Independent Auditor's Report

To the Members of Granules India Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Granules India Limited ("the Company"), which comprise the Balance sheet as at March 31, 2023, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013, as amended ("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 March 31, 2023, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the financial year ended March 31, 2023. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone financial statements.

Key audit matters	How our audit addressed the key audit matter
Revenue recognition (as described in Note 2 (m) of the standalone financial statements)	
Revenue from sale of goods is recognized when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. Control is usually transferred, in accordance with the delivery terms agreed with the customers. The point at which control passes is determined based on the terms and conditions by each customer arrangement i.e., upon shipment, delivery to, upon receipt of goods by the customer. The risk is, therefore, that revenue may not get recognized in the correct period. Accordingly, due to the significant risk associated with revenue recognition in accordance with terms of Ind AS 115 'Revenue from contracts with customers', it has been determined to be a key audit matter in our audit of the standalone financial statements.	Our audit procedures, among others included the following: • Assessed the Company's revenue recognition policy in terms of Ind AS 115 ("Revenue from Contracts with Customers"). • Obtained an understanding, assessed the design and tested the operating effectiveness of key internal controls related to revenue recognition. • We selected sample of transactions (including year-end testing of cut-off transactions) and tested the underlying documents, including customer contracts / sales order, invoices and shipping documents to assess and analyze the timing of recognition of revenue and contractual terms; Performed analytical procedures and tested journal entries over revenue as compared to previous periods to identify any unusual variances. • Assessed the relevant disclosures made in the standalone financial statements.

We have determined that there are no other key audit matters to communicate in our report.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, 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.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the financial year ended March 31, 2023 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

The financial statements of the Company for the year ended March 31, 2022, included in these standalone financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on May 18, 2022.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" 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 including the Statement of Other Comprehensive Income, 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 financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 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 these standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) In our opinion, the managerial remuneration for the year ended March 31, 2023 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(h) 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, as amended 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 financial statements – Refer Note 26 to the standalone financial statements;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, or long-term contracts including derivative contracts - Refer Note 33 to the standalone financial statement;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;

iv. a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on such audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v. The final dividend paid by the Company during the year in respect of the same declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.

vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only w.e.f. April 1, 2023, reporting under this clause is not applicable

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

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per Navneet Kabra
Partner
Membership Number: 102328
UDIN: 23102328BGSBLY6831

Place of Signature: Hyderabad
Date: May 16, 2023

Annexure 1 referred to the Independent Auditor's Report

Re: Granules India Limited ("the Company")

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, plant and equipment.

(B) The Company has maintained proper records showing full particulars of intangibles assets.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its property, plant and equipment by which all property, plant and equipment are verified in a phased manner over a period of 3 years. In accordance with this programme, certain property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) The title deeds of immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the standalone financial statements are held in the name of the Company.

(d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2023.

(e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The inventory has been physically verified by the management during the year except for inventories which are in transit. In our opinion, the frequency of verification by the management is reasonable and the coverage and procedure for such verification is appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were more than 10% in the aggregate of each class of Inventory.

(b) As disclosed in note 13A to the standalone financial statements, the Company has been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks and financial institutions during the year on the basis of security of current assets of the Company. Based on the records examined by us in the normal course of audit of the standalone financial statements, the quarterly returns/statements filed by the Company with such banks and financial institutions are in agreement with the audited/ unaudited books of accounts of the Company.

(iii) (a) During the year the Company has provided loans, advances in the nature of loans, stood guarantee and provided security to companies are as follows:

(Amounts in INR millions)

Particulars	Guarantee	Security	Loans	Advances in the nature of loans
Aggregate amount granted/ provided during the year - Wholly owned subsidiary	Nil	Nil	3.85	Nil
Balance outstanding as at balance sheet date in respect of above cases – Wholly owned subsidiaries [also refer clause (iii) (e)]	1,638.15	Nil	121.46	Nil

During the year the Company has not provided loans, advances in the nature of loans, stood guarantee and provided security to firms, Limited Liability Partnerships or any other parties.

(b) During the year the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans, investments and guarantees to companies are not prejudicial to the Company's interest. During the year the Company has not made investments, provided guarantees, provided security and granted loans and advances in the nature of loans to firms, Limited Liability Partnerships or any other parties.

(c) The Company has granted loans during the year to a Company where the schedule of repayment of principal and payment of interest has been stipulated and the repayment or receipts are regular. However, the repayment of principal or payment of interest is not due. The Company has not granted loans and advances in the nature of loans to firms, Limited Liability Partnerships or any other parties.

(d) There are no amounts of loans and advances in the nature of loans granted to companies, firms, limited liability partnerships or any other parties which are overdue for more than ninety days.

(e) The Company had granted loans / advance in the nature of loan to companies which had fallen due during the year. The Company had extended the due date of loans during the year to a party which had fallen due during the year. The aggregate amount of such dues renewed / extended / settled by fresh loans and the percentage of the aggregate to the total loans or advances in the nature of loans granted during the year are as follows:

(Amounts in INR millions)

Name of Parties	Aggregate amount of loans granted during the year (including loans extended/ renewed)	Aggregate overdue amount settled by renewal or extension or by fresh loans granted to same parties	Percentage of the aggregate to the total loans granted during the year
Granules Europe Limited (Wholly owned subsidiary)	134.14	130.29	97%

There were no loans or advance in the nature of loan granted to firms, Limited Liability Partnerships or any other parties.

(f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.

(iv) Loans, investments, guarantees and security in respect of which provisions of sections 185 and 186 of the Companies Act, 2013 are applicable have been complied with by the Company.

(v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture of goods and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, duty of customs, cess and other statutory dues applicable to it. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. The provision of sales-tax, service tax, duty of excise and value added tax are not applicable to the Company.

(b) The dues of goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess, and other statutory dues have not been deposited on account of any dispute, are as follows:

(Amounts in INR millions)

Name of the statute	Nature of the dues	Amount*	Period to which the amount relates	Forum where the dispute is pending
Income tax Act, 1961	Income Tax	0.64	AY 2008-09	Honorable High Court of Judicature at Hyderabad for the State of Telangana
		21.11	AY 2015-16	Commissioner of Income Tax – Appeals.
		2.60	AY 2018 – 19	Commissioner of Income Tax – Appeals
		15.18	AY 2020 -21	Commissioner of Income Tax – Appeals
The Central Excise Act, 1944	Custom duty	1.09 (0.5#)	FY 1999-2000	Commissioner (Appeals)
	Excise Duty	2.99	FY 2008-09 to FY 2010 – 11	The Customs, Excise and Service Tax Appellate Tribunal (CESTAT)
The Goods and service tax Act, 2017	Goods and service tax	5.21	FY 2017 – 18	Commissioner of Central Tax Rangareddy – GST

* Excludes interest, as applicable

Amount paid under protest

(viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

(ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) Term loans were applied for the purpose for which the loans were obtained.

(d) On an overall examination of the standalone financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) On an overall examination of the standalone financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries. The Company does not have associates or joint ventures.

(f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries. Hence, the requirement to report on clause (ix)(f) of the Order is not applicable to the Company. The Company does not have associates or joint ventures.

(x) (a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.

(b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) No fraud by the Company or no fraud on the Company has been noticed or reported during the year.

(b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by cost auditor or secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

(xii) The Company is not a nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(a), (b) and (c) of the Order is not applicable to the Company.

(xiii) Transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the standalone financial statements, as required by the applicable accounting standards.

(xiv) (a) The Company has an internal audit system commensurate with the size and nature of its business.

(b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.

(xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.

(xvi) (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.

(b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause (xvi)(b) of the Order is not applicable to the Company.

(c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.

(d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi)(d) of the Order is not applicable to the Company.

(xvii) The Company has not incurred cash losses in the current financial year and in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.

(xix) On the basis of the financial ratios disclosed in note 36 to the standalone financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in note 23 to the standalone financial statements.

(b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of Companies Act. This matter has been disclosed in note 23 to the standalone financial statements.

For **S. R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

per Navneet Rai Kabra
Partner
Membership no. 102328
UDIN: 23102328BGSBLY6831

Place: Hyderabad
Date: May 16, 2023

ANNEXURE 2

TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF GRANULES INDIA LIMTED

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 with reference to standalone financial statements of Granules India Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the standalone 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 the 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these standalone financial statements 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, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by 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 with reference to these standalone financial statements 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 with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to these standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to these standalone financial statements.

Meaning of Internal Financial Controls With Reference to these Standalone Financial Statements

A company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls With Reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2023, 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 issued by the ICAI.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

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per Navneet Kabra
Partner
Membership Number: 102328
UDIN: 23102328BGSBLY6831

Place of Signature: Hyderabad
Date: May 16, 2023

Standalone Balance Sheet as at March 31, 2023

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

Particulars	Notes	As at March 31, 2023	As at March 31, 2022
Assets			
Non-current assets			
Property, plant and equipment	3A	12,451.04	10,977.52
Right-of-use assets	3C	109.58	125.46
Capital work-in-progress	3A	634.60	1,941.46
Other intangible assets	3B	737.34	605.35
Intangible assets under development	3B	-	163.77
Financial assets			
(i) Investments	4A	6,765.32	5,965.32
(ii) Loans	4B	121.46	130.29
(iii) Other financial assets	4C	239.88	124.49
Income tax assets (net)		105.69	61.58
Other non-current assets	5A	688.13	324.45
Total non-current assets		**21,853.04**	**20,419.69**
Current assets			
Inventories	6	5,934.14	5,907.44
Financial assets			
(i) Trade receivables	7A	13,721.88	12,104.27
(ii) Cash and cash equivalents	7B	1,817.46	1,342.43
(iii) Bank balances other than cash and cash equivalents stated above	7B	212.33	2,208.43
(iv) Other financial assets	7C	26.60	22.33
Other current assets	5B	1,467.25	1,721.64
Total current assets		**23,179.66**	**23,306.54**
Total assets		**45,032.70**	**43,726.23**
Equity and liabilities			
Equity			
Equity share capital	8	242.04	248.01
Other equity	9	26,752.57	25,058.61
Total equity		**26,994.61**	**25,306.62**
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	10A	1,486.44	2,337.01
(ii) Lease liabilities	10B	86.98	82.81
Provisions	11A	292.56	283.10
Deferred tax liabilities (net)	12	234.44	300.72
Total non-current liabilities		**2,100.42**	**3,003.64**
Current liabilities			
Financial liabilities			
(i) Borrowings	13A	7,621.75	8,135.17
(ii) Lease liabilities	10B	35.58	52.73
(iii) Trade payables	13B		
(a) Total outstanding dues of micro enterprises and small enterprises		115.15	126.48
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		7,328.79	5,941.56
(iv) Other financial liabilities	13C	504.11	658.44
Other current liabilities	14	96.03	157.90
Provisions	11B	146.16	228.32
Income tax liabilities (net)		90.10	115.37
Total current liabilities		**15,937.67**	**15,415.97**
Total liabilities		**18,038.09**	**18,419.61**
Total equity and liabilities		**45,032.70**	**43,726.23**

Significant accounting policies 2

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

As per our report of even date attached

for S.R. Batliboi and Associates LLP
Chartered Accountants
Firm registration number: 101049W/E300004

Navneet Kabra
Partner
Membership No : 102328

Place: Hyderabad
Date: May 16, 2023

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

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

Dr. K.V.S Ram Rao
Joint Managing Director and Chief Executive Officer
DIN : 08874100

Mukesh Surana
Chief Financial Officer

Chaitanya Tummala
Company Secretary

Place: Hyderabad
Date: May 16, 2023

Place: Hyderabad
Date: May 16, 2023

Standalone Statement of Profit and Loss for the year ended March 31, 2023

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

Particulars	Notes	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Income			
Revenue from operations	15	39,312.00	32,384.37
Other income	16	99.32	175.11
Total income		**39,411.32**	**32,559.48**
Expenses			
Cost of materials consumed	17	20,999.28	18,641.56
Changes in inventories of work-in-progress and finished goods	18	615.21	(1,064.10)
Employee benefit expenses	19	3,300.71	2,827.99
Finance costs	20	386.74	163.53
Depreciation and amortization expense	21	1,455.57	1,261.61
Other expenses	22	6,014.41	5,532.42
Total expenses		**32,771.92**	**27,363.01**
Profit before tax		**6,639.40**	**5,196.47**
Tax expense			
(i) Current tax	24	1,702.06	1,335.07
(ii) Deferred tax	24	(50.51)	(3.76)
Total tax expense		**1,651.55**	**1,331.31**
Profit for the year		**4,987.85**	**3,865.16**
Other comprehensive income (OCI)			
Items that will be reclassified to profit or loss			
Fair value changes on cash flow hedges	9	(72.16)	191.39
Income tax relating to items that will be reclassified to profit or loss	24	18.16	(48.17)
Net other comprehensive income/(loss) to be reclassified to profit or loss		**(54.00)**	**143.22**
Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit liability	28	9.52	(10.43)
Income tax relating to items that will not be reclassified to profit or loss	24	(2.40)	2.63
Net other comprehensive income/(loss) not to be reclassified to profit or loss		**7.12**	**(7.80)**
Other comprehensive income/ (loss) for the year		**(46.88)**	**135.42**
Total comprehensive income for the year		**4,940.97**	**4,000.58**
Earnings per share:			
Equity shares of par value of ₹ 1 each			
Basic (₹)	25	20.32	15.60
Diluted (₹)		20.30	15.55

Significant accounting policies 2

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

As per our report of even date attached

for S.R. Batliboi and Associates LLP
Chartered Accountants
Firm registration number: 101049W/E300004

Navneet Kabra
Partner
Membership No : 102328

Place: Hyderabad
Date: May 16, 2023

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

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

Dr. K.V.S Ram Rao
Joint Managing Director and Chief Executive Officer
DIN : 08874100

Mukesh Surana
Chief Financial Officer

Chaitanya Tummala
Company Secretary

Place: Hyderabad
Date: May 16, 2023

Place: Hyderabad
Date: May 16, 2023

Standalone Statement of Changes in Equity for the year ended March 31, 2023

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

Equity Share capital

	Balance at the beginning of the year	Shares issued during the year	Shares bought back during the year	Balance at the end of the year
March 31, 2023	**248.01**	**0.29**	**(6.25)**	**242.04**
March 31, 2022	247.67	0.33	-	248.01

Other Equity

Particulars	Reserves and Surplus						Other Comprehensive income		Total other Equity
	Capital Redemption reserve	Securities premium	Capital reserve	General reserve	Employee stock option plan	Retained earnings	Remeasurements of defined benefit plans	Effective portion of Cash flow hedges	
Balance at the beginning of the previous year	**7.10**	**4,528.64**	**191.75**	**3,071.57**	**102.97**	**13,791.38**	**(12.81)**	**(302.06)**	**21,378.54**
Total comprehensive income for the year									
Profit for the year	-	-	-	-	-	3,865.16	-	-	3,865.16
Other comprehensive income (net of tax)	-	-	-	-	-	-	(7.80)	143.22	135.41
Transactions with owners of the Company									
Dividends	-	-	-	-	-	(371.68)	-	-	(371.68)
Share based payment expense	-	-	-	-	19.41	-	-	-	19.41
Share premium on issue of equity shares on exercise of options	-	31.77	-	-	-	-	-	-	31.77
Balance at the end of the previous year	**7.10**	**4,560.41**	**191.75**	**3,071.57**	**122.38**	**17,284.86**	**(20.62)**	**(158.84)**	**25,058.61**
Total comprehensive income for the year									
Profit for the year	-	-	-	-	-	4,987.85	-	-	4,987.85
Other comprehensive income (net of tax)	-	-	-	-	-	-	7.12	(54.00)	(46.88)
Transactions with owners of the Company									
Dividends	-	-	-	-	-	(186.22)	-	-	(186.22)
Share based payment expense	-	-	-	-	11.91	-	-	-	11.91
Share premium on issue of equity shares on exercise of options	-	27.55	-	-	-	-	-	-	27.55
Buy-back of equity shares	-	(2,493.75)	-	-	-	-	-	-	(2,493.75)
Tax on buy-back of equity shares	-	(580.94)	-	-	-	-	-	-	(580.94)
Transaction costs towards buy-back of equity shares	-	(25.56)	-	-	-	-	-	-	(25.56)
Amount transferred to capital redemption reserve upon buy-back of equity shares	6.25	-	-	(6.25)	-	-	-	-	-
Balance at the end of the current year	**13.35**	**1,487.70**	**191.75**	**3,065.32**	**134.29**	**22,086.49**	**(13.50)**	**(212.84)**	**26,752.57**

Standalone Statement of Changes in Equity for the year ended March 31, 2023

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

The accompanying notes are an integral part of the standalone financial statements.
As per our report of even date attached

for S.R. Batliboi and Associates LLP
Chartered Accountants
Firm registration number: 101049W/E300004

Navneet Kabra
Partner
Membership No : 102328

Place: Hyderabad
Date: May 16, 2023

for and on behalf of the Board of Directors of
Granules India Limited
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Chairman and Managing Director
DIN : 00020180

Dr. K.V.S Ram Rao
Joint Managing Director and Chief Executive Officer
DIN : 08874100

Mukesh Surana
Chief Financial Officer

Chaitanya Tummala
Company Secretary

Place: Hyderabad
Date: May 16, 2023

Place: Hyderabad
Date: May 16, 2023

Standalone Statement of Cash Flows for the year ended March 31, 2023

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

Particulars		For the Year ended March 31, 2023	For the Year ended March 31, 2022
Cash flow from operating activities			
Profit before tax		6,639.40	5,196.47
Adjustments for :			
Depreciation and amortization expense		1,455.57	1,261.61
Bad debts written off		0.54	0.01
Allowance for doubtful trade receivables		(29.52)	(6.11)
Allowance for doubtful advances		14.41	-
Allowance for scrips on hand		-	22.60
Loss on sale of property, plant and equipment (net)		13.82	47.83
Changes in fair value of cashflow hedges		72.85	112.12
Net gain on foreign exchange fluctuations (unrealized)		(98.09)	(119.87)
Share based compensation expense		11.91	19.41
Finance cost		386.74	163.53
Interest income		(46.36)	(129.99)
Operating profit before working capital changes		**8,421.27**	**6,567.61**
Movements in working capital:			
Increase in trade receivables		(1,453.19)	(1,712.32)
Increase in inventories		(26.70)	(1,290.47)
(Increase)/decrease in other assets		213.82	(149.21)
Increase in trade payables, other liabilities and provisions		1,253.02	814.33
Cash generated from operations		**8,408.22**	**4,229.94**
Direct taxes paid (net of refunds)		(1,771.44)	(1,427.02)
Net cash flow generated from operating activities	**(A)**	**6,636.78**	**2,802.92**
Cash flow used in investing activities			
Purchase of property, plant and equipment and intangible assets, including capital work-in-progress, intangible assets under development, capital advances and capital creditors		(2,117.93)	(3,245.56)
Proceeds from sale of property, plant & equipment		2.02	9.79
Investment in subsidiaries		(900.00)	(50.00)
Redemption of bank deposits		1,995.77	3.63
Loan given to subsidiaries		(3.85)	(17.86)
Loans repaid by subsidiaries		21.11	-
Interest received		38.36	115.48
Net cash flow used in investing Activities	**(B)**	**(964.52)**	**(3,184.52)**
Cash flow from/(used) in financing activities			
Proceeds from issuance of shares		27.84	32.10
Repayment of non-current borrowings		(930.86)	(954.78)
Proceeds/(repayments) of current borrowings, net		(562.69)	3,029.79
Repayment of lease liability (including related interest)		(69.86)	(47.20)
Payment towards buyback including transaction cost		(3,106.50)	-
Finance cost paid		(366.41)	(173.91)
Dividend paid on equity shares		(186.22)	(371.71)
Net cash flow from/(used) in financing activities	**(C)**	**(5,194.70)**	**1,514.29**
Net increase in cash and cash equivalents	**(A+B+C)**	**477.56**	**1,132.69**
Effect of exchange differences on translation of foreign currency cash and cash equivalents		(2.53)	9.41
Cash and cash equivalents at the beginning of the year		1,342.43	200.33
Cash and cash equivalents at the end of the year		**1,817.46**	**1,342.43**
Components of cash and cash equivalents:			

Standalone Statement of Cash Flows for the year ended March 31, 2023

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

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Cash on hand	1.04	0.04
Balances with banks		
On current accounts	63.02	135.30
On EEFC accounts	373.40	1,051.04
On deposit accounts	1,380.00	156.05
Total cash and cash equivalents (Refer Note 7B)	**1,817.46**	**1,342.43**

Changes in liabilities arising from financing activities	Lease liabilities-Non Current and Current (Refer Note 10B)	Borrowings - Non Current (Refer note 10A)*	Borrowings - Current (Refer note 13A)	Finance cost other than lease liabilities
Opening as on March 31, 2021	**101.70**	**4,291.81**	**4,092.71**	**23.28**
Finance cost	8.88	-	-	154.65
(Repayment)/proceeds from borrowing during the year (net)	-	(954.78)	3,029.79	-
Deletions	(18.00)	-	-	-
Additions	90.16	-	-	-
Payment of lease liabilities	(47.20)	-	-	-
Changes in fair values	-	(65.22)	-	-
Finance cost paid	-	-	-	(173.91)
Effect of changes in foreign exchange rates	-	-	77.87	3.22
Closing as on March 31, 2022	**135.54**	**3,271.81**	**7,200.37**	**7.24**
Finance cost	11.47	-	-	375.27
(Repayment)/proceeds from borrowing during the year (net)	-	(930.86)	(562.69)	-
Additions	45.41	-	-	-
Payment of lease liabilities	(69.86)	-	-	-
Changes in fair values	-	136.45	-	-
Finance cost paid	-	-	-	(366.41)
Effect of changes in foreign exchange rates	-	-	(6.89)	3.81
Closing as on March 31, 2023	**122.56**	**2,477.40**	**6,630.79**	**19.91**

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

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

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

As per our report of even date attached

for S.R. Batliboi and Associates LLP
Chartered Accountants
Firm registration number: 101049W/E300004

Navneet Kabra
Partner
Membership No : 102328

Place: Hyderabad
Date: May 16, 2023

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

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

Dr. K.V.S Ram Rao
Joint Managing Director and Chief Executive Officer
DIN : 08874100

Mukesh Surana
Chief Financial Officer

Chaitanya Tummala
Company Secretary

Place: Hyderabad
Date: May 16, 2023

Place: Hyderabad
Date: May 16, 2023

Notes to Standalone Financial Statements

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

1 Company overview

1.1 Reporting entity

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

1.2 Basis of preparation of standalone financial statements

a) Statement of compliance

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

These standalone financial statements have been prepared for the Company as a going concern on the basis of relevant Ind AS that are effective at the Company's annual reporting date, March 31, 2023. These standalone financial statements were authorized for issuance by the Company's Board of Directors on May 16, 2023.

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

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

b) Current versus non-current classification

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

An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified 12 months as its operating cycle.

c) Functional and presentation currency

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

d) Basis of measurement

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

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

e) Use of estimates and judgements

The preparation of the standalone 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 standalone 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 standalone financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the standalone financial statements.

Judgements

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

- Note 1.2(c) - Assessment of functional currency
- Note 2(a) and 32 - Financial instruments;

Assumptions and estimation of uncertainties

Information about assumptions and estimation of uncertainties that have a significant risk of resulting in a material adjustment in the year ending March 31, 2023 is included in the following notes

- Note 26 (a) – Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.
- Note 27 - Share based payments
- Note 28 - Measurement of defined benefit obligations : key actuarial assumptions
- Note 6 - Provision for inventories
- Note 2(d) - Useful lives of property, plant and equipment
- Note 2(e) - Useful lives of Intangible assets
- Note 7A - Provision for loss allowance on trade receivables
- Note 2(h)(ii) - Measurement of recoverable amount of cash generated units; impairment of tangible and intangible assets

f) Measurement of fair values

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

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

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

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

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

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

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

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

Notes to Standalone Financial Statements

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

2 Significant accounting policies

a. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i. Recognition and initial measurement

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

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

ii. Classification and subsequent measurement

Financial assets

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

- amortized 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 amortized 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.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss.

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 amortized 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 amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Investment in Subsidiary

The Company has elected to recognize its investments in subsidiaries at cost less accumulated impairment loss, if any in accordance with the option available in Ind AS 27, 'Separate Financial Statements'.

Notes to Standalone Financial Statements

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

Cost represents amount paid for acquisition of the said investments

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss. The details of such investment are given in Note 4A. Refer to the accounting policies in (h)(i) Impairment of non-financial assets.

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 recognized in statement of profit and loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in statement of profit and loss. Any gain or loss on derecognition is recognized in statement of profit and loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognized in statement of profit and loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to statement of profit and loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized 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 recognized in OCI and are not reclassified to statement of profit and loss.

Financial liabilities: classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized 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 recognized in statement of profit and loss. Financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in statement of profit and loss. Any gain or loss on derecognition is also recognized 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 recognized 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 derecognized.

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 recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in statement of profit and loss.

iv. Offsetting

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

v. Derivative financial instruments and hedge accounting

Derivative financial instruments are used to mitigate the risk of changes in exchange rates on foreign currency exposures. Derivatives are initially measured at fair value. Subsequent to initial recognition,

Notes to Standalone Financial Statements

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

derivatives are measured at fair value, and changes therein are recognized in statement of profit and loss.

The Company designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates.

At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges:

Where a derivative or non-derivative financial liability is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative or non-derivative financial liability is recognized 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 recognized immediately in statement of profit and loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognized in other comprehensive income, remains there until the forecasted transaction occurs. If the forecasted transaction is no longer expected to occur, then the balance in other comprehensive income is recognized immediately in the statement of profit and loss.

b. Cash and cash equivalents

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

Cash dividend to equity holders

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

c. Foreign currency

Transactions in foreign currencies are initially recorded at spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the spot rates of exchange at the reporting date.

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 recognized in OCI.

d. Property, plant and equipment

i. Recognition and measurement

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

Cost of an item or property, plant and equipment comprises its purchase price, import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in the statement of profit and loss as incurred.

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

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

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

Cost of assets not ready for intended use, as on the balance sheet date, is shown as capital work-in-progress. Amounts paid towards the acquisition of property, plant and equipment outstanding as of each reporting date are recognized as capital advance under "non-current assets".

ii. Subsequent expenditure

Subsequent expenditure related to an item of property, plant and equipment is capitalized only if it increases the future benefits from the existing assets beyond its previously assessed standards of performance.

iii. Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method.

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

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

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

e. Intangible assets

Internally generated: Research and development

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

Development expenditure is capitalized 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 recognized in statement of profit and loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortization and any accumulated impairment losses.

Others

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

i. Subsequent expenditure

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

ii. Amortization

Other intangible assets are amortized 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	3-10 years
Others	10 years

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

f. Non-current assets held for sale

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

g. Inventories

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

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

Notes to Standalone Financial Statements

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

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

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

The factors that the Company considers in determining the allowance for slow moving, obsolete and other non-saleable inventory include estimated shelf life, planned product discontinuances, price changes, ageing of inventory and introduction of competitive new products, to the extent each of these factors impact the Company's business and markets. The Company considers all these factors and adjusts the inventory provision to reflect its actual experience on a periodic basis.

h. Impairment

i. Financial assets (other than at fair value)

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. In determining the allowances for doubtful trade receivables, the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and allowance rates used in the provision matrix. For all other financial assets, expected credit losses are measured at an amount equal to the 12-months expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

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

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

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

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

In case of investments, the Company reviews its carrying value of investments carried at cost annually, or more frequently, when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

ii. Tangible and intangible assets

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized in the statement of profit and loss.

i. Employee benefits

i. Defined contribution plans

The Company makes specified monthly contribution towards employee provident fund to Government administered provident fund scheme, which is a defined contribution scheme. The Company's contribution is recognized as an expense in the statement of profit and loss during the period in which the employee renders the related service.

Notes to Standalone Financial Statements

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

The Company has no further obligations beyond its monthly contributions.

ii. Defined benefit plans

For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to statement of profit and loss in subsequent periods.

Past service costs are recognized in statement of profit and loss on the earlier of

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and nonroutine settlements; and
- Net interest expense or income

When the benefits of a plan are changed or curtailed, the resulting change in the benefit that relates to the past service ('past service cost') or the gain or loss on curtailment is recognized immediately in the statement of profit and loss. The Company recognises the gains and losses on the settlement of a defined benefit plan when settlement occurs.

iii. Compensated Absence Policy

The employees of the Company are entitled to compensated absences. The employees can carry forward a portion of the unutilized accumulating compensated absences and utilise it in future periods or encash the leaves during the period of employment or retirement or at termination of employment. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The Company measures the expected cost of compensated absences as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. The Company recognises accumulated compensated absences based on actuarial valuation using the projected unit credit method. Non-accumulating compensated absences are recognized in the period in which the absences occur.

iv. Other long-term employee benefits

The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary as at March 31st every year using projected unit credit method on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

v. Short-term employee benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and ex-gratia. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognized as an expense as the related service is rendered by employees.

vi. Share based compensation

The grant date fair value of options granted to employees is recognized 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 recognized in connection with share-based payment transaction is presented as a separate component in equity under "employee stock option". The amount recognized as an expense is adjusted to reflect the actual number of stock options that vest.

j. Provisions (other than for employee benefits)

A provision is recognized 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

Notes to Standalone Financial Statements

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

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 recognized as finance cost. Expected future operating losses are not provided for.

Contingent liabilities and contingent assets

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

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

Onerous contracts

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

k. Earnings per share ('EPS')

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

l. Segment Reporting

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

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

m. Revenue

i. Sale of goods

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

ii. Sales return allowances

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

iii. Export incentives

Export incentives are recognized 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.

Notes to Standalone Financial Statements

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

iv. Interest income or expense

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

v. Dividend income

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

n. Contract Balances

i. Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

ii. Trade receivable

A receivable is recognized if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (a) Financial instruments – initial recognition and subsequent measurement.

iii. Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract.

o. Leases

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

To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether

- The contract involves use of an identified asset, whether specified explicitly or implicitly;
- The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use;
- The Company has right to direct the use of the asset by either having right to operate the asset or the Company having designed the asset in a way that predetermines how and for what purpose it will be used.

(i) As lessee

The Company's lease asset classes primarily consist of leases for buildings and plant and machinery. The Company, at the inception of a contract, assesses whether the contract is a lease or not. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration.

The Company elected to use the following practical expedients on initial application

- Applied a single discount rate to a portfolio of leases with similar characteristics
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in Ind AS 116. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle

Notes to Standalone Financial Statements

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

and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognized in the Statement of Profit and Loss.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in Statement of Profit and Loss.

Lease payments included in the measurement of the lease liability comprise the following:

a. Fixed payments including in-substance fixed payments

b. Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date

c. Amounts expected to be payable under a residual value guarantee and

d. the exercise price under a purchase option that the Company and its associate is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'financial liabilities' in the statement of financial position.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The Company recognises the lease payments associated with these leases as an expense in the Statement of Profit or Loss over the lease term.

p. Income tax

Income tax comprises current and deferred income tax. Income tax expense is recognized in statement of profit and loss 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 recognized 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.

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

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognized 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 recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the standalone 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 realized.

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 recognized as income or expense in the period that includes the enactment or substantive enactment date. A deferred income tax assets is recognized 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 utilized.

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

q. 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 capitalized as part of the cost of that asset. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs. Other borrowing costs are recognized as an expense in the period in which they are incurred.

r. Recent Pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

Ind AS 1 – Presentation of standalone Financial Statements

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose standalone financial statements. The Company does not expect this amendment to have any significant impact in its standalone financial statements

Ind AS 12 – Income Taxes

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company is evaluating the impact, if any, in its standalone financial statements

Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in standalone financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in standalone financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its standalone financial statements.

Notes to Standalone Financial Statements

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

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

Particulars	Freehold land	Freehold buildings	Lease Hold Improvements	Plant and equipment	Computers	Office equipment	R&D equipment	Furniture and fittings	Vehicles	Total
Gross carrying amount										
At March 31, 2021	**335.82**	**4,272.32**	**30.10**	**9,727.92**	**202.51**	**128.41**	**388.35**	**220.94**	**61.84**	**15,368.21**
Additions	48.34	894.96	0.75	1,857.51	38.26	16.54	77.41	24.19	0.66	2,958.62
Disposals	-	(3.17)	-	(602.56)	(0.14)	(0.93)	(5.11)	(1.08)	(3.64)	(616.63)
At March 31, 2022	**384.16**	**5,164.11**	**30.85**	**10,982.87**	**240.63**	**144.02**	**460.65**	**244.05**	**58.86**	**17,710.20**
Additions	12.17	328.28	17.03	2,202.57	13.61	29.02	66.60	50.60	15.99	2,735.87
Disposals	-	-	-	(193.83)	(2.31)	(9.65)	(6.97)	(4.60)	(2.46)	(219.82)
At March 31, 2023	**396.33**	**5,492.39**	**47.88**	**12,991.61**	**251.93**	**163.39**	**520.28**	**290.05**	**72.39**	**20,226.25**
Accumulated depreciation										
At March 31, 2021	**-**	**699.30**	**9.24**	**4,950.81**	**135.66**	**85.32**	**185.22**	**102.70**	**30.88**	**6,199.13**
Depreciation for the year	-	147.48	3.44	837.15	26.16	15.80	38.04	19.28	5.19	1,092.54
Disposals	-	(0.80)	-	(547.76)	(0.14)	(0.87)	(4.90)	(1.04)	(3.48)	(558.99)
At March 31, 2022	**-**	**845.98**	**12.68**	**5,240.20**	**161.68**	**100.25**	**218.36**	**120.94**	**32.59**	**6,732.68**
Depreciation for the year	-	180.65	3.53	943.03	27.77	18.97	41.93	24.94	5.69	1,246.51
Disposals	-	-	-	(178.86)	(2.31)	(9.48)	(6.62)	(4.37)	(2.34)	(203.98)
As at March 31, 2023	**-**	**1,026.63**	**16.21**	**6,004.37**	**187.14**	**109.74**	**253.67**	**141.51**	**35.94**	**7,775.21**
Net carrying amount										
As at March 31, 2022	384.16	4,318.13	18.17	5,742.67	78.95	43.77	242.29	123.11	26.27	10,977.52
As at March 31, 2023	**396.33**	**4,465.76**	**31.67**	**6,987.24**	**64.79**	**53.65**	**266.61**	**148.54**	**36.45**	**12,451.04**

Capital work-in-progress	
At March 31, 2022	1,941.46
At March 31, 2023	**634.60**

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

ii) For contractual commitments - refer Note 26(b).

iii) The Company has not revalued its property, plant and equipment during the current or previous year.

Capital work -in -Progress- Movement

Particulars	March 31, 2023	March 31, 2022
Balance at the beginning	1,941.46	1,465.84
Additions	1,429.01	3,434.24
Capitalized during the year	2,735.87	2,958.62
Balance at the end	**634.60**	**1,941.46**

Notes to Standalone Financial Statements

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

Ageing Schedule for Capital work -in -Progress as below

Particulars	March 31, 2023				March 31, 2022			
	Amount for a period of			Total	Amount for a period of			Total
	Less than 1 year	1-2 years	2-3 years		Less than 1 year	1-2 years	2-3 years	
Projects in progress	482.56	150.92	1.12	634.60	1,755.12	186.34	-	1,941.46
Total	**482.56**	**150.92**	**1.12**	**634.60**	**1,755.12**	**186.34**	**-**	**1,941.46**

i) Project execution plans are modulated basis capacity requirement assessment on an annual basis and all the projects are executed as per rolling plans.

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

3B. Intangible assets - Reconciliation of carrying amount

Particulars	Technical know how	Software	Product related intangibles	Others	Total
Gross carrying amount					
At March 31, 2021	**318.95**	**147.12**	**790.08**	**173.26**	**1,429.41**
Additions	-	49.13	97.43	-	146.56
Disposals	-	-	-	-	-
At March 31, 2022	**318.95**	**196.25**	**887.51**	**173.26**	**1,575.97**
Additions	-	24.82	255.23	-	280.05
Disposals	(318.95)	(6.69)	-	-	(325.64)
As at March 31, 2023	**-**	**214.38**	**1,142.74**	**173.26**	**1,530.38**
Accumulated amortization					
At March 31, 2021	**318.82**	**79.82**	**320.36**	**123.47**	**842.47**
Amortization for the year	0.13	25.39	85.30	17.33	128.15
Disposals	-	-	-	-	-
At March 31, 2022	**318.95**	**105.21**	**405.66**	**140.80**	**970.62**
Amortization for the year	-	21.77	111.38	14.62	147.77
Disposals	(318.95)	(6.40)	-	-	(325.35)
As at March 31, 2023	**-**	**120.58**	**517.04**	**155.42**	**793.04**
Net carrying amount					
As at March 31, 2022	-	91.04	481.85	32.46	605.35
As at March 31, 2023	**-**	**93.80**	**625.70**	**17.84**	**737.34**

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

Intangible assets under development

At March 31, 2022	163.77
At March 31, 2023	**-**

Ageing Schedule for Intangible under development as below

Particulars	Amount for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
March 31, 2023					
Projects in Progress	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**
March 31, 2022					
Projects in Progress	95.41	7.18	-	61.18	163.77
Total	**95.41**	**7.18**	**-**	**61.18**	**163.77**

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

Notes to Standalone Financial Statements

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

3C. Right-of-use assets

Particulars	Buildings	Computers	Total
Gross carrying amount			
At March 31, 2021	**103.26**	**29.37**	**132.63**
Additions	80.55	9.61	90.16
Deletions	17.77	-	17.77
At March 31, 2022	**166.04**	**38.98**	**205.02**
Additions	38.82	6.59	45.41
Deletions	-	-	-
As at March 31, 2023	**204.86**	**45.57**	**250.43**
Accumulated depreciation			
At March 31, 2021	**31.07**	**7.57**	**38.64**
Depreciation for the year	29.33	11.59	40.92
Deletions	-	-	-
At March 31, 2022	**60.40**	**19.16**	**79.56**
Depreciation for the year	47.84	13.45	61.29
Deletions	-	-	-
As at March 31, 2023	**108.24**	**32.61**	**140.85**
Net carrying amount			
As at March 31, 2022	105.64	19.82	125.46
As at March 31, 2023	**96.62**	**12.96**	**109.58**

i) The aggregate depreciation expense on assets taken on lease is included under depreciation and amortization expense in the Statement of Profit and Loss.

4. Financial Assets-Non Current

4A. Investments

Particulars	As at March 31, 2023	As at March 31, 2022
Investments		
Investments in equity instruments		
a. Unquoted equity shares		
In wholly owned subsidiaries (cost) (refer Note 31)		
Granules USA Inc., USA - 700,000 (March 31, 2022 : 700,000) common stock of USD 0.10 each fully paid up	11.63	11.63
Granules Pharmaceuticals Inc., USA - 4,180 (March 31, 2022 : 4,180) common stock of USD 1 each fully paid up	5,645.37	5,645.37
Granules Europe Limited, UK - 100 (March 31, 2022 : 100) equity shares of 1 Pound each fully paid up	0.01	0.01
Granules Life Sciences Private Limited, India - 60,000,000 (March 31, 2022 : 30,000,000) equity shares of ₹ 10/- each fully paid up	600.00	300.00
Granules CZRO Private Limited (formerly known as CZRO Molecules Private Limited), India - 50,000,000 (March 31, 2022 : Nil) equity shares of ₹ 10/- each fully paid up	500.00	-
In Others (Fair value through OCI)		
Jeedimetla Effluent Treatment Ltd - 15,142 (March 31, 2022 : 15,142) equity shares of ₹ 10/- each fully paid up	5.96	5.96
Patancheru Envirotech Ltd - 34,040 (March 31, 2022 :34,040) equity shares of ₹ 10/- each fully paid up	0.34	0.34
RVK Energy Private Ltd - 1,282,000 (March 31, 2022: 1,282,000) equity shares of ₹ 10/- each fully paid up	2.00	2.00
b. In Quoted equity shares (Fair value through OCI)		
Ipca Laboratories Limited - 100 (March 31, 2022 : 100) equity shares	0.01	0.01
Total	**6,765.32**	**5,965.32**

Notes to Standalone Financial Statements

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

Particulars	As at March 31, 2023	As at March 31, 2022
Aggregate book value of quoted investments	0.01	0.01
Aggregate market value of quoted investments	0.08	0.11
Aggregate value of unquoted investments	6,765.31	5,965.31
Aggregate amount of impairment in value of investments	-	-

4B. Loans (Unsecured, considered good)

Particulars	As at March 31, 2023	As at March 31, 2022
- Loans to related parties (refer Note 31)		
Granules Europe Limited	121.46	130.29
Total	**121.46**	**130.29**

Note:

(i) Loan given to Granules Europe Limited an amount of ₹ 3.85 millions (March 31, 2022 ₹ 17.86 millions) and repayments received is ₹ 21.11 millions during the financial year ended March 31, 2023. The Loan carries the rate equivalent to prevailing Government bond rate closest to the tenor of the loan on the date of loan given to Granules Europe limited. These loans are given for the purpose of setting up, modernization and general corporate purpose of the subsidiaries outside India.

(ii) The above amount includes interest accrued of ₹ 26.56 millions (March 31, 2022 - ₹ 21.08 millions) from Granules Europe Limited.

(iii) The loan was repayable on May 02, 2022, however, the Company vide an amendment to the agreement w.e.f May 02, 2022, has extended the loan for a period of 5 years

(iv) Maximum amount outstanding at any time during the year

Particulars	As at March 31, 2023	As at March 31, 2022
Granules Europe Limited	136.13	130.29

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

Particulars	As at March 31, 2023	As at March 31, 2022
Security deposits	139.88	124.49
Share application money pending allotment (Refer note 31)	100.00	-
Total	**239.88**	**124.49**

5. Other assets

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

Particulars	As at March 31, 2023	As at March 31, 2022
Capital advances	688.13	324.45
Total	**688.13**	**324.45**

Notes to Standalone Financial Statements

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

5B. Current (Unsecured, considered good)

Particulars	As at March 31, 2023	As at March 31, 2022
Balance with government authorities	909.18	910.15
Prepaid expenses	238.57	136.82
Export incentives receivable	109.92	181.16
Scrips on hand	-	181.12
Insurance claim receivable	-	23.29
Advance to suppliers		
Considered good	209.58	289.10
Considered doubtful	31.36	16.95
	1,498.61	**1,738.59**
Less : Allowance for doubtful advances	(31.36)	(16.95)
Total	**1,467.25**	**1,721.64**

Details of movement in allowance for doubtful advances :

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Balance at the beginning of the year	(16.95)	(16.95)
Provision made during the year, net of reversals	(14.41)	-
Amounts written off during the year	-	-
Balance at the end of the year	**(31.36)**	**(16.95)**

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

Particulars	As at March 31, 2023	As at March 31, 2022
Raw materials*	3,139.48	2,601.72
Packing materials	184.27	164.84
Work-in-progress	846.18	869.67
Finished goods**	1,375.71	1,967.43
Stores, spares and consumables	388.50	303.78
Total	**5,934.14**	**5,907.44**

*includes raw materials-in-transit ₹ 142.33 millions (March 31, 2022 - ₹ 311.84 millions).

**includes finished goods-in-transit ₹ 558.07 millions (March 31, 2022 - ₹ 623.55 millions)

i) For details of inventories hypothecated against current borrowings refer Note 10A & 13A.

ii) The Company recorded inventory write-down/(reversal) of ₹ 30.56 millions (March 31, 2022 - ₹ (9.43) millions). These were recognized as an expense during the year and included in changes in finished goods and work-in-progress in Statement of profit and loss.

7. Financial Assets

7A. Trade receivables (Unsecured)

Particulars		As at March 31, 2023	As at March 31, 2022
(a) Considered good		13,719.53	12,023.40
Less : Allowance for doubtful trade receivables/credit loss		(20.33)	(38.58)
	(A)	13,699.20	11,984.82
(b) Significant increase in credit risk		141.41	249.45
(c) Credit impaired		124.89	124.89
Less : Allowance for doubtful trade receivables/credit loss		(243.62)	(254.89)
	(B)	22.68	119.45
Total	(C=A+B)	**13,721.88**	**12,104.27**

Notes to Standalone Financial Statements

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

Refer note 31 for trade receivables due from subsidiaries.

Trade receivables are non-interest bearing and are generally with payment terms of upto 180 days from the date of invoice or bill of lading date.

The Company's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in Note 33.

For receivables secured against borrowings, refer note 10A & 13A.

Details of changes in allowance for doubtful trade receivables/ credit losses :

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Balance at the beginning of the year	293.47	299.58
Provision made during the year, net of reversals	(29.52)	(6.11)
Balance at the end of the year	**263.95**	**293.47**

Ageing Schedule for Trade receivables as below

As at March 31, 2023

Particulars	Outstanding for following periods from due date of payment						
	Not Due	< 6 months	6 months - 1 year	1-2 Years	2-3 years	> 3 years	Total
(i) Undisputed Trade receivables - considered good	12,230.27	1,429.61	59.64	-	-	-	13,719.52
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-		11.83	100.65	25.22	3.71	141.41
(iii) Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	-	-	-	-	124.89	124.89
Total	**12,230.27**	**1,429.61**	**71.47**	**100.65**	**25.22**	**128.60**	**13,985.82**

As at March 31, 2022

Particulars	Outstanding for following periods from due date of payment						
	Not Due	< 6 months	6 months - 1 year	1-2 Years	2-3 years	> 3 years	Total
(i) Undisputed Trade receivables - considered good	9,857.66	1,731.23	434.51	-	-	-	12,023.40
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-		48.35	187.64	9.75	3.71	249.45
(iii) Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	-	-	-	-	124.89	124.89
Total	**9,857.66**	**1,731.23**	**482.86**	**187.64**	**9.75**	**128.60**	**12,397.74**

Notes to Standalone Financial Statements

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

7B. Cash and bank balances

Particulars	As at March 31, 2023	As at March 31, 2022
Cash and cash equivalents		
i) Cash on hand	1.04	0.04
ii) Balance with banks:		
On current accounts	63.02	135.30
On EEFC accounts	373.40	1,051.04
Deposits with original maturity of less than 3 months	1,380.00	156.05
Total - (i+ii)	**1,817.46**	**1,342.43**

iii) Bank balances other than cash and cash equivalents stated above

Unpaid dividend account	5.40	5.73
Deposits with remaining maturity for less than 12 months	-	2,075.38
Margin money deposits (refer note (a) below)	206.93	127.32
Total - (iii)	**212.33**	**2,208.43**

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

7C. Other financial asset

Particulars	As at March 31, 2023	As at March 31, 2022
Interest accrued but not due on deposits	7.48	5.43
Derivative financial instruments	5.49	14.05
Advance to employees	10.35	2.85
Others	3.28	-
Total	**26.60**	**22.33**

The Company's exposure to currency risks are disclosed in Note 33.

8. Share capital

Particulars	As at March 31, 2023	As at March 31, 2022
Authorized		
505,000,000 (March 31, 2022: 505,000,000) equity shares of ₹ 1/- each	505.00	505.00
Issued, subscribed and fully paid up		
242,042,756 fully paid up equity shares of ₹ 1/- each (March 31, 2022 : 248,005,776 equity shares of ₹ 1/- each)	242.04	248.01

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

Equity Shares	March 31, 2023		March 31, 2022	
	No.	₹	No.	₹
At the beginning of the year	248,005,776	248.01	247,674,796	247.67
Add: Shares issued on exercise of employee stock options	286,980	0.29	330,980	0.33
Less: Buyback of equity shares	(6,250,000)	(6.25)	-	-
Outstanding at the end of the year	**242,042,756**	**242.04**	**248,005,776**	**248.01**

Notes to Standalone Financial Statements

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

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, 2023, the amount of interim dividend per share distributed along with final dividend per equity share recommended by the board to equity shareholders was ₹ 1.50 (March 31, 2022: ₹ 1.50). In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

8.3 Details of shareholders holding more than 5% equity shares in the Company

Shareholder	March 31, 2023		March 31, 2022	
	No. of shares	% holding	No. of shares	% holding
Dr. Krishna Prasad Chigurupati	84,299,111	34.83%	86,296,272	34.80%

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 Disclosure of Shareholding of Promoters

As at March 31, 2023

Shares held by Promoters

Promoter Name	March 31, 2023		March 31, 2022		% Change during the year
	No of Shares	% of total shares	No of Shares	% of total shares	
Dr. Krishna Prasad Chigurupati	84,299,111	34.83%	86,296,272	34.80%	0.03%
Chigurupati Uma Devi	9,240,761	3.82%	9,459,687	3.81%	0.01%
Priyanka Chigurupati	1,818,683	0.75%	1,861,706	0.75%	-
Pragnya Chigurupati	1,842,035	0.76%	1,885,346	0.76%	-
Suseela Devi Chigurupati	65,000	0.03%	65,000	0.03%	-
Nikhila Reddy Yedaguri	29,500	0.01%	29,500	0.01%	-
Tyche Investments Private lmited	3,552,557	1.47%	3,636,721	1.47%	-
Venkata Mahesh Krishna Narra	5,000	0.00%	5,000	0.00%	-
Santhi Sree Ramanavarapu	855,878	0.35%	876,154	0.35%	-

As at March 31, 2022

Shares held by Promoters

Promoter Name	March 31, 2022		March 31, 2021		% Change during the year
	No of Shares	% of total shares	No of Shares	% of total shares	
Dr. Krishna Prasad Chigurupati	86,296,272	34.80%	86,296,272	34.84%	-0.05%
Chigurupati Uma Devi	9,459,687	3.81%	9,459,687	3.82%	-0.01%
Priyanka Chigurupati	1,861,706	0.75%	1,861,706	0.75%	-
Pragnya Chigurupati	1,885,346	0.76%	1,885,346	0.76%	-
Suseela Devi Chigurupati	65,000	0.03%	65,000	0.03%	-
Nikhila Reddy Yedaguri	29,500	0.01%	29,500	0.01%	-
Tyche Investments Private Imited	3,636,721	1.47%	3,636,721	1.47%	-
Venkata Mahesh Krishna Narra	5,000	0.00%	-	0.00%	-
Santhi Sree Ramanavarapu	876,154	0.35%	876,154	0.35%	-

Notes to Standalone Financial Statements

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

8.5 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.

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

8.7 Buy back of Shares

During the current year, the Company has bought back 6,250,000 equity shares of ₹ 1 each, representing 2.52% of total number of equity share fully paid-up for an aggregate amount of ₹ 2,500 millions (excluding taxes and transaction cost) at ₹ 400 per share. The equity shares bought back were extinguished on 19 October 2022. An amount corresponding to face value of the shares bought back was transferred to Capital Redemption Reserve were adjusted against General reserve.

9. Other equity

(Refer disclosure of other equity in Statement of changes in equity)

Securities premium

Securities premium is used to record the premium received on issue of shares. It is utilized in accordance with the provisions of the Companies Act, 2013.

Capital redemption reserve

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

General reserve

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

Retained earnings

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

Share based payment reserve

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

Capital reserve

Capital reserve arising pursuant to scheme of amalgamation.

Dividends

The following dividends were paid by the Company

Particulars	March 31, 2023	March 31, 2022
₹ 0.75 per equity share (March 31, 2022 : ₹ 1.50 per share)	186.22	371.68
Total	**186.22**	**371.68**

After the reporting dates the following dividends were proposed by the directors subject to the approval at the annual general meeting; the dividends have not been recognized as liabilities.

Particulars	March 31, 2023	March 31, 2022
₹ 1.50 per equity share (March 31, 2022 : ₹ 0.75 per share)	363.06	186.00
Total	**363.06**	**186.00**

Notes to Standalone Financial Statements

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

Analysis of items of OCI, net of tax

Remeasurements of defined benefit plans (refer Note - 28)

Remeasurements of defined benefit plans comprises actuarial gains and losses and return on plan assets.

Effective portion of Cash flow hedges

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

The reconciliation of cash flow hedge reserve for the year ended is as follows:

Particulars	As at March 31, 2023	As at March 31, 2022
Balance at the beginning of the year	(158.84)	(302.06)
Gain/(loss) recognized in other comprehensive income during the year	(145.01)	79.27
Amount reclassified to statement of profit and loss during the year	72.85	112.12
Tax impact on the above	18.16	(48.17)
Balance at the end of the year	**(212.84)**	**(158.84)**

10A. Non current borrowings

Particulars	Non-current portion		Current maturities (refer Note 13A)	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Term Loans (Secured)				
Loans from banks/financial institutions	1,486.44	2,337.01	990.96	934.80
Total	**1,486.44**	**2,337.01**	**990.96**	**934.80**

The details of secured loans are as under:

Name of the bank/financial insitutions	Outstanding as on March 31, 2023	Outstanding as on March 31, 2022	Sanction Amount	No of Installments	Commencement of Installments	Rate of Interest
International Finance Corporation (Refer note (i) and (ii))	1,673.92	2,210.68	EUR 45.00 Mn	12 half yearly equal installments of EUR 3.75 Mn	Jan-20	6M Euribor + 1.00% p.a. (March 31, 2022 : 6M Euribor +1.00% p.a.)
Hong Kong and Shanghai Banking Corporation (Refer note (i) and (ii))	803.48	1,061.13	EUR 16.20 Mn	9 half yearly installments of EUR 1.8 Mn	Jul-21	6M Euribor +0.80 % p.a. (March 31, 2022: 6M Euribor +0.80 % p.a.)

i) All secured term loans are secured by a paripassu first charge on the Property, plant and equipment of present and future of the Company and a paripassu second charge of the current assets of present and future of the Company .

ii) The Company has not defaulted on payment of principal and interest thereon on above term loans.

10B. The following is the break-up of current and non-current lease liabilities :

Particulars	As at March 31, 2023	As at March 31, 2022
Non-current lease liabilities	86.98	82.81
Current lease liabilities	35.58	52.73
	122.56	**135.54**

Notes to Standalone Financial Statements

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

The following is the movement in lease liabilities :

Balance as at April 1, 2021	**101.70**
Additions	90.16
Finance cost accrued for the year	8.88
Deletions	(18.00)
Payment of lease liabilities	(47.20)
Balance as at March 31, 2022	**135.54**
Additions	45.41
Finance cost accrued for the year	11.47
Deletions	-
Payment of lease liabilities	(69.86)
Balance as at March 31, 2023	**122.56**

The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

Particulars	As at March 31, 2023	As at March 31, 2022
Less than one year	43.71	61.47
One to five years	96.91	93.75
More than five years	-	0.90
Total	**140.62**	**156.12**

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

ii) The effective interest rate for lease liabilities is 8%, with maturity between 2023-2028.

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Depreciation expense of right-of-use assets	61.29	40.92
Interest expense on lease liabilities	11.47	8.88
Expense relating to short-term leases (Refer note 22)	19.53	17.85
Total amount recognized in statement of profit and loss	**92.29**	**67.65**

11. Provisions

11A. Non-current

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits		
Gratuity (refer Note 28(b))	219.08	205.36
Compensated absences	73.48	77.74
Total	**292.56**	**283.10**

11B. Current

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits		
Gratuity (refer note 28(b))	65.81	58.07
Compensated absences	43.21	40.34
Provision for Sale return*	37.14	129.91
Total	**146.16**	**228.32**

Notes to Standalone Financial Statements

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

***Details of movement in provision for sale return are as follows:**

Particulars	As at March 31, 2023	As at March 31, 2022
Balance as at beginning of the year	129.91	65.24
Provision made during the year, net of reversals	2.16	88.75
Provision used during the year	(94.93)	(24.08)
Balance as at end of the year	**37.14**	**129.91**

12. Deferred tax liability (net)

Particulars	As at March 31, 2023	As at March 31, 2022
Deferred tax liability		
Property, plant and equipment and intangible assets	583.45	532.41
Right of use assets	27.58	31.58
Gross deferred tax liability	**611.03**	**563.99**
Deferred tax assets		
Employee benefit obligations	105.47	97.61
Allowance for doubtful debts / credit loss	66.43	73.86
Allowance for doubtful advances	7.89	4.27
Lease liability	30.85	34.11
Cash flow hedges	71.58	53.42
Others	94.37	-
Gross deferred tax assets	**376.59**	**263.27**
Deferred tax liability (net)	**234.44**	**300.72**

(refer Note 24 for movement in deferred tax balances)

13. Current financial liabilities

13A. Current borrowings

Particulars	As at March 31, 2023	As at March 31, 2022
Current borrowings - repayable on demand from Banks		
Packing credit loans (secured) [refer note (i) & (ii)]	5,440.19	4,885.40
Packing credit loans (unsecured) [refer note (ii)]	1,190.60	2,314.97
Current maturities of non-current borrowings (refer Note 10A)	990.96	934.80
	7,621.75	**8,135.17**

i) All secured current borrowings from banks are secured by a paripassu first charge on the current assets of present and future of the Company and a paripassu second charge of the property, plant and equipment of present and future of the Company.

ii) The Company has outstanding foreign currency denominated loans carrying an interest rate ranging 3.2% to 3.4% p.a benchmark linked to SOFR (March 31, 2022 : LIBOR + 0.20 % p.a. to 1 % or SOFR +0.20% to 1% p.a) from banks. The facility is repayable within 180 days from the date of its origination.

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

iv) As on March 31, 2023, the Company has obtained various borrowings from banks on basis of security of current assets wherein the returns/statements filed with the banks are in agreement with the audited / unaudited books of accounts.

Notes to Standalone Financial Statements

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

13B. Trade payables

Particulars	As at March 31, 2023	As at March 31, 2022
Trade payables (refer note (b) below)		
Total outstanding dues of micro enterprises and small enterprises (refer note (a) below)	115.15	126.48
Total outstanding dues of creditors other than micro enterprises and small enterprises	7,328.79	5,941.56
Total	**7,443.94**	**6,068.04**

Note (a) :

i)	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
	Principal amount due to micro and small enterprises	115.15	126.48
	Interest due on the above	-	-
ii)	The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Development Act (MSMED), 2006 along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
iii)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	-	-
iv)	The amount of interest accrued and remaining unpaid at the end of each accounting year;	-	-
v)	The amount of further interest remaining due and payable in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-
	The list of undertakings covered under MSMED was determined by the Company on the basis of information available with the Company and has been relied upon by the auditors.		
Note (b) :			
	The Company's exposure to currency and liquidity risks related to trade payables is dislclosed in Note 33.		
	Refer Note 31 for trade payable to related parties.		

Note (c) :

Ageing Schedule for Trade payables as below:

As on March 31, 2023

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 Years	2-3 Years	More than 3 years	Total
i) MSME	115.15	-	-	-	115.15
ii) Others	7,313.01	9.27	1.52	4.99	7,328.79
iii) Disputed dues-MSME	-	-	-	-	-
iv) Disputed dues-others		-	-	-	-
Total	**7,428.16**	**9.27**	**1.52**	**4.99**	**7,443.94**

As on March 31, 2022

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 Years	2-3 Years	More than 3 years	Total
i) MSME	126.48	-	-	-	126.48
ii) Others	5,916.02	20.50	5.04	-	5,941.56
iii) Disputed dues-MSME	-	-	-	-	-
iv) Disputed dues-others	-	-	-	-	-
Total	**6,042.50**	**20.50**	**5.04**	**-**	**6,068.04**

Notes to Standalone Financial Statements

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

13C. Other financial liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
Capital creditors	191.66	400.87
Salaries & bonus payable	219.74	141.90
Unclaimed dividend	5.63	5.96
Interest accrued but not due on borrowings	19.91	7.24
Others	67.17	102.47
Total	**504.11**	**658.44**

14. Other current liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
Contract liabilities (refer Note 15)	12.43	61.26
Statutory liabilities	83.60	96.64
Total	**96.03**	**157.90**

15. Revenue from operations

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Sale of products	39,156.21	32,006.88
Other operating revenue	155.79	377.49
Total	**39,312.00**	**32,384.37**

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

Details of contract liabilities:

Particulars	As at March 31, 2023	As at March 31, 2022
Contract liabilities (refer Note 14)	12.43	61.26
	12.43	**61.26**

The Contract liabilities are primarily relate to advance consideration received from customers for sale of products, for which revenue is recorded at a point in time. The amount of ₹ 50.71 millions included in contract liablities as at March 31, 2022 has been recognized as revenue in the current year.

16. Other income

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Interest income on		
Deposits with banks	38.43	113.20
Others (refer Note 31)	7.93	16.79
Other non-operating income	52.96	45.12
Total	**99.32**	**175.11**

Notes to Standalone Financial Statements

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

17. Cost of materials consumed

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Inventory at the beginning of the year	2,766.56	2,552.11
Add: Purchases	21,556.47	18,856.01
	24,323.03	**21,408.12**
Less: Inventory at the end of the year	3,323.75	2,766.56
Cost of materials consumed	**20,999.28**	**18,641.56**

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

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Inventories at the end of the year		
Finished goods	1,375.71	1,967.43
Work-in-progress	846.18	869.67
	2,221.89	**2,837.10**
Inventories at the beginning of the year		
Finished goods	1,967.43	1,242.48
Work-in-progress	869.67	530.52
	2,837.10	**1,773.00**
Total	**615.21**	**(1,064.10)**

19. Employee benefit expenses

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Salaries, wages and bonus (refer Note 28(b))	2,572.75	2,276.05
Managerial remuneration (refer Note 31)	518.84	349.36
Contribution to provident and other funds (refer Note 28(a))	99.76	88.55
Staff welfare expenses	97.45	94.62
Employee stock option scheme (refer Note 27)	11.91	19.41
Total	**3,300.71**	**2,827.99**

20. Finance costs

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Interest expense		
-Term loan	48.32	58.21
-Working capital	281.99	43.80
-Others	3.32	4.50
Interest on lease liabilities (refer Note 10B)	11.47	8.88
Other borrowing costs	41.64	48.14
Total	**386.74**	**163.53**

21. Depreciation and amortization expense

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Depreciation	1,307.80	1,133.46
Amortization	147.77	128.15
Total	**1,455.57**	**1,261.61**

Notes to Standalone Financial Statements

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

22. Other expenses

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Consumption of stores and spares	199.97	230.41
Power and fuel	889.45	699.11
Effluent treatment expenses	201.19	186.00
Analytical fees	35.12	35.66
Other manufacturing expenses	54.61	40.84
Repairs and maintenance		
Plant and machinery	405.49	436.77
Buildings	56.94	45.28
Others	220.72	238.76
Rent	19.53	17.85
Rates and taxes	195.53	167.03
Printing and stationery	18.41	17.20
Insurance	120.02	76.40
Directors sitting fees (refer Note 31)	4.33	3.79
Commission to Directors (refer Note 31)	21.21	13.58
Remuneration to statutory auditors (refer Note 30)	6.69	7.23
Sales commission	331.70	331.02
Carriage outwards and clearing charges	1,699.87	1,383.67
Research & Development expenses (refer Note 29)	913.54	1,032.06
Business Promotion expense	29.90	20.91
Communication expenses	12.80	13.02
Consultancy charges	189.97	115.71
Travelling and conveyance	113.20	95.02
Advertisement Charges	5.98	1.98
Donations	1.00	4.77
Loss on sale of property, plant and equipment (net)	13.82	47.83
Bad debts written off	0.54	0.01
Allowance for doubtful trade receivables (refer Note 7A)	(29.52)	(6.11)
Allowance for doubtful advances	14.41	-
Allowance for scrips on hand	-	22.60
Corporate social responsibility expenditure (refer Note 23)	110.02	91.30
Foreign exchange loss (net)	69.46	65.09
Miscellaneous expenses	88.51	97.63
Total	**6,014.41**	**5,532.42**

Notes to Standalone Financial Statements

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

23. Details of Corporate social responsibility expenditure

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
a) Gross amount required to be spent by the Company during the year:	109.99	91.16
(b) Amount spent during the year ended		
(i) Construction/acquisition of any asset	5.97	-
(ii) On purposes other than (i) above in cash	104.05	91.30
(c) Amount unspent during the year ended:	-	-
(d) Total of Previous years Shortfall	-	-
(e) Reason for Shortfall	NA	NA
(f) Nature of CSR Activities	Skill Development, Preventive healthcare, Safe drinking water and Promoting education	
(g) Details of Related party transactions		
Granules Trust (refer Note 31)	37.10	21.00
(h) Where a provision is made with respect to a liability by entering into a contractual obligation, the movements in the provision during the year shall be shown seperately.	Not Applicable	Not Applicable
(i) Excess amount spent		
Opening Balance	0.14	-
Amount required to be spent during the year	109.99	91.16
Amount spent during the year	110.02	91.30
Closing balance	**0.17**	**0.14**

24. Tax expense

(a) Tax expense:

Amount recognized in profit (or) loss

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Current tax	1,702.06	1,335.07
Deferred tax benefit		
Attributable to the origination and reversal of temporary differences	(50.51)	(3.76)
Total tax expense recognized in statement of profit & loss	**1,651.55**	**1,331.31**

Note : The Company elected to exercise the option permitted under section 115BAA of the Income-tax Act,1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019.

(b) Reconciliation of effective tax rate:

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Profit before tax (A)	6,639.40	5,196.47
Enacted tax rate in India (B)	25.17%	25.17%
Expected tax expenses (C = A*B)	1,671.01	1,307.86
Adjustment of tax relating to earlier periods	(39.28)	-
Permanent differences	27.94	24.18
Others	(8.12)	(0.73)
Tax expense	**1,651.55**	**1,331.31**

Notes to Standalone Financial Statements

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

Movement in temporary differences

Particulars	Balance as at April 1, 2021	Recognized in statement of profit or loss during the previous year	Recognized in OCI during the previous year	Balance as at March 31, 2022	Recognized in profit or loss during the year	Recognized in OCI during the year	Balance as at March 31, 2023
On account of depreciation and amortization	(526.76)	(5.65)	-	(532.41)	(51.04)	-	(583.45)
On account of right of use assets	(23.66)	(7.92)	-	(31.58)	4.00	-	(27.58)
On account of employee benefits	84.63	10.35	2.63	97.61	10.26	(2.40)	105.47
On account of allowance for doubtful debts	75.40	(1.54)	-	73.86	(7.43)	-	66.43
On account of allowance for doubtful advances	4.27	-	-	4.27	3.62	-	7.89
On account of leased liability	25.60	8.51	-	34.11	(3.26)	-	30.85
On account of cash flow hedges	101.59	-	(48.17)	53.42	-	18.16	71.58
On account of others	-	-	-	-	94.37	-	94.37
Total	**(258.93)**	**3.75**	**(45.54)**	**(300.72)**	**50.51**	**15.76**	**(234.44)**

Income tax recognized in other comprehensive income

Particulars	For the year ended March 31, 2023			For the year ended March 31, 2022		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Fair value changes on cash flow hedges	(72.16)	18.16	(54.00)	191.39	(48.17)	143.22
Re-measurement of defined benefit liability	9.52	(2.40)	7.12	(10.43)	2.63	(7.80)
Total	**(62.64)**	**15.76**	**(46.88)**	**180.96**	**(45.54)**	**135.42**

25. Earning per equity share (EPS)

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Earnings		
Profit for the year	**4,987.85**	**3,865.16**
Weighted average shares used for computing of basic EPS	245.41	247.84
Add: Effect of dilution		
Effect of dilutive options granted but not yet exercised/not yet eligible for exercise	0.33	0.77
Weighted average shares used for computing diluted EPS	**245.74**	**248.61**
Earnings per share		
- Basic (in ₹)	20.32	15.60
- Diluted (in ₹)	20.30	15.55

26. Contingent liabilities and commitments

Particulars	As at March 31, 2023	As at March 31, 2022
(a) Contingent liabilities:		
Claims arising from disputes not acknowledged as debts - direct taxes	21.11	0.64
Claims arising from disputes not acknowledged as debts - indirect taxes	9.29	9.29

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.

Notes to Standalone Financial Statements

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

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

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

Note : Pursuant to Supreme Court Judgement dated 28 February 2019, regarding the provident fund contribution wherein there has been a clarification provided of the inclusions of basic wages for the purpose of computation of contribution towards provident fund, the Company has been legally advised that there are interpretative challenges on the application of the judgement retrospectively. Based on the legal advice and in the absence of reliable measurement of the provision for earlier periods, the Company has assessed the impact of the judgement only from the year ended March 31, 2019 and concluded that there was no impact. Further, no contingent liability has been recognized based on retrospective application as amount cannot be reliably measured.

Particulars	As at March 31, 2023	As at March 31, 2022
(b) Guarantees		
Corporate guarantees given in favour of banks towards loans obtained by Wholly owned subsidiary company - Granules USA, Inc.	1,293.28	1,195.43
Corporate guarantees given in favour of banks towards loans obtained by Wholly owned subsidiary company - Granules Pharmaceuticals, Inc.	344.87	318.78

Particulars	As at March 31, 2023	As at March 31, 2022
(c) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	466.38	681.38

27. Share based payments

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

Pursuant to the decision of the shareholders at their meeting held on 25th September, 2009, the Company has formulated an Employee Stock Option Scheme 2009 to be administered by the Nomination & Remuneration Committee of the Board of Directors. This scheme has been formulated in accordance with the Securities Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

Under the Plan, options not exceeding 10,048,070 have been reserved be issued to the eligible directors and employees (Employees under permanent employment of the Company and its subsidiary company(ies), including eligible Directors of the Company and its subsidiary, whether whole time or not, whether working in India or abroad or otherwise, except the Promoter Directors and Promoter group employees) with each option conferring a right upon the Optionee to apply for one equity share.

The exercise price of the options is the closing market price of the shares on that stock exchange where there is highest trading volume prior to the date of the grant i.e. the date of the Compensation & Remuneration Committee / Board meeting at which the grant of options is approved.

Under the above Scheme till date, options were granted in eight tranches. The options granted under the Plan shall start vesting in tranches after one year from the date of grant and not more than four years under Grant VII & VIII from the respective date of grant of the options.

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

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

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

The Black-Scholes-Merton model includes assumptions regarding dividend yields, expected volatility, expected terms and risk free interest rates. In respect of exercise price of options granted, the expected term of an option (or "option life") is estimated based on the vesting term, contractual term, as well as expected exercise behavior of the employees receiving the option. In respect of fair market value of the options granted, the option life is estimated based on the simplified method. Expected volatility of the option is based on historical volatility, of the observed market prices of the Company's publicly traded equity shares. Dividend yield of the options is based on recent dividend activity. Risk-free interest rates are based on the government securities yield in effect at the time of the grant. These assumptions reflect management's best estimates, but these assumptions involve inherent market uncertainties based on market conditions generally outside of the Company's control.

The details of activity under the Scheme are summarised below :

Particulars	For the year ended March 31, 2023			
	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	13,80,940	97.00 to 353.00	144.07	38
Add : Granted during the year	-	-	-	-
Less: Exercised during the year	2,86,980	97.00	97.00	-
Less: Lapsed/Cancelled/Surrendered during the Year	4,48,000	97.00 to 353.00	154.14	-
At the end of the year	6,45,960	97.00 to 353.00	157.99	26
Exercisable at the end of the year	2,00,000	97.00 to 353.00	217.20	27

Particulars	For the year ended March 31, 2022			
	Shares arising out of options	Range of Exercise prices	Weighted Average exercise price	Weighted Average remaining useful life (months)
Options outstanding at the beginning of the year	18,34,560	97.00 to 353.00	132.43	50
Add : Granted during the year	-	-	-	-
Less: Exercised during the year	3,30,980	97.00	97.00	-
Less: Lapsed/Cancelled/Surrendered during the Year	1,22,640	97.00	97.00	-
At the end of the year	13,80,940	97.00 to 353.00	144.07	38
Exercisable at the end of the year	1,45,000	97.00 to 353.00	233.55	39

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

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

Notes to Standalone Financial Statements

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

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

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Employee stock option scheme (refer Note 19)	11.91	19.41

28. Employee benefits

a) Defined contribution plan

Particulars	As at March 31, 2023	As at March 31, 2022
Contribution to provident fund	94.70	83.90
Contribution to employee state insurance	5.06	4.65
Total	**99.76**	**88.55**

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 recognized 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 recognized in the Company's financial statements as at balance sheet date:

Particulars	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/liability
Balance as on March 31, 2021	**228.32**	**(15.65)**	**212.67**
Current service cost	41.28	-	41.28
Interest expense/(income)	15.17	(0.79)	14.38
Amount recognized in Statement of profit and loss	**56.45**	**(0.79)**	**55.66**
Remeasurements:			
Return on plan assets, excluding amounts included in interest expense/(income)			
Actuarial (gain)/loss arising from:			
Demographic assumptions	(8.49)	-	(8.49)
Financial assumptions	(5.56)	-	(5.56)
Experience adjustment	24.48	-	24.48
Amount recognized in other comprehensive income	**10.43**	**-**	**10.43**
Employers contribution	-	-	-
Benefits paid	(15.34)	-	(15.34)
Balance as on March 31, 2022	**279.86**	**(16.43)**	**263.43**
Current service cost	42.58	-	42.58
Interest expense/(income)	19.58	(1.22)	18.36
Amount recognized in Statement of profit and loss	**62.16**	**(1.22)**	**60.94**
Remeasurements:			
Return on plan assets, excluding amounts included in interest expense/(income)			
Actuarial (gain)/loss arising from:			
Demographic assumptions	0.15	-	0.15
Financial assumptions	(8.08)	0.11	(7.98)
Experience adjustment	(1.69)	-	(1.69)
Amount recognized in other comprehensive income	**(9.62)**	**0.11**	**(9.52)**
Employers contribution	-	-	-
Benefits paid	(29.96)	-	(29.96)
Balance as at March 31, 2023	**302.44**	**(17.54)**	**284.89**

Notes to Standalone Financial Statements

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

Particulars	As at March 31, 2023	As at March 31, 2022
Non-current	219.08	205.36
Current	65.81	58.07
	284.89	**263.43**

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

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Interest rate	7.52%	7.39%
Discount rate	7.52%	7.39%
Expected return on plan assets	7.52%	7.39%
Salary increase	8% to 10.0%	10%
Attrition rate	25.00%	25.17%
Retirement age - Years	60	60

Assumptions regarding future mortality experience are set in accordance with published statistics and mortality tables.

The weighted average duration of the defined benefit obligation was 4.47 years (March 31, 2022: 4.68 years)

The defined benefit plan expose the Company to actuarial risks, such as longevity and interest rate risk.

(iii) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions are as below:

Particulars	For the year ended March 31, 2023		For the year ended March 31, 2022	
	Increase	Decrease	Increase	Decrease
Discount rate	(10.48)	11.36	(10.24)	11.13
Salary increase	12.04	(11.49)	11.65	(11.09)
Attrition rate	(0.85)	0.88	(1.36)	1.44

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, 2023 and March 31, 2022, the plan assets have been invested in Life Insurance Corporation.

The expected contributions to the plan for the next annual period amounts to ₹ 284.90 millions.

Maturity profile of defined benefit obligation

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
1st Following year	66.01	58.07
2nd Following year	57.32	49.43
3rd Following year	47.93	47.42
4th Following year	42.90	38.10
5th Following year	37.47	33.10
Years 6 to 10	108.45	103.09

Notes to Standalone Financial Statements

(All amounts are in Indian Rupees Millions 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	As at March 31, 2023	As at March 31, 2022
Capital	83.63	77.41
Revenue		
Cost of materials consumed (included in note 22)	96.61	127.86
Employee benefit expenses (included in note 22)	295.46	264.67
Other expenses (included in note 22)		
Analytical fees	157.80	279.48
Rates and taxes	114.03	153.50
Other research and development expenses	249.64	206.55
Total	**913.54**	**1,032.06**
Total	**997.17**	**1,109.47**

30. Remuneration to statutory auditors

Particulars	As at March 31, 2023	As at March 31, 2022
As Auditor (excluding GST)		
Statutory audit	3.40	4.03
Limited review	2.10	1.50
Certification	1.05	1.51
Reimbursement of expenses	0.14	0.20
Total	**6.69**	**7.23**

31. Related party disclosures

31A. Names of related parties and description of relationship

	Name of the related party	Relationship
1	Granules USA, Inc.	Wholly owned subsidiary company
2	Granules Pharmaceuticals, Inc.	Wholly owned subsidiary company
3	Granules Europe Limited	Wholly owned subsidiary company
4	Granules Life Sciences Private Limited	Wholly owned subsidiary company
5	Granules Consumer Health, Inc (Incorporated on June 15, 2021)	Wholly owned step down subsidiary company
6	Granules CZRO Private Limited (formerly known as CZRO Molecules Private Limited) (Incorporated on January 16, 2023)	Wholly owned subsidiary company
7	Tyche Investments Private Limited	Enterprises over which key management personnel or their relatives exercise significant influence
8	Espi Industries and Chemicals Private Limited	Enterprises over which key management personnel or their relatives exercise significant influence
9	Product Armor Packaging Private Limited	Enterprises over which key management personnel or their relatives exercise significant influence
10	Premas Biotech Private Limited	Enterprises over which key management personnel or their relatives exercise significant influence
11	Granules Trust	Enterprises over which key management personnel or their relatives exercise significant influence
Key managerial personnel		
Directors		
1	Dr. Krishna Prasad Chigurupati	Chairman and Managing Director
2	Dr. K.V.S Ram Rao (from January 05, 2022)	Joint Managing Director and Chief Executive Officer
3	Mrs. Uma Devi Chigurupati	Executive Director
4	Mr. Harsha Chigurupati	Executive Director
Others		
5	Mr. Sandip Neogi (upto Dec 14, 2022)	Chief Financial Officer
6	Mr. Mukesh Surana (from Dec 30, 2022)	Chief Financial Officer
7	Mrs. Chaitanya Tummala	Company Secretary
Non-executive directors		
1	Mr. K. B. Sankar Rao	Non-Executive Director
2	Mr. A. Arun Rao	Independent Director
3	Mr. Arun Sawhney	Independent Director
4	Mrs. Jyothi Prasad (upto October 06, 2021)	Independent Director
5	Mr. Robert George Cunard (upto March 17, 2023)	Independent Director
6	Mr. Saumen Chakraborty (from December 13, 2021)	Independent Director
7	Mrs. Sucharita Rao Palepu (from December 22, 2021)	Independent Director

31B. Transactions during the year

Particulars	March 31, 2023	March 31, 2022
a) Subsidiary companies including step down subsidiary		
i) Granules USA, Inc.		
Sale of goods	4,738.71	3,909.49
Reimbursements to	71.25	5.93
Services rendered	0.44	-
Corporate guarantee given	-	1,195.43
Commission on corporate guarantee	2.59	-
ii) Granules Pharmaceuticals, Inc.		
Sale of goods	6,401.84	5,341.23
Reimbursements		
to Granules Pharmaceuticals, Inc	31.05	91.99
from Granules Pharmaceuticals, Inc	-	2.22
Services rendered	3.40	-
Corporate guarantee given	-	318.78
Commission on corporate guarantee	0.69	-
iii) Granules Europe Limited		
Interest on loans given	5.95	12.89
Loans given	3.85	17.86
Sales commission accrued	149.39	-
Loans repayments received	21.11	-
iv) Granules Life Sciences Private Limited		
Investment in subsidiary	300.00	50.00
Reimbursements	14.30	15.76
v) Granules CZRO Private Limited(formerly known as CZRO Molecules Private Limited)		
Investment in subsidiary	500.00	-
Reimbursements	4.38	-
Share application money pending allotment	100.00	-
vi) Granules Consumer Health, Inc		
Sale of goods	1,330.28	-

Particulars	March 31, 2023	March 31, 2022
b) Transactions with enterprises over which key management personnel - directors or their relatives exercise significant influence		
i) Tyche Investments Private Limited		
Rental deposit repaid	-	2.00
ii) Espi Industries and chemicals Private Limited		
Sale of goods	-	0.04
iii) Granules Trust		
Contribution towards Corporate social responsibility	37.10	21.00
iv) Product Armor Packaging Private Limited		
Purchases of goods	44.32	-

Notes to Standalone Financial Statements

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

Particulars	March 31, 2023	March 31, 2022
v) Premas Biotech Private Limited		
Services received	2.82	-
c) Transactions with key managerial personnel - directors and their relative		
i) Dr. Krishna Prasad Chigurupati		
Managerial Remuneration	353.56	271.52
ii) Dr. K.V.S Ram Rao		
Managerial Remuneration	94.56	23.54
iii) Mrs. Uma Devi Chigurupati		
Managerial Remuneration	35.36	27.15
iv) Mr. Harsha Chigurupati		
Managerial Remuneration	35.36	27.15
v) Non-Executive Directors		
Sitting fees	4.33	3.79
Commission	21.21	13.58
d) Transactions with key managerial personnel - others		
i) Salary	21.11	22.46

31C. Closing balances

Particulars	As at March 31, 2023	As at March 31, 2022
a) Subsidiary Companies including step down subsidiary		
i) Granules USA, Inc.		
Investment in subsidiary	11.63	11.63
Trade receivables*	1,428.52	1,972.21
Corporate guarantee given*	1,293.28	1,195.43
Other Receivables*	2.59	-
ii) Granules Pharmaceuticals, Inc.		
Investment in subsidiary	5,645.37	5,645.37
Trade receivables*	3,344.76	3,119.05
Other Payables*	19.64	17.34
Corporate guarantee given*	344.87	318.78
Standby Letter of Credit given*	-	303.60
Other Receivables*	0.69	-
iii) Granules Europe Limited		
Investment in subsidiary	0.01	0.01
Loan to subsidiaries*	121.46	130.29
Sales commission payable*	123.15	-
iv) Granules Life Sciences Private Limited		
Investment in subsidiary	600.00	300.00
Other Receivables	-	0.73
v) Granules CZRO Private Limited (formerly known as CZRO Molecules Private Limited)		
Investment in subsidiary	500.00	-
Share application money pending allotment	100.00	-
vi) Granules Consumer Health, Inc		
Trade receivables*	1,329.00	-
b) Enterprises over which key management personnel or their relatives exercise significant influence		
i) Product Armor Packaging Private Limited		
Trade payables	15.32	-

i) As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the Key Management Personnel and their relatives is not ascertainable and, therefore, not included above.

Notes to Standalone Financial Statements

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

ii) *Foreign currency balances included above have been shown at restated values arrived by using the closing exchage rates

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

iv) There were no loans or advances in the nature of loans granted by the Company to promoters, Directors, Key managerial persons and the related parties (as defined under Companies Act, 2013), either severally or jointly with any other person, that were repayable on demand or without specifying any terms or period of repayment.

32. Fair Values

The management assessed that loans, cash and cash equivalents, trade receivables, current borrowings, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Fair Valuation measurement hierarchy

The following table shows the carrying amounts and fair values of financial assets and liabilities including their levels of fair value hierarchy:

Particulars	As at March 31, 2023						
	Carrying amount				Fair Value		
	Mandatorily at fair value through profit and loss (FVTPL)	Fair value through other comprehensive income (FVOCI)	Assets/ liabilities at amortized 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	-	-	6,757.01	6,757.01	-	-	-
Non-current loans	-	-	121.46	121.46	-	-	-
Other non-current financial assets	-	-	239.88	239.88	-	-	-
Trade receivables	-	-	13,721.88	13,721.88	-	-	-
Cash and cash equivalents	-	-	1,817.46	1,817.46	-	-	-
Bank balances other than cash and cash equivalents	-	-	212.33	212.33	-	-	-
Other current financial assets	-	-	21.11	21.11	-	-	-
b) Financial assets measured at fair value through OCI							
Non-current investments	-	8.31	-	8.31	0.01	8.30	-
Other current financial assets	-	5.49	-	5.49	-	5.49	-
	-	**13.80**	**22,891.13**	**22,904.93**	**0.01**	**13.79**	**-**
ii) Financial liabilities							
a) Financial liabilities not measured at fair value							
Non-current borrowings	-	-	1,486.44	1,486.44	-	-	-
Non-current lease liabilities			86.98	86.98			
Trade payables	-	-	7,443.94	7,443.94	-	-	-
Other current financial liabilities	-	-	504.11	504.11	-	-	-
Current lease liabilities			35.58	35.58			

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

Particulars	As at March 31, 2023						
	Carrying amount				Fair Value		
	Mandatorily at fair value through profit and loss (FVTPL)	Fair value through other comprehensive income (FVOCI)	Assets/ liabilities at amortized cost method	Total carrying amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Current borrowings(including current maturities of non current borrowings)	-	-	7,621.75	7,621.75	-	-	-
	-	**-**	**17,178.80**	**17,178.80**	**-**	**-**	**-**

Particulars	As at March 31, 2022						
	Carrying amount				Fair Value		
	Mandatorily at fair value through profit and loss (FVTPL)	Fair value through other comprehensive income (FVOCI)	Assets/ liabilities at amortised cost method	Total carrying amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
i) Financial assets							
a) Financial assets not measured at fair value							
Non-current investments	-	-	5,957.01	5,957.01	-	-	-
Non-current loans	-	-	130.29	130.29	-	-	-
Other non-current financial assets	-	-	124.49	124.49	-	-	-
Trade receivables	-	-	12,104.27	12,104.27	-	-	-
Cash and cash equivalents	-	-	1,342.43	1,342.43	-	-	-
Bank balances other than cash and cash equivalents	-	-	2,208.43	2,208.43	-	-	-
Other current financial assets	-	-	8.28	8.28	-	-	-
b) Financial assets measured at fair value through OCI							
Non-current investments	-	8.31	-	8.31	0.01	8.30	-
Other current financial assets	-	14.05	-	14.05	-	14.05	-
	-	**22.36**	**21,875.20**	**21,897.56**	**0.01**	**22.35**	**-**
ii) Financial liabilities							
a) Financial liabilities not measured at fair value							
Non-current borrowings	-	-	2,337.01	2,337.01	-	-	-
Non-current lease liabilities	-	-	82.81	82.81			
Trade payables	-	-	6,068.04	6,068.04	-	-	-
Other current financial liabilities	-	-	658.44	658.44	-	-	-
Current lease liabilities	-	-	52.73	52.73			
Current borrowings(including current maturities of non current borrowings)	-	-	8,135.17	8,135.17	-	-	-
	-	**-**	**17,334.20**	**17,334.20**	**-**	**-**	**-**

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.

Notes to Standalone Financial Statements

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

Credit risk

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

Ind AS requires expected credit losses to be measured through a loss allowance. The Company assesses at each date of statements of financial position whether a financial asset or a group of financial assets is impaired. Expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. Company's exposure to customers is diversified and major customer contributes around 44% and 42% of outstanding trade receivable as of March 31, 2023 and March 31, 2022. The maximum exposure to credit risk was ₹ 13,721.88 millions and ₹ 12,104.27 millions as of March 31, 2023 and March 31, 2022 respectively, being the total of the carrying amount of balances with trade receivables.

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

Credit risk on financial assets, except trade receivables is limited as the Company generally transacts with banks and financial institutions with high credit rating assigned by international and domestic credit rating agenies. Investment primarily include investment in subsidiaries whose carrying value is evaluated by the management at the end of every reporting period for impairment. As at the end of the reporting period, there are no indicators of impairment of investments.

Expected credit loss for trade receivables as at March 31, 2023

Particulars	Not Due	0-180 days	181-365 days	> 365 days	Total
Gross carrying amount of trade receivables	12,230.27	1,429.61	71.47	254.47	13,985.82
Expected Credit losses (Loss allowance provision)					(263.94)
Net carrying amount of trade receivables					13,721.88

Expected credit loss for trade receivables as at March 31, 2022

Particulars	Not Due	0-180 days	181-365 days	> 365 days	Total
Gross carrying amount of trade receivables	9,857.66	1,731.23	482.86	325.99	12,397.74
Expected Credit losses (Loss allowance provision)					(293.47)
Net carrying amount of trade receivables					12,104.27

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, 2023:

Particulars	Carrying value	Less than 1 year	1-2 years	2-5 years	5-6 years	Total
Non current borrowings and interest (including current maturities)	2,477.40	1,010.04	1,000.70	496.85	-	2,507.59
Current borrowings (excluding current maturities of non-current borrowings)	6,630.79	6,630.79	-	-	-	6,630.79
Lease liability	122.56	43.71	35.23	61.68	-	140.62
Trade payables	7,443.94	7,443.94	-	-	-	7,443.94

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

Other financial liabilities	504.11	504.11	-	-	-	504.11

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of March 31, 2022:

Particulars	Carrying value	Less than 1 year	1-2 years	2-5 years	5-6 years	Total
Non current borrowings and interest (including current maturities)	3,271.81	963.24	953.89	1,413.31	-	3,330.44
Current borrowings (excluding current maturities of non-current borrowings)	7,200.36	7,200.36	-	-	-	7,200.36
Lease liability	135.54	61.47	31.94	61.81	0.90	156.12
Trade payables	6,068.04	6,068.04	-	-	-	6,068.04
Other financial liabilities	658.44	658.44	-	-	-	658.44

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 and interest rate risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. All the debt obligations of the Company are with floating interest rates which is subject to exposure to the risk of changes in market interest rates.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on borrowings, as follows:

Particulars	Change in basis points	March 31, 2023	March 31, 2022
USD - Borrowings	+100	(66.31)	(72.00)
	-100	66.31	72.00
EURO - Borrowings	+100	(24.77)	(20.87)
	-100	24.77	20.87

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 INR Millions

Particulars	March 31, 2023		
	USD	EURO	Others
Assets			
Trade receivables	12,206.41	566.77	29.46
Other financial assets	1.29	0.54	0.10
Cash and cash equivalents	298.15	75.25	-
Other receivables	3.28	-	-
Total	**12,509.13**	**642.56**	**29.56**
Liabilities			
Non current Borrowings	-	1,486.44	-
Trade payables	3,779.71	116.14	11.91
Other financial liabilities	114.44	49.83	0.05
Current Borrowings	6,630.79	990.96	-
Total	**10,524.94**	**2,643.37**	**11.96**

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

Particulars	March 31, 2022		
	USD	EURO	Others
Assets			
Trade receivables	11,033.21	666.24	-
Other financial assets	0.80	-	-
Cash and cash equivalents	1,051.05	-	0.01
Total	**12,085.06**	**666.24**	**0.01**
Liabilities			
Non current Borrowings	-	2,337.01	-
Trade payables	2,501.71	113.27	8.65
Other financial liabilities	135.93	31.01	4.24
Current Borrowings	7,200.37	934.80	-
Total	**9,838.01**	**3,416.09**	**12.89**

For the year ended March 31, 2023 and March 31, 2022, every percentage point depreciation / appreciation in the exchange rate between Indian rupees and U.S. dollar/Euro will affect the Company's profit before tax by approximately (0.00%) and (0.10%) respectively.

Commodity rate risk

Exposure to market risk with respect to commodity prices primarily arises from the Company's purchases and sales of active pharmaceutical ingredients, including the raw material components for such active pharmaceutical ingredients. These are commodity products, whose prices may fluctuate significantly over short periods of time. The prices of the Company's raw materials generally actuate in line with commodity cycles, although the prices of raw materials used in the Company's active pharmaceutical ingredients business are generally more volatile. The cost of raw materials forms the largest portion of the Company's operating expenses. Commodity price risk exposure is evaluated and managed through operating procedures and sourcing policies. As of March 31, 2023, the Company had not entered into any material derivative contracts to hedge exposure to fluctuations in commodity prices.

Cash flow hedges

Foreign currency risk:

Foreign exchange forward contracts are designated as hedging instruments in cash flow hedges of forecast sales in US dollar. Further, Euro denominated debt are designated as hedging instruments in cash flow hedges of forecast sales in Euro. These forecast transactions are highly probable. The foreign exchange forward contract balances vary with the level of expected foreign currency sales and changes in foreign exchange forward rates.

There is an economic relationship between the hedged items and the hedging instruments as the terms of the foreign exchange forward contracts and loans match the terms of the expected highly probable forecast transactions (i.e., notional amount and expected payment date). The Company has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the foreign exchange forward contracts and loans are identical to the hedged risk components. To test the hedge effectiveness, the Company uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

The hedge ineffectiveness can arise from:

- Differences in the timing of the cash flows of the hedged items and the hedging instruments
- The counterparties' credit risk differently impacting the fair value movements of the hedging instruments and hedged items

Notes to Standalone Financial Statements

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

Changes to the forecasted amount of cash flows of hedged items and hedging instruments

The Company is holding the following foreign exchange forward contracts

Particulars	Maturity			
	Not later than one year	Later than one year and not later than five years	Later than five years and not later than six years	Total
As at March 31, 2023				
Foreign exchange forward contracts (highly probable forecast sales)				
Notional amount (in ₹ Millions)	2,118.19	-	-	2,118.19
Average forward rate (INR / USD)	82.90	-	-	82.90
Euro denominated debt (highly probable forecast sales)				
Notional amount (in ₹ Millions)	854.47	1,333.02	-	2,187.49
Average forward rate (INR / Euro)	76.98	80.06	-	78.83
As at March 31, 2022				
Foreign exchange forward contracts (highly probable forecast sales)				
Notional amount (in ₹ Millions)	1,242.43	-	-	1,242.43
Average forward rate (INR / USD)	78.22	-	-	78.22
Euro denominated debt (highly probable forecast sales)				
Notional amount (in ₹ Millions)	852.90	2,185.75	-	3,038.65
Average forward rate (INR / Euro)	76.84	78.77	-	78.21

The impact of the hedging instruments on the balance sheet is, as follows:

	Notional amount	Carrying amount	Line item in the balance sheet	Change in fair value used for measuring ineffectiveness for the period
As at March 31, 2023				
Forward exchange contracts	2,118.19	5.49	Derivative instruments under current financial assets	(8.56)
Euro denominated debt	2,477.40	2,477.40	Non-current borrowings and Short-term borrowings	(63.60)
As at March 31, 2022				
Forward exchange contracts	1,242.43	14.05	Derivative instruments under current financial assets	14.05
Euro denominated debt	3,271.81	3,271.81	Non-current borrowings and Short-term borrowings	177.34

The impact of the hedged item on the balance sheet is, as follows:

	Change in fair value used for measuring ineffectiveness for the period	Effective portion of cash flow hedge	Cost of cashflow hedge
As at March 31, 2023			
Highly probable forecast sales	(72.16)	(72.16)	-
As at March 31, 2022			
Highly probable forecast sales	191.39	191.39	-

The effect of the cash flow hedge in the statement of profit and loss is, as follows:

	Total hedging gain/(loss) recognized in OCI	Ineffectiveness recognized in profit or loss	Line item in the statement of profit and loss	Cost of hedging recognise in OCI	Amount reclassified from OCI to profit or loss	Line item in the statement of profit and loss
For the year ended March 31, 2023						
Highly probable forecast sales	(72.16)	-	-	-	72.85	Revenue from operations
For the year ended March 31, 2022						
Highly probable forecast sales	191.39	-	-	-	112.12	Revenue from operations

Notes to Standalone Financial Statements

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

34. Segment reporting

A. Basis for segmentation

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

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

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

(i) Revenue from customers within India – Domestic

(ii) Revenue from customers outside India – Exports

Revenue from one external customer does not exceed 10% of Company's total revenue from operations during the current or previous year. Revenue from subsidiaries is disclosed in note 31.

The Company is engaged in the manufacture of Pharmaceuticals, which in the context of Ind AS 108 is considered only business segment.

Particulars	March 31, 2023			March 31, 2022		
	Outside India	Within India	Total	Outside India	Within India	Total
Revenue from operations	36,416.64	2,895.36	39,312.00	27,820.88	4,563.49	32,384.37
Non-current assets (refer note i)	-	14,620.69	14,620.69	-	14,138.01	14,138.01

Note:

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

35. Capital management

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

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

	March 31, 2023	March 31, 2022
Borrowings including interest accrued on borrowings	9,128.10	10,479.42
Less: cash and cash equivalents and other bank balances	(2,029.79)	(3,550.86)
Net debt	**7,098.31**	**6,928.56**
Equity	242.04	248.01
Other equity	26,752.57	25,058.61
Total equity	**26,994.61**	**25,306.62**
Capital gearing ratio	0.26	0.27

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 year.

Notes to Standalone Financial Statements

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

36. Financial Ratios

Ratio	Numerator	Denominator	March 31, 2023	March 31, 2022	% Variance	Reason for variance
Current Ratio	23,179.66	15,937.67	1.45	1.51	-4%	
Debt Equity Ratio	9,108.19	26,994.61	0.34	0.41	-18%	
Debt Service Coverage Ratio	6,769.72	1,387.46	4.88	4.49	9%	
Return on Equity Ratio	4,987.85	26,150.61	19%	16%	16%	
Inventory Turnover Ratio	39,312.00	5,920.79	6.64	6.15	8%	
Trade Receivable Turnover Ratio	39,312.00	12,913.08	3.04	2.91	5%	
Trade Payables Turnover Ratio	21,556.47	6,755.99	3.19	3.38	-6%	
Net capital turnover ratio	39,312.00	7,241.99	5.43	4.10	32%	Increase is due to buyback of equity shares from the surplus funds resulting in decrease of current assets.
Net profit ratio	4,987.85	39,312.00	13%	12%	6%	
Return on Capital employed	7,026.13	33,790.78	21%	18%	18%	
Return on investment - Treasury	44.38	2,098.71	2%	5%	-61%	Decrease is due to reduction in surplus funds

Basis for Calculating above Ratios as below

1. Current Ratio	Current Assets/Current liabilities
2. Debt -Equity Ratio	Total borrowing (current + non current)/Shareholder's Equity
3. Debt Service Coverage Ratio	Earnings available for debt service /Debt Service
4. Return on equity	Net Profit after Tax/Average Shareholder's Equity
5. Inventory Turnover Ratio	Revenue from operations/Average Inventory
6. Trade Receivables Turnover Ratio	Revenue from operations/Average Trade Receivable
7. Trade Payables Turnover Ratio	Net Purchases/Average Trade Payables
8. Net Capital Turnover Ratio	Revenue from operations/Working Capital (Current assets less Current liabilities)
9. Net Profit Ratio	Net profit after tax /Revenue from operations
10. Return on Capital Employed	Earnings before interest and Tax/Average Capital Employed (Total assets less Current liabilities less cash and cash equivalents plus current borrowings)
11. Return on investment - Treasury	Interest generated from Invested funds/ Average invested funds in treasury investments

37. Other Statutory information

i) There are no proceedings initiated or pending against the Company as at March 31, 2023, under Prohibition of Benami Property Transaction Act, 1988 and rules made thereunder (As amended in 2016).

ii) The Company does not have any transactions with companies struck off as per Section 248 of the Companies Act, 2013 and Section 560 of the Companies Act, 1956.

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

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

v) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or

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

Notes to Standalone Financial Statements

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

vi) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

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

vii) The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

viii) The Company has complied with the relevant provisions of the Foreign Exchange Management Act, 1999 (42 of 1999) and the Companies Act for the above transactions and the transactions are not violative of the Prevention of Money-Laundering Act, 2002 (15 of 2003).

ix) Title deeds of all immovable properties were held in the name of the Company.

38. Subseqent event

No significant subsequent events have been observed till May 16, 2023 which may require any additional disclosure or an adjustment to the standalone financial statements other than proposed dividend (refer Note 8 and 9)

As per our report of even date attached

for S.R. Batliboi and Associates LLP
Chartered Accountants
Firm registration number: 101049W/E300004

Navneet Kabra
Partner
Membership No : 102328

Place: Hyderabad
Date: May 16, 2023

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

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

Dr. K.V.S Ram Rao
Joint Managing Director and Chief Executive Officer
DIN : 08874100

Mukesh Surana
Chief Financial Officer

Chaitanya Tummala
Company Secretary

Place: Hyderabad
Date: May 16, 2023

Place: Hyderabad
Date: May 16, 2023

Independent Auditor's Report

To the Members of Granules India Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Granules India Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the consolidated Balance sheet as at March 31 2023, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013, as amended ("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 as at March 31, 2023, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Financial Statements' section of our report. We are independent of the Group in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year ended March 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matters	How our audit addressed the key audit matter
Revenue recognition (as described in Note 2 (m) of the consolidated financial statements)	
Revenue from sale of goods is recognized when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. Control is usually transferred, in accordance with the delivery terms agreed with the customers. The point at which control passes is determined based on the terms and conditions by each customer arrangement i.e., upon shipment, delivery to, upon receipt of goods by the customer. The risk is, therefore, that revenue may not get recognized in the correct period. Accordingly, due to the significant risk associated with revenue recognition in accordance with terms of Ind AS 115 'Revenue from contracts with customers', it has been determined to be a key audit matter in our audit of the consolidated financial statements.	Our audit procedures, among others included the following: • Assessed the Group's revenue recognition policy in terms of Ind AS 115 ("Revenue from Contracts with Customers"). • Obtained an understanding, assessed the design and tested the operating effectiveness of key internal controls related to revenue recognition. • We selected sample of transactions (including year-end testing of cut-off transactions) and tested the underlying documents, including customer contracts / sales order, invoices and shipping documents to assess and analyze the timing of recognition of revenue and contractual terms; Performed analytical procedure and tested journal entries over revenue as compared to previous periods to identify any unusual variances. • Assessed the relevant disclosures made in the consolidated financial statements.

Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of their respective companies 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 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of their respective companies 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.

Those respective Board of Directors of the companies included in the Group and of its are also responsible for overseeing the financial reporting process of their respective companies.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 the Group to continue as a going concern. If we conclude that a material uncertainty

exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the financial year ended March 31, 2023 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

(a) We did not audit the financial statements and other financial information, in respect of 4 subsidiaries, whose financial statements include total assets of ₹ 20,366.82 millions as at March 31, 2023, and total revenues of ₹ 20,107.51 millions and net cash inflows of ₹ 461.07 millions for the year ended on that date. These financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of such other auditors.

(b) The consolidated financial statements of the Company for the year ended March 31, 2022, included in these consolidated financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on May 18, 2022.

(c) The accompanying consolidated financial statements include unaudited financial statements and other unaudited financial information in respect of 1 subsidiary whose financial statements and other financial information reflect total assets of ₹ 125.98 millions as at March 31, 2023, and total revenues of ₹ 149.37 millions and net cash outflows of ₹ 1.79 millions for the year ended on that date. These unaudited financial statements and other unaudited financial information have been furnished to us by the management. Our opinion, in so far as it relates amounts and disclosures included in respect of the subsidiary, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiary, is based solely on such unaudited financial statements and other unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements and other financial information are not material to the Group.

Our opinion above on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 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 the subsidiary companies, incorporated in India, as noted in the 'Other Matter' paragraph we give in the "Annexure 1" a statement on the matters specified in paragraph 3(xxi) of the Order.

2. 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, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

(a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;

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

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;

(d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2023 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies, none of the directors of the Group's companies, incorporated in India, is disqualified as on March 31, 2023 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 consolidated financial statements of the Holding Company and its subsidiary companies, incorporated in India, and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries, incorporated in India, the managerial remuneration for the year ended March 31, 2023 has been paid / provided by the Holding Company and its subsidiaries, incorporated in India to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(h) 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, as amended, 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, as noted in the 'Other matter' paragraph:

i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group in its consolidated financial statements – Refer Note 26 to the consolidated financial statements;

ii. The Group has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, or long-term contracts including derivative contracts - Refer Note 33 to the consolidated financial statements;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiaries, incorporated in India during the year ended March 31, 2023.

iv. a) The respective managements of the Holding Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiaries to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the respective Holding Company or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The respective managements of the Holding Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of its knowledge and belief, no funds have been received by the respective Holding Company or any of such subsidiaries from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.

v) The final dividend paid by the Holding Company and its subsidiaries, companies incorporated in India during the year in respect of the same declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.

vi) As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable only w.e.f. April 1, 2023 for the Holding Company and its subsidiaries companies incorporated in India, hence reporting under this clause is not applicable.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004
____

per Navneet Kabra
Partner
Membership Number: 102328
UDIN: 23102328BGSBLZ1679

Place of Signature: Hyderabad
Date: May 16, 2023

Annexure 1 referred to the Independent Auditor's Report

Re: Granules India Limited ("the Holding Company")

In terms of the information and explanations sought by us and given by the Holding Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

(i) Qualifications or adverse remarks by the respective auditors in the Companies (Auditors Report) Order (CARO) reports of the companies included in the consolidated financial statements are

S.No	Name	CIN	Holding Company / Subsidiary Company	Clause number of the CARO report which is qualified or is adverse
1	Granules India Limited	L24110TH1991PLC012471	Holding	(iii) (e)

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004
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per Navneet Kabra
Partner
Membership Number: 102328
UDIN: 23102328BGSBLZ1679

Place of Signature: Hyderabad
Date: May 16, 2023

ANNEXURE 2

To the Independent Auditor's Report of even date on the Consolidated Financial Statements of Granules India Limted

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 financial statements of Granules India Limited (hereinafter referred to as the "Holding Company") as of and for the year ended March 31, 2023, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiaries the Holding Company and its subsidiaries together referred to as "the Group"), which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the companies included in the Group, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to consolidated financial statements 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, specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both, issued by 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 with reference to consolidated financial statements 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 with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of 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 internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial Controls With Reference to Consolidated Financial Statements

A company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls With Reference to Consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Group, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements of the Holding Company, in so far as it relates to one subsidiary, which is company incorporated in India, is based on the corresponding report of the auditors of such subsidiary incorporated in India.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Navneet Kabra
Partner
Membership Number: 102328
UDIN: 23102328BGSBLZ1679

Place of Signature: Hyderabad
Date: May 16, 2023

Consolidated Balance Sheet as at March 31, 2023

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

Particulars	Notes	As at March 31, 2023	As at March 31, 2022
Assets			
Non-current assets			
Property, plant and equipment	3A	15,581.45	12,711.75
Right-of-use assets	3C	732.20	125.46
Capital work-in-progress	3A	2,280.44	3,119.18
Other intangible assets	3B	2,795.52	2,574.53
Intangible assets under development	3B	113.42	443.13
Financial assets			
(i) Investments	4A	212.10	196.68
(ii) Loans	4B	-	29.80
(iii) Other financial assets	4C	148.49	127.30
Deferred tax assets	12B	14.28	13.74
Income tax assets (net)		111.54	117.04
Other non-current assets	5A	1,314.72	620.55
Total non-current assets		**23,304.16**	**20,079.16**
Current assets			
Inventories	6	11,494.10	9,785.51
Financial assets			
(i) Trade receivables	7A	9,485.42	9,249.54
(ii) Cash and cash equivalents	7B	2,915.57	1,847.14
(iii) Bank balances other than cash and cash equivalents stated above	7B	212.33	2,247.43
(iv) Loans	7C	-	72.29
(v) Other financial assets	7D	31.67	29.78
Other current assets	5B	1,602.39	1,818.16
Total current assets		**25,741.48**	**25,049.85**
Total assets		**49,045.64**	**45,129.01**
Equity and liabilities			
Equity			
Equity share capital	8	242.04	248.01
Other equity	9	28,107.05	25,617.36
Equity attributable to owners of the company		**28,349.09**	**25,865.37**
Non Controlling interest		-	5.57
Total equity		**28,349.09**	**25,870.94**
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	10A	1,486.44	2,337.01
(ii) Lease liabilities	10B	706.02	82.81
Provisions	11A	292.56	283.10
Deferred tax liabilities (net)	12A	76.52	139.15
Total non-current liabilities		**2,561.54**	**2,842.07**
Current liabilities			
Financial liabilities			
(i) Borrowings	13A	9,099.78	8,590.57
(ii) Lease liabilities	10B	70.11	52.73
(iii) Trade payables	13B		
(a) Total outstanding dues of micro enterprises and small enterprises		115.15	126.48
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		7,706.10	6,259.60
(iv) Other financial liabilities	13C	719.33	855.75
Provisions	11B	146.16	228.32
Other current liabilities	14	151.45	165.25
Income tax liabilities (net)		126.93	137.30
Total current liabilities		**18,135.01**	**16,416.00**
Total liabilities		**20,696.55**	**19,258.07**
Total equity and liabilities		**49,045.64**	**45,129.01**

Significant accounting policies 2

The accompanying notes are an integral part of the consolidated financial statements.
As per our report of even date attached

for S.R. Batliboi and Associates LLP
Chartered Accountants
Firm registration number: 101049W/E300004

Navneet Kabra
Partner
Membership No : 102328

Place: Hyderabad
Date: May 16, 2023

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

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

Dr. K.V.S Ram Rao
Joint Managing Director and Chief Executive Officer
DIN : 08874100

Mukesh Surana
Chief Financial Officer

Chaitanya Tummala
Company Secretary

Place: Hyderabad
Date: May 16, 2023

Place: Hyderabad
Date: May 16, 2023

Consolidated Statement of Profit and Loss for the year ended March 31, 2023

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

Particulars	Notes	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Income			
Revenue from operations	15	45,119.17	37,649.21
Other income	16	137.80	176.08
Total income		**45,256.97**	**37,825.29**
Expenses			
Cost of materials consumed	17	23,526.54	20,364.19
Changes in inventories of work-in-progress and finished goods	18	(453.66)	(1,527.80)
Employee benefit expenses	19	4,722.32	4,013.76
Finance costs	20	559.33	232.12
Depreciation and amortization	21	1,844.94	1,586.32
Other expenses	22	8,185.77	7,576.69
Total expenses		**38,385.24**	**32,245.28**
Profit before tax		**6,871.73**	**5,580.01**
Tax expense			
(i) Current tax	24	1,771.80	1,382.05
(ii) Deferred tax	24	(66.04)	70.35
Total tax expense		**1,705.76**	**1,452.40**
Profit for the year		**5,165.97**	**4,127.61**
Other comprehensive income			
Items that will be reclassified to profit or loss			
Fair value changes on cash flow hedges	9	(72.16)	191.39
Gain/(loss) arising on translation of foreign operations		615.92	265.34
Income tax relating to items that will be reclassified to profit or loss	24	18.16	(48.17)
Net other comprehensive income/(loss) to be reclassified to profit or loss		**561.92**	**408.56**
Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit liability	28	9.52	(10.43)
Income tax relating to items that will not be reclassified to profit or loss	24	(2.40)	2.63
Net other comprehensive income/(loss) not to be reclassified to profit or loss		**7.12**	**(7.80)**
Other comprehensive income/(loss) for the year		**569.04**	**400.76**
Total comprehensive income for the year		**5,735.01**	**4,528.37**
Profit for the year attributable to:			
Shareholders of the Company		5,165.97	4,127.61
Non controlling interest		-	0.00
		5,165.97	**4,127.61**
Other Comprehensive Income for the year attributable to:			
Shareholders of the Company		569.04	400.76
Non controlling interest		-	0.00
		569.04	**400.76**
Total Comprehensive Income for the year attributable to:			
Shareholders of the Company		5,735.01	4,528.37
Non controlling interest		-	0.00
		5,735.01	**4,528.37**
Earnings per share:			
Equity shares of par value of Re. 1 each			
Basic (INR)	25	21.05	16.66
Diluted (INR)		21.00	16.60

Significant accounting policies 2

The accompanying notes are an integral part of the consolidated financial statements.
As per our report of even date attached

for S.R. Batliboi and Associates LLP
Chartered Accountants
Firm registration number: 101049W/E300004

Navneet Kabra
Partner
Membership No : 102328

Place: Hyderabad
Date: May 16, 2023

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

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

Dr. K.V.S Ram Rao
Joint Managing Director and Chief Executive Officer
DIN : 08874100

Mukesh Surana
Chief Financial Officer

Chaitanya Tummala
Company Secretary

Place: Hyderabad
Date: May 16, 2023

Place: Hyderabad
Date: May 16, 2023

Consolidated Statement of Changes in Equity for the year ended March 31, 2023

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

Equity Share capital

	Balance at the beginning of the year	Shares issued during the year	Shares bought back during the year	Balance at the end of the year
March 31, 2023	**248.01**	**0.29**	**(6.25)**	**242.04**
March 31, 2022	247.67	0.33	-	248.01

Other Equity

Particulars	Reserves and Surplus						Other Comprehensive income			Equity attributable to the shareholders of the Company	Non-Controlling interests	Total attributable to owners of the company
	Capital Redemption reserve	Securities premium	Capital reserve	General reserve	Employee stock option	Retained earnings	Remeasurements of defined benefit plans	Effective portion of Cash flow hedges	Foreign currency translation reserve			
Balance at the beginning of the previous year	**7.10**	**4,528.64**	**191.75**	**3,071.57**	**222.77**	**13,566.12**	**(12.56)**	**(302.06)**	**211.73**	**21,485.06**	**-**	**21,485.06**
Total comprehensive income/(loss) for the year												
Non controlling interest due to issue of additional shares in subsidiary	-	-	-	-	-	(0.60)	-	-	-	(0.60)	5.57	4.97
Profit for the year	-	-	-	-	-	4,127.61	-	-	-	4,127.61	0.00	4,127.61
Other comprehensive income/(loss) (net of tax)	-	-	-	-	-	-	(7.80)	143.22	265.34	400.76	0.00	400.76
Transactions with owners, recorded directly in equity												
Dividends	-	-	-	-	-	(371.68)	-	-	-	(371.68)	-	(371.68)
Share options exercised	-	31.77	-	-	-	-	-	-	-	31.77	-	31.77
Share based payment	-	-	-	-	(55.56)	-	-	-	-	(55.56)	-	(55.56)
Balance at the end of the previous year	**7.10**	**4,560.41**	**191.75**	**3,071.57**	**167.21**	**17,321.45**	**(20.36)**	**(158.84)**	**477.07**	**25,617.36**	**5.57**	**25,622.93**
Profit for the year	-	-	-	-	-	5,165.97	-	-	-	5,165.97	-	5,165.97
Non controlling interest due to issue of additional shares in subsidiary	-	-	-	-	-	-	-	-	-	-	(4.97)	(4.97)
Non controlling interest due to issue of additional shares in subsidiary	-	-	-	-	-	0.60	-	-	-	0.60	(0.60)	-
Other comprehensive income/(loss) (net of tax)	-	-	-	-	-	-	7.12	(54.00)	615.92	569.04	-	569.04
Transactions with owners, recorded directly in equity												
Equity shares issued during the year	-	27.55	-	-	-	-	-	-	-	27.55	-	27.55
Dividends	-	-	-	-	-	(186.22)	-	-	-	(186.22)	-	(186.22)
Share based payment	-	-	-	-	13.00	-	-	-	-	13.00	-	13.00
Buyback of equity shares	-	(2,493.75)	-	-	-	-	-	-	-	(2,493.75)	-	(2,493.75)

Consolidated Statement of Changes in Equity for the year ended March 31, 2023

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

Particulars	Reserves and Surplus						Other Comprehensive income			Equity attributable to the shareholders of the Company	Non-Controlling interests	Total attributable to owners of the company
	Capital Redemption reserve	Securities premium	Capital reserve	General reserve	Employee stock option	Retained earnings	Remeasurements of defined benefit plans	Effective portion of Cash flow hedges	Foreign currency translation reserve			
Tax on buy-back of equity shares	-	(580.94)	-	-	-	-	-	-	-	(580.94)	-	(580.94)
Transaction costs towards Buyback of equity shares	-	(25.56)	-	-	-	-	-	-	-	(25.56)	-	(25.56)
Amount transferred to capital redemption reserve upon buy-back of equity shares	6.25	-	-	(6.25)	-	-	-	-	-	-	-	-
Balance at the end of the current year	**13.35**	**1,487.70**	**191.75**	**3,065.32**	**180.21**	**22,301.80**	**(13.24)**	**(212.84)**	**1,092.99**	**28,107.05**	**-**	**28,107.05**

The accompanying notes are an integral part of the consolidated financial statements.
As per our report of even date attached

for S.R. Batliboi and Associates LLP
Chartered Accountants
Firm registration number: 101049W/E300004

Navneet Kabra
Partner
Membership No : 102328

Place: Hyderabad
Date: May 16, 2023

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

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

Dr. K.V.S Ram Rao
Joint Managing Director and Chief Executive Officer
DIN : 08874100

Mukesh Surana
Chief Financial Officer

Chaitanya Tummala
Company Secretary

Place: Hyderabad
Date: May 16, 2023

Place: Hyderabad
Date: May 16, 2023

Consolidated Statement of Cash Flows for the year ended March 31, 2023

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

Particulars		For the Year ended March 31, 2023	For the Year ended March 31, 2022
Cash flow from operating activities			
Profit before tax		**6,871.73**	**5,580.01**
Adjustments for :			
Depreciation and amortization expense		1,844.94	1,586.32
Bad debts written off		0.54	0.01
Allowance for doubtful trade receivables		(5.07)	(6.11)
Allowance for doubtful advances		14.41	-
Allowance for scrips on hand		-	22.60
Loss on sale of property, plant and equipment (net)		13.71	47.83
Changes in fair value of cashflow hedges		72.85	112.12
Gain on foreign exchange fluctuations (unrealized)		(91.55)	(119.66)
Share based payment expense		12.89	16.22
Finance cost		559.33	232.11
Interest income		(45.14)	(128.54)
Operating profit before working capital changes		**9,248.64**	**7,342.91**
Movements in working capital:			
Increase in trade receivables		(0.77)	(1,311.27)
Increase in inventories		(1,354.67)	(1,840.27)
(Increase)/decrease in other assets		160.68	(160.07)
Increase in trade payables, other liabilities and provisions		1,091.65	739.75
Cash generated from operations		**9,145.53**	**4,771.05**
Direct taxes paid (net of refunds)		(1,758.04)	(1,450.49)
Net cash flow generated from operating activities	**(A)**	**7,387.49**	**3,320.56**
Cash flow from investing activities			
Purchase of property, plant and equipment and intangible assets, including capital work-in-progress, intangible assets under development, capital advances and capital creditors		(4,106.77)	(3,977.07)
Proceeds from sale of property, plant & equipment		2.12	9.79
Redemption of bank deposits		2,034.77	44.77
Loans repaid		105.71	-
Interest received		50.54	121.36
Net cash flow used in investing activities	**(B)**	**(1,913.63)**	**(3,801.15)**
Cash flow from financing activities			
Proceeds from issuance of equity shares		27.84	37.07
Repayment of non controlling interest		(4.96)	-
Repayment of non current borrowings		(930.86)	(954.78)
Proceeds of current borrowings, net		459.94	3,485.19
Repayment of lease liability (including related interest)		(129.48)	(54.03)
Buyback of equity shares		(3,106.50)	-
Finance cost paid		(532.66)	(241.78)
Dividend paid on equity shares		(186.22)	(371.71)
Net cash flow (used in)/generated from financing activities	**(C)**	**(4,402.90)**	**1,899.96**
Net increase in cash and cash equivalents	**(A+B+C)**	**1,070.96**	**1,419.37**
Effect of exchange differences on translation of foreign currency cash and cash equivalents		(2.53)	9.41
Cash and cash equivalents at the beginning of the year		1,847.14	418.36
Cash and cash equivalents at the end of the year		**2,915.57**	**1,847.14**

Consolidated Statement of Cash Flows for the year ended March 31, 2023

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

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Components of cash and cash equivalents:		
Cash on hand	1.04	0.04
Balances with banks		
On current accounts	1,161.13	640.01
On EEFC accounts	373.40	1,051.04
On deposit accounts	1,380.00	156.05
Total cash and cash equivalents (Refer Note 7B)	**2,915.57**	**1,847.14**

Change in liability arising from financing activities	Lease liabilities-Non Current and Current (Refer Note 10B)	Borrowings - Non Current (Refer note 10A)*	Borrowings - Current (Refer note 13A)	Finance cost other than lease liabilities
Opening as on March 31, 2021	**107.58**	**4,291.81**	**4,092.71**	**23.28**
Finance cost	9.60	-	-	222.51
(Repayment)/proceeds from borrowing during the year (net)	-	(954.78)	3,485.19	-
Deletions	(18.00)	-	-	-
Additions	90.16	-	-	-
Payment of lease liabilities	(54.03)	-	-	-
Changes in fair values	-	(65.22)	-	-
Finance cost paid	-	-	-	(241.78)
Foreign exchange movement	0.23	-	77.87	3.23
Closing as on March 31, 2022	**135.54**	**3,271.81**	**7,655.77**	**7.24**
Finance cost	41.73	-	-	517.60
(Repayment)/proceeds from borrowing during the year (net)	-	(930.86)	459.94	-
Deletions	-	-	-	-
Additions	728.34	-	-	-
Payment of lease liabilities	(129.48)	-	-	-
Changes in fair values	-	136.45	-	-
Finance cost paid	-	-	-	(532.66)
Foreign exchange movement	-	-	(6.89)	34.07
Closing as on March 31, 2023	**776.13**	**2,477.40**	**8,108.82**	**26.25**

*Aforesaid reconciliation includes current maturities of non-current borrowings

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

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

As per our report of even date attached

for S.R. Batliboi and Associates LLP
Chartered Accountants
Firm registration number: 101049W/E300004

Navneet Kabra
Partner
Membership No : 102328

Place: Hyderabad
Date: May 16, 2023

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

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

Dr. K.V.S Ram Rao
Joint Managing Director and Chief Executive Officer
DIN : 08874100

Mukesh Surana
Chief Financial Officer

Chaitanya Tummala
Company Secretary

Place: Hyderabad
Date: May 16, 2023

Place: Hyderabad
Date: May 16, 2023

Notes to Consolidated Financial Statements

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

1 Company overview

1.1 Reporting entity

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

1.2 Basis of preparation of consolidated financial statements

a) Statement of compliance

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

These consolidated financial statements have been prepared for the Group as a going concern on the basis of relevant Ind AS that are effective at the Group's annual reporting date, March 31, 2023. These consolidated financial statements were authorized for issuance by the Company's Board of Directors on May 16, 2023.

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

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

b) Current versus non-current classification

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

An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

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

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Group has identified 12 months as its operating cycle.

c) Basis of consolidation

Subsidiaries

Subsidiaries are all entities that are controlled by the Company. Control exists when the Company is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. In assessing control, potential voting rights are considered only if the rights are substantive. The financial statements of subsidiaries are included in these consolidated financial statements from the date that control commences until the date that control ceases. For the purpose of preparing these consolidated financial statements, the accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Company.

Non-controlling interest ("NCI")

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the reporting date and are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

Notes to Consolidated Financial Statements

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

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in full while preparing these consolidated financial statements.

d) Functional and presentation currency

These consolidated financial statements are presented in Indian rupees (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest millions, unless otherwise indicated. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

e) Basis of measurement

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

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

f) Use of estimates and judgements

The preparation of the consolidated 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 consolidated 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 consolidated 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 recognized in the consolidated financial statements is included in the following notes:

- Note 1.2(d) - Assessment of functional currency;
- Note 2(a) and 32 - Financial instruments;

Assumptions and estimation uncertainities

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending March 31, 2023 is included in the following notes:

- Note 26 (a) – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.
- Note 27 – Shared based payments.
- Note 28 - measurement of defined benefit obligations : key actuarial assumptions.
- Note 6 - Provision for inventories
- Note 2(d) - Useful lives of property, plant and equipment;
- Note 2(e) - Useful lives of Intangible assets;
- Note 7A - Provision for loss allowance on trade receivables
- Note 2(h)(ii) - Measurement of recoverable amount of cash generated units; impairment of tangible and intangible assets

g) Measurement of fair values

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

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use

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when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

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

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

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

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

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

2 Significant accounting policies

a. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i. Recognition and initial measurement

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

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

ii. Classification and subsequent measurement

Financial assets

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

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

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

A financial asset is measured at amortized 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.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss.

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

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

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

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized 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 recognized in statement of profit and loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in statement of profit and loss. Any gain or loss on derecognition is recognized in statement of profit and loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognized in statement of profit and loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to statement of profit and loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized 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 recognized in OCI and are not reclassified to statement of profit and loss.

Financial liabilities: classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized 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 recognized in statement of profit and loss. Financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in statement of profit and loss. Any gain or loss on derecognition is also recognized in statement of profit and loss.

iii. Derecognition

Financial assets

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

If the Group enters into transactions whereby it transfers assets recognized 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 derecognized.

Financial liabilities

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

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

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and the new financial liability with modified terms is recognized in statement of profit and loss.

iv. Offsetting

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

v. Derivative financial instruments and hedge accounting

Derivative financial instruments are used to mitigate the risk of changes in exchange rates on foreign currency exposures. Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in statement of profit and loss.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges:

When a derivative or non-derivative financial liability is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative or non-derivative financial liability is recognized 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 recognized immediately in statement of profit and loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognized in other comprehensive income, remains there until the forecasted transaction occurs. If the forecasted transaction is no longer expected to occur, then the balance in other comprehensive income is recognized immediately in the statement of profit and loss.

b. Cash and cash equivalents

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

Cash dividend to equity holders

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

c. Foreign Currency

Transactions in foreign currencies are initially recorded at spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the spot rates of exchange at the reporting date.

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 recognized in OCI.

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into INR at the rate of

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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 recognized in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognized in profit or loss.

d. Property, plant and equipment

i. Recognition and measurement

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

Cost of an item or property, plant and equipment comprises its purchase price, import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in the statement of profit and loss as incurred.

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

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

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

Cost of assets not ready for intended use, as on the balance sheet date, is shown as capital work-in-progress. Amounts paid towards the acquisition of property, plant and equipment outstanding as of each reporting date are recognized as capital advance under "non-current assets".

ii. Subsequent expenditure

Subsequent expenditure related to an item of property, plant and equipment is capitalized only if it increases the future benefits from the existing assets beyond its previously assessed standards of performance.

iii. Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method.

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

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

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

e. Intangible assets

Internally generated: Research and development

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

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

Others

Other intangible assets are initially measured at cost. Subsequently, such intangible assets are measured

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at cost less accumulated amortization and any accumulated impairment losses.

i. **Subsequent expenditure**

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

ii. **Amortization**

Other intangible assets are amortized 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	3-10 years
Others	10 years

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

f. **Non-current assets held for sale**

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

g. **Inventories**

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

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

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

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

The factors that the Group considers in determining the allowance for slow moving, obsolete and other non-saleable inventory include estimated shelf life, planned product discontinuances, price changes, ageing of inventory and introduction of competitive new products, to the extent each of these factors impact the Group's business and markets. The Group considers all these factors and adjusts the inventory provision to reflect its actual experience on a periodic basis.

h. **Impairment**

i. **Financial assets (other than at fair value)**

The Group assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. In determining the allowances for doubtful trade receivables, the Group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and allowance rates used in the provision matrix. For all other financial assets, expected credit losses are measured at an amount equal to the 12-months expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition

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

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

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

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

In case of investments, the Group reviews its carrying value of investments carried at cost annually, or more frequently, when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

ii. **Tangible and intangible assets**

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized in the statement of profit and loss.

i. **Employee benefits**

i. **Defined contribution plans**

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

ii. **Defined benefit plans**

For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to statement of profit and loss in subsequent periods.

Past service costs are recognized in statement of profit and loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and nonroutine settlements; and
- Net interest expense or income

When the benefits of a plan are changed or curtailed, the resulting change in the benefit that relates to the past service ('past service cost') or the gain or loss on curtailment is recognized immediately in the statement of profit and loss. The Group recognises the gains and losses on the settlement of a defined benefit plan when settlement occurs.

iii. **Compensated Absence Policy**

The employees of the Group are entitled to compensated absences. The employees can carry forward a portion of the unutilized

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accumulating compensated absences and utilise it in future periods or encash the leaves during the period of employment or retirement or at termination of employment. The Group records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The Group measures the expected cost of compensated absences as the additional amount that the Group expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. The Group recognises accumulated compensated absences based on actuarial valuation using the projected unit credit method. Non-accumulating compensated absences are recognized in the period in which the absences occur.

iv. Other long-term employee benefits

The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary as at March 31st every year using projected unit credit method on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

v. Short-term employee benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and ex-gratia. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognized as an expense as the related service is rendered by employees.

vi. Share based compensation

The grant date fair value of options granted to employees is recognized 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 recognized in connection with share-based payment transaction is presented as a separate component in equity under "employee stock option". The amount recognized as an expense is adjusted to reflect the actual number of stock options that vest.

j. Provisions (other than for employee benefits)

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

Contingent liabilities and contingent assets

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

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

Onerous contracts

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

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k. Earnings per share ('EPS')

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

l. Segment Reporting

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

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

m. Revenue

i. Sale of goods

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

ii. Sales return allowances

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

iii. Export incentives

Export incentives are recognized 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 recognized using the effective interest method on time proportion method.

v. Dividend income

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

n. Contract Balances

i. Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

ii. Trade receivable

A receivable is recognized if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (a) Financial

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instruments – initial recognition and subsequent measurement.

iii. Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract.

o. Leases

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

To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The contract involves use of an identified asset, whether specified explicitly or implicitly;
- The Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use;
- The Group has right to direct the use of the asset by either having right to operate the asset or the Group having designed the asset in a way that predetermines how and for what purpose it will be used.

(i) As lessee

The Group's lease asset classes primarily consist of leases for buildings and plant and machinery. The Group, at the inception of a contract, assesses whether the contract is a lease or not. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration.

The Group elected to use the following practical expedients on initial application:

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in Ind AS 116. At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognized in the Statement of Profit and Loss.

The lease liability is initially measured at the present value of the lease payments that are not paid at

Notes to Consolidated Financial Statements

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

the commencement date, discounted using the Group's incremental borrowing rate. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Group recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the re-measurement in Statement of Profit and Loss.

Lease payments included in the measurement of the lease liability comprise the following:

a. Fixed payments including in-substance fixed payments

b. Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date

c. Amounts expected to be payable under a residual value guarantee and

d. the exercise price under a purchase option that the Group and its associate is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'financial liabilities' in the statement of financial position.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The Group recognises the lease payments associated with these leases as an expense in the Statement of Profit or Loss over the lease term.

p. Income tax

Income tax comprises current and deferred income tax. Income tax expense is recognized in statement of profit and loss 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 recognized 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 recognized 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 recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements except when:

- temporary differences arising on the initial recognition of assets or liabilities in a

Notes to Consolidated Financial Statements

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

transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of transaction;

- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

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

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 recognized as income or expense in the period that includes the enactment or substantive enactment date. A deferred income tax assets is recognized 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 utilized.

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

q. 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 capitalized as part of the cost of that asset.Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs. Other borrowing costs are recognized as an expense in the period in which they are incurred.

r. Recent Pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

Ind AS 1 – Presentation of Financial Statements

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose consolidated financial statements. The Group does not expect this amendment to have any significant impact in its consolidated financial statements.

Ind AS 12 – Income Taxes

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Group is evaluating the impact, if any, in its financial statements.

Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in consolidated financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in consolidated financial statements to be measured in a way that involves measurement uncertainty. The Group does not expect this amendment to have any significant impact in its consolidated financial statements.

Notes to Consolidated Financial Statements (Cont..)

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

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

Particulars	Freehold land	Freehold buildings	Lease Hold Improvements	Plant and equipment	Computers	Office equipment	R&D Equipment	Furniture and fittings	Vehicles	Total
Gross carrying amount										
At March 31, 2021	**526.66**	**5,134.71**	**30.10**	**10,419.24**	**232.34**	**128.73**	**398.22**	**236.80**	**68.67**	**17,175.47**
Additions	301.49	896.28	0.75	1,906.62	51.12	16.54	77.41	28.78	0.66	3,279.65
Disposals	-	(3.17)	-	(602.56)	(0.14)	(0.93)	(5.11)	(1.08)	(3.64)	(616.63)
Exchange differences	7.13	32.24	-	26.27	1.28	0.01	0.37	0.64	0.26	68.20
At March 31, 2022	**835.28**	**6,060.06**	**30.85**	**11,749.57**	**284.60**	**144.35**	**470.89**	**265.14**	**65.95**	**19,906.69**
Additions	12.17	967.88	17.03	2,931.98	19.66	44.03	69.19	52.78	15.99	4,130.71
Disposals	-	-	-	(193.83)	(2.81)	(9.65)	(6.97)	(4.60)	(2.94)	(220.80)
Exchange differences	16.21	72.64	-	61.92	3.59	0.01	0.84	1.72	0.78	157.71
At March 31, 2023	**863.66**	**7,100.58**	**47.88**	**14,549.64**	**305.04**	**178.74**	**533.95**	**315.04**	**79.78**	**23,974.31**
Accumulated Depreciation										
At March 31, 2021	**-**	**820.85**	**9.24**	**5,159.52**	**151.16**	**83.78**	**190.61**	**111.04**	**36.61**	**6,562.81**
Depreciation for the year	-	176.52	3.44	884.05	31.20	15.84	38.41	20.86	5.57	1,175.89
Disposals	-	(0.80)	-	(547.76)	(0.14)	(0.87)	(4.90)	(1.04)	(3.48)	(558.99)
Exchange differences	-	5.08	-	8.70	0.62	0.01	0.26	0.34	0.22	15.23
At March 31, 2022	**-**	**1,001.65**	**12.68**	**5,504.51**	**182.84**	**98.76**	**224.38**	**131.20**	**38.92**	**7,194.94**
Depreciation for the year	-	222.29	3.53	1,006.39	34.44	20.50	42.42	26.83	5.99	1,362.39
Disposals	-	-	-	(178.86)	(2.31)	(9.48)	(6.62)	(4.37)	(2.34)	(203.98)
Exchange differences	-	13.43	22.46	1.74	0.23	0.51	0.53	0.12	0.49	39.51
At March 31, 2023	**-**	**1,237.37**	**38.67**	**6,333.78**	**215.20**	**110.29**	**260.71**	**153.78**	**43.06**	**8,392.86**
Net carrying amount										
At March 31, 2022	835.28	5,058.41	18.17	6,245.06	101.76	45.59	246.51	133.94	27.03	12,711.75
At March 31, 2023	**863.66**	**5,863.21**	**9.21**	**8,215.86**	**89.84**	**68.45**	**273.24**	**161.26**	**36.72**	**15,581.45**

Capital work-in-progress	
At March 31, 2022	3,119.18
At March 31, 2023	**2,280.44**

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

ii) For contractual commitments - Refer Note No. 26 (b).

iii) The Group has not revalued its property, plant and equipment during the current or previous year.

Capital work -in -Progress- Movement

Particulars	March 31, 2023	March 31, 2022
Balance at the beginning	3,119.18	1,847.72
Additions including exchange differences	3,291.97	4,551.11
Capitalized during the year	(4,130.71)	(3,279.65)
Balance at the end	**2,280.44**	**3,119.18**

Notes to Consolidated Financial Statements

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

Ageing Schedule for Capital work -in -Progress as below

Particulars	March 31, 2023					March 31, 2022				
	Amount for a period of					Amount for a period of				
	Less than 1year	1-2 years	2-3 years	More than 3 years	Total	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	2,072.84	197.52	5.29	4.79	2,280.44	2,540.59	351.98	174.63	51.98	3,119.18
Total	**2,072.84**	**197.52**	**5.29**	**4.79**	**2,280.44**	**2,540.59**	**351.98**	**174.63**	**51.98**	**3,119.18**

i) Project execution plans are modulated basis capacity requirement assessment on an annual basis and all the projects are executed as per rolling plans.

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

3B. Intangible assets - Reconciliation of carrying amount

Particulars	Technical Know How	Software	Product related intangibles	Others	Total
Gross carrying amount					
At March 31, 2021	**318.95**	**155.26**	**2,171.45**	**1,481.00**	**4,126.66**
Additions	-	49.13	204.12	-	253.25
Disposals	-	-	-	-	-
Exchange differences	-	0.29	52.64	55.76	108.69
At March 31, 2022	**318.95**	**204.68**	**2,428.21**	**1,536.76**	**4,488.60**
Additions	-	36.03	410.29	24.69	471.01
Disposals	(318.95)	(6.69)	-	-	(325.64)
Exchange differences	-	0.65	121.88	130.66	253.19
At March 31, 2023	**-**	**234.67**	**2,960.38**	**1,692.11**	**4,887.16**
Accumulated amortization					
At March 31, 2021	**318.82**	**87.59**	**727.23**	**385.29**	**1,518.93**
Amortization for the year	0.13	25.75	231.62	106.33	363.83
Disposals	-	-	-	-	-
Exchange differences	-	0.29	17.96	13.06	31.31
At March 31, 2022	**318.95**	**113.63**	**976.81**	**504.68**	**1,914.07**
Amortization for the year	-	22.17	280.49	112.77	415.43
Disposals	(318.95)	(6.40)	-	-	(325.35)
Exchange differences	-	0.68	46.52	40.29	87.49
At March 31, 2023	**-**	**130.08**	**1,303.82**	**657.74**	**2,091.64**
Net carrying amount					
At March 31, 2022	-	91.05	1,451.40	1,032.08	2,574.53
At March 31, 2023	**-**	**104.59**	**1,656.56**	**1,034.37**	**2,795.52**

Intangible assets under development

At March 31, 2022	443.13
As at March 31, 2023	**113.42**

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

Ageing Schedule for Intangible under development as below

Year	Intangible assets under development	Amount in CWIP for a period of				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
FY-2022-2023	Projects in Progress	23.90	2.20	-	87.32	113.42
	Total	**23.90**	**2.20**	**-**	**87.32**	**113.42**
FY-2021-2022	Projects in Progress	123.24	7.18	106.38	206.33	443.13
	Total	**123.24**	**7.18**	**106.38**	**206.33**	**443.13**

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

Notes to Consolidated Financial Statements

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

3C. Right-of-use assets

Particulars	Buildings	Computers	Total
Gross carrying amount			
At March 31, 2021	**119.99**	**29.37**	**149.36**
Additions	80.55	9.61	90.16
Deletions	17.77	-	17.77
Exchange diferences	0.62	-	0.62
At March 31, 2022	**183.39**	**38.98**	**222.37**
Additions	721.75	6.59	728.34
Deletions	-	-	-
Exchange diferences	-	-	-
At March 31, 2023	**905.14**	**45.57**	**950.71**
Accumulated depreciation			
At March 31, 2021	**42.21**	**7.57**	**49.79**
Depreciation for the year	35.01	11.59	46.60
Deletions	-	-	-
Exchange diferences	0.52	-	0.52
At March 31, 2022	**77.74**	**19.17**	**96.91**
Depreciation for the year*	108.11	13.45	121.56
Deletions	-	-	-
Exchange diferences	0.04	-	0.04
At March 31, 2023	**185.89**	**32.62**	**218.51**
Net carrying amount			
At March 31, 2022	105.65	19.81	125.46
At March 31, 2023	**719.25**	**12.95**	**732.20**

i) The aggregate depreciation expense on assets taken on lease is included under depreciation and amortization expense in the Statement of Profit and Loss.

*Depreciation on Right-of-use assets of ₹ 54.44 million is capitalized during the year.

4. Financial Assets-Non Current

4A. Investments

Particulars	As at March 31, 2023	As at March 31, 2022
Investments		
a. In Unquoted equity shares (Fair value through OCI)		
Jeedimetla Effluent Treatment Ltd - 15,142 (March 31, 2022 : 15,142) equity shares of ₹ 10/- each fully paid up	5.96	5.96
Patancheru Envirotech Ltd - 34,040 (March 31, 2022 :34,040) equity shares of ₹ 10/- each fully paid up	0.34	0.34
RVK Energy Private Ltd - 1,282,000 (March 31, 2022: 1,282,000) equity shares of Rs 10/- each fully paid up	2.00	2.00
US Pharma Limited - 410.52 (March 31, 2022 : 410.52) equity shares	450.13	407.87
Less : Impairment in US Pharma Limited	(246.34)	(219.50)
	212.09	**196.67**
b. In Quoted equity shares (Fair value through OCI)		
Ipca Laboratories Limited - 100 (March 31, 2022 :100) equity shares	0.01	0.01
Total	**212.10**	**196.68**
Aggregate book value of quoted investments	0.01	0.01

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

Particulars	As at March 31, 2023	As at March 31, 2022
Aggregate market value of quoted investments	0.08	0.11
Aggregate value of unquoted investments	212.09	196.67
Aggregate amount of impairment in value of investments	246.34	219.50

4B. Loans (Unsecured, considered good)

Particulars	As at March 31, 2023	As at March 31, 2022
Loan to US Pharma Limited (refer note (i) & (ii) below)	-	29.80
Total	**-**	**29.80**

(i) The term loan given to US Pharma Limited was towards working capital purpose, carries fixed coupon rate of 7% per annum. The loan was paid back by US Pharma Limited during the year ended March 31, 2023 along with outstanding interest.

(ii) Maximum amount outstanding at any time during the year

Particulars	March 31, 2023	March 31, 2022
US Pharma Limited	29.80	102.09

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

Particulars	As at March 31, 2023	As at March 31, 2022
Security deposits	148.49	127.30
Total	**148.49**	**127.30**

5. Other assets

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

Particulars	As at March 31, 2023	As at March 31, 2022
Capital advances	1,314.72	620.55
Total	**1,314.72**	**620.55**

5B. Current (Unsecured, considered good)

Particulars	As at March 31, 2023	As at March 31, 2022
Balance with government authorities	911.84	910.27
Prepaid expenses	360.94	204.22
Export incentives receivable	109.92	181.16
Scripts on hand	-	181.12
Insurance Claim Receivable	-	23.29
Advance to suppliers		
Considered good	219.69	318.10
Considered doubtful	31.36	16.95
	1,633.75	**1,835.11**
Less : Allowance for doubtful advances	(31.36)	(16.95)
Total	**1,602.39**	**1,818.16**

Notes to Consolidated Financial Statements

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

Details of movement in allowance for doubtful advances :

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Balance at the beginning of the year	(16.95)	(16.95)
Provision made during the year, net of reversals	(14.41)	-
Amounts written off during the year	-	-
Balance at the end of the year	**(31.36)**	**(16.95)**

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

Particulars	As at March 31, 2023	As at March 31, 2022
Raw materials*	4,070.04	3,103.10
Packing materials	501.71	295.53
Work-in-progress	1,407.34	1,378.36
Finished goods**	5,126.17	4,701.49
Stores, spares and consumables	388.84	307.03
Total	**11,494.10**	**9,785.51**

*includes raw materials-in-transit ₹ 142.33 millions (March 31, 2022 - ₹ 311.84 millions).

**includes finished goods-in-transit ₹ 558.07 millions (March 31, 2022 - ₹ 623.55 millions)

i) For details of inventories hypothecated against current borrowings Refer note 10A & 13A.

ii) The Company recorded inventory write-down/(reversal) of ₹ 88.67 millions (March 31, 2022 - ₹ 73.86 millions). These were recognized as an expense during the year and included in "changes in finished goods and work-in-progress in Statement of profit and loss.

7. Financial Assets

7A. Trade receivables (Unsecured)

Particulars		As at March 31, 2023	As at March 31, 2022
(a) Considered good		9,507.49	9,168.67
Less : Allowance for doubtful trade receivables		(44.75)	(38.58)
	(A)	9,462.74	9,130.09
(b) Significant increase in credit risk		141.41	249.45
(c) Credit impaired		124.89	124.89
Less : Allowance for doubtful trade receivables		(243.62)	(254.89)
	(B)	22.68	119.45
Total	**(C=A+B)**	**9,485.42**	**9,249.54**

Trade receivables are non-interest bearing and are generally with payment terms of upto 180 days from the date of invoice or bill of lading date.

The Groups's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in Note 33.

For receivables secured against borrowings, Refer note 10A & 13A.

Details of changes in allowance for doubtful trade receivables/ credit losses :

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Balance at the beginning of the year	293.47	299.57
Provision made during the year including exchange differences, net of reversals	(5.10)	(6.10)
Balance at the end of the year	288.37	293.47

Notes to Consolidated Financial Statements

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

Ageing Schedule for Trade receivables as below

As at March 31, 2023

Particulars	Outstanding for following period from due date of payment						
	Not Due	< 6 months	6 months -1 year	1-2 Years	2-3 years	> 3 years	Total
(i) Undisputed Trade receivables - considered good	7,716.45	1,687.42	67.13	35.07	1.42	-	9,507.49
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	11.83	100.65	25.22	3.71	141.41
(iii) Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	-	-	-	-	124.89	124.89
Total	**7,716.45**	**1,687.42**	**78.96**	**135.72**	**26.64**	**128.60**	**9,773.79**

As at March 31, 2022

Particulars	Outstanding for following period from due date of payment						
	Not Due	< 6 months	6 months -1 year	1-2 Years	2-3 years	> 3 years	Total
(i) Undisputed Trade receivables - considered good	6,921.96	2,168.65	57.64	18.93	1.49	-	9,168.67
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	48.36	187.64	9.75	3.71	249.45
(iii) Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	-	-	-	-	124.89	124.89
Total	**6,921.96**	**2,168.65**	**106.00**	**206.56**	**11.24**	**128.60**	**9,543.01**

7B. Cash and bank balances

Particulars	As at March 31, 2023	As at March 31, 2022
Cash and cash equivalents		
i) Cash on hand	1.04	0.04
ii) Balance with banks:		
On current accounts	1,161.13	640.01
On EEFC accounts	373.40	1,051.04
Deposits with original maturity of less than 3 months	1,380.00	156.05
Total -(i+ii)	**2,915.57**	**1,847.14**

iii) Bank balances other than cash and cash equivalents stated above

Particulars	As at March 31, 2023	As at March 31, 2022
Unpaid dividend account	5.40	5.73
Deposits with remaining maturity for less than 12 months	-	2,114.38
Margin money deposits(refer note (a) below)	206.93	127.32
Total -(iii)	**212.33**	**2,247.43**

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

7C. Loans (Unsecured, Considered good)

Particulars	As at March 31, 2023	As at March 31, 2022
Loan to US Pharma Limited (Refer Note 4B)	-	72.29
Total	**-**	**72.29**

Notes to Consolidated Financial Statements

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

7D. Other financial assets

Particulars	As at March 31, 2023	As at March 31, 2022
Interest accrued but not due on deposits	7.48	5.73
Interest accrued but not due on loan given	-	7.15
Derivative financial instruments	5.49	14.05
Advance to employees	10.35	2.85
Other receivables	8.35	-
Total	**31.67**	**29.78**

The Company's exposure to currency risks are disclosed in Note 33.

8. Share capital

Particulars	As at March 31, 2023	As at March 31, 2022
Authorized		
505,000,000 (March 31, 2022: 505,000,000) Equity Shares of ₹ 1/- each	505.00	505.00
Issued, subscribed and fully paid up		
242,042,756 fully paid up equity shares of ₹ 1/- each (March 31, 2022 : 248,005,776 equity shares of ₹ 1/- each)	242.04	248.01

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

Particulars	March 31, 2023		March 31, 2022	
	No.	₹	No.	₹
At the beginning of the year	24,80,05,776	248.01	24,76,74,796	247.67
Add: Shares issued on exercise of employee stock options	2,86,980	0.29	3,30,980	0.33
Less: Buyback of equity shares	(62,50,000)	(6.25)	-	-
Number of shares at the end of the year	**24,20,42,756**	**242.04**	**24,80,05,776**	**248.01**

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, 2023, the amount of interim dividend per share distributed along with final dividend per share recommended by the board to equity shareholders was ₹ 1.50 (March 31, 2022: ₹ 1.50). In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

8.3 Details of shareholders holding more than 5% equity shares in the Company

Shareholder	March 31, 2023		March 31, 2022	
	No. of shares	% holding	No. of shares	% holding
Dr. Krishna Prasad Chigurupati	8,42,99,111	34.83%	8,62,96,272	34.80%

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 Millions except share data and unless otherwise stated)

Disclosure of Shareholding of Promoters

As at March 31, 2023

Shares held by Promoters

Promoter Name	March 31, 2023		March 31, 2022		% Change during the year
	No of Shares	% of total shares	No of Shares	% of total shares	
Dr.Krishna Prasad Chigurupati	8,42,99,111	34.83%	8,62,96,272	34.80%	0.03%
Chigurupati Uma Devi	92,40,761	3.82%	94,59,687	3.81%	0.01%
Priyanka Chigurupati	18,18,683	0.75%	18,61,706	0.75%	-
Pragnya Chigurupati	18,42,035	0.76%	18,85,346	0.76%	-
Suseela Devi Chigurupati	65,000	0.03%	65,000	0.03%	-
Nikhila Reddy Yedaguri	29,500	0.01%	29,500	0.01%	-
Tyche Investments Private Limited	35,52,557	1.47%	36,36,721	1.47%	-
Venkata Mahesh Krishna Narra	5,000	0.00%	5,000	0.00%	-
Santhi Sree Ramanavarapu	8,55,878	0.35%	8,76,154	0.35%	-

As at March 31, 2022

Shares held by Promoters

Promoter Name	March 31, 2022		March 31, 2021		% Change during the year
	No of Shares	% of total shares	No of Shares	% of total shares	
Dr.Krishna Prasad Chigurupati	8,62,96,272	34.80%	8,62,96,272	34.84%	-0.05%
Chigurupati Uma Devi	94,59,687	3.81%	94,59,687	3.82%	-0.01%
Priyanka Chigurupati	18,61,706	0.75%	18,61,706	0.75%	-
Pragnya Chigurupati	18,85,346	0.76%	18,85,346	0.76%	-
Suseela Devi Chigurupati	65,000	0.03%	65,000	0.03%	-
Nikhila Reddy Yedaguri	29,500	0.01%	29,500	0.01%	-
Tyche Investments Private Limited	36,36,721	1.47%	36,36,721	1.47%	-
Venkata Mahesh Krishna Narra	5,000	0.00%	-	0.00%	-
Santhi Sree Ramanavarapu	8,76,154	0.35%	8,76,154	0.35%	-

8.4 Shares reserved for issue under options

For details of shares reserved for issue under Employee stock option scheme (ESOS) of the Company, refer note 27

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

8.6 Buy back of Shares

During the current year, the Company has bought back 6,250,000 equity shares of Rs 1 each, representing 2.52% of total number of equity share fully paid-up for an aggregate amount of ₹ 2,500 millions (excluding taxes and transaction cost) at ₹ 400 per share. The equity shares bought back were extinguished on 19 October 2022. An amount corresponding to face value of the shares bought back was transferred to Capital Redemption Reserve were adjusted against General reserve.

9. Other equity

(Refer disclosure of other equity in Statement of changes in equity)

Securities premium

Securities premium is used to record the premium received on issue of shares. It is utilized in accordance with the provisions of the Companies Act, 2013.

Notes to Consolidated Financial Statements

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

Capital redemption reserve

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

General reserve

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

Retained earnings

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

Share based payment reserve

The Group has established various equity settled share based payment plans for certain categories of employees of the Group. Also refer note 27 for further details on these plans.

Capital reserve

Capital reserve arising pursuant to scheme of amalgamation.

Dividends

The following dividends were paid by the Company

Particulars	March 31, 2023	March 31, 2022
₹ 0.75 per equity share (March 31, 2022 : ₹ 1.50 per share)	186.22	371.68
Total	**186.22**	**371.68**

After the reporting dates the following dividends were proposed by the directors subject to the approval at the annual general meeting; the dividends have not been recognized as liabilities.

Particulars	March 31, 2023	March 31, 2022
₹ 1.50 per equity share (March 31, 2022 : ₹ 0.75 per share)	363.06	186.00
Total	**363.06**	**186.00**

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 is as follows:

Particulars	As at March 31, 2023	As at March 31, 2022
Balance at the beginning of the year	(158.84)	(302.06)
Gain/(loss) recognized in other comprehensive income during the year	(145.01)	79.27
Amount reclassified to statement of profit and loss during the year	72.85	112.12
Tax impact on the above	18.16	(48.17)
Balance at the end of the year	**(212.84)**	**(158.84)**

Notes to Consolidated Financial Statements

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

Foreign currency translation reserve (FCTR)

Represents the FCTR of a foreign subsidiaries and associate. For the purpose of consolidation of subsidiaries financial statements with the financial statement of the parent company, income and expenses are translated at average rates and the assets and liabilities are stated at closing rate. In case of associate, investment is translated at closing rate. The movement in this reserve is due to fluctuation in exchange rate of currencies in the current year.

10A. Non current borrowings

Particulars	Non-current portion		Current maturities (refer Note 13A)	
	As at March 31, 2023	As at March 31, 2022	**As at March 31, 2023**	As at March 31, 2022
Term Loans (Secured)				
Loans from banks/financial institutions	1,486.44	2,337.01	990.96	934.80
Total	**1,486.44**	**2,337.01**	**990.96**	**934.80**

The details of secured loans are as under:

Name of the bank/financial insitutions	**Outstanding as on March 31, 2023**	Outstanding as on March 31, 2022	Sanction Amount	No of Installments	Commencement of Installments	Rate of Interest
International Finance Corporation (Refer note (i) and (ii))	1,673.92	2,210.68	EUR 45.00 Mn	12 half yearly equal installments of EUR 3.75 Mn	Jan-20	6M Euribor + 1.00% p.a. (March 31, 2022 : 6M Euribor +1.00% p.a.)
Hong Kong and Shanghai Banking Corporation (Refer note (i) and (ii))	803.48	1,061.13	EUR 16.20 Mn	9 half yearly installments of EUR 1.8 Mn	Jul-21	6M Euribor +0.80 % p.a. (March 31, 2022: 6M Euribor +0.80 % p.a.)

i) All secured term loans are secured by a paripassu first charge on the property, plant and equipment of present and future of the Group and a paripassu second charge of the current assets of present and future of the group.

ii) The Group has not defaulted on payment of principal and interest thereon on above term loans.

10B. The following is the break-up of current and non-current lease liabilities :

Particulars	**As at March 31, 2023**	As at March 31, 2022
Non-current lease liabilities	706.02	82.81
Current lease liabilities	70.11	52.73
Total	**776.13**	**135.54**

The following is the movement in lease liabilities :

Particulars	Total
Balance as at March 31, 2021	**107.58**
Additions	90.16
Finance cost accrued for the year	9.60
Deletions	(18.00)
Payment of lease liabilities including exchange differences	(53.80)
Balance as at March 31, 2022	**135.54**
Additions	728.34
Finance cost accrued for the year	41.73
Deletions	-
Payment of lease liabilities including exchange differences	(129.48)
Balance as at March 31, 2023	**776.13**

Notes to Consolidated Financial Statements

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

The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

Particulars	**March 31, 2023**	March 31, 2022
Less than one year	110.44	61.47
One to five years	595.42	93.75
More than five years	482.88	0.90
Total	**1,188.74**	**156.12**

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

ii) The effective interest rate for lease liabilities is 5-8%, with maturity between 2023-2034.

Particulars	**For the Year ended March 31, 2023**	For the Year ended March 31, 2022
Depreciation expense of right-of-use assets	121.56	46.60
Interest expense on lease liabilities	11.47	9.60
Expense relating to short-term leases (refer note 22)	111.61	79.67
Total amount recognized in Statement of profit and loss	**244.64**	**135.87**

11. Provisions

11A. Non-current

Particulars	**As at March 31, 2023**	As at March 31, 2022
Provision for employee benefits		
Gratuity (refer note 28(b))	219.08	205.36
Compensated absences	73.48	77.74
Total	**292.56**	**283.10**

11B. Current

Particulars	**As at March 31, 2023**	As at March 31, 2022
Provision for employee benefits		
Gratuity (refer note 28(b))	65.81	58.07
Compensated absences	43.21	40.34
Provision for sales return	37.14	129.91
Total	**146.16**	**228.32**

Details of movement in provision for sale return are as follows:

Particulars	**As at March 31, 2023**	As at March 31, 2022
Balance as at beginning of the year	129.91	65.24
Provision made during the year, net of reversals	2.16	88.75
Provision used during the year	(94.93)	(24.08)
Balance as at end of the year	**37.14**	**129.91**

12A. Deferred tax liability (net)

Particulars	**As at March 31, 2023**	As at March 31, 2022
Deferred tax liability		
Property, plant and equipment and intangible assets	1,400.18	1,220.54
Right of use assets	27.58	31.58
Gross deferred tax liability	**1,427.76**	**1,252.12**

Notes to Consolidated Financial Statements

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

Particulars	As at March 31, 2023	As at March 31, 2022
Deferred tax asset		
Employee benefit obligations	135.42	128.65
Allowance for doubtful debts / credit loss	66.43	73.86
Cash flow hedges	71.58	53.42
Allowance for doubtful advances	7.89	4.27
Lease liability	30.85	34.11
Business loss	213.90	238.12
Research credit	226.20	156.69
Stock reserve	379.54	332.73
Others	219.43	91.12
Gross deferred tax assets	**1,351.24**	**1,112.97**
Deferred tax liability (net)	**76.52**	**139.15**

12B. Deferred tax asset (net)

Particulars	As at March 31, 2023	As at March 31, 2022
Deferred tax asset		
Employee benefit obiligations	5.30	7.13
Others	9.18	6.80
Gross deferred tax asset	**14.48**	**13.93**
Deferred tax liability		
Property, plant and equipment and intangible assets	0.20	0.19
Gross deferred tax liability	**0.20**	**0.19**
Net deferred tax asset	**14.28**	**13.74**

(refer Note 24 for movement in deferred tax balances)

13. Current financial liabilities

13A. Current borrowings

Particulars	As at March 31, 2023	As at March 31, 2022
Current borrowings - repayable on demand from Banks		
Packing credit loans (secured) (refer note (i) & (ii))	5,440.19	4,885.40
Working capital loan (unsecured) (refer note (v) & (vi))	1,478.03	455.40
Packing credit loans (unsecured) (refer note (ii))	1,190.60	2,314.97
Current maturities of non-current borrowings (refer note 10A)	990.96	934.80
Total	**9,099.78**	**8,590.57**

i) All secured current borrowings from banks are secured by a paripassu first charge on the current assets of present and future of the Holding Company and a paripassu second charge of the property, plant and equipment of present and future of the Holding Company.

ii) The Group has outstanding foreign currency denominated loans carrying an interest rate ranging 3.2% to 3.4% p.a benchmark linked to SOFR (March 31, 2022 : LIBOR + 0.20 % p.a. to 1 % or SOFR +0.20% to 1% p.a) from banks. The facility is repayable within 180 days from the date of its origination.

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

iv) As on March 31, 2023 the Group has obtained various borrowings from banks on basis of security of current assets wherein the returns/statements filed with the banks in agreement with the audited / unaudited books of accounts.

v) Under a line of credit agreement (the "agreement") with a bank, the Granules USA Inc., has available borrowings of $15 millions. The interest rate as per the agreement was stipulated at 0.90% plus the applicable Compounded Reference Rate.

vi) Granules Pharamaceuticals Inc., has outstanding revolving credit facility carrying an interest rate of Reference rate + 1.05% p.a from banks.

Notes to Consolidated Financial Statements

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

13B. Trade payables

Particulars	As at March 31, 2023	As at March 31, 2022
Trade payables (refer note (b) below)		
Total outstanding dues of micro enterprises and small enterprises (refer note (a) below)	115.15	126.48
Total outstanding dues of creditors other than micro enterprises and small enterprises	7,706.10	6,259.60
Total	**7,821.25**	**6,386.08**

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	115.15	126.48
Interest due on the above	-	-
ii) The amount of interest paid by the buyer in terms of section 16 of MSMED, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	-	-
iv) The amount of interest accrued and remaining unpaid at the end of each accounting year;	-	-
v) The amount of further interest remaining due and payable in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-
The list of undertakings covered under MSMED was determined by the Group on the basis of information available with the Group and has been relied upon by the auditors.		
Note (b) :		
The Group's exposure to currency and liquidity risks related to trade payables is disclosed in Note 33.		
Refer Note 31 for trade payable to related parties.		

Ageing Schedule for Trade payables as below:

As on March 31, 2023

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 Years	2-3 Years	More than 3 years	Total
i) MSME	115.15	-	-	-	115.15
ii) Others	7,682.69	10.15	2.93	10.33	7,706.10
iii) Disputed dues-MSME	-	-	-	-	-
iv) Disputed dues-others	-	-	-	-	-
Total	**7,797.84**	**10.15**	**2.93**	**10.33**	**7,821.25**

As on March 31, 2022

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 Years	2-3 Years	More than 3 years	Total
i) MSME	126.48	-	-	-	126.48
ii) Others	6,245.53	3.97	7.97	2.13	6,259.60
iii) Disputed dues-MSME	-	-	-	-	-
iv) Disputed dues-others	-	-	-	-	-
Total	**6,372.01**	**3.97**	**7.97**	**2.13**	**6,386.08**

Notes to Consolidated Financial Statements

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

13C. Other financial liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
Capital creditors	200.25	400.87
Salaries and bonus payable	420.03	338.62
Unclaimed dividend	5.63	5.96
Interest accrued but not due on borrowings	26.25	7.24
Others	67.17	103.06
Total	**719.33**	**855.75**

14. Other current liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
Contract liabilities (Refer Note 15)	63.98	66.12
Statutory liabilities	87.47	99.13
Total	**151.45**	**165.25**

15. Revenue from operations

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Sale of products	44,963.38	37,271.72
Other operating revenue	155.79	377.49
Total	**45,119.17**	**37,649.21**

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

Details of contract liabilities:

Particulars	As at March 31, 2023	As at March 31, 2022
Contract liabilities (refer Note 14)	63.98	66.12

The Contract liabilities are primarily relate to advance consideration received from customers for sale of products, for which revenue is recorded at a point in time. The amount of ₹ 57.11 millions included in contract liablities as at 31 March 2022 has been recognized as revenue in the current year.

16. Other income

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Interest income		
Deposits with banks	39.20	117.63
Others	5.94	10.91
Other non-operating income	92.66	47.54
Total	**137.80**	**176.08**

Notes to Consolidated Financial Statements

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

17. Cost of materials consumed

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Inventory at the beginning of the year	3,398.63	2,974.73
Add: Purchases	24,699.66	20,788.09
	28,098.29	**23,762.82**
Less: Inventory at the end of the year	4,571.75	3,398.63
Cost of materials consumed	**23,526.54**	**20,364.19**

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

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Inventories at the end of the year		
Finished goods	5,126.17	4,701.49
Work-in-progress	1,407.34	1,378.36
	6,533.51	**6,079.85**
Inventories at the beginning of the year		
Finished goods	4,701.49	3,958.59
Work-in-progress	1,378.36	593.46
	6,079.85	**4,552.05**
Total	**(453.66)**	**(1,527.80)**

19. Employee benefit expenses

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Salaries, wages and bonus (refer note 28(b))	3,977.37	3,450.00
Managerial remuneration	518.84	349.37
Contribution to provident and other funds (refer note 28(a))	99.76	88.55
Staff welfare expenses	113.45	107.47
Employee stock option scheme (refer note 27)	12.90	18.37
Total	**4,722.32**	**4,013.76**

20. Finance costs

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Interest expense		
- Term loan	48.32	58.21
- Working capital	289.04	46.22
- Others	5.40	4.37
Interest on lease liabilities (refer note 10B)	11.47	9.60
Other borrowing costs	205.10	113.72
Total	**559.33**	**232.12**

21. Depreciation and amortization expense

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Depreciation	1,429.51	1,222.49
Amortization	415.43	363.83
Total	**1,844.94**	**1,586.32**

Notes to Consolidated Financial Statements

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

22. Other expenses

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Consumption of stores and spares	309.49	295.90
Power and fuel	956.87	746.61
Effluent treatment expenses	216.37	201.01
Analytical fees	35.12	35.66
Other manufacturing expenses	199.76	220.06
Repairs and maintenance		
Plant and machinery	545.99	533.31
Buildings	58.20	47.43
Others	245.72	260.05
Rent	111.61	79.67
Rates and taxes	281.51	215.35
Printing and stationery	22.38	20.18
Insurance	240.46	178.41
Commission to directors (refer Note 31)	21.21	13.58
Directors sitting fees (refer Note 31)	4.33	3.79
Remuneration to statutory auditors (refer note 30)	6.69	7.23
Sales commission	230.39	359.82
Carriage outwards & clearing charges	2,290.63	1,950.82
Research & development expenses (refer note 29)	1,163.80	1,429.61
Business promotion expense / Other commercial expenses	241.94	134.17
Communication expenses	36.54	21.40
Consultancy charges	455.06	307.38
Travelling and conveyance	145.89	112.07
Advertisement charges	37.03	29.68
Donations	1.20	6.99
Loss on sale of Property, plant and equipment (net)	13.71	47.83
Bad debts written off	0.54	0.01
Allowance for doubtful trade receivables (refer note 7A)	(5.07)	(6.11)
Allowance for doubtful advances	14.41	-
Allowance for scrips on hand	-	22.60
Foreign exchange loss (net)	69.46	65.09
Corporate social responsibility expenditure (refer note 23)	110.02	91.30
Miscellaneous expenses	124.51	145.79
Total	**8,185.77**	**7,576.69**

Notes to Consolidated Financial Statements

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

23. Details of Corporate social responsibility expenditure

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
(a) Gross amount required to be spent by the Company during the year:	109.99	91.16
(b) Amount spent during the year ended		
(i) Construction/acquisition of any asset	5.97	-
(ii) On purposes other than (i) above in cash	104.05	91.30
(c) Amount unspent during the year ended:	-	-
(d) Total of Previous years Shortfall	-	-
(e) Reason for Shortfall	NA	NA
(f) Nature of CSR Activities	Skill Development, Preventive healthcare, Safe drinking water and Promoting education	
(g) Details of Related party transactions		
Granules Trust	37.10	21.00
(h) Where a provision is made with respect to a liability by entering into a contractual obligation, the movements in the provision during the year shall be shown seperately.	Not Applicable	Not Applicable
(i) Excess amount spent		
Opening Balance	0.14	-
Amount required to be spent during the year	109.99	91.16
Amount spent during the year	110.02	91.30
Closing balance	**0.17**	**0.14**

24. Tax expense

(a) Tax expense:

Amount recognized in profit (or) loss

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Current tax	1,771.80	1,382.05
Deferred tax (benefit)/expense		
Attributable to the origination and reversal of temporary differences	(66.04)	70.35
Total tax expense recognized in statement of profit & loss	**1,705.76**	**1,452.40**

Note : The Company elected to exercise the option permitted under section 115BAA of the Income-tax Act,1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019.

(b) Reconciliation of effective tax rate:

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Profit before tax (A)	6,871.73	5,580.01
Enacted tax rate in India (B)	25.17%	25.17%
Expected tax expenses (C = A*B)	1,729.48	1,404.37
Adjustment of tax relating to earlier periods	(46.56)	(2.73)
Effect of tax incentives and concessions	(8.49)	1.71
Permanent differences	27.94	24.18
Unrecognized deferred tax assets	1.29	12.06
Others	2.10	12.81
Tax expense	**1,705.76**	**1,452.40**

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Movement in temporary differences:

Particulars	Balance as at April 1, 2021	Recognized in Statement of profit and loss during the previous year including exchange differences	Recognized in OCI during the previous year	Balance as at March 31, 2022	Recognized in profit or loss during the year including exchange differences	Recognized in OCI during the year	Balance as at March 31, 2023
On account of depreciation and amortization	(1,253.64)	32.91	-	(1,220.73)	(179.65)	-	(1,400.38)
On account of right of use assets	(23.66)	(7.92)	-	(31.58)	4.00	-	(27.58)
On account of employee benefits	101.41	31.74	2.63	135.78	7.34	(2.40)	140.72
On account of allowance for doubtful debts	75.40	(1.54)	-	73.86	(7.43)	-	66.43
On account of allowance for doubtful advances	4.27	-	-	4.27	3.62	-	7.89
On account of leased liability	25.60	8.51	-	34.11	(3.26)	-	30.85
On account of cash flow hedges	101.59	-	(48.17)	53.42	-	18.16	71.58
On account of business loss	406.79	(168.67)	-	238.12	(24.22)	-	213.90
On account of stock reserve	331.80	0.93	-	332.73	46.81	-	379.54
On account of research credit	152.74	3.95	-	156.69	69.51	-	226.20
Others	74.52	23.40	-	97.92	130.69	-	228.61
Total	**(3.18)**	**(76.69)**	**(45.54)**	**(125.41)**	**47.41**	**15.76**	**(62.24)**

Income tax recognized in other comprehensive income

Particulars	For the year ended March 31, 2023			For the year ended March 31, 2022		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Gain/(loss) arising on translation of foreign operations	615.92	-	615.92	265.34	-	265.34
Fair value changes on cash flow hedges	(72.16)	18.16	(54.00)	191.39	(48.17)	143.22
Re-measurement of defined benefit liability	9.52	(2.40)	7.12	(10.43)	2.63	(7.80)
Total	**553.28**	**15.76**	**569.04**	**446.30**	**(45.54)**	**400.76**

Notes:

Group has tax losses carried forward amounting to ₹ Nil at March 31, 2023 and ₹ 146.54 millions March 31, 2022. Unrecognized deferred tax assets on these losses amounts to ₹ Nil as at March 31, 2023 and ₹ 20.08 millions March 31, 2022

25. Earning per equity share

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Earnings		
Profit for the year	**5,165.97**	**4,127.61**
Weighted average shares used for computing of basic EPS	245.41	247.84
Add: Effect of dilution		
Effect of dilutive options granted but not yet exercised/not yet eligible for exercise	0.33	0.77
Weighted average shares used for computing diluted EPS	**245.74**	**248.61**
Earnings per share		
- Basic (in ₹)	21.05	16.66
- Diluted (in ₹)	21.00	16.60

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26. Contingent liabilities and commitments

Particulars	As at March 31, 2023	As at March 31, 2022
(a) Contingent liabilities:		
Claims arising from disputes not acknowledged as debts - direct taxes	21.11	0.64
Claims arising from disputes not acknowledged as debts - indirect taxes	9.29	9.29

The Group is involved in taxation matters that arise from time to time in the ordinary course of business. Management is of the view that above claims are not tenable and will not have any material adverse effect on the Group's financial position and results of operations.

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

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

Note :

i) Pursuant to Supreme Court Judgement dated 28 February 2019, regarding the provident fund contribution wherein there has been a clarification provided of the inclusions of basic wages for the purpose of computation of contribution towards provident fund, the Group has been legally advised that there are interpretative challenges on the application of the judgement retrospectively. Based on the legal advice and in the absence of reliable measurement of the provision for earlier periods, the Group has assessed the impact of the judgement only from the year ended March 31, 2019 and concluded that there was no impact. Further, no contingent liability has been recognized based on retrospective application as amount cannot be reliably measured.

ii) During the year 2019-20, Group has received a class action suit from a plaintiff stating that one of the products of the Group – Metformin had a carcinogenic element. However, the USFDA obtained test results from the Group and issued a clean report. As of March 31, 2023, the litigation is active. The legal attorney is unable to state that an outcome unfavorable to the Granules Pharmaceuticals, Inc. is either probable or remote, nor they are in a position to provide an estimate of the amount or range of potential loss in the event of an unfavorable outcome.

iii) This breach of contract matter arises out of a March 13, 2019 construction agreement between plaintiff, Tri Window Guys, LLC ("TWG") and Granules Pharmaceuticals, Inc. ("GPI"). TWG has also set forth tortious interference and fraudulent inducement claims. Defendants, GPI, Karthikeyan Kumarasamy and Vijay Ramanavarapu, have answered Plaintiff's first amended complaint, filed counterclaims and filed a third party complaint. Defendants have propounded written discovery demands upon TWG, which are not yet due. GPI Management is aggressively defending this action and as indicated above has filed both counterclaims and third party claims relative to the contract and construction at issue.

The Court dismissed company's petition in part and the hearing will be scheduled. Granules Pharmaceutical, Inc. has filed another suit against TWG in Virginia.

iv) Metformin Marketing and Sales Practices Litigation - NDMA Claims:

This litigation is an economic loss-consumer class action in which plaintiffs are seeking compensation for losses for purchases of allegedly contaminated Metformin.

Granules USA, Inc.("GUSA") and Granules Pharmaceuticals, Inc. ("GPI") are named in the litigation.

The pleadings stage is now closed for all non-Foreign Defendants. After Motions to Dismiss the original Complaint and the First Amended Complaint were granted in part, a Second Amended Complaint was filed and a Motion to Dismiss the Second Amended Complaint was filed. The Court granted in part and denied in part the applicable Motion to Dismiss, allowing nearly all of Plaintiffs' claims to move forward against the manufacturing Defendants. Thus, an Answer to Plaintiffs' Second

Notes to Consolidated Financial Statements

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Amended Complaint was filed on behalf of Granules and Heritage, separately. Pleadings are now closed as to non-Foreign Defendants and the litigation is now in the discovery stage.

There has not been any settlement demand in this litigation.

v) Zantac (Ranitidine) Products Liability Litigation:

The case in Federal Court in Florida against the group was dismissed. Plaintiffs have appealed this dismissal to the 11th Circuit Court of Appeals while the litigation has progressed at the trial level against the remaining Defendants, including through a favorable decision on Daubert, wherein the Court found a failure on Plaintiffs' part to prove general causation in this case. This decision is up on appeal as well and is pending before the 11th Circuit. No decision on any appeal has been made and there is no timeline for when such decisions will be made.

At the state court level, Granules USA and/or Granules India are currently named in fifty-three (53) cases filed in California. Granules USA and/or Granules India are named in two (2) individual cases filed in the Philadelphia, Pennsylvania Mass Tort Program, including a Master Long Form Complaint against Generic Defendants. While Granules was previously named in several Illinois pleadings, an agreement was reached wherein Plaintiffs' counsel in Illinois agreed not to name Granules in any litigation going forward. The prior lawsuits naming Granules in Illinois have been dismissed and no new Illinois complaints naming Granules have been filed, per the agreement.

In California, Plaintiffs' counsel has not yet adequately served any of the 53 cases naming Granules and, therefore, no responsive pleading date is set. In Pennsylvania, we have coordinated our efforts with all other manufacturing Defendants to respond with Preliminary Objections to the Master Long Form Complaint. Plaintiffs have filed an opposition to same and oral argument is upcoming. A decision on the Objections will be made by the Court thereafter.

Since these cases are only in their very initial stages, no analysis as to liability is yet available. After discovery commences, a clearer picture of liability will be had.

vi) CEH:

The private plaintiff/CEH is a non-profit corporation that is suing a number of businesses in public interest. Plaintiff claims that the named defendants including GUSA manufactured and/or distributed for sale in California, over the counter ranitidine that were contaminated with NDMA.

On October 7, 2021, CEH timely filed its appeal from judgment the trial court entered as to Generics and Retailers. Generics and Retailers filed responses to the appeal on April 21, 2022 and extensive additional briefing took place. After extensive review and oral argument, the Court of Appeals of California ruled that Generics are bound by the duty of sameness and thus found CEH's action federally pre-empted, ruling in favor of Defendants, including Granules. CEH has now filed an appeal from this judgment in the form of a Petition for Review, and the matter is now before the Supreme Court of California.

Particulars	As at March 31, 2023	As at March 31, 2022
(b) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	1,768.36	1,503.02

27. Share based payments

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

Pursuant to the decision of the shareholders at their meeting held on September 25, 2009, the Company has formulated an Employee Stock Option Scheme 2009 to be administered by the Compensation & Remuneration Committee of the Board of Directors. This scheme has been formulated in accordance with the Securities Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

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Under the Plan, options not exceeding 10,048,070 have been reserved be issued to the eligible directors and employees (Employees under permanent employment of the Company and its subsidiary company(ies), including eligible Directors of the Company and its subsidiary, whether whole time or not, whether working in India or abroad or otherwise, except the Promoter Directors and Promoter group employees) with each option conferring a right upon the Optionee to apply for one equity share.

The exercise price of the options is the closing market price of the shares on that stock exchange where there is highest trading volume prior to the date of the grant i.e. the date of the Compensation & Remuneration Committee / Board meeting at which the grant of options is approved.

Under the above Scheme till date, options were granted in eight tranches. The options granted under the Plan shall start vesting in tranches after one year from the date of grant and not more than four years under Grant VII & VIII from the respective date of grant of the options.

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

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

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

The Black-Scholes-Merton model includes assumptions regarding dividend yields, expected volatility, expected terms and risk free interest rates. In respect of exercise price of options granted, the expected term of an option (or "option life") is estimated based on the vesting term, contractual term, as well as expected exercise behavior of the employees receiving the option. In respect of fair market value of the options granted, the option life is estimated based on the simplified method. Expected volatility of the option is based on historical volatility, of the observed market prices of the Company's publicly traded equity shares. Dividend yield of the options is based on recent dividend activity. Risk-free interest rates are based on the government securities yield in effect at the time of the grant. These assumptions reflect management's best estimates, but these assumptions involve inherent market uncertainties based on market conditions generally outside of the Company's control.

The details of activity under the Scheme are summarised below :

Particulars	For the year ended March 31, 2023			
	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	13,80,940	97.00 to 353.00	144.07	38
Add : Granted during the year	-	-	-	-
Less: Exercised during the year	2,86,980	97.00	97.00	-
Less: Lapsed/Cancelled/Surrendered during the Year	4,48,000	97.00 to 353.00	154.14	-
At the end of the year	6,45,960	97.00 to 353.00	157.99	26
Exercisable the end of the year	2,00,000	97.00 to 353.00	217.20	27

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Particulars	For the year ended March 31, 2022			
	Shares arising out of options	Range of Exercise prices	Weighted Average exercise price	Weighted Average remaining useful life (months)
Options outstanding at the beginning of the year	18,34,560	97.00 to 353.00	132.43	50
Add : Granted during the year	-	-	-	-
Less: Exercised during the year	3,30,980	97.00	97.00	-
Less: Lapsed/Cancelled during the Year	1,22,640	97.00	97.00	-
At the end of the year	13,80,940	97.00 to 353.00	144.07	38
Exercisable the end of the year	1,45,000	97.00 to 353.00	233.55	39

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

Particulars	Grant I (ESOS 2017)	Grant VIII (ESOS 2009)	Grant VII (ESOS 2009)
Date of grant	Sept 09, 2020	June 18, 2019	March 29, 2019
Dividend yield	1.00%	1.00%	1.00%
Expected volatility	75.01%	45.25%	45.25%
Risk-free interest rate	5.20%	7.17%	7.17%
Weighted average share price of ₹	460.41	116.70	140.76
Exercise price of ₹	353.00	97.00	117.00
Expected life of options granted in years	3	4	4

Granules Pharmaceuticals, Inc. 2018 Equity Compensation Plan (GPI 2018 ESOP Scheme)

Pursuant to the decision of the shareholders at their meeting held on May 24, 2018, Granules Pharmaaceuticals, Inc.("GPI") has formulated an Granules Pharmaceuticals, Inc. 2018 Equity Compensation Plan (GPI 2018 ESOP Scheme) to be administered by the Board of Directors. Under the Plan, options not exceeding 10% of issued capital have been reserved to be issued to the eligible directors and employees with each option conferring a right upon the Optionee to apply for one equity share. The Exercise Price per Option shall be not less than 100% of the Fair Market Value of the Share available on the date of the grant. The options granted under the Plan shall start vesting in four equal tranches after one year from the date of grant, over a four year period.

The Black-Scholes-Merton model includes assumptions regarding dividend yields, expected volatility, expected terms and risk free interest rates. In respect of exercise price of options granted, the expected term of an option (or "option life") is estimated based on the vesting term, contractual term, as well as expected exercise behavior of the employees receiving the option. In respect of fair market value of the options granted, the option life is estimated based on the simplified method. Expected volatility of the option is based on historical volatility, of the observed market prices of the Company's publicly traded equity shares. Dividend yield of the options is based on recent dividend activity. Risk-free interest rates are based on the government securities yield in effect at the time of the grant. These assumptions reflect management's best estimates, but these assumptions involve inherent market uncertainties based on market conditions generally outside of the GPI's control.

The details of activity under the Scheme are summarised below

Particulars	**For the year ended March 31, 2023**			
	No of options	**Exercise price per option (in USD)**	**Weighted Average exercise price per option (in USD)**	**Weighted Average remaining useful life (months)**
Options outstanding at the beginning of the year	82	19,149.26	19,149.26	2
Add : Granted during the year	-	-	-	-
Less: Exercised during the year	-	-	-	-
Less: Lapsed/Cancelled during the Year	-	-	-	-
At the end of the year	82	19,149.26	19,149.26	2
Exercisable at the end of the year	82	19,149.26	19,149.26	2

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Particulars	For the year ended March 31, 2022			
	No of options	Exercise price per option (in USD)	Weighted Average exercise price per option (in USD)	Weighted Average remaining useful life (months)
Options outstanding at the beginning of the year	228	19,149.26	19,149.26	2
Add : Granted during the year	-	-	-	-
Less: Exercised during the year	(6)	19,149.26	19,149.26	-
Less: Lapsed/Cancelled during the Year	(140)	19,149.26	19,149.26	-
At the end of the year	82	19,149.26	19,149.26	2
Exercisable at the end of the year	62	19,149.26	19,149.26	2

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

Particulars	Assumptions
Date of grant	May 07, 2018
Dividend yield	0.00%
Expected volatility	33.00%
Risk-free interest rate	2.73%
Weighted average share price in USD	19,210.00
Exercise price in USD	19,149.26
Expected life of options granted in years	5.25

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

Particulars	**For the Year ended March 31, 2023**	For the Year ended March 31, 2022
Employee stock option scheme, net	12.90	18.37

28. Employee benefits

a) Defined contribution plan

Particulars	**March 31, 2023**	March 31, 2022
Contribution to provident fund	94.70	83.90
Contribution to employee state insurance	5.06	4.65
Total	**99.76**	**88.55**

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 recognized 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 recognized in the Company's financial statements as at balance sheet date:

Particulars	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/liability
Balance as on March 31, 2021	**228.32**	**(15.65)**	**212.67**
Current service cost	41.28	-	41.28
Interest expense/(income)	15.17	(0.79)	14.38
Amount recognized in Statement of profit and loss	**56.45**	**(0.79)**	**55.66**
Remeasurements:			
Return on plan assets, excluding amounts included in interest expense/ (income)			
Actuarial (gain)/loss arising from:			
Demographic assumptions	(8.49)	-	(8.49)
Financial assumptions	(5.56)	-	(5.56)

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Particulars	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/liability
Experience adjustment	24.48	-	24.48
Amount recognized in other comprehensive income	**10.43**	**-**	**10.43**
Employers contribution	-	-	-
Benefits paid	(15.34)	-	(15.34)
Balance as on March 31, 2022	**279.86**	**(16.43)**	**263.43**
Current service cost	42.58	-	42.58
Interest expense/(income)	19.58	(1.22)	18.36
Amount recognized in Statement of profit and loss	**62.16**	**(1.22)**	**60.94**
Remeasurements:			
Return on plan assets, excluding amounts included in interest expense/ (income)	-	-	-
Actuarial (gain)/loss arising from:			
Demographic assumptions	0.15	-	0.15
Financial assumptions	(8.08)	0.11	(7.98)
Experience adjustment	(1.69)	-	(1.69)
Amount recognized in other comprehensive income	**(9.62)**	**0.11**	**(9.52)**
Employers contribution	-	-	-
Benefits paid	(29.96)	-	(29.96)
Balance as at March 31, 2023	**302.44**	**(17.54)**	**284.89**

Particulars	As at March 31, 2023	As at March 31, 2022
Non-current	219.08	205.36
Current	65.81	58.07
	284.89	**263.43**

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

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Interest rate	7.52%	7.39%
Discount rate	7.52%	7.39%
Expected return on plan assets	7.52%	7.39%
Salary increase	8% to 10.0%	10%
Attrition rate	25.00%	25.17%
Retirement age - Years	60	60

Assumptions regarding future mortality experience are set in accordance with published statistics and mortality tables.

The weighted average duration of the defined benefit obligation was 4.47 years (March 31, 2022: 4.68 years)

The defined benefit plan expose the Company to actuarial risks, such as longevity and interest rate risk.

(iii) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions are as below:

Particulars	For the year ended March 31, 2023		For the year ended March 31, 2022	
	Increase	Decrease	Increase	Decrease
Discount rate	(10.48)	11.36	(10.24)	11.13
Salary increase	12.04	(11.49)	11.65	(11.09)
Attrition rate	(0.85)	0.88	(1.36)	1.44

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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, 2023 and March 31, 2022, the plan assets have been invested in Life Insurance Corporation

The expected contributions to the plan for the next annual period amounts to Rs 284.90 millions.

Maturity profile of defined benefit obligation

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
1st Following year	66.01	58.07
2nd Following year	57.32	49.43
3rd Following year	47.93	47.42
4th Following year	42.90	38.10
5th Following year	37.47	33.10
Years 6 to 10	108.45	103.09

29. Research and development expenses

a. Details of Research and development expenses incurred during the year is given below

Particulars	March 31, 2023	March 31, 2022
Capital	86.22	77.41
Revenue		
Cost of materials consumed (included in note 22)	96.61	127.87
Employee benefit expenses (included in note 22)	295.46	264.67
Other expenses (included in note 22)		
Analytical fees	190.65	310.41
Rates and taxes	114.03	153.50
Other research and development expenses	467.05	573.16
Total	**1,163.80**	**1,429.61**
Total	**1,250.02**	**1,507.02**

30. Remuneration to statutory auditors

Particulars	March 31, 2023	March 31, 2022
As auditor (excluding taxes)		
Statutory audit	3.40	4.03
Limited review	2.10	1.50
Certification	1.05	1.51
Reimbursement of expenses and taxes	0.14	0.20
Total	**6.69**	**7.23**

31. Related party disclosures

31A. Names of related parties and description of relationship

	Name of the related party	Relationship
1	Tyche Investments Private Limited	Enterprises over which key management personnel or their relatives exercise significant influence
2	Espi Industries and Chemicals Private Limited	Enterprises over which key management personnel or their relatives exercise significant influence
3	Granules Trust	Enterprises over which key management personnel or their relatives exercise significant influence

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Name of the related party	Relationship
4 Product Armor Packaging Private Limited	Enterprises over which key management personnel or their relatives exercise significant influence
5 Premas Biotech Private Limited	Enterprises over which key management personnel or their relatives exercise significant influence
Key managerial personnel	
Directors	
1 Dr.Krishna Prasad Chigurupati	Chairman & Managing Director
2 Dr. K.V.S Ram Rao (from January 05, 2022)	Joint Managing Director and Chief Executive Officer
3 Mrs. Uma Devi Chigurupati	Executive Director
4 Mr. Harsha Chigurupati	Executive Director
Others	
5 Mr. Sandip Neogi (upto Dec 14, 2022)	Chief Financial Officer
6 Mr. Mukesh Surana(from Dec 30, 2022)	Chief Financial Officer
7 Mrs. Chaitanya Tummala	Company Secretary
Relatives to key managerial personnel	
1 Ms. Priyanka Chigurupati	Relative of Key Managerial Personnel
Non-executive directors	
1 Mr. K. B. Sankar Rao	Non-Executive Director
2 Mr. A. Arun Rao	Independent Director
3 Mr. Arun Sawhney	Independent Director
4 Mrs. Jyothi Prasad (upto October 06, 2021)	Independent Director
5 Mr. Robert George Cunard(upto March 17, 2023)	Independent Director
6 Mr. Saumen Chakraborty (from December 13, 2021)	Independent Director
7 Mrs. Sucharita Rao Palepu (from December 22, 2021)	Independent Director

31B. Transactions during the year

Particulars	March 31, 2023	March 31, 2022
a) Transactions with enterprises over which key management personnel- directors or their relatives exercise significant influence		
i) Tyche Investments Private Limited		
Rental deposit repaid	-	2.00
ii) Espi Industries and Chemicals Private Limited		
Sale of goods	-	0.04
iii) Granules Trust		
Contribution towards CSR	37.10	21.00
iv) Product Armor Packaging Private Limited		
Purchases of goods	44.32	-
v) Premas Biotech Private Limited		
Purchases of goods	2.82	-

Particulars	March 31, 2023	March 31, 2022
b) Transactions with key managerial personnel - directors and their relative		
i) Dr.Krishna Prasad Chigurupati		
Managerial Remuneration	353.56	271.52
ii) Dr. K.V.S Ram Rao		
Managerial Remuneration	94.56	23.54
iii) Mrs. Uma Devi Chigurupati		
Managerial Remuneration	35.36	27.15

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Particulars	March 31, 2023	March 31, 2022
iv) Mr.Harsha Chigurupati		
Managerial Remuneration	35.36	27.15
v) Ms.Priyanka Chigurupati		
Salary	20.13	17.30
vi) Non-Executive Directors		
Sitting fees	4.33	3.79
Commission	21.21	13.58

Particulars	March 31, 2023	March 31, 2022
c) Transactions with key managerial personnel - others		
i) Salary	21.11	22.46

31C. Closing balances

Particulars	As at March 31, 2023	As at March 31, 2022
a) Enterprises over which key management personnel or their relatives exercise significant influence		
i) Product Armor Packaging Private Limited		
Trade payables	15.32	-

i) As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the Key Management personnel and their relatives is not ascertainable and, therefore, not included above

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

iii) There were no loans or advances in the nature of loans granted by the Company to promoters, Directors, Key managerial persons and the related parties (as defined under Companies Act, 2013), either severally or jointly with any other person, that were repayable on demand or without specifying any terms or period of repayment.

32. Fair Values

The management assessed that loans, cash and cash equivalents, trade receivables, current 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:

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

Particulars	As at March 31, 2023						
	Carrying amount				Fair Value		
	Mandatorily at fair value through profit and loss (FVTPL)	Fair value through other comprehensive income (FVOCI)	Assets/ liabilities at amortized 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							
Other non-current financial assets	-	-	148.49	148.49	-	-	-
Trade receivables	-	-	9,485.42	9,485.42	-	-	-
Cash and cash equivalents	-	-	2,915.57	2,915.57	-	-	-
Bank balances other than cash and cash equivalents	-	-	212.33	212.33	-	-	-
Other current financial assets	-	-	26.18	26.18	-	-	-
b) Financial assets measured at fair value through OCI							
Non-current investments	-	212.10	-	212.10	0.01	212.09	-
Other current financial assets	-	5.49	-	5.49	-	5.49	-
	-	**217.59**	**12,787.99**	**13,005.58**	**0.01**	**217.58**	**-**
ii) Financial liabilities							
a) Financial liabilities not measured at fair value							
Non-current borrowings	-	-	1,486.44	1,486.44	-	-	-
Non-current lease liabilities	-	-	706.02	706.02	-	-	-
Trade payables	-	-	7,821.25	7,821.25	-	-	-
Other current financial liabilities	-	-	719.33	719.33	-	-	-
Current lease liabilities	-	-	70.11	70.11	-	-	-
Current borrowings(including current maturities of non current borrowings)	-	-	9,099.78	9,099.78	-	-	-
	-	**-**	**19,902.93**	**19,902.93**	**-**	**-**	**-**

Particulars	As at March 31, 2022						
	Carrying amount				Fair Value		
	Mandatorily at fair value through profit and loss (FVTPL)	Fair value through other comprehensive income (FVOCI)	Assets/ liabilities at amortized cost method	Total carrying amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
i) Financial assets							
a) Financial assets not measured at fair value							
Non-current loans	-	-	29.80	29.80	-	-	-
Other non-current financial assets	-	-	127.30	127.30	-	-	-
Trade receivables	-	-	9,249.54	9,249.54	-	-	-
Cash and cash equivalents	-	-	1,847.14	1,847.14	-	-	-
Bank balances other than cash and cash equivalents	-	-	2,247.43	2,247.43	-	-	-
Current loans	-	-	72.29	72.29	-	-	-

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

Particulars	As at March 31, 2022						
	Carrying amount				Fair Value		
	Mandatorily at fair value through profit and loss (FVTPL)	Fair value through other comprehensive income (FVOCI)	Assets/ liabilities at amortized cost method	Total carrying amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Other current financial assets	-	-	15.73	15.73	-	-	-
(b) Financial Assets measured at fair value through OCI							
Non-current investments	-	196.68	-	196.68	0.01	196.67	-
Other current financial assets	-	14.05	-	14.05	-	14.05	-
	-	**210.73**	**13,589.23**	**13,799.96**	**0.01**	**210.72**	**-**
ii) Financial liabilities							
a) Financial liabilities not measured at amortized cost							
Non-current borrowings	-	-	2,337.01	2,337.01	-	-	-
Non-current lease liabilities	-	-	82.81	82.81	-	-	-
Trade payables	-	-	6,386.08	6,386.08	-	-	-
Other current financial liabilities	-	-	855.75	855.75	-	-	-
Current lease liabilities	-	-	52.73	52.73	-	-	-
Current borrowings(including current maturities of non current borrowings)	-	-	8,590.57	8,590.57	-	-	-
	-	**-**	**18,304.95**	**18,304.95**	**-**	**-**	**-**

33. Financial risk management

Framework

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

Credit risk

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

Ind AS requires expected credit losses to be measured through a loss allowance. The Group assesses at each date of statements of financial position whether a financial asset or a group of financial assets is impaired. Expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. The Group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. The maximum exposure to credit risk was ₹ 9,485.42 millions and ₹ 9,249.54 millions as of March 31, 2023 and March 31, 2022 respectively, being the total of the carrying amount of balances with trade receivables.

Before accepting any new customer, the Group uses an external/internal credit scoring system to assess the potential customer's credit quality and defines credit limits of customer. Limits and scoring attributed to customers are reviewed at periodic intervals.

Notes to Consolidated Financial Statements

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

The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix.

Credit risk on financial assets, except trade receivables is limited as the company generally transacts with banks and financial institutions with high credit rating assigned by international and domestic credit rating agenies. Investment primarily include investment in subsidiaries, associate and joint venture whose carrying value is evaluated by the management at the end of every reporting period for impairment. As at the end of the reporting period, there are no indicators of impairment of investments.

Expected credit loss for trade receivables as at March 31, 2023

Particulars	Not Due	0-180 days	181-365 days	> 365 days	Total
Gross carrying amount of trade receivables	7,716.45	1,687.42	78.96	290.96	9,773.79
Expected Credit losses (Loss allowance provision)					(288.37)
Net carrying amount of trade receivables					9,485.42

Expected credit loss for trade receivables as at March 31, 2022

Particulars	Not Due	0-180 days	181-365 days	> 365 days	Total
Gross carrying amount of trade receivables	6,921.96	2,168.65	106.00	346.40	9,543.01
Expected Credit losses (Loss allowance provision)					(293.47)
Net carrying amount of trade receivables					9,249.54

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, 2023:

Particulars	Carrying value	Payable on demand	Less than 1 year	1-2 years	2-5 years	5-9 years	Total
Non current borrowings and interest (including current maturities)	2,477.40	-	1,010.04	1,000.70	496.85	-	2,507.59
Current borrowings (excluding current maturities of non-current borrowings)	8,108.82	8,108.82	-	-	-	-	8,108.82
Lease liability	776.13	-	110.44	111.08	484.40	482.80	1,188.72
Trade payables	7,821.25	-	7,821.25	-	-	-	7,821.25
Other financial liabilities	719.33	-	719.33	-	-	-	719.33

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of March 31, 2022:

Particulars	Carrying value	Payable on demand	Less than 1 year	1-2 years	2-5 years	5-6 years	Total
Non current borrowings and interest (including current maturities)	3,271.81	-	963.24	953.89	1,413.31	-	3,330.44
Current borrowings (excluding current maturities of non-current borrowings)	7,655.77	7,655.77	-	-	-	-	7,655.77
Lease liability	135.54	-	61.47	31.94	61.81	0.90	156.12
Trade payables	6,386.08	-	6,386.08	-	-	-	6,386.08
Other financial liabilities	855.75	-	855.75	-	-	-	855.75

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 and interest rate risk.

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

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. As the Group's debt obligation with floating interest rates are primarily in USD/EURO which is subject to insignificant change, exposure to the risk of changes in market interest rates are substantially independent of changes in market interest rates.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on borrowings, as follows:

Particulars	Change in basis points	March 31, 2023	March 31, 2022
USD - Borrowings	+100	(81.09)	(76.56)
	-100	81.09	76.56
EURO - Borrowings	+100	(24.77)	(20.87)
	-100	24.77	20.87

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 Millions)

Particulars	March 31, 2023		
	USD	EURO	Others
Assets			
Trade receivables	6,123.77	566.77	29.46
Other financial assets	1.29	0.54	0.10
Cash and cash equivalents	298.15	75.25	-
Total	**6,423.21**	**642.56**	**29.56**
Liabilities			
Borrowings	-	1,486.44	-
Trade payables	3,779.71	116.14	11.91
Other financial liabilities	114.44	49.83	0.05
Current borrowings	6,630.79	990.96	-
Total	**10,524.94**	**2,643.37**	**11.96**

Particulars	March 31, 2022		
	USD	EURO	Others
Assets			
Trade receivables	5,941.28	666.24	-
Loans	0.80	-	-
Cash and cash equivalents	1,051.05	-	0.01
Total	**6,993.13**	**666.24**	**0.01**
Liabilities			
Borrowings	-	2,337.01	-
Trade payables	2,501.71	113.27	8.65
Other financial liabilities	135.93	31.01	4.24
Current borrowings	7,200.36	934.80	-
Total	**9,838.00**	**3,416.09**	**12.89**

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

For the year ended March 31, 2023 and March 31, 2022, every percentage point depreciation / appreciation in the exchange rate between Indian rupees and U.S. dollar/Euro will affect the Group's profit before tax by approximately (0.01%) and (0.01%) respectively.

Commodity rate risk

Exposure to market risk with respect to commodity prices primarily arises from the Group's purchases and sales of active pharmaceutical ingredients, including the raw material components for such active pharmaceutical ingredients. These are commodity products, whose prices may fluctuate significantly over short periods of time. The prices of the Group's raw materials generally actuate in line with commodity cycles, although the prices of raw materials used in the Group's active pharmaceutical ingredients business are generally more volatile. The cost of raw materials forms the largest portion of the Group's operating expenses. Commodity price risk exposure is evaluated and managed through operating procedures and sourcing policies. As of March 31, 2023, the Group had not entered into any material derivative contracts to hedge exposure to fluctuations in commodity prices.

Cash flow hedges

Foreign currency risk:

Foreign exchange forward contracts are designated as hedging instruments in cash flow hedges of forecast sales in US dollar. Further, Euro denominated debt are designated as hedging instruments in cash flow hedges of forecast sales in Euro. These forecast transactions are highly probable. The foreign exchange forward contract balances vary with the level of expected foreign currency sales and changes in foreign exchange forward rates.

There is an economic relationship between the hedged items and the hedging instruments as the terms of the foreign exchange forward contracts and loans match the terms of the expected highly probable forecast transactions (i.e., notional amount and expected payment date). The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the foreign exchange forward contracts and loans are identical to the hedged risk components. To test the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

The hedge ineffectiveness can arise from:

- Differences in the timing of the cash flows of the hedged items and the hedging instruments
- The counterparties' credit risk differently impacting the fair value movements of the hedging instruments and hedged items

Changes to the forecasted amount of cash flows of hedged items and hedging instruments

The Group is holding the following foreign exchange forward contracts

Particulars	Maturity			
	Not later than one year	Later than one year and not later than five years	Later than five years and not later than nine years	Total
As at March 31, 2023				
Foreign exchange forward contracts (highly probable forecast sales)				
Notional amount (in INR millions)	2,118.19	-	-	2,118.19
Average forward rate (INR / USD)	82.90	-	-	82.90
Euro denominated debt (highly probable forecast sales)				
Notional amount (in INR millions)	854.47	1,333.02	-	2,187.49
Average forward rate (INR / Euro)	76.98	80.06	-	78.83
As at March 31, 2022				
Foreign exchange forward contracts (highly probable forecast sales)				
Notional amount (in INR millions)	1,242.43	-	-	1,242.43
Average forward rate (INR / USD)	78.22	-	-	78.22
Euro denominated debt (highly probable forecast sales)				
Notional amount (in INR millions)	852.90	2,185.75	-	3,038.65
Average forward rate (INR / Euro)	76.84	78.77	-	78.21

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

The impact of the hedging instruments on the balance sheet is, as follows:

Particulars	Notional amount	Carrying amount	Line item in the balance sheet	Change in fair value used for measuring ineffectiveness for the period
As at March 31, 2023				
Forward exchange contracts	2,118.19	5.49	Derivative instruments under current financial assets	(8.56)
Euro denominated debt	2,477.40	2,477.40	Non-current borrowings and Short-term borrowings	(63.60)
As at March 31, 2022				
Forward exchange contracts	1,242.43	14.05	Derivative instruments under current financial assets	14.05
Euro denominated debt	3,271.81	3,271.81	Non-current borrowings and Short-term borrowings	177.34

The impact of the hedged item on the balance sheet is, as follows:

Particulars	Change in fair value used for measuring ineffectiveness for the period	Effective portion of cash flow hedge	Cost of cashflow hedge
As at March 31, 2023			
Highly probable forecast sales	(72.16)	(72.16)	-
As at March 31, 2022			
Highly probable forecast sales	191.39	191.39	-

The effect of the cash flow hedge in the statement of profit and loss is, as follows:

Particulars	Total hedging gain/(loss) recognized in OCI	Ineffectiveness recognized in profit or loss	Line item in the statement of profit and loss	Cost of hedging recognise in OCI	Amount reclassified from OCI to profit or loss	Line item in the statement of profit and loss
For the year ended March 31, 2023						
Highly probable forecast sales	(72.16)	-	-	-	72.85	Revenue from operations
For the year ended March 31, 2022						
Highly probable forecast sales	191.39	-	-	-	112.12	Revenue from operations

34. Segment reporting

A. Basis for segmentation

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

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

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

(i) Revenue from customers within India – Domestic

(ii) Revenue from customers outside India – Exports

Revenue from any external customer does not exceed 10% of company's total revenue from operations during the current or previous year

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The Group is engaged in the manufacture of Pharmaceuticals, which in the context of Ind AS 108 is considered only business segment.

Particulars	March 31, 2023			March 31, 2022		
	Outside India	Within India	Total	Outside India	Within India	Total
Revenue	42,223.81	2,895.36	45,119.17	33,085.72	4,563.49	37,649.21
Non-current assets (refer note - i)	7,280.24	15,537.52	22,817.75	5,203.44	14,391.16	19,594.60

Note:

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

35. Group information

Information about subsidiaries

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

Name	Country of incorporation	% of equity interest	
		March 31, 2023	March 31, 2022
Granules USA Inc	USA	100%	100%
Granules Consumer Health, Inc.	USA	100%	100%
Granules Pharmaceuticals Inc	USA	100%	99.92%
Granules Europe Limited	UK	100%	100%
Granules Lifesciences Private Limited	India	100%	100%
Granules CZRO Private Limited (Formerly known as CZRO Molecules Private Limited)	India	100%	NA

36. 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	Amount	As % of consolidated profit and loss	Amount	As % of consolidated other comprehensive income	Amount	As % of total comprehensive income	Amount
Parent								
Granules India Limited								
Balance as at March 31, 2023	95.22%	26,994.61	96.55%	4,987.85	-8.24%	(46.88)	86.15%	4,940.97
Balance as at March 31, 2022	97.82%	25,306.62	93.64%	3,865.16	33.79%	135.42	88.34%	4,000.58
Subsidiaries								
Foreign								
Granules USA Inc.,								
Balance as at March 31, 2023	0.80%	226.55	0.70%	36.23	3.17%	18.01	0.95%	54.24
Balance as at March 31, 2022	0.67%	172.43	0.68%	27.98	1.76%	7.05	0.77%	35.03
Granules Pharmaceuticals Inc.,								
Balance as at March 31, 2023	27.91%	7,910.87	2.93%	151.52	104.36%	593.85	13.00%	745.37
Balance as at March 31, 2022	27.71%	7,169.38	6.39%	263.94	64.06%	256.73	11.50%	520.67
Granules Europe Limited								
Balance as at March 31, 2023	-0.03%	(9.33)	2.17%	112.27	0.71%	4.06	2.03%	116.33
Balance as at March 31, 2022	-0.49%	(125.66)	-0.70%	(28.82)	0.39%	1.56	-0.60%	(27.26)
Domestic								
Granules Lifesciences Private Limted								
Balance as at March 31, 2023	2.09%	592.60	-0.01%	(0.73)	0.00%	-	-0.01%	(0.73)

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

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	Amount	As % of consolidated profit and loss	Amount	As % of consolidated other comprehensive income	Amount	As % of total comprehensive income	Amount
Balance as at March 31, 2022	1.13%	293.33	0.01%	0.58	0.00%	-	0.01%	0.58
Granules CZRO Private Limited								
Balance as at March 31, 2023	1.75%	495.62	-0.08%	(4.38)	0.00%	-	-0.08%	(4.38)
Balance as at March 31, 2022	0.00%	-	-	-	0.00%	-	0.00%	-
On account of Eliminations								
Balance as at March 31, 2023	-27.74%	(7,861.83)	-2.26%	(116.79)	0.00%	-	-2.04%	(116.79)
Balance as at March 31, 2022	-26.86%	(6,950.73)	-0.02%	(1.23)	0.00%	-	-0.02%	(1.23)
Non-Controlling interests								
Balance as at March 31, 2023	-	-	-	-	-	-	-	-
Balance as at March 31, 2022	0.02%	5.57	0.00%	0.00	0.00%	0.00	0.00%	0.00
Balance as at 31 March, 2023	**100.00%**	**28,349.09**	**100.00%**	**5,165.97**	**100.00%**	**569.04**	**100.00%**	**5,735.01**
Balance as at 31 March, 2022	**100.00%**	**25,870.94**	**100.00%**	**4,127.61**	**100.00%**	**400.76**	**100.00%**	**4,528.37**

37. Capital management

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

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

Particulars	As at March 31, 2023	As at March 31, 2022
Borrowings including interest accrued on borrowings	10,612.47	10,934.82
Less: cash and cash equivalents and other bank balances	(3,127.90)	(4,094.57)
Net debt	**7,484.57**	**6,840.25**
Equity	242.04	248.01
Other equity	28,107.05	25,617.36
Total equity	**28,349.09**	**25,865.37**
Capital gearing ratio	**0.26**	**0.26**

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

38. The financial statements of each of the subsidiary are drawn up to the same reporting date i.e. year ended March 31, 2023, for the purpose of consolidation.

39. Other Statutory information

i) There are no proceedings initiated or pending against the Company as at March 31, 2023, under Prohibition of Benami Property Transaction Act, 1988 and rules made thereunder (As amended in 2016).

ii) The Group does not have any transactions with companies struck off as per Section 248 of the Companies Act, 2013 and Section 560 of the Companies Act, 1956.

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

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

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

v) The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or

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

vi) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

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

vii) The Group does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

viii) The Group has complied with the relevant provisions of the Foreign Exchange Management Act, 1999 (42 of 1999) and the Companies Act for the above transactions and the transactions are not violative of the Prevention of Money-Laundering Act, 2002 (15 of 2003).

ix) Title deeds of all immovable properties were held in the name of the Group.

40. Subseqent event

No significant subsequent events have been observed till May 16, 2023 which may require any additional disclosure or an adjustment to the consolidated financial statements other than proposed dividend (refer Note 8 and 9)

As per our report of even date attached

for S.R. Batliboi and Associates LLP
Chartered Accountants
Firm registration number: 101049W/E300004

Navneet Kabra
Partner
Membership No : 102328

Place: Hyderabad
Date: May 16, 2023

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

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

Dr. K.V.S Ram Rao
Joint Managing Director and Chief Executive Officer
DIN : 08874100

Mukesh Surana
Chief Financial Officer

Chaitanya Tummala
Company Secretary

Place: Hyderabad
Date: May 16, 2023

Place: Hyderabad
Date: May 16, 2023

Form- AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of Subsidiaries

Part "A" : Subsidiaries

(₹ In Millions)

Name of the Subsidiary	Granules USA, Inc.,	Granules Pharmaceuticals Inc.,	Granules Europe Limited	Granules Lifesciences Private Limited	Granules CZRO Private Limited
1. Reporting period	March 31, 2023	March 31, 2023	March 31, 2023	March 31, 2023	March 31, 2023
2. Reporting Currency	USD	USD	GBP	INR	INR
3. Exchange rate as on the last date of the financial year	82.1128	82.1128	101.5589	1.00	1.00
4. Share capital	11.63	5,645.37	0.01	600.00	500.00
5. Other Equity	214.92	2,265.50	(9.33)	(7.40)	(4.38)
6. Total Assets	5,337.45	11,908.71	125.98	601.59	595.66
7. Total Liabilities	5,110.90	4,201.63	135.31	9.00	100.05
8. Investments	-	203.79	-	-	-
9. Turnover	7,279.76	11,193.99	149.37	-	-
10. Profit/(loss) before taxation	50.50	223.89	126.12	(0.19)	(4.38)
11. Provision for taxation	14.27	72.36	13.85	0.54	-
12. Profit/(loss) after taxation	36.23	151.52	112.27	(0.73)	(4.38)
13. Proposed Dividend	-	-	-	-	-
14. % of shareholding	100%	100%	100%	100%	100%
15. Country of Incorporation	USA	USA	UK	India	India

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

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

Dr. K.V.S Ram Rao
Joint Managing Director and Chief Executive Officer
DIN : 08874100

Mukesh Surana
Chief Financial Officer

Chaitanya Tummala
Company Secretary

GRANULES

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:+91-40-69043500.

NOTICE

Notice is hereby given that the 32nd Annual General Meeting (AGM) of the members of Granules India Limited (the Company) will be held on Thursday, August 10, 2023 at 3.30 PM IST through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM") to transact the following business. The venue of the meeting shall be deemed to be the Registered Office of the Company situated at the 2nd Floor, 3rd Block, My Home Hub, Madhapur, Hyderabad - 500 081 (TS).

ORDINARY BUSINESS:

1. To consider and adopt (a) the audited standalone financial statements of the Company for the financial year ended on March 31, 2023 and the reports of the Board of Directors and the Auditors thereon; and (b) the audited consolidated financial statements of the Company for the financial year ended on March 31, 2023 and the report of Auditors thereon and in this regard, pass the following resolutions as **Ordinary Resolutions:**

   (a) **"RESOLVED THAT** the audited standalone financial statements of the Company for the financial year ended on March 31, 2023 and the reports of the Board of Directors and Auditors thereon laid before this meeting, be and are hereby considered and adopted.**"**

   (b) **"RESOLVED THAT** the audited consolidated financial statements of the Company for the financial year ended on March 31, 2023 and the report of Auditors thereon laid before this meeting, be and are hereby considered and adopted.**"**

2. To declare a final dividend of ₹1.50 per equity share for the financial year ended March 31, 2023 and, in this regard, pass the following resolutions as **Ordinary Resolution:**

   "RESOLVED THAT a final dividend at the rate of ₹1.50 per equity share of ₹1/- (One rupee) each fully paid-up of the Company be and is hereby declared for the financial year ended March 31, 2023 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 on March 31, 2023.**"**

3. To appoint a Director in place of Mr. Harsha Chigurupati (DIN: 01606477), who retires by rotation and is 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."

SPECIAL BUSINESS:

4. To re-appoint Mr. Arun Sawhney as an Non-Executive, Independent Director of the Company in terms of provisions of Sections 149 and 152 to the Companies Act, 2013, and in this regard, to consider and if thought fit, to pass with or without modification(s), the following resolutions as **Special Resolution:**

   "RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other relevant provisions of the Companies Act, 2013 and Rules made thereunder (including any statutory modification(s) or re-enactment (s) thereof, for the time being in force), Articles of Association of the Company, approval and recommendation of the Nomination and Remuneration Committee, and that of the Board, Mr. Arun Sawhney (DIN: 01929668), who holds office as an Independent Director of the Company up to October 28, 2023 be and is hereby reappointed as an Non-Executive, Independent Director, not liable to retire by rotation, for a second term of five years with effect from October 29, 2023 up to October 28, 2028.**"**

   "RESOLVED FURTHER THAT the Board be and is hereby authorized to do all acts, deeds and things and take all such steps as may be necessary, proper or expedient to give effect to this resolution.**"**

5. To appoint Mr. Kapil Kumar Mehan (DIN: 01215092), as Non- Executive, Independent Director of the Company for an initial term of 5 (five) years pursuant to provisions of Section 149, 150 and 152 of the Companies Act, 2013 and in this regard to consider and if thought fit, to pass the following resolutions as a **Special Resolution:**

   "RESOLVED THAT in accordance with the provisions of Sections 149, 150 and 152 and other applicable provisions, if any, of the Companies Act, 2013, and the Rules made thereunder, read with Schedule IV of the Act and Regulation 16 (1)(b), 25 and other applicable regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any statutory modification(s) or re-enactment thereof for the time being in force, Mr. Kapil Kumar Mehan (DIN:01215092), who was appointed as an Additional Director of the Company with effect from May 16, 2023 pursuant to Section 161 of the Act and Article 87 of the Articles of Association of the Company and who has submitted a declaration that he meets the criteria of Independence as provided under the Act and the Listing Regulations, be and is hereby appointed as Non-Executive, Independent Director of the Company, not liable to retire by rotation, to hold office for initial term of 5 (five) consecutive years from May 16, 2023 to May 15, 2028.**"**

   "RESOLVED FURTHER THAT the Board be and is hereby authorized to do all acts, deeds and things and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

By Order of the Board of Directors

Place: Hyderabad
Date: May 16, 2023

Chaitanya Tummala
Company Secretary

NOTES:

1. The Explanatory Statement setting out all material facts as required under Section 102 of the Companies Act, 2013 in respect of the special business of the Company is appended and forms part of this Notice.

2. The Ministry of Corporate Affairs ('MCA'), vide it's General Circular No. 20/2020 dated 5th May, 2020 read with General Circular Nos. 14/2020 dated 8th April, 2020, 17/2020 dated 13th April, 2020, 02/2021 dated 13th January, 2021, 19/2021 dated 8th December, 2021, 21/2021 dated 14th December, 2021 and 10/2022 dated 28th December, 2022, ("MCA Circulars") has permitted the holding of the Annual General Meeting ("AGM") through VC / OAVM, without the physical presence of the members at a common venue. In accordance with the said MCA Circulars and applicable provisions of the Act, the 32nd AGM of the Company shall be conducted through VC/OAVM.

3. As the AGM shall be conducted through VC/OAVM, the facility for appointment of Proxy by the members is not available for this AGM and hence the Proxy Form and Attendance Slip including Route Map are not annexed to this Notice.

4. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

5. In the case of joint holders, the member's whole name appears as the first holder in the order of names as per the register of members of the Company will be entitled to vote at the AGM.

6. In compliance with the MCA Circulars and SEBI Circulars, Notice of the AGM along with the Annual Report for FY 2022-23 is being sent only through electronic mode to those members whose email addresses are registered with the Company or Depository Participant(s). Shareholders are also requested to visit the website of the Company www.granulesindia.com or the website of the Registrar and Transfer Agent www.kfintech.com or the website of the stock exchanges, NSE and BSE for downloading the Annual Report and Notice of the AGM.

7. The relevant details, pursuant to regulation 36(3) of the SEBI Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of the Directors seeking appointment / re-appointment at this AGM is annexed with this notice.

8. (a) The Company has notified closure of Register of members and Share Transfer Books from Friday, August 04, 2023 to, Thursday, August 10, 2023 (both days inclusive) for the purpose of AGM.

   (b) The Board of Directors of the Company at their Meeting held on May 16, 2023 has recommended a final dividend of ₹1.50/- per share on equity share of ₹1/- each for the financial year 2022- 23. The final dividend, if declared, at the Annual General Meeting, will be paid on or before September 08, 2023 to the shareholders holding the equity shares of the Company as on the record date fixed for the payment of dividend i.e., August 03, 2023.

9. Under the Finance Act 2020, dividend income will be taxable in the hands of shareholders w.e.f. April 1, 2020 and the Company is required to deduct tax at source from the dividend paid to shareholders at the prescribed rates. For the prescribed rates for various categories, the shareholders are requested to refer to the Finance Act, 2020 and amendments thereof. The shareholders are requested to update their PAN with the Company/ M/s. KFin Technologies Limited (in case of shares held in physical mode) and depositories (in case of shares held in Demat mode). A Resident individual shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source by uploading the documents at https://ris.kfintech.com/form15. Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%.

   Non-resident shareholders can avail beneficial rates under the tax treaty between India and their country of residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits by uploading the documents at https://ris.kfintech.com/form15.

   The aforesaid declarations and documents need to be submitted by the shareholders by 5.00 p.m. IST on August 03, 2023.

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 the dividend. The Company or its Registrars and Transfer Agents, M/s. KFin Technologies Limited ("KFintech") 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. Securities of listed companies can be transferred only in the dematerialized form with effect from April 01, 2019 as notified by SEBI on December 03, 2018. In view of this and to avail various benefits of dematerialization, members are advised to dematerialize shares held by them in physical form.

12. To support the 'Green Initiative', Members who have not yet registered their email addresses are requested to register the same with their DPs in case the shares are held by them in electronic form and with M/s. Kfin Technologies Limited in case the shares are held by them in physical form.

13. Members are requested to intimate changes, if any, about their name, postal address, email address, telephone/ mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as the name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their Depository Participants in case the shares are held by them in electronic form and to M/s. KFin Technologies Limited in case the shares are held by them in physical form so as to avoid freezing of the folios.

14. (a) Pursuant to the provisions of Sections 124 and 125 of the Companies Act, 2013 and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("Rules"), all shares on which dividend has not been claimed for seven consecutive years or more shall be transferred to IEPF Authority. Details of shares transferred to the IEPF Authority are available on the website of the Company and the same can be accessed through the link: https://granulesindia.com/investors/investor-resources/unclaimed-dividend-shares-transferred-to-iepf/. 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://iepf.gov.in/ IEPFA/refund.html or contact KFintech for lodging a claim for refund of the shares and/or dividend from the IEPF Authority.

15. Due dates for transfer of unclaimed/unpaid dividends for the financial year 2015-16 and thereafter to IEPF:

Financial year	Type of dividend	Due date of transfer
2015-2016	Final	16.09.2023
2016-2017	1st Interim	16.09.2023
	2nd Interim	30.11.2023
	3rd Interim	05.03.2024
	Final	03.11.2024
2017-2018	1st Interim	19.09.2024
	2nd Interim	15.12.2024
	3rd Interim	16.03.2025
	Final	12.10.2025
2018-2019	1st Interim	28.08.2025
	2nd Interim	04.12.2025
	3rd Interim	06.03.2026
	Final	03.10.2026
2019-2020	1st Interim	03.09.2026
	2nd Interim	26.11.2026
	3rd Interim	25.02.2027
	Final	18.09.2027
2020-2021	1st Interim	22.08.2027
	2nd Interim	25.11.2027
	3rd Interim	05.03.2028
	Final	10.09.2028
2021-22	1st Interim	01.09.2028
	2nd Interim	18.12.2028
	3rd Interim	16.03.2029
	Final	01.09.2029

16. Members seeking any information about the accounts or any matter to be placed at the AGM, are requested to write to the Company before 5.00 pm on August 08, 2023 through email on investorrelations@granulesindia.com. The same will be replied by the Company suitably.

17. Procedure of E-Voting and attending AGM:

    i. In compliance with the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, Regulation 44 of the SEBI Listing Regulations and in terms of SEBI circular no. SEBI/HO/CFD/CMD/ CIR/P/2020/242 dated December 9, 2020 in relation to the E-voting facility provided by the listed entities, the members are provided with the facility to cast their vote electronically, through the e-Voting services provided by M/s KFin Technologies Limited (KFintech), on all the resolutions outlined in this Notice. The instructions for e-Voting are given hereinbelow.

    ii. However, under SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on "e-voting facility provided by Listed Companies", e-voting process has been enabled to all the individual Demat account holders, by way of a single login credential, through their Demat accounts/websites of Depositories / DPs to increase the efficiency of the voting process.

    iii. Individual Demat account holders would be able to cast their vote without having to register again with the e-Voting service provider (ESP) thereby not only facilitating seamless authentication but also ease and convenience of participating in the e-Voting process. Shareholders are advised to update their mobile number and e-mail ID with their DPs to access the e-Voting facility.

    iv. The remote e-voting period commences from 9.00 a.m. (IST) on August 07, 2023, and ends at 5.00 p.m (IST) on August 09, 2023.

    v. The voting rights of members shall be in proportion to their shares in the paid-up equity share capital of the Company as of the cut-off date i.e. Thursday, August 03, 2023.

    vi. Any person holding shares in physical form and non-individual shareholders, who acquire shares of the Company and becomes a member of the Company after sending the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at evoting@Kfintech.com. However, if he/she is already registered with KFintech for remote e-Voting then he /she can use his / her existing User ID and password for casting the vote.

    vii. In case of Individual Shareholders holding securities in Demat mode and who acquires shares of the Company and becomes a member of the Company after sending the Notice and holding shares as of the cut-off date may follow the steps mentioned below under "Login method for remote e-Voting and joining the virtual meeting for Individual shareholders holding securities in Demat mode."

    viii. The details of the process and manner for remote e-Voting and e-AGM are explained hereinbelow:

    Step 1: Access to Depositories e-Voting system in case of individual shareholders holding shares in Demat mode.

    Step 2: Access to KFintech e-Voting system in case of shareholders holding shares in physical and non-individual shareholders in Demat mode.

    Step:3: Access to join virtual meetings(e-AGM) of the Company on the KFintech system to participate in e-AGM and vote at the AGM.

Details on Step 1 are mentioned below:

I) Login method for remote e-Voting for Individual shareholders holding securities in Demat mode.

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with NSDL	**1. User already registered for IDeAS facility:** i). Visit URL: https://eservices.nsdl.com ii). Click on the "Beneficial Owner" icon under "Login" under the 'IDeAS' section. iii). On the new page, enter the User ID and Password. Post successful authentication, click on "Access to e-Voting" iv). Click on the company name or e-Voting service provider and you will be redirected to the e-Voting service provider's website for casting the vote during the remote e-Voting period. **2. User not registered for IDeAS e-Services** i). To register, click on the link: https://eservices.nsdl.com ii). Select "Register Online for IDeAS" or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp iii). Proceed with completing the required fields. iv). Follow the steps given in points 1 **3. Alternatively by directly accessing the e-Voting website of NSDL** Open URL: https://www.evoting.nsdl.com/ i). Click on the icon "Login" which is available under the 'Shareholder/Member' section. ii). A new screen will open. You will have to enter your User ID (i.e. your sixteen-digit Demat account number held with NSDL), Password / OTP, and a Verification Code as shown on the screen. iii). Post successful authentication, you will request to select the name of the company and the e-Voting Service Provider name, i.e. fintech. On successful selection, you will be redirected to the KFintech e-Voting page for casting your vote during the remote e-Voting period.
Individual Shareholders holding securities in Demat mode with CDSL	**1. Existing users who have opted for Easi / Easiest** i) Visit URL: https://web.cdslindia.com/myeasi/home/login or URL: www.cdslindia.com ii) Click on New System Myeasi iii) Login with your registered user id and password. iv) The user will see the e-Voting Menu. The Menu will have links to ESP i.e. KFintech e-Voting portal. V) Click on the e-Voting service provider name to cast your vote. **2. User not registered for Easi/Easiest** i) Option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration ii) Proceed with completing the required fields. iii) Follow the steps given in point 1 **3. Alternatively, by directly accessing the e-Voting website of CDSL** i) Visit URL: www.cdslindia.com ii) Provide your Demat Account Number and PAN No. iii) System will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. iv) After successful authentication, the user will be provided links for the respective ESP, i.e KFintech where the e-Voting is in progress.
Individual Shareholder login through their Demat accounts / Website of Depository Participant	i) You can also log in using the login credentials of your Demat account through your DP registered with NSDL /CDSL for the e-Voting facility. ii) Once logged in, you will be able to see the e-Voting option. Once you click on the e-Voting option, you will be redirected to NSDL / CDSL Depository site after successful authentication, wherein you can see the e-Voting feature. iii) Click on options available against company name or e-Voting service provider – KFintech and you will be redirected to the e-Voting website of KFintech for casting your vote during the remote e-Voting period without any further authentication.

Important note: Members who are unable to retrieve User ID / Password are advised to use Forgot user ID and Forgot Password option available at respective websites.

Helpdesk for Individual Shareholders holding securities in Demat mode for any technical issues related to log in through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Securities held with NSDL	Please contact the NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll-free no.: 1800 1020 990 and 1800 22 44 30
Securities held with CDSL	Please contact the CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 or 022-23058542-43

Details on Step 2 are mentioned below:

II) Login method for e-Voting for shareholders other than Individual shareholders holding securities in Demat mode and shareholders holding securities in physical mode.

(A) Members whose email IDs are registered with the Company/ Depository Participants (s), will receive an email from KFintech which will include details of E-Voting Event Number (EVEN), USER ID, and password. They will have to follow the following process:

i. Launch internet browser by typing the URL: https://emeetings.kfintech.com/

ii. Enter the login credentials (i.e. User ID and password). In the case of the physical folio, the User ID will be EVEN (E-Voting Event Number) XXXX, followed by the folio number. In the case of the Demat account, the User ID will be your DP ID and Client ID. However, if you are already registered with KFintech for e-voting, you can use your existing User ID and password for casting the vote.

iii. After entering these details appropriately, click on "Log in".

iv. You will now reach the password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A- Z), one lower case (a-z), one numeric value (0-9), and a special character (@,#,$, etc.,). The system will prompt you to change your password and update your contact details like mobile number, email ID, etc. on the first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.

v. You need to log in again with the new credentials.

vi. On successful login, the system will prompt you to select the "EVEN" i.e., 'Granules India Limited-AGM" and click on "Submit"

vii. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date under "FOR/AGAINST" or you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR/ AGAINST" taken together shall not exceed your total shareholding as mentioned hereinabove. You may also choose the option ABSTAIN. If the member does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.

viii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/ Demat account.

ix. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.

x. You may then cast your vote by selecting an appropriate option and clicking on "Submit".

xi. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have voted on the resolution (s), you will not be allowed to modify your vote. During the voting period, members can log in any number of times till they have voted on the Resolution(s).

xii. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to cast its vote through remote e-voting. together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer's email id dhanu.a@dhhara.com with a copy marked to evoting@kfintech.com. The scanned image of the above-mentioned documents should be in the naming format "Corporate Name_Even No."

(B) Members whose email IDs are not registered with the Company/Depository Participants(s), and consequently the Annual Report, Notice of AGM and e-voting instructions cannot be serviced, will have to follow the following process:

i. Members who have not registered their email address and in consequence the Annual Report, Notice of AGM and e-voting instructions cannot be serviced, may temporarily get their email address and mobile number provided with KFintech, by accessing the link: https://ris.kfintech.com/clientservices/mobilereg/mobileemailreg.aspx. Members are requested to follow the process as guided to capture the email address and mobile number for sending the soft copy of the notice and e-voting instructions along with the User ID and Password. In case of any queries, a member may write to einward.ris@kfintech.com.

ii. Alternatively, a member may send an e-mail request at the email id einward.ris@kfintech.com along with a scanned copy of the signed copy of the request letter providing the email address, mobile number, self-attested PAN copy and Client Master copy in case of the electronic folio and copy of share certificate in case of physical folio for sending the Annual report, Notice of AGM and the e-voting instructions.

iii. After receiving the e-voting instructions, please follow all steps above to cast your vote by electronic means.

Details on Step 3 are mentioned below:

III) Instructions for all the shareholders, including individuals, other than Individual and Physical, for attending the AGM of the Company through VC/OAVM and e-Voting during the meeting.

i. Member will be provided with a facility to attend the AGM through VC / OAVM platform provided by KFintech. Members may access the same at https://emeetings.kfintech.com/ by using the e-voting login credentials provided in the email received from the Company/KFintech. After logging in, click on the Video Conference tab and select the EVEN of the Company. Click on the video symbol and accept the meeting etiquettes to join the meeting. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned above.

ii. Facility for joining AGM though VC/ OAVM shall open at least 15 minutes before the commencement of the Meeting.

iii. Members are encouraged to join the Meeting through Laptops/ Desktops with Google Chrome (preferred browser), Safari, Internet Explorer, Microsoft Edge, Mozilla Firefox 22.

iv. Members will be required to grant access to the webcam to enable VC / OAVM. Further, Members connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. Therefore, it is recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

v. As the AGM is being conducted through VC / OAVM, for the smooth conduct of proceedings of the AGM, members are encouraged to express their views / send their queries in advance mentioning their name, Demat account number/folio number, email id, mobile number at investorrelations@granulesindia.com Questions /queries received by the Company till August 09, 2023 (5.00 p.m. IST) shall only be considered and responded to during the AGM.

vi. The members who have not cast their vote through remote e-voting shall be eligible to cast their vote through the e-voting system available during the AGM. E-voting during the AGM is integrated with the VC / OAVM platform. The members may click on the voting icon displayed on the screen to cast their votes.

vii. A member can opt for only a single mode of voting i.e., through remote e-voting or voting at the AGM. If a member casts votes by both modes, then voting done through remote e-voting shall prevail and voting at the AGM shall be treated as invalid.

viii. Facility of joining the AGM through VC / OAVM shall be available for members on a first-come-first-served basis.

ix. Institutional members are encouraged to attend and vote at the AGM through VC / OAVM.

x. The members who wish to speak during the meeting may register themselves as speakers for the AGM to express their views. They can visit https://emeetings.kfintech.com and log in through the user id and password provided in the mail received from KFintech. On successful login, select 'Speaker Registration' which will be opened during the period starting from August 07, 2023 (9.00 a.m. IST) up to August 09, 2023 (5.00 p.m. IST). Members shall be provided a 'queue number' before the meeting. The Company reserves the right to restrict the speakers at the AGM to only those members who have registered themselves, depending on the availability of time for the AGM.

xi. The members who wish to post their questions before the meeting can do the same by visiting https://emeetings.kfintech.com. Please login through the user id and password provided in the mail received from KFintech. On successful login, select the 'Post Your Question' option which will open from August 07, 2023 (9.00 a.m. IST) up to August 09, 2023 (5.00 p.m. IST).

xii. In case of any query and/or grievance, in respect of voting by electronic means, members may refer to the Help & Frequently Asked Questions (FAQs) and E-voting user manual available at the download section of https://evoting.kfintech.com (KFintech Website) or call KFintech's toll-free No. 1-800-309-4001 for any further clarifications.

xiii. The Members, whose names appear in the Register of Members/list of Beneficial Owners as of Thursday, August 03, 2023, being the cut-off date, are entitled to vote on the resolutions outlined in this Notice. A person who is not a member as of the cut-off date should treat this Notice for information purposes only. Once the vote on a resolution(s) is cast by the member, the member shall not be allowed to change it subsequently.

xiv. In case a person has become a member of the Company after dispatch of AGM Notice but on or before the cut-off date for E-voting, he/she may obtain the User ID and Password in the manner as mentioned below:

i. If the mobile number of the member is registered against Folio No./ DP ID Client ID, the member may send SMS: MYEPWD <space> E-Voting Event Number+Folio No. or DP ID Client ID to 9212993399

1. Example for NSDL:
2. MYEPWD <SPACE> IN12345612345678
3. Example for CDSL:
4. MYEPWD <SPACE> 1402345612345678
5. Example for Physical:
6. MYEPWD <SPACE> XXXX1234567890

ii. If the e-mail address or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of https://evoting.kfintech.com/, the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.

iii. Members who may require any technical assistance or support before or during the AGM are requested to contact KFintech at toll-free number 1-800-309-4001 or write to them at evoting@kfintech.com.

18. The Company has appointed Mr. Dhanunjaya Kumar Alla, Practicing Chartered Accountant & partner of M/s Dhanunjaya & Haranath to act as a Scrutinizer, to scrutinize the entire voting process in a fair and transparent manner.

19. The electronic voting results along with the Scrutinizer's Report will be placed on the website of the Company and the Stock Exchanges within 48 hours of conclusion of the AGM.

ANNEXURE TO THE NOTICE

A. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013.

ITEM NO 04:

Mr. Arun Sawhney was appointed as an Non Executive, Independent Director of the Company pursuant to Section 149 of the Companies Act, 2013, read with the Companies (Appointment and Qualification of Directors) Rules, 2014, by the members at the Annual General Meeting held on August 29, 2019, to hold office up to October 28, 2023. His first term as an Independent Director in the Company will conclude on October 28, 2023. The Nomination and Remuneration Committee, at its meeting held on May 15, 2023, after taking into account the performance evaluation of Mr. Arun Sawhney during his first term of five years and considering his knowledge, acumen, expertise, experience and substantial contribution and time commitment, has recommended to the Board his re-appointment for a second term of five years.

Based on the recommendation of the Nomination and Remuneration Committee, the Board is of the view that Mr. Arun Sawhney possesses the requisite skills and capabilities, which would be of immense benefit to the Company, and hence, it is desirable to re-appoint him as an Non Executive, Independent Director of the Company. The Board at its meeting held on May 16, 2023, has recommended to the members of the Company the re-appointment of Mr. Arun Sawhney as an Non Executive, Independent Director, not liable to retire by rotation, for a second term of five years effective October 29,2023 to October 28, 2028.

In accordance with the provisions of Section 149(11) of the Companies Act, 2013, an Independent Director may hold office for two terms up to five consecutive years each. In the opinion of the Board, he fulfils the conditions as set out in Section 149(6) and Schedule IV of the Companies Act, 2013 and Listing Regulations for being eligible for his re-appointment. He is not disqualified from being re-appointed as a Director in terms of Section 164 of the Companies Act, 2013 or by the order of the SEBI or any other authority.

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

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

He was also a founder member of Indian Pharmaceutical Export Promotion Council (Pharmexcil) and was Chairman of Pharmaceutical Committee of the Confederation of Indian Industries (CII) during 2012-2014. He is currently engaged with leading Companies in an advisory capacity and a visiting faculty at IIM-Lucknow for subjects of Leadership & Organization Behaviour.

The resolution seeks the approval of the members for the re-appointment of Mr. Arun Sawhney as an Non Executive, Independent Director of the Company effective from October 29, 2023 up to October 28, 2028, pursuant to Sections 149, 152 and other applicable provisions of the Act and the Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof) and his office shall not be liable to retire by rotation.

No Director, key managerial personnel or their relatives except Mr. Arun Sawhney, to whom the resolution relates, is interested in or concerned, financially or otherwise, in passing the proposed resolution set out in item no. 4.

ITEM NO 05:

To fill the casual vacancy on the Board, the Board of Directors on the recommendation of the Nomination and Remuneration Committee appointed Mr. Kapil Kumar Mehan (DIN:- 01215092) as an Additional Director categorized as Non-Executive, Independent Director of the Company, with effect from May 16, 2023 under Section 149, 150 and 152 of the Companies Act, 2013 and Article 87 of the Articles of Association of the Company considering his skills and capabilities required for the role of Independent Director. He shall hold office up to the date of the ensuing Annual General Meeting of the Company.

He is eligible to be appointed as an Independent Director for an Initial term of up to (5) five consecutive years. The Company has received notice under Section 160 of the Companies Act, 2013 from Mr. Kapil Kumar Mehan signifying his candidature as an Independent Director of the Company. The Company has also received a declaration of independence from him.

In the opinion of the Board, he fulfils the conditions as set out in Section 149(6) and Schedule IV of the Companies Act, 2013 and Listing Regulations for being eligible for his appointment. He is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 or by the order of the SEBI or any other authority and he has given his consent to act as a Director.

Details of Mr. Kapil Kumar Mehan are provided in the "Annexure" to the Notice.

No Director, key managerial personnel or their relatives except Mr. Kapil Kumar Mehan, to whom the resolution relates, is interested in or concerned, financially or otherwise, in passing the proposed resolution set out in item no. 5.

The Board recommends the special resolution set forth in item no. 4 & 5 for approval of the members.

B) Disclosure under regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings.

Name of the Director	Mr. Harsha Chigurupati	Mr. Arun Sawhney	Mr. Kapil Kumar Mehan
Date of birth	September 05, 1983	October 10, 1955	May 30, 1958
Qualification	Bachelor's degree of science in business administration from Boston University, USA	B.com, Postgraduate Diploma in Management from IIM	B.VSc, Postgraduate Diploma in Management from IIM
Nature of appointment	Re-appointment	Re-appointment	Appointment
Terms and conditions of appointment /re-appointment	Liable to retire by rotation	Not Liable to retire by rotation	Not Liable to retire by rotation
Remuneration last drawn by such person, if applicable and remunerations sought to be paid	Last Drawn: 0.5% of the net profits of the Company calculated in accordance with the provision of Section 198 of the Companies Act, 2013. Sought to be paid: Same as above.	Last Drawn: Sitting Fees for attending the Board and Committee meetings and commission was paid at 0.05% on profits calculated as per Section 198 of the Companies Act, 2013 along with other Non-Executive Directors. Sought to be paid: Same as above.	Last Drawn: N.A. Sought to be paid: Sitting Fees for attending the Board and Committee meetings and commission at 0.05% on profits calculated as per Section 198 of the Companies Act, 2013 along with other Non-Executive Directors.
Date of first appointment on the Board	July 26, 2010	October 28, 2018	May 16, 2023
Relationship with other Directors on the Board	Mr. Harsha Chigurupati is son of Dr. Krishna Prasad Chigurupati, Chairman and Managing Director of the Company and Mrs. Uma Devi Chigurupati, Executive Director of the Company.	None	None
Expertise in the specific functional area	He has over 15 years of entrepreneurial experience in marketing, business development, customer relationship management etc. He also has in depth knowledge and experience in various fields of research and development, clinical trials, regulatory and legal framework navigation, patents and peer review journal publications.	He has over 40 years of experience in diverse industries including Software, Rubber, Chemicals, Generic and OTC Pharmaceuticals.	He has over 40 years of experience in Agri/Agri tech sectors, green technology (green ammonia), business strategy, management, business performance improvement, setting up a new business and strategic/ financial investments in the manufacturing/agribusiness sectors.
Brief profile	He holds a Bachelor's degree of science in business administration from Boston University, USA. He has over 17 years of entrepreneurial experience in marketing, business development, customer relationship management etc. He also has in-depth knowledge and experience in various fields of research and development, clinical trials, regulatory and legal framework navigation, patents and peer review journal publications etc. He has been with Granules since 2005 in various capacities. He was instrumental in commercializing the Company's Finished Dosage Division and transitioning the Company's customer base towards brand owners. As an Executive Director, he is responsible for the standalone operations and P&L of the Company. He holds patents in over 55 countries and has been published in a variety of esteemed peer reviewed journals. He is the creator of a new category of better for you alcoholic beverages referred to as "Functional Spirits".	Provided in the Explanatory Statement	Provided in the Explanatory Statement

Name of the Director	Mr. Harsha Chigurupati	Mr. Arun Sawhney	Mr. Kapil Kumar Mehan
Directorship in other listed Companies in the last three years	NIL	NIL	NIL
Directorship in other Indian Companies	1. Chigurupati Technologies Private Limited. 2. Product Armor Packaging Private Limited 3. Mission Project Foundation	NIL	1. Nuziveedu Seeds Limited
Chairperson/member of the Committees of the Board of Directors of the Company	1. Risk Management Committee -Chairman	1. Nomination & Remuneration Committee -Chairman 2. Audit Committee-Member 3. Business Review Committee – Member 4. Risk Management Committee -Member 5. Growth Opportunities Evaluation Committee-Member	NIL
Chairperson/member of the Committees in other Companies including listed entity in which he is a Director	NIL	NIL	NIL
Number of meetings of the Board attended during the financial year 2022-23	07 out of 07	06 out of 07	N.A.
Number of shares held in the Company	NIL	NIL	NIL

By Order of the Board of Directors

Chaitanya Tummala
Company Secretary

Hyderabad, May 16, 2023

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dr. Krishna Prasad Chigurupati
Chairman and Managing Director – Non-Independent

Dr. K.V.S Ram Rao
Joint Managing Director & CEO-Non-Independent

Ms. Uma Devi Chigurupati
Executive Director – Non-Independent

Mr. Harsha Chigurupati
Executive Director – Non-Independent

Mr. Kolli Basava Sankar Rao
Director – Non-Executive, Non-Independent

Mr. Arun Rao Akinepally
Director – Non-Executive, Independent

Mr. Arun Sawhney
Director – Non-Executive, Independent

Dr. Saumen Chakraborty
Director – Non-Executive, Independent

Ms. Sucharita Rao Palepu
Director – Non-Executive, Independent

Mr. Kapil Kumar Mehan
Additional Director – Non-Executive, Independent

CHIEF FINANCIAL OFFICER

Mr. Mukesh Surana

CHIEF HUMAN RESOURCES OFFICER

Ms. Uma Rao G.

COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Chaitanya Tummala

REGISTERED OFFICE

2nd Floor, 3rd Block, My Home Hub, Madhapur,
Hyderabad (TS) - 500 081
Ph: 91-40-69043500
Fax: 91-40-23115145
E-mail: investorrelations@granulesindia.com

STATUTORY AUDITORS

M/s. S. R. Batliboi & Associates LLP, Chartered Accountants
The Skyview 10, 18th Floor, Zone B, Survey No. 83/1,
Raidurgam, Hyderabad (TS) –500 032

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

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Selenium Tower B, Plot 31-32, Gachibowli, Financial District,
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