

On your mark



Core Business



Emerging Business



US Generics



Crams Business

Contents

Corporate Overview

- 002 About Granules India
- 006 Financial Performance
- 008 Expanding Market Presence
- 010 Components of Granules' Business Model
- 012 Message from Chairman and Managing Director
- 014 Profile of Board of Directors
- 016 Management Team

Statutory Reports

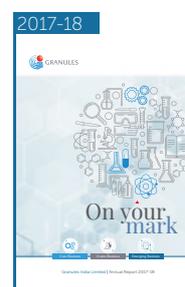
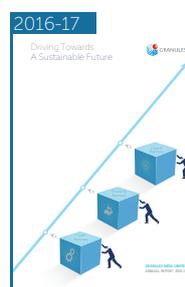
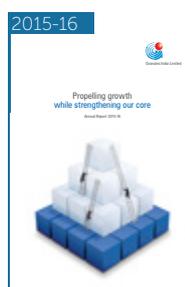
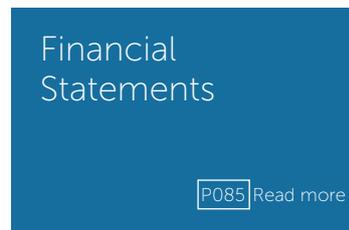
- 018 Management Discussion and Analysis
- 027 Board's Report
- 058 Corporate Governance Report
- 078 Business Responsibility Report

Financial Statements

- 085 Standalone Financial Statements
- 133 Consolidated Financial Statements
- 183 Notice



To see the report online please log on to www.granulesindia.com



Over past three years, our core communication message has been to showcase how we are building a stronger, better and an agile organisation. Committed to deliver on our strategic priorities, this year our cover design communicates the elements which align together - to deliver our message of how we are ready for next-level growth. The culmination of different elements that represent our business, strengths and goals, are expected to help us deliver an improved performance in the near short-term. 'On your mark' aptly summarises the efforts we have made in the previous years that have helped us reach where we are today. Our journey of growth and sustainability for our business now takes shape, and we are excited about it than ever before.



Every winning story has two aspects – the preparation and the performance.

Over the last two years we have been consistently laying the grounds for a growth trajectory which will allow us to scale new highs and explore synergistic businesses. We first strengthened our core capabilities to lay the robust foundation and then embarked on the journey of investing heavily since past three years to fund our future plans. The team at Granules has worked diligently and consistently, and finally, our efforts have begun to take shape in the form of better than before performances.

This year, we progressed from our work-in-progress status and are ready to deliver results. Slowly, but surely, the dedication and focus with which we have worked is reflecting in our performance. There is a long way to travel before we achieve our set goals.

The first tranche of total Investment in Core Business has started contributing to the top line of the Company in FY18 and the remaining investment is expected to generate revenue from the next year. Nevertheless, we are elated as this lays the foundation for what we can achieve. And with this we are now on our mark, all geared up for the long sprint!



About Granules India

Granules India Limited (hereinafter referred to as Granules) is a vertically integrated pharmaceutical company, manufacturing Active Pharmaceutical Ingredients (APIs), Pharmaceutical Formulation Intermediaries (PFIs) and Finished Dosages (FDs).



▲ Gagillapur



▲ Gagillapur



▲ Jeedimetla



▲ Bonthapally



▲ Jingmen - China (Granules Biocause - JV)



▲ Virginia, The USA



▲ Visakhapatnam



▲ Visakhapatnam (CRAMS JV)



▲ Visakhapatnam (CRAMS JV)

We are among the few pharmaceutical companies in the world to be present in the entire value chain – from API to PFI to FD. The integrated business model positions us to manufacture drugs at competitive costs, giving us market leadership across our product range.

Raised from humble beginning in 1984, we are a growing pharmaceutical company based out of India having a global presence. Our stringent quality standards with operational excellence have been our strengths to expand our market presence in more than 60 countries, having some of the largest global pharmaceutical companies as our clients.

While we excelled in first two decades of existence with our integration and manufacturing edge, post 2013-14 we revisited our strategic roadmap. In our endeavour to emerge as a pharmaceutical company, we re-strategised our business to leverage our competencies and drive future growth. Our core business (comprising of five key molecules Paracetamol, Metformin, Ibuprofen, Guaifenesin and Methocarbamol) remains our engine for sustainability with high

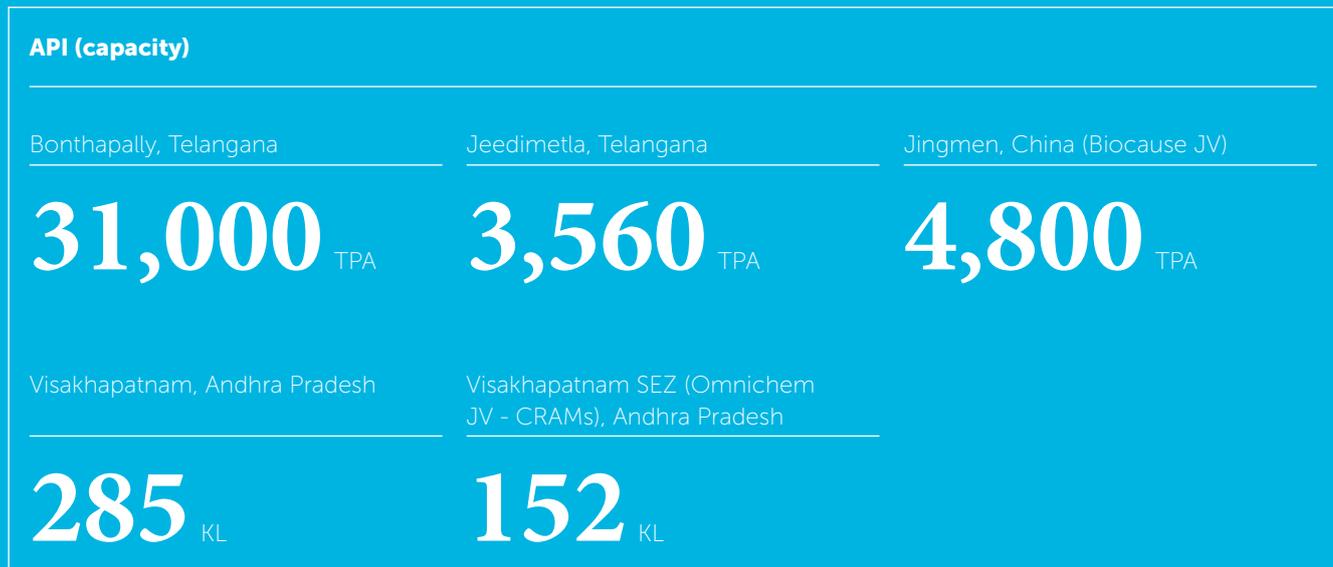
volume growth, as we continue to expand capacities and derive greater cost efficiencies.

Post 2013, we set up dedicated research and development (R&D) centre in Hyderabad, acquired Auctus Pharma (an API manufacturing company with specials molecules that suited our growth prospects), set up a wholly-owned subsidiary in the US to focus on formulation R&D and entered the Over the Counter (OTC) business in the US. The margin accretive and R&D backed business forms our 'emerging business' and remains fundamental to our future growth plans. The emerging business acts like a auxiliary growth engine to continuously scout for opportunities in low volume, limited competition product range.

We also formed a joint venture Granules OmniChem with Ajinomoto OmniChem of Belgium in 2011 to venture into Contract Research and Manufacturing Services (CRAMS) business. With this we are diversifying into a high-margin business and positioning ourselves as a quality CRAMS player.

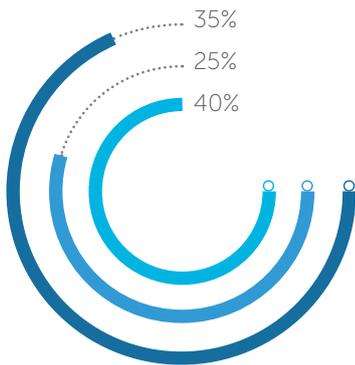


Our manufacturing facilities and capacity snapshot



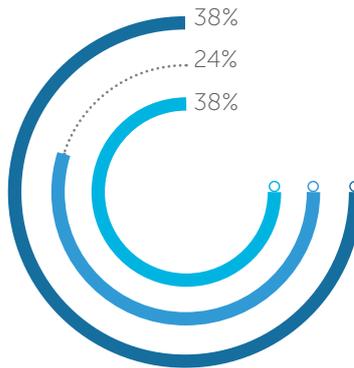
Consolidated revenue from operations by verticals

FY18



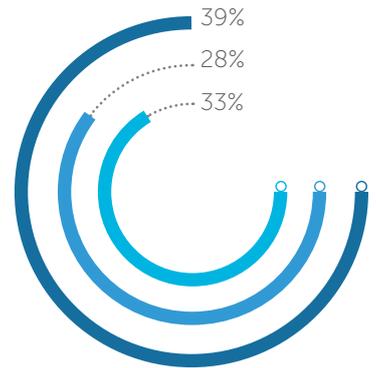
Vertical	Revenue (₹ in million)
API	5,983
PFI	4,184
FD	6,754

FY17



Vertical	Revenue (₹ in million)
API	5,498
PFI	3,427
FD	5,428

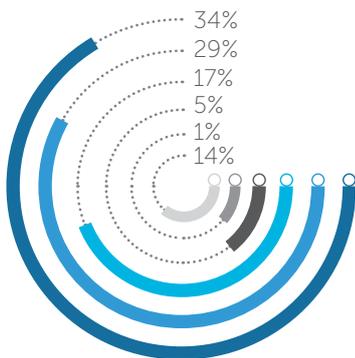
FY16



Vertical	Revenue (₹ in million)
API	5,335
PFI	3,871
FD	4,623

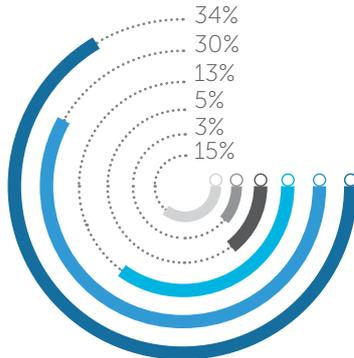
Consolidated revenue from operations by molecules

FY18



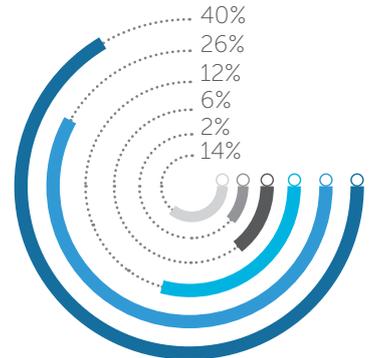
Molecule	Revenue (₹ in million)
Paracetamol	5,790
Metformin	4,846
Ibuprofen	2,852
Guaifenesin	871
Methocarbamol	244
Others	2,317

FY17



Molecule	Revenue (₹ in million)
Paracetamol	4,950
Metformin	4,364
Ibuprofen	1,935
Guaifenesin	728
Methocarbamol	394
Others	1,982

FY16



Molecule	Revenue (₹ in million)
Paracetamol	5,533
Metformin	3,628
Ibuprofen	1,651
Guaifenesin	783
Methocarbamol	333
Others	1,901

Financial Performance



Revenue from operations ₹ in million

Revenue from operations includes total income from various business operations covering both domestic and international sales. Revenue is a key measure of how we have delivered on our strategies to grow business.



18% ▲ Y-O-Y

EBIDTA ₹ in million

EBIDTA is a measure of the profit generated by the business, excluding interest, depreciation, amortisation and tax. EBIDTA is a key measure of profitability.



(6)% ▼ Y-O-Y

Profit after tax

₹ in million

Profit after tax is an important financial matrix as it tells the investors the true profitability earned by company, post the taxes paid to the exchequer.



(19)% ▼ Y-O-Y

Net Worth

₹ in million

It reflects the overall financial strength of the company. A positive net worth showcases the company's stability in the long-run. The increased network is a testimony to the stable earnings over a period of time.



44% ▲ Y-O-Y

Debt Equity

It reflects the long-term solvency position of the Company. It indicates how much debt a Company is using to finance its assets.

**Gross Block**

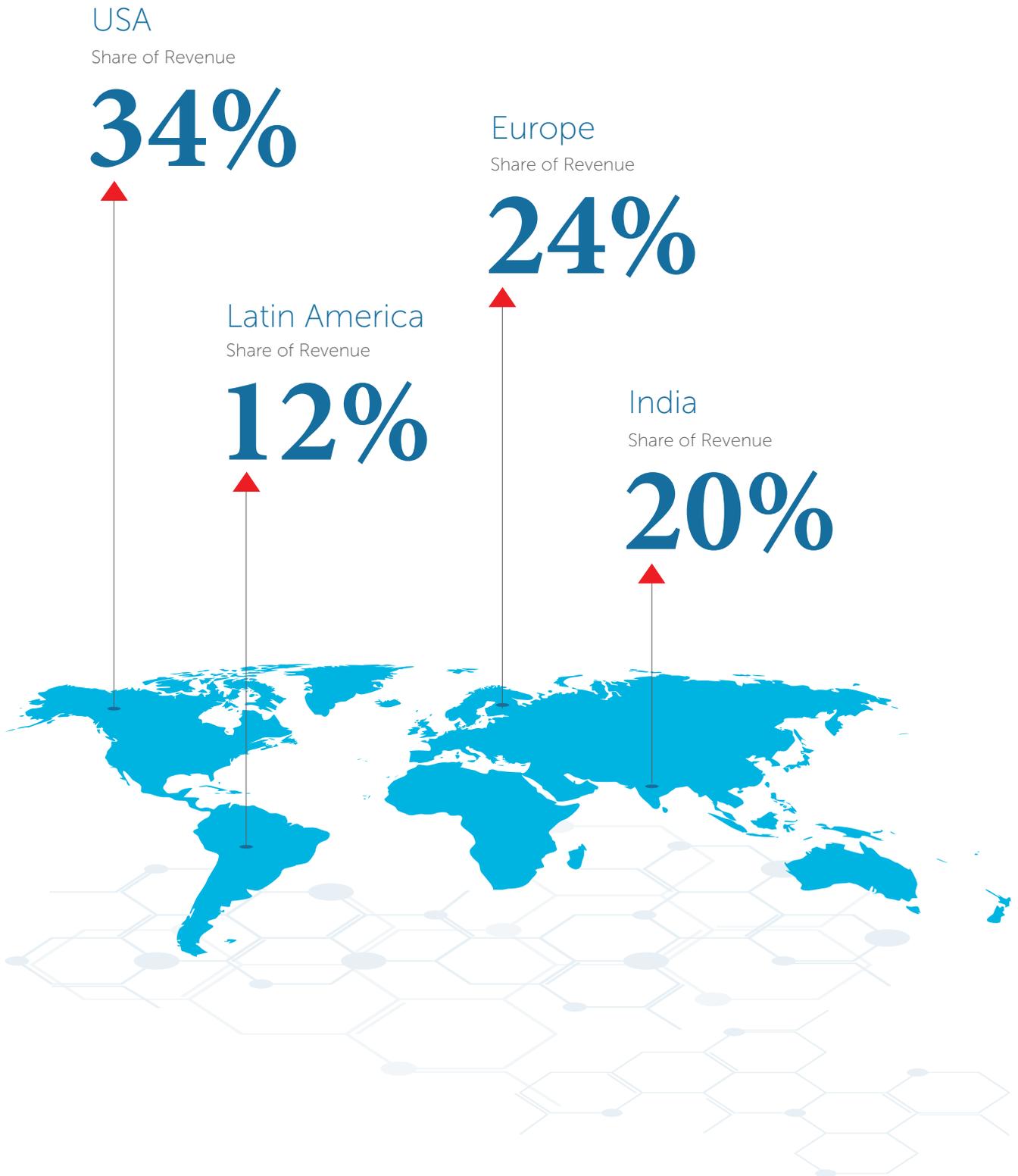
₹ in million

It is defined as total of all assets belonging to the company, valued at their cost of acquisition. This indicates the strengthening of the asset base of the Company.



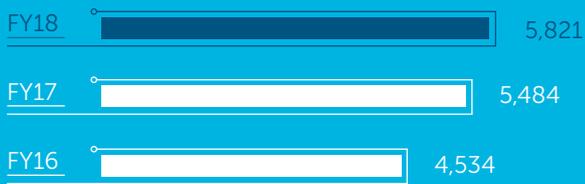
22% ▲ Y-O-Y

Expanding Market Presence

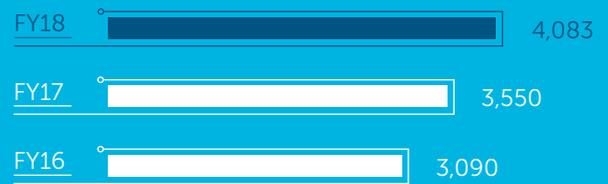


Consolidated revenue from operations as per geography (₹ in million)

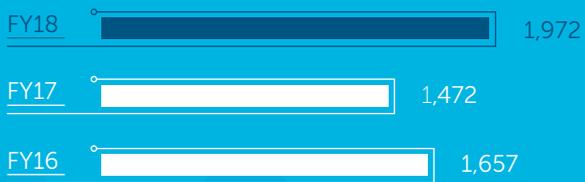
USA



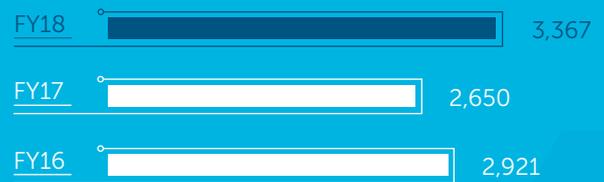
Europe



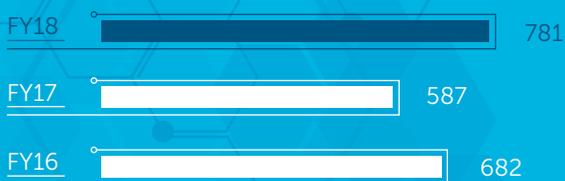
Latin America



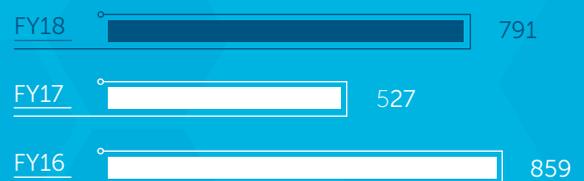
India



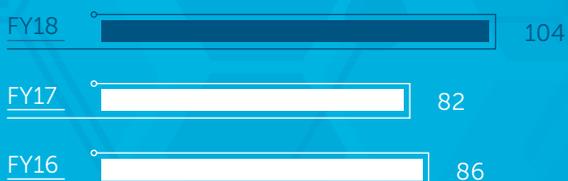
AMEA



Canada



Australia



Components of Granules' Business Model

Vision

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

Mission

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

Values that drive us



Integrity



Quality



People



Customer centric



Continuous improvement

Corporate competencies



Integration

We possess ability to provide end-to-end solutions in the entire pharmaceutical value-chain



Management

An experienced management across various functions to ensure sustainable growth since three decades



Wealth creation

We continue create wealth for our stakeholders with consistent and stable financial performance



Infrastructure

Our 7 manufacturing facilities are equipped with state-of-the-art infrastructure that help produce drugs of quality



Operations

Possess industry leading capacities for some products that provides economies of scale with optimum cost efficiencies

Product portfolio



▲ Finished Dosages (FDs)



▲ Active Pharmaceutical Ingredients (APIs)



▲ Pharmaceutical Formulation Ingredients (PFIs)

Message from Chairman and Managing Director

Dear Shareholders,

We continue to deliver positive performance while concurrently building for our future despite a challenging operating environment. Our Company has focused on long-term sustainability by strengthening our foundation through the execution of our Core business division while building the blocks for our future growth. Granules has always focused on sustainability which is why we invested in our Core business to bolster our position as a market leader while also developing the know-how to get into more lucrative and complex pharmaceutical products so we can continue growing for the long-term. The preparation that began four years ago is taking shape as we see realizations coming in from our investments. We are on the mark, ready to surge ahead and reap the benefits of the knowledge and financial investments we have made over the past several years which will help take our Company to the next level.

Given the dynamics and challenges of the global pharmaceutical industry, it is easy to chase trends that might appear to be lucrative in the short-term but we have been resilient in terms of building for the future due to our robust processes, mindset and culture we have developed within our organization. We believe forward thinking, bucking groupthink and willingness to march to our own tune will lead to strong, sustainable growth. We have fine-tuned our strategy by talking to existing and prospective customers to understand their needs which helps us develop innovative solutions which drive meaningful value and satisfaction.

Performance review, 2017-18

While the macroeconomic and geopolitical environment remained volatile, we created the right framework for a high growth trajectory. It has been a difficult financial year at Granules in terms of pressure on margins on account of supply constraints for key raw materials. Against the background



7.8%



PAT margin for FY18

17.1%

EBIDTA margin for FY18

of global macroeconomic cues and sector specific developments, I am pleased to report that our Company delivered revenue growth of 18% from ₹14,353 million in FY17 to ₹16,918 million in the current fiscal year. We had growth across all product verticals, with APIs registering a 9% increase; PFIs growing 22% and FD registering 24%. We grew on account of our expanded capacities in Bonthapally for APIs and Gagillapur for PFIs. Our expanded capacities have helped us realign our product mix. While our increased capacities led to enhanced revenue realizations, geographic distribution of our products as well as, supply constraints and a surge in oil prices impacted our profitability, resulting in EBIDTA and PAT being reduced by 6% and 19%, respectively. In FY18, our EBIDTA was ₹2,893 million and PAT was ₹1,326 million. Our EBIDTA

margin stood at 17.1%, declining by 442 bps, while PAT margin stood at 7.8%, declining by 363 bps from the previous year.

Our Core business was able to grow due to the inherent stability of the molecules along with our relentless focus on efficient manufacturing. Our five core molecules contribute 86% of our total revenue, helping us maintain our leadership position in the world. In FY18, semi-regulated markets represented 37% of our revenue, which is an uptick from 33% in FY17. We supplied to the semi-regulated markets from our enhanced capacities while we waited for approvals to come in from regulated markets; once we get approvals, we anticipate supplying to the regulated markets which will positively impact our profitability.

Operational Review

Our Company remains among the few to have invested in significant scale across the value-chain, improving our operating efficiencies. We successfully began the commercial production of our additional API capacity of Metformin and Paracetamol at the Bonthapally facility and PFI capacity at our Gagillapur facility. This has helped us debottleneck capacity constraints and seize business opportunities. Paracetamol, Metformin and Ibuprofen contributed 80% of our top-line and individually grew by 17%, 11% and 47%, respectively. We are particularly proud of our state-of-the-art, fully automated facility at Bonthapally which is where we expanded our Paracetamol and Metformin began in FY18; we will subsequently add new Guaifenesin capacity in FY19.

We maintain a positive outlook on our joint venture Granules OmniChem, having set the foundation of growth for the next five years. We are optimistic of recording double-digit growth from our CRAMS segment in the coming years. In FY18, we reported revenue of ₹1,470 million with an EBIDTA of ₹281 million on a joint-venture entity level. The focus, going forward, will be on de-risking concentration risk of the business by adding new customers and products to the portfolio.

Granules Biocause, which supplies Ibuprofen API, has continued to deliver in the financial year 2018 as well, reporting revenue of ₹2,621 million on a joint-venture basis. As Ibuprofen API prices have shown an upward trend in the recent times, we continue to benefit from the JV in terms of better realisations and mitigation of supply risk for Ibuprofen PFI and FD, which is a part of our Core business.

We are making significant headway in the evolution of Granules with our Emerging Business Division. This division plays a key role for business expansion for both the Core and US Generics divisions. Apart from supplying niche, high value – low volume APIs to third party customers, the Emerging Business Division

also provides support by supplying select APIs for forward integration to Finished Dosages to our Core and US Generics divisions. In addition, the Emerging Business division will, in the future, help serve as a prominent CMO to other pharmaceutical companies by giving them access to in-house APIs and thereby strengthening the Core Business with capacity and new products. We have already seen regulatory filings in Europe translating into an increase in regulated market sales with partner companies.

The construction of the Oncology and High Potent/Multiple APIs facility is proceeding as per our expectation and is estimated to be completed in the second half of fiscal year 2019. We have started the validation of the Oncology block and expect High Potent/Multiple APIs block to begin validation this year.

Our stringent focus on quality and compliance has been our core strength in business sustainability. We continue to remain strong on our efforts towards achieving and maintaining high levels of regulatory compliance. I am happy to inform you that during the year, we have completed USFDA inspections at our Gagillapur and Jeedimetla facilities. We also successfully completed a first US FDA audit at our Virginia facility, post our acquisition in 2014.

We invested a significant amount of organisational resources towards R&D to further strengthen our product portfolio in various therapeutic areas. Our R&D was conducted across our three R&D facilities located in Hyderabad and the US. We maintained the momentum of regulatory filings for APIs and FDs in the US, Europe and other key regulated markets. We have built a strong foundation and bandwidth in product development as well as filings.

- We filed 4 US DMFs in FY18, bringing our total USDMF filings with the USFDA to 21 as of March 31, 2018.

- We now have a total of 11 CEPs with the EDQM of which 1 was filed in FY18.
- We filed 2 EDMFs in FY18, which brings our total to 6 EDMFs filings as of 31st March 2018, along with other regulatory filings in key regulated markets to support potential ANDA and dossier registration filings.
- As of March 31, 2018, we have filed 20 ANDAs with the US FDA of which seven have been approved. Of the total ANDAs, we filed 10 in the last financial year and we expect to file similar number of ANDAs in the FY19 between India and the US

Road ahead

It is an exciting time for us at Granules as the Company enters a new phase, backed by a focused approach towards new product development and leveraging its operational excellence. Our Company has invested heavily with the objective of further solidifying our existing business and creating auxiliary engines to drive sustained growth. We have a dedicated team that has demonstrated its unswerving support towards taking the Company ahead and sustaining continued growth. Today we stand on the threshold in which we are ready to deliver strong performance that will create value for all stakeholders and script a new chapter of success for the Company. I take this opportunity to thank you for your support and encouragement over these past years. We will continue to communicate how we seek to innovate and introduce products that enhance value for our shareholders.

Sincerely

Krishna Prasad Chigurupati
Chairman & Managing Director

Profile of Board of Directors



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1
Mr. Krishna Prasad Chigurupati
Chairman and Managing Director

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

After retiring from Unit Trust of India, he joined the Apple Mutual Fund as Advisor from 1993 to 1998. From 1998 to 2010 he was the Executive Chairman of Association of Mutual Funds in India. He was a Consultant to the Commonwealth Secretariat and was on the Board of National Stock Exchange, Executive Committee of National Depositories, SEBI Mutual Fund Advisory Committee and on several Mutual Fund Industry Committees. He has extensive exposure in the international mutual fund industry. He was a Commonwealth Consultant and was the founder Director of Ceybank Unit Trust of Sri Lanka.



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Mr. L. S. Sarma
Independent Director

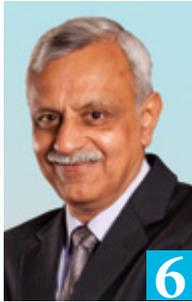
Mr. L. S. Sarma, is a retired General Manager at the Industrial Development Bank of India (IDBI), as well as the Director of ECGC and Dena Bank. He worked for International Trade Centre, Geneva, (UNCTAD/GATT) as an Export Credit Consultant and also coauthored a publication of ITC on Export Credit in developing countries. He was an adviser to the Development Bank of Mauritius for over 5 years and also represented that Country as well as Botswana for industrial promotion from India.

4
Mr. C. Parthasarathy
Independent Director

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



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3
Mr. A. P. Kurian
Independent Director

Mr. Kurian has a rich career in the financial services area for nearly five decades. Starting as Research Officer in Reserve Bank of India in 1961, he grew up to the rank of Advisor - Economics Department. During 1975-1993, Mr. Kurian was with Unit Trust of India and held several positions including Director-Investments, Director-Planning and Development and as Executive Trustee.

5
Dr. Krishna Murthy Ella
Independent Director

Dr. Krishna M. Ella, the Chairman and Managing Director of Bharat Biotech International Ltd. (Bharat Biotech) completed Ph.D. from University of Wisconsin-Madison. He advised the



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former Chief Minister of A.P. to set up a Biotech Park which lead to Genome Valley, Hyderabad. Hon'ble Prime Minister, Shri. Narendra Modi has launched ROTAVAC®, the first novel vaccine which is completely developed in India, completed efficacy trials.

Dr. Ella has been awarded more than 100 National and International awards which include Bio Spectrum Person of the Year in 2013, University of Wisconsin Distinguished Alumni Award (2011), Business Leader of the Year 2011, Best Technology and Innovation Award from the Prime Minister of India in 2008 are few among them. He served in different committees prominent among them are (1) Member of the Scientific Advisory Committee to the Cabinet (SAC-C); (2) Member of the Governing Body of the Council of Scientific & Industrial Research (CSIR); (3) Member of the Governing Council of Technology Information, Forecasting and Assessment Council (TIFAC); (4) Co-Chairman of Indo-USA High Technology Cooperation Group (HTCG) for 5 years on behalf of Govt. of India and facilitated knowledge initiative bill signed by USA. (5) Former Chairperson of the Board of Governors of the National Institute of Technology, Warangal (NIT W);

6

Mr. Arun Rao Akinepally

Independent Director

Mr. Akinepally Arun Rao did his B.Tech in Chemical Engineering from the University of Madras and MS from the Illinois Institute of Technology, Chicago, USA. He is the Executive Director of Akin Laboratories Pvt. Ltd., a formulation manufacturing Company. Mr. Arun Rao is on the Board of ESPI Industries and Chemicals Pvt. Ltd, a leading manufacturer of antacids in India and Sanzyme Pvt Ltd a globally known manufacturer of Probiotics. Mr. Arun Rao is an office bearer of the Indian Pharmaceutical

Association at the State level. He is also a member of Executive Committee of the Organization of Pharmaceutical Manufacturers, Hyderabad.

7

Mr. K. B. Sankar Rao

Non-Executive, Non-Independent Director

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

8

Mrs. Uma Devi Chigurupati

Executive Director

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

9

Mr. Harsha Chigurupati

Non-Executive, Non-Independent Director

Mr. Harsha Chigurupati has been with Granules since 2005 and served as CMO from 2006-2010 and as an Executive Director from 2010-2015. As CMO, Mr. Chigurupati was instrumental in commercializing the Company's Finished Dosage Division and changing the Company's focus towards marquee customers. As an Executive Director, Mr. Chigurupati was responsible for the standalone operation of Granules India including the P&L. Mr. Chigurupati is the founder of Chigurupati Technologies, a research and development focused company that actively works to evolve the quality and duration of human life through technological advancement. He holds patents in over 55 countries, has been published in a variety of esteemed peer review journals and has filed the world's first health petition associated with alcoholic beverages. He is the creator of a new category of liver & DNA friendly alcoholic beverages referred to as "Functional Spirits".

10

Dr. V.V.N.K.V. Prasada Raju

Executive Director

Dr. V.V.N.K.V Prasada Raju has twenty three years of techno commercial experience in Global pharmaceutical space. His previous experience at Dr. Reddy's encompasses New Product development, foster strategic partnerships, drive synergies between Industry and Academia, New Geography expansions, IP driven Early Product Portfolio Development and program Management.

He is responsible for driving Corporate strategy, Scientific affairs, Regulatory, Intellectual property and New Business initiatives in Granules India Limited.

Management Team



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1

Mr. Krishna Prasad Chigurupati
Chairman and Managing Director

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Mrs. Uma Devi Chigurupati
Executive Director

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3

Dr. V.V.N.K.V. Prasada Raju
Executive Director

Dr. V.V.N.K.V Prasada Raju has twenty four years of techno commercial experience in Global pharmaceutical space. His previous experience at Dr. Reddy's encompasses New Product development, foster strategic partnerships, drive synergies between Industry and Academia, New Geography expansions, IP driven Early Product Portfolio Development and program Management.

He is responsible for driving Corporate strategy, Scientific affairs, Regulatory, Intellectual property and New Business initiatives in Granules India Limited.

4

Ms. Priyanka Chigurupati
Executive Director

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

5

Mr. Karuppannan Ganesh

Chief Financial Officer

Mr. Ganesh is a Chartered Accountant with post qualification experience of 30 years. He has worked on cross border M&A activities, international treasury & taxation, corporate development and control. Prior to joining Granules India, Mr. Ganesh worked in Dr Reddy's Laboratories as Sr Vice President - Corporate Finance. He also worked with Philips India, Coca Cola, ABB and Manali Petrochemical on various capacities.

and played a key role in establishing the concept of Self-Managed Teams, a first in pharmaceutical industry. Mr Muttineni closely worked on quality management systems and handled several regulatory inspections.

7

Mr. Stefan Lohle

Chief Marketing Officer

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

Talent Management, Organisation Design & Change Management, Lean Transformation, Theory of Constraints, Technical Academy and Wholesome Employee Engagement (SMT way) while working in Manufacturing, Product Development, Sales & Marketing and Corporate Centre. Mr. Dhavle is a Production Engineer from Nagpur University and holds PGCBM from XLRI.

6

Mr Sreekanth Muttineni

Chief Operating Officer

Mr Sreekanth Muttineni has over two decades of experience with global pharmaceutical companies. He joined Granules India in September 2016. During a nine year tenure with Lupin Ltd, where he was responsible for manufacturing operations, Mr Muttineni was instrumental in establishing lean manufacturing practices in Formulations and API setups and also led the project for successful entry into very complex Japanese market. Prior to that, Mr. Muttineni had worked at Aurobindo Pharma Ltd as General Manager - Operations and led the establishment of generic pharmaceutical facilities and commercialization. In a decade long stint with Dr. Reddy's, he held various positions in Formulations businesses

8

Mr. Atul Dhavle

Chief Human Resources Officer and Head of Operational Excellence.

Mr. Atul Dhavle brings more than 25 years of versatile experience in Human Resources and Operational Excellence while working in companies like Dr. Reddy's, Welspun, DuPont and Mahindra. He possess a combination of sound business acumen alongwith contemporary people processes knowhow. He handled various strategic assignments in the area of

Management Discussion and Analysis

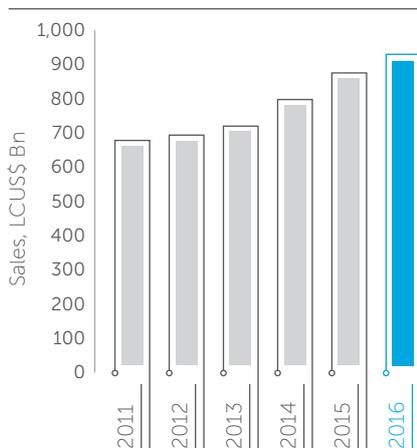


Global Pharmaceutical Industry

The pharmaceutical sector is at crossroads. In a heavily disrupted marketplace, characterized by shifting payer attitudes and patient empowerment, pharmaceutical players will have to constantly innovate their business models to keep up with the changing times. While globally, the sector has seen some slowdown owing to increased raw material and pricing pressures, the pharmaceutical sector is expected to experience some tailwind in the form of an increasing older population, advent of new technologies along with developments in science, increase in the demand of pharma products to address various lifestyle related diseases, and expansion into emerging market.

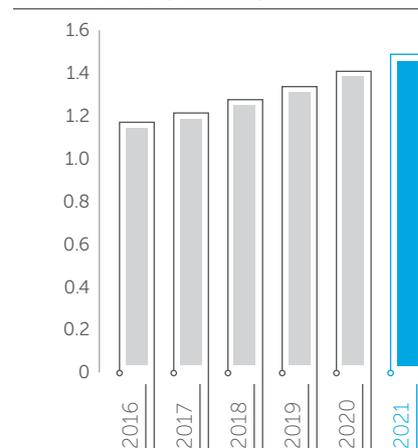
The pharmaceutical industry revenue is expected to demonstrate a steady growth from 2017 till 2022, as increasing number of pharmaceutical manufacturers ramp up their R&D capabilities and expand their product portfolio to meet the changing healthcare needs of various markets. The global pharmaceutical market has grown at a CAGR of 5% from 2011 to 2016 to reach at a level of \$936 billion.

Global sales (2011-16)

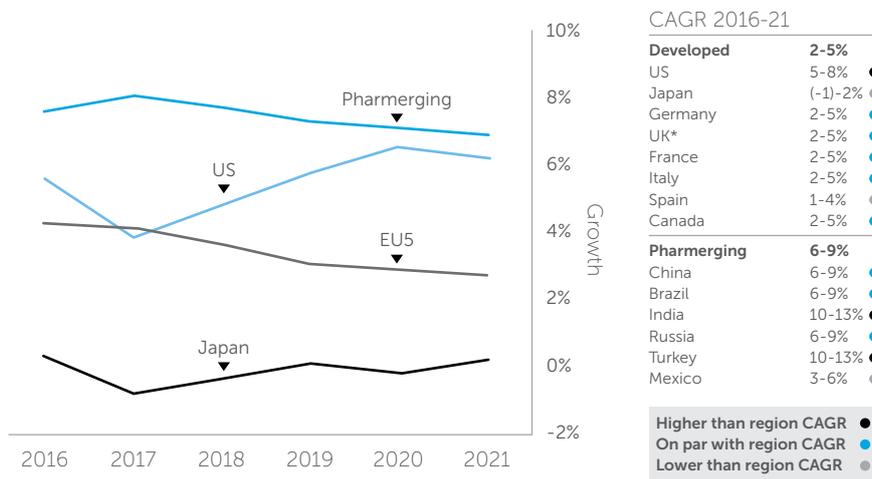


Source: QuintilesIMS

Global sales (2016-21)
Trillions of USD (Constant)



Source: QuintilesIMS



Source: QuintilesIMS

While the pharmaceutical industry's main markets have been under pressure in recent times; the global pharmaceutical market is expected to grow at a CAGR of 3% to 6% till 2021 to reach at a value of \$1.4 trillion on account of an increased expenditure on drug procurement across the globe. The growth will be led by developed markets, mainly USA, the 5 key European markets of France, Italy, UK, Spain, Germany, and lastly Japan. The contribution to growth by pharmerging markets is expected to rise even through a slowdown is anticipated in China, one of the major pharmerging markets.

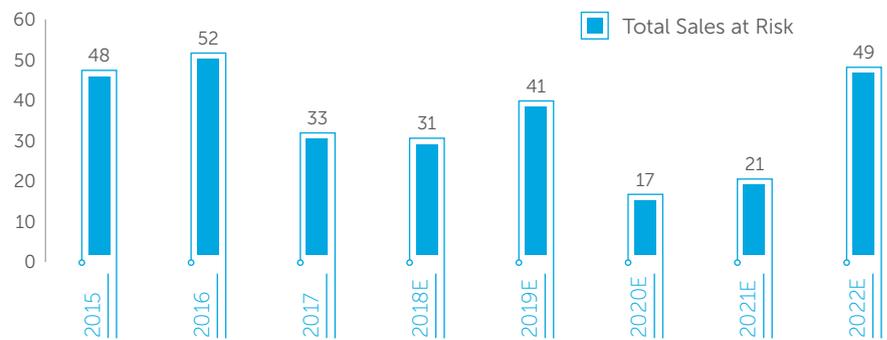
Pharmaceutical companies across the globe are facing various challenges, such as price pressure, regulatory constraints, and competition from local and international companies. Apart from these macro and industry specific challenges, the pharma industry is impacted by significant political developments in the United States and in Europe. The industry will also be affected by internal developments such as drugs coming to an end of their patent life, thus impacting the performance of innovator companies. It is estimated that ~\$160 billion worth of sales are at risk between 2018 – 2022 given the global patent expiry pipeline.

Generic Drugs Market

A generic drug is a chemical equivalent designed from a branded drug whose patent has expired. Generic drugs play an important role in increasing the accessibility as well as affordability of modern-day pharmaceutical products. It allows access to expensive treatments at a much lower cost. This allows generic drugs to play an essential role in sustainable healthcare.

Generics market all over the world is witnessing excellent growth and the surging relevance of this market. The global market for generic drugs is

Worldwide Sales at Risk from Patent Expiration (in \$ billion)



Source: Evaluate Report, May 2017 (E denotes expected)

expected to grow at a CAGR of 10.8% from \$228 billion in 2016 to \$380 billion in 2021 supported by a shift in public policy by governments towards reduction in patient expenditure – both out-of-pocket and State sponsored. This is further aided by the patent expiration pipeline of branded drugs which opens the market for new generic drugs. Branded drugs are expected to lose sales of around \$160 billion by 2022 due to patent expiry between 2018 to 2022. It is expected that the generic drugs market will not only benefit from patent expiry but will also adopt different licensing and partnering activities to successfully launch new products and augment their market share. However, with increased competition among generic players, the issue of base business pricing remains a risk factor.

Over The Counter (OTC) Drugs Market

OTC drugs are non-prescription medicines, which are sold directly to consumers without any prescription from doctors and other healthcare professionals. OTC drugs are mainly sold through convenience stores and are a major component of the healthcare industry. As pharmaceutical companies innovate and launch new OTC drugs in the market, the role of these drugs will only continue to expand and evolve with time.

The OTC drugs market is expected to grow at a CAGR of 8.5% from \$150 billion in 2016 to \$243 billion in 2022. This robust growth is expected to be driven by various factors such as demographic and economic trends, switching of medicines from prescription to OTC sales, and changes in cultural attitude of self-medication and regulatory processes in national markets.

Indian Pharmaceutical Industry

India is among the leading participants in the global pharmaceutical market accounting for around 3.1 to 3.6 percent of the global pharmaceutical industry in terms of value, and 10 percent in terms of volume. India's pharmaceutical exports stood at \$16.4 billion in 2016-17 and are expected to grow by 30% to reach \$20 billion by 2020. India is the second largest contributor to pharmaceutical and biotech workforce in the world and is set to become a major global market by 2020.

India exports drugs to more than 200 countries in the world, with the US being the key export market. Exports contribute over 50 percent to the Indian pharmaceutical industry's turnover. Around 20 percent of exports are accounted for by the generic drugs in terms of volume, which is expected to expand further



India's export of pharmaceutical items reached US\$

16.64

billion in FY17 and **US\$ 6.4 billion** between April and September, 2017.

regulatory alerts on Indian plants were the other major factors impacting the domestic sector.

Indian pharmaceutical sector is in the midst of its most challenging period as it faces headwinds from multiple sides - aggressive buyers exerting pricing pressure in the US, fewer blockbuster opportunities, intensifying competition from smaller players, a vigilant US government looking to rationalize prices and demand to genericize the domestic market.

Advantage India

The main reasons for the growth of Indian Pharmaceutical industry include:

Cost Efficiency

- Low cost of production, labor, and R&D boosts the efficiency of Indian pharma companies.
- India's production costs are significantly lower than that of the US and Europe.

Policy Support

- Central government launched 'Pharma Vision 2020' targeted at making India a global leader in end to end drug manufacturing

in the years to come, making India the largest contributor of generic medicines in the world. India's export of pharmaceutical items reached US\$ 16.64 billion in FY17 and US\$ 6.4 billion between April and September, 2017. This decline was because of price erosion in the U.S. generic market, increased competition, no major contribution from any blockbuster drugs went off-patent and various regulatory issues faced by the Indian pharma companies.

The Indian pharmaceuticals industry appears set for a sharp turnaround

in fiscal 2019 on the back of strong growth in the overseas market, particularly in regulated markets of the US and the EU, aided by continued healthy growth in the domestic market. Although exports account for 50% of the revenue of the Indian pharmaceuticals industry, its contribution at the EBITDA level is higher owing to relatively superior realisations from products sold in regulated markets.

Meanwhile, lower generic opportunity, rising competition, supplier consolidation, and increase in

- Reduction in approval time for new facilities which is expected to boost new investments
- Government has allowed 100% FDI in the pharmaceutical industry, increasing the scope of investments

Economic Drivers

- Increasing per capita income improves drug affordability
- Increasing penetration of health insurance, both private and government sponsored schemes

COMPANY OVERVIEW

About the Company

Granules India Limited is a large-scale vertically integrated Company founded in 1991 manufacturing Active Pharmaceutical Ingredient (API), Pharmaceutical Formulation Intermediate (PFI) and Finished Dosage (FD). With a strong presence across all three vertical, the Company has created a leadership position in the off-patent drugs segment along with ensuring a strong presence in 'first line of defense' products such as Paracetamol, Ibuprofen, Metformin and Guaifenesin. The Company, in line with its vision "to be the global leader in pharmaceutical manufacturing by process innovation and unparalleled efficiencies" has a global presence across 60+ countries servicing over 250 customers. With exports comprising over 80 percent of total revenue, Granules is today the preferred supplier for some of the world's leading pharma branded and generics companies. Dedicated to excellence in manufacturing, quality and customer service, it possesses one of largest PFI and single site FD facilities in the world. It is also home to one of the World's largest Paracetamol API facilities.

The Company believes that the fundamental philosophy of a business is decided by how a company goes

Vertical	Location of the plant
API Intermediaries	Bonthapally
API	Bonthapally, Jeedimetla, Vizag, Jingmen – China (Granules Biocause - JV)
PFI	Jeedimetla, Gagillapur
FD	Gagillapur, Virginia – The USA
API (CRAMS)	Vizag (Granules Omnichem - JV)

about creating, developing and nurturing the basics that build up the business. Its unaltered focus on operational excellence and process innovation enables it to be an efficient manufacturer of high-volume pharmaceutical products.

After building a strong competency in high-volume manufacturing to strengthen the core business, the Company is working on diversifying beyond its core business. The Emerging Businesses Division which was set up with the acquisition of Auctus Pharma in 2014 was a big step towards taking the Company ahead with a renewed portfolio of products with a focus on molecules with limited competition. In line with this strategy, the Company embarked on strengthening its R&D capabilities to develop new generic molecules and improve the efficiency of its present portfolio. Granules established one API R&D centre in Hyderabad and two formulation R&D centres located at Hyderabad and in Virginia, the US. It's the Virginia facility that also has the formulation manufacturing facility which further validates the Company's intent towards emerging as a leading pharmaceutical player in its target markets.

As part of the Emerging Business Division, Granules is building capabilities to develop products in the Oncology and High potent APIs at the Granules Research Center. These APIs will be manufactured at a facility located at Vizag, which is currently under construction.

The Company has been successful in augmenting its position as a

multinational company, not just in terms of product but also in terms of manufacturing presence. Presently the Company has eight manufacturing facilities, out of which six are located in India and one in the US. It also has two operational manufacturing units located in India and China through its joint venture entities. About 62% of the company's total turnover is generated from the regulated markets of North America and Europe. It also has meaningful presence in the Latin American countries. Domestic market contributes around 20% of the business.

Our valued partners

Forging strong relationships with other major global players has been one of the major strategies for the company.

Over the years, it has formed relationships with some of the most renowned pharmaceutical companies in the industry. Its joint ventures include the following:

Granules Biocause: Established in 2006, it is a joint venture (JV) between Granules India and Hubei Biocause of China. Hubei, the Chinese company, is well known across the globe as one of the premium manufacturers of Ibuprofen APIs. This JV provides supply security for Ibuprofen APIs which further strengthened Granule's position in the manufacturing of Ibuprofen PFIs and FDs.

Granules Omnicem: Established in 2011, a JV between Granules India and Ajinomoto Omnicem of Belgium,. Ajinomoto Omnicem a well-established player in the CRAMS market. Thus this strategic JV has allowed Granules to enter the CRAMS market, without any major investments in R&D. Further this 50:50 partnership has not only allowed Granules to manufacture high-value intermediates and APIs, but also helped in adding one more growth lever for the future as a high quality CRAMS player.

Our Core Competencies

Sustainable growth

At Granules, there is adequate focus on topline growth and margins. This has ensured value on the table for all our stakeholders - vendors, customers, employees, the government and shareholders.

Integrated business model

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

Experienced management team

The Company has attracted industry veterans for several senior positions, drawing talent from prestigious companies. This intellectual capital forms a cornerstone for growth and the Company has consciously strengthened this area to sustain growth

Customer Relationships:

The Company has been able to create and sustain strong relationships with globally major pharmaceutical players. This has helped it strengthen its revenue model. It has its own ANDAs

and dossiers, which makes it possible for customers to enter markets with high-quality and cost-effective products.

Economies of Scale:

The Company possesses industry leading batch size for manufacturing PFIs and is among the largest in APIs in its core business product portfolio. This large scale production helps reduce production costs and enhance operational efficiency.

State-of- art infrastructure:

The Company has always focused on having advanced infrastructure at its operational facilities. The constant investments in technology have helped its customers rely on the company over a period of time.

Global Customer Base:

The Company has 250 customers present across 60 countries around the globe.

Overview of the Business Verticals

Granules India objective is to deliver the best possible solutions which meets the requirement specifications of its esteemed customers across the globe. Keeping the needs of its customers at the forefront of every business decision, it broadly supplies products into three verticals.

- (I) **Active Pharmaceutical Ingredients (API):** When it comes to the production of APIs, Granules is one of the most cost-effective and efficient manufacturers.

Further, it has cemented its place in the world as one of the leaders in the manufacturing of Paracetamol, Metformin, Guaifenesin and Methocarbamol. Over the years the Company undertook a number of measures like the setting up of a new in-house R&D centre at Hyderabad and the acquisition of Auctus Pharma, to further strengthen its position in the global pharma industry and to further enhance its product offerings in the API space. Use of advanced technology coupled with a strong intellectual team and a critical backward integration process, has made it possible for Granules to achieve leadership position in products with global acceptability. Use of advanced technology, along with expertise and knowledge of regulations allows Granules to consistently meet the demands of our customers.

Granules has completed the expansion of its API manufacturing capacities for Paracetamol and Metformin. The capacity enhancement for Guaifenesin is underway and is expected to be completed in the fiscal 2018-19.

- (II) **Pharmaceutical Formulation Intermediates (PFI):** One of the pioneers in commercialising PFIs, Granules India Limited has been successful in creating a name for itself in the global pharma industry as a premier PFI manufacturer. It broke the age-old concept of early 1990s, where PFIs were not efficiently produced and caused high operational

APIs

Vertical	FY18	FY17	FY16
Sales (₹ in Mn)	5,983	5,498	5,335
Production (In MT)	24,493	19,429	22,165



Presently, the FD business accounts for **40%** of the Company's revenue.

costs to the clients. Granules has a 6 ton PFI batch size, which gives a sustainable competitive advantage in terms of economies of scale and a cost advantage for its clients. Presently, the PFI business accounts for 25% of the Company's revenue.

Granules produces PFIs that are taken from drums to hoppers directly. The Company through its PFI facilities at Jeedimetla and Gagillapur processes these intermediates to be compressed into Finished Dosage forms. Some of the benefits, for the customers, of using the PFIs have been listed below:

Reduced vendor development cost: With only one vendor in

place for different processes and materials used for manufacturing PFIs, the customers observe a substantial savings on development costs and it also simplifies supply chain management process.

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

Saves technical resources: Granules has deep experience and expertise in manufacturing of PFIs. This allows its customers to trust and depend on it, enabling

them to avoid expenditure on pre-formulation studies and development processes.

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

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

(III) **Finished Dosages:** At Granules, the manufacturing of finished dosages represents the apex of the value chain and its present portfolio consists of caplets, tablets as well as press-fit capsules in bulk, blister packs, and bottles. The Company, over the years, has developed a state-of-art manufacturing facility at Gagillapur, which possesses automated processes, robust infrastructure and superior quality systems that efficiently produce finished dosages. The Company further strengthened its customers' competitive advantage by providing Bi-layer Tablets, Rapid Release tablets, and Extended Release (ER) tablets. Further the

PFIs

Vertical	FY18	FY17	FY16
Sales (₹ in Mn)	4,184	3,427	3,871
Production (In MT)	13,951	11,590	12,031

FDs

Vertical	FY18	FY17	FY16
Sales (₹ in Mn)	6,754	5,428	4,623
Production (In Mn)	8,920	6,555	5,969

The Company's research center at Pragathi Nagar, Hyderabad, spread across an area of **15,000** square feet,

Company has developed its own ANDAs and dossiers, which has given its customer a ready reckoning in the market without getting delayed for approval. This enables Granules to beat the competition and emerge as the preferred choice supplier of FD's for many customers. Presently, the FD business accounts for 40% of the Company's revenue.

Research and Development

Granules India believes that the sustainability of a company in the pharmaceutical industry depends on how a company goes about enhancing, evolving and cultivating the basics that build up the business. Thus it believes that its R&D has played an important role in propelling the Company on the path of success in the recent past. The choices it made with the help of its R&D facilities in terms of the products, therapies and programs has helped in making it a relevant and meaningful advisory to its customers, and markets. These basics have fuelled the Company's emergence as a global generics player in its product range.

The Company's research center at Pragathi Nagar, Hyderabad, spread across an area of 15,000 square feet, epitomizes the Company's focus on research and development. It mainly focuses on full-scale generic API development.



With a vision to look beyond the obvious, Granules India made regular investments in R&D initiatives to develop items for enhancing intellectual wealth as well as commercialising a wide variety of quality products in diversified therapeutic areas. The Granules Research Centres (in-house R&D) have helped the Company in identifying opportunities and turned them into distinctive differentiated growth drivers. It also enabled the Company to make brave choices in terms of overhauling and expanding pipeline with meaningful targets along with revitalising the growth of our short term and long term business and scientific goals.

The scientific talent pool at Granules has not only helped the Company in commercialising cost effective yet quality products for the targeted market, but has also helped in widening its portfolio through innovative products.

Granules Pharmaceutical Inc., which is Granules' 100% wholly-owned subsidiary in Chantilly, Virginia, focuses on formulation R&D. It

emphasises on products with specific release properties, ODTs and DEA controlled substances. Thus allowing the Company to enhance its product portfolio with value-added complex generics.

Quality and Compliance

At Granules, the belief is that there's no shortcut to quality in the business of manufacturing drugs. It has constantly strived to produce products that meet the global quality standards, enabling the Company to create a name for itself and gain customer's confidence. In order to fulfil the Company's commitment of delivering high quality products, it follows the global quality standards at every step of product development. In addition to that, the Company constantly undertakes regular quality risk assessment and risk mitigation processes to never fall short of the standard benchmark.

The Company has in place a team of highly qualified professionals with significant industry experience, who help the Company in maintaining its required quality standards along



with enhancing the same. It follows the philosophy of Continual Product Improvement and at every step takes adequate measures to maintain the required status. Its manufacturing facilities are also set up in accordance to the industry quality standards. The Company's commitment to quality maintenance has earned the Company approval from global regulators such as US FDA, EU, MHRA, WHO GMP, INFARMED and many more.

Operational Excellence

Granules has designed a very successful Operational Excellence (OE) program, which continues to deliver sustainable results for maximizing the growth of the Company. It has taken a multi-year, multi-project OE initiative for building technical excellence. Its OE program consists of three phases: Diagnostic, Design, and Implementation. The Company's OE program began in the year 2009. The objective of the OE team was to understand, identify, and develop projects that are supposed to fulfil the operational efficiencies and improvements that were identified

during the Diagnostic Phase. With the approval and evaluation of the projects, it has formed teams that would work together to execute the project and implement the plans. The duration of the projects depend on the level of complexity, as they may vary from 3-4 months to more than a year.

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

Human Capital

A team of competent, productive and enthusiastic employees forms the basis of Granules India's commercial success. Our people strategy is embedded in our business and is driven by our corporate values. The Company has built a core strength team of motivated and committed professionals who have in store vast experience and expertise in areas such as chemistry, R&D, process engineering, manufacturing, quality control, assurance and logistics.

For further development of our team, the company conducted cross-functional workshops for promotion and harmonisation of employees across different functions. These policies, practices and processes have been institutionalized by the HR function and are practiced unequivocally by the entire organization. The Company also has in place different teams to monitor the performance of other teams along with looking after the health, safety and security of the employees, so that they can work together and perform better. The Company's total employee strength as on March 31, 2018 stands at 2,602.

Talking points 2017-18

- The Company initiated commercial production of Metformin and Paracetamol API at Bonthapally facility post completion of its expansion plan initiated during FY17.
- The new PFI block at Gagillapur for 6000 MTA was commercialised during the year.
- The Company filed 4 US DMFs increasing the total USDMF filings with the USFDA to 21.
- One new CEP was filed by the Company taking the total CEPs filed with EDQM to 11.

- Total EDMFs filed increased to 6 out of which 2 were filed in FY18.
- Out of 20 ANDA filings with the U.S. FDA, the Company successfully received approval for 7 ANDAs.
- The site inspection for GGP, JDM and Virginia completed by US FDA and Establishment Inspection Report was also issued.
- The Company successfully completed Qualified Institutional Placement of ₹300 crores.
- The Company received first product approval for USpharma portfolio.



Financial Overview

During the year under review, we reached ₹1,692 crore of revenue, growing by 17.88% from the previous year. Our expanded capacities helped us deliver the topline growth, while increase in raw material costs and rising inputs costs impacted the margins.

Snapshot

(₹ in crores)

Vertical	2017-18	2016-17	Growth
Income from Operations	1,692	1,435	17.88%
EBIDTA	289	309	(6.32)%
EBIDTA Margin	17.1%	21.5%	
PAT	133	165	(19.41)%
PAT Margin	7.8%	11.5%	

Internal Control Systems and Adequacy

The Company has adequate systems of internal control and procedures covering all financial and operating functions commensurate with the size and nature of operations. The Company believes that a strong internal control framework is one of the most important pillars of Corporate Governance. Continuous efforts are being made to see that the controls are designed to provide a reasonable assurance with regard to the maintenance of accounting controls and assets from unauthorised use or losses. The audit committee looks into all aspects of internal functioning and advises corrective action as and when required.

Cautionary Statements

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

Board's Report

Dear Members,

The Board of Directors are pleased to present the Company's 27th Annual Report and the Company's audited financial statements (standalone and consolidated) for the financial year ended March 31, 2018.

Financial Results:

The Company's financial performance for the year ended March 31, 2018 is summarised below:

(₹ in lakhs)

Particulars	Standalone		Consolidated	
	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2018	Year ended March 31, 2017
Revenue from Operations	1,65,386.92	1,37,416.90	169,184.83	1,43,525.34
Other Income	2,377.13	1,452.02	1,084.27	992.53
Total Income	1,67,764.05	1,38,868.92	170,269.10	1,44,517.87
EBITDA	31,729.63	31,031.89	28,926.34	30,876.33
Less: Finance Costs	3,292.70	3,216.41	3,305.98	3,225.63
Less: Depreciation	7,591.64	7,135.16	7,620.20	7,151.27
Profit Before Tax, share of profit of joint venture and associate	20,845.29	20,680.32	18,000.16	20,499.42
Share of profit in joint venture and associate, net of tax	-	-	1,598.81	2,472.61
Profit Before Tax	20,845.29	20,680.32	19,598.97	22,972.03
Less: Tax Expenses	6,929.10	6,397.65	6,339.85	6,520.13
Profit for the year	13,916.19	14,282.67	13,259.12	16,451.91
Add: Surplus Brought Forward from Previous Year	19,637.10	17,587.47	21,784.30	17,565.43
Surplus Available	33,553.29	31,870.14	35,043.42	34,017.34
Appropriations made to Surplus:				
Dividends including dividend tax	(2,904.98)	(2,233.04)	(2,904.98)	(2,233.04)
Transfer to General Reserve	-	(10,000.00)	-	(10,000.00)
Balance carried to Balance Sheet	30,648.31	19,637.10	32,138.43	21,784.00
Basic Earnings per share	5.76	6.53	5.49	7.52
Diluted Earnings per share	5.74	6.49	5.47	7.48

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

Overview of Financial and Business Operations:

The Company's Standalone revenues from operations was ₹ 1,65,386.92 lakhs for the FY 2017-18 as compared to ₹ 1,37,416.90 lakhs for the previous year registering growth of 20.35%. The Company has made Net Profit of ₹ 13,916.19 lakhs on standalone basis for the year under review as compared to ₹ 14,282.67 lakhs for the previous year, a decrease of 2.57%.

The primary growth driver in FY 2017-18 was led by change in product mix. On a standalone basis, the Finished Dosages (FD) business contributed the largest share of revenue of the Company at 39% while Pharmaceutical Finished Intermediates (PFI) and Active Pharmaceutical Ingredients (API) contributed 24% and 37% respectively while it was 39%, 24% and 37% for API, PFI and FD respectively for the FY 2016-17.

During the year under review, US FDA has completed site inspection for the Company's facilities located at Gagillapur and Jeedimetla. US FDA had issued Establishment Inspection Report for both the facilities. In the FY 2017-18, we have filed ten ANDAs in total and out of this three are filed from Hyderabad facility in India. We have also filed four US DMFs, one CEP (Certificate of Suitability) with EDQM and two EDMFs from Hyderabad and Visakhapatnam facilities in India which will be used for building future revenue from API business. The management believes that it will continue to strengthen its position through dedicated research and introduction of new products.

Vertical integration has always been the strength and focus area of the Company. It will continue its focus on its core business and strengthen it by enhancing its capacities, improving operational efficiencies, adding new products,

moving up in the value chain and most importantly offering better services to the customers. The Company will continue to solidify its business model and build systems that are sustainable as it continue to scale-up.

Expansion Programs and Projects:

The Company has initiated commercial production of enhanced capacity of Metformin and Paracetamol API at Bonthapally facility. The Company has further commercialised the 6,000 MTA new PFI block at Gagillapur facility during the year. This should remove the API and PFI level bottleneck and translate into increased revenues from our core business activity.

Dividend:

The Board of Directors has recommended a final dividend of 25 paise per equity share (Face value ₹ 1/- per equity share) for the FY 2017-18, amounting to ₹ 635.23/- Lakhs. This is in addition to the interim dividend of 75 paise per equity share paid during the year. The total dividend for the FY 2017-18 aggregates to ₹ 1/- per equity share amounting to ₹ 2,476.33 lakhs as compared to 90 paise per equity share paid in the previous year.

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

Material Changes Affecting The Company:

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

Share Capital:

The Authorised Share Capital of the Company is 505,000,000 equity shares of ₹ 1/- each. The Company has allotted 24,754,792 equity shares of ₹ 1/- each through Qualified Institutions Placements (QIP) pursuant to the approval of the members obtained during the financial year 2017-18. The Company has further allotted 380,000 equity shares of ₹ 1/- each in trenches upon exercise of an equal number of stock options by the employees pursuant to the Employee Stock Option Scheme of the company.

In view of the above allotments, the outstanding shares of the company increased from 228,702,770 equity shares of ₹ 1/- each to 253,837,562 equity shares of ₹ 1/- each during the financial year 2017-18.

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 ₹ 108,868 (one lakh eight thousand eight hundred and sixty eight only) for the financial year 2009-10, was transferred to the Investor Education and Protection Fund established by the Central Government during the year under review.

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 Venture 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. The Share Capital of the Company as on March 31, 2018 is ₹ 116.31 lakhs. During the FY 2017-18, the Company achieved a turnover of ₹ 40,216.67 lakhs against the turnover of ₹ 39,558.16 lakhs for FY 2016-17 and the profit after tax is ₹ 305.93 lakhs against ₹ 346.21 lakhs for FY 2016-17.

- **Granules Pharmaceuticals, Inc.**

Granules Pharmaceuticals, Inc. (GP Inc.), a wholly-owned foreign subsidiary of the Company located in Virginia, USA focuses in formulation R&D. The Share Capital of the Company as on March 31, 2018 is ₹ 1,225.00 lakhs. Seven (7) ANDAs were filed from this facility in the FY 2017-18. These are first set product filling from this facility towards building a niche portfolio for the US market. During the year under review, US FDA has completed site inspection for the facility located at Virginia and issued Establishment Inspection Report

- **Granules Europe Limited**

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

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

Joint Venture /Associate Companies

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

- **Granules-Bioclause Pharmaceutical Co. Limited**

The Share Capital of the Company as on March 31, 2018 is ₹ 3,638.06 lakhs. The Company achieved a turnover of ₹ 28,022.19 lakhs during the year under review as against turnover of ₹ 21,999.84 lakhs in the previous year. Profit after tax for the year under review is ₹ 2,835.05 as against ₹ 2,458.56 lakhs during the previous year of which Granules India Limited reports 50% share in profit from Joint Ventures/Associates.

- **Granules OmniChem Private Limited**

The Share Capital of the Company as on 31st March 2018 is ₹ 8,576.19 lakhs. The Company achieved a turnover of ₹ 14,697.97 lakhs during the FY 2017-18 as against ₹ 20,031.91 lakhs during the FY 2016-17. Profit after tax for the year under review is ₹ 362.57 lakhs as against ₹ 2,487.03 lakhs in the previous year of which Granules India Limited reports 50% share in profit from Joint Ventures/Associates. The Company had received Establishment Inspection Report from US FDA during the year.

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

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

Consolidated Financial Statements:

The consolidated financial statements, in terms of Section 129(3) of the Companies Act, 2013 and regulation 34 of the Listing Regulations and prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended thereof forms a part of this annual report. The consolidated financial statements have been prepared on the basis of audited financial statements of the Company, its subsidiaries, joint venture and associate companies, as approved by their respective Boards. As per the provisions

of Section 136 of the Companies Act, 2013, the Company has placed separate audited accounts of its Subsidiaries on its website www.granulesindia.com and copy of separate audited accounts of its Subsidiaries will be provided to the members at their request.

Secretarial Standards:

The Directors state that applicable Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively, have been duly followed by the Company.

Director's Responsibility Statement:

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

- in the preparation of the annual accounts for the year ended March 31, 2018, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018 and of the profit of the Company for the year ended on that date;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the Directors have prepared the annual accounts on a 'going concern' basis for the financial year ended March 31, 2018;
- the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Corporate Governance:

The Company is committed to maintain the highest standards of corporate governance and adhere to the

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

Business Responsibility Report:

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

Contracts and arrangements with Related Parties:

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

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

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

Corporate Social Responsibility (CSR):

The Composition of the CSR Committee is provided below.

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

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

The Company is undertaking CSR initiatives in compliance with Schedule VII to the Act. During the year under review,

the Company has spent ₹ 176.09 lakhs on CSR activities. The annual report on CSR activities is annexed herewith marked as **Annexure I** to the Board's report.

Nomination and Remuneration Committee:

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

During the financial year 2017-18, the composition of Nomination and Remuneration Committee is provided below.

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

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

Risk Management:

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

Internal Financial Controls:

Internal Financial Controls are an integrated part of the risk management process, addressing financial and financial reporting risks. The internal financial controls have been documented, digitised and embedded in the business processes. Assurance on the effectiveness of internal financial controls is obtained through management reviews, control self-assessment, continuous monitoring by

functional experts as well as testing of the internal financial control systems by the internal auditors during the course of their audits. We believe that these systems provide reasonable assurance that our internal financial controls are designed effectively and are operating as intended.

Internal Audit & Controls:

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

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

Directors and Key Managerial Personnel:

In accordance with the provisions of Section 152 of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Harsha Chigurupati, Non- Executive Director of the Company, retires by rotation at the 27th Annual General Meeting and being eligible offers himself for re-appointment.

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

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

The Board of Directors has complete access to the information within the Company. Independent Directors have

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

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

Employee Stock Option Scheme:

The Company's Employee Stock Option Scheme viz. ESOS-2009 has been in place since year 2009-10 and the Company has made grants under ESOS-2009 to the eligible employees of the Company and its subsidiaries. The Nomination and Remuneration Committee of the Board of Directors of the Company, inter alia, administers and monitors the Employees' Stock Option Scheme of the Company. The Company, during the year obtained approval of the members for a new scheme viz. Employee Stock Option Scheme 2017 (ESOS-2017). The Company did not make any grant under ESOS- 2017 during the FY 2017-18. There has not been any material change in the Employee Stock Option Schemes during the current financial year. The Schemes are in line with the SEBI (Share Based Employee Benefits) Regulations, 2014 ("SBEB Regulations").

The applicable disclosures as stipulated under the SEBI Guidelines as on March 31, 2018 (cumulative position) with regard to the Employee's Stock Option Scheme are herein under provided. The issue of equity shares pursuant to exercise of options does not affect the Statement of Profit and Loss of the Company, as the exercise is made at the market price prevailing as on the date of the grant plus taxes as applicable.

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

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

Sl. no.	Description	Details
(a)	Options granted till date under the scheme	12,688,000 options
(b)	Pricing formula	Closing market price as on the date prior to the grant date on National Stock Exchange (where there was highest trading volume).
(c)	Options vested during the year	484,000
(d)	Options exercised during the year	380,000
(e)	Total number of shares arising as a result of exercise of options	380,000
(f)	Options lapsed during the year	233,300
(g)	Options lapsed till date under the scheme	2,873,300
(h)	Variation in terms of options	Nil
(i)	Money realized by exercise of options during the year	₹ 8,631,000/-
(j)	Total number of options in force	5,444,700
(k)	Employee wise details of options granted during the year to be exercised at ₹ 142/- to :	
(k)(i)	Senior managerial personnel	
	Name	Designation
	Dr. V.V.N.K.V. Prasada Raju	Executive Director
	K. Ganesh	Chief Financial Officer
	M. Sreekanth	Chief Operating Officer
		No. of Options
		200,000
		400,000
		400,000
(k)(ii)	Any other employee who receives a grant in any one year of options amounting to 5% or more of options granted during the year.	NIL
(k)(iii)	Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.	Not Applicable
(l)	Diluted Earnings per share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20 – Earning per share.	₹ 5.74 per share
(m)	Where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost that shall have been recognized if it had used the fair value of the options.	Not Applicable
(n)	Weighted-average exercise price, whose exercise price either equals or exceeds or is less than the market price of the stock	₹ 22.71/- per share
(o)	Description of the method and significant assumptions used during the year to estimate the fair values of options.	The assumptions and model used for estimating fair value are disclosed in Note 27 of Standalone financial statements.

Auditors & Their Report:

Statutory Auditors

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

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

Secretarial Auditor

The Board has appointed M/s. Saurabh Poddar & Associates, Company Secretaries, to conduct Secretarial Audit for the financial year 2017-18. The Secretarial Audit Report for the financial year ended March 31, 2018 is annexed herewith marked as **Annexure III** to the Board's Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

Disclosures:

Meetings of the Board

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 comprises majority Independent Directors namely Mr. C. Parthasarathy (Chairman), Mr. L.S. Sarma, Mr. A.P. Kurian, Mr. A. Arun Rao and Mr. Krishna Prasad Chigurupati as other members. During the year all the recommendations made by the Audit Committee were accepted by the Board.

Vigil Mechanism

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

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

Code of Conduct

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

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

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

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

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

Extract of Annual Return

Extract of Annual Return of the Company is annexed herewith as **Annexure VI** to this Report.

Particulars of Employees and related disclosures

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

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

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

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

Remuneration from Subsidiaries

During the year under review, Mr. Krishna Prasad Chigurupati, Chairman and Managing Director of the Company has received remuneration of \$ 200,000 from Granules Pharmaceuticals Inc., wholly owned subsidiary of the Company.

Policy on Sexual Harassment

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".

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

General

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

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

- The Company does not have any scheme of provision of money for the purchase of its own shares by employees or by trustees for the benefit of employees.
- Cost Audit is not applicable for the financial year 2017-18.
- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
- No fraud has been reported by the Auditors to the Audit Committee or the Board.

Appreciations and Acknowledgements:

The Board of Directors would like to express their sincere appreciation for the assistance and co-operation received from the financial institutions, banks, Government authorities, customers, vendors and members during the year under review. The Board of Directors wishes hereby to place on record their appreciation for the committed services by the Company's executives, staff and workers.

On behalf of the Board of Directors

Krishna Prasad Chigurupati

Chairman and Managing Director

DIN: 00020180

Hyderabad, July 23, 2018

Annexure – I to Director’s Report

Annual Report on Corporate Social Responsibility (CSR) activities for the financial year 2017-18 as per Rule 8 of Companies (Corporate Social Responsibility Policy) Rules, 2014.

1	A brief outline of the Company’s CSR Policy and a reference to the web-link to the CSR Policy and the composition of CSR Committee.	Refer Section: Corporate Social Responsibility in this Report for the composition of the Committee. CSR Policy can be accessed at the Company’s website: www.granulesindia.com
2	Average profit of the Company for last three financial years.	₹ 16,773.41 lakhs
3	Prescribed CSR expenditure (two percent of the amount mentioned in item 2 above)	₹ 335.47 lakhs
4	Details of CSR spent during the financial year:	
	Total amount to be spent for the financial year	₹ 335.47 lakhs
	Amount unspent, if any, and reasons for not spending (reason is yet to be given)	The amount unspent is ₹ 159.38 lakhs. The Company proposes to spend the amount based on the progress of the project.
	Manner in which the amount spent during the financial year	Details given below

Details of Amount Spent on CSR Activities During The Financial Year 2017-18:

SL. No	CSR project or activity identified	Sector in which the project is covered	Projects of programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub heads		Cumulative expenditure up to the reporting period	Amount spent: Direct or through Implementing Agency
					(1) Direct expenditure on projects or programs	(2) Overheads		
1	Skill development activity	Cl.(ii) livelihood enhancement projects	Telangana, Ranga Reddy District	₹ 200.00 lakhs	₹ 75.80 lakhs	-	₹ 75.80 lakhs	The amount was spent through Swarna Bharat Trust
2	Promoting Preventive Health Care	Cl.(i) promoting preventive health care	Andhra Pradesh, Guntur	₹ 36.00 lakhs	₹ 36.00 lakhs	-	₹ 36.00 lakhs	The amount was spent through Sahrudaya Health, Medical and Educational Trust
3	Promoting Preventive Health Care	Cl.(i) promoting preventive health care	Telangana, Ranga Reddy District	₹ 16.00 lakhs	₹ 16.00 lakhs	-	₹ 16.00 lakhs	The amount was spent through Asian Health Care Foundation
4	Promoting Preventive Health Care	Cl.(i) promoting preventive health care	Telangana, Ranga Reddy District	₹ 28.84 lakhs	₹ 12.69 lakhs	-	₹ 12.69 lakhs	Direct
5.	RO plant construction	Cl.(i) making available safe drinking water	Andhra Pradesh Visakhapatnam	₹ 5.00 Lakhs	₹ 5.00 Lakhs	-	₹ 5.00 Lakhs	The amount was spent through Rajiv Gruha Kalpa Scheme
6.	Providing sanitation	Cl.(i) Providing sanitation	Andhra Pradesh Visakhapatnam	₹ 5.00 Lakhs	₹ 2.60 Lakhs	-	₹ 2.60 Lakhs	The amount was spent through District Administration, Parwada, Visakhapatnam
7.	Providing infrastructure for anganwadi centres	Cl.(x)Rural development projects	Sircilla, Telangana.	₹ 20.00 Lakhs	₹ 20.00 Lakhs	-	₹ 20.00 Lakhs	The amount was spent through District Collector, Siddipet

SL. No	CSR project or activity identified	Sector in which the project is covered	Projects of programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub heads		Cumulative expenditure up to the reporting period	Amount spent: Direct or through Implementing Agency
					(1) Direct expenditure on projects or programs	(2) Overheads		
8.	Providing rehabilitation to intellectual disabled poor and middle class children	Cl.(ii) Promoting education, including special education to the differently abled	Andhra Pradesh	₹ 5.00 Lakhs	₹ 5.00 Lakhs		₹ 5.00 Lakhs	The amount was spent through Kasinadhuni Durgamba Butchaiah Trust
9.	Promoting preventive healthcare	Cl.(i) promoting preventive health care	Andhra Pradesh Visakhapatnam	₹ 3.00 Lakhs	₹ 3.00 Lakhs	-	₹ 3.00 Lakhs	The amount was spent through The District Collector, Visakhapatnam

Responsibility Statement

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

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

Krishna Prasad Chigurupati

Chairman and Managing Director
Hyderabad
July 23, 2018

Uma Devi Chigurupati

Chairperson, CSR Committee
Hyderabad
July 23, 2018

Annexure – II to Director’s Report

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

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

1. This Report is issued in accordance with the terms of our engagement letter dated 3 October 2017.

Management’s Responsibility

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

Auditors’ Responsibility

3. We, B S R & Associates LLP, the statutory auditors of the Company have been requested to certify that the Company has complied with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (‘SEBI Regulations’) in relation to the Granules India Limited Employees Stock Option Scheme as rolled out by the Company. As per this regulation, the board of directors of the Company is required to place before the shareholders at each annual general meeting, a certificate from the auditors of the Company that the schemes have been implemented in accordance with these regulations and in accordance with the terms of the resolution passed by the Company in the general meeting.
4. For the purpose of this certificate, we have relied on the audited financial statements of the Company for the year ended 31 March 2018 and information and documents as made available to us by the Company.
5. Based on this information and pursuant to the SEBI Regulations, it is our responsibility to certify that the Company’s schemes have been implemented in accordance with the SEBI regulations and are in accordance with the terms of the resolution passed by the Company in the general meeting.

6. We have verified the books of accounts, underlying supporting documents and other records maintained in relation to the scheme by the Company on a test check basis. We have also obtained appropriate representation from the Company’s management.
7. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purpose (Revised 2016) issued by the Institute of Chartered Accountants of India (‘ICAI’). The Guidance Note requires that we comply with the ethical requirements of the code of ethics issued by the ICAI. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial information, and Other Assurance and Related Services Engagements.

Opinion

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

Restriction on Use

9. This Certificate has been issued to the Company for placing before the Company’s shareholders at its annual general meeting, and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

For **B S R & Associates LLP**
Chartered Accountants

ICAI Firm Registration Number: 116231W/ W-100024

Sriram Mahalingam

Partner

Place: Hyderabad

Date: 24 May 2018

Membership No: 049642

Annexure – III to Director’s Report

Form No. MR-3

Secretarial Audit Report

For the Financial Year ended 31-03-2018

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

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

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

Based on my verification of the M/s. Granules India Limited books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I, have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. Granules India Limited (“the Company”) for the financial year ended on 31st March 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’):-

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (d) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the Company during the Audit Period)**
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the Company during the Audit Period)** and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not applicable to the Company during the Audit Period)**
- (vi) I further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof the Company has complied with the following laws applicable specifically to the Company:
 1. Drugs and Cosmetics Act, 1940 and Rules made there under; and
 2. Drugs Price Control Order, 2013 and notifications made there under.

3. Trade Unions Act, 1926
4. Industrial Employment Standing Order Act, 1946.
5. Industrial Disputes Act, 1947.
6. Payment of Wages Act, 1936
7. Minimum Wages Act, 1948
8. Payment of Bonus Act, 1965.
9. Factories Act, 1948.
10. Contract Labour (Regulation & Abolition) Act, 1970.
11. Dangerous Machines (Regulation) Act, 1983
12. Industrial Employment (Standing Orders) Act, 1946
13. Private Security Agencies (Regulation) Act, 2005
14. Maternity Benefit Act, 1961
15. Equal Remuneration Act, 1976
16. Child Labour (Prohibition & Regulation) Act, 1986
17. Workmen's Compensation Act, 1923.
18. Employees' State Insurance Act, 1948.
19. Employees' Provident Fund & Miscellaneous Provisions Act, 1952.
20. Payment of Gratuity Act, 1972.
21. Fatal Accidents Act, 1855
22. Unorganized Workers' Social Security Act, 2008
23. The Weekly Holidays Act, 1942
24. Shop & Establishments Act,
25. Information Technology Act, 2000
26. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
27. The Standards of Weight & Measurement Act, 1985

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India

- (ii) The Securities And Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015.

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

I further report that:-

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

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

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

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

I, further report that during the audit period

- (i) The company has issued 2,47,54,792 equity shares of ₹ 1/- each at a premium of ₹ 120.25 on 26th September 2017 through Qualified Institution Placement (QIP).
- (ii) The company has allotted 3,80,000 shares of ₹ 1/- each upon exercise of stock options granted to employees.

For **Saurabh Poddar & Associates**
Company Secretaries

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

Date : May 24, 2018
Place: Hyderabad

Annexure - A

To,
The Members,
Granules India Limited

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

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

For **Saurabh Poddar & Associates**
Company Secretaries

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

Date : May 24, 2018
Place: Hyderabad

Annexure – IV to Director’s Report

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

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

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

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

Sl. No.	Names of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts or arrangements or transaction including the value, if any:	Salient terms of the contracts or arrangements or transaction including the value, if any:	Date(s) of approval by the Board/:	Amount paid as advances, if any:	Justification for entering into contracts
1	Granules USA, Inc. (Wholly Owned foreign subsidiary)	Sale of goods	FY 2017-18	₹ 36,318.28 lakhs	11.05.2017	NIL	The transaction is at arm’s length price
2	Granules Pharmaceuticals Inc. (Wholly Owned foreign subsidiary)	Sale of goods	FY 2017-18	₹ 100.48 lakhs	11.05.2017	NIL	The transaction is at arm’s length price
3	Granules –Biocause Pharmaceutical Co. Ltd. (Associate)	Purchase of goods	FY 2017-18	₹ 6,884.86 lakhs	11.05.2017	NIL	The transaction is at arm’s length price

On behalf of the Board of Directors

Krishna Prasad Chigurupati

Chairman and Managing Director
DIN: 00020180

Hyderabad, July 23, 2018

Annexure – V to Director’s Report

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

Form A – Particulars of Conservation of Energy

A. Power and Fuel Consumption

Particulars	(₹ in lakhs)	
	Year ended 31 st March 2018	Year ended 31 st March 2017
1. Electricity		
Unit (KWH)	44,986,073	3,73,97,171
Total amount (₹ in lakhs)	3,274.74	2,621.77
Rate/Unit (₹)	7.28	7.01
Rate/Kg of production (₹)	7.73	7.37
2. Own generation from Diesel generator		
Unit (KWH)	1,223,972	13,20,126
Total amount (₹ in lakhs)	192.61	279.54
Rate/unit (₹)	15.74	21.18
Unit/kg of production	0.03	0.04
Rate/kg of production (₹)	0.45	0.79
3. Coal		
Quantity (MT)	19,041.46	16,056.02
Total cost (₹ in lakhs)	1,300.87	929.75
Rate/MT (₹)	6,831.80	5,790.67
Rate/kg of production (₹)	3.07	2.61
4. Furnace Oil, LSHS and LD oil		
Quantity (K. Ltrs.)	25.51	63.58
Total cost (₹ in lakhs)	7.75	22.51
Average/K. ltrs. (₹)	30.39	35.40
Rate/kg of production (₹)	0.02	0.06

B. Consumption per unit of production

Particulars	Standards	Current year	Previous year
Products (with details) unit	Since the Company manufactures a wide range of bulk drugs, granulations and different combinations of finished dosages, it is not practicable to give consumption per unit of production.		
Electricity			
Furnace oil			
Coal			

Form B – Particulars of Absorption

Research & Development:

With decades of dedication and deliberation, Granules has been passionately translating science and technology into pharmaceutical development and manufacturing, marking its presence globally. With “sustainable growth,” as our core value, our strong R&D capabilities are the driving forces to our current and future momentum and growth. With innovation at various levels instilled into the roots of the company, the contribution of R&D is a crucial attribute in fostering our vision.

We are augmenting our research capabilities and expanding our product basket to address the prospective demand

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

2017-18 - Highlights

Core Business: The core business, the “core,” of Granules as it stands today remained our focus. While we have been continuously expanding our portfolio, continuous process efficiencies for products within this basket which focuses on high volume products built on

maximizing process efficiencies and vertical integration; Acetaminophen, Metformin HCL, Ibuprofen, Guaifenesin and Methocarbamol remained a priority. We have also introduced the development of two additional products to add to this basket, which we will offer as an integrated products to the market.

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

We had filed 21 (4 in FY 17-18) U.S. Drug Master Files ("USDMFs") across several therapeutic categories with the United States Food and Drug Administration ("U.S. FDA") for distribution of our products in the United States, 11 (1 in FY 17-18) Certificates of Suitability ("CEPs") with the European Directorate for the Quality of Medicines ("EDQM") and 6 (2 in FY 17-18) European Drug Master Files ("EDMFs") for distribution of our products in Europe, along with other regulatory filings in key regulated markets to support potential ANDA and dossier registration filings. We intend to operationalize some of our USDMFs by filing ANDAs to forward integrate into FDFs. As of March 31, 2018, we had made 20 (10 in FY 17-18) ANDA filings with the U.S. FDA of which seven have been approved. We aim to continue this momentum by executing development of products from our pipeline of complex technology products within the immediate release, extended release, delayed release, MUPS, powders and suspensions dosages.

We have also embarked upon our journey to build Granules' intellectual property estate. Granules currently possess 3 Granted patents and filed 52 Patents in various countries. In FY 2017-18, Nineteen (19) patents were filed which includes 2 US, 7 PCT and 10 Indian patents. These inventions were primarily directed towards technology improvements, new

process for manufacturing intermediates and or APIs, novel polymorphs and pharmaceutical composition thereof.

Looking ahead

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

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

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

Expenditure incurred on Research and Development

	₹ in lakhs	
Particulars	FY 2017-18	FY 2016-17
Capital	463.25	115.02
Revenue	3,574.03	2,498.35
Total	4,037.28	2,613.37

Form C – Total Foreign Exchange Earned and Used

	(₹ in lakhs)	
Particulars	FY 2017-18	FY 2016-17
Foreign Exchange Earnings	1,23,523.08	99,263.72
Foreign Exchange Outgo	4,218.39	44,384.15

On behalf of the Board of Directors

Krishna Prasad Chigurupati

Chairman and Managing Director

Hyderabad, July 23, 2018

DIN: 00020180

Annexure – VI to Director’s Report

FORM NO. MGT 9

Extract of Annual Return

As on the financial year ended on March 31, 2018

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

I. Registration & other Details:

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

II. Principal Business Activities of The Company

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

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

III. Particulars of Holding, Subsidiary and Associate Companies:

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

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

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2017]				No. of Shares held at the end of the year [As on 31-March-2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter and Promoter Group									
(1) Indian									
a) Individual/ HUF	83340328	0	83340328	36.44	109317005	0	109317005	43.07	6.63
b) Central Govt									
c) State Govt(s)									
d) Bodies Corp.	33698270	0	33698270	14.73	3807096	0	3807096	1.50	(13.23)
e) Banks / FI									
f) Any other									
Sub-Total A(1)	117038598	0	117038598	51.17	113124101	0	113124101	44.57	(6.60)
(2) Foreign									
(a) Individuals (NRIs/Foreign Individuals)	5212407	0	5212407	2.28	946700	0	946700	0.37	(1.91)
(b) Bodies Corporates									
(c) Others									
Sub-Total A(2)	5212407	0	5212407	2.28	946700	0	946700	0.37	(1.91)
Total shareholding of Promoter & Promoter Group (A)	122251005	0	122251005	53.45	114070801	0	114070801	44.94	(8.51)
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	3155485	0	3155485	1.38	11172967	0	11172967	4.40	3.02
b) Banks / FI	279087	0	279087	0.12	7567719	0	7567719	2.98	2.86
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIs	22814010	0	22814010	9.98	26914558	0	26914558	10.60	0.62
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B)(1):-	26248582	0	26248582	11.48	45655244	0	45655244	17.99	6.51
2. Non-Institutions									
a) Bodies Corporates	9380968	0	9380968	4.10	18015326	0	18015326	7.10	3.00
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital up to ₹ 1 lakh	49477313	492590	49969903	21.85	55158634	315720	55474354	21.85	0.00
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	14869517	185000	15054517	6.58	15327171	185000	15512171	6.11	(0.47)
c) Others (specify) NBFCs Register With RBI	287720	0	287720	0.13	63893	0	63893	0.03	(0.10)
i) Non Resident Indians	3546221	0	3546221	1.55	3332327	0	3332327	1.31	(0.24)
ii) Non Resident Indians Non-Repatriation	787226	0	787226	0.34	772134	0	772134	0.30	(0.04)
iii) Overseas Corporate Bodies									
iv) Clearing Members	1119890	0	1119890	0.49	572679	0	572679	0.23	(0.26)
v) Trusts	56738	0	56738	0.02	200200	0	200200	0.08	0.06
vi) Investor Education and Protection Fund Authority (IEPF)	0	0	0	0	168433	0	168433	0.07	0.07
Sub-total (B)(2):-	79525593	677590	80203183	35.07	93610797	500720	94111517	37.08	2.01
Total Public Shareholding (B)=(B)(1)+ (B)(2)	105774175	677590	106451765	46.55	139266041	500720	139766761	55.06	8.51
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	228025180	677590	228702770	100	253336842	500720	253837562	100	

ii) Shareholding of Promoter and Promoter group

SN	Shareholder's Name	Shareholding at the end of the year 31 st March 2017			Shareholding at the end of the year 31 st March 2018			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
Shareholding of Promoter								
1	Krishna Prasad Chigurupati	71679610	31.34	100.00	95329927	37.56	41.51	6.22
Shareholding of Promoter group								
2	Uma Devi Chigurupati	7580000	3.31	100.00	9902860	3.90	81.04	0.59
3	Pragnya Chigurupati	1964320	0.86	0.00	1964320	0.77	0.00	(0.09)
4	Priyanka Chigurupati	1950398	0.85	0.00	1953898	0.77	0.00	(0.08)
5	Harsha Chigurupati	2277660	1.00	0.00	0.00	0.00	0.00	(1.00)
6	Suseela Devi Chigurupati	166000	0.07	0.00	166000	0.07	0.00	0.00
7	Santhi Sree Ramanavarapu	917200	0.40	0.00	917200	0.36	0.00	(0.04)
8	Tyche Investments Private Limited (Formerly known as Tyche Technologies Private Limited)	26869000	11.75	60.26	3807096	1.50	0.00	(10.25)
9	Yedaguri Nikhila Reddy	29500	0.01	0.00	29500	0.01	0.00	0.00
10	Sampath Kumar Ramanavarapu*	110600	0.05	0.00	Not Applicable	Not Applicable	Not Applicable	Not Applicable
11	Vijay Ramanavarapu*	1453393	0.64	0.00	Not Applicable	Not Applicable	Not Applicable	Not Applicable
12	Vidya Ramanavarapu*	424054	0.19	0.00	Not Applicable	Not Applicable	Not Applicable	Not Applicable
13	Triton Securities Private Limited*	6829270	2.99	0.00	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Total		122251005	53.45		114070801	44.94		

*Pursuant to the approval of the Members obtained in the Annual General Meeting held on September 28, 2017 and in compliance with the provisions of regulation 31A of SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015, persons/entities under Promoter group category were re-classified into Public Category w.e.f. November 07, 2017.

iii) Change in Promoter and Promoter group Shareholding

SN	Particular	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/ Decrease in Share- holding	Reason	Cumulative Shareholding during the year (01-04- 2017 to 31-03-2018)	
							No. of Shares	% of total shares of the Company
	At the beginning of the Year on 01.04.2017	122251005	53.45					
				17.04.2017	8475	Purchase	122259480	53.46
				03.10.2017	3500	Purchase	122262980	48.18
				09.10.2017	421450	Purchase	122684430	48.32
				07.11.2017	(8825792)	Reclassification of shares from Promoter group category to Public category	113858638	44.87
				24.11.2017 to 27.11.2017	212163	Purchase	114070801	44.94
				20.12.2017 to 22.12.2017	(2277660)	Inter-Se Transfer	111793141	44.04
				20.12.2017 to 22.12.2017	2277660	Inter-Se Transfer	114070801	44.94
				22.03.2018	(23221404)	Inter-Se Transfer	90849397	35.79
				22.03.2018	23221404	Inter-Se Transfer	114070801	44.94
	At the end of the year						114070801	44.94

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

SN	Life Insurance Corporation of India	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2017 to 31-03-2018)		
							No. of Shares	% of total shares of the Company	
1.	At the beginning of the Year	Nil	0.00						
				08.12.2017	1300176	Purchase	1300176	0.51	
				15.12.2017	890000	Purchase	2190176	0.86	
				22.12.2017	309824	Purchase	2500000	0.98	
				29.12.2017	207316	Purchase	2707316	1.07	
				05.01.2018	1025000	Purchase	3732316	1.47	
				12.01.2018	550912	Purchase	4283228	1.69	
				19.01.2018	315401	Purchase	4598629	1.81	
				26.01.2018	727905	Purchase	5326534	2.10	
				02.02.2018	1000000	Purchase	6326534	2.49	
				09.02.2018	673466	Purchase	7000000	2.76	
	At the end of the year (or on the date of separation, if separated during the year)							7000000	2.76

SN	Triton Securities LLP	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2017 to 31-03-2018)		
							No. of Shares	% of total shares of the Company	
2.	At the beginning of the Year	6829270	2.99						
	At the end of the year (or on the date of separation, if separated during the year)							6829270	2.69

SN	Government Pension Fund Global	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2017 to 31-03-2018)		
							No. of Shares	% of total shares of the Company	
3.	At the beginning of the Year	3393908	1.48						
				18.08.2017	500000	Purchase	3893908	1.70	
				29.09.2017	2500000	Purchase	6393908	2.52	
	At the end of the year (or on the date of separation, if separated during the year)							6393908	2.52

SN	Ontario Pension Board-Mondrian Investment Partners Limited	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2017 to 31-03-2018)		
							No. of Shares	% of total shares of the Company	
4.	At the beginning of the Year	629595	0.28						
				07.04.2017	210473	Purchase	840068	0.37	
				14.04.2017	261289	Purchase	1101357	0.48	
				21.04.2017	422633	Purchase	1523990	0.67	
				12.05.2017	43150	Purchase	1567140	0.69	
				29.09.2017	490545	Purchase	2057685	0.81	
				08.12.2017	72207	Purchase	2129892	0.84	
	At the end of the year (or on the date of separation, if separated during the year)							2129892	0.84

SN	Macquarie Emerging Markets Asian Trading PTE. LTD.	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2017 to 31-03-2018)		
							No. of Shares	% of total shares of the Company	
5.	At the beginning of the Year	1688384	0.74						
				07.04.2017	35000	Purchase	1723384	0.75	
				02.06.2017	(10000)	Sale	1713384	0.75	
				08.12.2017	(5000)	Sale	1708384	0.67	
				02.02.2018	(235000)	Sale	1473384	0.58	
				23.02.2018	(1090000)	Sale	383384	0.15	
	At the end of the year (or on the date of separation, if separated during the year)							383384	0.15

SN	EM Resurgent Fund	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2017 to 31-03-2018)		
							No. of Shares	% of total shares of the Company	
6.	At the beginning of the Year	1682950	0.74						
	At the end of the year (or on the date of separation, if separated during the year)							1682950	0.66

SN	Ramanavarapu Vijay	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2017 to 31-03-2018)		
							No. of Shares	% of total shares of the Company	
7.	At the beginning of the Year	1453393	0.64						
				17.04.2017	8475	Purchase	1461868	0.64	
	At the end of the year (or on the date of separation, if separated during the year)							1461868	0.58

SN	Mondrian Emerging Markets Small Cape equity Fund, L.P.	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2017 to 31-03-2018)		
							No. of Shares	% of total shares of the Company	
8.	At the beginning of the Year	1274234	0.56						
				07.04.2017	429269	Purchase	1703503	0.74	
				14.04.2017	532904	Purchase	2236407	0.98	
				21.04.2017	783295	Purchase	3019702	1.32	
				12.05.2017	107611	Purchase	3127313	1.37	
				29.09.2017	364316	Purchase	3491629	1.38	
	At the end of the year (or on the date of separation, if separated during the year)							3491629	1.38

SN	DHFL Pramerica Trustees Private Limited A/C DHFL Pramerica Arbitrage Fund	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2017 to 31-03-2018)	
							No. of Shares	% of total shares of the Company
9.	At the beginning of the Year	Nil	Nil					
				29.12.2017	845000	Purchase	845000	0.33
				05.01.2018	20000	Purchase	865000	0.34
				02.03.2018	400000	Purchase	1265000	0.50
	At the end of the year (or on the date of separation, if separated during the year)						1265000	0.50

SN	Societe Generale	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2017 to 31-03-2018)	
							No. of Shares	% of total shares of the Company
10.	At the beginning of the Year	1175000	0.51					
				07.04.2017	135000	Purchase	1310000	0.57
				26.05.2017	(50000)	Sale	1260000	0.55
				02.06.2017	(465000)	Sale	795000	0.35
				09.06.2017	(40000)	Sale	755000	0.33
				28.07.2017	5000	Purchase	760000	0.33
				04.08.2017	95000	Purchase	855000	0.37
				11.08.2017	25000	Purchase	880000	0.38
				18.08.2017	(420000)	Sale	460000	0.20
				25.08.2017	75000	Purchase	535000	0.23
				08.09.2017	31325	Purchase	566325	0.25
				15.09.2017	55000	Purchase	621325	0.27
				29.09.2017	(10000)	Sale	611325	0.24
				13.10.2017	(40000)	Sale	571325	0.23
				31.10.2017	385000	Purchase	956325	0.38
				10.11.2017	(65000)	Sale	891325	0.35
				17.11.2017	(20000)	Sale	871325	0.34
				24.11.2017	(5000)	Sale	866325	0.34
				08.12.2017	(50000)	Sale	816325	0.32
				15.12.2017	10000	Purchase	826325	0.33
				29.12.2017	(15000)	Sale	811325	0.32
				19.01.2018	(5000)	Sale	806325	0.32
				02.02.2018	(30000)	Sale	776325	0.31
				09.02.2018	(25000)	Sale	751325	0.30
				16.02.2018	(10000)	Sale	741325	0.29
				23.02.2018	(55000)	Sale	686325	0.27
				09.03.2018	(25000)	Sale	661325	0.26
				30.03.2018	65000	Purchase	726325	0.29
	At the end of the year (or on the date of separation, if separated during the year)						726325	0.29

SN	Emerging Markets Core Equity Portfolio (The Portfolio) of DFA Investment Dimensions Group INC. (DFAIDG)	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2017 to 31-03-2018)	
							No. of Shares	% of total shares of the Company
11.	At the beginning of the Year	1145225	0.50					
				09.06.2017	104498	Purchase	1249723	0.55
				08.12.2017	(27644)	Sale	1222079	0.48
				15.12.2017	(180688)	Sale	1041391	0.41
				22.12.2017	(27047)	Sale	1014344	0.40
				26.01.2018	(155628)	Sale	858716	0.34
				02.03.2018	(29547)	Sale	829169	0.33
				09.03.2018	(13216)	Sale	815953	0.32
	At the end of the year (or on the date of separation, if separated during the year)						815953	0.32

SN	'JM Financial Mutual Fund - JM Arbitrage Advantage Fund	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2017 to 31-03-2018)	
							No. of Shares	% of total shares of the Company
12.	At the beginning of the Year	Nil	Nil					
				28.07.2017	30000	Purchase	30000	0.01
				27.10.2017	665000	Purchase	695000	0.27
				10.11.2017	(20000)	Sale	675000	0.27
				08.12.2017	(70000)	Sale	605000	0.24
				22.12.2017	370000	Purchase	975000	0.38
				02.03.2018	65000	Purchase	1040000	0.41
				09.03.2018	100000	Purchase	1140000	0.45
	At the end of the year (or on the date of separation, if separated during the year)						1140000	0.45

SN	Kotak Equity Savings Fund	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2017 to 31-03-2018)	
							No. of Shares	% of total shares of the Company
13.	At the beginning of the Year	925000	0.40					
				05.05.2017	75000	Purchase	1000000	0.44
				26.05.2017	(10000)	Sale	990000	0.43
				02.06.2017	(10000)	Sale	980000	0.43
				09.06.2017	(30000)	Sale	950000	0.42
				16.06.2017	(5000)	Sale	945000	0.41
				28.07.2017	(15000)	Sale	930000	0.41
				11.08.2017	(150000)	Sale	780000	0.34
				18.08.2017	(440000)	Sale	340000	0.15
				25.08.2017	(640)	Sale	339360	0.15
				01.09.2017	640	Purchase	340000	0.15
				15.09.2017	(30000)	Sale	310000	0.14
				22.09.2017	(75000)	Sale	235000	0.10
				29.09.2017	2000000	Purchase	2235000	0.88
				06.10.2017	5000	Purchase	2240000	0.88
				13.10.2017	260000	Purchase	2500000	0.99
				27.10.2017	125000	Purchase	2625000	1.03
				31.10.2017	20000	Purchase	2645000	1.04

SN	Kotak Equity Savings Fund	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2017 to 31-03-2018)	
							No. of Shares	% of total shares of the Company
				31.10.2017	(15500)	Sale	2629500	1.04
				10.11.2017	(25754)	Sale	2603746	1.03
				17.11.2017	(40000)	Sale	2563746	1.01
				08.12.2017	(45000)	Sale	2518746	0.99
				29.12.2017	(85000)	Sale	2433746	0.96
				05.01.2018	(100000)	Sale	2333746	0.92
				12.01.2018	(60000)	Sale	2273746	0.90
				02.02.2018	220000	Purchase	2493746	0.98
				02.03.2018	250000	Purchase	2743746	1.08
At the end of the year (or on the date of separation, if separated during the year)							2743746	1.08

SN	Morgan Stanley Mauritius Company Limited	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2017 to 31-03-2018)	
							No. of Shares	% of total shares of the Company
14.	At the beginning of the Year	892013	0.39					
				07.04.2017	70000	Purchase	962013	0.42
				21.04.2017	(100000)	Sale	862013	0.38
				28.04.2017	(6157)	Sale	855856	0.37
				25.08.2017	(752)	Sale	855104	0.37
				08.09.2017	(715)	Sale	854389	0.37
				15.09.2017	(22042)	Sale	832347	0.36
				22.09.2017	(4377)	Sale	827970	0.36
At the end of the year (or on the date of separation, if separated during the year)							827970	0.36

SN	Swiss Finance Corporation (Mauritius) Limited	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2017 to 31-03-2018)	
							No. of Shares	% of total shares of the Company
15.	At the beginning of the Year	3177092	1.39					
				14.04.2017	(5000)	Sale	3172092	1.39
				21.04.2017	(40000)	Sale	3132092	1.37
				26.05.2017	(40000)	Sale	3092092	1.35
				02.06.2017	(5000)	Sale	3087092	1.35
				16.06.2017	(25000)	Sale	3062092	1.34
				07.07.2017	(5000)	Sale	3057092	1.34
				14.07.2017	(5000)	Sale	3052092	1.33
				04.08.2017	(10000)	Sale	3042092	1.33
				11.08.2017	(290000)	Sale	2752092	1.20
				18.08.2017	(215000)	Sale	2537092	1.11
				25.08.2017	(135000)	Sale	2402092	1.05
				01.09.2017	(2400000)	Sale	2092	0.00
				03.11.2017	(2092)	Sale	Nil	Nil
At the end of the year (or on the date of separation, if separated during the year)							Nil	Nil

SN	India first life Insurance Company LTD	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2017 to 31-03-2018)		
							No. of Shares	% of total shares of the Company	
16.	At the beginning of the Year	1665200	0.73						
				14.04.2017	127	Purchase	1665327	0.73	
				21.04.2017	129	Purchase	1665456	0.73	
				07.07.2017	97	Purchase	1665553	0.73	
				14.07.2017	(383)	Sale	1665170	0.73	
				21.07.2017	(23420)	Sale	1641750	0.72	
				28.07.2017	(27840)	Sale	1613910	0.71	
				04.08.2017	(64600)	Sale	1549310	0.68	
				11.08.2017	(19700)	Sale	1529610	0.67	
				18.08.2017	(3269)	Sale	1526341	0.67	
				25.08.2017	192	Purchase	1526533	0.67	
				01.12.2017	184	Purchase	1526717	0.60	
				15.12.2017	(1218)	Sale	1525499	0.60	
				22.12.2017	(7370)	Sale	1518129	0.60	
				29.12.2017	7945	Purchase	1526074	0.60	
				05.01.2018	4250	Purchase	1530324	0.60	
				02.02.2018	(300597)	Sale	1229727	0.48	
				09.02.2018	(152260)	Sale	1077467	0.42	
				16.02.2018	(134580)	Sale	942887	0.37	
	At the end of the year (or on the date of separation, if separated during the year)							942887	0.37

v) Shareholding of Directors and Key Managerial Personnel:

Executive Directors

SN	Krishna Prasad Chigurupati	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2017 to 31-03-2018)		
							No. of Shares	% of total shares of the Company	
1	At the beginning of the Year	71679610	31.34						
				09.10.2017	285450	Purchase	71965060	28.36	
				24.11.2017	143463	Purchase	72108523	28.41	
				to 27.11.2017					
				22.03.2018	23221404	Inter-se Transfer	95329927	37.56	
	At the end of the year							95329927	37.56

SN	Uma Devi Chigurupati	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2017 to 31-03-2018)	
							No. of Shares	% of total shares of the Company
2	At the beginning of the Year	7580000	3.31					
				09.10.2017	30000	Purchase	7610000	3.00
				24.11.2017 to 27.11.2017	15200	Purchase	7625200	3.00
				20.12.2017 to 22.12.2017	2277660	Inter-se transfer	9902860	3.90
	At the end of the year						9902860	3.90

SN	VVNKV Prasada Raju	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2017 to 31-03-2018)	
							No. of Shares	% of total shares of the Company
3.	At the beginning of the Year	100000	0.04					
	At the end of the year					No Change during the year	100000	0.04

Non-Executive Directors

SN	Harsha Chigurupati	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2017 to 31-03-2018)	
							No. of Shares	% of total shares of the Company
1.	At the beginning of the Year	2277660	1.05					
				20.12.2017 to 22.12.2017	2277660	Inter-se transfer	Nil	Nil
	At the end of the year						Nil	Nil

SN	L. S. Sarma	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2017 to 31-03-2018)	
							No. of Shares	% of total shares of the Company
2.	At the beginning of the Year	160000	0.07					
	At the end of the year					No Change during the year	160000	0.06

SN	A. P. Kurian	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/Decrease in Share-holding	Reason	Cumulative Shareholding during the year (01-04-2017 to 31-03-2018)	
							No. of Shares	% of total shares of the Company
3.	At the beginning of the Year	450000	0.20			No Change during the year		
	At the end of the year						450000	0.18

SN	C. Parthasarathy	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/Decrease in Share-holding	Reason	Cumulative Shareholding during the year (01-04-2017 to 31-03-2018)	
							No. of Shares	% of total shares of the Company
4.	At the beginning of the Year	400000	0.17			No Change during the year		
	At the end of the year						400000	0.16

SN	A. Arun Rao	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/Decrease in Share-holding	Reason	Cumulative Shareholding during the year (01-04-2017 to 31-03-2018)	
							No. of Shares	% of total shares of the Company
5.	At the beginning of the Year	360000	0.16					
	At the end of the year			18.04.2017	(350000)	Transfer	10000	0.00
	At the end of the year						10000	0.00

SN	Dr. Krishna Murthy Ella	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/Decrease in Share-holding	Reason	Cumulative Shareholding during the year (01-04-2017 to 31-03-2018)	
							No. of Shares	% of total shares of the Company
6.	At the beginning of the Year	400000	0.17			No Change during the Year		
	At the end of the year						400000	0.16

SN	K. B. Sankar Rao	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/Decrease in Share-holding	Reason	Cumulative Shareholding during the year (01-04-2017 to 31-03-2018)	
							No. of Shares	% of total shares of the Company
7.	At the beginning of the Year	3636360	1.59			No Change during the Year		
	At the end of the year						3636360	1.43

Key Managerial Personnel

SN	VVS Murthy*	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2017 to 31-03-2018)	
							No. of Shares	% of total shares of the Company
1.	At the beginning of the Year	300000	0.13					
	On the date of separation.						300000	0.13

*Mr. VVS Murthy was Chief Financial Officer of the Company till May 11, 2017.

SN	K. Ganesh	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2017 to 31-03-2018)	
							No. of Shares	% of total shares of the Company
2.	At the beginning of the Year	Nil	Nil					
	At the end of the year						Nil	Nil

SN	Chaitanya Tummala	No. of Shares at the beginning	% of total shares of the Company	Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2017 to 31-03-2018)	
							No. of Shares	% of total shares of the Company
3.	At the beginning of the Year	Nil	Nil					
	At the end of the year						Nil	Nil

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

					(₹ In lakhs)	
		Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness	
Indebtedness at the beginning of the financial year						
i)	Principal Amount	65,594.71	55.48	-	65,650.19	
ii)	Interest due but not paid	-	-	-	-	
iii)	Interest accrued but not due	68.23	-	-	68.23	
Total (i+ii+iii)		65,662.94	55.48	-	65,718.42	
Change in Indebtedness during the financial year						
Addition (including forex fluctuation)		45,440.91	-	-	45,440.91	
Reduction		-13,211.28	-35.70	-	-13,246.99	
Net Change		32,229.63	-35.70	-	32,193.93	
Indebtedness at the end of the financial year						
i)	Principal Amount	97,824.34	19.78	-	97,844.12	
ii)	Interest due but not paid	-	-	-	-	
iii)	Interest accrued but not due	232.29	-	-	232.29	
Total (i+ii+iii)		98,056.63	19.78	-	98,076.41	

VI. Remuneration of Directors and Key Managerial Personnel-**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager			(₹ In lakhs)
		Krishna Prasad Chigurupati (Chairman & Managing Director)	Uma Devi Chigurupati (Executive Director)	V.V.N.K.V. Prasada Raju (Executive Director)	Total Amount
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	180.00	23.28	77.10	280.38
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	28.66		15.90	44.55
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961				
2	Stock Option				
3	Sweat Equity				
4	Commission				
	- as % of profit	912.47	873.62	131.23	1,917.33
	- others, specify				
5	Others, please specify				
	Total (A)	1121.13	896.90	224.23	2,242.26
	Ceiling as per the Act (being 10% of the net profits of the Company calculated as per section 198 of the Companies Act, 2013).				2242.26

B. Remuneration to other directors

SN.	Particulars of Remuneration	Name of the Directors					(₹ In lakhs)
		L. S. Sarma	A. P. Kurian	C. Parthasarathy	A. Arun Rao	Krishna Murthy Ella	Total Amount
1	Independent Directors						
	Fee for attending Board and committee meetings	8.70	2.10	7.40	10.80	0.80	29.80
	Commission						
	Others, please specify						
	Total (1)	8.70	2.10	7.40	10.80	0.80	29.80
2	Other Non-Executive Directors	K.B. Sankar Rao	Harsha Chigurupati				
	Fee for attending Board and committee meetings	8.00	2.40				10.40
	Commission						
	Others, please specify						
	Total (2)	8.00	2.40				10.40
	Total (B)=(1+2)						40.20
	Overall Ceiling as per the Act is ₹ 224.23 lakhs being 1% of the net profits of the Company calculated as per section 198 of the Companies Act, 2013.						
	Total Managerial Remuneration*						2282.46

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

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

SN. Particulars of Remuneration	Key Managerial Personnel				(₹ In lakhs)
	CEO	VVS Murthy (CFO till 11.05.2017)	K. Ganesh (CFO w.e.f.12.05.2017)	Chaitanya Tummala (CS)	Total Amount
1 Gross salary					
(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	NA	27.00	133.60	29.16	189.76
(b) Value of perquisites u/s 17(2) Income-tax Act, 1961			1.44	2.16	3.60
(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961					
2 Stock Option					
3 Sweat Equity					
4 Commission					
- as % of profit					
others, specify					
5 Others, please specify					
Total (A)	NA	27.00	135.04	31.32	193.36

VII. Penalties / Punishment/ Compounding of Offences:

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

On behalf of the Board of Directors

Krishna Prasad Chigurupati

Chairman and Managing Director

DIN: 00020180

Hyderabad, July 23, 2018

Corporate Governance Report

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

Company's Philosophy on Code of Corporate Governance

Granules India Limited (Granules/Company) ensures adherence and enforcement of the principles of corporate governance with a focus on transparency, professionalism, fairness and accountability. The Company believes that corporate governance has a role to ensure that the Directors of the Company are subject to their duties, obligations, accountability and responsibilities, to act in the best interest of the Company and to remain accountable to the shareholders and other beneficiaries for their corporate actions. The Company also believes that an active, well informed and independent Board is necessary to ensure the highest standard of corporate governance. At Granules, the Board of Directors is at the core of corporate governance and oversees how the management serves and protects the interest of the stakeholders. The Board of Granules is responsible for and committed to the sound principles of corporate governance in the Company. Our corporate governance framework ensures that we make timely disclosures and share accurate information 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 in an effective and efficient manner. The Company Secretary at Granules acts as the Secretary to all the Committees of the Board constituted under the Companies Act, 2013. The Chairman and Managing Director (CMD) provide overall direction and guidance to the Board. Concurrently, the CMD is responsible for overall implementation of decisions and policies. In the operations and functioning of the Company, the CMD is assisted by the Executive Directors and a core group of senior level executives.

Board Leadership

A majority of the Board, 5 out of 10, are Independent Directors. At Granules, it is believed that an enlightened Board consciously creates a culture of leadership which in turn provides a long-term vision and policy approach to improve the quality of governance. The Board's actions and decisions are aligned with the Company's best interests. Granules is committed to the goal of sustainability and elevating the Company's value creation.

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

Ethics/Governance Policies

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

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

The Board of Directors

Board Composition and Category of Directors

The Board of Directors of your Company as on the date of this report representing the optimum blend of professionalism, knowledge and experience. The composition of the Board and category of Directors are as follows:

Sl. No	Name of the Director	Category
1	Mr. Krishna Prasad Chigurupati Chairman & Managing Director DIN – 00020180	Non-Independent, Executive
2	Mr. L. S. Sarma DIN – 00009530	Independent, Non-Executive
3	Mr. A. P. Kurian DIN – 00008022	Independent, Non-Executive
4	Mr. C. Parthasarathy DIN - 00079232	Independent, Non-Executive
5	Dr. Krishna Murthy Ella DIN – 00072071	Independent, Non-Executive
6	Mr. A. Arun Rao DIN – 00876993	Independent, Non-Executive
7	Mr. Harsha Chigurupati DIN – 01606477	Non-Independent, Non-Executive
8	Mrs. Uma Devi Chigurupati DIN – 00737689	Non-Independent, Executive
9	Mr. Kolli Basava Sankar Rao DIN – 05167550	Non-Independent, Non-Executive
10	Dr. V.V.N.K.V. Prasada Raju DIN -07267366	Non-Independent, Executive

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

During the financial year 2017-18, the Company had the Managing Director as Chairman who is promoter of the Company and the number of Independent Directors during the year was five, which was in compliance with the requirement of having one-half of the Board as an Independent Directors. None of the Directors on the Board are member of more than 10 (ten) Committees or Chairperson of more than 5 (five) Committees as specified in regulation 26(1) of the Listing Regulations, across all the Companies in which he / she is a Director.

Selection of Independent Directors

Considering the requirement of skill sets on the Board, eminent people having an independent standing in their respective field/profession, and who can effectively contribute to the

Company's business and policy decisions are considered by the Nomination and Remuneration Committee, for appointment, as Independent Directors on the Board. The Committee, inter alia, considers qualification, positive attributes, area of expertise and number of Directorships and Memberships held in various committees of other companies by such persons in accordance with the Company's Policy for Selection of Directors and determining Directors' independence. The Board considers the Committee's recommendation, and takes appropriate decision.

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

Lead Independent Director

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

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

Meetings of Independent Directors

The Company's Independent Directors met one time during the financial year 2017-18 without the presence of Executives. Such meeting was conducted to enable the Independent Directors to discuss matters pertaining to the Company's affairs and put forth their views to the Lead Independent Director. The Lead Independent Director takes appropriate steps to present Independent Directors' views to the Chairman and Managing Director.

Directors' Profile

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

Board Meetings, Board Committee Meetings and Procedures

Institutionalized decision-making process

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

The Board has constituted seven Committees, namely Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Share Transfer and Stakeholders Relationship Committee, Business Review Committee, Risk Management Committee and QIP Committee. The Board is authorised to constitute additional functional Committees, from time to time, depending on business needs.

Scheduling and Selection of Agenda items for Board and Committee Meetings

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

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

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

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

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

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

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

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

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

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

Recording Minutes of Proceedings at Board and Committee Meetings

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

Post Meeting follow-up Mechanism

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

Compliance

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

Number of Board meetings

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

Date	Board Strength	No. of Directors Present
May 11, 2017	10	10
July 05, 2017	10	7
July 25, 2017	10	7
August 14, 2017	10	10
September 20, 2017	10	7
November 09, 2017	10	8
February 08, 2018	10	8

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 2017 – March 2018 and the number of Directorships and Committee Chairmanships / Memberships held by them in other Companies is given below.

Name	Category	Attendance at meetings during the FY 2017-18		No. of Director-ships in other public Companies	No. of Membership(s) /Chairmanship(s) of Board Committees in other Companies as on 31-03-2018	
		Board	AGM		(1)	(2)
Mr. Krishna Prasad Chigurupati Chairman & Managing Director DIN – 00020180	Non-Independent, Executive	7	Yes	NIL		NIL
Mr. L. S. Sarma DIN – 00009530	Independent, Non-Executive	7	Yes	NIL		NIL
Mr. A. P. Kurian DIN – 00008022	Independent, Non-Executive	3	No	3		3 (including 1 as Chairman)
Mr. C. Parthasarathy DIN – 00079232	Independent, Non-Executive	6	Yes	9		5 (including 2 as Chairman)
Dr. Krishna Murthy Ella DIN – 00072071	Independent, Non-Executive	2	No	1		1 (as Chairman)
Mr. A. Arun Rao DIN – 00876993	Independent, Non-Executive	7	Yes	NIL		NIL
Mr. Harsha Chigurupati DIN – 01606477	Non-Independent, Non-Executive	6	No	NIL		NIL
Mrs. Uma Devi Chigurupati DIN – 00737689	Non-Independent, Executive	7	Yes	NIL		NIL
Mr. Kolli Basava Sankar Rao DIN – 05167550	Non-Independent, Non-Executive	6	No	NIL		NIL
Dr. V.V.N.K.V. Prasada Raju DIN- 07267366	Non-Independent, Executive	6	Yes	NIL		NIL

Note:

- (1) The directorships, held by Directors as mentioned above, do not include directorships in foreign companies.
- (2) In accordance with regulation 26(1) of the Listing Regulations, Memberships/Chairmanships of only Audit Committees and Stakeholders' Relationship Committees in all public limited companies (excluding Granules India Limited) have been considered.

Shares held by Non-Executive Directors:

The number of equity shares of the Company held by Non-Executive Directors, as on March 31, 2018 are as follows:

SL. NO	Name of Non-Executive Director	No. of shares held	Percentage of paid-up capital
1.	Mr. L.S. Sarma	160,000	0.06
2.	Mr. A.P. Kurian	450,000	0.18
3.	Mr. A. Arun Rao (holding along with his spouse)	360,000	0.14
4.	Dr. Krishna Murthy Ella	400,000	0.16
5.	Mr. C. Parthasarathy	400,000	0.16
6.	Mr. Kolli Basava Sankar Rao (holding along with his spouse)	51,67,430	2.04
7.	Mr. Harsha Chigurupati (holding along with his spouse)	29,500	0.01

Details of Directors proposed for re-appointment at the Annual General Meeting

In accordance with the provisions of Section 152 of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Harsha Chigurupati, Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible, seek re-appointment. Details of Mr. Harsha Chigurupati are enclosed to this report.

Committees of the Board

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

Audit Committee

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

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

- a. Overview of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information is disclosed.

- b. Recommending the appointment and removal of statutory auditors, internal auditors and cost auditors, fixation of their audit fee and approval for payment for any other services.
- c. Reviewing financial statements and draft audit report, including quarterly / half-yearly financial information.
- d. Reviewing with the management the annual financial statements before submission to the Board, focusing primarily on:
 - The changes in accounting policies and practices.
 - Major accounting entries based on exercise of judgment by the management.
 - Qualifications in draft audit report.
 - Significant adjustment arising out of audit.
 - The going concern assumption.
 - Compliance with the accounting standards, listing regulations & legal requirements concerning financial statements.
 - Review and approval of related party transactions.
- e. Reviewing, with the management, external and internal auditors, the adequacy and compliance of internal control systems.
- f. Reviewing the adequacy of internal audit functions.
- g. Discussion with the internal auditors on any significant findings and follow up thereon.
- h. Reviewing the Company's financial and risk management policy.
- i. Vigilance mechanism
- j. Any other function as delegated by the Board from time to time.

During the financial year April 2017 – March 2018, 5 (Five) Audit Committee meetings were held. The dates on which the said meetings were held are: 10th May 2017, 14th August 2017, 20th September 2017, 08th November 2017, and 07th February 2018. The Audit Committee at its meeting held on 10th May 2017 had considered the audited annual accounts for the financial year 2016-17.

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

Name	Category	Number of meetings during the financial year 2017-2018	
		Held	Attended
Mr. C. Parthasarathy, Chairman	Independent, Non-Executive	05	04
Mr. L. S. Sarma	Independent, Non-Executive	05	05
Mr. A. P. Kurian	Independent, Non-Executive	05	03
Mr. A. Arun Rao	Independent, Non-Executive	05	05
Mr. Krishna Prasad Chigurupati	Non-Independent, Executive	05	05

The Audit Committee meetings were also attended by the partner / representatives of Statutory Auditors and Internal Auditors. Mr. C. Parthasarathy, Chairman of the Audit Committee, was present at the 26th Annual General Meeting of the Company held on September 28, 2017. Ms. Chaitanya Tummala, Company Secretary of the Company also acts as the Secretary to the Audit Committee.

Nomination & Remuneration Committee

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

The Nomination & Remuneration Committee deals with all elements of remuneration package, stock options, service contracts and other terms and conditions of service of the Executive Directors, Directors / Promoters relatives and the senior management. The remuneration policy is

directed towards rewarding performance, based on review of achievements on a periodical basis. The remuneration policy is in consonance with the existing industry practice. The remuneration policy of the Company is primarily based on the criteria like performance of the Company, potential, experience and performance of individual personnel and external environment. The Nomination & Remuneration Committee for the FY 2017-18 comprises of three Independent Non-Executive Directors, one Non-Independent Non-Executive Director and one Executive Director. Mr. C. Parthasarathy, Independent Director, is the Chairman of the Committee.

4 (Four) meetings of the Nomination & Remuneration Committee were held during the financial year 2017 - 2018. The dates on which the said meetings were held are: 04th April 2017, 10th May 2017, 08th November 2017 and 07th February 2018. The composition of the Nomination & Remuneration Committee and particulars of meetings attended by the members of the Committee are given below:

Name	Category	Number of meetings during the financial year 2017-18	
		Held	Attended
Mr. C. Parthasarathy, Chairman	Independent, Non-Executive	04	02
Mr. L. S. Sarma	Independent, Non-Executive	04	04
Mr. A. Arun Rao	Independent, Non-Executive	04	04
Mr. K.B. Sankar Rao	Non-Independent, Non-Executive	04	04
Mr. Krishna Prasad Chigurupati	Non-Independent, Executive	04	04

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

Share Transfer and Stakeholders Relationship Committee

The Committee's composition and terms of reference are in compliance with the provisions of the Companies Act, 2013 and Regulation 20 of the Listing Regulations. Share Transfer and Stakeholders Relationship Committee was constituted

to specifically look into the matters of investor's grievances such as transfer, transmission, split and consolidation of investor's holding, replacement of lost / mutilated / stolen share certificates, dematerialization of shares, non-receipt of dividend / notices / annual reports and change of addresses, among others. The main object of the Committee is to strengthen investor relations. The Committee also evaluates the performance and service standards of the Registrar and Share Transfer Agent of the Company and also provides continuous guidance to improve the service levels for the investors.

5 (Five) meetings of the Committee were held during the financial year April 2017- March 2018. The composition of the Committee during the year April 2017 – March 2018 and the details of meetings attended by its members are given below:

Name	Category	Number of meetings during the financial year 2017–2018	
		Held	Attended
Mr. A. Arun Rao, Chairman	Independent, Non-Executive	5	5
Mrs. Uma Devi Chigurupati	Non-Independent, Executive	5	5
Mr. Krishna Prasad Chigurupati	Non-Independent, Executive	5	5

Compliance Officer

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

Investor Grievance Redressal

During the financial year 2017-18, 76 (Seventy Six) complaints / requests were received from the shareholders and all their grievances were redressed and no complaint / request is pending as on March 31, 2018.

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. 8 (eight) meetings of the Committee were held during the financial year April 2017 - March 2018. 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 2017-18	
		Held	Attended
Mr. K.B. Sankar Rao, Chairman	Non-Independent, Non-Executive	08	08
Mr. L. S. Sarma	Independent, Non-Executive	08	08
Mr. C. Parthasarathy	Independent, Non-Executive	08	05
Mr. A. Arun Rao	Independent, Non-Executive	08	08
Mr. Krishna Prasad Chigurupati	Non-Independent, Executive	08	08

Corporate Social Responsibility (CSR) Committee

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

Name	Category	Number of meetings during the financial year 2017-18	
		Held	Attended
Mrs. Uma Devi Chigurupati, Chairperson	Non-Independent, Executive	02	02
Mr. Krishna Prasad Chigurupati	Non-Independent, Executive	02	02
Mr. A. Arun Rao	Independent, Non-Executive	02	02

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

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

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

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

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

Qualified Institutional Placement (QIP) Committee

The QIP Committee was constituted by the Board on May 11, 2017 in order to effectively pursue the issue of equity shares through Qualified Institutions Placement.

The Committee has met 4 (four) times during the year under review. The Company Secretary shall act as the Secretary of the Committee.

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

Name	Category	Number of meetings during the financial year 2017-18	
		Held	Attended
Mr. Krishna Prasad Chigurupati, Chairman	Non-Independent, Executive	04	04
Mr. C. Parthasarathy	Independent, Non-Executive	04	04
Mr. K.B. Sankar Rao	Non-Independent, Non-Executive	04	04

Risk Management Committee

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

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

Directors' Remuneration

Remuneration policy

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

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

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

Remuneration paid to the Chairman and Managing Director and Whole-time Directors during the FY 2017-18

Name	Salary	Perquisites	Commission	(₹ in Lakhs)
				Total
Mr. Krishna Prasad Chigurupati Chairman & Managing Director	180.00	28.66	912.47	1121.13
Mrs. Uma Devi Chigurupati Executive Director	23.28	-	873.62	896.90
Dr. V.V.N.K.V. Prasada Raju Executive Director	77.10	15.90	131.23	224.23

Remuneration paid to Non-Executive Directors during the FY 2017-18

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

Following are the details of sitting fees paid to the Directors for attending Board and Committee meetings during the FY 2017-18:

Name	Sitting fee (₹)
Mr. L. S. Sarma	8,70,000
Mr. A. P. Kurian	2,10,000
Mr. Arun Rao Akinepally	10,80,000
Dr. Krishna Murthy Ella	80,000
Mr. C. Parthasarathy	7,40,000
Mr. Kolli Basava Sankar Rao	8,00,000
Mr. Harsha Chigurupati	2,40,000

General Body Meetings**Annual General Meetings**

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

AGM	Year	Location	Date	Time	Number of special resolutions passed
26th	2016-17	Hotel Taj Banjara Road No. 1, Banjara Hills, Hyderabad	28/09/2017	4:00 PM	5
25th	2015-16	Hotel Taj Banjara Road No. 1, Banjara Hills, Hyderabad	11/08/2016	4:00 PM	Nil
24th	2014-15	Hotel Taj Banjara, Road No.1, Banjara Hills, Hyderabad	13/08/2015	4.00 PM	3

Extra-ordinary General Meetings

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

Year	Location	Date	Time	Number of special resolutions passed
2017	Hotel Taj Banjara Road No. 1, Banjara Hills, Hyderabad	12/06/2017	4:00 PM	1
2015	Hotel Taj Banjara Road No. 1, Banjara Hills, Hyderabad	24/08/2015	4:00 PM	1
2015	Hotel Taj Banjara Road No. 1, Banjara Hills, Hyderabad	27/02/2015	4:00 PM	4

Postal Ballot

For the year ended March 31, 2018 there were no resolutions passed through postal ballot. At the ensuing Annual General Meeting, there is no resolution proposed to be passed through postal ballot.

Disclosures

i) Related Party Transactions

During the year ended March 31, 2018, there were no materially significant related party transactions, which could have potential conflict with the Company's interests at large. Statement in summary form of transactions with related parties is placed before the audit committee for review. All related party transactions are negotiated on an arms length basis, and are intended to further the Company's interests. In compliance with regulation 53(f) of the Listing Regulations and the accounting standard 18, transactions with related parties are disclosed in the notes to accounts.

ii) Details of non-Compliance etc.

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

iii) Disclosure of Accounting Treatment

The Company has followed the accounting standards in the preparation of its financial statements.

iv) Whistle Blower policy

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

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

v) Board Disclosures -Risk Management

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

vi) Subsidiary Companies

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

Subsidiary Companies Monitoring Framework

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

vii) Code of Conduct

The Company has laid down a "Code of Conduct" for the Directors and the Senior Management Personnel. The code has been posted on the website of the Company. The members of the Board including Independent Directors and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct as at March 31, 2018. A declaration to this effect signed by Mr. Krishna Prasad Chigurupati, Chairman and Managing Director is given in Annexure to this report.

viii) CEO and CFO certification

The Chairman and Managing Director and the Chief Financial Officer have certified to the Board regarding compliance of matters specified in regulation 17(8) read with Part B of Schedule II of the Listing Regulations and the same forms part of this Corporate Governance Report. The certificate has been reviewed by the Audit Committee and taken on record by the Board at the meeting held on 24th May 2018.

ix) Compliance Certificate of the Auditors

Certificate from the Company's Auditors, M/s. B S R & Associates LLP confirming compliance with conditions

of Corporate Governance, as stipulated under Regulation 34 of the Listing Regulations, is attached to this Report.

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

In accordance with the provisions of Chapter VIII of the Securities Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended and pursuant to the approval accorded by the shareholders in the Extra-Ordinary General Meeting held on June 12, 2017, the Company has raised a sum of ₹ 30,015.19 lakhs during the year ended March 31, 2018 by allotment of 2,47,54,792 equity shares of ₹ 1/- each at a premium of ₹ 120.25 per share through Qualified Institutions Placement. The proceeds are being utilized for capital expenditure, working capital requirements, pre-payment of the loans, investment in subsidiary company and for other general corporate purposes.

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

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

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

xii) Familiarisation programmes for Board Members

The Board members are provided with necessary documents, reports and internal policies to enable them to familiarise with the Company's procedures and

practices. Periodic presentations are made at the Board and Board Committee Meetings, on business and performance updates of the Company, global business environment, business strategy and risks involved. Details of the familiarization programmes imparted to Independent Directors are placed on the website of the Company www.granulesindia.com.

xiii) Policy on Material Subsidiaries

In terms of regulation 16 of the Listing Regulations, the Board of Directors has adopted a policy with regard to determination of Material Subsidiaries. The policy is placed on the website of the Company www.granulesindia.com.

xiv) Related Party Transactions Policy

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

xv) Prevention of Insider Trading

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

xvi) Commodity Price Risks and Commodity Hedging activities

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

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

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

Means of Communication

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

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

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

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

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

Management Discussion and Analysis (MDA) Report:

The report on MDA forms part of the annual report.

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

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

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

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

Dedicated e-mail ID

investorrelations@granulesindia.com

General Shareholder Information

Company Registration Details

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

27th Annual General Meeting

Thursday, September 06, 2018 at 4.00 P.M. at Taj Banjara, Road No.1, Banjara Hills, Hyderabad – 500 034 (TS), India.

Financial year

April 1 to March 31

Date of Book Closure

31st August 2018 to 6th September 2018 (both days inclusive)

Dividend Payment

The final dividend, if declared, shall be paid /credited on or before 5th October 2018. Company has paid interim dividend of 75 paise per equity share during the year.

Listing on Stock Exchanges

Equity Shares

BSE Limited (Bombay Stock Exchange)

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

National Stock Exchange of India Limited (NSE)

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

Payment of Listing Fees

Annual listing fee for the financial year 2018-19 has been paid by the Company to BSE and NSE.

Payment of Depository Fees

Annual Custody fee for the financial year 2018-19 has been paid by the Company to CDSL and NSDL.

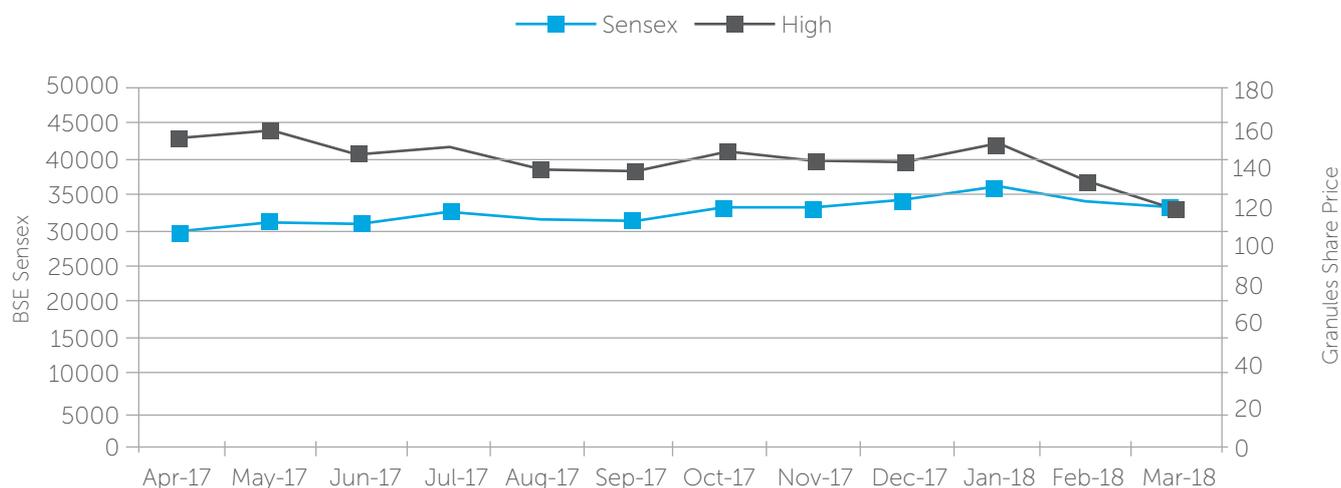
Stock Market Price Data

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

Month	BSE			NSE		
	High	Low	Volume	High	Low	Volume
Apr-17	153.70	135.65	37,49,162	153.50	136.10	3,04,79,221
May-17	157.00	131.90	57,41,422	157.25	131.75	4,84,21,867
Jun-17	145.75	125.50	27,07,154	145.95	125.60	3,00,39,940
Jul-17	147.75	133.85	29,29,503	147.50	133.45	2,55,08,799
Aug-17	138.80	101.95	46,84,648	138.95	101.25	3,88,58,335
Sep-17	137.90	110.80	31,09,527	135.90	111.00	3,25,71,816
Oct-17	146.40	113.50	60,09,740	146.50	113.35	7,10,84,913
Nov-17	142.75	119.00	41,74,211	142.90	118.85	4,28,59,198
Dec-17	141.50	122.05	43,45,072	141.50	122.10	4,55,10,093
Jan-18	150.50	131.00	45,36,977	150.00	130.85	5,10,15,117
Feb-18	132.20	110.00	31,52,050	132.20	110.15	3,81,95,111
Mar-18	118.60	101.00	20,25,884	118.70	101.25	2,72,01,069

Performance of Share Price

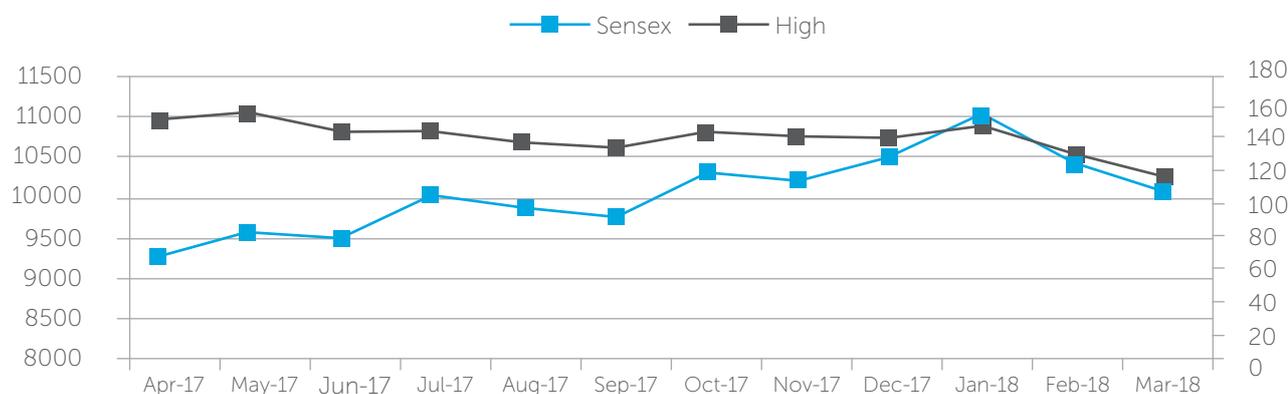
The graphical presentation on the performance of share price of the Company in comparison to the BSE Sensex is provided herein under:

**Tentative calendar for financial year ending 31st March 2019:**

The tentative dates of meeting of Board of Directors for consideration of quarterly financial results for the financial year ending 31st March, 2019 are as follows:

Results	Tentative Dates
First quarter results	23 rd July 2018
Second quarter and half yearly results	30 th October 2018
Third quarter results	31 st January 2019
Fourth quarter and annual results	16 th May 2019

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



Registrar and Transfer Agents

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

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

Share Transfer System

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

Shareholding

a) Shareholding pattern by size as on March 31, 2018

Category (Shares)	No. of Shareholders	No. of Shares held	Percentage of Shareholding
1 - 5000	1,09,092	3,85,81,845	15.20
5001 - 10000	1,003	75,66,474	2.98
10001 - 20000	404	58,88,823	2.32
20001 - 30000	161	41,00,829	1.62
30001 - 40000	70	24,99,396	0.98
40001 - 50000	47	21,74,844	0.86
50001 - 100000	69	49,23,086	1.94
100001 & ABOVE	132	18,81,02,265	74.10
TOTAL	1,10,978	25,38,37,562	100.00

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

Reconciliation of Share Capital

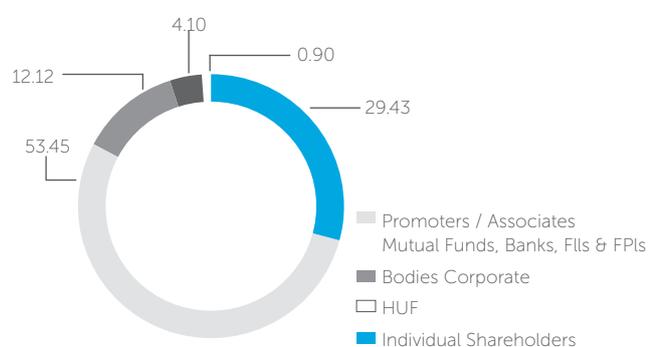
A qualified practicing Company Secretary carried out audit to reconcile the total admitted capital with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The secretarial audit report confirms that the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

b) Shareholding pattern category wise as on March 31, 2018

Category	No. of Shares held	Percentage of Shareholding
Promoters/Associates	11,40,70,801	44.94
Mutual Funds, Banks, FPI etc.	3,69,04,644	14.54
Bodies Corporate	1,80,15,326	7.10
HUF	22,71,531	0.89
Individual Shareholders	8,25,75,260	32.53
TOTAL	25,38,37,562	100.00

The graphical presentation of the shareholding pattern of the Company as on March 31, 2018 is herein under provided:

Number of Shares held (%)



Dematerialization of shares and liquidity

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

Limited (CDSL). The Company's equity shares, representing 99.80% of the Company's share capital were dematerialised as on March 31, 2018.

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

Outstanding GDRs / ADRs / warrants

There are no outstanding GDRs/ADRs/warrants as on 31st March 2018.

Employee Stock Options

The information on Options granted by the Company during the financial year 2017-18 and other particulars with regard to Employees' Stock Options are set out in the Director's Report

Disclosure with respect to Demat suspense account/ unclaimed suspense account

Unclaimed equity shares are held in Granules India Limited-Unclaimed shares suspense account maintained with Karvy Stock Broking Limited, Karvy Millennium, Plot no. 31, 2nd,floor, Financial District, Gachibowli, Hyderabad,500032 vide Client ID: 19389913 and DP ID:IN300394. In accordance with the requirement of Clause F of Schedule V of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Company reports the following details in respect of equity shares lying in the suspense account:

Sl. No.	Particulars	Number of Shareholders	Number of equity shares
1	Aggregate number of shareholders and the outstanding shares in the Unclaimed Suspense account at the beginning of the year i.e., April 01, 2017.	66	1,74,000
2	No. of shareholders who approached the Company for transfer of shares from Unclaimed Suspense account during the year.	Nil	Nil
3	No. of shareholders to whom shares were transferred from the Unclaimed Suspense account during the year.	Nil	Nil
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.	(40)	(93,000)
5	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense account at the end of the year i.e., March 31, 2018.	26	81,000

The voting rights on the shares outstanding in the suspense account as on March 31, 2018 shall remain frozen till the rightful owner of such shares claim the shares.

Transfer of shares to Investor Education and Protection Fund

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

As per the General circular No. 11/06/2017- IEPF, dated 16th October, 2017, issued by the Government of India, Ministry of Corporate Affairs, the Company has transferred 1,68,433 (0.07%) equity shares to Investor Education and Protection Fund.

Plant locations**1. Finished Dosage Unit:**

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

2. API Unit – I:

Sy.No.532, 533, 535, 536, 537 & 646, Temple Road, Bonthapally Village, Gummadidala Mandal, Sangareddy Dist-502313, Telangana State, India.

3. API Unit – II:

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

4. API Unit – III:

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

5. API Unit – IV:

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

6. API Unit – V

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

R & D Centres

1. Plot No. 56, Road No. 5, ALEAP Area, Pragathi Nagar, Gajularamaram village, Qutbullapur Mandal, Hyderabad - 500072, Medchal-Malkajgiri Dist., Telangana State, India.
2. Survey Nos. 234 / 1 to 4 and 6 to 7, 235 / 6 to 9 and 245 / 1 to 3, Hinjewadi Village, Mulshi Taluka, Pune Dist., 412115, India.
3. Plot No. 160/A, 161/E, Gagillapur Village, Dindigal-Gandimaisamma Mandal, Medchal-Malkajgiri dist., 500043, Telangana State, India.
4. Plot No. 15A/1, Phase-III, I.D.A, Jeedimetla, Qutubullapur Mandal, Hyderabad- 500055, Medchal-Malkajgiri Dist., Telangana State, India.

Address for correspondence

Registered Office & Corporate Office
2nd Floor, 3rd Block, My Home Hub, Madhapur, Hyderabad (TS) – 500081, India
Tel: 91-40-30660000, Fax: 91-40-23115145
E-mail: investorrelations@granulesindia.com
Website: www.granulesindia.com

Green Initiative in the Corporate Governance

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

On behalf of the Board of Directors

Krishna Prasad Chigurupati

Chairman and Managing Director
DIN: 00020180

Hyderabad, July 23, 2018

Profile of Directors seeking re-appointment at the ensuing Annual General Meeting

Name of Director	Mr. Harsha Chigurupati
Date of Birth	05.09.1983
Qualifications	Bachelor's degree of science in business administration from Boston University, USA.
Date of first appointment on the Board	July 26, 2010
Relationship with other Directors	Son of Mr. Krishna Prasad Chigurupati, Chairman and Managing Director and Mrs. Uma Devi Chigurupati, Executive Director. There are no inter-se relationship between the other Board members and Key Managerial Personnel.
Number of meetings of the Board attended during the financial year (2017-18)	6
Expertise in specific functional area	Vast experience in Pharmaceutical field.
Profile	Mr. Harsha Chigurupati has been with Granules since 2005 and served as CMO from 2006-2010 and as an Executive Director from 2010-2015. As CMO, Mr. Chigurupati was instrumental in commercializing the Company's Finished Dosage Division and changing the Company's focus towards marquee customers. As an Executive Director, Mr. Chigurupati was responsible for the standalone operation of Granules India including the P&L. Mr. Chigurupati is the founder of Chigurupati Technologies, a research and development focused company that actively works to evolve the quality and duration of human life through technological advancement. He holds patents in over 55 countries, has been published in a variety of esteemed peer review journals and has filed the world's first health petition associated with alcoholic beverages. He is the creator of a new category of liver & DNA friendly alcoholic beverages referred to as "Functional Spirits".
Directorships of other Boards as on March 31, 2018	Chigurupati Technologies Pvt. Ltd
Chairman/member of the Committee of the Board of Directors of the Company	Nil
Membership / Chairmanship of Committees of other Boards as on March 31, 2018	Nil
Number of shares held in the company as on March 31, 2018	Nil

Certificate on Compliance with Code of Conduct

I hereby confirm that the Company has obtained from all the members of the Board and Senior Management Personnel, affirmation that they have complied with the 'Code of Conduct' in respect of the financial year 2017-18.

Place: Hyderabad
Date: May 24, 2018

Krishna Prasad Chigurupati
Chairman & Managing Director
DIN: 00020180

CEO and CFO Certification

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

To,

The Board of Directors

Granules India Limited

We hereby certify that:

- a. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2018 and that to the best of our knowledge and belief :
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the company during the period which are fraudulent, illegal or violate the company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or propose to take to rectify these deficiencies.
- d. We have indicated to the auditors and the Audit committee
 - i. that there are no significant changes in internal control over financial reporting during the year;
 - ii. that there are no significant changes in accounting policies during the year; and
 - iii. that there are no instances of significant fraud of the management or an employee having a significant role in the company's internal control system over financial reporting.

K. Ganesh
Chief Financial Officer

Krishna Prasad Chigurupati
Chairman & Managing Director
DIN: 00020180

Place: Hyderabad
Date: May 24, 2018

Independent Auditor's Certificate on the Corporate Governance Report

To the Members of Granules India Limited

- 1 This Certificate is issued in accordance with the terms of our engagement letter dated 03 October 2017.
- 2 Granules India Limited ('the Company') requires Independent Auditor's Certificate on Corporate Governance as stipulated in Regulations 17-27, Clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') for the year ending 31 March 2018.

Management responsibility

- 3 The preparation of the Corporate Governance Report is the responsibility of the Management of the Company along with the maintenance of all its relevant supporting records and documents. The Management is also responsible for ensuring that the Company complies with the Listing Regulations for the year ended 31 March 2018. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance report and applying an appropriate basis of preparation.

Auditor's Responsibility

- 4 Pursuant to the requirements of the Listing Regulations, our responsibility is to certify whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations, mentioned above, for the year ended 31 March 2018.
- 5 We have examined the compliance of the conditions of Corporate Governance by the Company for the year ended 31 March 2018 as per Regulations 17-27, Clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. 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 Ind AS financial statements of the Company.
- 6 We conducted our examination of the corporate governance compliance by the Company as per the Guidance Note on Reports or Certificates Special Purposes (Revised 2016), issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
- 7 We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Conclusion

- 8 In our opinion and to the best of our information and according to the explanations given to us and representations made by the Management, we certify that the Company has complied with the conditions of Corporate Governance as specified in Regulations 17-27, Clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 9 We state that such compliance is neither an assurance as to the future viability of the Company nor as to the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Restrictions on Use

This Certificate is issued solely for the purpose of complying with Regulations 17-27, Clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the year ended 31 March 2018 and may not be suitable for any other purpose. Accordingly, we do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

for **B S R & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 116231W/W-100024

Sriram Mahalingam

Partner

Membership Number: 049642

Place: Hyderabad

Date: 24 May 2018

Business Responsibility Report

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

Section A: General Information About the Company

1	Corporate Identity Number (CIN) of the Company	L24110TG1991PLC012471
2	Name of the Company	Granules India Limited
3	Registered address	2nd Floor, 3rd Block, My Home Hub, Madhapur, Hyderabad – 500081
4	Website	www.granulesindia.com
5	E-mail id	Investorrelations@granulesindia.com
6	Financial Year reported	Financial year ended March 31, 2018
7	Sector(s) that the Company is engaged in (industrial activity)	Manufacture of Pharmaceuticals
8	List three key products/services that the Company manufactures/provides (as in balance sheet)	Paracetamol, Metformin and Ibuprofen
9	Total number of locations where business activity is undertaken by the Company	Six
	(a) Number of International Locations (Provide details of major 5)	NIL
	(b) Number of National Locations	Six
10	Markets served by the Company : Local/State/National/ International	All markets (India and International)

Section B: Financial Details of the Company

1	Paid up Capital (₹ in Lakhs)	2,538.37
2	Total Turnover (₹ in Lakhs)	1,65,386.92
3	Total profit after taxes (₹ in Lakhs)	13,916.19
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	1.26
5	List of activities in which expenditure in 4 above has been incurred	(a) Skill development activity (b) Promoting preventive healthcare (c) Providing safe drinking water (d) Promotion of Sanitation (e) Promoting education, including special education to intellectual disabled poor and middle class children

Section C: Other Details

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

Section D: BR Information

1. Details of Director/Directors responsible for BR

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

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

(b) Details of the BR head

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

2. Governance related to BR

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

Section E: Principle-Wise Performance

Principle 1

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

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

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

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

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

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

Principle 2

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

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

(a) Active Pharmaceutical Ingredients

(b) Finished Dosages

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?

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

Granules India Limited is multi-facility, multi-product company; it is not possible to determine product wise resource utilization. However, Granules India Limited realizes the importance of its resources and thus continuously strives to optimize and make best possible use of its resources through continuous improvements and operational excellence.

At our Jeedimetla Unit, we have achieved 11% reduction in raw water consumption and 2% reduction in coal consumption through Continuous Improvement project initiatives. Also we have achieved 1% reduction in power consumption by converting CFL lamps to LED lights.

At our formulation unit located at Gagillapur, we have achieved 14% reduction in raw water consumption and 7% reduction in coal consumption through continuous improvement project initiatives.

All Our manufacturing facilities except API intermediate facility at Bonthapally are approved by regulatory agencies from US and EU and our products conform to the highest quality standards. On the environmental front, we seek to provide a safe working environment to our employees. Our manufacturing facilities at Gagillapur, Jeedimetla and API facility at Bonthapally have ISO 14001 and OHSAS 18001 certifications.

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

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

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

Granules India Limited as a responsible member of the society has initiated sourcing of electricity from Solar power plant during FY'17-18. At our formulation unit at Gagillapur, Upto 40% of our electricity demand was procured from environment friendly source of solar energy. We are looking forward to further explore this concept and increase solar power contribution to 60%. This clean and renewable source of energy would indirectly help in reducing our carbon footprint.

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

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

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

50% to 55% of packing material in terms of value is procured from local sources (Telangana state). In addition to packaging, APIs for our new products are being sourced from local vendors.

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

Yes, Granules India Limited has adopted mechanisms to recycle products and wastes generated during manufacturing processes. We recover key products and solvents used in the manufacturing process. We have reduced overall fresh solvent consumption by 13 % in our Jeedimetla Unit by effective recycling of recovered solvents.

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

Principle 3

Businesses should promote the wellbeing of all employees

- Please indicate the Total number of employees
We have 4,133 employees as on 31 Mar 2018
- Please indicate the Total number of employees hired on temporary/contractual/casual basis
We have 1,531 employees as on 31 Mar 2018
- Please indicate the Number of permanent women employees.
We have 175 employees as on 31 Mar 2018
- Please indicate the Number of permanent employees with disabilities
1
- Do you have an employee association that is recognized by management
No
- What percentage of your permanent employees is members of this recognized employee association?
NA

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

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

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

- Permanent Employees – 60%
- Permanent Women Employees – 40%
- Casual/Temporary/Contractual Employees – 80%
- Employees with Disabilities – 0%

Principle 4

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

- Has the company mapped its internal and external stakeholders? Yes/No
Yes, we have mapped our internal and external stakeholders.
- Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.
Yes, we have identified disadvantageous, vulnerable and marginalized stakeholders.
- Are there any special initiatives taken by the company to engage with the disadvantaged vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words.
The company has implemented EHS management systems to prevent environmental degradation, work place incidents and ill-health, covering all categories of employees including contract workmen. We have initiated Behavior Based Safety Management System, Process Safety Management System & Incident Analysis

System at our manufacturing facility and provided extensive trainings and awareness sessions to our employees and contract workmen in order to achieve safe work culture and environment.

Granules India Limited has partnered with Swarna Bharat Trust to provide skill development programs to needful youth and support them with employment opportunities. These youth are given the opportunity to be part of "Earn & Learn" programme. Through various training programmes, technical skills are imparted to these targeted youth who are then employable in various pharmaceutical companies. These members are provided with on-the-job training along with opportunities for higher education through "Self-Managed Team" way of working.

Principle 5

Business should respect and promote human rights

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

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

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

We didn't receive any complaints

Principle 6

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

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

The policy covers the company and Joint-Venture groups.

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

Granules India Limited has initiated use of electricity generated from Solar power plant during FY'17-18. In our formulation unit located at Gagillapur, over 40% of our electricity demand was procured from environment friendly renewable source of solar energy. We are looking forward to further explore this concept and increase solar power contribution to 60%. This clean and renewable source of energy would indirectly help in reducing our carbon footprint.

At Jeedimetla Unit, our continuous efforts have helped to reduce effluent generation by 16%. At Gagillapur unit, we have achieved 14% reduction in raw water consumption and 7% reduction in coal consumption through continuous improvement project initiatives.

Granules India Limited does continuous monitoring of Total Volatile Organic Content in its manufacturing facilities to ensure that the environment is maintained in good condition. In addition to this we monitor Ambient air quality across the manufacturing facilities and boilers for Suspended Particulate Matter (PM10), Respirable Suspended Particulate Matter (PM2.5) along with harmful pollutants like SO_x, NO_x. This helps us to ensure air pollution levels are kept to the minimum and environmental impact is reduced. Further, we have introduced an advanced polishing scrubber & dust collector at powder processing area of API blocks in Jeedimetla Unit to minimize the dust contamination to the environment.

We understand the requirement of green-belt in the environment and hence strive to maintain and improve greenery in our units.

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

Yes

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

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

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

At Gagillapur unit, we have achieved 14% reduction in raw water consumption and 7% reduction in coal consumption through continuous improvement project initiatives. At Jeedimetla Unit, our continuous efforts have helped to reduce effluent generation by 16%.

We are maintaining Zero Liquid Discharge System & Effluent Treatment Plants to ensure that the effluents

generated are treated to minimize the environmental impact and reuse the resources wherever possible.

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

Already covered in above point.

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

Yes.

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

None.

Principle 7

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

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

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

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

No

Principle 8

Business should support inclusive growth and equitable development

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

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

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

The programs have been undertaken by in-house teams.

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

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

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

We have contributed around INR 44Lakhs towards development of Hospital and PHC in Bonthapally and Gagillapur.

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

Yes

Principle 9

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

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

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

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

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

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

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

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

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



Financial Statements

Independent Auditor's Report

To the Members of **Granules India Limited**

Report on the Audit of the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Granules India Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information. (hereinafter referred to as "standalone Ind AS financial statements")

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required

to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state

of affairs of the Company as at 31 March 2018, its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Other Matters

The comparative financial information of the Company for the year ended 31 March 2017 prepared in accordance with Ind AS included in this standalone Ind AS financial statements have been audited by predecessor auditor who had audited the financial statements for the relevant period. The report of the predecessor auditor on the comparative financial information dated 11 May 2017 expressed an unmodified opinion.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us.
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 26 to the standalone Ind AS financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However, amounts as appearing in the audited Standalone Ind AS financial statements for the period ended 31 March 2017 has been disclosed under Note 36.

for **B S R & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 116231W/W-100024

Sriram Mahalingam

Partner

Membership Number: 049642

Place: Hyderabad

Date: 24 May 2018

Annexure A

to the Independent Auditor's Report on the Standalone Ind AS financial statements

The Annexure A referred to in our Independent Auditor's Report of even date to the Members of Granules India Limited ("the Company") on the Standalone Ind AS financial statements for the year ended 31 March 2018, we report that:

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

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

Name of the Statute	Nature of the Dues	Amount (Rs. In lakhs)*	Amount paid# (Rs.)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income tax	22.08	-	AY 2000-01	Honorable High Court of Judicature at
Income Tax Act, 1961	Income tax	40.43	-	AY 2006-07 AY 2008-09	Hyderabad for the State of Telangana and the State of Andhra Pradesh
Income Tax Act, 1961	Income tax	6.42	-	AY 2008-09	
Customs Act	Customs Duty	32.57	-	FY 1993-94	Supreme Court of India
Chapter V of The Finance Act, 1994	Penalty	89.37	-	FY 2002-03 to FY 2006-07	The Customs, Excise and Service Tax Appellate Tribunal (CESTAT)

Name of the Statute	Nature of the Dues	Amount (Rs. In lakhs)*	Amount paid# (Rs.)	Period to which the amount relates	Forum where the dispute is pending
The Central Excise Act, 1944	Customs Duty	10.90	5	FY 1993-94	Principle Commissioner of Customs
The Central Excise Act, 1944	CENVAT Credit of SAD & Penalty	199.55	3	FY 2006-07 to FY 2009-10	The Customs, Excise and Service Tax Appellate Tribunal (CESTAT)
The Central Excise Act, 1944	Excise Duty & Penalty	11.16	-	July 2014 to September 2015	Commissioner (Appeals)
The Central Excise Act, 1944	Excise Duty	29.89	-	FY 2008-09 to 2010-11	The Customs, Excise and Service Tax Appellate Tribunal (CESTAT)

* Excluding interest, as applicable

The Company has paid this amount under protest

- viii. According to the information and explanation given to us and the records of the Company examined by us, the Company has not defaulted in repayment of loans or borrowings to any financial institutions or bank. The Company did not have any loans or borrowing to Government, nor has it issued any debentures as at the balance sheet date.
- ix. The Company has not raised any monies by way of initial public offer or further public offer (including debt instruments). In our opinion, and according to the information and explanations given to us, monies raised by way of term loans have been applied, on an overall basis, for the purposes for which they were obtained.
- x. During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanation given to us, we have neither come across any instance of material fraud by the company or on the Company by its officers or employees notices or reported during the year, nor have we been informed of any such case by the management.
- xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for the managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable and details of such transactions have been disclosed in the Note 31 of the Standalone Ind AS financial statements, as required by the applicable accounting standards
- xiv. The Company has not made any preferential allotment of shares or fully or partly convertible debentures during the year. However, the company has made a private placement of shares through Qualified Institutional Placement (QIP) during the year, in compliance with requirement of Section 42 of Act. The amounts raised have been used for the purpose for which funds were raised.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transaction with the directors or persons connected with him as contemplated under the provisions of Section 192 of the Act. Accordingly, provisions of clause 3(xv) of the Order are not applicable to the Company.
- xvi. In our opinion and according to the information and explanation given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, provisions of clause 3(xvi) of the Order are not applicable to the Company.

for **B S R & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 116231W/W-100024

Sriram Mahalingam

Partner

Membership Number: 049642

Place: Hyderabad

Date: 24 May 2018

Annexure B

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

Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal financial controls over financial reporting of Granules India Limited ('the Company') as of 31 March 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') and the Standards on Auditing, deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included

obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

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

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to

error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal

control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

for **B S R & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 116231W/W-100024

Sriram Mahalingam

Partner

Membership Number: 049642

Place: Hyderabad

Date: 24 May 2018

Balance Sheet

as at March 31, 2018

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

	Notes	As at March 31, 2018	As at March 31, 2017
Assets			
Non-current assets			
Property, plant and equipment	3A	58,854.11	53,057.37
Capital work-in-progress	3A	27,103.91	12,001.58
Intangible assets	3B	7,161.36	7,500.61
Intangible assets under development	3B	1,498.71	1,229.31
Financial assets			
(i) Investments	4A	7,511.58	7,511.50
(ii) Loans	4B	41,873.88	17,985.29
Income tax assets(net)		-	466.78
Other non-current assets	5A	2,026.25	2,394.63
Total non-current assets		1,46,029.80	1,02,147.07
Current assets			
Inventories	6	22,735.65	23,758.77
Financial assets			
(i) Trade receivables	7A	68,173.67	46,831.27
(ii) Cash and cash equivalents	7B	8,980.94	3,193.55
(iii) Bank balances other than cash and cash equivalents stated above	7B	760.34	742.93
(iv) Loans	7C	20.36	139.21
(v) Others financial assets	7D	36.55	25.13
Other assets	5B	13,808.73	8,658.95
Total current assets		1,14,516.24	83,349.81
Total assets		2,60,546.04	1,85,496.88
Equity and Liabilities			
Equity			
Equity share capital	8	2,538.38	2,287.03
Other equity	9	1,25,281.43	86,148.58
Total equity		1,27,819.81	88,435.61
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	10	43,313.02	12,424.24
Provisions	11A	770.05	724.95
Deferred tax liabilities (net)	12	6,281.80	6,402.69
Total non-current liabilities		50,364.87	19,551.88
Current liabilities			
Financial liabilities			
(i) Borrowings	13A	52,509.95	47,383.30
(ii) Trade payables	13B	23,837.87	20,989.67
(iii) Other financial liabilities	13C	4,583.84	8,042.20
Income tax liabilities (net)		573.82	-
Provisions	11B	267.13	160.44
Other current liabilities	14	588.75	933.78
Total current liabilities		82,361.36	77,509.39
Total liabilities		1,32,726.23	97,061.27
Total equity and liabilities		2,60,546.04	1,85,496.88
Significant accounting policies	2		

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

As per our report of even date attached

for **B S R & Associates LLP**

Chartered Accountants

Firm registration number 116321W/W-100024

Sriram Mahalingam

Partner

Membership No : 049642

Place: Hyderabad

Date: May 24, 2018

For and on behalf of the Board of Directors of

Granules India Limited

CIN : L24110TG1991PLC012471

Krishna Prasad Chigurupati

Chairman and Managing Director

DIN : 00020180

K.Ganesh

Chief Financial Officer

Chaitanya Tummala

Company Secretary

Statement of Profit and Loss

for the year ended March 31, 2018
(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

	Notes	For the year ended March 31, 2018	For the Year ended March 31, 2017
Income			
Revenue from operations	15	1,65,386.92	1,37,416.90
Other income	16	2,377.13	1,452.02
Total income		1,67,764.05	1,38,868.92
Expenses			
Cost of materials consumed	17	89,020.17	67,077.83
Changes in inventory of work-in-progress and finished goods	18	1,289.37	(1,220.03)
Excise duty on sales		722.60	2,468.81
Employee benefit expenses	19	14,792.40	12,581.00
Other expenses	20	30,209.88	26,929.42
Depreciation and amortisation	21	7,591.64	7,135.16
Finance costs	22	3,292.70	3,216.41
Total expenses		1,46,918.76	1,18,188.60
Profit before tax		20,845.29	20,680.32
Tax expense	24		
(i) Current tax		6,389.75	6,362.95
(ii) Deferred tax		539.35	34.70
Income tax expense		6,929.10	6,397.65
Profit for the year		13,916.19	14,282.67
Other comprehensive income	24		
Items that will be reclassified subsequently to profit or loss			
Fair value changes on cash flow hedges		(2,068.98)	-
Income tax relating to items that will be reclassified to profit or loss		722.98	-
Net other comprehensive income to be reclassified to profit or loss		(1,346.00)	-
Items that will not be reclassified subsequently to profit or loss			
Re-measurement of defined benefit liability		181.30	155.79
Income tax relating to items that will not be reclassified to profit or loss		(62.74)	(53.92)
Net other comprehensive income not to be reclassified subsequently to profit or loss		118.56	101.87
Other comprehensive (loss)/income for the year		(1,227.44)	101.87
Total comprehensive income for the year		12,688.75	14,384.54
Earnings per share:			
Equity shares of par value of Re. 1 each			
Basic (INR)	25	5.76	6.53
Diluted (INR)		5.74	6.49
Significant accounting policies	2		
The accompanying notes are an integral part of the financial statements.			

As per our report of even date attached

for **B S R & Associates LLP**

Chartered Accountants

Firm registration number 116321W/W-100024

Sriram Mahalingam

Partner

Membership No : 049642

Place: Hyderabad

Date: May 24, 2018

For and on behalf of the Board of Directors of

Granules India Limited

CIN : L24110TG1991PLC012471

Krishna Prasad Chigurupati

Chairman and Managing Director

DIN : 00020180

K.Ganesh

Chief Financial Officer

Chaitanya Tummala

Company Secretary

Statement of Changes in Equity

as at March 31, 2018
(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

Statement of changes in equity

Particulars	Equity share capital	Reserves and surplus				Other equity (Refer note 9)				Total attributable to owners of the company
		Securities premium reserve	Capital reserve	General reserve	Employee stock option	Retained earnings	Remeasurements of defined benefit plans	Cash flow hedge reserve	Money received against share warrants	
Balance as on April 1, 2016	2,167.12	22,489.46	455.33	20,786.74	163.80	17,587.47	84.15	-	2,716.29	66,450.36
Total comprehensive income for the year	-	-	-	-	-	14,282.67	101.87	-	-	14,384.54
Profit or loss	-	-	-	-	-	-	-	-	-	-
Other comprehensive income (net of tax)	-	-	-	-	-	-	-	-	-	-
Conversion to equity shares	-	-	-	-	-	-	-	-	(2,716.29)	(2,716.29)
Capital reserve pursuant to scheme of amalgamation	-	-	1,462.20	-	-	-	-	-	-	1,462.20
Transactions with owners, recorded directly in equity	114.01	10,751.14	-	-	-	-	-	-	-	10,865.15
Equity shares issued during the year	-	-	-	-	-	(2,233.04)	-	-	-	(2,233.04)
Dividends (including dividend distribution tax)	-	-	-	-	-	-	-	-	-	81.00
Share based payment	-	135.78	-	-	81.00	-	-	-	-	141.68
Share options exercised	5.90	-	-	-	-	(10,000.00)	-	-	-	-
Transfer to general reserve	-	-	10,000.00	-	-	-	-	-	-	-
Balance as on March 31, 2017	2,287.03	33,376.39	1,917.53	30,786.74	244.80	19,637.10	186.02	-	-	88,435.61
Total comprehensive income for the year	-	-	-	-	-	13,916.19	118.56	-	-	13,916.19
Profit or loss	-	-	-	-	-	-	-	-	-	(1,227.44)
Other comprehensive income (net of tax)	-	-	-	-	-	-	-	(1,346.00)	-	-
Transactions with owners, recorded directly in equity	247.55	28,970.19	-	-	-	-	-	-	-	29,217.74
Equity shares issued during the year	-	-	-	-	-	(2,904.98)	-	-	-	(2,904.98)
Dividends (including dividend distribution tax)	-	-	-	-	-	-	-	-	-	296.38
Share based payment	-	-	-	-	296.38	-	-	-	-	-
Share options exercised	3.80	82.51	-	-	-	-	-	-	-	86.31
Balance as on March 31, 2018	2,538.38	62,429.09	1,917.53	30,786.74	541.18	30,648.31	304.58	(1,346.00)	-	1,27,819.81

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

As per our report of even date attached

for **B S R & Associates LLP**

Chartered Accountants

Firm registration number 116321W/W-100024

Sriram Mahalingam

Partner

Membership No : 049642

Place: Hyderabad

Date: May 24, 2018

For and on behalf of the Board of Directors of

Granules India Limited

CIN : L24110TG1991PLC012471

Krishna Prasad Chigurupati

Chairman and Managing Director

DIN : 00020180

K.Ganesh

Chief Financial Officer

Chaitanya Tummala

Company Secretary

Statement of Cash Flows

for the year ended March 31, 2018
(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

	For the year ended March 31, 2018	For the Year ended March 31, 2017
Cash flow from operating activities		
Profit before tax	20,845.29	20,680.32
Adjustments to reconcile profit for the year to net cash flows		
Depreciation and amortisation expense	7,591.64	7,135.16
Bad debts written off	129.31	-
Provision for doubtful debts	91.20	221.18
Loss/(profit) on sale of assets (net)	5.66	(75.93)
Net gain on foreign exchange fluctuations (unrealised)	(613.52)	(195.12)
Share based compensation expense	296.38	81.00
Interest expense	3,292.70	3,216.41
Interest income	(1,599.61)	(901.49)
Operating profit before working capital changes	30,039.05	30,161.53
Movements in working capital:		
Increase in trade receivables	(20,433.15)	(3,417.72)
Decrease/(increase) in inventories	1,023.12	(2,745.99)
Increase in other assets	(5,098.16)	(3,468.35)
Increase in trade payables, other liabilities and provisions	2,216.24	4,367.66
Cash generated from operations	7,747.10	24,897.13
Taxes paid (net of refunds)	(5,349.15)	(5,883.47)
Net cash flow generated from operating activities	(A) 2,397.95	19,013.66
Cash flow from investing activities		
Purchase of fixed assets, including capital work-in-progress, capital advances and payables for capital goods	(27,473.14)	(18,456.66)
Proceeds from sale of fixed assets	14.45	95.66
Investments made in subsidiaries	(0.08)	-
Investment in bank deposits	(7.72)	(144.24)
Loans given to subsidiaries	(22,314.94)	(12,780.32)
Loans repaid by subsidiaries	-	877.82
Interest received	295.72	450.57
Net cash flow used in investing activities	(B) (49,485.71)	(29,957.17)

Statement of Cash Flows

for the year ended March 31, 2018
(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

	For the year ended March 31, 2018	For the Year ended March 31, 2017
Cash flow from financing activities		
Proceeds from issuance of shares	29,304.05	8,290.54
Proceeds from borrowings	38,242.12	-
Repayment of borrowings	(13,243.82)	(6,587.15)
Proceeds from short-term borrowings	4,606.42	7,331.89
Interest paid	(3,128.64)	(3,179.23)
Dividend paid on equity shares including tax thereon	(2,904.98)	(2,233.04)
Net cash flow generated from financing activities	(C) 52,875.15	3,623.02
Net increase/(decrease) in cash and cash equivalents	(A+B+C) 5,787.39	(7,320.49)
Cash and cash equivalents at the beginning of the year	3,193.55	10,476.38
Increase in cash and cash equivalents on amalgamation	-	37.66
Cash and cash equivalents at the end of the year	8,980.94	3,193.55
Components of cash and cash equivalents:		
Cash on hand	6.22	12.33
Balances with banks		
On current accounts	670.82	17.34
On EEFC accounts	3.90	14.14
On deposit accounts	8,300.00	3,149.74
Total cash and cash equivalents	8,980.94	3,193.55

Change in liability arising from financing activities

	April 01, 2017	Cash flow	Changes in fair values	Foreign exchange movement	March 31, 2018
Borrowings - non current (refer note 10)	18,266.90	27,796.32	(2,068.98)	1,339.94	45,334.18
Borrowings - current (refer note 13A)	47,383.30	4,606.42	-	520.23	52,509.95
	65,650.20	32,402.74	(2,068.98)	1,860.17	97,844.13

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

As per our report of even date attached

for **B S R & Associates LLP**

Chartered Accountants

Firm registration number 116321W/W-100024

Sriram Mahalingam

Partner

Membership No : 049642

Place: Hyderabad

Date: May 24, 2018

For and on behalf of the Board of Directors of

Granules India Limited

CIN : L24110TG1991PLC012471

Krishna Prasad Chigurupati

Chairman and Managing Director

DIN : 00020180

K.Ganesh

Chief Financial Officer

Chaitanya Tummala

Company Secretary

Notes to financial statements

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

1 Company overview

1.1 Reporting entity

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

1.2 Basis of preparation

a) Statement of compliance

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

These standalone financial statements have been prepared for the Company as a going concern on the basis of relevant Ind AS that are effective at the Company's annual reporting date, March 31, 2018. These standalone financial statements were authorised for issuance by the Company's Board of Directors on May 24, 2018.

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

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

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

b) Current versus non-current classification

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

An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

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

c) Functional and presentation currency

These standalone financial statements are presented in Indian rupees (INR), which is also the functional currency of the Company. All amounts have been rounded-off to the nearest lakh, unless otherwise indicated.

d) Basis of measurement

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

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

e) Use of estimates and judgements

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

Notes to financial statements

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

Judgements

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

- Note 1.2(c) - Assessment of functional currency;
- Note 2(a) and 32 - Financial instruments;
- Note 3A - Useful lives of property, plant and equipment;
- Note 28 - Assets and obligations relating to employee benefits;
- Note 27 - Share based payments;
- Note 24 & 26 (i) - Provision for income taxes, duties/tax contingencies and evaluation of recoverability of deferred tax assets.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending March 31, 2018 is included in the following notes:

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

f) Measurement of fair values

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

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

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

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible.

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

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

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

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

2 Significant accounting policies

a. Financial instruments

i. Recognition and initial measurement

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

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

ii. Classification and subsequent measurement

Financial assets

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

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

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

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

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

Notes to financial statements

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

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

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

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

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

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

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

Financial assets: subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in statement of profit and loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in statement of profit and loss. Any gain or loss on derecognition is recognised in statement of profit and loss.

Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in statement of profit and loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to statement of profit and loss.
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Financial liabilities: classification, subsequent measurement and gains and losses

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

iii. Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

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

Financial liabilities

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

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the

Notes to financial statements

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

carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in statement of profit and loss.

iv. Offsetting

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

v. Derivative financial instruments and hedge accounting

The Company holds derivative financial instruments to mitigate the risk of changes in exchange rates on foreign currency exposures. Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised in statement of profit and loss. The Company designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates.

Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

The hedge instruments are designated and documented as hedges at the inception of the contract. The Company determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. The effectiveness of hedge instruments to reduce the risk associated with the exposure being hedged is assessed and measured at inception and on an ongoing basis. If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified in net foreign exchange gains in the statement of profit and loss.

Cash flow hedges:

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

If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging

instrument recognised in cash flow hedging reserve till the period the hedge was effective remains in cash flow hedging reserve until the forecasted transaction occurs. The cumulative gain or loss previously recognised in the cash flow hedging reserve is transferred to the net profit in the statement of profit and loss upon occurrence of the related forecasted transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedging reserve is reclassified to net profit in the statement of profit and loss.

vi. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

Cash dividend to equity holders

The Company recognises a liability to make cash to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity. Interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

b. Foreign Currency

Transactions in foreign currency are translated at the exchange rates prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currency are restated at the prevailing year end rates. The resultant gain/loss upon such restatement along with the gain/loss on account of foreign currency transactions are accounted in the Statement of Profit and Loss, except exchange differences arising from the translation of the qualifying cash flow hedges to the extent that the hedges are effective which are recognised in OCI.

c. Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item or property, plant and equipment comprises its purchase price, import duties and non-refundable purchase taxes, after deducting trade

Notes to financial statements

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

discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to its working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

ii. Subsequent expenditure

Subsequent expenditure related to an item of tangible fixed asset is capitalised only if it increases the future benefits from the existing assets beyond its previously assessed standards of performance.

iii. Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method. Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Freehold land is not depreciated.

Depreciation is provided based on useful life of the assets as prescribed in Schedule II of companies Act, 2013.

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed off).

iv. Capital advances

Advances paid towards acquisition of tangible fixed assets outstanding at each balance sheet date are shown under long-term loans and advances as capital advances.

d. Intangible assets

Internally generated: Research and development

Expenditure on research activities is recognised in statement of profit and loss as incurred.

Development expenditure is capitalised as part of the cost of the resulting intangible asset only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in statement of profit and loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and any accumulated impairment losses.

Others

Other intangible assets are initially measured at cost. Subsequently, such intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses."

i. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

ii. Amortisation

Other intangible assets are amortised on a straight line basis over the estimated useful life as follows:

Computer software	3-10 years
Technical know how	10 years
Product related intangibles	8 years
Others	10 years

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

e. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the monthly moving weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of fixed production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products.

Notes to financial statements

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

Raw materials, components and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

The comparison of cost and net realisable value is made on an item-by-item basis.

f. Impairment

i. Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss ("ECL") model for measurement and recognition of impairment loss on following:

- financial assets measured at amortised cost

Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime expected credit losses. For all other financial assets, ECL are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL.

Loss allowance for financial assets measured at amortised cost are deducted from gross carrying amount of the assets.

ii. Impairment of non-financial assets

The Company assess at each reporting date whether there is any indication that the carrying amount may not be recoverable. If any such indication exists, then the asset's recoverable amount is estimated and an impairment loss is recognised if the carrying amount of an asset or cash-generating unit (CGU) exceeds its estimated recoverable amount in the statement of profit and loss.

The Company's non-financial assets, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets that do not generate independent cash inflows are grouped together into CGUs. Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or groups of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not subsequently reversed. In respect of other assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

g. Employee benefits

i. Gratuity

The Company provides for gratuity, a defined benefit plan ("the Gratuity Plan") covering the eligible employees of the Company. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of the employment with the Company.

Liability with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method. The defined benefit plan is administered by a trust formed for this purpose through the Company gratuity scheme.

The Company recognises the net obligation of a defined benefit plan as a liability in its balance sheet. Gains or losses through re-measurement of the net defined benefit liability are recognised in other comprehensive income and are not reclassified to profit and loss in the subsequent periods. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligation is recognised in other comprehensive income. The effect of any plan amendments are recognised in the statement of profit and loss.

ii. Provident fund

Eligible employees of the Company receive benefits from provident fund, which is a defined contribution plan. Both the eligible employees and the Company make monthly contributions to the Government administered provident fund scheme equal to a specified percentage of the eligible employee's salary. Amounts collected under the provident fund plan are deposited with in a government administered provident fund. The Company has no further obligation to the plan beyond its monthly contributions.

Notes to financial statements

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

iii. Compensated absences

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet date using the projected unit credit method on the additional amount expected to be paid/availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognised in the period in which the absences occur.

iv. Share based compensation

The grant date fair value of options granted to employees is recognised as employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The expense is recorded for each separately vesting portion of the award. The increase in equity recognised in connection with share-based payment transaction is presented as a separate component in equity under "employee stock option". The amount recognised as an expense is adjusted to reflect the actual number of stock options that vest.

h. Provisions (other than for employee benefits)

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

Onerous contracts

A contract is considered to be onerous when the expected economic benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before such a provision is made, the Company recognises any impairment loss on the assets associated with that contract.

i. Revenue

i. Sale of goods

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. The timing of transfers of risks and rewards varies depending on the individual terms of sale. Revenue from the sale of goods includes excise duty and is measured at the fair value of the consideration received or receivable, net of returns and applicable trade discounts and allowances and excludes taxes or duties collected on behalf of the government.

Consequent to the introduction of Goods and Service Tax (GST) with effect from July 1, 2017, Central Excise, Value Added Tax (VAT) etc. have been subsumed into GST. In accordance with Indian Accounting Standard - 18 on Revenue and Schedule III of the Companies Act, 2013 unlike Excise Duties levies like GST, VAT etc. are not part of revenue.

ii. Sales return allowances

The Company accounts for sales return by recording an allowance for sales return concurrent with the recognition of revenue at the time of a product sale. The allowance is based on Company's estimate of expected sales returns. The estimate of sales return is determined primarily by the Company's historical experience in the markets in which the Company operates.

iii. Export incentives

Export incentives are recognised as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

iv. Interest income or expense

Interest income or expense is recognised using the effective interest method on time proportion method.

v. Dividend income

Dividend income is recognised when the Company's right to receive dividend is established, which is generally when shareholders approve the dividend.

Notes to financial statements

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

j. Leases

i. Determining whether an arrangement contains a lease

At inception of an arrangement, it is determined whether the arrangement is or contains a lease.

At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values. If it is concluded for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. The liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the incremental borrowing rate.

ii. Asset held under leases

Leases of property, plant and equipment that transfer to the Company substantially all the risks and rewards of ownership are classified as finance lease. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to the initial recognition, the assets are accounted for in accordance with the accounting policy applicable to similar owned assets.

Assets held under leases that do not transfer to the Company substantially all the risks and rewards of ownership (i.e. operating leases) are not recognised in the Company's Balance Sheet.

iii. Lease payments

Payments made under operating lease are generally recognised in profit or loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

k. Income tax

Income tax comprises current and deferred income tax. Income tax expense is recognised in statement of profit and loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

i. Current tax

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

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

ii. Deferred tax

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

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of transaction;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

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

Deferred income tax assets and liabilities are measured using the tax rates and laws that have been enacted or

Notes to financial statements

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

substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or substantive enactment date. A deferred income tax assets is recognised to the extent it is probable that future taxable income will be available against which the deductible temporary timing differences and tax losses can be utilised.

l. Borrowing cost

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

m. Standards issued but not yet effective

Ind AS 115 Revenue from Contracts with Customers: Ind AS 115, establishes a comprehensive framework for determining whether, how much and when revenue should be recognised. It replaces existing revenue recognition guidance, including Ind AS 18 Revenue, Ind AS 11 Construction Contracts and Guidance Note on Accounting for Real Estate Transactions. Ind AS 115 is effective for annual periods beginning on or after 1 April 2018 and will be applied accordingly.

The Company plans to apply Ind AS 115 using the cumulative effect method, with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 April 2018) in retained earnings. As a result, the Company will not present relevant individual line items appearing under comparative period presentation.

The Company has assessed the estimated impact of the initial application of Ind AS 115 on accounting policies followed in its financial statements. The estimated impact of the adoption of these standards on the Company's equity as at 1 April 2018 and on net income on an ongoing basis is expected to be insignificant.

Notes to financial statements

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

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

	Freehold land	Freehold buildings	Lease hold improvements	Plant and equipment	Computers equipment	Office equipment	R&D equipment	Furniture and fittings	Vehicles	Total
Gross carrying amount										
At April 1, 2016	1,276.52	13,497.06	-	47,097.31	1,017.96	565.24	1,963.97	927.34	478.63	66,824.03
Additions pursuant to scheme of amalgamation (i)	1,759.18	-	-	-	-	-	-	-	-	1,759.18
Additions	0.48	3,192.95	-	9,619.99	131.99	83.99	111.40	73.24	0.86	13,214.91
Disposals/ adjustments	-	(45.36)	-	(55.83)	-	(1.27)	(0.11)	-	(9.11)	(111.68)
Exchange differences	-	17.85	-	300.11	-	-	-	-	-	317.96
At March 31, 2017	3,036.18	16,662.50	-	56,961.58	1,149.95	647.96	2,075.26	1,000.58	470.38	82,004.40
Additions	-	3,995.70	160.19	8,183.52	152.62	48.91	275.56	82.24	-	12,898.74
Disposals/ adjustments	-	-	-	(75.69)	(127.83)	(1.17)	-	-	(35.29)	(239.98)
Exchange differences	-	(25.52)	-	(372.78)	-	-	-	-	-	(398.30)
At March 31, 2018	3,036.18	20,632.68	160.19	64,696.63	1,174.74	695.70	2,350.82	1,082.82	435.09	94,264.86
Accumulated depreciation										
At April 1, 2016	-	2,845.00	-	17,785.24	665.77	300.99	553.71	406.70	220.01	22,777.42
Depreciation for the year	-	497.15	-	5,176.22	142.79	98.36	178.98	102.51	54.94	6,250.96
Disposals/ adjustments	-	(22.62)	-	(55.83)	-	(0.34)	(0.10)	-	(2.46)	(81.35)
At March 31, 2017	-	3,319.53	-	22,905.63	808.56	399.01	732.59	509.21	272.49	28,947.03
Depreciation for the year	-	637.15	3.26	5,460.39	139.38	105.62	193.90	93.79	50.00	6,683.50
Disposals/ adjustments	-	-	-	(70.93)	(127.83)	(1.17)	-	-	(19.84)	(219.77)
At March 31, 2018	-	3,956.68	3.26	28,295.09	820.11	503.46	926.49	603.00	302.65	35,410.76
Net carrying amount										
At March 31, 2017	3,036.18	13,342.97	-	34,055.95	341.39	248.95	1,342.67	491.37	197.89	53,057.37
At March 31, 2018	3,036.18	16,676.00	156.93	36,401.54	354.63	192.24	1,424.33	479.82	132.44	58,854.11
Capital work-in-progress										
At March 31, 2017										12,001.58
At March 31, 2018										27,103.91

i) The Hon'ble High Court of Judicature at Hyderabad for the States of Telangana and Andhra Pradesh has approved the scheme of amalgamation ("Scheme") of GIL Lifesciences Private Limited, a wholly owned subsidiary of the Company and the Company, by its order dated September 01, 2016 and the same has been filed with Registrar of Companies ("ROC") on October 26, 2016. The tangible assets taken over are pursuant to the above scheme, which were recorded at their respective fair values.

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

iii) Capital work-in-progress mainly comprises new API manufacturing unit being constructed in Visakhapatnam, India.

iv) The amount of borrowing costs capitalised during the year ended March 31, 2018 was ₹501.06 lakhs (Property, plant and equipment ₹42.93 lakhs and capital work-in-progress ₹458.13 lakhs (March 31, 2017 - ₹ Nil)).

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

Notes to financial statements

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

3B. Intangible assets - Reconciliation of carrying amount

	Technical know how	Software	Product related intangibles	Others	Total
Gross carrying amount					
At April 1, 2016	3,189.50	351.16	6,355.75	1,732.58	11,628.99
Additions	-	102.58	-	-	102.58
Disposals/ adjustments	-	-	-	-	-
At March 31, 2017	3,189.50	453.74	6,355.75	1,732.58	11,731.57
Additions	-	409.59	159.31	-	568.90
Disposals/ adjustments	-	-	-	-	-
At March 31, 2018	3,189.50	863.33	6,515.06	1,732.58	12,300.47
Accumulated amortisation					
At April 1, 2016	2,903.95	74.45	-	368.35	3,346.75
Amortisation for the year	218.29	40.05	452.61	173.26	884.21
Disposals/ adjustments	-	-	-	-	-
At March 31, 2017	3,122.25	114.50	452.61	541.61	4,230.97
Amortisation for the year	16.83	81.74	636.31	173.26	908.14
Disposals/ adjustments	-	-	-	-	-
At March 31, 2018	3,139.08	196.24	1,088.92	714.87	5,139.11
Net carrying amount					
At March 31, 2017	67.25	339.25	5,903.14	1,190.97	7,500.61
At March 31, 2018	50.42	667.09	5,426.14	1,017.71	7,161.36
Intangible assets under development					
At March 31, 2017					1,229.31
At March 31, 2018					1,498.71

4. Financial Assets

4A. Non-current Investments

	March 31, 2018	March 31, 2017
Investments		
Investments in equity instruments		
a. Unquoted equity shares		
In subsidiaries		
Granules USA Inc. - 7,00,000 (March 31, 2017 : 7,00,000) common stock of USD 0.10 each fully paid up	116.31	116.31
Granules Pharmaceuticals Inc. - 20,00,000 (March 31, 2017 :20,00,000) common stock of USD 0.001 each fully paid up	1,225.00	1,225.00
Granules Europe Limited - 100 (March 31, 2017:Nil) equity shares of 1 Pound each fully paid up	0.08	-
In Associate		
Granules Biocause Pharmaceutical Co.Limited - 3,30,00,000 (March 31, 2017 : 3,30,00,000) equity shares of 1 RMB each fully paid up	1,819.03	1,819.03
In Joint Venture		
Granules OmniChem Private Limited - 4,28,80,967 (March 31, 2017 : 4,28,80,967) equity shares of ₹10 each fully paid up	4,288.10	4,288.10
In Others		
Jeedimetla Effluent Treatment Ltd. - 15,142 (March 31, 2017 :15,142) equity shares	59.59	59.59
Patancheru Envirotech Ltd. - 34,040 (March 31, 2017 :34,040) equity shares	3.41	3.41
b. In Quoted equity shares		
Ipca Laboratories Limited - 250 (March 31, 2017 :250) equity shares	0.07	0.07
Total	7,511.58	7,511.50
Aggregate book value of quoted investments	0.07	0.07
Aggregate market value of quoted investments	1.64	1.60
Aggregate value of unquoted investments	7,511.51	7,511.43
Aggregate amount of impairment in value of investments	-	-

Notes to financial statements

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

4. Financial Assets (contd..)

4B. Loans (Unsecured considered good unless otherwise stated)

	March 31, 2018	March 31, 2017
- Loans to subsidiaries (Refer note 31)		
Granules Pharmaceuticals Inc. {refer note (i) below}	41,691.52	17,985.29
Granules Europe Limited {refer note (i) below}	182.36	-
Total	41,873.88	17,985.29

Note:

(i) The term loan of ₹22,143.73 lakhs to Granules Pharmaceuticals Inc. and ₹170.58 lakhs to Granules Europe Limited, provided during the financial year ended March 31, 2018, carries fixed interest rate of 4%. These loans are given for the purpose of setting up, modernisation and general corporate purpose of the subsidiaries outside India.

(ii) Maximum amount outstanding at any time

	During the year ended	
	March 31, 2018	March 31, 2017
Granules Pharmaceuticals Inc.	41,691.52	17,985.29
Granules Europe Limited	182.36	-

5. Other assets

5A. Non-current

	March 31, 2018	March 31, 2017
Capital advances	1,213.74	1,649.35
Security deposits	812.51	745.28
Total	2,026.25	2,394.63

5B. Current

	March 31, 2018	March 31, 2017
Balance with government authorities	9,114.98	4,784.88
Prepaid expenses	689.64	417.97
Export incentives receivable	3,941.96	3,042.83
Scripts on hand	62.15	337.87
Others	-	75.40
Total	13,808.73	8,658.95

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

	March 31, 2018	March 31, 2017
Raw materials*	11,001.26	10,781.54
Packing materials	971.97	890.53
Work-in-progress	5,316.07	5,639.65
Finished goods	3,327.52	4,293.31
Stores, spares and consumables	2,118.83	2,153.74
Total	22,735.65	23,758.77

*includes raw materials-in-transit ₹664.54 lakhs (March 31, 2017 - ₹854.87 lakhs).

Notes to financial statements

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

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

i) For details of inventories hypothecated against current borrowings Refer Note 10.

ii) Write-down of inventories to net realisable value amounted to ₹50.76 lakhs (March 31, 2017 - ₹ Nil). These were recognised as an expense during the year and included in "changes in finished goods and work-in-progress" in statement of profit and loss.

7. Financial Assets

7A. Trade receivables

	March 31, 2018	March 31, 2017
Unsecured, considered good	68,173.67	46,831.27
Doubtful	312.38	221.18
	68,486.05	47,052.45
Allowance for credit loss	(312.38)	(221.18)
Total	68,173.67	46,831.27

Refer note 31 for trade receivables due from private companies/partnership firm in which Company's director is a director/partner. The Company's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in Note 33. For receivables secured against borrowings, refer Note 10 & 13A.

7B. Cash and cash equivalents

	March 31, 2018	March 31, 2017
i) Cash on hand	6.22	12.33
ii) Balance with banks:		
On current accounts	670.82	17.34
On EEFC accounts	3.90	14.14
Deposits with original maturity of less than 3 months	8,300.00	3,149.74
Total (i+ii)	8,980.94	3,193.55
iii) Bank balances other than Cash and cash equivalents stated above		
Unpaid dividend account	40.75	31.06
Margin money deposits (refer note {a} below)	719.59	711.87
Total (iii)	760.34	742.93
Total (i+ii+iii)	9,741.28	3,936.48

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

7C. Loans (Unsecured, considered good)

	March 31, 2018	March 31, 2017
Advance to employees	20.36	139.21
Total	20.36	139.21

7D. Other financial assets

	March 31, 2018	March 31, 2017
Interest accrued but not due on deposits	36.55	25.13
Total	36.55	25.13

Notes to financial statements

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

8. Share capital

	March 31, 2018	March 31, 2017
Authorized		
50,50,00,000 (March 31, 2017: 50,50,00,000) equity shares of Re.1/- each	5,050.00	5,050.00
Issued, subscribed and fully paid up		
25,38,37,562 fully paid up equity shares of Re.1/- each (March 31, 2017 : 22,87,02,770 equity shares of Re.1/- each)	2,538.38	2,287.03

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

Equity shares	March 31, 2018		March 31, 2017	
	No. of shares	Rs.	No. of shares	Rs.
At the beginning of the year	22,87,02,770	2,287.03	21,67,11,770	2,167.12
Add: Shares issued on exercise of employee stock options	3,80,000	3.80	5,90,000	5.90
Add: Shares issued in cash through Qualified Institutional Placement (QIP)	2,47,54,792	247.55	-	-
Add: Shares issued against warrants	-	-	1,14,01,000	114.01
Outstanding at the end of the year	25,38,37,562	2,538.38	22,87,02,770	2,287.03

8.2 Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having a par value of ₹1 per share. Each holder of equity shares is entitled to one vote per share. The Company declares dividends in Indian rupees. During the year ended March 31, 2018, the amount of interim dividend per share distributed along with final dividend per share recommended by the board to equity shareholders was ₹1.00 (March 31, 2017: ₹0.90). In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

8.3 Details of shareholders holding more than 5% equity shares in the Company

	March 31, 2018		March 31, 2017	
	No. of shares	% holding	No. of shares	% holding
Krishna Prasad Chigurupati	9,53,29,927	37.56	7,16,79,610	31.34

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

8.4 Shares reserved for issue under options

For details of shares reserved for issue under Employee Stock Option Scheme (ESOS) of the Company, refer note 27.

8.5 Shares issued through QIP

On September 26, 2017, the Company issued and allotted 2,47,54,792 Equity Shares of ₹1/- each at an issue price of ₹121.25 per share to raise ₹30,015.18 Lakhs by way of Qualified Institutional Placement ("QIP") under Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. Expenses related to the issue amounting to ₹797.45 Lakhs have been adjusted against Securities Premium. Use of the net proceeds of the Qualified Institutional Placement is intended for business purposes such as meeting for expansion of business verticals by way of strategic investment in research and development, repayment or pre-payment of outstanding indebtedness, investment in subsidiaries, joint ventures, capital expenditure and other general corporate purposes.

Notes to financial statements

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

9. Other equity

Attributable to owners

Securities premium reserve

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.

General reserve

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

Retained earnings

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

Share based payment reserve

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

Capital reserve

Capital reserve arising pursuant to scheme of amalgamation

Dividends

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

	March 31, 2018	March 31, 2017
₹1.00 per equity share (March 31, 2017 : ₹0.85 per share)	2,413.62	1,855.46
Dividend distribution tax (DDT) on dividend	491.36	377.59
	2,904.98	2,233.04

After the reporting dates the following dividends (excluding dividend distribution tax) were proposed by the directors subject to the approval at the annual general meeting, the dividends have not been recognised as liabilities. Dividends would attract dividend distribution tax when declared or paid.

	March 31, 2018	March 31, 2017
₹0.25 per equity share (March 31, 2017 : ₹0.25 per share)	634.60	571.76
	634.60	571.76

Analysis of items of OCI, net of tax

Remeasurements of defined benefit plans

Remeasurements of defined benefit plans comprises actuarial gains and losses and return on plan assets (Refer note - 28).

Cash flow hedge reserve

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

Notes to financial statements

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

9. Other equity (contd..)

The reconciliation of cash flow hedge reserve for the year ended March 31, 2018 is as follows:

	March 31, 2018
Balance at the beginning of the year	-
Loss recognised in other comprehensive income during the year	(2,068.98)
Amount reclassified to revenue during the year	-
Tax impact on the above	722.98
Balance at the end of the year	(1,346.00)

10. Long-term borrowings

	Non-current portion		Current maturities	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Term Loans (Secured)				
Loans from banks	-	7,402.50	-	3,290.00
Loans from financial institutions	43,313.02	4,987.49	2,001.38	2,529.98
	43,313.02	12,389.99	2,001.38	5,819.98
Other loans				
Deferred payment liabilities (Unsecured) (refer note (iv))	-	34.25	19.78	21.23
	-	34.25	19.78	21.23
Long term maturities of finance lease obligation				
Obligations under finance lease (Secured)	-	-	-	1.45
	-	-	-	1.45
	43,313.02	12,424.24	2,021.16	5,842.66
The above amount includes:				
Secured borrowings	43,313.02	12,389.99	2,001.38	5,821.43
Unsecured borrowings	-	34.25	19.78	21.23
	43,313.02	12,424.24	2,021.16	5,842.66

The details of secured loans are as under:

Name of the bank	Outstanding as on March 31, 2018	Outstanding as on March 31, 2017	Sanction amount	No of instalments	Commencement of Instalments	Rate of interest
Andhra Bank (Refer note (i))	-	5,757.50	8,225.00	10 Half yearly equal instalments of ₹822.50 lakhs	Feb-16	Dec'15 to Nov'16 - 11.25% and 11.2% from Dec'16
State Bank of India (Refer note (i))	-	4,935.00	7,402.50	9 Half yearly equal instalments of ₹822.50 lakhs	Mar-16	10.60%
International Finance Corporation (Refer note (ii))	-	389.03	US\$ 9 Mn	15 Half yearly equal instalments of USD 0.6 Mn	Jul-10	5.33%
International Finance Corporation (Refer note (ii))	-	145.89	US\$ 1 Mn	1 installment of USD 0.1 Mn & 4 Half yearly equal instalments of USD 0.225 Mn	Jul-15	6M Libor + 4.6%

Notes to financial statements

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

10. Long-term borrowings (contd..)

Name of the bank	Outstanding as on March 31, 2018	Outstanding as on March 31, 2017	Sanction amount	No of instalments	Commencement of Instalments	Rate of interest
International Finance Corporation (Refer note (iii))	2,501.65	3,491.27	US\$ 10 Mn	13 Half yearly equal instalments of USD 0.77 Mn	Sep-14	6M Libor + 4.0%
Deutsche Investitions Und Entwicklungsschaft MBh (Refer note (iii))	2,501.65	3,491.27	US\$ 10 Mn	13 Half yearly equal instalments of USD 0.77 Mn	Sep-14	6M Libor + 4.0%
International Finance Corporation (Refer note (iii))	28,217.77	-	EUR 45 Mn (Draw down 35 Mn)	12 half yearly equal instalments of EUR 3.75 Mn	Jan-20	6M Euribor +2.75% p.a
Deutsche Investitions Und Entwicklungsschaft MBh (Refer note (iii))	12,093.33	-	EUR 20 Mn (Draw down 15 Mn)	12 half yearly equal instalments of EUR 1.67 Mn	Jan-20	6M Euribor +2.80% p.a
HDFC Bank	-	1.45	22.66	36 monthly equal instalments of ₹0.73 lakhs	Jun-14	10.25%

i) The term loan was prepaid in full on October 6, 2017.

ii) The term loans were closed during the year ended March 31, 2018 as the entire balance outstanding as at March 31, 2017 was due and paid during the current year.

iii) All secured term loans are secured by a pari passu first charge on the fixed assets of present and future of the company except all monies in the banks with a carrying amount of ₹85,958.02 lakhs (March 31, 2017 - ₹65,058.95 lakhs) and a pari passu second charge of the current assets of present and future of the Company with a carrying amount of ₹1,13,841.52 lakhs (March 31, 2017 - ₹83,318.33 lakhs).

iv) The sales tax authority has sanctioned an interest free deferment of sales tax. The loan is to be paid at the end of 13 years from the respective deferment and the balance outstanding loan is due to be paid fully in the year ended March 31, 2019. Accordingly the balance outstanding is classified as part of other current liabilities.

11. Provisions

A) Non-current

	March 31, 2018	March 31, 2017
Provision for employee benefits		
Gratuity (refer note 28)	480.35	445.43
Compensated absences	289.70	279.52
	770.05	724.95

Notes to financial statements

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

11. Provisions

B) Current

	March 31, 2018	March 31, 2017
Provision for employee benefits		
Gratuity (refer note 28)	122.11	57.23
Compensated absences	145.02	103.21
	267.13	160.44

12. Deferred tax liability (net)

	March 31, 2018	March 31, 2017
Deferred tax liability		
Property, plant and equipment and intangible assets	7,554.60	6,874.07
Gross deferred tax liability	7,554.60	6,874.07
Deferred tax assets		
Employee benefit obligations	437.84	384.97
Voluntary retirement scheme	2.82	11.23
Allowance for doubtful debts	109.16	75.18
Hedged instrument	722.98	-
Gross deferred tax assets	1,272.80	471.38
Net deferred tax liability	6,281.80	6,402.69

13. Current financial liabilities

13A. Short-term borrowings

	March 31, 2018	March 31, 2017
Loans repayable on demand from Banks - working capital loans		
Cash credit facilities (secured) [refer note (i) & (v)]	813.85	721.71
Buyers credit (secured) [refer note (ii) & (v)]	-	2,895.48
Packing credit loans (secured) [refer note (iii) & (v)]	22,399.67	20,780.89
Packing credit loans (unsecured) [refer note (vi)]	8,124.25	-
Bill discounting (secured) [refer note (iv) & (v)]	21,172.18	22,985.22
	52,509.95	47,383.30
The above amount includes		
Secured borrowings	44,385.70	47,383.30
Unsecured borrowings	8,124.25	-
	52,509.95	47,383.30

i) The Company has working capital facilities with various banks carrying interest rate ranging from 9.20% - 10.7% p.a and base rate plus 85 bps. These facilities are repayable on demand

ii) During the year ended March 31, 2018, the Company has outstanding secured foreign currency denominated loans carrying an interest rate of LIBOR + 0.25% p.a. to 0.34% p.a. from a bank. The facility is repayable within 120 days from the date of its origination.

iii) During the year ended March 31, 2018, the Company has outstanding secured foreign currency denominated loans carrying an interest rate of LIBOR + 0.65% p.a. to 1.10% p.a. from a bank. The facility is repayable within 120 days from the date of its origination.

iv) During the year ended March 31, 2018, the Company has outstanding secured foreign currency denominated loans carrying an interest rate of LIBOR + 0.65% p.a. to 1% p.a. from a bank. The facility is repayable within 180 days from the date of its origination.

v) All secured short term borrowings from banks are secured by a pari passu first charge on the current assets of present and future of the Company with a carrying amount of ₹1,14,516.24 lakhs (March 31, 2017 - ₹83,349.81 lakhs) and a pari passu second charge of the fixed assets of present and future of the company with a carrying amount of ₹85,958.02 lakhs (March 31, 2017 - ₹65,058.95 lakhs).

vi) During the year ended March 31, 2018, the Company has outstanding unsecured foreign currency denominated loans carrying an interest rate of LIBOR + 0.65% p.a. from a bank. The facility is repayable within 120 days from the date of its origination.

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

Notes to financial statements

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

13. Current financial liabilities (contd..)

13B. Trade payables

	March 31, 2018	March 31, 2017
Trade payables [includes MSME, refer note (a) below] and [refer note 31]	23,837.87	20,989.67
	23,837.87	20,989.67

Note (a) :

i) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each year

Principal amount due to micro and small enterprises	413.27	334.83
Interest due on the above	-	-

ii) The amount of interest paid by the buyer in terms of section 16 of MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.

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iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.

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iv) The amount of interest accrued and remaining unpaid at the end of each accounting year.

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v) The amount of further interest remaining due and payable in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.

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

13C. Other financial liabilities

	March 31, 2018	March 31, 2017
Current maturities of non-current borrowings (refer note 10)	2,021.16	5,842.66
Capital creditors	1,658.46	1,139.28
Salaries & bonus payable	631.18	960.98
Unclaimed dividend	40.75	31.06
Interest accrued but not due on borrowings	232.29	68.23
Total	4,583.84	8,042.20

14. Other current liabilities

	March 31, 2018	March 31, 2017
Advance from customers	204.42	671.79
Statutory liabilities	384.33	261.99
Total	588.75	933.78

15. Revenue from operations

	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Sale of products (including excise duty) [refer note i]	1,60,376.88	1,32,524.57
Other operating revenue	5,010.04	4,892.33
Total	1,65,386.92	1,37,416.90

Notes to financial statements

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

15. Revenue from operations (contd..)

Note:

i) Post implementation of Goods and Service Tax ("GST") with effect from July 01, 2017, revenue from operations is disclosed net of GST. For the periods prior to July 01, 2017, the excise duty amount was recorded as part of revenue with a corresponding amount recorded as expense. Accordingly, revenue from operations for the year ended March 31, 2018 are not comparable with those of the previous period presented. Following additional information is being provided to facilitate such comparison :

	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Sale of products (including excise duty)	1,60,376.88	1,32,524.57
Excise duty	722.60	2,468.81
Sale of products	1,59,654.28	1,30,055.76

16. Other income

	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Interest income on		
Deposits with banks	233.30	317.02
Others	1,366.31	584.47
Profit on sale of assets (net)	-	75.93
Foreign exchange gain, net	670.65	-
Other non-operating income	106.87	474.60
Total	2,377.13	1,452.02

17. Cost of materials consumed

	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Inventory at the beginning of the year	11,672.07	10,439.50
Add: Purchases	89,321.33	68,310.40
	1,00,993.40	78,749.90
Less: Inventory at the end of the year	11,973.23	11,672.07
Cost of materials consumed	89,020.17	67,077.83

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

	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Inventories at the end of the year		
Finished goods	3,327.52	4,293.31
Work-in-progress	5,316.07	5,639.65
	8,643.59	9,932.96
Inventories at the beginning of the year		
Finished goods	4,293.31	4,159.07
Work-in-progress	5,639.65	4,553.86
	9,932.96	8,712.93
Total	1,289.37	(1,220.03)

Notes to financial statements

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

19. Employee benefit expenses

	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Salaries, wages and bonus	13,327.89	11,356.57
Contribution to provident and other funds	576.82	473.51
Staff welfare expenses	591.31	669.92
Employee stock option scheme	296.38	81.00
Total	14,792.40	12,581.00

20. Other expenses

	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Consumption of stores & spares	1,271.90	970.61
Power and fuel	4,822.03	3,867.22
Effluent treatment expenses	862.24	805.17
Analytical fees	256.43	187.53
Other manufacturing expenses	497.41	277.34
Repairs and maintenance		
Plant and machinery	2,909.05	2,997.30
Buildings	400.82	349.90
Others	881.43	393.11
Rent	415.13	251.97
Rates and taxes	995.37	884.15
Printing and stationery	160.91	136.66
Insurance	318.84	329.69
Directors sitting fees	40.20	38.80
Remuneration to statutory auditors (refer note 30)	34.24	22.00
Managerial remuneration	2,242.26	2,104.26
Sales commission	1,968.58	1,680.68
Carriage outwards and clearing charges	5,252.13	5,496.73
Research & development expenses	3,574.03	2,498.35
Business promotion expense	413.22	298.85
Communication expenses	135.24	138.55
Consultancy charges	987.54	555.05
Travelling and conveyance	943.63	1,155.84
Advertisement charges	14.62	1.65
Donations	14.06	18.40
Contribution to political parties	5.00	-
Loss on sale of fixed assets (net)	5.66	-
Bad debts written off	129.31	-
Provision for doubtful debts	91.20	221.18
Corporate social responsibility expenditure (refer note 23)	176.09	276.16
Foreign exchange loss (net)	-	555.35
Miscellaneous expenses	391.31	416.92
Total	30,209.88	26,929.42

21. Depreciation and amortisation expense

	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Depreciation	6,683.50	6,250.95
Amortisation	908.14	884.21
Total	7,591.64	7,135.16

Notes to financial statements

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

22. Finance costs

	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Interest		
- Term loan	1,049.61	1,920.71
- Working capital	1,069.39	749.54
- Others	482.74	48.72
Other borrowing costs	690.96	497.44
Total	3,292.70	3,216.41

23. Details of CSR expenditure

	For the Year ended March 31, 2018	For the Year ended March 31, 2017
(a) Gross amount required to be spent by the Company during the year:	335.47	272.32
(b) Amount spent during the year ended		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	176.09	276.16
(c) Amount unspent during the year ended	159.38	(3.84)

24. Tax expense

(a) Income tax expense:

Amount recognised in profit (or) loss

	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Current tax	6,389.75	6,362.95
Deferred tax charge	539.35	34.70
Total income tax expense recognised in statement of profit & loss	6,929.10	6,397.65

(b) Reconciliation of effective tax rate:

	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Profit before tax (A)	20,845.29	20,680.32
Enacted tax rate in India (B)	34.61%	34.61%
Expected tax expenses (C = A*B)	7,214.14	7,157.05
Incremental deduction allowed for research and development costs	(588.03)	(487.11)
Investment allowance deduction	-	(380.83)
Effect due to change in tax rate	21.11	-
Others	281.89	108.56
Income tax expense	6,929.10	6,397.65

Notes to financial statements

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

24. Tax expense

Movement in temporary differences:

	Balance as at April 1, 2016	Recognised in profit or loss during the year	Recognised in OCI during the year	Balance as at March 31, 2017	Recognised in profit or loss during the year	Recognised in OCI during the year	Balance as at March 31, 2018
On account of depreciation and amortization	(6,682.32)	(191.75)	-	(6,874.07)	(680.53)	-	(7,554.60)
On account of employee benefits	317.44	121.45	(53.92)	384.97	115.61	(62.74)	437.84
On account of Voluntary Retirement scheme	50.81	(39.58)	-	11.23	(8.41)	-	2.82
On account of Allowance for doubtful debts	-	75.18	-	75.18	33.98	-	109.16
On account of Hedged instrument	-	-	-	-	-	722.98	722.98
Total	(6,314.07)	(34.70)	(53.92)	(6,402.69)	(539.35)	660.24	(6,281.80)

Income tax recognised in other comprehensive income

	For the year ended March 31, 2018			For the year ended March 31, 2017		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Fair value changes on cash flow hedges	(2,068.98)	722.98	(1,346.00)	-	-	-
Re-measurement of defined benefit liability	181.30	(62.74)	118.56	155.79	(53.92)	101.87
Total	(1,887.68)	660.24	(1,227.44)	155.79	(53.92)	101.87

25. Earning per equity share (EPS)

Particulars	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Earnings		
Profit for the year	13,916.19	14,282.67
Weighted average shares used for computing of basic EPS	2,416.18	2,188.24
Add: Effect of dilution		
Effect of dilutive options granted but not yet exercised/not yet eligible for exercise	6.58	11.21
Weighted average shares used for computing diluted EPS	2,422.76	2,199.45
Earnings per share		
- Basic (in INR)	5.76	6.53
- Diluted (in INR)	5.74	6.49

26. Contingent liabilities and commitments

Particulars	March 31, 2018	March 31, 2017
(i) Contingent liabilities:		
(a) Claims against the Company not acknowledged as debt	442.37	436.12
The above includes:		
(i) Direct taxation	68.93	68.93
(ii) Indirect taxation (includes matters pertaining to disputes on central excise, custom duty and service tax)	373.44	367.19

Notes to financial statements

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

26. Contingent liabilities and commitments (contd..)

The Company is involved in taxation matters that arise from time to time in the ordinary course of business. Management is of the view that above claims are not tenable and will not have any material adverse effect on the Company's financial position and results of operations.

Particulars	As at March 31, 2018	As at March 31, 2017
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(b) Guarantees

Corporate guarantees given in favour of banks towards loans obtained by Joint Venture

- Granules OmniChem Private Limited	14,512.00	12,464.57
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There were no additional corporate guarantees given during the year. The movement is on account of foreign exchange differences.

Particulars	As at March 31, 2018	As at March 31, 2017
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(ii) (a) Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances

	7,584.76	17,398.95
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(b) Operating Leases

Operating leases are mainly in the nature of lease of office premises with no restrictions and are renewable on a periodic basis at the option of either of the parties.

There are no sub-leases. There are no restrictions imposed by lease arrangements. The aggregate amount of operating lease payments recognised in the Statement of Profit and Loss for cancellable lease is ₹347.61 lakhs (March 31, 2016: ₹233.58 lakhs) and non-cancellable lease is ₹67.52 lakhs (March 31, 2017 : ₹18.39 lakhs).

The schedule of future minimum rental payments in respect of non-cancellable operating leases is set out below:

Particulars	As at March 31, 2018	As at March 31, 2017
Less than one year	106.60	23.32
Between one and five years	370.29	37.78
	476.89	61.10

27. Share based payments

Granules India Limited – Employee Stock Option Scheme 2009 ("ESOS-2009")

Pursuant to the decision of the shareholders at their meeting held on 25th September, 2009, the Company has formulated an Employee Stock Option Scheme 2009 to be administered by the Compensation & Remuneration Committee of the Board of Directors. This scheme has been formulated in accordance with the Securities Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

Under the Plan, options not exceeding 1,00,48,070 have been reserved to be issued to the eligible directors and employees (Employees under permanent employment of the Company and its subsidiary company(ies), including eligible Directors of the Company and its subsidiary, whether whole time or not, whether working in India or abroad or otherwise, except the Promoter Directors and Promoter group employees) with each option conferring a right upon the Optionee to apply for one equity share.

The exercise price of the options is the closing market price of the shares on that stock exchange where there is highest trading volume prior to the date of the grant i.e. the date of the Compensation & Remuneration Committee / Board meeting at which the grant of options is approved.

Under the above Scheme till date, options were granted in six tranches viz. Grant I, Grant II, Grant III, Grant IV, Grant V & Grant VI. The options granted under the Plan shall start vesting in tranches after one year from the date of grant and not more than two, three and five years (differs from optionee to optionee) under Grant I, five years under Grant II & III and four years under Grant IV, V & VI from the respective date of grant of the options.

Notes to financial statements

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

27. Share based payments (contd..)

The Black-Scholes-Merton model includes assumptions regarding dividend yields, expected volatility, expected terms and risk free interest rates. In respect of exercise price of options granted, the expected term of an option (or "option life") is estimated based on the vesting term, contractual term, as well as expected exercise behavior of the employees receiving the option. In respect of fair market value of the options granted, the option life is estimated based on the simplified method. Expected volatility of the option is based on historical volatility, of the observed market prices of the Company's publicly traded equity shares. Dividend yield of the options is based on recent dividend activity. Risk-free interest rates are based on the government securities yield in effect at the time of the grant. These assumptions reflect management's best estimates, but these assumptions involve inherent market uncertainties based on market conditions generally outside of the Company's control.

The details of activity under the Scheme are summarised below :

	For the year ended March 31, 2018			
	Shares arising out of options	Range of exercise prices	Weighted average exercise price	Weighted average remaining useful life (months)
Options outstanding at the beginning of the year	15,70,000	9.10 to 133.00	39.74	38
Add : Granted during the year	44,88,000	142.00	142.00	84
Less: Exercised during the year	3,80,000	9.10 to 31.50	22.71	-
Less: Lapsed/cancelled during the year	2,33,300	31.50 to 142.00	93.35	-
At the end of the year	54,44,700	9.10 to 142.00	122.92	64
Exercisable at the end of the year	3,84,000	9.10 to 133.00	21.47	20

	For the year ended March 31, 2017			
	Shares arising out of options	Range of exercise prices	Weighted average exercise price	Weighted average remaining useful life (months)
Options outstanding at the beginning of the year	23,50,000	9.10 to 31.50	25.55	10
Add : Granted during the year	2,00,000	133.00	133.00	72
Less: Exercised during the year	5,90,000	9.10 to 31.50	24.01	-
Less: Lapsed/cancelled during the year	3,90,000	9.10 to 31.50	25.86	-
At the end of the year	15,70,000	9.10 to 133.00	39.74	38
Exercisable at the end of the year	2,80,000	9.10 to 31.50	17.10	29

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

	Grant VI	Grant V	Grant IV	Grant II	Grant I
Date of grant	April 04, 2017	April 28, 2016	April 28, 2014	July 26, 2012	April 24, 2012
Dividend yield	0.75%	0.49%	1.11%	1.43%	2.20%
Expected volatility	30.20%	23.43%	41.17%	46.68%	43.84%
Risk-free interest rate	6.62%	8.00%	8.00%	8.00%	8.00%
Weighted average share price of ₹	172.92	175.01	44.00	20.49	12.91
Exercise price of ₹	142.00	133.00	31.50	14.00	9.10
Expected life of options granted in years	4 Years	4 Years	4 Years	5 Years	5 Years

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

Particulars	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Employee stock option scheme	296.38	81.00

Notes to financial statements

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

27. Share based payments (contd..)

Employee wise details of options outstanding to senior management personnel :

Name	Designation	No. of options outstanding as on March 31, 2018
Dr. V.V.N.K.V Prasada Raju	Executive Director	5,00,000
Karuppannan Ganesh	Chief Financial Officer	4,00,000
Stefan Lohle	Chief Marketing Officer	80,000
Muttineni Sreekanth	Chief Operating Officer	4,00,000

28. Employee benefits

a) Defined contribution plan

	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Contribution to provident and other funds	576.82	473.51

b) The Company has a defined benefit gratuity plan as per the Payment of Gratuity Act, 1972. Under this legislation, employee who has completed five years of service is entitled to specific benefit. The level of benefit provided depends on the employee's length of service and salary at retirement/termination age. The gratuity plan is a funded plan and the Company make contributions to a recognised fund in India.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/liability
Balance as on March 31, 2016	506.79	(79.35)	427.44
Current service cost	255.18	-	255.18
Interest expense/(income)	40.54	(13.83)	26.71
Amount recognised in statement of profit and loss	295.72	(13.83)	281.89
Remeasurements:			
Return on plan assets, excluding amounts included in interest expense/(income)	-	-	-
Actuarial (gain)/loss arising from:			
Demographic assumptions	-	-	-
Financial assumptions	-	-	-
Experience adjustment	(155.79)	-	(155.79)
Amount recognised in other comprehensive income	(155.79)	-	(155.79)
Employers contribution	-	-	-
Benefits paid	(25.88)	(25.00)	(50.88)
Balance as on March 31, 2017	620.84	(118.18)	502.66
Current service cost	306.22	-	306.22
Interest expense/(income)	47.16	(9.56)	37.60
Amount recognised in Statement of profit and loss	353.38	(9.56)	343.82
Remeasurements:			
Return on plan assets, excluding amounts included in interest expense/(income)	-	0.54	0.54
Actuarial (gain)/loss arising from:			
Demographic assumptions	-	-	-
Financial assumptions	(35.43)	-	(35.43)
Experience adjustment	(146.40)	-	(146.40)
Amount recognised in other comprehensive income	(181.83)	0.54	(181.30)
Employers contribution	-	0.04	0.04
Benefits paid	(62.78)	-	(62.78)
Balance as at March 31, 2018	729.61	(127.16)	602.46

Notes to financial statements

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

28. Employee benefits (contd..)

	March 31, 2018	March 31, 2017
Non-current	480.35	445.43
Current	122.11	57.23
	602.46	502.66

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

	March 31, 2018	March 31, 2017
Interest rate	8%	8%
Discount rate	8%	8%
Expected return on plan assets	8%	8%
Salary increase	7%	8%
Attrition rate	20%	20%
Retirement age - years	60	60

Assumptions regarding future mortality experience are set in accordance with published statistics and mortality tables.

The weighted average duration of the defined benefit obligation was 6.78 years.

The defined benefit plan expose the Company to actuarial risks, such as longevity and interest rate risk.

(iii) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions are as below:

Particulars	March 31, 2018		March 31, 2017	
	Increase	Decrease	Increase	Decrease
Discount rate	(29.76)	32.50	(6.49)	7.20
Salary increase	35.43	(33.22)	78.65	(62.34)
Attrition rate	(1.35)	1.28	(3.49)	7.20

Sensitivity of significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of defined benefit obligation by one percentage, keeping all other actuarial assumptions constant. Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumption shown.

As of March 31, 2018 and March 31, 2017, the plan assets have been invested in Life Insurance Corporation

Maturity profile of defined benefit obligation

Particulars	
1st Following year	122.11
2nd Following year	119.20
3rd Following year	113.42
4th Following year	115.26
5th Following year	94.32
Years 6 to 10	311.43

Notes to financial statements

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

29. Research and development expenses

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

Particulars	March 31, 2018	March 31, 2017
Capital	463.25	115.02
R&D equipment	275.56	111.40
Office equipment	0.25	2.21
Furniture and fittings	33.01	-
Computers	1.67	-
Plant and equipment	39.48	-
Freehold buildings	113.29	1.33
Software	-	0.08
Revenue	3,574.03	2,498.35
Total	4,037.28	2,613.37

30. Remuneration to statutory auditors

Particulars	March 31, 2018	March 31, 2017
As Auditor (exclusive service tax/GST)		
Statutory audit	28.00	19.00
Limited review	6.00	-
Tax audit	-	3.00
Others	-	-
Reimbursement of expenses	0.24	-
Total	34.24	22.00

31. Related party disclosures

31A. Names of related parties and description of relationship

Name of the related party	Relationship
1 Granules USA, Inc.	Wholly owned subsidiary company
2 Granules Pharmaceuticals, Inc.	Wholly owned subsidiary company
3 Granules Europe Limited	Wholly owned subsidiary company
4 Granules-Biocese Pharmaceutical Co. Ltd	Associate
5 Granules OmniChem Private Limited	Joint venture
6 Karyv Computershare Private Limited	Enterprises over which key management personnel or their relatives exercise significant influence
7 Tyche Investment Private Limited (formerly known as Tyche Technologies Private Limited)	Enterprises over which key management personnel or their relatives exercise significant influence
Key managerial personnel	
1 Mr. Krishna Prasad Chigurupati	Chairman & Managing Director
2 Mr. Harsha Chigurupati	Non-Executive, Non-Independent Director
3 Mrs. Uma Devi Chigurupati	Executive Director
4 Dr. V.V.N.K.V. Prasad Raju	Executive Director
5 Mr. V.V.S.Murthy (upto May 11, 2017)	Chief Financial Officer
6 Mr. K.Ganesh	Chief Financial Officer
7 Mrs. Chaitanya Tummala	Company Secretary
Relatives to key managerial personnel	
1 Ms. Priyanka Chigurupati	Relative of Key Managerial Personnel

Notes to financial statements

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

31. Related party disclosures (contd..)

31B. Transactions during the year

Particulars	March 31, 2018	March 31, 2017
a) Subsidiary companies		
i) Granules USA, Inc.		
Sale of goods	36,318.28	33,439.48
Interest on loans given	-	5.03
Loans repaid	-	877.82
ii) Granules Pharmaceuticals, Inc.		
Sale of goods	100.48	-
Interest on loans given	1,290.05	455.21
Loans given	22,143.73	12,280.32
iii) Granules Europe Limited		
Equity subscribed	0.08	-
Interest on loans given	2.42	-
Loans given	170.58	-
b) Associate		
i) Granules-Bioclause Pharmaceutical Co. Ltd		
Purchases	6,884.86	5,619.73
c) Transactions with enterprises over which key management personnel or their relatives exercise significant influence		
i) Karvy Computershare Private Limited		
Registrar Services	17.04	18.32
ii) Tyche Investment Private Limited (formerly known as Tyche Technologies Private Limited)		
Rent	50.68	47.82
Money received against warrants	-	8,148.86
d) Transactions with key managerial personnel or their relatives		
i) Mr.Krishna Prasad Chigurupati		
Managerial remuneration	1,121.13	1,136.63
ii) Mrs. Uma Devi Chigurupati		
Managerial remuneration	896.90	909.31
iii) Mr.Harsha Chigurupati		
Sitting fees	2.40	2.00
iv) Dr. V.V.N.K.V. Prasad Raju (w.e.f Jan 4, 2017)		
Managerial remuneration	224.23	58.33
v) Mr. V.V.S.Murthy (upto May 11, 2017)		
Salary	27.00	216.49
vi) Mr. K. Ganesh (we.f May 11, 2017)		
Salary	135.04	-
vii) Ms.Priyanka Chigurupati		
Salary (Upto March 07, 2017)	-	12.58
viii) Mrs. Chaitanya Tummala		
Salary	31.32	23.12

Notes to financial statements

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

31. Related party disclosures (contd..)

31C. Closing balances

Particulars	March 31, 2018	March 31, 2017
a) Subsidiary Companies		
i) Granules USA, Inc.		
Investment in subsidiary	116.31	116.31
Trade receivables*	15,809.28	13,915.10
ii) Granules Pharmaceuticals, Inc.		
Investment in subsidiary	1,225.00	1,225.00
Loan to subsidiaries*	41,691.52	17,985.29
iii) Granules Europe Limited		
Investment in subsidiary	0.08	-
Loan to subsidiaries*	182.36	-
b) Joint Ventures		
i) Granules OmniChem Private Limited		
Investment	4,288.10	4,288.10
Corporate Guarantee given	14,512.00	12,464.57
c) Associate		
ii) Granules-Bioclause Pharmaceutical Co. Ltd		
Investment	1,819.03	1,819.03
Trade payables*	2,412.90	1,623.48
d) Enterprises over which key management personnel or their relatives exercise significant influence		
i) Kary Computershare Private Limited		
Advance	-	0.62
Payable	2.24	-
ii) Tyche Investment Private Limited (formerly known as Tyche Technologies Private Limited)		
Advance	-	44.58
Payable	4.56	-
Rental deposit	20.00	20.00

As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the Key Management Personnel and their relatives is not ascertainable and, therefore, not included above.

*Foreign currency balances included above have been shown at restated values arrived by using the closing exchange rates

Notes to financial statements

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

32. Fair values

The management assessed that loans, cash and cash equivalents, trade receivables, borrowings, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Fair Valuation measurement hierarchy

The following table shows the carrying amounts and fair values of financial assets and liabilities including their levels of fair value hierarchy:

	As at March 31, 2018						
	Carrying amount				Fair value		
	Mandatorily at fair value through profit and loss (FVTPL)	Fair value through other comprehensive income (FVOCI)	Assets/liabilities at amortised cost method	Total carrying amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
i) Financial assets							
a) Financial assets not measured at Fair value							
Non-current investments	-	-	7,511.58	7,511.58	-	-	-
Non-current loans	-	-	41,873.88	41,873.88	-	-	-
Trade receivables	-	-	68,173.67	68,173.67	-	-	-
Cash and cash equivalents	-	-	8,980.94	8,980.94	-	-	-
Bank balances other than cash and cash equivalents	-	-	760.34	760.34	-	-	-
Current loans	-	-	20.36	20.36	-	-	-
Other current financial assets	-	-	36.55	36.55	-	-	-
	-	-	1,27,357.32	1,27,357.32	-	-	-
ii) Financial liabilities							
a) Financial liabilities not measured at fair value							
Non-current borrowings	-	-	43,313.02	43,313.02	-	-	-
Trade payables	-	-	23,837.87	23,837.87	-	-	-
Other current financial liabilities	-	-	4,583.84	4,583.84	-	-	-
Current borrowings	-	-	52,509.95	52,509.95	-	-	-
	-	-	1,24,244.67	1,24,244.67	-	-	-

	As at March 31, 2017						
	Carrying amount				Fair value		
	Mandatorily at fair value through profit and loss (FVTPL)	Fair value through other comprehensive income (FVOCI)	Assets/liabilities at amortised cost method	Total carrying amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
i) Financial assets							
a) Financial assets not measured at Fair value							
Non-current investments	-	-	7,511.50	7,511.50	-	-	-
Non-current loans	-	-	17,985.29	17,985.29	-	-	-
Trade receivables	-	-	46,831.27	46,831.27	-	-	-
Cash and cash equivalents	-	-	3,193.55	3,193.55	-	-	-
Bank balances other than cash and cash equivalents	-	-	742.93	742.93	-	-	-
Current loans	-	-	139.21	139.21	-	-	-
Other current financial assets	-	-	25.13	25.13	-	-	-
	-	-	76,428.88	76,428.88	-	-	-

Notes to financial statements

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

32. Fair Values (contd..)

	As at March 31, 2017						
	Carrying amount				Fair value		
	Mandatorily at fair value through profit and loss (FVTPL)	Fair value through other comprehensive income (FVOCI)	Assets/liabilities at amortised cost method	Total carrying amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
ii) Financial liabilities							
a) Financial liabilities not measured at fair value							
Non-current borrowings	-	-	12,424.24	12,424.24	-	-	-
Trade payables	-	-	20,989.67	20,989.67	-	-	-
Other current financial liabilities	-	-	8,042.20	8,042.20	-	-	-
Current borrowings	-	-	47,383.30	47,383.30	-	-	-
	-	-	88,839.42	88,839.42	-	-	-

33. Financial risk management

Framework

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

Credit risk

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

Exposure to credit risk:

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was ₹68,173.67 lakhs and ₹46,831.27 lakhs as of March 31, 2018 and March 31, 2017 respectively, being the total of the carrying amount of balances with trade receivables.

Trade receivables:

Ind AS requires expected credit losses to be measured through a loss allowance. The Company assesses at each date of statements of financial position whether a financial asset or a group of financial assets is impaired. Expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. Company's exposure to customers is diversified and some customer contributes around 23% and 30% of outstanding trade receivable as of March 31, 2018 and March 31, 2017.

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

Notes to financial statements

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

33. Financial risk management (contd..)

Liquidity risk

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

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of March 31, 2018:

	Less than 1 year	1-2 years	2-5 years	5-9 years	Total
Borrowings	2,021.16	6,368.42	27,202.75	9,741.85	45,334.18
Short-term borrowings	52,509.95	-	-	-	52,509.95
Trade payables	23,837.87	-	-	-	23,837.87
Other financial liabilities	2,562.68	-	-	-	2,562.68

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of March 31, 2017:

	Less than 1 year	1-2 years	2-5 years	5-9 years	Total
Borrowings	5,842.66	5,842.66	6,581.59	-	18,266.10
Short-term borrowings	47,383.30	-	-	-	47,383.30
Trade payables	20,989.67	-	-	-	20,989.67
Other financial liabilities	2,199.55	-	-	-	2,199.55

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Company's exposure to market risk is primarily on account of foreign currency exchange rate risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. As the Company's debt obligation with floating interest rates are in USD/EURO which is subject to insignificant change, exposure to the risk of changes in market interest rates are substantially independent of changes in market interest rates.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on borrowings, as follows:

	Change in basis points	March 31, 2018	March 31, 2017
INR - Borrowings	+100	(8.14)	(7.22)
	-100	8.14	7.22
USD - Borrowings	+100	(355.27)	(308.05)
	-100	355.27	308.05
EURO - Borrowings	+100	(293.87)	-
	-100	293.87	-

Notes to financial statements

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

33. Financial risk management (contd..)

Foreign Currency exchange rate risk

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the respective entities. Considering the countries and economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in USD/EURO against the functional currencies of the Company.

The year end foreign currency exposures are as under -

(All amounts are in Indian Rupees Lakhs)

	March 31, 2018		
	USD	EURO	Others
Borrowings	3,001.92	40,311.10	-
Trade receivables	43,008.34	5,050.20	156.29
Loans and advances	41,691.52	-	182.36
Trade payables	18,733.83	1,841.43	24.97
Other non-current assets	108.65	307.69	61.61
Cash and cash equivalents	3.90	-	-
Other financial liabilities	2,012.71	230.52	-
Other current liabilities	112.66	-	7.73
Short-term borrowings	51,393.17	302.93	-

(All amounts are in Indian Rupees Lakhs)

	March 31, 2017		
	USD	EURO	Others
Borrowings	4,987.49	-	-
Trade receivables	33,890.34	2,138.15	111.32
Loans and advances	17,985.29	-	-
Trade payables	4,457.72	49.11	-
Other non-current assets	111.69	76.38	-
Cash and cash equivalents	14.14	-	-
Other financial liabilities	2,550.27	-	-
Other current liabilities	452.41	1.43	-
Short-term borrowings	44,768.41	1,893.18	-

For the year ended March 31, 2018 and March 31, 2017, every percentage point depreciation / appreciation in the exchange rate between Indian rupees and U.S. dollar/Euro will affect the Company's profit by approximately 1.33 % and 0.24% respectively.

The Company designates certain non derivative financial liabilities, such as foreign currency borrowings from financial institutions, as hedging instruments for the hedge of foreign exchange risk associated with highly probable forecasted transactions and, accordingly, applies cash flow hedge accounting for such relationships. Re-measurement gain/loss on such non derivative financial liabilities is accumulated in other equity under the heading cash flow hedging reserve, and re-classified in the statement of profit and loss as revenue in the period corresponding to the occurrence of the forecasted transactions.

Cash flow hedge reserve

The reconciliation of cash flow hedge reserve for the year ended March 31, 2018 is as follows:

	March 31, 2018
Balance at the beginning of the year	-
Gain/(loss) recognised in other comprehensive income during the year	(2,068.98)
Amount reclassified to revenue during the year	-
Tax impact on the above	722.98
Balance at the end of the year	(1,346.00)

Notes to financial statements

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

33. Financial risk management (contd..)

The table below summarises the periods when the cash flows associated with highly probable forecasted transactions that are classified as cash flow hedges are expected to occur:

	March 31, 2018
Cash flows in Euros	
Not later than one year	-
Later than one year and not later than five years	28,784.55
Later than five years and not later than nine years	9,457.57

34. Segment reporting

The Company is engaged in the manufacture of Pharmaceuticals, which in the context of Ind AS 108 is considered only business segment.

	March 31, 2018			March 31, 2017		
	Outside India	Within India	Total	Outside India	Within India	Total
Revenue	1,24,939.47	40,447.45	1,65,386.92	1,10,912.56	26,504.34	1,37,416.90
Non-current assets (refer note i)	-	87,984.27	87,984.27	-	67,937.61	67,937.61

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

35. Capital management

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

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

	March 31, 2018	March 31, 2017
Borrowings including interest accrued on borrowings	98,076.42	65,718.43
Less: cash and cash equivalents and other bank balances	(9,741.28)	(3,936.48)
Net debt	88,335.14	61,781.95
Equity	2,538.38	2,287.03
Other equity	1,25,281.43	86,148.58
Total equity	1,27,819.81	88,435.61
Equity and net debt	2,16,154.95	1,50,217.56
Gearing ratio	0.41	0.41

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

Notes to financial statements

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

36. The disclosures regarding details of specified bank notes held and transacted during November 8, 2016 to December 30, 2016 has not been made since the requirement does not pertain to financial year ended March 31, 2018. Corresponding amounts as appearing in the audited Standalone financial statements for the year ended March 31, 2017 have been disclosed.

(All amounts are in Indian Rupees)

	SBNs*	Other denomination notes	Total
Closing cash in hand as on November 08, 2016	76,500	34,624	1,11,124
Add: Permitted receipts	-	17,06,629	17,06,629
Less: Permitted payments	-	(16,19,760)	(16,19,760)
Less: Amount deposited in banks	(76,500)	-	(76,500)
Closing cash in hand as on December 30, 2016	-	1,21,493	1,21,493

*For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

37. Figures in Balance Sheet, Statement of Profit and Loss and Notes to audited financial statements have been rounded off to the nearest thousand and have been expressed in terms of decimals of thousands.

As per our report of even date attached

for **B S R & Associates LLP**

Chartered Accountants

Firm registration number 116321W/W-100024

Sriram Mahalingam

Partner

Membership No : 049642

Place: Hyderabad

Date: May 24, 2018

For and on behalf of the Board of Directors of

Granules India Limited

CIN : L24110TG1991PLC012471

Krishna Prasad Chigurupati

Chairman and Managing Director

DIN : 00020180

K.Ganesh

Chief Financial Officer

Chaitanya Tummala

Company Secretary

Independent Auditor's Report

To the Members of **Granules India Limited**

Report on the Audit of Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Granules India Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its associate and its joint venture, which comprise the Consolidated Balance Sheet as at 31 March 2018, the Consolidated Statement of Profit and Loss, Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement, for the year then ended, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group including its associate and joint venture in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act.

The respective Board of Directors of the companies included in the Group and of its associate and joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associate and its joint venture and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group and of its associate and joint venture are responsible for assessing the ability of the Group and of its associate and joint venture to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern

basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Group and of its associate and joint venture to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Group and its associate and joint venture to cease to continue as a going concern.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 2 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, associate and joint venture, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and joint ventures as at 31 March 2018, and their consolidated profit and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows for the year ended on that date.

Other Matters

1. The comparative financial information of the Group, its associate and joint venture for the year ended 31 March 2017 prepared in accordance with Ind AS included in these consolidated Ind AS financial statements, have been audited by predecessor auditor who had audited the consolidated Ind AS financial statements for the relevant period. The report of the predecessor auditor dated 11 May 2017 expressed an unmodified opinion on those consolidated Ind AS financial statements.
2. We did not audit the financial statements of two subsidiaries, whose financial statements/ financial information reflect total assets of INR 60,403 lakhs as at 31 March 2018, total revenues of INR 40,217 lakhs and net cash inflows amounting to INR 753 lakhs for the year ended on that date, as considered in the consolidated Ind AS financial statements. The consolidated Ind AS financial statements also include the Group's share of net profit after tax of INR 1,599 lakhs for the year ended 31 March 2018, as considered in the consolidated Ind AS financial statements, in respect of one associate and one joint venture, whose financial statements / financial information have not been audited by us. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included

in respect of these subsidiaries, joint venture and associate and our report in terms of sub-section (3) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries, associate and joint venture is based solely on the reports of the other auditors.

The associate located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in the respective country and which have been audited by other auditors under generally accepted auditing standards applicable in the respective country. The Company's management has converted the financial statements of such associate located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such associate located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, joint ventures and joint operations and associates, as noted in the 'other matter' paragraph, we report, to the extent applicable, that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.
- d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under section 133 of the Act.
- e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its joint venture incorporated in India, none of the directors of the Holding Company and its joint venture incorporated in India is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, and its joint venture incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, associate and joint venture, as noted in the 'Other matter' paragraph:
- i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associate and joint venture. Refer Note 26 to the consolidated Ind AS financial statements.
- ii. The Group, its associate and joint venture did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2018.
- iii. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company during the year ended 31 March 2018. There were no amount which were required to be transferred to Investor Education and Protection Fund by the Joint Venture incorporated in India during the year ended 31 March 2018.
- iv. The disclosures in the consolidated Ind AS financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However, the amounts as appearing in the audited consolidated financial statements for the period ended 31 March 2017 have been disclosed

for **B S R & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 116231W/W-100024

Sriram Mahalingam

Partner

Membership Number: 049642

Place: Hyderabad

Date: 24 May 2018

Annexure A

to the Independent Auditor's Report on the Consolidated Ind AS Financial Statements

Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of Granules India Limited (hereinafter referred to as "the Holding Company") and its Joint Venture, which is a company incorporated in India, as of that date..

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the of the Holding company and its joint venture, which is a company incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') and the Standards on Auditing, deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating

effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company, and its Joint Venture, which is a company incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

controls over financial reporting insofar as it relates to one joint venture, which is a company incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

for **B S R & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 116231W/W-100024

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial

Place: Hyderabad

Date: 24 May 2018

Sriram Mahalingam

Partner

Membership Number: 049642

Consolidated Balance Sheet

as at March 31, 2018
(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

	Notes	As at March 31, 2018	As at March 31, 2017
ASSETS			
Non-current assets			
Property, plant and equipment	3A	70,079.04	56,872.54
Capital work-in-progress	3A	29,007.22	13,025.96
Intangible assets	3B	7,593.92	7,561.30
Intangible assets under development	3B	22,444.39	13,716.78
Financial assets			
(i) Investments	4A	15,655.87	10,822.94
(ii) Loans	4B	1,300.88	-
Deferred tax assets	12B	695.12	-
Income tax assets (net)		45.72	466.78
Other non-current assets	5A	2,243.94	2,589.15
Total non-current assets		1,49,066.10	1,05,055.45
Current assets			
Inventories	6	27,994.56	26,917.84
Financial assets			
(i) Trade receivables	7A	61,707.73	41,770.02
(ii) Cash and cash equivalents	7B	10,803.28	4,237.00
(iii) Bank balances other than cash and cash equivalents stated above	7B	760.34	742.93
(iv) Loans	7C	34.67	158.82
(v) Others financial assets	7D	143.06	247.46
Other assets	5B	13,879.24	8,742.34
Total current assets		1,15,322.88	82,816.41
Total assets		2,64,388.98	1,87,871.86
Equity and Liabilities			
Equity			
Equity share capital	8	2,538.38	2,287.03
Other equity	9	1,27,879.21	88,072.51
Total equity		1,30,417.59	90,359.54
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	10	43,313.02	12,424.23
Provisions	11A	770.05	724.95
Deferred tax liabilities (net)	12A	5,430.88	5,649.86
Total non-current liabilities		49,513.95	18,799.04
Current liabilities			
Financial liabilities			
(i) Borrowings	13A	52,509.95	47,383.30
(ii) Trade payables	13B	25,218.47	21,597.56
(iii) Other financial liabilities	13C	5,000.06	8,376.40
Income tax liabilities (net)		595.19	229.32
Provisions	11B	267.13	160.44
Other current liabilities	14	866.64	966.26
Total current liabilities		84,457.44	78,713.28
Total liabilities		1,33,971.39	97,512.32
Total equity and liabilities		2,64,388.98	1,87,871.86
Significant accounting policies	2		

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

As per our report of even date attached

for **B S R & Associates LLP**

Chartered Accountants

Firm registration number 116321W/W-100024

Sriram Mahalingam

Partner

Membership No : 049642

Place: Hyderabad

Date: May 24, 2018

For and on behalf of the Board of Directors of

Granules India Limited

CIN : L24110TG1991PLC012471

Krishna Prasad Chigurupati

Chairman and Managing Director

DIN : 00020180

K.Ganesh

Chief Financial Officer

Chaitanya Tummala

Company Secretary

Consolidated Statement of Profit and Loss

for the year ended March 31, 2018
(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

	Notes	For the year ended March 31, 2018	For the Year ended March 31, 2017
Income			
Revenue from operations	15	1,69,184.83	1,43,525.34
Other income	16	1,084.27	992.53
Total income		1,70,269.10	1,44,517.87
Expenses			
Cost of materials consumed	17	90,290.48	67,996.46
Changes in inventory of work-in-progress and finished goods	18	(658.34)	(33.28)
Excise duty on sales		722.60	2,468.81
Employee benefit expenses	19	16,521.21	14,018.97
Other expenses	20	34,466.81	29,190.58
Depreciation and amortisation	21	7,620.20	7,151.27
Finance costs	22	3,305.98	3,225.63
Total expenses		1,52,268.94	1,24,018.44
Profit before tax, share of profit of joint venture and associate		18,000.16	20,499.42
Share of profit in joint venture and associate, net of tax		1,598.81	2,472.61
Profit before tax		19,598.97	22,972.03
Tax expense	24		
(i) Current tax		6,593.71	6,607.20
(ii) Deferred tax		(253.86)	(87.07)
Income tax expense		6,339.85	6,520.13
Profit for the year		13,259.12	16,451.91
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss			
Fair value changes on cash flow hedges		(2,068.98)	-
Gain/(loss) arising on translation of foreign operations		1,327.84	45.05
Income tax relating to items that will be reclassified to profit or loss		(722.98)	-
Net other comprehensive income to be reclassified to profit or loss		(18.16)	45.05
Items that will not be reclassified subsequently to profit or loss			
Re-measurement of defined benefit liability		181.30	155.79
Re-measurement of defined benefit liability of joint venture, net of tax		3.09	-
Income tax relating to items that will not be reclassified to profit or loss		(62.74)	(53.92)
Net other comprehensive income not to be reclassified subsequently to profit or loss		121.65	101.87
Other comprehensive income for the year		103.49	146.92
Total comprehensive income for the year		13,362.61	16,598.83
Earnings per share:			
Equity shares of par value of Re. 1 each			
Basic (INR)	25	5.49	7.52
Diluted (INR)		5.47	7.48
Significant accounting policies	2		

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

As per our report of even date attached

for **B S R & Associates LLP**

Chartered Accountants

Firm registration number 116321W/W-100024

Sriram Mahalingam

Partner

Membership No : 049642

Place: Hyderabad

Date: May 24, 2018

For and on behalf of the Board of Directors of

Granules India Limited

CIN : L24110TG1991PLC012471

Krishna Prasad Chigurupati

Chairman and Managing Director

DIN : 00020180

K.Ganesh

Chief Financial Officer

Chaitanya Tummala

Company Secretary

Consolidated Statement of Changes in Equity

as at March 31, 2018

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

Statement of Changes in Equity

	Equity share capital	Reserves and Surplus					Other equity (Refer note 9)					Total attributable to owners of the company
		Securities premium	Capital reserve	General reserve	Employee stock option	Retained earnings	Remeasurements of defined benefit plans	Cash flow hedge reserve	Foreign currency translation reserve	Money received against share warrants		
Balance as on April 1, 2016	2,167.12	22,489.46	455.33	20,786.74	163.80	17,565.43	84.15	-	(268.32)	2,716.29	66,160.00	
Total comprehensive income for the year	-	-	-	-	-	16,451.91	-	-	-	-	16,451.91	
Profit or loss	-	-	-	-	-	16,451.91	-	-	-	-	16,451.91	
Conversion to equity shares	-	-	-	-	-	-	-	-	-	(2,716.29)	(2,716.29)	
Capital reserve pursuant to scheme of amalgamation	-	-	-	-	-	-	-	-	-	-	1,462.20	
Other comprehensive income (net of tax)	-	-	1,462.20	-	-	-	101.87	-	45.05	-	1,462.20	
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-	146.92	
Equity shares issued during the year	114.01	10,751.14	-	-	-	-	-	-	-	-	10,865.15	
Dividends (including dividend distribution tax)	-	-	-	-	-	(2,233.04)	-	-	-	-	(2,233.04)	
Share based payment	-	-	-	-	81.00	-	-	-	-	-	81.00	
Share options exercised	5.90	135.78	-	-	-	(10,000.00)	-	-	-	-	141.68	
Transfer to general reserve	-	-	-	10,000.00	-	(10,000.00)	-	-	-	-	-	
Balance as on March 31, 2017	2,287.03	33,376.39	1,917.53	30,786.74	244.80	21,784.30	186.02	-	(223.27)	-	90,359.54	
Total comprehensive income for the year	-	-	-	-	-	13,259.12	-	-	-	-	13,259.12	
Profit or loss	-	-	-	-	-	13,259.12	-	-	-	-	13,259.12	
Other comprehensive income (net of tax)	-	-	-	-	-	-	121.65	(1,346.00)	1,327.84	-	103.49	
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-	-	
Equity shares issued during the year	247.55	28,970.19	-	-	-	-	-	-	-	-	29,217.74	
Dividends (including dividend distribution tax)	-	-	-	-	-	(2,904.98)	-	-	-	-	(2,904.98)	
Share based payment	-	-	-	-	296.38	-	-	-	-	-	296.38	
Share options exercised	3.80	82.51	-	-	-	-	-	-	-	-	86.31	
Balance as on March 31, 2018	2,538.38	62,429.09	1,917.53	30,786.74	541.18	32,138.43	307.67	(1,346.00)	1,104.57	-	1,50,417.59	

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

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

Sriram Mahalingam
Partner
Membership No : 049642

Place: Hyderabad
Date: May 24, 2018

For and on behalf of the Board of Directors of

Granules India Limited
CIN : L24110TG1991PLC012471

Krishna Prasad Chigurupati
Chairman and Managing Director
DIN : 00020180

K.Ganesh
Chief Financial Officer

Chaitanya Tummala
Company Secretary

Consolidated Cash flow statement

for the year ended March 31, 2018
(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

	For the year ended March 31, 2018	For the Year ended March 31, 2017
Cash Flow from operating activities		
Profit before tax	18,000.16	20,499.42
Adjustments to reconcile profit before tax to net cash flows		
Depreciation and amortisation expense	7,620.20	7,151.27
Bad debts written off	101.47	-
Provision for doubtful debts	91.20	223.72
Loss/(Profit) on sale of assets (net)	5.66	(75.93)
Share based payment expense	296.38	81.00
Net gain on foreign exchange fluctuations (unrealised)	(332.33)	(695.12)
Exchange differences on translation of foreign operations	(37.02)	45.05
Interest expense	3,305.98	3,225.63
Interest income	(306.75)	(441.25)
Operating profit before working capital changes	28,744.93	30,013.79
Movements in working capital:		
Increase in trade receivables	(19,000.62)	(5,240.72)
Increase in inventories	(1,076.72)	(1,546.03)
Increase in other assets	(6,242.27)	(3,438.99)
Increase in trade payables, other liabilities and provisions	3,316.40	4,989.16
Cash generated from operations	5,741.73	24,777.22
Taxes paid (net of refunds)	(5,806.78)	(5,953.27)
Net cash flow from operating activities (A)	(65.05)	18,823.95
Cash flow used in investing activities		
Purchase of fixed assets, including capital work-in-progress, capital advances and payables for capital goods	(44,643.65)	(31,661.23)
Proceeds from sale of fixed assets	14.45	95.67
Redemption/(Investment) of bank deposits	(7.72)	(144.24)
Investments made in subsidiaries	(1,866.18)	(1,344.97)
Interest received	272.56	445.54
Net cash flow used in investing activities (B)	(46,230.54)	(32,609.23)

Consolidated Cash flow statement

for the year ended March 31, 2018
(All amounts are in Indian Rupees Lakhs except share data and unless otherwise stated)

	For the year ended March 31, 2018	For the Year ended March 31, 2017
Cash flow from financing activities		
Proceeds from issuance of share capital	29,304.06	8,290.56
Proceeds from borrowings	38,242.12	-
Repayment of borrowings	(13,243.82)	(5,997.04)
Proceeds from short-term borrowings	4,606.42	8,715.89
Interest paid	(3,141.92)	(3,189.38)
Dividend paid on equity shares including tax thereon	(2,904.98)	(2,233.04)
Net cash flow from financing activities (C)	52,861.88	5,586.98
Net increase in cash and cash equivalents (A+B+C)	6,566.28	(8,198.29)
Cash and cash equivalents at the beginning of the year	4,237.00	12,435.29
Cash and cash equivalents at the end of the year	10,803.28	4,237.00
Components of cash and cash equivalents:		
Cash on hand	6.22	12.33
Balances with banks		
On current accounts	2,493.16	1,060.79
On EEFC accounts	3.90	14.14
On deposit accounts	8,300.00	3,149.74
Total cash and cash equivalents	10,803.28	4,237.00

Change in liability arising from financing activities

	April 01, 2017	Cash flow	Changes in fair values	Foreign exchange movement	March 31, 2018
Borrowings - non current (refer note 10)	18,266.89	27,796.33	(2,068.98)	1,339.94	45,334.18
Borrowings - current (refer note 13A)	47,383.30	4,606.42	-	520.23	52,509.95
	65,650.19	32,402.75	(2,068.98)	1,860.17	97,844.13

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

As per our report of even date attached

for **B S R & Associates LLP**

Chartered Accountants

Firm registration number 116321W/W-100024

Sriram Mahalingam

Partner

Membership No : 049642

Place: Hyderabad

Date: May 24, 2018

For and on behalf of the Board of Directors of

Granules India Limited

CIN : L24110TG1991PLC012471

Krishna Prasad Chigurupati

Chairman and Managing Director

DIN : 00020180

K.Ganesh

Chief Financial Officer

Chaitanya Tummala

Company Secretary

Notes to consolidated financial statements

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

1 Company overview

1.1 Reporting entity

The consolidated financial statements relate to Granules India Limited (the Company), its subsidiary companies, joint venture and associate. The Company and its subsidiaries, joint venture and associate constitute the Group. The Company is a public company domiciled in India, with its registered office situated at Hyderabad, Telangana. The company has been incorporated under the provisions of Indian Companies Act and its shares are listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). The company is primarily involved in the manufacturing and selling of Active Pharmaceutical Ingredients (APIs), Pharmaceutical Formulation intermediates (PFIs) and Finished Dosages (FDs).

1.2 Basis of preparation

a) Statement of compliance

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

These consolidated financial statements have been prepared for the Company as a going concern on the basis of relevant Ind AS that are effective at the Company's annual reporting date, March 31, 2018. These consolidated financial statements were authorised for issuance by the Company's Board of Directors on May 24, 2018.

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

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

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

b) Current versus non-current classification

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

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

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

c) Basis of consolidation

Subsidiaries

Subsidiaries are all entities that are controlled by the Company. Control exists when the Company is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. In assessing control, potential voting rights are considered only if the rights are substantive. The financial statements of subsidiaries are included in these consolidated financial statements from the date that control commences until the date that control ceases. For the purpose of preparing these consolidated financial statements, the accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Company.

Joint arrangements (equity accounted in vestees)

Joint arrangements are those arrangements over which the Company has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

A joint arrangement is either a joint operation or a joint venture. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement

Notes to consolidated financial statements

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

Investments in associate and joint venture are accounted for using the equity method and are initially recognised at cost. The Company does not consolidate entities where the non-controlling interest ("NCI") holders have certain significant participating rights that provide for effective involvement in significant decisions in the ordinary course of business of such entities. Investments in such entities are accounted by the equity method of accounting. When the Company's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to zero and the recognition of further losses is discontinued except to the extent that the Company has an obligation or has made payments on behalf of the investee.

For the purpose of preparing these consolidated financial statements, the accounting policies of joint ventures have been changed where necessary to align them with the policies adopted by the Company.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in full while preparing these consolidated financial statements. Unrealised gains or losses arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Company's interest in the investee.

d) Functional and presentation currency

These consolidated financial statements are presented in Indian rupees (INR), which is also the parent company's functional currency. All amounts have been rounded-off to the nearest lakh, unless otherwise indicated. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

e) Basis of measurement

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

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

f) Use of estimates and judgements

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and

the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the consolidated financial statements.

Judgements

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

- Note 1.2(d) - Assessment of functional currency;
- Note 33 - Financial instruments;
- Note 3A - Useful lives of property, plant and equipment
- Note 28 - Assets and obligations relating to employee benefits;
- Note 27 - Share based payments;
- Note 24 & 26 (i) - Provision for income taxes, duties/tax contingencies and Evaluation of Recoverability of deferred tax assets.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending March 31, 2018 is included in the following notes:

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

g) Measurement of fair values

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

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

Notes to consolidated financial statements

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

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

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

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

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

- Note 27 – share based payment; and
- Note 33 – financial instruments.

2 Significant accounting policies

a. Financial instruments

i. Recognition and initial measurement

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

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

ii. Classification and subsequent measurement

Financial assets

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

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

Financial assets are not reclassified subsequent to

their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

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

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

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

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

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

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

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

Financial assets: subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in statement of profit and loss.
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Notes to consolidated financial statements

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

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

Financial liabilities: classification, subsequent measurement and gains and losses

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

iii. Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

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

Financial liabilities

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

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

iv. Offsetting

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

v. Derivative financial instruments and hedge accounting

The Company holds derivative financial instruments to mitigate the risk of changes in exchange rates on foreign currency exposures. Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised in statement of profit and loss. The Company designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates.

Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

The hedge instruments are designated and documented as hedges at the inception of the contract. The Company determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. The effectiveness of hedge instruments to reduce the risk associated with the exposure being hedged is assessed and measured at inception and on an ongoing basis. If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified in net foreign exchange gains in the statement of profit and loss.

Notes to consolidated financial statements

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

Cash flow hedges:

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

If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognised in cash flow hedging reserve till the period the hedge was effective remains in cash flow hedging reserve until the forecasted transaction occurs. The cumulative gain or loss previously recognised in the cash flow hedging reserve is transferred to the net profit in the statement of profit and loss upon occurrence of the related forecasted transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedging reserve is reclassified to net profit in the statement of profit and loss.

vi. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

Cash dividend to equity holders

The Company recognises a liability to make cash to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity. Interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

b. Foreign currency

Transactions in foreign currency are translated at the exchange rates prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currency are restated at the prevailing year end rates. The resultant gain/loss upon such restatement along with the gain/loss on account of foreign currency transactions are accounted in the Statement of Profit and Loss, except exchange differences arising from the translation of the qualifying cash flow hedges to the extent that the hedges are effective which are recognised in OCI.

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into INR at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

c. Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to its working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

ii. Subsequent expenditure

Subsequent expenditure related to an item of tangible fixed asset is capitalised only if it increases the future benefits from the existing assets beyond its previously assessed standards of performance.

iii. Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method. Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Freehold land is not depreciated.

Notes to consolidated financial statements

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

Depreciation is provided based on useful life of the assets as prescribed in Schedule II of companies Act, 2013.

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed of).

iv. Capital advances

Advances paid towards acquisition of tangible fixed assets outstanding at each balance sheet date are shown under long-term loans and advances as capital advances.

d. Intangible assets

Internally generated: Research and development

Expenditure on research activities is recognised in statement of profit and loss as incurred.

Development expenditure is capitalised as part of the cost of the resulting intangible asset only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in statement of profit and loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and any accumulated impairment losses.

Others

Other intangible assets are initially measured at cost. Subsequently, such intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses.

i. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefit embodied in the specific asset to which it relates

ii. Amortisation

Other intangible assets are amortised on a straight line basis over the estimated useful life as follows:

Computer software	3-10 years
Technical know how	10 years
Product related intangibles	8 years
Others	10 years

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

e. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the monthly moving weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of fixed production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products.

Raw materials, components and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

The comparison of cost and net realisable value is made on an item-by-item basis.

f. Impairment

i. Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss ("ECL") model for measurement and recognition of impairment loss on following:

- financial assets measured at amortised cost

Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime expected credit losses. For all other financial assets, ECL are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL.

Loss allowance for financial assets measured at amortised cost are deducted from gross carrying amount of the assets.

ii. Impairment of non-financial assets

The Company assess at each reporting date whether there is any indication that the carrying amount may not be recoverable. If any such indication exists, then the asset's

Notes to consolidated financial statements

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

recoverable amount is estimated and an impairment loss is recognised if the carrying amount of an asset or cash-generating unit (CGU) exceeds its estimated recoverable amount in the statement of profit and loss.

The Company's non-financial assets, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets that do not generate independent cash inflows are grouped together into CGUs. Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or groups of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not subsequently reversed. In respect of other assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

g. Employee benefits

i. Gratuity

The Company provides for gratuity, a defined benefit plan ("the Gratuity Plan") covering the eligible employees of the Company. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of the employment with the Company.

Liability with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method. The defined benefit plan is administered by a trust formed for this purpose through the Company gratuity scheme.

The Company recognises the net obligation of a defined benefit plan as a liability in its balance sheet. Gains or losses through re-measurement of the net defined benefit liability are recognised in other comprehensive income and are not reclassified to profit and loss in the subsequent periods. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligation is recognised in other comprehensive income. The effect of any plan amendments are recognised in the statement of profit and loss.

ii. Provident fund

Eligible employees of the Company receive benefits from provident fund, which is a defined contribution plan. Both the eligible employees and the Company make monthly contributions to the Government administered provident fund scheme equal to a specified percentage of the eligible employee's salary. Amounts collected under the provident fund plan are deposited with in a government administered provident fund. The Company has no further obligation to the plan beyond its monthly contributions.

iii. Compensated absences

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet date using the projected unit credit method on the additional amount expected to be paid/availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognised in the period in which the absences occur.

iv. Share based compensation

The grant date fair value of options granted to employees is recognised as employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The expense is recorded for each separately vesting portion of the award. The increase in equity recognised in connection with share-based payment transaction is presented as a separate component in equity under "employee stock option". The amount recognised as an expense is adjusted to reflect the actual number of stock options that vest.

Notes to consolidated financial statements

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

h. Provisions (other than for employee benefits)

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

Onerous contracts

A contract is considered to be onerous when the expected economic benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before such a provision is made, the Company recognises any impairment loss on the assets associated with that contract.

i. Revenue

i. Sale of goods

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. The timing of transfers of risks and rewards varies depending on the individual terms of sale. Revenue from the sale of goods includes excise duty and is measured at the fair value of the consideration received or receivable, net of returns and applicable trade discounts and allowances and excludes taxes or duties collected on behalf of the government.

Consequent to the introduction of Goods and Service Tax (GST) with effect from July 1, 2017, Central Excise, Value Added Tax (VAT) etc. have been subsumed into GST. In accordance with Indian Accounting Standard - 18 on Revenue and Schedule III of the Companies Act, 2013 unlike Excise Duties levies like GST, VAT etc. are not part of revenue.

ii. Sales return allowances

The Company accounts for sales return by recording an allowance for sales return concurrent with the recognition of revenue at the time of a product sale. The

allowance is based on Company's estimate of expected sales returns. The estimate of sales return is determined primarily by the Company's historical experience in the markets in which the Company operates.

iii. Export incentives

Export incentives are recognised as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

iv. Interest income or expense

Interest income or expense is recognised using the effective interest method on time proportion method.

v. Dividend income

Dividend income is recognised when the Company's right to receive dividend is established, which is generally when shareholders approve the dividend.

j. Leases

i. Determining whether an arrangement contains a lease

At inception of an arrangement, it is determined whether the arrangement is or contains a lease.

At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values. If it is concluded for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. The liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the incremental borrowing rate.

ii. Asset held under leases

Leases of property, plant and equipment that transfer to the Company substantially all the risks and rewards of ownership are classified as finance lease. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to the initial recognition, the assets are accounted for in accordance with the accounting policy applicable to similar owned assets.

Assets held under leases that do not transfer to the Company substantially all the risks and rewards of ownership (i.e. operating leases) are not recognised in the Company's Balance Sheet.

Notes to consolidated financial statements

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

iii. Lease payments

Payments made under operating lease are generally recognised in profit or loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

k. Income tax

Income tax comprises current and deferred income tax. Income tax expense is recognised in statement of profit and loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

i. Current tax

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

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

ii. Deferred tax

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

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of transaction;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

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

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

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

The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or substantive enactment date. A deferred income tax assets is recognised to the extent it is probable that future taxable income will be available against which the deductible temporary timing differences and tax losses can be utilised.

l. Borrowing cost

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

m. Standards issued but not yet effective

"Ind AS 115 Revenue from Contracts with Customers: Ind AS 115, establishes a comprehensive framework for determining whether, how much and when revenue should be recognised. It replaces existing revenue recognition guidance, including Ind AS 18 Revenue, Ind AS 11 Construction Contracts and Guidance Note on Accounting for Real Estate Transactions. Ind AS 115 is effective for annual periods beginning on or after 1 April 2018 and will be applied accordingly.

The Company plans to apply Ind AS 115 using the cumulative effect method, with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 April 2018) in retained earnings. As a result, the Company will not present relevant individual line items appearing under comparative period presentation.

The Company has assessed the estimated impact of the initial application of Ind AS 115 on accounting policies followed in its financial statements. The estimated impact of the adoption of these standards on the Company's equity as at 1 April 2018 and on net income on an ongoing basis is expected to be insignificant

Notes to consolidated financial statements

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

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

	Freehold land	Freehold buildings	Lease hold Improvements	Plant and equipment	Computers	Office equipment	R&D Equipment	Furniture and fittings	Vehicles	Total
Gross carrying amount										
At April 1, 2016	1,573.25	14,737.27	-	49,227.92	1,067.01	572.15	1,963.97	1,010.16	513.16	70,664.89
Additions	1,462.92	3,430.30	-	10,421.99	181.89	103.08	111.40	79.89	17.07	15,808.56
Disposals/ Adjustments	-	(26.31)	-	(64.29)	-	(1.27)	(0.11)	-	(9.11)	(101.10)
Exchange differences	-	(5.07)	-	205.58	(1.58)	(0.53)	-	2.49	(0.75)	200.14
At March 31, 2017	3,036.17	18,136.19	-	59,791.21	1,247.32	673.43	2,075.26	1,092.54	520.37	86,572.49
Additions	1,691.75	9,919.41	160.19	8,816.87	163.60	48.91	275.56	112.29	10.58	21,199.15
Disposals/ adjustments	-	(31.71)	-	(100.78)	(117.73)	(23.78)	86.47	(17.18)	(35.29)	(240.00)
Exchange differences	5.36	(2.18)	-	(359.32)	0.38	0.01	0.27	0.33	0.19	(354.96)
At March 31, 2018	4,733.28	28,021.70	160.19	68,147.97	1,293.57	698.57	2,437.56	1,187.98	495.85	107,176.68
Accumulated Depreciation										
At April 1, 2016	-	2,864.73	-	17,908.66	680.29	301.55	553.71	420.05	227.57	22,956.55
Depreciation for the year*	-	585.70	-	5,623.79	157.41	100.05	178.98	112.41	61.32	6,819.66
Disposals/ Adjustments	-	(22.62)	-	(29.06)	-	(0.34)	(0.10)	-	(2.46)	(54.58)
Exchange differences	-	(0.20)	-	(29.10)	1.06	0.40	-	6.14	-	(21.69)
At March 31, 2017	-	3,427.61	-	23,474.29	838.76	401.66	732.59	538.60	286.43	29,699.94
Depreciation for the year*	-	877.47	3.26	6,083.04	166.57	106.12	211.25	104.40	61.05	7,613.16
Disposals/ Adjustments	-	(1.34)	-	(87.97)	(116.10)	(21.52)	22.73	(0.11)	(15.44)	(219.75)
Exchange differences	-	0.35	-	3.47	0.18	-	0.07	0.12	0.10	4.29
At March 31, 2018	-	4,304.08	3.26	29,472.83	889.40	486.26	966.64	643.01	332.13	37,097.63
Net carrying amount										
At March 31, 2017	3,036.17	14,708.58	-	36,316.91	408.56	271.77	1,342.67	553.94	233.94	56,872.54
At March 31, 2018	4,733.28	23,717.62	156.93	38,675.14	404.17	212.31	1,470.92	544.97	163.72	70,079.04
Capital work-in-progress										
At March 31, 2017										13,025.96
At March 31, 2018										29,007.22

* Includes depreciation charge of assets pertaining to Granules Pharmaceuticals Inc. of ₹901.10 lakhs (March 31, 2017 - ₹552.89 lakhs). The said charge is capitalized since the plant is under construction.

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

ii) Capital work-in-progress mainly comprises new API manufacturing unit being constructed in Visakhapatnam, India.

iii) The amount of borrowing costs capitalised during the year ended March 31, 2018 was ₹501.06 lakhs (Property, plant and equipment ₹42.93 lakhs and capital work-in-progress ₹458.13 lakhs (March 31, 2017- ₹ Nil)).

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

Notes to consolidated financial statements

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

3B. Intangible assets - Reconciliation of carrying amount

	Technical Know How	Software	Product related intangibles	Others	Total
Gross carrying amount					
At April 1, 2016	3,189.51	355.73	6,355.75	1,732.58	11,633.57
Additions/ Adjustments	-	159.52	-	-	159.52
Deletions	-	-	-	-	-
At Mar 31, 2017	3,189.51	515.25	6,355.75	1,732.58	11,793.09
Additions	-	409.59	580.76	-	990.35
Deletions/ Adjustments	-	-	-	-	-
Exchange differences	-	1.63	1.34	-	2.97
At March 31, 2018	3,189.51	926.47	6,937.85	1,732.58	12,786.41
Accumulated amortisation					
At April 1, 2016	2,904.26	75.52	-	368.35	3,348.12
Amortisation for the year	218.29	40.34	452.61	173.26	884.50
Deletions/Adjustments	-	(0.83)	-	-	(0.83)
At Mar 31, 2017	3,122.55	115.03	452.61	541.61	4,231.79
Amortisation for the year	16.83	112.40	658.18	173.26	960.66
Deletions/Adjustments	-	-	-	-	-
Exchange differences	-	0.04	-	-	0.04
At March 31, 2018	3,139.38	227.47	1,110.79	714.87	5,192.49
Net carrying amount					
At March 31, 2017	66.96	400.22	5,903.14	1,190.97	7,561.30
At March 31, 2018	50.13	699.00	5,827.07	1,017.71	7,593.92
Intangible assets under development					
At March 31, 2017					13,716.78
At March 31, 2018					22,444.39

*Includes amortisation charge of assets pertaining to Granules Pharmaceuticals Inc. of ₹52.52 lakhs (March 31, 2017 - ₹ Nil). The said charge is capitalized since the plant is under construction.

4. Financial Assets

4A. Non-current Investments

	March 31, 2018	March 31, 2017
Investments		
Investments in equity instruments		
a. Unquoted equity shares		
In Associate		
Granules Biocause Pharmaceutical Co.Limited - 3,30,00,000 (March 31, 2017 : 3,30,00,000) equity shares of 1 RMB each fully paid up		
Opening	4,562.69	3,333.41
Add : Share of profit for the year	1,417.52	1,229.28
Add : Translation differences	1,364.85	-
Closing	7,345.06	4,562.69
In Joint Venture		
Granules OmniChem Private Limited - 4,28,80,967 (March 31, 2017 : 4,28,80,967) equity shares of ₹10 each fully paid up		
Opening	4,852.22	3,614.28
Add : Share of profit for the year	184.37	1,237.94
Closing	5,036.59	4,852.22

Notes to consolidated financial statements

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

4. Financial Assets (contd..)

4A. Non-current Investments (contd..)

	March 31, 2018	March 31, 2017
In Others		
Jeedimetla Effluent Treatment Ltd - 15,142 (March 31, 2017 :15,142) equity shares	59.59	59.59
Patancheru Envirotech Ltd - 34,040 (March 31, 2017 :34,040) equity shares	3.41	3.41
US Pharma Limited	3,211.15	1,344.97
b. In Quoted equity shares		
Ipca Laboratories Limited - 250 (March 31, 2017 :250) equity shares	0.07	0.07
Total	15,655.87	10,822.94
Aggregate book value of quoted investments	0.07	0.07
Aggregate market value of quoted investments	1.64	1.60
Aggregate value of unquoted investments	15,655.80	10,822.87
Aggregate amount of impairment in value of investments	-	-

4B. Loans (Unsecured considered good unless otherwise stated)

	March 31, 2018	March 31, 2017
Loan to US Pharma Limited	1,300.88	-
Total	1,300.88	-

Note:

(i) The term loan given to US Pharma Limited carries fixed interest rate of 7%. This loan is repayable by US Pharma Limited starting from July, 2019 onwards in 12 quarterly installments.

(ii) Maximum amount outstanding at any time

	During the year ended	
	March 31, 2018	March 31, 2017
US Pharma Limited	1,300.88	-

5. Other assets

5A. Non-current

	March 31, 2018	March 31, 2017
Capital advances	1,431.43	1,843.87
Security deposits	812.51	745.28
Total	2,243.94	2,589.15

5B. Current

	March 31, 2018	March 31, 2017
Balance with government authorities	9,114.98	4,784.88
Prepaid expenses	744.74	501.25
Export incentives receivable	3,941.96	3,042.83
Scripts on hand	62.15	337.87
Others	15.41	75.51
Total	13,879.24	8,742.34

Notes to consolidated financial statements

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

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

	March 31, 2018	March 31, 2017
Raw materials*	10,963.86	10,651.47
Packing materials	1,031.43	890.53
Work-in-progress	5,316.07	5,639.65
Finished goods	8,564.37	7,582.45
Stores, spares and consumables	2,118.83	2,153.74
Total	27,994.56	26,917.84

*includes raw materials-in-transit ₹664.54 lakhs (March 31, 2017 - ₹854.87 lakhs).

- For details of inventories hypothecated against current borrowings refer note 10 & 13A.
- Write-down of inventories to net realisable value amounted to ₹50.76 lakhs (March 31, 2017 - ₹ Nil). These were recognised as an expense during the year and included in "changes in finished goods and work-in-progress" in statement of profit and loss.

7. Financial Assets

7A. Trade receivables

	March 31, 2018	March 31, 2017
Unsecured, considered good	61,707.73	41,770.02
Doubtful	312.38	221.18
	62,020.11	41,991.20
Allowance for credit loss	(312.38)	(221.18)
Total	61,707.73	41,770.02

Refer note 31 for trade receivables due from private companies/partnership firm in which Company's director is a director/partner. The Company's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in Note 34. For receivables secured against borrowings, Refer note 10 & 13A.

7B. Cash and cash equivalents

	March 31, 2018	March 31, 2017
i) Cash on hand	6.22	12.33
ii) Balance with banks:		
On current accounts	2,493.16	1,060.79
On EEFC accounts	3.90	14.14
Deposits with original maturity of less than 3 months	8,300.00	3,149.74
Total (i+ii)	10,803.28	4,237.00
iii) Bank balances other than cash and cash equivalents stated above		
Unpaid dividend account	40.75	31.06
Margin money deposits (refer note (a) below)	719.59	711.87
Total (iii)	760.34	742.93
Total (i+ii+iii)	11,563.62	4,979.93

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

7C. Loans (Unsecured, considered good)

	March 31, 2018	March 31, 2017
Advance to employees	34.67	158.82
Total	34.67	158.82

Notes to consolidated financial statements

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

7. Financial Assets (contd..)

7D. Other financial assets

	March 31, 2018	March 31, 2017
Interest accrued but not due on deposits	36.55	25.13
Interest accrued but not due on loan given	22.77	-
Security deposits	27.90	222.33
Other receivables	55.84	-
Total	143.06	247.46

8. Share capital

	March 31, 2018	March 31, 2017
Authorized		
50,50,00,000 (March 31, 2017: 50,50,00,000) Equity Shares of Re.1/- each	5,050.00	5,050.00
Issued, subscribed and fully paid up		
25,38,37,562 fully paid up Equity Shares of Re.1/- each (March 31, 2017 : 22,87,02,770 Equity Shares of Re.1/- each)	2,538.38	2,287.03

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

	March 31, 2018		March 31, 2017	
	No. of shares	₹	No. of shares	₹
At the beginning of the year	22,87,02,770	2,287.03	21,67,11,770	2,167.12
Add: Shares issued on exercise of employee stock options	3,80,000	3.80	5,90,000	5.90
Add: Shares issued in cash through Qualified Institutional Placement (QIP)	2,47,54,792	247.55	-	-
Add: Shares issued against warrants	-	-	1,14,01,000	114.01
Number of shares at the end of the year	25,38,37,562	2,538.38	22,87,02,770	2,287.03

8.2 Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having a par value of Re.1 per share. Each holder of equity shares is entitled to one vote per share. The Company declares dividends in Indian rupees. During the year ended March 31, 2018, the amount of interim dividend per share distributed along with final dividend per share recommended by the board to equity shareholders was ₹1.00 (March 31, 2017: ₹0.90). In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

8.3 Details of shareholders holding more than 5% equity shares in the Company

	March 31, 2018		March 31, 2017	
	No. of shares	% holding	No. of shares	% holding
Krishna Prasad Chigurupati	9,53,29,927	37.56	7,16,79,610	31.34

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

Notes to consolidated financial statements

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

8. Share capital (contd..)

8.4 Shares reserved for issue under options

For details of shares reserved for issue under Employee Stock Option Scheme (ESOS) of the Company, refer note 27

8.5 Shares issued through QIP

On September 26, 2017, the Company issued and allotted 2,47,54,792 Equity Shares of Re. 1/- each at an issue price of ₹121.25 per share to raise ₹30,015.18 Lakhs by way of Qualified Institutional Placement ("QIP") under Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. Expenses related to the issue amounting to ₹797.45 Lakhs have been adjusted against Securities Premium. Use of the net proceeds of the Qualified Institutional Placement is intended for business purposes such as meeting for expansion of business verticals by way of strategic investment in research and development, repayment or pre-payment of outstanding indebtedness, investment in subsidiaries, joint ventures, capital expenditure and other general corporate purposes.

9. Other equity

Attributable to owners

Securities premium reserve

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.

General reserve

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

Retained earnings

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

Share based payment reserve

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

Capital reserve

Capital reserve arising pursuant to scheme of amalgamation

Dividends

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

	March 31, 2018	March 31, 2017
₹1.00 per equity share (March 31, 2017 : ₹0.85 per share)	2,413.62	1,855.46
Dividend distribution tax (DDT) on dividend	491.36	377.59
	2,904.98	2,233.04

After the reporting dates the following dividends (excluding dividend distribution tax) were proposed by the directors subject to the approval at the annual general meeting. The dividends have not been recognised as liabilities. Dividends would attract dividend distribution tax when declared or paid.

	March 31, 2018	March 31, 2017
₹0.25 per equity share (March 31, 2017 : ₹0.25 per share)	634.60	571.76
	634.60	571.76

Notes to consolidated financial statements

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

9. Other equity (contd..)

Analysis of items of OCI, net of tax

Remeasurements of defined benefit plans (refer note - 28)

Remeasurements of defined benefit plans comprises actuarial gains and losses and return on plan assets.

Cash flow hedge reserve

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

The reconciliation of cash flow hedge reserve for the year ended March 31, 2018 is as follows:

Particulars	March 31, 2018
Balance at the beginning of the year	-
Loss recognised in other comprehensive income during the year	(2,068.98)
Amount reclassified to revenue during the year	-
Tax impact on the above	722.98
Balance at the end of the year	(1,346.00)

Foreign currency translation reserve (FCTR)

Represents the FCTR of a foreign subsidiaries and associate. For the purpose of consolidation of subsidiaries financial statements with the financial statement of the parent company, income and expenses are translated at average rates and the assets and liabilities are stated at closing rate. In case of associate, investment is translated at closing rate.

10. Long-term borrowings

	Non-current portion		Current maturities	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Term Loans (Secured)				
Loans from banks	-	7,402.50	-	3,290.00
Loans from financial institutions	43,313.02	4,987.49	2,001.38	2,529.98
	43,313.02	12,389.99	2,001.38	5,819.98
Other loans				
Deferred payment liabilities (Unsecured) (refer note (iv))	-	34.24	19.78	21.24
	-	34.24	19.78	21.24
Long term maturities of finance lease obligation				
Obligations under finance lease (Secured)	-	-	-	1.45
	-	-	-	1.45
	43,313.02	12,424.23	2,021.16	5,842.66
The above amount includes:				
Secured borrowings	43,313.02	12,389.99	2,001.38	5,821.43
Unsecured borrowings	-	34.24	19.78	21.24
	43,313.02	12,424.23	2,021.16	5,842.66

Notes to consolidated financial statements

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

10. Long-term borrowings (contd..)

The details of secured loans are as under:

Name of the bank	Outstanding as on March 31, 2018	Outstanding as on March 31, 2017	Sanction amount	No of instalments	Commencement of Instalments	Rate of interest
Andhra Bank (Refer note (i))	-	5,757.50	8,225.00	10 Half yearly equal instalments of ₹822.50 lakhs	Feb-16	Dec'15 to Nov'16 - 11.25% and 11.2% from Dec'16
State Bank of India (Refer note (i))	-	4,935.00	7,402.50	9 Half yearly equal instalments of ₹822.50 lakhs	Mar-16	10.60%
International Finance Corporation (Refer note (ii))	-	389.03	US\$ 9 Mn	15 Half yearly equal instalments of USD 0.6 Mn	Jul-10	5.33%
International Finance Corporation (Refer note (ii))	-	145.89	US\$ 1 Mn	1 installment of USD 0.1 Mn & 4 Half yearly equal instalments of USD 0.225 Mn	Jul-15	6M Libor + 4.6%
International Finance Corporation (Refer note (iii))	2,501.65	3,491.27	US\$ 10 Mn	13 Half yearly equal instalments of USD 0.77 Mn	Sep-14	6M Libor + 4.0%
Deutsche Investitions Und Entwicklungsschaft MBh (Refer note (iii))	2,501.65	3,491.27	US\$ 10 Mn	13 Half yearly equal instalments of USD 0.77 Mn	Sep-14	6M Libor + 4.0%
International Finance Corporation (Refer note (iii))	28,217.77	-	EUR 45 Mn (Draw down 35 Mn)	12 half yearly equal instalments of EUR 3.75 Mn	Jan-20	6M Euribor +2.75% p.a
Deutsche Investitions Und Entwicklungsschaft MBh (Refer note (iii))	12,093.33	-	EUR 20 Mn (Draw down 15 Mn)	12 half yearly equal instalments of EUR 1.67 Mn	Jan-20	6M Euribor +2.80% p.a
HDFC Bank	-	1.45	22.66	36 monthly equal instalments of ₹0.73 lakhs	Jun-14	10.25%

i) The term loan was prepaid in full on October 6, 2017.

ii) The term loans were closed during the year ended March 31, 2018 as the entire balance outstanding as at March 31, 2017 was due and paid during the current year.

iii) All secured term loans are secured by a paripassu first charge on the fixed assets of present and future of the company except all monies in the banks with a carrying amount of ₹85,958.02 lakhs (March 31, 2017 - ₹65,058.95 lakhs) and a paripassu second charge of the current assets of present and future of the Company with a carrying amount of ₹1,13,841.52 lakhs (March 31, 2017 - ₹83,318.33 lakhs).

iv) The sales tax authority has sanctioned an interest free deferment of sales tax. The loan is to be paid at the end of 13 years from the respective deferment and the balance outstanding loan is due to be paid fully in the year ended March 31, 2019. Accordingly the balance outstanding is classified as part of other current liabilities.

Notes to consolidated financial statements

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

11. Provisions

a) Non-current

	March 31, 2018	March 31, 2017
Provision for employee benefits	480.35	445.43
Gratuity (refer note 28)		
Compensated absences	289.70	279.52
	770.05	724.95

b) Current

	March 31, 2018	March 31, 2017
Provision for employee benefits		
Gratuity (refer note 28)	122.11	57.23
Compensated absences	145.02	103.21
	267.13	160.44

12A. Deferred tax liability (net)

	March 31, 2018	March 31, 2017
Deferred tax liability		
Property, plant and equipment and intangible assets	7,582.83	6,902.42
Gross deferred tax liability	7,582.83	6,902.42
Deferred tax asset		
Employee benefit obligations	437.84	384.97
Voluntary retirement scheme	2.82	11.23
Allowance for doubtful debts	109.16	75.18
Hedged instrument	722.98	-
Others	879.15	781.18
Gross deferred tax assets	2,151.95	1,252.56
Net deferred tax liability	5,430.88	5,649.86

12B. Deferred tax asset

	March 31, 2018	March 31, 2017
Business loss	695.12	-
	695.12	-

13. Current financial liabilities

13A. Short-term borrowings

	March 31, 2018	March 31, 2017
Loans repayable on demand from banks - working capital loans		
Cash credit facilities (secured) [refer note (i) & (v)]	813.85	721.71
Buyers credit (secured) [refer note (ii) & (v)]	-	2,895.48
Packing credit loans (secured) [refer note (iii) & (v)]	22,399.67	20,780.89
Packing credit loans (unsecured) [refer note (vi)]	8,124.25	-
Bill discounting (secured) [refer note (iv) & (v)]	21,172.18	22,985.22
Total	52,509.95	47,383.30
The above amount includes		
Secured borrowings	44,385.70	47,383.30
Unsecured borrowings	8,124.25	-
	52,509.95	47,383.30

Notes to consolidated financial statements

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

14. Other current liabilities

	March 31, 2018	March 31, 2017
Advance from customers	481.36	671.78
Statutory liabilities	385.28	281.09
Others	-	13.39
Total	866.64	966.26

15. Revenue from operations

	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Sale of products (including excise duty) [refer note i]	1,64,174.79	1,43,435.71
Other operating revenue	5,010.04	89.63
Total	1,69,184.83	1,43,525.34

Note:

i) Post implementation of Goods and Service Tax ("GST") with effect from July 01, 2017, revenue from operations is disclosed net of GST. For the periods prior to July 01, 2017, the excise duty amount was recorded as part of revenue with a corresponding amount recorded as expense. Accordingly, revenue from operations for the year ended March 31, 2018 are not comparable with those of the previous period presented. Following additional information is being provided to facilitate such comparison :

	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Sale of products (including excise duty)	1,64,174.79	1,43,435.71
Excise duty	722.60	2,468.81
Sale of products	1,63,452.19	1,40,966.90

16. Other income

	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Interest income		
Deposits with banks	233.30	317.02
Others	73.45	124.23
Profit on sale of assets (net)	-	75.93
Foreign exchange gain, net	670.65	-
Other non-operating income	106.87	475.35
Total	1,084.27	992.53

17. Cost of materials consumed

	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Inventory at the beginning of the year	11,542.00	10,322.64
Add: Purchases	90,743.77	69,215.82
	1,02,285.77	79,538.46
Less: Inventory at the end of the year	11,995.29	11,542.00
Cost of materials consumed	90,290.48	67,996.46

Notes to consolidated financial statements

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

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

	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Inventories at the end of the year		
Finished goods	8,564.37	7,582.45
Work-in-progress	5,316.07	5,639.65
	13,880.44	13,222.10
Inventories at the beginning of the year		
Finished goods	7,582.45	8,634.95
Work-in-progress	5,639.65	4,553.86
	13,222.10	13,188.81
Total	(658.34)	(33.28)

19. Employee benefit expenses

	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Salaries, wages and bonus	15,027.58	12,774.47
Contribution to provident and other funds	576.82	473.51
Staff welfare expenses	620.43	689.99
Employee Stock Option Scheme	296.38	81.00
Total	16,521.21	14,018.97

20. Other expenses

	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Consumption of stores & spares	1,271.90	970.61
Power and fuel	4,822.03	3,867.22
Effluent treatment expenses	862.24	805.17
Analytical fees	256.43	236.99
Other manufacturing expenses	497.41	279.75
Repairs and maintenance		
Plant and machinery	2,909.05	2,997.30
Buildings	400.82	349.90
Others	894.46	652.64
Rent	736.83	512.78
Rates and taxes	998.46	973.72
Printing and stationery	177.18	173.51
Insurance	1,101.19	614.97
Managerial remuneration	2,371.70	2,104.26
Directors sitting fees	40.20	38.80
Remuneration to statutory auditors (refer note 30)	34.24	22.00
Sales commission	2,002.61	1,706.77
Carriage outwards & clearing charges	5,654.06	5,927.62
Research & development expenses	5,247.80	2,567.53
Business promotion expense	551.95	496.97
Communication expenses	212.61	209.34
Consultancy charges	1,302.23	827.26
Travelling and conveyance	1,073.64	1,288.74
Advertisement Charges	99.15	5.90
Donations	14.06	18.40

Notes to consolidated financial statements

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

20. Other expenses (contd..)

	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Loss on sale of fixed assets (net)	5.66	-
Contribution to political parties	5.00	-
Bad debts written off	101.47	2.54
Provision for doubtful debts	91.20	221.18
Foreign exchange loss (net)	-	555.35
Corporate social responsibility expenditure (refer note 23)	176.09	276.16
Miscellaneous expenses	555.13	487.19
Total	34,466.81	29,190.58

21. Depreciation and amortisation expense

	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Depreciation*	6,712.06	6,266.77
Amortisation*	908.14	884.50
Total	7,620.20	7,151.27

* Net off depreciation charge of assets pertaining to Granules Pharmaceuticals Inc. of ₹901.10 lakhs (March 31, 2017 - ₹552.89 lakhs) and amortisation charge of assets pertaining of ₹52.92 lakhs (March 31, 2017 - ₹ Nil). The said charge is capitalized since the plant is under construction.

22. Finance costs

	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Interest		
- Term loan	1,049.61	1,920.71
- Working capital	1,069.39	749.54
- Others	486.41	48.57
Other borrowing costs	700.56	506.81
Total	3,305.98	3,225.63

23. Details of CSR expenditure

	For the Year ended March 31, 2018	For the Year ended March 31, 2017
(a) Gross amount required to be spent by the Company during the year:	335.47	272.32
(b) Amount spent during the year ended		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	176.09	276.16
(c) Amount unspent during the year ended	159.38	(3.84)

Notes to consolidated financial statements

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

24. Tax expense

(a) Income tax expense:

Amount recognised in profit (or) loss

	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Current tax	6,593.71	6,607.20
Deferred tax charge/(credit)	(253.86)	(87.07)
Total income tax expense recognised in statement of profit & loss	6,339.85	6,520.13

(b) Reconciliation of effective tax rate:

	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Profit before tax (A)	18,000.16	20,499.42
Enacted tax rate in India (B)	34.61%	34.61%
Expected tax expenses (C = A*B)	6,229.50	7,094.44
Incremental deduction allowed for research and development costs	(588.03)	(487.11)
Investment allowance deduction	-	(380.83)
Effect of change in tax rates	362.40	45.00
Unrecognised deferred tax assets	54.09	140.07
Others	281.89	108.56
Income tax expense	6,339.85	6,520.13

Movement in temporary differences:

	Balance as at April 1, 2016	Recognised in profit or loss during the year	Recognised in OCI during the year	Balance as at March 31, 2017	Recognised in profit or loss during the year	Recognised in OCI during the year	Balance as at March 31, 2018
Depreciation and amortization	(6,720.66)	(181.76)	-	(6,902.42)	(680.41)	-	(7,582.83)
Employee benefits	317.44	121.45	(53.92)	384.97	115.61	(62.74)	437.84
Voluntary Retirement scheme	50.81	(39.58)	-	11.23	(8.41)	-	2.82
Allowance for doubtful debts	-	75.18	-	75.18	33.98	-	109.16
Hedged instrument	-	-	-	-	-	722.98	722.98
Business loss	-	-	-	-	695.12	-	695.12
Others	669.40	111.78	-	781.18	97.97	-	879.15
Total	(5,683.01)	87.07	(53.92)	(5,649.86)	253.86	660.24	(4,735.76)

Income tax recognised in other comprehensive income

	For the year ended March 31, 2018			For the year ended March 31, 2017		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Gain/(loss) arising on translation of foreign operations	1,327.84	-	1,327.84	45.05	-	45.05
Fair value changes on cash flow hedges	(2,068.98)	722.98	(1,346.00)	-	-	-
Re-measurement of defined benefit liability	181.30	(62.74)	118.56	155.79	(53.92)	101.87
Re-measurement of defined benefit liability of joint venture, net of tax	3.09	-	3.09	-	-	-
Total	(556.76)	660.24	103.49	200.85	(53.92)	146.92

Notes to consolidated financial statements

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

25. Earning per equity share

	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Earnings		
Profit for the year	13,259.12	16,451.91
Weighted average shares used for computing of basic EPS	2,416.18	2,188.24
Add: Effect of dilution		
Effect of dilutive options granted but not yet exercised/not yet eligible for exercise	6.58	11.21
Weighted average shares used for computing diluted EPS	2,422.76	2,199.45
Earnings per share		
- Basic (in INR)	5.49	7.52
- Diluted (in INR)	5.47	7.48

26. Contingent liabilities and commitments

	As at March 31, 2018	As at March 31, 2017
(i) Contingent liabilities:		
(a) Claims against the Company not acknowledged as debt	442.37	436.12
The above includes:		
(i) Direct taxation	68.93	68.93
(ii) Indirect taxation (includes matters pertaining to disputes on central excise, custom duty and service tax)	373.44	367.19

The Company is involved in taxation matters that arise from time to time in the ordinary course of business. Management is of the view that above claims are not tenable and will not have any material adverse effect on the Company's financial position and results of operations.

	As at March 31, 2018	As at March 31, 2017
(b) Guarantees		
Corporate guarantees given in favour of banks towards loans obtained by Joint Venture		
- Granules OmniChem Private Limited	14,512.00	12,464.57

There were no additional corporate guarantees given during the year. The movement is on account of foreign exchange differences.

	As at March 31, 2018	As at March 31, 2017
(ii) (a) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	7,584.76	17,398.95

(b) Operating Leases

Operating leases are mainly in the nature of lease of office premises with no restrictions and are renewable on a periodic basis at the option of either of the parties.

There are no sub-leases. There are no restrictions imposed by lease arrangements. The aggregate amount of operating lease payments recognised in the Statement of Profit and Loss for cancellable lease is ₹669.31 lakhs (March 31, 2017: ₹494.39 lakhs) and non-cancellable lease is ₹67.52 lakhs (March 31, 2017 : ₹18.39 lakhs).

Notes to consolidated financial statements

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

26. Contingent liabilities and commitments (contd..)

The schedule of future minimum rental payments in respect of non-cancellable operating leases is set out below:

	As at March 31, 2018	As at March 31, 2017
Less than one year	106.60	23.32
Between one and five years	370.29	37.78
	476.89	61.10

27. Share based payments

Granules India Limited – Employee Stock Option Scheme 2009 (“ESOS-2009”)

Pursuant to the decision of the shareholders at their meeting held on September 25, 2009, the Company has formulated an Employee Stock Option Scheme 2009 to be administered by the Compensation & Remuneration Committee of the Board of Directors. This scheme has been formulated in accordance with the Securities Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

Under the Plan, options not exceeding 1,00,48,070 have been reserved to be issued to the eligible directors and employees (Employees under permanent employment of the Company and its subsidiary company(ies), including eligible Directors of the Company and its subsidiary, whether whole time or not, whether working in India or abroad or otherwise, except the Promoter Directors and Promoter group employees) with each option conferring a right upon the Optionee to apply for one equity share.

The exercise price of the options is the closing market price of the shares on that stock exchange where there is highest trading volume prior to the date of the grant i.e. the date of the Compensation & Remuneration Committee / Board meeting at which the grant of options is approved.

Under the above Scheme till date, options were granted in six tranches viz. Grant I, Grant II, Grant III, Grant IV, Grant V & Grant VI. The options granted under the Plan shall start vesting in tranches after one year from the date of grant and not more than two, three and five years (differs from optionee to optionee) under Grant I, five years under Grant II & III and four years under Grant IV, V & VI from the respective date of grant of the options.

The Black-Scholes-Merton model includes assumptions regarding dividend yields, expected volatility, expected terms and risk free interest rates. In respect of exercise price of options granted, the expected term of an option (or “option life”) is estimated based on the vesting term, contractual term, as well as expected exercise behavior of the employees receiving the option. In respect of fair market value of the options granted, the option life is estimated based on the simplified method. Expected volatility of the option is based on historical volatility, of the observed market prices of the Company’s publicly traded equity shares. Dividend yield of the options is based on recent dividend activity. Risk-free interest rates are based on the government securities yield in effect at the time of the grant. These assumptions reflect management’s best estimates, but these assumptions involve inherent market uncertainties based on market conditions generally outside of the Company’s control.

The details of activity under the Scheme are summarised below :

	For the year ended March 31, 2018			
	Shares arising out of options	Range of exercise prices	Weighted average exercise price	Weighted average remaining useful life (months)
Options outstanding at the beginning of the year	15,70,000	9.10 to 133.00	39.74	38
Add : Granted during the year	44,88,000	142.00	142.00	84
Less: Exercised during the year	3,80,000	9.10 to 31.50	22.71	-
Less: Lapsed/cancelled during the year	2,33,300	31.50 to 142.00	93.35	-
At the end of the year	54,44,700	9.10 to 142.00	122.92	64
Exercisable at the end of the year	3,84,000	9.10 to 133.00	21.47	20

Notes to consolidated financial statements

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

27. Share based payments (contd..)

	For the year ended March 31, 2017			
	Shares arising out of options	Range of exercise prices	Weighted average exercise price	Weighted average remaining useful life (months)
Options outstanding at the beginning of the year	23,50,000	9.10 to 31.50	25.55	10
Add : Granted during the year	2,00,000	133.00	133.00	72
Less: Exercised during the year	5,90,000	9.10 to 31.50	24.01	-
Less: Lapsed/cancelled during the year	3,90,000	9.10 to 31.50	25.86	-
At the end of the year	15,70,000	9.10 to 133.00	39.74	38
Exercisable at the end of the year	2,80,000	9.10 to 31.50	17.10	29

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

	March 31, 2018				
	Grant VI	Grant V	Grant IV	Grant II	Grant I
Date of grant	April 04, 2017	April 28, 2016	April 28, 2014	July 26, 2012	April 24, 2012
Dividend yield	0.75%	0.49%	1.11%	1.43%	2.20%
Expected volatility	30.20%	23.43%	41.17%	46.68%	43.84%
Risk-free interest rate	6.62%	8.00%	8.00%	8.00%	8.00%
Weighted average share price of ₹	172.92	175.01	44.00	20.49	12.91
Exercise price of ₹	142.00	133.00	31.50	14.00	9.10
Expected life of options granted in years	4 Years	4 Years	4 Years	5 Years	5 Years

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

	March 31, 2018	March 31, 2017
Employee stock option scheme	296.38	81.00

Employee wise details of options outstanding to senior management personnel :

Name	Designation	No. of options outstanding as on March 31, 2018
Dr. V.V.N.K.V Prasada Raju	Executive Director	5,00,000
Karuppannan Ganesh	Chief Financial Officer	4,00,000
Stefan Lohle	Chief Marketing Officer	80,000
Muttineni Srekanth	Chief Operating Officer	4,00,000

28. Employee benefits

a) Disclosures related to defined contribution plan

	March 31, 2018	March 31, 2017
Contribution to provident and other funds	576.82	473.51

b) The Company has a defined benefit gratuity plan as per the Payment of Gratuity Act, 1972. Under this legislation, employee who has completed five years of service is entitled to specific benefit. The level of benefit provided depends on the employee's length of service and salary at retirement/termination age. The gratuity plan is a funded plan and the Company make contributions to a recognised fund in India.

Notes to consolidated financial statements

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

28. Employee benefits (contd..)

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/liability
Balance as on March 31, 2016	506.79	(79.35)	427.44
Current service cost	255.18	-	255.18
Interest expense/(income)	40.54	(13.83)	26.71
Amount recognised in statement of profit and loss	295.72	(13.83)	281.89
Remeasurements:			
Return on plan assets, excluding amounts included in interest expense/(income)	-	-	-
Actuarial (gain)/loss arising from:			
Demographic assumptions	-	-	-
Financial assumptions	-	-	-
Experience adjustment	(155.79)	-	(155.79)
Amount recognised in other comprehensive income	(155.79)	-	(155.79)
Employers contribution	-	-	-
Benefits paid	(25.88)	(25.00)	(50.88)
Balance as on March 31, 2017	620.84	(118.18)	502.66
Current service cost	306.22	-	306.22
Interest expense/(income)	47.16	(9.56)	37.60
Amount recognised in statement of profit and loss	353.38	(9.56)	343.82
Remeasurements:			
Return on plan assets, excluding amounts included in interest expense/(income)	-	0.54	0.54
Actuarial (gain)/loss arising from:			
Demographic assumptions	-	-	-
Financial assumptions	(35.43)	-	(35.43)
Experience adjustment	(146.40)	-	(146.40)
Amount recognised in other comprehensive income *	(181.83)	0.54	(181.30)
Employers contribution	-	0.04	0.04
Benefits paid	(62.78)	-	(62.78)
Balance as at March 31, 2018	729.61	(127.17)	602.46

* Doesn't include actuarial (gain)/loss arising from joint venture amounting to ₹3.09 lakhs (March 31, 2017- ₹ Nil).

	March 31, 2018	March 31, 2017
Non-current	480.35	445.43
Current	122.11	57.23
	602.46	502.66

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

	March 31, 2018	March 31, 2017
Interest rate	8%	8%
Discount rate	8%	8%
Expected return on plan assets	8%	8%
Salary increase	7%	8%
Attrition rate	20%	20%
Retirement age - Years	60	60

Notes to consolidated financial statements

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

28. Employee benefits (contd..)

Assumptions regarding future mortality experience are set in accordance with published statistics and mortality tables.

The weighted average duration of the defined benefit obligation was 6.78 years.

The defined benefit plan expose the Company to actuarial risks, such as longevity and interest rate risk.

(iii) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions are as below:

	March 31, 2018		March 31, 2017	
	Increase	Decrease	Increase	Decrease
Discount rate	(29.76)	32.50	(6.49)	7.20
Salary increase	35.43	(33.22)	78.65	(62.34)
Attrition rate	(1.35)	1.28	(3.49)	7.20

Sensitivity of significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of defined benefit obligation by one percentage, keeping all other actuarial assumptions constant. Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumption shown.

As of March 31, 2018 and March 31, 2017, the plan assets have been invested in Life Insurance Corporation

Maturity profile of defined benefit obligation

1st Following year	122.11
2nd Following year	119.20
3rd Following year	112.42
4th Following year	115.26
5th Following year	94.32
Years 6 to 10	311.44

29. Research and development expenses

a. Details of Research and development expenses incurred during the year is given below

	March 31, 2018	March 31, 2017
Capital	463.25	115.02
R&D equipment	275.56	111.40
Office equipment	0.25	2.21
Furniture and fittings	33.01	-
Computers	1.67	-
Plant and equipment	39.48	-
Freehold buildings	113.29	1.33
Software	-	0.08
Revenue	5,247.80	2,567.53
Total	5,711.06	2,682.55

Notes to consolidated financial statements

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

30. Remuneration to statutory auditors

	March 31, 2018	March 31, 2017
As Auditor (exclusive service tax/GST)		
Statutory audit	28.00	19.00
Limited review	6.00	-
Tax audit	-	3.00
Others	-	-
Reimbursement of expenses and taxes	0.24	
Total	34.24	22.00

31. Related party disclosures

31A. Names of related parties and description of relationship

Name of the related party	Relationship
1 Karvy Computershare Private Limited	Enterprises over which key management personnel or their relatives exercise significant influence
2 Tyche Investment Private Limited (formerly known as Tyche Technologies Private Limited)	Enterprises over which key management personnel or their relatives exercise significant influence
3 Granules-Bioclause Pharmaceutical Co. Ltd	Associate
4 Granules OmniChem Private Limited	Joint venture
Key managerial personnel	
1 Mr. Krishna Prasad Chigurupati	Chairman & Managing Director
2 Mr. Harsha Chigurupati	Non-Executive, Non-Independent Director
3 Mrs. Uma Devi Chigurupati	Executive Director
4 Dr. V.V.N.K.V. Prasad Raju (w.e.f Jan 4, 2017)	Executive Director
5 Mr. V.V.S.Murthy (upto May 11, 2017)	Chief Financial Officer
6 Mr. K.Ganesh	Chief Financial Officer
7 Mrs. Chaitanya Tummala	Company Secretary
Relatives to key managerial personnel	
1 Ms. Priyanka Chigurupati	Relative of Key Managerial Personnel

31B. Transactions during the year

Particulars	March 31, 2018	March 31, 2017
a) Associate		
i) Granules-Bioclause Pharmaceutical Co. Ltd Purchases	6,884.86	5,619.73
b) Transactions with enterprises over which key management personnel or their relatives exercise significant influence		
i) Karvy Computershare Private Limited Registrar Services	17.04	18.32
ii) Tyche Investment Private Limited (formerly known as Tyche Technologies Private Limited) Rent	50.68	47.82
Money received against warrants	-	8,148.86
c) Transactions with key managerial personnel or their relatives		
i) Mr.Krishna Prasad Chigurupati Managerial remuneration	1,251.22	1,258.25
ii) Mrs. Uma Devi Chigurupati Managerial remuneration	896.90	909.31
iii) Mr.Harsha Chigurupati Sitting fees	2.40	2.00

Notes to consolidated financial statements

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

31. Related party disclosures (contd..)

31B. Transactions during the year (contd..)

Particulars	March 31, 2018	March 31, 2017
iv) Dr. V.V.N.K.V. Prasad Raju (w.e.f Jan 4, 2017) Managerial remuneration	224.23	58.33
v) Mr. V.V.S.Murthy (upto May 11, 2017) Salary	27.00	216.49
vi) Mr. K. Ganesh (we.f May 11, 2017) Salary	135.04	-
vii) Ms.Priyanka Chigurupati Salary	74.45	26.26
viii) Mrs. Chaitanya Tummala Salary	31.32	23.12

31C. Closing balances

Particulars	March 31, 2018	March 31, 2017
a) Joint Venture		
i) Granules OmniChem Private Limited Investment in subsidiary (includes share of profits) Corporate Guarantee given	5,036.59 14,512.00	4,852.22 12,464.51
b) Associate		
i) Granules-Bioclause Pharmaceutical Co. Ltd Investment in subsidiary (includes share of profits)* Trade payables*	7,345.06 2,412.90	4,562.69 1,623.48
c) Enterprises over which key management personnel or their relatives exercise significant influence		
i) Karvy Computershare Private Limited Advance Payable	- 2.24	0.62 -
ii) Tyche Investment Private Limited (formerly known as Tyche Technologies Private Limited) Advance Payable Rental Deposit	- 4.56 20.00	44.58 - 20.00

As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the Key Management personnel and their relatives is not ascertainable and, therefore, not included above.

*Foreign currency balances included above have been shown at restated values arrived by using the closing exchange rates

32. Interest in joint ventures/associates :

The Group has a 50% interest in Granules Bio-cause Pharmaceutical co. ltd (GBPCL) and Granules OmniChem private Limited (GOPL). GBPCL is involved in the manufactures of Ibuprofen at a plant in central China. GOPL specializes in contract manufacturing of intermediates and APIs for innovator companies. The Group's interest in GBPCL and GOPL is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the joint ventures, based on its Ind AS financial statements, and carrying amount of the investment in consolidated financial statements are set out below:

Notes to consolidated financial statements

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

32. Interest in joint ventures/associates : (contd..)

Summarised balance sheet as at March 31, 2018 of Granules Bio-cause Pharmaceutical co. Ltd :

	December 31, 2017	December 31, 2016
Current assets, including cash and cash equivalents ₹4,904.64 lakhs (Dec 31, 2016: ₹4,904.64 lakhs)	16,106.74	10,615.28
Non-current assets including deferred tax assets ₹13.69 lakhs	3,438.64	2,391.50
Current liabilities, including tax payable ₹ Nil (Dec 31, 2016: ₹57 lakhs)	4,827.04	2,248.30
Non-current liabilities, including deferred tax liabilities ₹ Nil (Dec 31, 2016: ₹ Nil)	28.22	-
Equity	14,690.13	10,758.47
Proportion of the group's ownership	50%	50%
Group's share at closing exchange rate	7,345.06	5,379.24
Carrying value of investments	7,345.06	4,562.69
Summarised statement of profit and loss of the Granules Bio-cause Pharmaceutical co. Ltd:		
Revenue	28,022.19	21,999.84
Profit for the year	2,835.05	2,458.56
Total comprehensive income for the year	2,835.05	2,458.56
Group's share of profit for the year	1,417.52	1,229.28

a. Contingent liabilities of the above joint ventures ₹ Nil (Dec 31, 2016: ₹ Nil).

b. Capital commitments of the above joint ventures ₹ Nil (Dec 31, 2016: ₹ Nil)

Summarised balance sheet as at March 31, 2018 of Granules OmniChem Private Limited:

	March 31, 2018	March 31, 2017
Current assets, including cash and cash equivalents ₹377.73 lakhs (March 31, 2017: ₹296.86 lakhs) and prepayments ₹57.24 lakhs (March 31, 2017: ₹50.42 lakhs)	11,531.70	15,098.28
Non-current assets	19,681.28	18,187.66
Current liabilities	12,607.66	14,211.11
Non-current liabilities, including borrowing ₹8,528.16 lakhs (March 31, 2017: ₹9,369.67 lakhs)	8,532.14	9,370.38
Equity	10,073.18	9,704.44
Proportion of the Group's ownership	50%	50%
Carrying amount of the investment	5,036.59	4,852.22
Summarised statement of profit and loss of the Granules OmniChem Private Limited:		
Revenue	14,746.37	20,245.54
Cost of raw material and components consumed	8,250.53	13,038.56
Depreciation & amortization	1,210.50	1,191.76
Finance cost	1,127.44	231.26
Employee benefit	1,072.30	899.69
Other expense	2,611.40	2,397.62
Profit before tax	474.20	2,486.65
Income tax expense	111.63	-
Profit for the year	362.57	2,486.65
Re-measurement gains/(loss) on employee defined benefit plans	6.17	(10.78)
Total comprehensive income for the year	368.74	2,475.87
Group's share of profit for the year	184.37	1,237.94

a. Contingent liabilities of the above joint ventures ₹ Nil (March 31, 2017: ₹ Nil).

b. Capital commitments of the above joint ventures ₹11.55 lakhs (March 31, 2017: ₹98.59 lakhs)

Notes to consolidated financial statements

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

33. Fair values

The management assessed that loans, cash and cash equivalents, trade receivables, borrowings, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Fair Valuation measurement hierarchy

The following table shows the carrying amounts and fair values of financial assets and liabilities including their levels of fair value hierarchy:

	As at March 31, 2018						
	Carrying amount				Fair value		
	Mandatorily at fair value through profit and loss (FVTPL)	Fair value through other comprehensive income (FVOCI)	Assets/liabilities at amortised cost method	Total carrying amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
i) Financial assets							
a) Financial assets not measured at Fair value							
Non-current investments	-	-	15,655.87	15,655.87	-	-	-
Non-current loans	-	-	1,300.88	1,300.88	-	-	-
Trade receivables	-	-	61,707.73	61,707.73	-	-	-
Cash and cash equivalents	-	-	10,803.28	10,803.28	-	-	-
Bank balances other than cash and cash equivalents	-	-	760.34	760.34	-	-	-
Current loans	-	-	34.67	34.67	-	-	-
Other current financial assets	-	-	143.06	143.06	-	-	-
	-	-	90,405.83	90,405.83	-	-	-
ii) Financial liabilities							
a) Financial liabilities not measured at fair value							
Non-current borrowings	-	-	43,313.02	43,313.02	-	-	-
Trade payables	-	-	25,218.47	25,218.47	-	-	-
Other current financial liabilities	-	-	5,000.06	5,000.06	-	-	-
Current borrowings	-	-	52,509.95	52,509.95	-	-	-
	-	-	1,26,041.50	1,26,041.50	-	-	-

	As at March 31, 2017						
	Carrying amount				Fair value		
	Mandatorily at fair value through profit and loss (FVTPL)	Fair value through other comprehensive income (FVOCI)	Assets/liabilities at amortised cost method	Total carrying amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
i) Financial assets							
a) Financial assets not measured at Fair value							
Non-current investments	-	-	10,822.94	10,822.94	-	-	-
Non-current loans	-	-	-	-	-	-	-
Trade receivables	-	-	41,770.02	41,770.02	-	-	-
Cash and cash equivalents	-	-	4,237.00	4,237.00	-	-	-

Notes to consolidated financial statements

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

33. Fair Values (contd..)

	As at March 31, 2017						
	Carrying amount				Fair value		
	Mandatorily at fair value through profit and loss (FVTPL)	Fair value through other comprehensive income (FVOCI)	Assets/liabilities at amortised cost method	Total carrying amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Bank balances other than cash and cash equivalents	-	-	742.93	742.93	-	-	-
Current loans	-	-	158.82	158.82	-	-	-
Other current financial assets	-	-	247.46	247.46	-	-	-
	-	-	57,979.17	57,979.17	-	-	-
ii) Financial liabilities							
a) Financial liabilities not measured at fair value							
Non-current borrowings	-	-	12,424.23	12,424.23	-	-	-
Trade payables	-	-	21,597.56	21,597.56	-	-	-
Other current financial liabilities	-	-	8,376.40	8,376.40	-	-	-
Current borrowings	-	-	47,383.30	47,383.30	-	-	-
	-	-	89,781.49	89,781.49	-	-	-

34. Financial risk management

Framework

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

Credit risk

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

Exposure to credit risk:

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was ₹61,707.73 lakhs and ₹41,770.02 lakhs as of March 31, 2018 and March 31, 2017 respectively, being the total of the carrying amount of balances with trade receivables.

Trade receivables:

Ind AS requires expected credit losses to be measured through a loss allowance. The Group assesses at each date of statements of financial position whether a financial asset or a group of financial assets is impaired. Expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information.

Notes to consolidated financial statements

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

34. Financial risk management (contd..)

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

Liquidity risk

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

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of March 31, 2018:

	Less than 1 year	1-2 years	2-5 years	5-9 years	Total
Borrowings	2,021.16	6,368.42	27,202.75	9,741.85	45,334.18
Short-term borrowings	52,509.95	-	-	-	52,509.95
Trade payables	25,218.47	-	-	-	25,218.47
Other financial liabilities	2,978.90	-	-	-	2,978.90

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of March 31, 2017:

	Less than 1 year	1-2 years	2-5 years	5-8 years	Total
Borrowings	5,842.66	5,842.66	6,581.59	-	18,266.90
Short-term borrowings	47,383.30	-	-	-	47,383.30
Trade payables	21,597.56	-	-	-	21,597.56
Other financial liabilities	2,533.74	-	-	-	2,533.74

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Group's exposure to market risk is primarily on account of foreign currency exchange rate risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. As the Group's debt obligation with floating interest rates are in USD/EURO which is subject to insignificant change, exposure to the risk of changes in market interest rates are substantially independent of changes in market interest rates.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on borrowings, as follows:

	Change in basis points	March 31, 2018	March 31, 2017
INR - Borrowings	+100	(8.14)	(7.22)
	-100	8.14	7.22
USD - Borrowings	+100	(355.27)	(308.05)
	-100	355.27	308.05
EURO - Borrowings	+100	(293.87)	-
	-100	293.87	-

Notes to consolidated financial statements

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

34. Financial risk management (contd..)

Foreign Currency exchange rate risk

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the respective entities. Considering the countries and economic environment in which the Group operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in USD/EURO against the functional currencies of the Group.

The year end foreign currency exposures are as under -

(All amounts are in Indian Rupees Lakhs)

	March 31, 2018		
	USD	EURO	Others
Borrowings	3,001.92	40,311.10	-
Trade receivables	43,008.34	5,050.20	156.29
Loans and advances	41,691.52	-	182.36
Trade payables	18,733.83	1,841.43	24.97
Other non-current assets	108.65	307.69	61.61
Cash and cash equivalents	3.90	-	-
Other financial liabilities	2,012.71	230.52	-
Other current liabilities	112.66	-	7.73
Short-term borrowings	51,393.17	302.93	-

(All amounts are in Indian Rupees Lakhs)

	March 31, 2017		
	USD	EURO	Others
Borrowings	4,987.49	-	-
Trade receivables	33,890.34	2,138.15	111.32
Loans and advances	17,985.29	-	-
Trade payables	4,457.72	49.11	-
Other non-current assets	111.69	76.38	-
Cash and cash equivalents	14.14	-	-
Other financial liabilities	2,550.27	-	-
Other current liabilities	452.41	1.43	-
Short-term borrowings	44,768.41	1,893.18	-

For the year ended March 31, 2018 and March 31, 2017, every percentage point depreciation / appreciation in the exchange rate between Indian rupees and U.S. dollar/Euro will affect the Company's profit by approximately 1.33 % and 0.24% respectively.

The Company designates certain non derivative financial liabilities, such as foreign currency borrowings from financial institutions, as hedging instruments for the hedge of foreign exchange risk associated with highly probable forecasted transactions and, accordingly, applies cash flow hedge accounting for such relationships. Re-measurement gain/loss on such non derivative financial liabilities is accumulated in other equity under the heading cash flow hedging reserve, and re-classified in the statement of profit and loss as revenue in the period corresponding to the occurrence of the forecasted transactions.

Cash flow hedge reserve

The reconciliation of cash flow hedge reserve for the year ended March 31, 2018 is as follows:

	March 31, 2018
Balance at the beginning of the year	-
Gain/(loss) recognised in other comprehensive income during the year	(2,068.98)
Amount reclassified to revenue during the year	-
Tax impact on the above	722.98
Balance at the end of the year	(1,346.00)

Notes to consolidated financial statements

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

The table below summarises the periods when the cash flows associated with highly probable forecasted transactions that are clarified as cash flow hedges are expected to occur:

Particulars	March 31, 2018
Cash flows in Euros	
Not later than one year	-
Later than one year and not later than five years	28,784.55
Later than five years and not later than nine years	9,457.57

35. Segment reporting

The Group is engaged in the manufacture of Pharmaceuticals, which in the context of Ind AS 108 is considered only business segment.

	March 31, 2018			March 31, 2017		
	Outside India	Within India	Total	Outside India	Within India	Total
Revenue	1,28,737.39	40,447.45	1,69,184.83	1,17,021.00	26,504.34	1,43,525.34
Non-current assets (refer note - i)	13,345.93	87,984.27	1,01,330.20	16,832.04	67,937.61	84,769.65

Note:

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

36. Group information

Information about subsidiaries

The consolidated financial statements of the Group includes subsidiaries listed in the table below:

Name	Country of incorporation	% of equity interest	
		March 31, 2018	March 31, 2017
Granules USA Inc	USA	100%	100%
Granules Pharmaceuticals Inc	USA	100%	100%
Granules Europe Limited	UK	100%	100%

Joint arrangement in which the Group is a joint venture/ associate

The Group has a 50% interest in Granules Bio-cause Pharmaceutical Co. Ltd and Granules OmniChem Private Limited (March 31, 2017: 50%). For more details, refer to Note 32.

Notes to consolidated financial statements

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

37. Statutory Group Information

Name of the entity in the group	Net Assets, i.e., total assets minus total liabilities		Share in profit and loss		Share in other Comprehensive income		Share in total Comprehensive income	
	As % of consolidated net assets	₹	As % of consolidated profit and loss	₹	As % of consolidated other comprehensive income	₹	As % of total comprehensive income	₹
Parent								
Granules India Limited								
Balance as at March 31, 2018	98%	1,27,819.81	105%	13,916.20	-1186%	(1,227.44)	95%	12,688.76
Balance as at March 31, 2017	98%	88,435.60	86%	14,228.80	69%	101.87	86%	14,330.67
Subsidiaries								
Foreign								
Granules USA Inc								
Balance as at March 31, 2018	1%	835.82	2%	305.93	-2%	(1.65)	2%	304.27
Balance as at March 31, 2017	1%	531.54	2%	346.21	-22%	(32.91)	2%	313.30
Granules Pharmaceuticals Inc								
Balance as at March 31, 2018	-2%	(2,214.39)	-14%	(1,879.39)	-34%	(35.36)	-14%	(1,914.76)
Balance as at March 31, 2017	0%	(299.64)	-2%	(404.73)	57%	83.36	-2%	(321.38)
Granules Europe Limited								
Balance as at March 31, 2018	0%	(156.27)	-1%	(156.28)	0%	0.01	-1%	(156.27)
Balance as at March 31, 2017	0%	-	0%	-	0%	-	0%	-
Joint venture/associate (investment as per the equity method)								
Indian								
Granules OmniChem Private Limited								
Balance as at March 31, 2018	1%	748.50	1%	181.29	3%	3.09	1%	184.37
Balance as at March 31, 2017	1%	564.13	8%	1,243.33	0%	-	7%	1,237.94
Foreign								
Granules Bio-cause Pharmaceutical Co. Ltd								
Balance as at March 31, 2018	4%	5,526.04	11%	1,417.52	1319%	1,364.85	21%	2,782.38
Balance as at March 31, 2017	3%	2,744.89	7%	1,229.28	-4%	(5.39)	7%	1,229.28
On account of Eliminations								
Balance as at March 31, 2018	-2%	(2,141.93)	-4%	(526.14)	0%	-	-4%	(526.14)
Balance as at March 31, 2017	-2%	(1,616.98)	-1%	(190.97)	0%	-	-1%	(190.97)
Balance as at March 31, 2018	100%	1,30,417.59	100%	13,259.12	100%	103.49	100%	13,362.61
Balance as at March 31, 2017	100%	90,359.54	100%	16,451.91	100%	146.92	100%	16,598.83

Notes to consolidated financial statements

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

38. Capital management

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

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

	March 31, 2018	March 31, 2017
Borrowings including interest accrued on borrowings	98,076.42	65,718.42
Less: cash and cash equivalents and other bank balances	(11,563.62)	(4,979.93)
Net debt	86,512.80	60,738.49
Equity	2,538.38	2,287.03
Other equity	1,27,879.21	88,072.51
Total equity	1,30,417.59	90,359.54
Equity and net debt	2,16,930.39	1,51,098.03
Gearing ratio	0.40	0.40

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

39. The disclosures regarding details of specified bank notes held and transacted during November 8, 2016 to December 30, 2016 has not been made since the requirement does not pertain to financial year ended March 31, 2018. Corresponding amounts as appearing in the audited consolidated financial statements for the year ended March 31, 2017 have been disclosed.

	All amounts are in Indian Rupees		
	SBNs*	Other denomination notes	Total
Closing cash in hand as on November 08, 2016	76,500	34,624	1,11,124
Add: Permitted receipts	-	17,06,629	17,06,629
Less: Permitted payments	-	(16,19,760)	(16,19,760)
Less: Amount deposited in banks	(76,500)	-	(76,500)
Closing cash in hand as on December 30, 2016	-	1,21,493	1,21,493

*For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

40. The financial statements of each of the subsidiary, joint venture and associate, other than Granules Biocause Pharmaceutical Co. Ltd are drawn up to the same reporting date i.e. year ended March 31, 2018, for the purpose of consolidation. The audited consolidated financial statements of Granules Biocause Pharmaceutical Co. Ltd for year ended December 31, 2017 (previous year financial statements up to December 31, 2016) have been used for the purpose of consolidation.

41. Figures in Balance Sheet, Statement of Profit and Loss and Notes to audited financial statements have been rounded off to the nearest thousand and have been expressed in terms of decimals of thousands.

As per our report of even date attached

for **B S R & Associates LLP**

Chartered Accountants

Firm registration number 116321W/W-100024

Sriram Mahalingam

Partner

Membership No : 049642

Place: Hyderabad

Date: May 24, 2018

For and on behalf of the Board of Directors of

Granules India Limited

CIN : L24110TG1991PLC012471

Krishna Prasad Chigurupati

Chairman and Managing Director

DIN : 00020180

K.Ganesh

Chief Financial Officer

Chaitanya Tummala

Company Secretary

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of Subsidiaries/Joint Venture/Associate

Part "A" : Subsidiaries

Name of the Subsidiary	(₹ In Lakhs)		
	Granules USA, Inc.	Granules Pharmaceuticals Inc.	Granules Europe Limited
1. Reporting period	March 31, 2018	March 31, 2018	March 31, 2018
2. Exchange rate as on the last date of the financial year	INR 65.04/USD	INR 65.04/USD	INR 92.28/GBP
3. Share capital	116.31	1,225.00	0.08
4. Other equity	835.82	(2,214.39)	(156.27)
5. Total assets	17,864.63	39,327.32	26.17
6. Total liabilities	16,912.50	43,527.85	182.36
7. Investments	-	3,211.15	-
8. Turnover	40,216.67	-	-
9. Profit/(loss) before taxation	509.88	(2,574.51)	(156.28)
10. Provision for taxation	203.95	(695.12)	-
11. Profit/(loss) after taxation	305.93	(1,879.39)	(156.28)
12. Proposed Dividend	-	-	-
13. % of shareholding	100%	100%	100%

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Joint Venture

Part "B" : Joint Venture

Name of Joint Venture	(₹ In Lakhs)
	Granules OmniChem Private Limited
1. Latest audited balance sheet date	March 31, 2018
2. Shares of joint ventures held by the company on the year end	
i) Number	4,28,80,967
ii) Amount of Investment in joint venture	4,288.10
iii) Extent of Holding%	50%
3. Description of how there is significant influence	Joint venture agreement
4. Reason why the joint venture is not consolidated	Not Applicable
5. Net worth attributable to shareholding as per latest audited balance sheet	5,036.59
6. Profit/(Loss) for the year	
i) Considered in consolidation	181.29

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate

Part "C" : Associate

Name of Associate	(₹ In Lakhs)
	Granules Biocause Pharmaceuticals Co., Ltd.,
1. Latest audited balance sheet date	December 31, 2017
2. Shares of associate held by the company on the year end	
i) Number	1,65,00,000
ii) Amount of Investment in joint venture	1,819.03
iii) Extent of holding%	50%
3. Description of how there is significant influence	Joint venture agreement
4. Reason why the associate is not consolidated	Not Applicable
5. Net worth attributable to shareholding as per latest audited balance sheet	7,345.06
6. Profit/(Loss) for the year	
i) Considered in consolidation	1,417.52

For and on behalf of the Board of Directors of

Granules India Limited

CIN : L24110TG1991PLC012471

Krishna Prasad Chigurupati

Chairman and Managing Director

DIN : 00020180

K.Ganesh

Chief Financial Officer

Chaitanya Tummala

Company Secretary



Granules India Limited

(CIN: L24110TG1991PLC012471)

Regd. Office: 2nd Floor, 3rd Block, My Home Hub, Madhapur, Hyderabad - 500 081 (TS)

Web:www.granulesindia.com, Email:investorrelations@granulesindia.com, Tel:+91-40-30660000.

NOTICE

Notice is hereby given that the 27th Annual General Meeting (AGM) of the members of Granules India Limited will be held on Thursday, September 6, 2018 at 4.00 PM at Hotel Taj Banjara, Road No.1, Banjara Hills, Hyderabad – 500 034 (TS), India to transact the following Business:

ORDINARY BUSINESS:

1. To consider and adopt (a) the audited financial statement of the Company for the financial year ended March 31, 2018 and the reports of the Board of Directors and the Auditors thereon; and (b) the audited consolidated financial statement of the Company for the financial year ended March 31, 2018 and the report of Auditors thereon and in this regard, pass the following resolutions as **Ordinary Resolutions**:
 - (a) **"RESOLVED THAT** the audited financial statement of the Company for the financial year ended March 31, 2018 and the reports of the Board of Directors and Auditors thereon laid before this meeting, be and are hereby considered and adopted."
 - (b) **"RESOLVED THAT** the audited consolidated financial statement of the Company for the financial year ended March 31, 2018 and the report of Auditors thereon laid before this meeting, be and are hereby considered and adopted."
2. To declare a final dividend of 25 paisa per equity share and to approve and to ratify the interim dividend of 75 paisa per equity share, already paid during the year for the year ended March 31, 2018 and in this regard, pass the following resolutions as an **Ordinary Resolutions**:
 - (a) **"RESOLVED THAT** a final dividend at the rate of 25 paisa per equity share of of ₹1/- (One rupee) each fully paid-up of the Company be and is hereby declared for the financial year ended March 31, 2018 and the same be paid as recommended by the Board of Directors of the Company, out of the profits of the Company for the financial year ended March 31, 2018."
 - (b) **"RESOLVED THAT** pursuant to the recommendation of the Board of Directors, interim dividend of 75 paisa per equity share paid during the FY 2017-18 be and is hereby approved and ratified.
3. To appoint a Director in place of Mr. Harsha Chigurupati (DIN: 01606477), who retires by rotation and, being eligible, seeks re-appointment and in this regard, pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Harsha Chigurupati (DIN: 01606477), who retires by rotation at this meeting be and is hereby appointed as a Director of the Company, liable to retire by rotation."

By Order of the Board of Directors

Hyderabad, July 23, 2018

Chaitanya Tummala
Company Secretary

NOTES:

1. A member entitled to attend and vote at the Annual General Meeting (the "Meeting") is also entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the company. The instrument appointing the proxy should, however, be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the Meeting.

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

2. Attendance slip, proxy form and the route map of the venue of the Meeting are annexed hereto.
3. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified true copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
4. The Company is providing facility for voting by electronic means (e-voting) through an electronic voting system which will include remote e-voting and the business set out in the Notice will be transacted through such voting. Information and instructions including details of user id and password relating to e-voting are sent herewith. Once the vote on a resolution is cast by a member, whether partially or otherwise, the member shall not be allowed to change it subsequently or cast the vote again. The members who have cast their vote(s) by using remote e-voting may also attend the Meeting but shall not be entitled to cast their vote(s) again at the Meeting.
5. The requirement to place the matter relating to appointment of Auditors for ratification by members at every Annual General Meeting is done away with vide notification dated May 7, 2018 issued by the Ministry of Corporate Affairs, New Delhi. Accordingly, no resolution is proposed for ratification of appointment of Auditors, who were appointed in the Annual General Meeting held on September 28, 2017.
6. Details of Directors retiring by rotation / seeking re-appointment at the ensuing Meeting are provided in the "Annexure" to the Notice.
7. Members / Proxies / Authorised Representatives are requested to bring to the Meeting necessary details of their shareholding, attendance slip(s) and copies of Annual Report. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote at the Meeting.
8. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office of the Company on all working days (i.e. except Saturdays, Sundays and Public Holidays) during business hours up to the date of the Meeting.
9. (i) The Company has notified closure of Register of Members and Share Transfer Books from Friday, August 31, 2018 to, Thursday, September 06, 2018 (both days inclusive) for the purpose of AGM and determining the names of members eligible for final dividend on equity shares, if declared at the Meeting.
(ii) The Board of Directors of the Company at their Meeting held on May 24, 2018 has recommended a dividend of 25 paise per share on equity share of ₹1/- each as final dividend for the financial year 2017-18 in addition to the interim dividend paid during the year. Final dividend, if declared, at the Annual General Meeting, will be paid on or before October 05, 2018.
10. Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars and Transfer Agents, Karvy Computershare Private Limited ("Karvy") cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant by the members.
11. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the Company / Karvy.

The Company has transferred the unpaid or unclaimed dividends declared up to financial years 2009-10, from time to time, to the Investor Education and Protection Fund (IEPF) established by the Central Government. The Company has uploaded the details of unpaid and unclaimed dividends lying with the Company as on September 28, 2017 (date of the previous Annual General Meeting) on the website of the Company and the same can be accessed through the link: www.granulesindia.com. The said details have also been uploaded on the website of the IEPF Authority and the same can be accessed through the link: www.iepf.gov.in.

12. (a) Adhering to the various requirements set out in the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, the Company has, during financial year 2017-18, transferred to the IEPF Authority all shares in respect of which dividend had remained unpaid or unclaimed for seven consecutive years or more as on the due date of transfer, i.e. October 31, 2017. Details of shares transferred to the IEPF Authority are available on the website of the Company and the same can be accessed through the link: www.granulesindia.com. The said details have also been uploaded on the website of the IEPF Authority and the same can be accessed through the link: www.iepf.gov.in.
- (b) Members may note that shares as well as unclaimed dividends transferred to IEPF Authority can be claimed back from them. Concerned members/investors are advised to visit the weblink: <http://www.iepf.gov.in/IEPFA/refund.html> or contact Karvy for lodging claim for refund of shares and / or dividend from the IEPF Authority.
13. Securities of listed companies can be transferred only in dematerialised form from December 5, 2018 as notified by SEBI on June 8, 2018. In view of this and to avail various benefits of dematerialisation, members are advised to dematerialise shares held by them in physical form.
14. Due dates for transfer of unclaimed/unpaid dividends for the financial year 2010-11 and thereafter to IEPF:
- | Financial year | Type of dividend | Due date of transfer |
|----------------|------------------|----------------------|
| 2010-2011 | Final | 17.10.2018 |
| 2011-2012 | Final | 08.08.2019 |
| 2012-2013 | Final | 25.09.2020 |
| 2013-2014 | Final | 04.10.2021 |
| 2014-2015 | Final | 19.09.2022 |
| 2015-2016 | 1st Interim | 03.09.2022 |
| | 2nd Interim | 07.12.2022 |
| | 3rd Interim | 05.03.2023 |
| | Final | 16.09.2023 |
| 2016-2017 | 1st Interim | 16.09.2023 |
| | 2nd Interim | 30.11.2023 |
| | 3rd Interim | 05.03.2024 |
| | Final | 03.11.2024 |
| 2017-2018 | 1st Interim | 19.09.2024 |
| | 2nd Interim | 15.12.2024 |
| | 3rd Interim | 16.03.2025 |
15. Members holding shares in electronic mode:
- (a) are requested to submit their PAN and bank account details to their respective DPs with whom they are maintaining their demat accounts.
- (b) are advised to contact their respective DPs for registering the nomination.
- (c) are requested to register / update their e-mail address with their respective DPs for receiving all communications from the Company electronically.
16. Members holding shares in physical mode:
- (a) are required to submit their Permanent Account Number (PAN) and bank account details to the Company / Karvy, if not registered with the Company as mandated by SEBI.
- (b) are advised to register the nomination in respect of their shareholding in the Company by submitting the Nomination Form (SH-13).
- (c) are requested to register / update their e-mail address with the Company / Karvy for receiving all communications from the Company electronically.
17. Non-Resident Indian members are requested to inform Karvy / respective DPs, immediately of:
- (a) Change in their residential status on return to India for permanent settlement.
- (b) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.
18. The annual report for the financial year 2017-18 has been sent through email to those members who have opted to receive electronic communication or who have registered their email addresses with the depository participants. The annual report is also available on our website, i.e. www.granulesindia.com. The physical copy of the annual report has been sent to those members who have either opted for the same or have not registered their email addresses with the Company/depository participant. The members will be entitled to a physical copy of the annual report for the financial year 2017-18, free of cost, upon sending a request to the Company Secretary at 2nd Floor, 3rd Block, My Home Hub, Madhapur, Hyderabad 500 081.
19. Information relating to e-voting is as under:
- i. Pursuant to the provisions of Section 108 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Management and Administration) Rules, 2014, as amended and regulation 44 of the Listing Regulations, the Company is pleased to provide to its members facility to exercise their right to vote on resolutions proposed to be passed in the Meeting by electronic means. The members may cast their votes using an

electronic voting system from a place other than the venue of the Meeting ('remote e-voting').

- ii. The facility for voting through electronic voting system ('Insta Poll') shall be made available at the Meeting and the members attending the Meeting who have not cast their vote by remote e-voting shall be able to vote at the Meeting through 'Insta Poll'.
- iii. The members who have cast their vote by remote e-voting may also attend the Meeting but shall not be entitled to cast their vote again.
- iv. The Company has engaged the services of Karvy Computershare Private Limited ("Karvy") as the Agency to provide e-voting facility.
- v. The Board of Directors of the Company has appointed Mr. Dhanunjaya Kumar Alla, a Practicing Chartered Accountant, Partner, M/s. Dhanunjaya & Haranath, Chartered Accountants, Hyderabad, as Scrutinizer to scrutinize the Insta Poll and remote e-voting process in a fair and transparent manner and he has communicated his willingness to be appointed and will be available for same purpose.
- vi. Voting rights shall be reckoned on the paid up value of shares registered in the name of the member / beneficial owner (in case of electronic shareholding) as on the cut-off date i.e. August 30, 2018.
- vii. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date, i.e. August 30, 2018 only, shall be entitled to avail the facility of remote e-voting / Insta Poll.
- viii. Any person who becomes a member of the Company after dispatch of the Notice of the Meeting and holding shares as on the cut-off date i.e August 30, 2018 may obtain the user ID and password in the manner as mentioned below:
 - a. If the mobile number of the member is registered against Folio No. / DP ID Client ID, the member may send SMS : MYEPWD <space> E-Voting Event Number+Folio No. or DP ID Client ID to 9212993399

Example for NSDL:

MYEPWD <SPACE> IN12345612345678

Example for CDSL :

MYEPWD <SPACE> 1402345612345678

Example for Physical :

MYEPWD <SPACE> XXXX1234567890

- b. If e-mail address or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of <https://evoting.karvy.com> , the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.
 - c. Member may call Karvy's toll free number 1-800-3454-001
 - d. Member may send an e-mail request to evoting@karvy.com
 - e. If the member is already registered with Karvy e-voting platform then he can use his existing user ID and password for casting the vote through remote e-voting.
- ix. The remote e-voting facility will be available during the following period:
- Commencement of remote e-voting: From 9.00 a.m. (IST) on September 03, 2018
- End of remote e-voting: Up to 5.00 p.m. (IST) on September 05, 2018
- The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled by Karvy upon expiry of aforesaid period.
- x. The Scrutinizer, after scrutinising the votes cast at the meeting (Insta Poll) and through remote e-voting, will, not later than three days of conclusion of the Meeting, make a consolidated scrutinizer's report and submit the same to the Chairman. The results declared along with the consolidated scrutinizer's report shall be placed on the website of the Company www.granulesindia.com and on the website of Karvy <https://evoting.karvy.com> . The results shall simultaneously be communicated to the Stock Exchanges.
 - xi. Subject to receipt of requisite number of votes, the resolutions shall be deemed to be passed on the date of the Meeting, i.e. September 06, 2018.

Annexure to the Notice dated July 23, 2018

Details of Directors retiring by rotation / seeking re-appointment at the Meeting

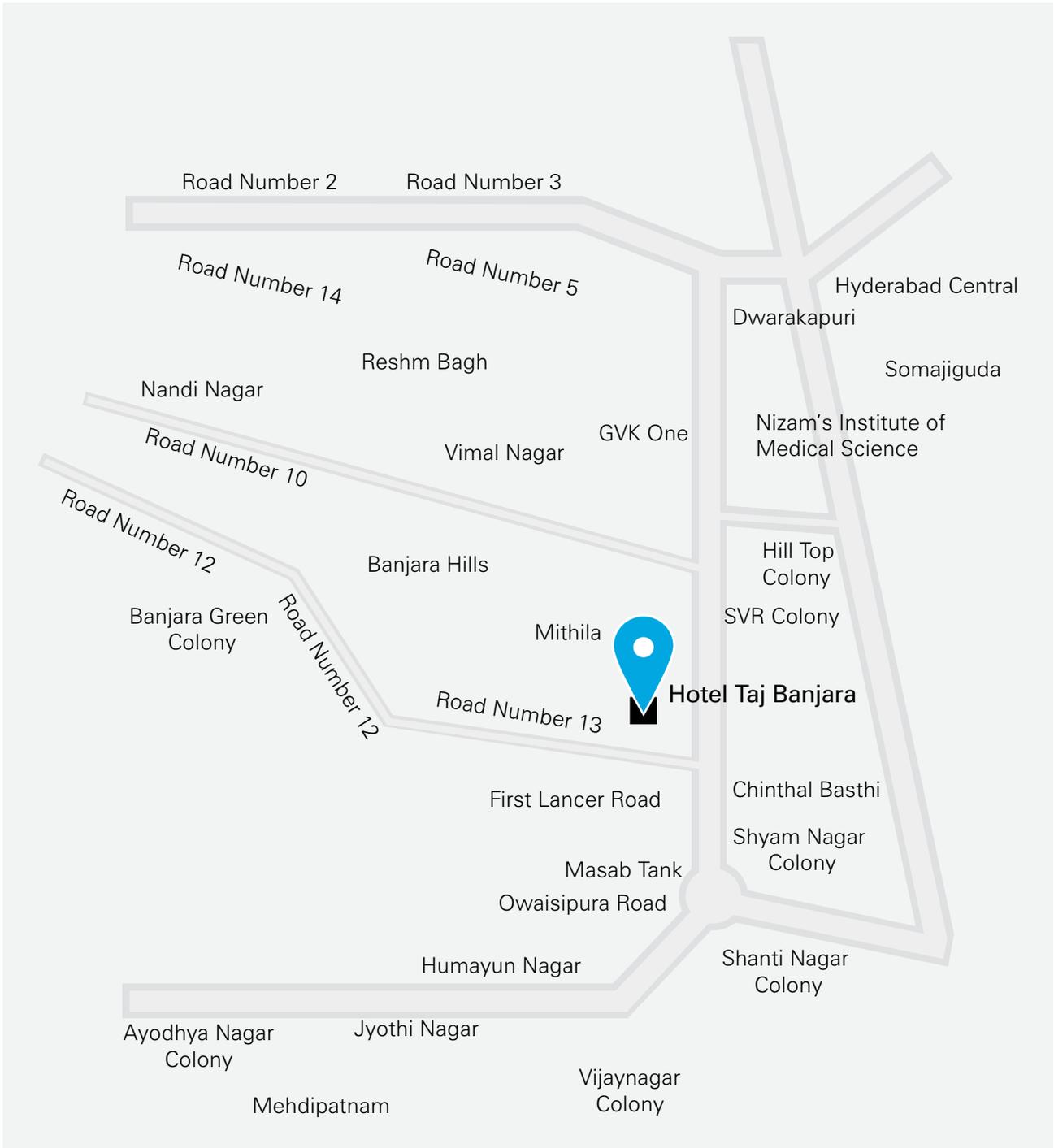
Name of Director	Mr. Harsha Chigurupati
Date of Birth	05.09.1983
Qualifications	Bachelor's degree of science in business administration from Boston University, USA.
Date of first appointment on the Board	July 26, 2010
Relationship with other Directors/Key Managerial Personnel	Son of Mr. Krishna Prasad Chigurupati, Chairman and Managing Director and Mrs. Uma Devi Chigurupati, Executive Director. There are no inter-se relationship between the other Board members and Key Managerial Personnel.
Number of meetings of the Board attended during the financial year (2017-18)	6
Expertise in specific functional area	Vast experience in Pharmaceutical field.
Profile	Mr. Harsha Chigurupati has been with Granules since 2005 and served as CMO from 2006-2010 and as an Executive Director from 2010-2015. As CMO, Mr. Chigurupati was instrumental in commercializing the Company's Finished Dosage Division and changing the Company's focus towards marquee customers. As an Executive Director, Mr. Chigurupati was responsible for the standalone operation of Granules India including the P&L. Mr. Chigurupati is the founder of Chigurupati Technologies, a research and development focused company that actively works to evolve the quality and duration of human life through technological advancement. He holds patents in over 55 countries, has been published in a variety of esteemed peer review journals and has filed the world's first health petition associated with alcoholic beverages. He is the creator of a new category of liver & DNA friendly alcoholic beverages referred to as "Functional Spirits".
Board membership of other Indian Companies as on March 31,2018	Chigurupati Technologies Pvt. Ltd
Chairman/member of the Committee of the Board of Directors of the Company	Nil
Membership / Chairmanship of Committees of other Boards as on March 31, 2018	Nil
Number of shares held in the company as on March 31, 2018	Nil

By Order of the Board of Directors

Hyderabad, July 23, 2018

Chaitanya Tummala
Company Secretary

ROUTE MAP OF AGM VENUE





Granules India Limited
(CIN: L24110TG1991PLC012471)
Regd. Office: 2nd Floor, 3rd Block, My Home Hub, Madhapur,
Hyderabad - 500 081 (TS)

ATTENDANCE SLIP

27th Annual General Meeting, Thursday, September 06, 2018 at 4.00 P.M.

* DP ID _____ Folio No. _____
*Client ID _____ No. of shares held _____

I certify that I am a registered shareholder/proxy/representative for the registered shareholder(s) of Granules India Limited.
I/we hereby record my/our presence at the 27th Annual General Meeting of the members of the Company held on Thursday, the 6th day of September, 2018 at 4.00 PM at Hotel Taj Banjara, Road No.1, Banjara Hills, Hyderabad – 500 034 (TS).

SIGNATURE OF THE MEMBER OR THE PROXY ATTENDING THE MEETING

If Member, Please sign here

If Proxy, Please sign here

Note: This form should be signed and handed over at the Meeting Venue.

*Applicable for investors holding shares in electronic form.



Granules India Limited
(CIN: L24110TG1991PLC012471)
Regd. Office: 2nd Floor, 3rd Block, My Home Hub, Madhapur,
Hyderabad - 500 081 (TS)

Form No. MGT-11
PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN:	L24110TG1991PLC012471		
Name of the company	Granules India Limited		
Registered office	2nd Floor, 3rd Block, My Home Hub, Madhapur, Hyderabad (TS) - 500 081		
Name of the member(s)			
Registered Address			
E-mail Id			
Folio No./Client Id		DP ID	

I/We, being the holder (s) of ----- shares of the above named company, hereby appoint

1.	Name		
	Address		
	E-mail id	Signature	
	or failing him		

2.	Name		
	Address		
	E-mail id	Signature	
	or failing him		

3.	Name		
	Address		
	E-mail id	Signature	

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Annual General Meeting of the Company, to be held on Thursday, the 6th day of September, 2018 at 4.00 p.m. at Hotel Taj Banjara, Road No.1, Banjara Hills, Hyderabad – 500 034 (TS) and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No	Particulars
Ordinary Business	
1.	Consider and adopt Audited Financial Statement, Report of Board of Directors and Auditors.
2.	Declaration of final dividend of 25 paisa per equity share and approval and ratification of interim dividend of 75 paisa per equity share paid during the FY 2017-18.
3.	To appoint a Director in place of Mr. Harsha Chigurupati (DIN: 01606477), who retires by rotation and, being eligible, seeks re-appointment.

Signed this day of..... 2018.

Signature of shareholder _____Signature of Proxy holder(s) _____

Please Affix Revenue Stamp and sign across

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

Corporate Information

Board of Directors

Mr. Krishna Prasad Chigurupati, Chairman and Managing Director – Non-Independent

Mr. L.S. Sarma, Director – Non-Executive, Independent

Mr. A.P. Kurian, Director – Non-Executive, Independent

Mr. C. Parthasarathy, Director – Non-Executive, Independent

Dr. Krishna Murthy Ella, Director – Non-Executive, Independent

Mr. Arun Rao Akinepally, Director – Non-Executive, Independent

Mr. K.B. Sankar Rao, Director – Non-Executive, Non-Independent

Mrs. Uma Devi Chigurupati, Executive Director – Non-Independent

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

Dr. V. V. N. K. V. Prasada Raju, Executive Director - Non – Independent

Chief Financial Officer

Mr. K. Ganesh

Chief Operating Officer

Mr. M. Sreekanth

Chief Marketing Officer

Mr. Stefan Lohle Corredor

Chief Human Resources Officer

Mr. Atul Dhavle

Company Secretary & Compliance Officer

Ms. Chaitanya Tummala

Registered Office

2nd Floor, 3rd Block, My Home Hub, Madhapur,

Hyderabad (TS) 500 081, Ph: 91-40-30660000

Fax: 91-40-23115145

E-mail: investorrelations@granulesindia.com

Statutory Auditors

M/s B S R & Associates LLP

Chartered Accountants

8-2-618/2, Reliance Humsafar,

4th Floor, Road no. 11,

Banjara Hills, Hyderabad (TS) – 500 034

Internal Auditors

M/s. Dhanunjaya & Haranath

Chartered Accountants

302, Wings, 8-3-960/6/2, Srinagar Colony,

Hyderabad (TS)- 500 073

Secretarial Auditors

M/s. Saurabh Poddar & Associates,

4-1-6/A/1, 2nd Floor, AB Chambers,

Street No:- 6, Tilak Road, Abids,

Hyderabad (TS) - 500 001

Registrar & Transfer Agent

Karvy Computershare Pvt. Ltd.

Karvy Selenium

Tower B, Plot number 31 & 32, Financial District

Gachibowli, Hyderabad 500 032 India.

Tel: +91-40-67161500

Toll Free No: 1-800-3454-001; Fax: +91-40-23001153

E-mail: einward.ris@karvy.com

Website: www.karvycomputershare.com



Granules India Limited

Registered Office:

2nd Floor, 3rd Block My Home Hub,
Madhapur, Hyderabad- 500 081 (TS)

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

E-mail: investorrelations@granulesindia.com

Website: www.granulesIndia.com

CIN: L24110TG1991PLC012471