findings and follow up thereon.
- Review of independence of the auditors.
- Evaluation of Internal financial controls and risk management system.
- Review of borrowings, inter-corporate loans and investments.
- Review of the functioning of whistle-blower mechanism.

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

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

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

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

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

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

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

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

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

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

Nomination & Remuneration Committee

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

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

The Committee's composition and terms of reference comply with the provisions of Section 178 of the Companies Act, 2013, Regulation 19 of the Listing Regulations and Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended from time to time. The terms of reference of the Committee *inter alia*, are as under:

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



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

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

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

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

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

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

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

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

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

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

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

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

Share Transfer and Stakeholders Relationship Committee

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

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

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

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

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

Compliance Officer

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

Investor Grievance Redressal

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

Corporate Social Responsibility (CSR) Committee

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

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

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

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

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

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

The CSR Policy of the Company is available on the website of the Company www.granulesindia.com.

Risk Management Committee

The Committee was constituted by the Board of Directors with its prime responsibility to implement and monitor the risk management plan and policy of the Company. The Committee's composition and terms of reference comply with the provisions of Regulation 21 of the Listing Regulations as amended from time to time. The terms of reference of the Committee *inter alia*, are as under:

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



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

Name	Category	Number of meetings during the financial year 2021-22	
		Held	Attended
Mr. Harsha Chigurupati, Chairman	Non-Independent, Executive	02	02
Mrs. Uma Devi Chigurupati	Non-Independent, Executive	02	01
Mr. K.B. Sankar Rao	Non-Independent, Non-Executive	02	02
Mr. Arun Sawhney	Independent, Non-Executive	02	02
Mr. Robert George Cunard	Independent, Non-Executive	02	02

Business Review Committee

The Board constituted a Business Review Committee to advise on all matters related to the management/operations of the Company. The Business Review Committee meets periodically to review *inter alia* the operational and financial performance of the Company. 08 (Eight) meetings of the Committee were held during the financial year April 2021 - March 2022. The composition of the Committee and the details of meetings attended by its members are given below:

Name	Category	Number of meetings during the financial year 2021-22	
		Held	Attended
Mr. K. B. Sankar Rao, Chairman	Non-Independent, Non-Executive	08	08
Mr. Arun Rao Akinepally	Independent, Non-Executive	08	08
Mr. Arun Sawhney	Independent, Non-Executive	08	08
Mr. Robert George Cunard	Independent, Non-Executive	08	07
Dr. Krishna Prasad Chigurupati	Non-Independent, Executive	08	08

Growth Opportunities Evaluation Committee

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

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

DIRECTORS' REMUNERATION

Performance Evaluation & Remuneration policy

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

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

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

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

(₹ in lakhs)

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

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

Service Contract, Severance Fees, and Notice Period

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

There is no separate provision for payment of severance fees.

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

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

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

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

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

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

(₹ in lakhs)

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

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

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

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

GENERAL BODY MEETINGS

Annual General Meetings

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

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

**Extraordinary General Meetings**

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

POSTAL BALLOT

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

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

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

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

DISCLOSURES**i) Related Party Transactions**

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

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

The Policy on Related Party Transactions as approved by the Board is placed on the website of the Company www.granulesindia.com.

ii) Details of Non-Compliance etc.

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

iii) Disclosure of Accounting Treatment

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

iv) Whistleblower Policy

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

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

v) Risk Management

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

vi) Subsidiary Companies

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

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

The Company has formulated a policy for determining material subsidiaries and is placed on the website of the Company www.granulesindia.com.

vii) Code of Conduct

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

viii) CEO and CFO Certification

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

ix) Certificate on Corporate Governance

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

x) Certificate from a Company Secretary in practice

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

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

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

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

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

xiii) Details of Fees paid to the Statutory Auditors

Given below are the details of fees paid to BSR & Associates LLP, Chartered Accountant, Statutory Auditors of the

Company on a consolidated basis during the Financial Year ended March 31, 2022:

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

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

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

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

Sl. No.	Particulars	No.
1.	Number of complaints on Sexual harassment received during the year	Nil
2.	Number of complaints disposed of during the year	Not Applicable
3.	Number of cases pending as of March 31, 2022	Not Applicable

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

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

xvi) Familiarization Programs for Board Members

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

**xvii) Prevention of Insider Trading**

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

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

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

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

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

MEANS OF COMMUNICATION

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

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

News Releases, Presentations, Among Others: Official news releases and official media releases are sent to Stock Exchanges and are displayed on the website of the Company www.granulesindia.com

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

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

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

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

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

Dedicated E-mail ID: The Company has designated the following email-ID exclusively for investor servicing: investorrelations@granulesindia.com

GENERAL SHAREHOLDER INFORMATION**Company Registration Details**

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

31st Annual General Meeting

Date: July 27, 2022

Time : 3.00 p.m.

Venue : The Company is conducting the meeting through VC / OAVM pursuant to the MCA Circular dated May 5, 2020 and as such, there is no requirement to have a venue for the AGM. For details please refer to the Notice of this AGM.

Financial year

April 1 to March 31

Date of Book Closure

July 21, 2022 to July 27, 2022 (both days inclusive)

Dividend Payment

The final dividend for the financial year 2021-22, if declared, shall be paid /credited on or before August 25, 2022. The company has paid an interim dividend of 75 paise per equity share during the year.

Listing on Stock Exchanges

Equity Shares

BSE Limited (Bombay Stock Exchange)

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

National Stock Exchange of India Limited (NSE)

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

Payment of Listing Fees

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

The tentative calendar for the financial year 2022-2023

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

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

Stock Market Price Data

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

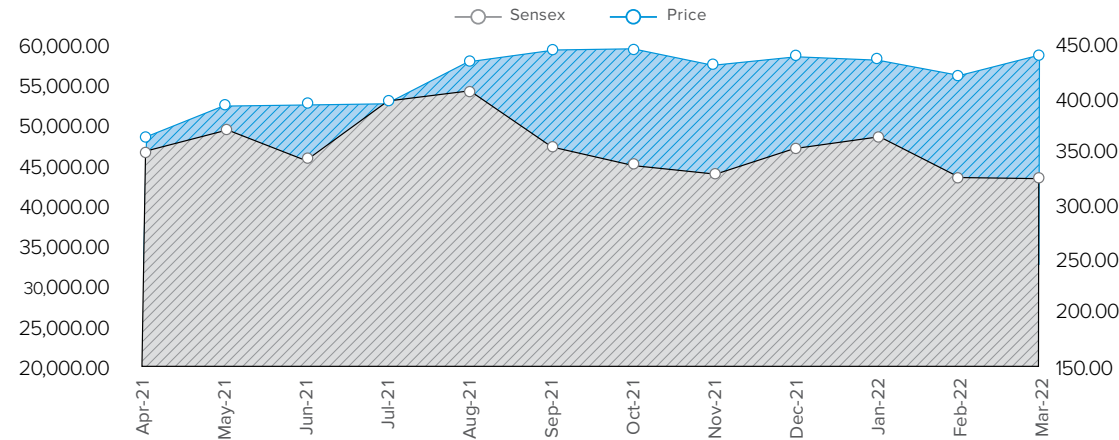
(in Rupees)

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

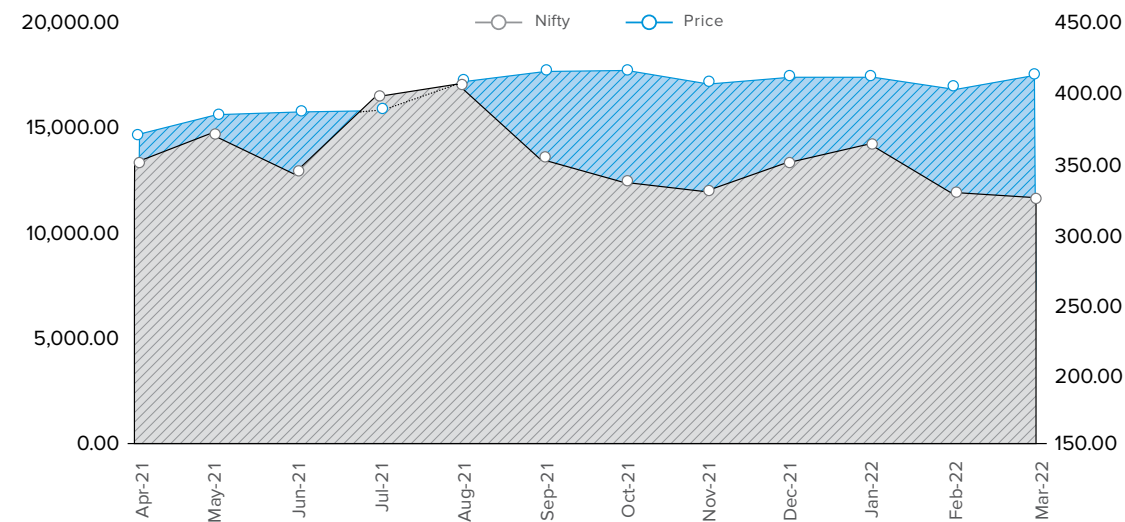


Performance of Share Price

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



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



Registrar and Transfer Agents

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

KFin Technologies Limited

Selenium Tower B, Plot 31-32, Gachibowli,

Financial District, Nanakramguda,

Hyderabad – 500 032

Tel: +91-40-67161500

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

E-mail: einward.ris@kfintech.com

Website: www.kfintech.com

Share Transfer System

In terms of Regulation 40(1) of SEBI Listing Regulations, as amended, securities can be transferred only in dematerialized form except in case of request received for transmission or transposition of securities. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Transfer of equity shares in electronic form is effected through the depositories with no involvement of the Company.

Secretarial Audit

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

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

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

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

M/s. Saurabh Poddar & Associates, practicing Company Secretary carried out an audit to reconcile the total admitted capital with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The secretarial audit report confirms that the total paid-up capital was in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

Shareholding

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

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

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

Hyderabad – 500 038 vide Client ID: 40451330 and DP ID: IN301220. In accordance with the requirement of Clause F of Schedule V of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Company reports the following details in respect of equity shares lying in the suspense account

Sl. No.	Particulars	Number of Shareholders	Number of equity shares
1.	An aggregate number of shareholders and the outstanding shares in the Unclaimed Suspense account at the beginning of the year i.e., April 01, 2021.	09	26,000
2.	No. of shareholders who approached the Company for the transfer of shares from the Unclaimed Suspense account during the year.	-	-
3.	No. of shareholders to whom shares were transferred from the Unclaimed Suspense account during the year.	-	-
4.	No. of shareholders and shares transferred to Investor Education and Protection Fund Authority pursuant to the provisions of Section 124 of the Companies Act, 2013.	-	-
5.	An aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense account at the end of the year i.e., March 31, 2022.	09	26,000

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

Dematerialization of shares and liquidity

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

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

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

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

Employee Stock Options

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

Disclosure concerning Demat Suspense Account/ Unclaimed Suspense Account

Unclaimed equity shares are held in Granules India Limited-Unclaimed shares suspense account maintained with Stock Holding Corporation of India Limited, G-6 to G-10, East Block, Ground Floor, Swarna Jayanti Commercial Complex, Ameerpet,



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

Transfer of Shares to Investor Education and Protection Fund

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

Plant locations

Finished Dosage Unit:

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

API Unit – I:

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

API Unit – II:

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

API Unit – III:

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

API Unit – IV:

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

API Unit – V:

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

R & D Centres

- Plot No. 56, Road No. 5, ALEAP Industrial Area, Pragathi Nagar, Gajularamaram village, Qutubullapur Mandal, Hyderabad – 500 072, Medchal-Malkajgiri District, Telangana State, India.
- Survey Nos. 234 / 1 to 4 and 6 to 7, 235 /6 to 9 and 245 / 1 to 3, India Land Global Industrial Park, Hinjewadi Village, Mulshi Taluka, Pune District – 412 115, India.

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

Address for correspondence

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

Green Initiative

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

On behalf of the Board of Directors

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

Hyderabad
June 05, 2022

DECLARATION BY THE JOINT MANAGING DIRECTOR & CEO

I, Kandiraju Venkata Sitaram Rao, Joint Managing Director & CEO hereby confirm that the Company has obtained from all the members of the Board and Senior Management Personnel, affirmation that they have complied with the 'Code of Conduct in respect of the financial year 2021-22.

Dr. Kandiraju Venkata Sitaram Rao
Joint Managing Director & CEO

Date: June 05, 2022

DIN: 08874100

CEO AND CFO CERTIFICATE

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

To,

The Board of Directors
M/s Granules India Limited

We hereby certify that:

- We have reviewed financial statements and the cash flow statement for the year ended March 31, 2022 and to the best of our knowledge and belief:
 - these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - these statements together present a true and fair view of the company's affairs and comply with existing accounting standards, applicable laws and regulations.
- There are, to the best of our knowledge and belief, no transactions entered into by the company during the period, which is fraudulent, illegal or violates the company's code of conduct.
- We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company for financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or propose to take to rectify these deficiencies.
- We have indicated to the auditors and the Audit committee –
 - that there are no significant changes in internal control over financial reporting during the year;
 - that there are no significant changes in accounting policies during the year; and
 - that there are no instances of significant fraud of the management or an employee having a significant role in the company's internal control system over financial reporting.

Sandip Neogi

Chief Financial Officer

Place: Hyderabad
May 18, 2022

Dr. Kandiraju Venkata Sitaram Rao

Joint Managing Director & CEO
DIN: 08874100



CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

To,

The Members,
M/s. Granules India Limited

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

In my opinion and to the best of our information and according to the verifications (including Director Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company and its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2022 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority:

Sl. No.	Name	Designation	DIN
1.	Dr. Krishna Prasad Chigurupati	Chairman & Managing Director	00020180
2.	Dr. Kandiraju Venkata Sitaram Rao	Joint Managing Director & CEO	08874100
3.	Mrs. Uma Devi Chigurupati	Executive Director	00737689
4.	Mr. Harsha Chigurupati	Executive Director	01606477
5.	Mr. Basava Sankar Rao Kolli	Non-Executive Director	05167550
6.	Mr. Arun Rao Akinepally	Independent Director	00876993
7.	Mr. Arun Sawhney	Independent Director	01929668
8.	Mr. Robert George Cunard	Independent Director	08346308
9.	Dr. Saumen Chakraborty	Independent Director	06471520
10.	Mrs. Sucharita Rao Palepu	Independent Director	07807717

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

For Saurabh Poddar & Associates
Company Secretaries

Name: Saurabh Poddar

Membership No: FCS 9190

COP No.10787

PR: 785/2020 dated June 30,2020

UDIN: F009190D000068183

Place: Hyderabad

Date: April 11, 2022

CERTIFICATE ON COMPLIANCE WITH THE CORPORATE GOVERNANCE REQUIREMENTS UNDER SEBI

(Listing Obligations and Disclosure Requirements) REGULATIONS, 2015

To,

The Members,
Granules India Limited

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

I, have examined the compliance of conditions of Corporate Governance by Granules India Limited ("the Company"), for the year ended March 31, 2022, as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time ("Listing Regulations") pursuant to the Listing Agreement of the Company with Stock Exchanges.

Management's Responsibility

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

Auditors' Responsibility

- Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
- Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations for the year ended March 31, 2022.
- We conducted our examination of the above corporate governance compliance by the Company in accordance with the Guidance Note on Reports and Guidance Note on

Certification of Corporate Governance both issued by the Institute of the Company Secretaries of India (the "ICSI"), in so far as applicable for the purpose of this certificate. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICSI.

Certification:

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of the Corporate Governance as stipulated in the above-mentioned Listing Regulations.

Assumption & Limitation of Scope and Review:

- Ensuring the authenticity of documents and information furnished is the responsibility of the management of the Company.
- Our responsibility is to give a certificate based on our examination of relevant documents and information. It is neither an audit nor an investigation.
- This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.
- The certificate is addressed and provided to the members of the Company solely for the purpose of enabling the Company to comply with the requirement of the Listing Regulations and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For M/s. Saurabh Poddar & Associates

Company Secretaries

Name: Saurabh Poddar

Membership No. FCS 9190

COP No. 10787

Place: Hyderabad

Date: May 31, 2022

PR : 785/2020 dated June 30, 2020

UDIN: F009190D000444451



Business Responsibility Report

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

Section A: General Information About the Company

1	Corporate Identity Number (CIN) of the Company	L24110TG1991PLC012471
2	Name of the Company	Granules India Limited
3	Registered address	2nd Floor, 3rd Block, My Home Hub, Madhapur, Hyderabad – 500081
4	Website	www.granulesindia.com
5	E-mail id	Investorrelations@granulesindia.com
6	Financial Year reported	The financial year ended March 31, 2022
7	Sector(s) that the Company is engaged in (industrial activity)	Pharmaceuticals
8	List three key products/services that the Company manufactures/ provides (as in the balance sheet)	Paracetamol, Metformin, and Ibuprofen
9	Total number of locations where business activity is undertaken by the Company	Six
	(a) Number of International Locations (Provide details of major 5)	NIL
	(b) Number of National Locations	Six
10	Markets served by the Company: Local/State/National/ International	All markets (India and International)

Section B: Financial Details of the Company

1	Paid-up Capital (₹ in Lakhs)	₹2,480.05
2	Total Turnover (₹ in Lakhs)	₹3,23,843.66
3	Total profit after taxes (₹ in Lakhs)	38,651.48
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	2.36
5	List of activities in which expenditure in 4 above has been incurred	(a) Skill development activity (b) Promoting preventive healthcare (c) Ex-Gratia Covid allowance to the temporary/casual/daily wage workers of the Company

Section C: Other Details

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

Section D: BR Information

1. Details of Director/Directors responsible for BR policy/policies

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

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

(b) Details of the BR head

- DIN Number – 00020180
- Name - Krishna Prasad Chigurupati
- Designation - Chairman and Managing Director
- Telephone number - 040- 69043500
- e-mail id - mail@granulesindia.com

2. Governance related to BR

- a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assesses the BR performance of the Company. Within 3 months, 3-6 months, annually, more than 1 year – Annually
- b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published? - Yes, the company publishes a BR and can be viewed as part of the annual report. This report is published annually.

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

(a) Details of compliance

No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/policies for...	Y	Y	Y	Y	Y	Y	NA	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	NA	Y	Y
3.	Does the policy conform to any national/international standards? If yes, specify? (50 words)	Y	Y	Y	Y	Y	Y	NA	Y	Y
4.	Has the policy been approved by the Board? If yes, has it been signed by MD/ owner/CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	NA	Y	Y
5.	Does the Company have a specified committee of the Board/Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	NA	Y	Y
6.	Indicate the link for the policy to be viewed online?	Refer to the whistleblower policy and code of conduct (available at www.granulesindia.com)	Available on our Intranet	Available on our Intranet	Refer to the CSR Policy (available at www.granulesindia.com)	Available on our Intranet	Available on our Intranet	NA	Refer to the CSR Policy (available at www.granulesindia.com)	Available on our Intranet
7.	Has the policy been formally communicated to all relevant internal and external stakeholders	Y	Y	Y	Y	Y	Y	NA	Y	Y
8.	Does the Company have an in-house structure to implement the policy/policies	Y	Y	Y	Y	Y	Y	NA	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	NA	Y	Y
10.	Has the Company carried out an independent audit/evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	NA	Y	Y

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

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

SECTION E: PRINCIPLE-WISE PERFORMANCE**Principle 1****Business should conduct and govern themselves with ethics, transparency and Accountability**

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

Granules Code of Conduct covers all the stakeholders including groups/Suppliers/ Contractors/ NGOs/Others. Granules India always encourages its employees and all the stakeholders not to engage in any unfair trading practices, irresponsible advertising or anti-competitive behavior. Granules India has procedures in place to ensure that the business of the Company is carried out fairly and responsibly.

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

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

All the customer complaints which were received have been resolved in a timeframe as stated in our Quality standard operating procedures and proposed improvements incorporated into the processes and the company makes sure that no complaints are pending at the end of the financial year.

Principle 2**Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle**

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

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

- c) Finished Dosages (FDs)

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

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

All of our products conform to the highest quality standards & our manufacturing facilities (BPL-I, JDM, GGP & VSK-1) are approved by regulatory agencies from US and EU. Our intermediate manufacturing facility at Bonthapally (Unit-3) has ISO 9001:2015. Our formulation facility at Gagillapur, & API facilities at Jeedimetla, Bonthapally & Visakhapatnam have ISO 14001:2015 and ISO 45001:2018 certifications.

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

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

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

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

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

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

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

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

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

Suppliers and vendors are evaluated as per procedures on material risk assessment, compliance to environmental

regulations, labour laws, carbon footprint, and health & safety parameters for the procurement process.

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

Our API and Formulation facilities are strategically located in the vicinity of each other to ensure the transportation is the bare minimum which in turn also ensures vehicular air emissions are at their lowest levels.

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

At our formulation facility at Gagillapur in the financial year 2021-22, 26.86% of our total electricity demand was procured from the environmental friendly solar power source. We are looking forward to further exploring this concept and increasing the solar power consumption. This clean and renewable source of energy would indirectly help in reducing our carbon footprint.

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

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

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

Over 95% of packing material in terms of value is procured from local sources (Telangana & Andhra Pradesh state). In addition to packaging material, we continuously strive to build local alternate vendors for other raw materials including API supplies. We are in the process of backward integrating some of the key starting materials (KSM) and intermediates manufacturing at one of our locations. We are also developing several indigenous vendors for our key raw materials instead of importing from international markets as part of the de-risking strategy and Alternate Vendor Development (AVD).

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

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

Yes, the Company has adopted mechanisms to recycle products and wastes generated during manufacturing processes. We recover key products and solvents used in the manufacturing process. Some of the systems set



up at our manufacturing facilities for recycling & disposal of wastes are as follows:

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

Principle 3

Businesses should promote the well-being of all employees

1. **Please indicate the Total number of employees**
We have 5,427 employees (staff 3,686 & contract Labour 1,741) as on March 31, 2022.
2. **Please indicate the total number of employees hired on a temporary/contractual/casual basis**
We have 1,741 contract employees as on March 31, 2022.
3. **Please indicate the Number of permanent women employees.**
We have 574 women employees (staff 242 and contract employees 332) as on March 31, 2022.
4. **Please indicate the Number of permanent employees with disabilities**
No
5. **Do you have an employee association that is recognized by management**
No

6. **What percentage of your permanent employees are members of this recognized employee association?**

Not Applicable

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

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

8. **What percentage of your mentioned employees were given safety & skill up-gradation training in the last year?**

- (a) Permanent Employees – 70%
- (b) Permanent Women Employees – 70%
- (c) Casual/Temporary/Contractual Employees – 70%
- (d) Employees with Disabilities – 0%

Principle 4

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

1. **Has the company mapped its internal and external stakeholders? Yes/No**
Yes, we have mapped our internal and external stakeholders including employees, customers, suppliers, community and regulators. The community health center at Bonthapally continues to be manned by a medical doctor, staff for local community service.
We continued supporting the State Governments and Local Bodies during the pandemic. Nearly 10 crore paracetamol tablets worth ₹ 3.63 crores were supplied to the State Government.
Over 5,000 workforce was administered both doses of Covid 19 vaccines.
2. **Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?**
Yes, we have identified disadvantaged, vulnerable & marginalized stakeholders.
3. **Are there any special initiatives taken by the company to engage with the disadvantaged vulnerable and**

marginalized stakeholders? If so, provide details thereof, in about 50 words.

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

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

Principle 5

Businesses should respect and promote human rights

1. **Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**
At present, our policies extended to our company, our suppliers and contractors.
2. **How many stakeholders complaints have been received in the past financial year and what percentage were satisfactorily resolved by the management?**
Complaints were not received.

Principle 6

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

1. **Does the policy related to Principle 6 cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others.**
The Environment, Health & Safety policies are in place for our group companies.
2. **Does the company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlinks for the webpage etc.**
In our formulations facility located at Gagillapur, in the financial year, 2021-22 over 26.86% of our electricity demand was procured from an environment-friendly renewable source of solar energy. We are looking forward to further exploring the increase of solar power consumption. This clean and renewable source of energy would indirectly help in reducing our carbon footprint. We understand the green-belt requirement and have hence maintained greenery in our facilities.

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

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

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

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

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

3. **Does the Company identify and assess potential environmental risks? Y/N**
Yes
4. **Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report filed?**

The Company places top priority on environmental protection and Occupational Health & Safety in all its business operations, respecting human life and dignity. The Company strives to achieve this through proactive EHS management systems to prevent environmental degradation, workplace incidents and ill-health, covering all categories of employees including contract employees. The Company aims to go beyond the statutory requirements by endeavoring toward the reduction of the

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

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

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

Under clean manufacturing, all the solid wastes generated at our manufacturing plants are either sent to cement industries for co-incineration or to authorized vendors. In the financial year 2021-22 more than 96% of the solid hazardous waste is disposed to cement industries for co-processing thereby reducing the GHG footprint.

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

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

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

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

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

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

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

None

Principle 7

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

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

(a) Confederation of Indian Industry (CII)

(b) Bulk Drug Manufacturers Association (BDMA)

(c) FTAPCCI

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

No

Principle 8

Businesses should support inclusive growth and equitable development

1. [Does the company have specified programs/initiatives/projects in pursuit of the policy related to Principle 8? If yes, details thereof.](#)

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

2. [Are the programs/projects undertaken through an in-house team/own foundation/external NGO/governmental structures/any other organization?](#)

The programs have been undertaken by in-house teams.

3. [Have you done any impact assessment of your initiative?](#)

We review our projects periodically to assess the projects against the project deliverables.



4. [What is your company's direct contribution to community development projects –Amount in INR and the details of the projects undertaken](#)

None

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

Yes. The Primary Medical Center at Bonthapally apart from being equipped with various furniture, instruments, etc also has a Company-sponsored medical doctor and staff to provide primary treatment to the residents of neighboring villages.

Principle 9

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

1. [What percentage of customer complaints/consumer cases are pending as on the end of the financial year.](#)

The Company has a standard operating procedure to acknowledge, investigate and respond to any product quality-related complaints/queries. Dedicated complaints

handling teams across all its manufacturing units ensure that detailed investigation is performed for all complaints/queries received and appropriate CAPA is taken wherever necessary within stipulated time frames.

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

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

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

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

4. [Did your company carry out any consumer survey/ consumer satisfaction trends?](#)

We undertake customer satisfaction surveys through consistent visits/interaction with the customers.