Transforming Healthcare through Innovation and Sustainability

Granules India Limited
Annual Report 2022-23

GRANULES

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Our Report's Cover

Granules' Annual Report cover is representative of our strategic focus on sustainability, innovation, and the pursuit of science to revolutionise the healthcare industry. It captures elements of our sustainability journey going forward, highlighting the key elements that drive our commitment to a greener future.

From state-of-the-art facilities powered by renewable energy to our focus on science, innovation and green chemistry concepts such as bio catalysis, the entire value chain is vibrantly visualised. Further, the cover is a symbol of our ultimate aim, of making healthier lives and a greener planet possible. There is a healthy family, a thriving ecology and a sustainable environment, illustrating the positive impact we seek to achieve through our transformative work.

Transforming Healthcare through Innovation and Sustainability

Granules has been unrelenting in the pursuit of excellence for nearly four decades. Now, we are adding a new chapter to this endeavor, as we embark on a transformative journey driven by innovation and sustainability and enabled by our ability to leverage science and its progress.

With sustainability as our guiding compass, we are committed to a path that is environmentally responsible and economically viable.

Together, we shall redefine the boundaries of what is possible, while nurturing strong relationships with our stakeholders and creating lasting value for everyone.

MESSAGE FROM THE CHAIRMAN & MANAGING DIRECTOR

Pursuing Purpose-led Growth

As we embark on this ongoing journey, with careful deliberation, we have revitalized our purpose, vision, and values, ensuring they embody our commitment to transformation.

Dear Stakeholders,

I hope you will find the Annual Report 2022-23 to be engaging and informative, as it provides a comprehensive overview of how Granules is managing its business in an increasingly integrated manner to reflect our new purpose of 'Healing lives responsibly through pioneering green science'.

A Year of Growth

I am pleased to report that our Company's performance has shown significant improvement over the past year. In FY 2022-23, we experienced a 20% surge in revenue, accompanied by impressive growth rates of 27% in EBITDA and 25% in PAT.

In terms of operating cash flow, FY 2022-23 was an outstanding year. Thanks to our strategic initiatives, we successfully generated a robust operational cash flow of ₹ 7,387 million. Despite incurring buyback expenses of ₹ 3,110 million and unanticipated capital expenditures of ₹ 919 million for our green technology initiatives, our net debt increased by a modest ₹ 705 million compared to the previous year.

Our revenue growth is particularly noteworthy considering the ongoing price erosion in the US market and the distribution challenges we encountered with our previous third-party logistics provider. This growth can be attributed to the significant increase in sales of API and FD products, particularly in key markets such as the US and EU.

During the year, we have successfully filed seven ANDAs with USFDA, two dossiers in the EU, and two ANDAs in CA. Additionally, we have submitted seven US DMFs and five CEPs. Furthermore, it gives me immense pleasure to announce that we have received approvals for five ANDAs from the USFDA during the same period.

Our capital expenditures for the year amounted to ₹ 4,106 millions underscoring our commitment to investing in our future growth. We have made substantial enhancements to our paracetamol API capacity and anticipate a surge in MUPS block utilization for the upcoming financial year. Furthermore, we are actively expanding our footprint in the EU through strategic business partnerships and the sale of dossiers for our FD products.

Notably, the construction of the new formulation facility at Genome Valley is progressing at a good pace, and we anticipate the completion of Phase 1 by October 2023 and Phase 2 by May 2024. Upon completion, this plant will augment our current capacity of 24 billion units of Finished Dosages (FDs) by an additional eight billion units.

Additionally, we successfully launched our new greenfield packaging facility in Virginia, USA, and obtained FDA approval. The integration of this facility will significantly bolster our operations in both the OTC and Rx segments of our portfolio. It will also enable us to optimize our supply chain efficiency in the US, resulting in cost reductions and an improved working capital cycle.

Investing in Innovation and R&D

During FY 2022-23, our primary focus was on fortifying our R&D and product development capabilities through innovation and advanced technology platforms. By allocating a significantly higher budget for R&D expenditure, we aim to establish Granules as a research and development-driven organization. These strategic initiatives are geared towards expanding our capabilities, improving the quality of our portfolio, and increasing the number of regulatory filings.

Granules' Commitment to Combatting Climate Change

Climate change represents one of humanity's most pressing challenges. Its impact extends beyond borders, posing profound challenges to the stability of nations, economies, and ecosystems. Consequently, our planet and society face significant obstacles. The economic consequences of climate change are extensive, affecting industries, supply chains, and financial systems on a large scale.

Building a successful business involves identifying and addressing the problems society faces. In the face of the climate crisis, corporations have a crucial responsibility to pioneer innovative solutions and drive positive change. Customers are increasingly seeking sustainable products and services, and businesses that can meet this demand will be well-positioned to succeed in the years to come. By aligning purpose and profit, businesses can reshape the world for the better, leaving a lasting legacy for future generations.

Transforming Healthcare through Innovation and Sustainability

As a reflection of our commitment to combat climate change, we have entered a partnership with Greenko to establish the integrated green pharmaceutical zone in Kakinada, Andhra Pradesh. To support this endeavor, we have established Granules CZRO, a wholly-owned subsidiary of Granules India Limited. This subsidiary is dedicated to manufacturing products with a near-zero carbon footprint. We have made substantial advancements in developing various technologies for this purpose and have also formed partnerships with esteemed academic institutions and companies to drive innovation in this domain.

Sustainability Initiatives at Granules

Granules has taken a deliberate approach to embedding sustainability within its business operations and decision-making process. Driven by a strong sense of environmental responsibility, Granules is dedicated to achieving Net Zero by 2050, further affirming its commitment to a sustainable future.

During the year, we completed the baselining process, benchmarked sustainability practices, and conducted a materiality assessment. Moving forward, Granules intends to establish and communicate comprehensive goals to all stakeholders, across the identified material areas. Our ambition is to become an industry leader and a global frontrunner in sustainability, driving positive change at scale.

Transforming for the Greater Good

Amidst an ever-changing business landscape, we embrace the potential of innovation and adaptability. Our transformation journey rests on a steadfast dedication to creating a future-ready organization, capable of thriving in the face of evolving challenges and seizing emerging opportunities. We aim to develop the necessary capabilities and competencies that propel us toward enduring success in today's fiercely competitive environment.

2050

Granules' Net Zero target year

As we embark on this ongoing journey, with careful deliberation, we have revitalized our purpose, vision, and values, ensuring they embody our commitment to transformation. As you read through the report, I hope you gain an overview of what we mean.

In Gratitude

Let me conclude by expressing my heartfelt gratitude to the Board of Directors for their continued guidance. My deepest appreciation goes to our employees for their dedication and pursuit of excellence. Finally, I would also like to extend my gratitude to all our stakeholders for their continued faith and confidence in us.

With best wishes to you and your families,

Dr. Krishna Prasad Chigurupati

Chairman & Managing Director

Transforming for the Greater Good

We are charting a course where purpose, vision, and values intersect, shaping a future that is innovative, sustainable, and meaningful.

Our aim is to cultivate an organizational culture where purpose finds its voice, vision is translated into action, and our actions are guided by our values.

Through collaboration with our stakeholders, we dare to envision a future where healing is responsible, lives are transformed, and sustainability takes center stage.

PURPOSE

Healing lives responsibly through pioneering green science

Our purpose is deeply rooted in our hearts, driving us to responsibly heal lives through pioneering green science. With a strong commitment to environmental stewardship, we strive to integrate sustainability and growth on our journey.

VISION

To establish ourselves as a world leader in green chemical and pharmaceutical industry by harnessing cutting-edge technologies to enhance quality of life.

Our vision is ambitious, inspiring us to push boundaries, redefine possibilities, and create change that extends far beyond our horizons.

VALUES

Challenging Limits

Our unwavering belief in pushing boundaries and thinking beyond the possible drives us to challenge status quo, embrace risk and consistently pursue innovation fearlessly, without necessarily conforming to established practice. In doing so, we leverage the power of science in the best way possible.

Futuristic Thinking

We think about tomorrow and beyond. Our actions and efforts must have a positive and transformative impact for a long time to come, and everything we do is evaluated through this prism.

Customer Driven

Being driven by the customer's best interests is a way of life for us. It fuels our passion to develop tailored solutions that prioritize customer preferences. It inspires us to go above and beyond, and forge lasting, meaningful relationships.

Empowering Employees

People are the beating heart of Granules. They must be encouraged and empowered to be the best version of themselves. Through our approach, we enable and empower our colleagues and communities to achieve their highest potential, co-creating opportunities for collaboration and impact.

Quality Everywhere

Quality excellence is not just a goal but a relentless pursuit embedded in our DNA. We are driven by an approach to achieve 'best-in-class' across our products, operations, processes, and conduct. We believe this is the only way to go further, be a preferred partner for our customers, and inspire confidence and ambition in all stakeholders.

Environmental Stewardship

Being a positive force for the planet and its preservation is a fundamental duty that we fulfill through our efforts in green science, responsible practices, and an approach of trusteeship. Long-term success is based on our ability to partner in fostering a harmonious relationship with the planet and caring for it for the benefit of future generations.

OUR LEGACY

Over Three Decades of Delivering on Promises

From our origins as a paracetamol API manufacturing facility to evolving into a multi-faceted global pharmaceutical company, we have consistently achieved manufacturing excellence, set new benchmarks for quality, and expanded our footprint across the world.

1984
Formed Triton Laboratories to produce Paracetamol API at our Bonthapally facility in Hyderabad

1990
Opened Triton's second manufacturing facility at Jeedimetla to produce multiple APIs

1991
Incorporated Granules India Private Limited

1993
Established our first PFI facility at Jeedimetla

1995
Became a listed company, following an IPO at the Hyderabad Stock Exchange

2003
Granules sets up a new large volume PFI facility in Gagillapur and a wholly owned subsidiary - Granules USA for marketing in the US

2005
Built a new Paracetamol plant in Bonthapally, Hyderabad

2008
Entered the Finished Dosages segment

Inauguration of GPAK, 2023

2010
Received US FDA approval for our first Abbreviated New Drug Application (ANDA)

2013
Established API R&D facility in Pragathi Nagar

Acquired Auctus Pharma – An API Manufacturing Facility with regulatory approvals

2014
Set up a wholly-owned subsidiary in the US

Granules Pharmaceuticals began focusing on formulation R&D to forward integrate its APIs

2015
Entered the over-the-counter business

in the US through our label Granules Consumer Healthcare for OTC products to control the value chain

2016
Laid the foundation for our Oncology API and OSD Plant and a multiple product API Plant in Visakhapatnam

2019
Entered the front-end business for the sale of Rx Products in the US under the GPI Label

2021
Set up the largest single manufacturing site for a Multi-Unit Pellet system facility

2023
Set up GPAK, which is a 79,000 sq. ft. packaging facility with four packaging suites and a warehousing facility

Established new purpose, mission, and values

AT A GLANCE

Quality Healthcare that Transforms Lives

Granules stands as one of the largest pharmaceutical manufacturing companies in India. We help translate technologies to enrich lives across North America, Europe, India, and Latin America.

Renowned for our commitment to exceptional quality and unparalleled customer efficiency, we have established a reputation that precedes us. With an illustrious track record spanning nearly 40 years, we have consistently delivered value for our esteemed customers across the globe, and helped them deliver access to quality medicine to those in need.

Our Strategy

At the brink of a transformative phase, we are driven by our ambition to elevate our business to new heights as a science and innovation-driven organization.

› Read more on **page 16**

One of the Largest

Pharmaceutical Formulation Intermediates (PFI) Facilities in the world

World's Largest

Paracetamol Active Pharmaceutical Ingredients (API) facility

One of the Largest

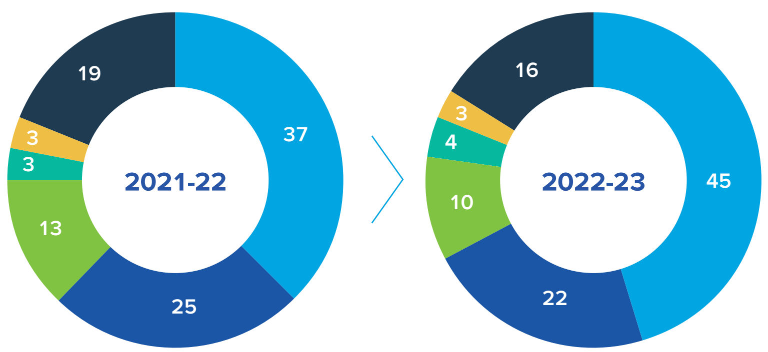
Single site Finished Dosages (FD) facilities in the world

Products

We produce API, PFI, and FD, which are marketed across key markets in North America, Europe, India, and Latin America.

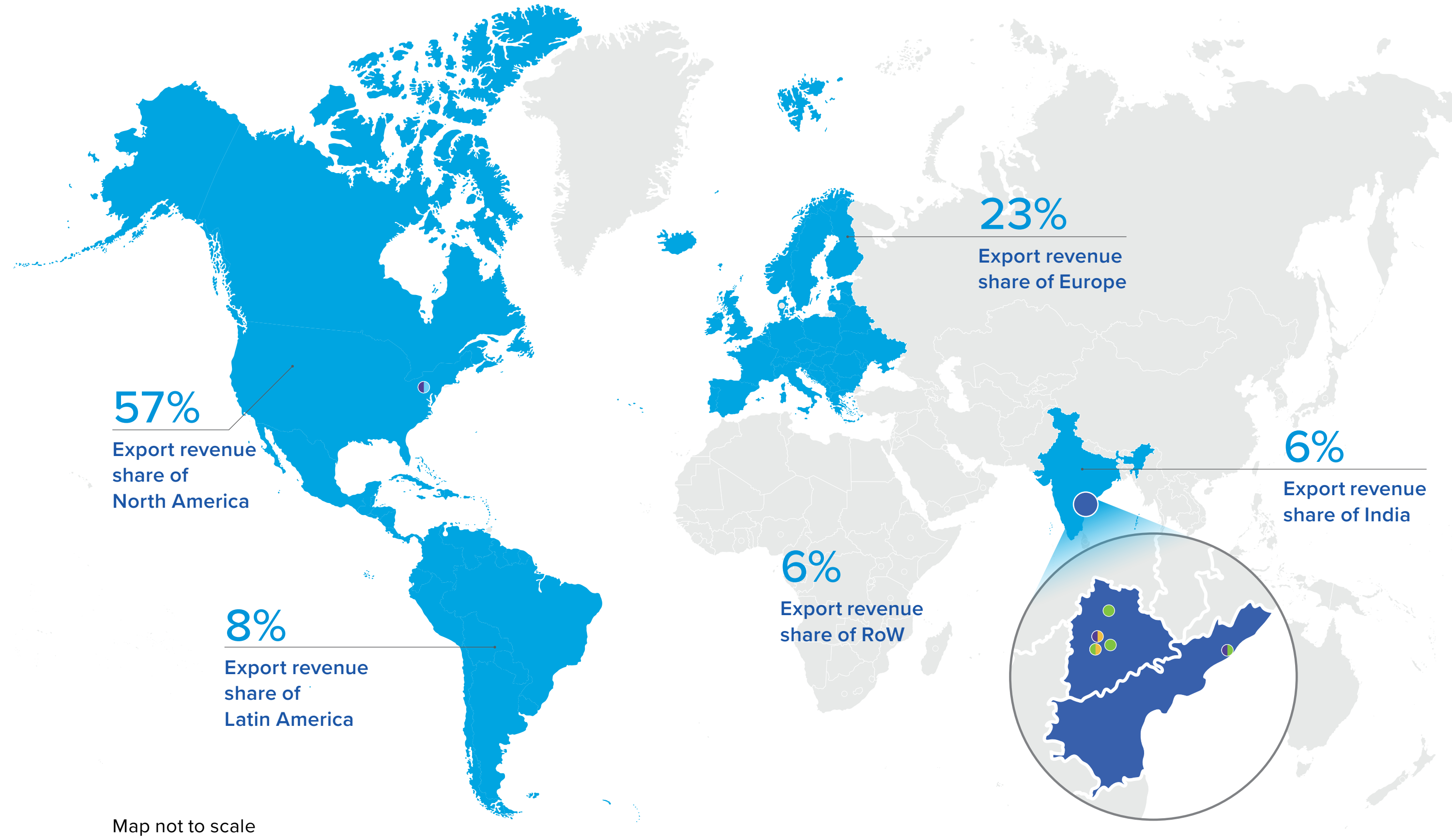
We specialize in the production of API, PFI, and FD, which are marketed across key markets in North America, Europe, India, and Latin America. Our expertise allows us to deliver these products to critical markets, ensuring their widespread availability and accessibility.

Revenue by Product (%)



Manufacturing Capabilities Catering to the World

Spanning across Hyderabad, Visakhapatnam, and Virginia, our eight state-of-the-art manufacturing facilities embody the principles of scale, focused execution, and cost leadership.



Map not to scale

	Manufacturing Units	Capacity	Regulatory Approvals
API	Bonthapally, Telangana	34,560 TPA	U.S. FDA, EDQM, WHO, COFEPRIS,INFARMED
	Jeedimetla, Telangana	4,800 TPA	U.S. FDA, EDQM, COFEPRIS, WHO, CDCSO
	Vizag (Unit IV), Andhra Pradesh	380 KL	U.S. FDA, KFDA, EU GMP, WHO GMP, EDQM
	Vizag (Unit V), Andhra Pradesh	15 KL	EU GMP
	Bonthapally II (API Intermediate, Telangana)	61.5 KL	
PFI	Gagillapur, Hyderabad	23,200 TPA	US FDA, COFEPRIS, TGA, MCC, INFARMED
	Jeedimetla, Telangana	1,440 TPA	WHO GMP, COFEPRIS, INFARMED
FD	Gagillapur, Hyderabad	26.8 Bn	US FDA, MCC, COFEPRIS, TGA, INFARMED
	Virginia, USA	1.5 Bn	US FDA, DEA
	Vizag (Unit V), Andhra Pradesh	1.1 Bn	EU GMP
Packaging	Virginia, USA	2 OTC lines and 1 Rx line	US FDA

BUSINESS SEGMENTS

Vertically Integrated Across the Value Chain

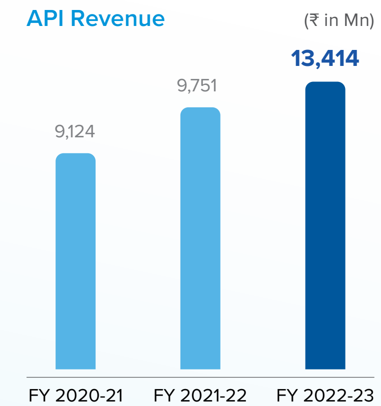
Driven by scale, strong R&D capabilities, and impeccable regulatory compliance, we operate across the entire pharmaceutical value chain. This comprehensive approach empowers us to provide a diverse range of cost-effective offerings that cater to the evolving needs of the healthcare industry.

₹45,119 Mn
Total Revenue

Active Pharmaceutical Ingredients (API)

At Granules, we are a leading producer and supplier of Paracetamol, Metformin, Guaifenesin, and Methocarbamol APIs. Renowned for our efficient and cost-effective manufacturing operations, we specialize in delivering high-quality APIs. We continually strive to enhance our API manufacturing capabilities, to add new products to our portfolio pipeline.

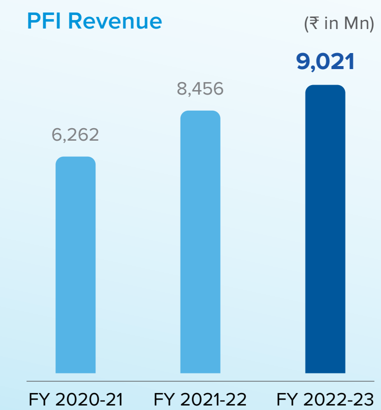
30%
Revenue from API business



Pharmaceutical Formulation Intermediates (PFI)

We are a leading global manufacturer of PFI with a batch processing capacity of 6 tonnes. We excel in introducing PFIs commercially to optimize cost efficiencies. Our Jeedimetla and Gagillapur facilities enable us to process intermediates and transform them into final doses using compression techniques, making us a preferred supplier to global pharmaceutical companies.

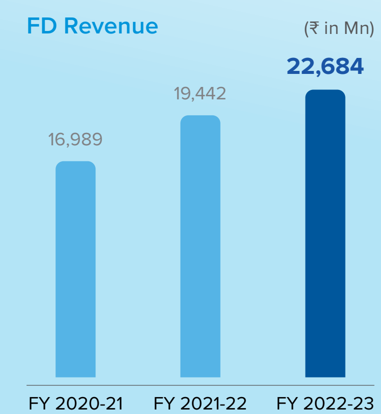
20%
Revenue from PFI business



Finished Dosages (FD)

Our current product line-up, consisting of Caplets, Tablets, and Press-fit Capsules, in bulk, blister packs, and bottles, accounts for more than 50% of our total revenue. These products are manufactured at our advanced facility located in Gagillapur. This state-of-the-art unit is equipped with automated processes, resilient infrastructure, and high-quality systems, enabling us to efficiently produce finished dosages that are distributed in over 80 countries worldwide.

50%
Revenue from FD business



PERFORMANCE HIGHLIGHTS

Accelerating Progress with Responsibility

Financial

Revenue
(₹ in mn)

FY 22-23	45,119
FY 21-22	37,649
FY 20-21	32,375

Revenue growth was driven by strategic commercialization efforts in key geographies, including the US and Europe, reflecting the Company's focus on expanding market share and capitalizing on growth opportunities.

Operating Cash Flow
(₹ in mn)

FY 22-23	7,387
FY 21-22	3,321
FY 20-21	4,325

Improved EBITDA margins and a better cash conversion cycle (CCC) resulted in higher operating cash flow, providing us with financial flexibility for growth and investments.

EBITDA
(₹ in mn)

FY 22-23	9,138
FY 21-22	7,222
FY 20-21	8,552

Higher productivity and cost control led to a higher EBITDA compared to last year, despite a lower value-added margin, demonstrating improved profitability and operational efficiency.

Return on Capital Employed (RoCE)
(in %)

FY 22-23	21.1
FY 21-22	19.3
FY 20-21	28.6

Improved EBITDA margins and asset turnover resulted in a higher RoCE, which in turn reflected effective resource management and enhanced financial performance.

Successfully concluded a **share buy-back program of ₹3,110 million,** including taxes and transaction costs.

Building for the Future

Secured 5 ANDA approvals from the USFDA, in addition to obtaining approvals for 6 EU dossiers and 3 Canadian dossiers.

Successfully Introduced 24 generic products under the GPI label in the United States.

Acquisition of Sajjala Bio Labs and set up GPAK.

Environmental

28.20%
Reduction in water intensity

14.03%
Reduction in GHG emissions (Scope 1 and Scope 2) intensity

320 KWp
Solar capacity added in FY 2022-23

50%
Of our wastewater is recycled

>85%
Of the solid hazardous waste sent for utilization by cement industries

Social

64%
Permanent workforce

₹110.02 Mn
CSR expenditure

97%
Return-to-work rate

Zero
Fatalities

3
Water tankers built for over 2500 villagers

Governance

100%
Shareholder Grievance Resolved

96%
Average Board Meeting Attendance

50%
Independent Directors on the Board

Business Strategy

Our strategic framework, based on the three levers of strengthening our core, R&D and innovation, and sustainability, revolves around creating strong scientific foundations in green chemicals and pharmaceuticals, fostering sustainability, fueling growth to create value for our stakeholders, and delivering our ambition.

STRENGTHENING OUR CORE

The first strategic lever focuses on strengthening our core capabilities by optimizing efficiency, achieving cost leadership, mitigating supply chain risks, expanding market presence, and progressing along the value chain in strategic markets.

R&D AND INNOVATION

The second strategic lever empowers us to drive innovation and research and development across our entire value chain, from finished formulations to active pharmaceutical ingredients (APIs) and even chemical intermediates. Through groundbreaking technology platforms, we are reshaping the realm of chemistry, igniting new possibilities for advancement.

SUSTAINABILITY

Sustainability, the third strategic lever, lies at the heart of our strategic vision. Aspiring to become a global leader in sustainability, we are committed to achieving Net Zero by 2050. Through transformative initiatives such as the partnership with Greenko, the adoption of eco-friendly technologies such as Biocatalysis, and the integration of sustainability into product development, we are fostering positive change and reshaping responsible business practices.

STRENGTHENING OUR CORE

Fortifying Our Leadership Position

Our strategic focus lies in improving productivity in API & Formulations manufacturing, optimizing sourcing and logistics, and implementing a commercial excellence program to strengthen our market presence and expand customer share.

With years of dedicated effort in manufacturing excellence, vertical integration, focused execution, and cost leadership, we have built a resilient business centered around key core molecules. This achievement has led us to a critical scale and a prominent leadership position in the market.

Our core strength lies in our existing products, esteemed customers, robust pipeline, state-of-the-art manufacturing facilities, and extensive capabilities. We have cultivated a reputation and fostered a culture of Manufacturing Excellence, leveraging economies of scale, producing large-volume products, and possessing advanced infrastructure for MUPS, Oncology, and controlled substances.

We are institutionalizing this approach as an ongoing commitment to continuously enhance profitability through a portfolio of value engineering projects. The improved margins from our core business provide us with the resources to invest in future growth drivers and drive innovation-led research and development initiatives.

WE ARE STRENGTHENING OUR CORE IN THE FOLLOWING WAYS

- Global Leadership in Select Molecules
- Global Cost Leadership
- Business Development
- Customer Service Excellence
- Successful New Product Launches

R&D AND INNOVATION

Catalyzing Growth through Product Portfolio Expansion

Aligned with our strategic vision of transforming into an R&D-driven organization, we are actively augmenting our product development capabilities. Through these advancements, we aim to broaden our overall capabilities, elevate the quality of our portfolio, and significantly increase the number of regulatory filings. By doing so, we are positioning ourselves for robust future growth.

During FY 2022-23, we achieved the notable milestone of establishing an integrated product development R&D center at Genome Valley, a Center of Excellence (CoE) dedicated to Controlled Substances APIs and KSM development at Pragathi Nagar, and the creation of a cutting-edge Bio Lab at Pragathi Nagar.

The sprawling 20,000 sq. ft. Genome Valley facility unifies API R&D and Formulation R&D teams, fostering agile product development. On the other hand, the Bio Lab at Pragathi Nagar strengthens our capabilities in fermentation, biotransformation, and enzyme-led projects. Leveraging the R&D expertise of Pragathi Nagar and Granules Pharma Inc (GPI), we are poised to expand our footprint in controlled substances, solidifying our position in the market.

Building Technology Platforms

Enzyme and Bio Transformation
Transitioning from inefficient and waste-intensive processes such as metallo-catalysis and organo-catalysis to an eco-friendly substitute

- Mild Reaction Conditions
- Greater Selectivity
- Simplified Work Streams
- Simplified Processing
- Fewer Byproducts
- Improved Productivity

Flow Technology Platform
Leveraging excellence in identified chemistries to drive future innovation

- Efficient Heat/Mass Transfer
- Better Control Over Process
- Faster Reactions and Smaller Lead time
- Sustainable and Lower Carbon Footprint
- Capital Efficiency – Higher Asset Turn
- Safer and Leaner Operations

PIONEERING GREEN PRODUCT DEVELOPMENT FOR SUSTAINABLE GROWTH

We place sustainability at the forefront from the early stages, integrating our green chemistry matrix with principles like Atom economy, Atom efficiency, and E-factor. The Eco-Scale concept assesses process efficiency through evaluations across 6 parameters and 38 sub-parameters at every stage. Supported by eco-friendly enzymes and bio-transformation, our superior capabilities in identified chemistries enhance sustainability. Operational targets and green score thresholds drive our unwavering commitment to embedding sustainability in each product, cultivating a greener and more responsible approach.

SUSTAINABILITY

From Vision to Action

Sustainability is at the heart of Granules' strategic vision and deeply embedded in the Company's decision-making process. It serves as a guiding principle that influences our choices and actions, ensuring that we prioritize long-term environmental and social considerations alongside our business objectives.

We are actively breathing life into sustainability through pioneering initiatives, exemplified by our ground-breaking partnership with Greenko for green pharmaceutical products. This transformative collaboration seeks to foster a symbiotic connection between the well-being of our planet and the health of humanity. By harnessing green energy, sustainable industrial feedstocks, and embracing circular economy principles, we are intertwining growth with sustainability.

Moreover, sustainability is intricately integrated into our product development process, as demonstrated by the implementation of our Green card and Eco scale initiatives These endeavors showcase our unwavering commitment to environmentally responsible practices and serve as tangible steps toward creating a more sustainable future.

Getting Recognized in the Universe of Sustainability

CRISIL
An S&P Global Company

54
Rating by CRISIL (23rd rank among pharmaceutical companies)

CDP
DRIVING SUSTAINABLE ECONOMIES

C Score
Received for climate change in our first CDP disclosure

ecovadis

Silver Rating
Achieved by Unit-1 Bonthapally

Bronze Rating
Achieved by Jeedimetla unit

We set ambitious near and long-term goals across the areas of ESG by actively listening to our stakeholders.

We aim to:

Be Net Zero by 2050

Scale Green Chemistry product development and set up a flagship green pharma plant with an outlay of ₹ 2,000 crores

Establish an enterprise-wide sustainability governance framework

Our Sustainability Journey

FY 2022-23 marked another crucial milestone in our journey of sustainable value creation. Over the years, we have achieved remarkable progress, and now we are harnessing our solid foundations to move closer to our vision.

2008-09
Recognized by CII for implementing 'Environmental Best Practices' at the Gagillapur plant.

Developed a green belt in and around all plants.

2009-10
Set a target of Zero Liquid Discharge (ZLD), Zero accident zone, and zero occupational health hazard status.

2010-11
Conducted Hazard Analysis and Risk Assessment (HARA) for each manufactured product.

2013-14
The Bonthapally facility received the ISO 14001 certification for environmental management and the OHSAS 18001 certification for occupational health safety systems.

Began installing ZLD systems at our sites.

2014-15
Successful completion of the Social Accountability Audit for the Gagillapur plant.

Green initiatives through investments in the ZLD at Bonthapally and the Effluent Treatment Plan at Gagillapur.

ISO 14001 and OHSAS 18001 certification for facilities at Jeedimetla and Gagillapur.

2016-17
13% reduction in water consumption at the Bonthapally API facility.

Reduced coal consumption by 8% in Jeedimetla Unit.

Achieved a 12% reduction in power consumption in our API plant.

Launched a Self Directed Team (SDT) program across manufacturing units to nurture skill development.

2017-18
Initiated sourcing of electricity from solar power plants.

Supported local suppliers by sourcing 50%-55% from Telangana.

2018-19
Set our sights on setting goals for building a sustainable future.

2019-20
Recognized by CII for Completed USFDA Audit for Gagillapur facilities in Hyderabad.

Sourcing from local sources crosses the 75% mark.

Achieved further reduction of solid waste generation and specific water consumption by 27% and 23% at Bonthapally API facility.

2020-21
Achieve a healthy ESG rating of 53 by CRISL.

Creation of a sustainability team to execute a focused ESG plan.

2021-22
Set a compelling vision to empower significant number of individuals through Pharma Pathshala.

100% shareholder grievances resolved.

2022-23
Announced our plan to invest ₹ 2000 crores to establish a flagship green pharma plant.

Implemented an enterprise-wide Sustainability Governance framework.

Received C Score in our first CDP climate change disclosure.

Improved ESG rating by CRISIL to 54/100.

Conducted materiality assessment for the first time and identified 13 ESG material topics.

2050
Target to achieve Net Zero emissions

Climate Crisis: Navigating Risks, Seizing Opportunities

Climate change is the greatest risk we face today, with consequences that go beyond borders, destabilizing nations, and posing challenges to economies and ecosystems.

Multi-Faceted Impacts of Climate Change

The impacts of climate change are extensive and far-reaching, requiring a nuanced approach. From visible consequences such as rising temperatures to less apparent ones like heightened extreme weather events, these shifts in our natural environment coincide with significant social, economic, and political shifts. The economic implications of climate change are significant, affecting industries, supply chains, and financial systems.

The Lens Through Which We View Climate Change

Addressing climate change is an immediate and pressing priority, rather than a future concern for businesses. We see its challenges as catalysts for innovation, inspiring the development of solutions that drive positive change.

Thriving in the business world means recognizing and tackling societal challenges. Amidst the climate crisis, corporations bear a crucial responsibility to introduce innovative solutions and combat climate change.

As customers, governments, and financial institutions increasingly demand sustainable offerings, businesses that can meet this demand will be well-positioned for success in the future.

By embracing renewable energy sources, implementing sustainable practices, and adopting eco-friendly technologies, we can protect our planet while also stimulating economic growth and creating a more resilient and prosperous future. Viewing climate change through this lens allows us to see it as both a crisis and an opportunity for positive transformation.

INDIA'S CLIMATE ACTION COMMITMENTS

India has set ambitious targets to reduce carbon intensity and achieve energy independence, including a net-zero target by 2070 and a 45% reduction in carbon intensity by 2030 compared to 2005 levels. These targets present exciting opportunities for businesses to embrace renewable energy, adopt sustainable manufacturing practices, and make advancements in green hydrogen technologies. By aligning with India's vision, companies can position themselves as key contributors to shaping a greener and more sustainable future.




Net Zero

Our Compass, Commitment, and Future

In the pharmaceutical value chain, Scope 3 emissions surpass the combined emissions of Scope 1 and 2, making it crucial for business to prioritize decarbonization throughout the supply chain for both sustainability and business reasons.

Granules CZRO marks a significant milestone in our journey, demonstrating our unwavering commitment to sustainability and initiative towards de-carbonization across the supply chain.

This transformative collaboration aims to harmonize growth and sustainability by harnessing renewable energy, sustainable raw materials and embracing the principles of a circular economy.

GRANULES CZRO

Commitment towards Net Zero

GRANULES CZRO | Commitment towards Net Zero

In our pursuit to revolutionize manufacturing and transform supply chains, we have joined forces with Greenko to establish the integrated green pharmaceutical zone (GPZ) in Kakinada, Andhra Pradesh, as part of Granules CZRO.

GRANULES | greenko » GRANULES CZRO

Our Partnership with Greenko

- Develop and promote state-of-the-art GPZ.
- Supply of carbon free green energy and green molecules solutions
- To build a greenfield facility for large-scale manufacturing of KSMs, Intermediates, APIs, and fermentation-based products.

Value Proposition of Granules CZRO

- Decarbonize Granules' value streams, offering near "Net Zero" Carbon footprint from "Cradle to gate"
- Backward Integration, Value chain ownership and Supply security
- Create Innovation and Sustainability driven new growth opportunities

Closing the Loop

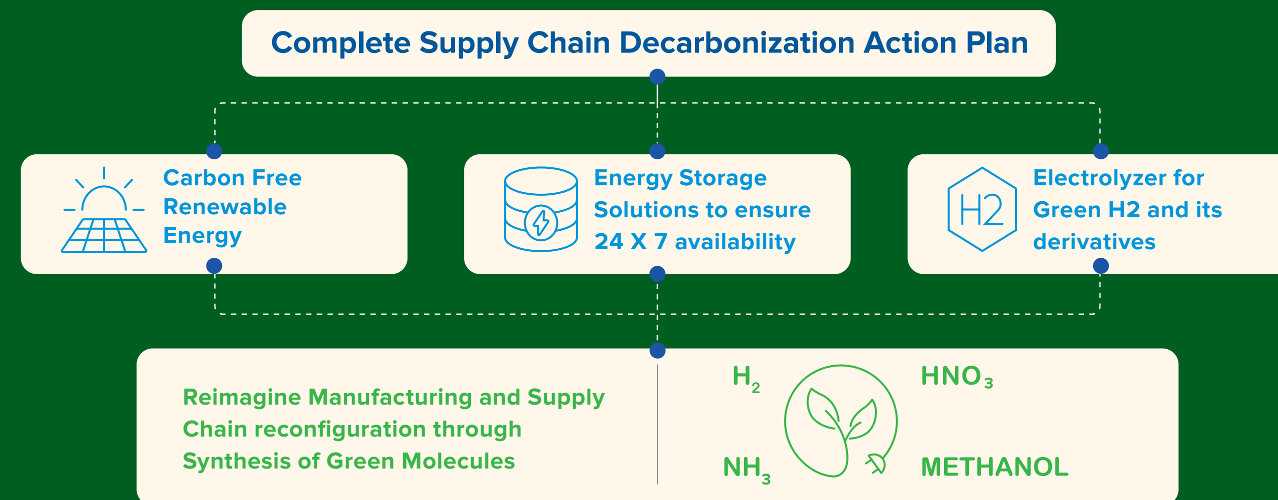
The partnership between Greenko and Granules represents a significant step in the decarbonization of Granules' value streams, aiming for a near 'Net Zero' carbon footprint from 'Cradle to Gate'.

By leveraging Greenko's expertise in renewable energy solutions with Granules' industry knowledge, the partnership aims to achieve decarbonization across the complete value chain. With the circularity built into the operations, the by-products from one product value stream are utilized as input materials in the value stream of other products, creating a closed-loop system.

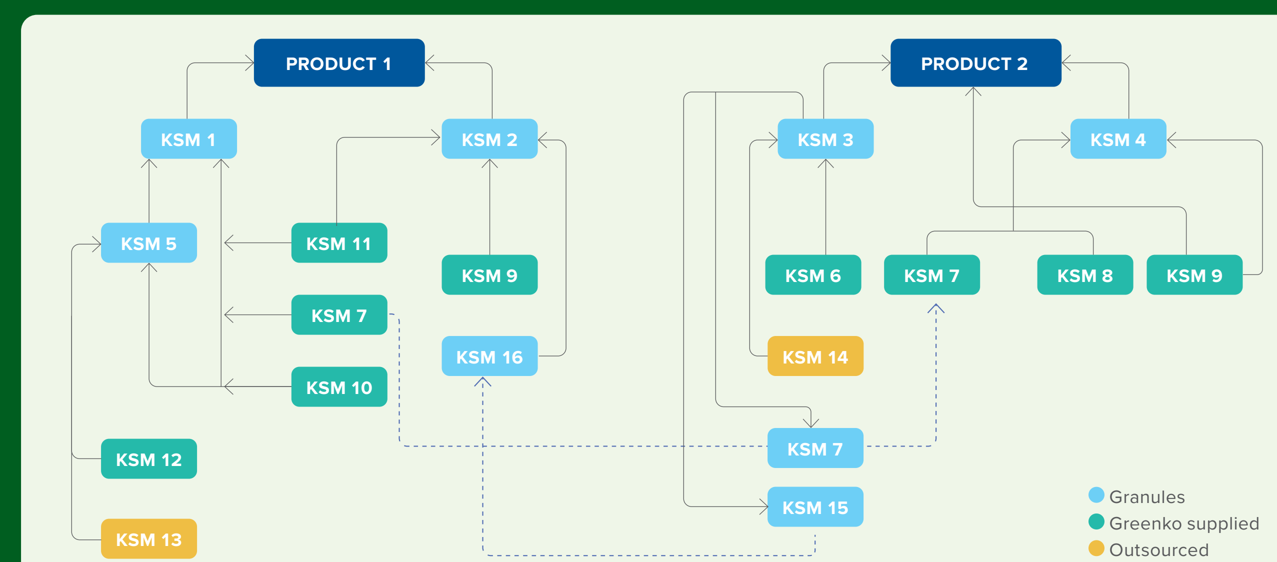
By maintaining control over the value chain, we ensure the delivery of high-quality products while promoting sustainability and resource efficiency.

Our Investment Approach

At CZRO, we will adopt a frugal approach to investment, prioritizing a phased and stage-gated strategy. The initial phase focuses on strengthening our core business, followed by prudent capital deployment with flexibility. Pilot-scale investments enable validation and optimization before scaling up to commercial manufacturing. This approach ensures swift commercialization and seamless transition, maximizing efficiency and capitalizing on growth opportunities.



Ownership and Decarbonization of Entire Value Chain with Built-in Circularity



Only two inputs, namely KSM13 and KSM14, will be sourced externally. The carbon footprint associated with these inputs will be offset through carbon sequestering methods.

Our ESG Approach

We have established the baseline and benchmarking of our sustainability practices within the industry. We are committed to adopting best-in-class practices and we are currently in the process of setting extensive goals and key performance indicators for identified material topics.

We are Led by	Purpose	Vision	
Guided by	Values		
Enabled by Strategic Levers	Strengthening our Core	R&D and Innovation	Sustainability
With a focus on	Material Topics		
Delivering Consistent Value for Stakeholders	**Key Internal Stakeholder Groups**		
	Employees	Contractual Employees	Senior Management
	Key External Stakeholder Groups		
	Shareholders/Investors	Government Regulators	Customers
	Local Communities	Supplier	NGOs
Across the areas of	Environment	Social	Governance
Contributing to the United Nations Sustainable Development Goals (UN SDGs)			

Progress made in FY 2022-23

Environment

We are making continuous progress in monitoring our greenhouse gas (GHG) emissions year after year. In FY 2022-23, we actively participated in the CDP Climate Change disclosure, specifically focusing on scope 1 and scope 2 emissions. To ensure accuracy and reliability, we have engaged BSI to validate our GHG accounting methodology. Moving forward, our goal is to incorporate and track scope 3 emission calculations as well.

In the upcoming financial year, we have plans to enhance our transparency by initiating the disclosure of our sustainability performance through a comprehensive sustainability report. This report will adhere to the Global Reporting Initiative (GRI) standards and other global standards, providing detailed and holistic information regarding our sustainability practices.

Social

Throughout this year, we placed a strong emphasis on raising awareness among employees regarding the significance of sustainability and their contributions to our sustainability goals. To achieve this, capacity-building sessions were conducted in person at our facilities in Hyderabad and Vishakhapatnam. These sessions aimed to sensitize employees to the regulatory requirements of the Business Responsibility and Sustainability Reporting (BRSR) framework, ensuring that they understand their roles and responsibilities in promoting sustainability practices.

MATERIALITY ASSESSMENT

Material Topics as a Strategic Imperative

Undertaking our first ever materiality assessment signifies a significant milestone in our sustainability journey. By identifying and prioritizing key topics, we establish a foundation for informed decision-making and impactful progress toward a more sustainable future.

Our materiality assessment enabled us to identify 13 material topics, grouped into the clusters of environment, social, and governance, which we prioritize and address in this report.

Through a comprehensive assessment of sustainability encompassing ESG aspects, we have identified, examined, and analyzed potential sustainability factors and their impact on our operations and stakeholders. Thorough baselining, benchmarking, and materiality assessments have laid the foundation for our sustainability journey.

Granules' Four Step Approach

1. **Identify** – Identifying the universe of relevant environment, social, and governance topics.
2. **Plan** – Detailing the stakeholder engagement methodology.
3. **Assess*** – Data collection from stakeholders using online surveys.
4. **Develop#** – Calibration of results by analyzing survey responses to arrive at the list of relevant material topics

Key Internal Stakeholder Groups

Employees | Contractual Employees | Senior Management

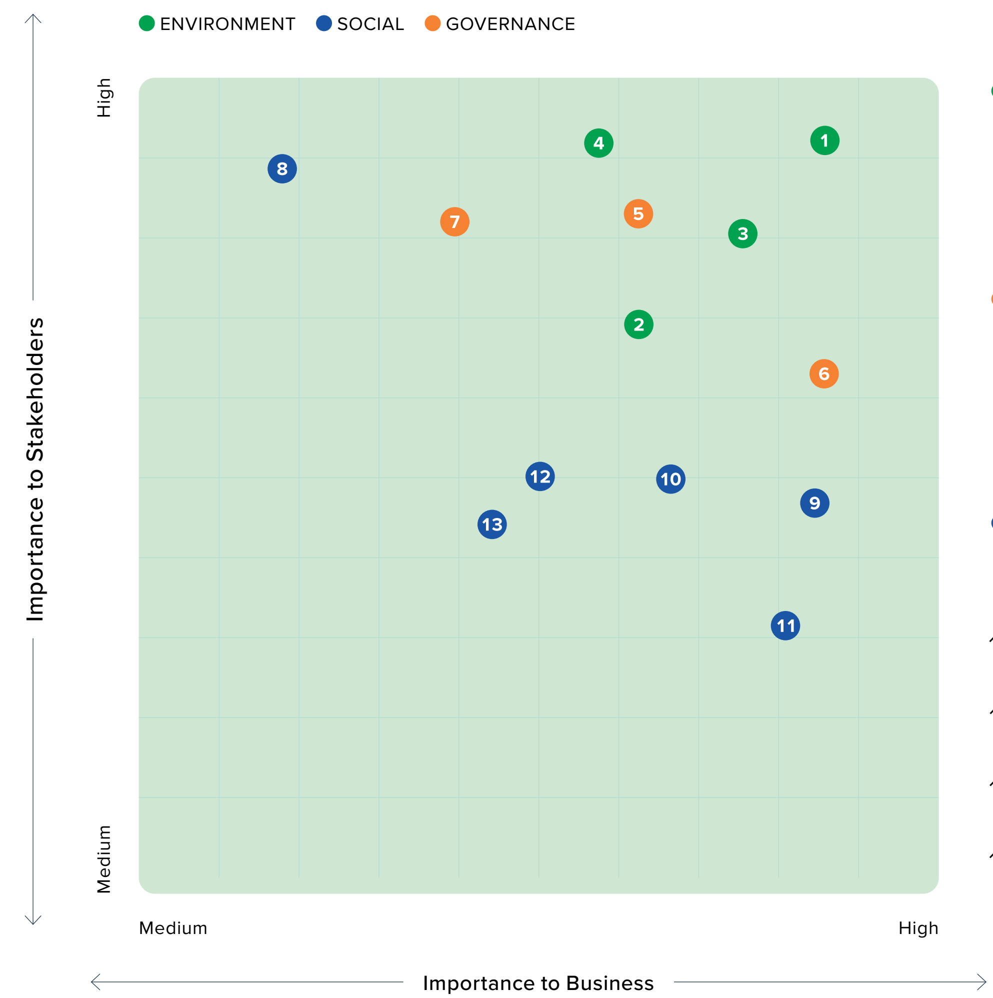
Key External Stakeholder Groups

Shareholders/Investors | Government Regulators | Customers | Local Communities | Suppliers | NGOs

* Surveys were conducted among internal and external stakeholders to rate the importance of each topic on a five-point scale. Stakeholder categories were weighted based on their influence on and by Granules' operations.

#Identified topics were then assessed for their importance to key stakeholders. With senior leadership guidance, the topics were screened and prioritized, resulting in a final list of material topics crucial to both the business and stakeholders. This was done through insights drawn from various global frameworks, standards, and ESG rating agencies.

Materiality Matrix



ENVIRONMENT
1. GHG Emission
2. Climate Change
3. Water Management
4. Waste Management

GOVERNANCE
5. Business Ethics and Integrity
6. Sustainability Governance
7. Data Privacy and Cyber Security

SOCIAL
8. Diversity and Inclusion
9. Employee Wellbeing
10. Occupational Health and Safety
11. Human capital development
12. Innovation, Research and Development (R&D)
13. Community Impact, Relations and Development

Way Forward

Moving forward, we intend to establish specific goals within the identified material topics, including GHG emission, Climate Change, Water Management, Waste Management, Employee Engagement and Well-Being, Occupational Health & Safety, Talent Retention and Development, Business Ethics and Integrity, Responsible Procurement, Sustainability Governance, and Data Privacy and Cybersecurity. By setting clear targets in these domains, we aim to drive meaningful progress and ensure a comprehensive approach to sustainability across our operations.

ENVIRONMENT

Prioritising Environment Stewardship

As a responsible organization, we understand the significance of nurturing a safe and pristine environment and safeguarding the invaluable ecosystems that support us.

Following a proactive approach, we have embraced innovation, incorporated cutting-edge technologies, and implemented operational changes to mitigate long-term environmental risks and promote sustainability.

Through the establishment of a robust Environmental Management System (EMS), we demonstrate our commitment to being a leader in sustainability practices. The facilities at GGP, BPL, JDM, Unit-4, and Unit-5 are ISO certified.

Our continuous efforts focus on reducing emissions, efficiently managing water resources, and minimizing waste generation. Dedicated to advancing on the path of decarbonization, guided by well-defined targets, we strive to be a recognized advocate for sustainable practices in our industry.

Energy Consumption

Achieved an almost threefold increase in renewable energy share to reach 9.03% for FY 2022-23. This is due to the implementation of solar power usage through open access.

Installed a Solar Power Plant at Gagillapur with a capacity of 320 KWp; with a maximum power generation of 1200 KWH, which in turn would reduce 0.972 $MTCO_2e$ daily.

Achieved energy savings of 19.06 TJ through the implementation of various initiatives.

GHG Emissions

Managed to control our GHG footprint, which only increased by 0.4% compared to energy consumption, which rose by 2.3% in FY 2022-23. This was due to the renewable energy and energy efficiency projects we undertook during the year. At the end of the year, our total GHG footprint (Scope 1 and Scope 2) stood at 1,09,958 tCO_2 eq.

The moderate growth in GHG emissions resulted in a reduction of GHG intensity by 13.2% compared to the previous year and against the target of 5% YoY reduction.

Water Management

Successfully reduced freshwater consumption by 11.75% to reach 45,396.4 KL in FY 2022-23. This was a result of rainwater collection, improved water recycling, additional recovery of steam condensate, flash jet pump, and recycled water from effluent treatment plants.

In FY 2022-23, the percentage of water recycled during the year was more than 50%. Notably, in BPL-1, more than 90.78% of treated water was recycled.

Waste Management

Achieved ~100% recycling of non-hazardous waste generated at our manufacturing site in FY 2022-23. Additionally, we reduced hazardous waste by 13.23% to reach 460.3 Metric tons by optimizing the process.

During FY 2022-23, we sent more than 85% of solid hazardous waste for utilization by cement industries, which helped reduce our GHG footprint. Additionally, we increased the recycling of hazardous waste by 12.81%.

Green Buildings

Implemented various initiatives to realize the vision of reaching the platinum rating from the Indian Green Building Council (IGBC) for our new FD manufacturing project.

We aspire to reach the Platinum rating, setting a trend among pharmaceutical companies by adopting sustainability principles in our facility development. To attain the desired rating, several critical areas have been identified and prioritized:

- Implementation of soil erosion control practices like preservation of top soil, barricading, soil stacking, sedimentation pit, water spraying, rainwater harvesting, and vegetation to ensure the preservation of fertile soil.
- Proposal for a rainwater harvesting or storage system to capture 50% of run-off volumes from roofs and non-roof surfaces, with storage designed to sustain 2-3 days of rainfall.
- Targeting 20% energy savings over ASHRAE90.1/ECBC standards through the use of high-efficiency chillers that are CFC-free and equipped with Variable Frequency Drives (VFD) to avoid ozone layer depleting gases.
- Installation of 1 MW solar rooftop photovoltaics and building-integrated photovoltaics (BIPV), as well as covering 75% of the surface parking area with solar photovoltaics, to reduce the micro-climate impact of heat dissipation.
- Utilization of 100% certified wood/bamboo-based materials for all wood applications, with a focus on procuring at least 50% of renewable wood-based products certified by FSC or the local Forest Department.
- Encouragement of the use of salvaged building materials and products to minimize the demand for virgin materials and reduce environmental impacts associated with extraction and processing.
- Proper management of construction waste through segregation and monitoring to divert at least 50% of waste generated during construction from landfills.
- Incorporation of building materials with recycled content such as steel, cement, Ground Granulated Blast-furnace Slag (GGBS) based concrete, glass, tiles, gypsum false ceiling, fly ash bricks, and aluminium.
- Selection of "GreenPro" certified civil and interior materials to ensure sustainable and environmentally friendly choices.
- Emphasis on factory design that eliminates the risk of major carcinogenic effects related to asbestos exposure.
- Aim to achieve a daylight factor of up to 50% of occupied spaces.

SOCIAL

Building Bridges of Trust

Building harmonious relationships and partnerships on trust have been our guiding principle over the years. These principles have enabled us to create a positive impact on the communities which are influenced and impacted by our operations.

Community Impact, Relations, and Development

Pharma Pathshala

Pharma Pathshala, a collaborative initiative with Swarna Bharat Trust, offers skill development and technical training in pharmaceutical operations to high school students. Upon completion, participants gain the opportunity to join our workforce.

Guided by our vision, the program provides a comprehensive two-month training aligned with industry standards. Though Pharma Pathshala, we shape the future of aspiring pharmaceutical professionals, bridging the skill gap and paving the way for rewarding careers in the industry.

1,065
Trainees covered so far under this initiative

Nurturing Health, Rejuvenating Lives: Dr. Chigurupati Nageswara Rao Dialysis Center

Our center, located in Guntur and Prakasam Districts of Andhra Pradesh, along with the border areas of Nalgonda and Miryalaguda in Telangana, aims to provide accessible and affordable dialysis services. St. Joseph Hospital, in collaboration with the Red Cross Society in Guntur, manages the center, ensuring quality care for patients in need.

Capacity of
750
Dialysis treatments per month at affordable cost

SOCIAL

Granules Blood Donation Camp

During the year, around 200 employees donated their Blood for a good cause including our Chairman.

Inauguration of Overhead Water Tank in Bonthapally Village

We have launched a project to construct overhead water tanks near our Bonthapally plant, providing clean drinking water to nearby villages. The capacity of the overhead water tank is 150KL, and it aims to address the drinking water needs of the local community.

150 KL
Capacity of overhead tank

Inauguration of Overhead Water Tank in Veerannagudem Village

In Veerannagudem, Gummadidala Mandal of Sangareddy, we have inaugurated a 100KL capacity overhead water tank.

This initiative addresses the challenge faced by the villagers in accessing a consistent supply of clean drinking water to their households. We aim to provide the residents of Veerannagudem with a reliable and uninterrupted source of safe drinking water.

2,000
Expected beneficiaries from the project

Pradhan Mantri TB Mukt Bharath Abhiyaan

During the year, we contributed ₹ 4.20 Lakhs to Smt. N. Kalyani, the District Leprosy AIDS TB Officer in Anakapalli, under the Pradhan Mantri TB Mukt Bharath Abhiyaan.

This contribution specifically aims to provide six months of nutrition food to 100 patients in need. We are honored to receive a certificate of appreciation from the Central TB Division, Ministry of Health and Family Welfare, recognizing our generous and timely support in the nation's fight against Tuberculosis.

Eye Health research Initiative at LV Prasad Eye Institute

Granules India Limited contributed an amount of INR 50 million for Preventive Health Care to L V Prasad Eye Institute's Eye Health Research Initiative (Hyderabad Eye Research Foundation) for finding cure for vision threatening eye diseases. The institute continuously performs basic research on vision threatening eye disease mainly through genetic, molecular and cellular biology and microbiology aspects of eye disorders. Clinical research includes clinical trials and public health research, particularly epidemiology, on the prevalence of blinding conditions.

SOCIAL

Nurturing Our Employees

Strengthening our human capital is vital to our growth strategy. Our principles guide us in every action we take, prioritising employee well-being at every stage of their journey with us.

Human Capital Development

In a rapidly evolving landscape, it is a business imperative for our workforce to continually acquire new skills and seize learning opportunities. We recognize that it is the passion and dedication of our people that propel us forward, enabling us to redefine the boundaries of what is possible.

Thus, we foster a culture where continuous learning and personal growth flourish, equipping them with the tools and support needed. In doing so, we embark on a path paved with remarkable achievements and groundbreaking discoveries. For it is through the investment in their development, that we cultivate not only a thriving work culture but also lay the bedrock for sustainable success.

Employee Training Programmes

	Effective Personal Productivity	5MG Learning	One Hour Learning	Code of Conduct Training
Coverage	Top leadership	General manager and above	Assistant manager and above	All employees
	First-Time Leader Program	**Operational Excellence Training**	**Operations Training**	**SUPAC Training and OOS Investigation**
Coverage	Aspiring leaders	Across the organization	Across the organization	Managers

SOCIAL

Women Group Mentorship Program – Granules WoW (World of Women)

The Granules Women Mentorship Program offers a six-month transformative group coaching experience for women, facilitated by experienced business coaches. Each month focuses on different aspects of developing a high-performance mindset, including goal setting, overcoming challenges, strategic planning, and envisioning future success.

Through engaging group sessions and personalized individual coaching, this program ensures that women at Granules receive the guidance and support they need to unleash their potential and grow as high-performance leaders in their careers.

27
Women employees covered under this initiative.

Engaging Leadership Teams in Sustainable Transformation

In collaboration with external leading global consultants, initiated kick-off meetings with the leadership team and internal stakeholders to promote sustainability and foster a long-term commitment within the organization.

The workshops shed light on the material actions undertaken by us in recent years, encompassing vital areas such as energy efficiency improvements, waste reduction, responsible sourcing, and community engagement.

The discussions highlighted the importance of ESG performance, emphasizing the need for organizations to continuously strive for higher standards.

Awareness Session on CDP Reporting: Enhancing Environmental Transparency

We also organized an enlightening awareness session for key stakeholders on the CDP and its disclosures. The session emphasized the numerous benefits of CDP involvement, including valuable insights into environmental performance and enhanced accountability for stakeholders.

Higher-Education Program in Partnership with Tata Institute of Social Sciences (TISS)

We have partnered with TISS to offer a specialized three-year Bachelor's program in vocational studies (B. Voc) tailored for pharmaceutical manufacturing.

The program combines classroom sessions with on-the-job training to provide a comprehensive learning experience. This practical approach allows them to apply their theoretical knowledge effectively. We fully cover the program's cost for enrolled students, underscoring our commitment to investing in their education and professional development.

Through our collaboration with TISS, our goal is to empower our shop floor employees, equip them with industry-relevant skills, and cultivate a culture of continuous learning within our organization.

228
Employees covered under this educational programme.

ESG Training: Navigating the ESG Landscape

An external leading global consultancy conducted a comprehensive training session on ESG for 50 participants from various functions and locations across Granules.

The training session covered key aspects, including the significance and evolution of ESG in India, an introduction to the BRSR framework, and strategies to address ESG challenges. Armed with this knowledge, participants are now equipped to navigate the complex ESG landscape and embrace sustainable practices within their respective roles.

50
Employees covered

SOCIAL

Employee Well-being

Employee well-being is paramount to our commitment to sustainable operations and our promise of 'care'. We actively engage in various initiatives aimed at promoting positivity, wellness, and good health among our employees and their families. We organize various events for different groups of employees on different aspects of well-being.

Celebrating International Women's Day

We commemorated International Women's Day with a special event at our Gagillapur Facility. Esteemed Chief Guest, Dr. Manorama, shared her inspiring journey as Chief Scientist at CSIR-Indian Institute of Chemical Technology.

Mrs. Uma Chigurupati and Ms. Priyanka Chigurupati, Executive Directors, highlighted their remarkable journeys, breaking barriers and defying gender stereotypes.

This event symbolized our commitment to fostering an inclusive environment where women thrive, their achievements are celebrated, and their voices are heard. We remain dedicated to empowering women and advancing gender equality in our organization and beyond.

Granules Annual Family Fest

At Granules, we believe in the power of unity and strong relationships. Our annual Family Fest is a vibrant celebration that unites our employees and their families for a day of joy, cultural performances, delectable food, and exciting activities. Held at our plants, this event creates an unforgettable experience, strengthening the bonds and fostering a sense of camaraderie within our organization.

SOCIAL

Stress Management

During the year, we conducted several programs on stress management such as Heartfulness Meditation sessions by Sri Rama Chandra Mission, Healthy BMI Challenge, 5K Run Sports Event, and Zumba workouts have been conducted. By conducting programs on stress reduction, we support a positive work-life balance and create a conducive atmosphere for growth and success.

Live Health Awareness Sessions

We have organized Health awareness sessions by industry experts such as an Eyecare session by Mamatha Academy of Medical Sciences. By imparting valuable knowledge and strategies, these sessions empower employees to make informed decisions about their health, leading to reduced healthcare costs and increased productivity.

Virtual Health Webinars

We regularly conduct occupational health webinars on common summer disorders and precautions, Mosquito-borne disorders, World Heart Day, and HIV/AIDS – Awareness at the workplace for the employees. These have been proven to be highly beneficial in promoting employee well-being and education.

Medical Camp

During the year, we have organized a Medical Camp through the support of Malla Reddy Narayana Multi-specialty Hospital to support the employees and their families with free super specialty consultations and discounted prices on Diagnostic services. This initiative reflects the company's commitment to the well-being of its workforce and reinforces a culture of proactive healthcare management.

Health Calendar

We circulate an awareness poster with Health tips on selected occupational and general health-related topics in a calendar format every month within the organization to increase awareness of Health. This monthly health calendar notification system has proven instrumental in promoting employee wellness by providing regular reminders for health-related activities.

AI Health Application

As another step towards promoting the health and well-being of employees, we have tied up with Ekincare, which is an AI-driven integrated and patented health benefits platform, as our employee health and well-being partner, or delivering personalized health and wellness experiences. Ekincare serves as our service provider for Annual Medicals too.

GOVERNANCE

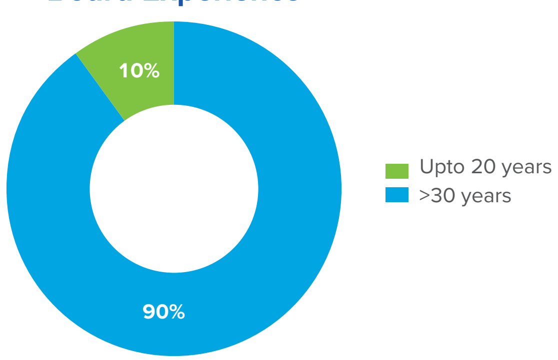
Upholding Ethics and Integrity

We strive to create a strong system of governance that is built on integrity, transparency, and accountability. Working together, the Board and senior management uphold our core values and principles, serving as guardians of our governance system.

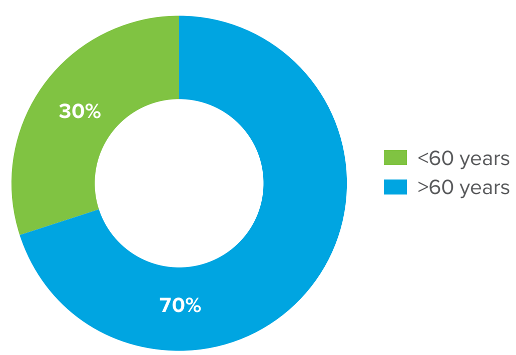
Governance Framework

Board Snapshot

Board Experience



Board Age



BOARD OF DIRECTORS

Guiding Granules Towards Success

DR. KRISHNA PRASAD CHIGURUPATI
Chairman & Managing Director

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

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

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

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

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

He is the President of the Hyderabad Chapter of Swarna Bharat Trust, an NGO involved in the holistic improvement of the face of rural India, in the fields of health, education, employment, and human development.

DR. K.V.S. RAM RAO
Joint Managing Director & Chief Executive Officer

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

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

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

BOARD OF DIRECTORS

MRS. UMA DEVI CHIGURUPATI

Executive Director

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

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

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

MR. HARSHA CHIGURUPATI

Executive Director

Mr. Harsha Chigurupati holds a bachelor's degree of science in Business Administration from Boston University, USA. He has over 17 years of entrepreneurial experience in marketing, product development, customer relationship management, cleanroom manufacturing, and automation. 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 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 branded players. As an Executive Director, he is responsible for the standalone Operations and P&L of the Company.

MR. ARUN RAO AKINEPALLY

Independent Director

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

He is also on the Boards of ESPI Industries and Chemicals Private Limited, a leading manufacturer of antacids in India, and Sanzyme Private Limited a globally known manufacturer of Probiotics. He was an office-bearer of the Indian Pharmaceutical Association both at the Central and State level.

MR. K. B. SANKAR RAO

Non-Executive, Non-Independent Director

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

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

MR. ARUN SAWHNEY

Independent Director

Mr. Arun Sawhney holds a 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 the Chemical & Pharmaceutical industry while working with Companies like Ranbaxy, Dr. Reddy's, and Max-Gb Limited.

He possesses 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 the Indian Pharmaceutical Export Promotion Council (Pharmexcil) and was Chairman of the Pharmaceutical Committee of the Confederation of Indian Industries (CII) during 2012-2014. Mr. Sawhney is currently engaged with leading Companies in an advisory capacity and a visiting faculty at IIM-Lucknow for subjects of Leadership & Organization Behavior.

DR.SAUMEN CHAKRABORTY

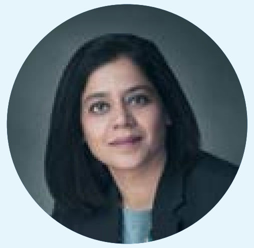
Independent Director

Dr. Saumen Chakraborty is a Graduate of Physics from Visvabharati University-Santiniketan, a Postgraduate in Management from the Indian Institute of Management (IIM)-Ahmedabad, and an Executive Fellow in Management from the Indian School of Business (ISB)- Hyderabad. He possesses over 38 years of rich experience in Corporate Finance, Human Resources, IT& BPE, Manufacturing Operations, and Quality functions while working with Dr. Reddy's, Tecumseh, Eicher, C-DoT, and CMC.

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

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

BOARD OF DIRECTORS



MRS. SUCHARITA RAO PALEPU
Independent Director

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

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

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

MR. KAPIL KUMAR MEHAN
Independent Director

Kapil Kumar Mehan is an accomplished business leader with deep managerial, domain, and strategic expertise in the areas of 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. He has keen insights into business and policy/ regulatory dynamics of the Agri and green chemistry industries. With his vast exposure across fertilizer, chemicals, consumer products, and agriculture industry globally, he is providing advisory and expertise across varied consulting assignments with industry (covering Indian and African markets) and marquee consulting firms such as E & Y, BCG, etc. A graduate of Veterinary Sciences and animal health, a Postgraduate in Management-SPA from the Indian Institute of Management (IIM)-Ahmedabad, and has completed Advanced Management Program from Harvard Business School.

He has experience in multiple Industry verticals such as Fertilizers, Crop Protection Products, Seeds, and Agri Input retail, Fresh Produce Supply Chain, Industrial Chemicals, Consumer Products, and Cement.

Prior to the current advisory role, during his tenure in the industry, he has served in the capacity of Group Chief Executive Officer-Agribusiness of Adventz Group, as Managing Director of Coromandel International Limited in the Fertilizer industry, and as an Executive Director in Tata Chemicals Limited. Key initiatives/activities handled in his role with Industry encompass Acquisitions, Mergers, and Post Merger integration, Business transformational interventions, new business development / Inorganic growth, Brownfield expansions with direct involvement in EPC / EPCM, Technology contracts, overseas and local strategic sourcing tie-ups.

He is an active participant in key industry bodies at the National and International levels including the Fertilizer Association of India (FAI), the International Fertilizer Association (IFA), the National Agriculture Council of Confederation of Indian Industry (CII), Chairman of Agricultural Committee of Northern Regional Council of CII etc. He has been the past Chairman of the Alkali Manufacturers Association of India and the Salt Producers Association, Co-Chairman of FAI, and Chairman of the Marketing Committee of FAI. He has served on the Board of the International Fertilizers Association (IFA) and Chaired its Agriculture Committee. He has led many industry-level advocacy efforts for a healthy enabling policy framework for growth, sustainability, ease of doing business, and meeting the requirements of multi-stakeholders in the fertilizer sector. He serves on the Board of Directors, as an Independent Director, of Nuziveedu Seeds Limited.

MANAGEMENT TEAM

Energizing Growth and Transformation

DR. KRISHNA PRASAD CHIGURUPATI
Chairman & Managing Director

Read Dr. Krishna Prasad Chigurupati's bio on Page 51

DR. K.V.S. RAM RAO
Joint Managing Director & Chief Executive Officer

Read Dr. K.V.S Ram Rao's bio on Page 51

MRS. UMA DEVI CHIGURUPATI
Executive Director

Read Mrs. Uma Devi Chigurupati's bio on Page 52

MR. HARSHA CHIGURUPATI
Executive Director

Read Mr. Harsha Chigurupati's bio on Page 52

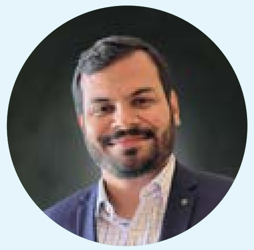
MS. PRIYANKA CHIGURUPATI
Executive Director of Granules Pharmaceuticals, INC. & Granules USA, INC.

Ms. Priyanka Chigurupati, the Executive Director of Granules Pharmaceuticals, Inc. & Granules USA, Inc., is responsible for overseeing our US Generics business. She holds a Bachelor of Science degree in Business Management from Case Western Reserve University (US). Within Granules, Ms. Chigurupati has served in various capacities across multiple divisions, including Sales & Marketing, Portfolio, Strategy & Investor Relations. In 2012, Priyanka joined Granules India as a Divisional Manager in Hyderabad. Over time, she progressed to become the Executive Vice President of Corporate Strategy and Business Development for Granules in 2016. Her invaluable contributions have been pivotal in driving the company's growth and expanding our presence in the US market, which now accounts for 50% of our overall business. She has demonstrated outstanding leadership in building the GPI business from scratch and successfully establishing the entire GPI organization in the US, solidifying our position as a key player in the industry. Under her leadership, business processes have been streamlined, and top-tier talent has been recruited at GPI. Furthermore, she played a vital role in establishing our GPAK - Packaging and distribution facility in Manassas, Virginia, US, through Granules Consumer Health (GCH), a subsidiary of our entity Granules USA.

MANAGEMENT TEAM

MS. UMA RAO G
Chief Human Resources Officer

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



MR. MUKESH SURANA
Chief Financial Officer

Mukesh is a Chartered Accountant by qualification & is a seasoned finance professional with over two decades of global experience in the field of finance, accounts, FP&A, and Taxation. He has a rich experience in the areas of business & finance, transformation, risk management, projects, mergers & acquisitions, investor relations, legal, secretarial, commercial, procurement & IT. In the past, he has worked with reputed organizations including Garware Technical Fibers, Kalpataru Power Transmission, Asian Paints, and SRF.

DR. PV SRINIVAS
Chief Technology Officer

Dr. Srinivas is a Ph.D. in Organic Chemistry from Osmania University & a Post Doctorate from the University of Mississippi, USA.

He comes with over 30 years of experience in R&D and Portfolio selection, synthetic chemistry, fermentation technology, and downstream processing. He was responsible for developing various projects, scaling them, and commercializing them. He has expertise in generic API development and end-to-end execution of projects from conceptualization to commercialization. Dr. Srinivas has filled more than 100 patents and has 53 paper publications. He is a fellow of the Royal Society of Chemistry. He has worked with organizations including PI Industries, IICT, Biocon, and Cipla in his earlier assignments.

MR. ANIL ARORA
President – Formulation Operations

Anil has done his Bachelor of Pharmacy and has done his Post Graduation Diploma in Material Management and is a qualified auditor for Lean Manufacturing & Six Sigma.

He comes with over 32 years of pharma experience. During his tenure, he was instrumental in providing innovative solutions that deliver great results in productivity, quality, efficiency & safety.

He is a transformational leader and has been part of multiple projects that help the organization achieve orbital change in the manufacturing zone. His strategic insights have inspired young talent to think differently and achieve unrealistic targets. Before joining us, he worked with leading pharma organizations including Dr. Reddy's, Dabur, Alkem, Abbott, and Zydus Cadila, to name a few.

MANAGEMENT TEAM

MR. MANIKANDAN RAMALINGAM
Senior Vice President & Head Formulation R&D

Mr. Mani Kandan Ramalingam is a pharmaceutical technologist with 24 years of experience and holds M. Pharma Tech from NIPER (Mohali) and a Master black belt in six sigma. In his experience, worked in providing technical, strategic, and functional leadership in uniquely challenging positions in Pharmaceutical Research. Worked at Sun Pharma and Dr. Reddy's prior to joining Granules; and served as functional head of Product development Research and subject matter expert for formulation at Dr. Reddy's. Has expertise in, API Assessment for FD design & API – FD integration, Pre-formulation, and Formulation design (Different types of dosage forms), Biopharmaceutics and pharmacokinetics, New Technology adoption, and Product Scale up and manufacturing. Also served in leading cross-functional research team, change management, Training and team building, Regulatory risk management, product selection assessment, and Contract research management, thereby ensuring successful translation of products from Ideation to the Market.

MR. G. N. PRASHANTH
Senior Vice President & Head Corporate Quality

Mr. G. N. Prashanth is a postgraduate in pharmacy from Bangalore University and has done EGMP program from IIMB. He has over 30 years of experience and has worked in companies like Cipla, Astra Zeneca, Orchid Chemicals and Pharmaceuticals, Neopharma, Kemwell, Micro Labs, and Strides. He has experience in various functions like Quality Control, Analytical Development, Quality Assurance, Regulatory Affairs, and Project Management. He joined us in Oct 2019 as Senior Vice President and Head of Corporate Quality.

MR. SANJAY KUMAR
Senior Vice President – Corporate Strategy & Planning

Sanjay holds a B. Tech degree from IIT Kanpur and an MBA from IIM Bangalore (Merit list holder). He has completed the Chartered Finance Analyst program from CFA Institute, USA and has attended management program at Stanford Graduate School of Business.

With over 20 years of experience, Sanjay specializes in Corporate and Business Strategy, Identifying growth opportunities, Budgeting & Planning, Financial Modeling, Developing Business Case and Valuation. He has worked closely with senior leadership teams in various Organizations to enable decision-making and execution of key programs. At Granules, Sanjay leads Corporate Strategy, and is responsible for identifying growth levers and new business opportunities, Building organization capabilities for a future ready organization, and Strategic Planning. He was earlier associated with organizations such as Viatris (formerly Mylan), Granules India, Wanbury, and Indian Engineering Services (Civil Services).

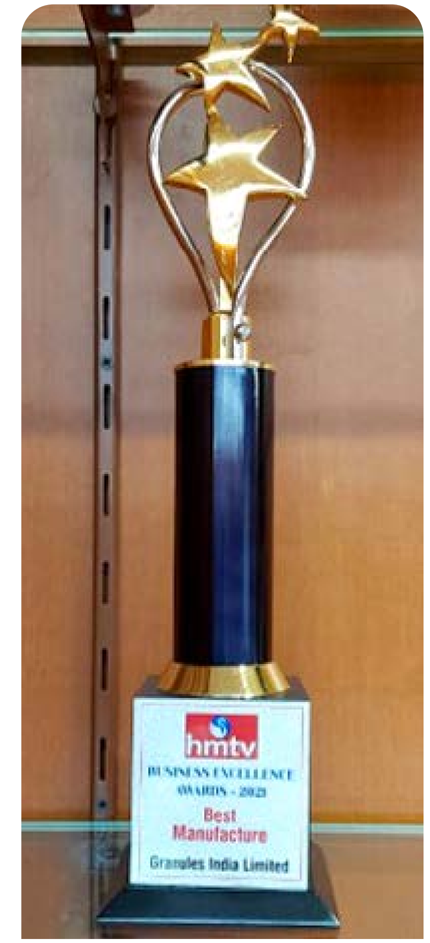
AWARDS AND RECOGNITION

IGBC Green Crusader
Indian Green Building Council

Best Skill Development Initiative (Pharma)
TISS Leap Vault CLO Awards 2022

Gold Winner at the 10th CII National Poka-Yoke Competition

Silver Winner at the 10th CII National Poka-Yoke Competition



As one of the Most Trusted Brands
Most Trusted Brands of India 2023

Glory of India Award
Presented to Chairman & Managing Director

Best Manufacturer Bulk Drug
Business Excellence Award

Business Responsibility and Sustainability Report

Sustainability at Granules

Granules aspires to be one of the most sustainable companies. Which is why sustainability has always been integral to how we operate. This year, however, we took significant steps to shape our sustainability journey and be future-ready.

We set ambitious near- and long-term goals across three sustainability pillars of environment, social and governance (ESG) – by actively listening to our stakeholders:

WE AIM TO

1. Be Net Zero by 2050
2. Scale Green Chemistry product development and set up a flagship green pharma plant with an outlay of ₹ 2,000 crores and
3. Establish an enterprise-wide Sustainability Governance framework

UN SDGs Aligned

Our aspirations across the 13 ESG priority areas identified contribute to the Sustainable Development Goals of the United Nations.

Granules is committed to continuously improving the ESG performance across rating agencies. CRISIL (an S&P Global company) rated Granules' performance as 'Adequate' with a score of 54 out of 100. We participated in CDP's Climate Change rating disclosure in 2022.

We are pleased to publish Granules inaugural Business Responsibility and Sustainability Report (BRSR) FY 2022-23. It details the Company's ESG performance across the 9 principles defined by The National Guidelines on Responsible Business Conduct and is aligned with the new guidelines released by the Securities and Exchange Board of India (SEBI). The British Standards Institution (BSI) – an independent third party has verified and assured the environmental data disclosed in this Report.

KEY HIGHLIGHTS FY 2022-23

Principle 1

We are committed to conducting our day-to-day activities with integrity and transparency.

- Our Code of Conduct guides our everyday actions at work
- Our Policies provide our employees clarity on how to conduct business ethically and responsibly
- Over 90% of our value chain partners are trained on Granules Supplier Code and Green Procurement

Principle 2

We are committed to committed to provide goods and services that are safe and sustainable

- 100% of Key Starting Materials (KSMs) at Granules are sourced sustainably from Goods Manufacturing Practice (GMP) compliant vendors
- 780 Lakhs invested (capex) in technologies to scale our environmental and social impact

Principle 3

We respect and promote the well-being of all employees, including those across our value chain

- Zero fatalities reported with lost time injury frequency rate of 0.12 (per million hours worked)
- All employees enjoy medical health and personal accident insurance coverage under the Company's Group policy – including 24/7 access to doctors via an integrated platform in partnership with Ekincare
- Continuous awareness and education of employees on healthy lifestyle
- Our return-to-work rate stands at 97% and every employee underwent upskilling training
- Granules is ISO45001:2018 certified

Principle 4

We respect and uphold the interests of all our stakeholders and engage with them frequently

- We recognize that our stakeholders- Investors, shareholders, customers, value chain partners, communities and importantly employees and workers – are critical to Granule's success and future
- This year we conducted a materiality assessment by engaging with our key stakeholders. We gathered insights on what they felt Granules should be focusing on to be future ready and sustainable.
- We constantly engage with our employees thru quarterly townhalls as a two way communication platform

Principle 5

We stand for dignity, freedom and a fair workplace

- We are committed to upholding and advocating for human rights at our workplace and across encouraging our value chain partners to do the same
- The median annual remuneration of employees at Granules is over ₹ 6 lakhs. Our workers are also paid fairly and above minimum wage and as per market benchmark to remain competitive
- Our employees are trained on workplace harassment and the POSH and Whistleblower Policy lays out the processes to report incidents safely and anonymously

Principle 6

We are committed to reducing our environmental footprint across our operations

- 50% of our wastewater is recycled
- Our renewable energy mix is > 9%
- > 85% of the solid hazardous waste is sent to utilization by cement industries for co-processing thereby reducing the GHG footprint.

Principle 7

We are committed to doing our part transparently to influence public and regulatory policy

- As an active member of the Bulk Drug Manufacturer Association of India (BDMAI) we represent the Pharma industry and engage in meaningful dialogue with other members, peers and government bodies

Principle 8

We continuously engage with local communities to foster strong relationships and promote equitable development

- 90% of our CSR spend – to upskill and improve community health – benefits vulnerable and marginalized communities
- We work closely with NGOs, local communities, and government agencies to create sustainable solutions and drive positive change, together
- Our Pharma Pathshala program – in partnership with Swarna Bharat Trust – focuses on upskilling and livelihood opportunities for youth.
- The Public Health Clinic we set up at Bonthapally improves community health and well being
- 3 water tankers to provide clean drinking water to over 2,500 villagers.
- Contributed funds under the Pradhan Mantri TB Mukt Bharath Abhiyaan for feeding 100 patients for six months Nutrition food

Principle 9

We are committed to provide high-quality products for better public health and safe services to our customers

- Zero data breaches during the reporting period
- Zero product recalls
- Transparent and effective mechanisms established to receive and respond to consumer complaints and feedback

What Granules Aspires to Achieve

Granules aspires to be among the most sustainable companies and is in the process of baselining and industry benchmarking of sustainability practices, adopting the best-in-class practices, extensive goal setting and identifying key performance indicators. During this year, Granules has also ensured that the employees are cognizant of the importance of sustainability and their role in Granules' sustainability ambition. There were capacity building sessions conducted in person at the facilities in Hyderabad and Vishakhapatnam to sensitize the employees on the regulatory requirements of BRSR.

Granules is also committed to improve the ESG scores provided by various rating agencies. At present, CRISIL (an S&P Global company) has rated Granules' performance as 'Adequate' with a score of 54 out of 100.

Granules is progressing year on year in monitoring of GHG emission. Granules has participated in CDP Climate Change disclosure in 2022 for scope 1 and scope 2 emissions. The Company has engaged BSI to validate the methodology of GHG accounting and going forward we aim to track Scope 3 emission calculations. In the next financial year, Granules also plans to start disclosing its sustainability performance through a sustainability report wherein comprehensive information shall be provided with reference to the Global Reporting Initiative (GRI) standards.

Business Responsibility and Sustainability Report

SECTION A: GENERAL DISCLOSURES

I. Details of the listed entity

1. Corporate Identity Number (CIN) of the Listed Entity	L24110TG1991PLC012471
2. Name of the Listed Entity	Granules India Limited
3. Year of incorporation	1991
4. Registered office address	2nd Floor, Block III, My Home Hub, Madhapur, Hyderabad – 500081
5. Corporate address	2nd Floor, Block III, My Home Hub, Madhapur, Hyderabad, Telangana, 500081
6. E-mail	investorrelations@granulesindia.com
7. Telephone	040-69043500
8. Website	https://granulesindia.com/
9. Financial year for which reporting is being done	2022-23
10. Name of the Stock Exchange(s) where shares are listed	BSE Limited and National Stock Exchange of India Limited (NSE)
11. Paid-up Capital	₹ 242.04 (in million)
12. Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR Report	Ms. Chaitanya Tummala, Company Secretary, Phone No: 040-69043500, investorrelations@granulesindia.com
13. Reporting boundary Are the disclosures under this Report made on a standalone basis (i.e., only for the entity) or on a consolidated basis (i.e., for the entity and all the entities which form a part of its consolidated financial statements, taken together).	The disclosures made in this Report are on a standalone basis for Granules India Limited

II. Products/services

14. Details of business activities (accounting for 90% of the turnover):

S. No.	Description of main activity	Description of business activity	% Of turnover of the entity (FY23)
1.	Pharmaceuticals	Development, manufacturing and sale of Active Pharmaceutical Ingredients (API), Pharmaceutical Formulations Intermediates (PFIs) and Finished Dosages (FD)	100%

15. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

S. No.	Product/Service	NIC Code	% Of total turnover contributed
1.	Manufacture of allopathic pharmaceutical preparations	21002	100%

III. Operations

16. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	6 (Manufacturing plants) 4 (R&D Centres)	11	21

Plant units (National)	Address
Finished Dosage Unit	160/A, 161/E, 162 & 174/A, Gagillapur Village, Dundigal Gandimaisamma Mandal, Medchal-Malkajgiri District – 500 043, Telangana State, India.
API Unit – I	Sy. No. 533, 535, 536, 537 Temple Road, Bonthapally Village, Gummadidala Mandal, Sangareddy District – 502 313, Telangana State, India.
API Unit – II	Plot No. 15A/1, Phase III, IDA Jeedimetla, Qutubullapur Mandal, Medchal-Malkajgiri District, Hyderabad – 500 055, Telangana State, India.
API Unit – III	Sy.No.216, Bonthapally Village, Gummadidala Mandal, Sangareddy District – 502 313, Telangana State, India.
API Unit – IV	Plot No 8, J.N. Pharma City, Tadi Village, Parawada Mandal, Visakhapatnam District – 531 019, Andhra Pradesh, India.
API Unit – V	Plot No. 30, J. N. Pharma City, Parawada Mandal, Visakhapatnam District – 531 019, Andhra Pradesh, India.

R&D Centres (National)	Address
1	Plot No. 56, Road No. 5, ALEAP Industrial Area, Pragathi Nagar, Gajularamaram Village, Qutbullapur Mandal, Medchal-Malkajgiri District, Hyderabad – 500 072, Telangana State, India.
2	Survey Nos. 234/1 to 4 and 6 to 7, 235 /6 to 9 and 245/1 to 3, India Land Global Industrial Park, Hinjewadi Phase -1, Mulshi Taluka, Pune District – 411 057, Maharashtra State, India.
3	H.No.5-33, Sy No.352, Plot No. 8, Road No. 2, ALEAP Industrial Area, Pragathi Nagar, Gajularamaram village, Qutbullapur Mandal, Medchal- Malkajgiri District, Hyderabad – 500 072, Telangana State, India.
4	Lab No: 11 & 13, Building No:1800, Sy No. 101,101/2 & 340, M. N. Park, Genome Valley, Lalgadi Malakpet Village, Shameerpet Mandal, Medchal- Malkajgiri District, 500 078, Telangana State, India.

17. Markets served by the entity:

a. Number of locations

Locations	Number
National (No. of states)	All states in India
International (No. of countries)	80+

b. What is the contribution of exports as a percentage of the total turnover of the entity?

92.63% of the business comes from exports

c. A brief on types of customers

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

Known for our process innovation and unparalleled efficiencies, currently the Company supplies more than 50 molecules, pharmaceutical products to 300+ customers in 80+ countries with offices across India, US, and UK. The Company has 7 manufacturing facilities out of which 6 are in India and 1 in the USA and has regulatory approvals from US FDA, EDQM, EU GMP, COFEPRIS, WHO GMP, TGA, K FDA, DEA, MCC, and HALAL.

The Company is a preferred supplier of superior quality pharma products for some of the world's leading branded pharma and generics companies as well as to the top retailers in the developed markets. Its exports now contributes over 90% of the revenue.

IV. Employees

18. Details as at the end of the Financial Year:

a. Employees and workers (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
EMPLOYEES						
1.	Permanent (D)	3,650	3,410	93%	240	7%
2.	Other than Permanent (E)	Not Applicable				
3.	Total employees (D + E)	3,650	3,410	93%	240	7%
WORKERS						
4.	Permanent (F)	Not Applicable				
5.	Other than Permanent (G)	2,223	1,806	81%	417	19%
6.	**Total workers (F + G)**	2,223	1,806	81%	417	19%

b. Differently abled employees and workers

S.no.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
DIFFERENTLY ABLED EMPLOYEES						
1.	Permanent (D)	Nil				
2.	Other than permanent (E)					
3.	Total differently abled employees (D + E)					
DIFFERENTLY ABLED WORKERS						
4.	Permanent (F)	Nil				
5.	Other than permanent (G)					
6.	**Total differently abled workers (F + G)**					

19. Participation/Inclusion/Representation of women

	Total (A)	No. and percentage of Females	
		No. (B)	% (B/A)
Board of Directors	10	2	20%
Key Management Personnel*	6	2	33%

*Key Management Personnel comprise of Managing Director, Executive Directors, Chief Financial Officer, and Company Secretary.

20. Turnover rate for permanent employees and workers

	FY 2022-23			FY 2021-22			FY 2020-21		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	38%	42%	38%	27%	27%	27%	23%	19%	23%
Permanent Workers	NA								

V. Holding, Subsidiary and Associate Companies (including joint ventures)

21. (a) Names of holding/subsidiary/associate companies/joint ventures

S. No.	Name of the holding/subsidiary/associate companies/joint ventures (A)	Indicate whether holding/ Subsidiary/Associate/Joint Venture	% of shares held by listed entity	Does the entity indicated at column A participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	Granules USA, Inc.	Subsidiary	100%	No
2	Granules Pharmaceuticals, Inc.	Subsidiary	100%	No
3	Granules Europe Limited	Subsidiary	100%	No
4	Granules Consumer health	Step down subsidiary	100%	No
5	Granules Life Sciences Private Limited	Subsidiary	100%	No
6	Granules CZRO Private Limited formerly known as CZRO Molecules Pvt. Ltd.	Subsidiary	100%	No

VI. CSR Details

22. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No)

Yes, CSR is applicable to the Company as per section 135 of Companies Act, 2013.

(ii) Turnover (in ₹) - ₹ 39,312 million

(iii) Net worth (in ₹) - ₹ 26,144.2 million

23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Granules has an internal Grievance Policy for addressing Individual Grievances of internal and external stakeholders related to the operations of the Company.

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If yes, then provide web-link for grievance redress policy)	FY 2022 -23 Current Financial Year			FY 2021-22 Previous Financial Year		
		No. of complaints filed during the year	No. of complaints pending resolution at close of the year	Remarks	No. of complaints filed during the year	No. of complaints pending resolution at close of the year	Remarks
Communities	Yes	0	0	-	0	0	-
Investors (other than shareholders)	Yes (Link)	0	0	-	0	0	-
Shareholders	Yes (Link)	2	0	-	1	0	-
Employees and workers	Yes	1	0	-	0	0	-
Customers	Yes (Link)	414	0	-	469	0	-
Value Chain Partners	Yes (Link)	0	0	-	0	0	0

All factory units have a Grievance redressal committee to redress individual grievances.

- **Communities:** The Community members can approach the HR manager of the unit, who shall document the grievance and collect the written complaint, which shall be addressed by the Plant Head in consultation with the Corporate Office. Grievance Redressal Policy is available on the intranet. Any grievances received are addressed immediately by Unit Admin, No major concerns received.
- **Investors/Shareholders –** The Stakeholders Relationship Committee investigates various aspects of interest of the shareholders. The Committee ensures cordial investor relations and oversees the mechanism for redressal of investors' grievances. The Company's also has Investors Grievance Redressal Policy.

  https://granulesindia.com/wp-content/uploads/2022/03/Investor-Grievance-Redressal-Policy.pdf
- **Employees:** Any employee who has a grievance shall initially inform his/her supervisor verbally. In case he/she is not satisfied with the resolution; they shall formally approach the Grievance Redressal Committee by a written application. Grievance Redressal Policy is available on the intranet.

  POSH Complaints – 1
- **Customers:** All the customer complaints which were received have been resolved in a time-frame as stated in our Quality standard operating procedures and proposed improvements incorporated into the processes and the Company makes sure that no complaints are pending at the end of the financial year. To report an adverse experience with a specific Granules drug product, one can call Granules Pharmacovigilance Team or report at - drugs.safety@granulesindia.com

  Customer complaints pertain to packaging, quality, transit, and others.
- **Value Chain Partners:** Downstream related grievances are handled by the marketing team; Upstream grievances handled by supply chain management. In case of any queries or concern partners can reach out to https://granulesindia.com/register-as-supplier/.

24. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format

In keeping with the commitment to include sustainability as one of the strategic levers, Granules conducted a detailed Materiality Assessment for the first time in the organization during FY 2022-23.

The Company has identified the material topics in consultation with internal and external stakeholders such as Granules' Board members, employees, customers, investors and research analysts, suppliers and NGOs.

Through the assessment, Granules has been able to recognize, examine, and analyse potential sustainability issues across the pillars of environmental, social, and governance that might have an effect on its operations and the stakeholders involved. These initial topics were screened and prioritized with the help of senior leadership to arrive at a final list.

It has helped the Company understand their expectations as well as sustainability aspects that have tangible bearings on the business.

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/ opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	GHG Emissions	Risk	▶ Impact on the environment ▶ Global regulatory risks	Granules has implemented various initiatives based on identified potential areas of improvements by reputed external agencies like National productivity council (NPC) and Honeywell. Avoidance/Mitigation of GHG Emissions by Energy Initiatives across all units by: ▶ Replacement of Transformers/blowers ▶ Replacement of DX Coil System with Chilled Water Coils ▶ Usage of renewable energy (Solar power to Grid) etc. The Company does continuous monitoring of Total Volatile Organic Content in its manufacturing facilities to ensure that the environment is maintained in good condition. In addition to this we monitor Ambient air quality across the manufacturing facilities and boilers for Suspended Particulate Matter (PM10), Respirable Suspended Particulate Matter (PM2.5) along with harmful pollutants like SOx and NOx.	Negative
2	Climate Change	Risk/ Opportunity	Risk: Waste, Water and Energy management have been identified as key material issues under the Climate change and environmental risk. The Climate Change and environmental risks are addressed to emphasize on the Company's climate consciousness and its contribution towards mitigation action plans against climate change. In addition to the above there will be certain regulatory risks associated with waste management. Opportunity: Comprehensive resource management plans in alignment with the Company's environment conservation strategy will highlight the Company's commitment towards improving environment preservation and its contribution towards climate change mitigation action plans.	The Company has carried out energy and water audits in most of its operating units to find potential areas of improvement to save water, energy and reduce Greenhouse Gases (GHG) emissions. We have identified measures for reduction of carbon emissions, increased the percentage of renewable energy, and improved operational efficiency as well as to manage any risks to our operations. Nearly 10% of our electricity demand was procured from an environment-friendly renewable source of solar energy. We are looking forward to further exploring the increase of solar power consumption. This clean and renewable source of energy would indirectly help in reducing our carbon footprint.	Negative
3	Water Management	Opportunity		We are maintaining Zero Liquid Discharge (ZLD) System and Effluent Treatment Plants with RO Recovery System to ensure that the effluents generated are treated to minimize the environmental impact and reuse the resources wherever possible. The treated water is suitably recycled back into the utility makeup. We have reduced our dependence on groundwater through water conservation techniques like rainwater harvesting, recycling, and effluent water treatment.	Positive
4	Waste Management	Risk/ Opportunity		Under clean manufacturing, all the solid wastes generated at our manufacturing plants are either sent to cement industries for co-processing or to authorized vendors. Hazardous waste and non-hazardous waste are segregated at source and stored at dedicated spaces in the manufacturing facilities. Hazardous waste is stored category wise in hazardous waste storage areas and disposed off to Pollution Control Board authorized disposal facilities as per applicable regulations. Almost 100% of the non-hazardous waste generated is sent to authorized recyclers for recycling in-turn creating an effective and efficient waste management system.	Negative/ Positive

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/ opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
5	Employee Engagement and Well Being	Opportunity	▶ Wellness and Wellbeing of the employees is the company's priority.	"Granules wants to be employer of choice." And Employee wellbeing is our topmost priority. The Company organizes quarterly health awareness campaigns, conducts meditations and stress management sessions by eminent speakers. The Company has tied-up with "Ekincare" integrated platform that provides access to multitude of healthcare services such as 24*7 chat with doctors, health check-ups at concessional rates, medicines purchase and delivery, access to. Gyms etc. This will help the management achieve its goals in terms of creating a conducive work environment and help employees realize their potential.	Positive
6	Occupational Health & Safety	Risk	▶ Exposure of employees to Work related Hazards. ▶ Legal Repercussions	We strive to adhere to the standards as per Environment, Health & Safety (EHS) and Sustainability. The failure of compliance to these standards lead to regulatory, reputational, and business continuity risks which may in turn impact sustainability of our business adversely. We have an occupational health and safety management system certified as per ISO 45001:2018. We also have occupational Health centres in formulation facilities and the units have medical assistance round the clock. Employees are provided with training to make them familiar with applicable Health and Safety guidelines and report any unsafe conditions or acts, near misses to the functional heads.	Negative
7	Human capital Development	Opportunity	▶ Talent Acquisition and Retention ▶ Skill Development	We value diversity in our workforce and all efforts are made to ensure that we provide an inclusive working environment and are able to attract and retain diverse talent. Also, we encourage and nurture talent within the organization by conducting skill development and career development workshops. Granules has partnered with Swarna Bharat Trust to provide skill development programs and nurture talent. These youth are given the opportunity to be part of the "Earn & Learn" program. Students who are trained at Pharma Pathshala are given an opportunity to work with us, following the successful completion of the programme. We have launched the "Granules Learning Academy" concept that includes Training of Grass-Root employees on Fundamentals of Unit of Operation, in Manufacturing and in Quality Control. Role based training pertaining to guidelines and standards is being initiated for managers engaged in pharmaceutical manufacturing.	Positive
8	Business Ethics and Integrity	Risk	▶ Business integrity breach can hamper the Company's credibility and effect Brand image	Our Code of Conduct covers all the stakeholders including groups/Suppliers/ Contractors/ NGOs/Others. We always encourage our employees and all the stakeholders not to engage in any unfair trading practices, irresponsible advertising, or anti-competitive behavior. We have procedures in place to ensure that the business of the Company is carried out fairly and responsibly.	Negative
9	Sustainability Governance	Opportunity	▶ Improves the visibility of the company in global market	▶ The Company released its first CDP Disclosure in 2022. ▶ The Company has engaged BSI for external assurance. ▶ Engaged with external stakeholders such as SEBI and rating agencies like CRISIL to benchmark competitors and receive their insights.	Positive
10	Data Privacy and Cyber Security	Risk	▶ Threat of Cyber Attacks	Lack of a strong data integrity and security mechanism may lead to increase in number of data breaches and loss of valuable data. Mitigation Measures: 1. Preparation/Revision of SOPs like IT Policy, Information Security Backup are completed. Presently, there are revisions due to enhancements. (In Progress) 2. All servers and firewall devices were upgraded, and licenses were renewed. Storage is upgraded. VSK network is upgraded. (Completed) 3. All server software were upgraded from Windows 2008 to Windows 2019. (Completed) 4. Vulnerability Assessment is completed by third Party consultancy and all points are addressed. (Completed) 5. ISO 27001 certification. (In Progress) 6. Automated backup activity. (In Progress) 7. IT compliance (w.r.t 21 Code of Federal Regulations (CFR)Part 11) gap assessment for all GxP systems by third party. (In Progress) 8. Establish Disaster Recovery Site for critical applications. (In Progress) 9. Implement Cloud Backup for critical applications. (In Progress)	Negative

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and management processes									
1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Y	Y	Y	Y	Y	Y	N	Y	Y
b. Has the policy been approved by the Board? (Yes/No)	Y	Y	Y	Y	Y	Y	N	Y	Y
c. Web Link of the Policies, if available**	https://granulesindia.com/investors/investor-resources/policies/ (Internal Policies - P2; P3,P5,P6, P9)								
2. Whether the entity has translated the policy into procedures. (Yes/No)	Y	Y	Y	Y	Y	Y	N	Y	Y
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	Yes, at present, our policies under P1, P3, P5 are extended to our suppliers and contractors.								

4. Name of the national and international codes/certifications/labels/standards (e.g., Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee) standards (e.g., SA 8000, OHSAS, ISO, BIS) mapped to each principle.

Principle 1	Quality Management System (ISO 9001:2015)
Principle 2	We don't have a certification currently. However, we ensure that our sourcing is done sustainably
Principle 3	Occupational Health and Safety Management System (ISO 45001:2018)
Principle 4	At Granules, we involve key stakeholders in the process of devising our long-term ESG vision. The Company does not have any international codes/certifications/labels/standards in relation to Principal 4
Principle 5	We conduct our business in a manner that abides by human rights and dignity of people. The Company does not have any international codes/certifications/labels/standards in relation to Principal 5
Principle 6	Environmental management System (ISO 14001:2015), ISO 14064 (GHG Accounting)
Principle 7	We play a strong role in public policy advocacy through regular engagement with specific external stakeholders including industry associations, government bodies and regulatory departments. However, the Company does not have any international codes /certifications /labels/standards in relation to Principal 7
Principle 8	We undertake various CSR activities that address the needs of the community. We currently do not have any international codes/ certifications/labels/standards in relation to Principal 8
Principle 9	We focus on our energies towards understanding and addressing customer expectations thereby building lasting business relationships. We operate in an industry which is highly regulate by the health authorities across the world and our products meet regulatory standards. Currently the Company does not have any international codes/certifications/labels/standards in relation to Principle 9, but we are regularly audited by multiple health authorities for Quality of our product, facility, and assurance.

5 Specific commitments, goals and targets set by the entity with defined timelines, if any.

We have set long term targets of Net Zero by 2050. Along with this we will also scale up our investment towards green pharma. From sustainability governance front we will be establishing enterprise-wide sustainability governance framework.

In the near-term horizon, some of our targets and proposed initiatives are as mentioned in this section, along with this we also intend to develop other medium- and long-term targets across our material topics, which will be part of our subsequent sustainability reports and external communications.

GHG Emissions:

The current near term annual targets to reduce GHG intensity by 5% YoY

Key Projects considered for GHG emissions for future prospective:

- Installation of Rooftop solar panels
- Reduction in fossil fuels
- Other Misc. like Electronically commutated (EC) Blower's installation

Energy:

The current near term annual targets to reduce energy intensity by 5% YoY

Key Projects considered for GHG emissions for future prospective:

- Reduction of Power usage
- Conventional belt driven blower motors replaced with EC blowers
- Usage of renewable energy
- Replacement of blowers and RT pumps with Energy efficient pumps

Water:

The current near term annual targets is to reduce Specific water consumption by 5% YoY

Key Projects considered for Water future prospective:

- Increase of Rainwater collection and recycling
- Installing and operating ZLD
- Reduction in water consumption by recovery of steam condensate
- Other Misc. like Flash jet pump

Waste:

The current near term annual targets is to reduce specific waste generation by 5% YoY

Key Projects considered for future:

- Increase in Process residue Liquid disposal to co-processing
- Proper segregation of various categories of waste and disposing them in a responsible way
- Reduction in Hazardous waste generation through R&D interventions
- Other Miscellaneous Decantation of ETP sludge to reduce moisture content

6. Performance of the entity against the specific commitments, goals, and targets along-with reasons in case the same are not met.	**Energy**	The Specific Energy Intensity (TJ/Million Rupees) is reduced by 15.7% compared to FY 2021-22. This is aligned to the commitment of specific Energy Intensity reduction target of 5% YoY.
		The overall renewable energy share for FY 2022-23 is 9.03% mainly due to implementation of Solar power usage through open Access. We installed a Solar Power Plant at Gagillapur on March, 2023 with a capacity of 320 KWp; with a maximum power generation of 1,200 KWH, which in turn would reduce 0.972 MT of carbon dioxide on a daily basis. The overall Energy Savings by implementation initiatives: 29,10,106 KWH per annum or 10.476 TJ
	Emissions	In FY 2022-23 Total GHG footprint in MT (Scope1+Scope2) is 1,09,950 tCO_2e The Specific GHG Emission Intensity (tCO_2e/Million Rupees) is reduced by 14% compared to FY 2021-22. Which is aligned to committed Specific GHG Emission Intensity reduction target of 5% YoY. During the current FY, the energy consumption has increased by 2.3% whereas the GHG emissions have increased by only 0.4%, largely due to increase share of Renewable energy. Despite 20% growth in our business and activities out GHG emissions have largely win stagnant (minor increase of 0.4%). Thus our GHG intensity (Measured as GHG emission per Million rupees of sales) has declined by 13.2% from previous year against the target of 5% YoY reduction. In this Fiscal year Greenhouse Gases (GHG) emissions have been avoided due to usage of Solar and other energy efficiency projects. The primary reason for this reduction is initiatives such as usage of renewable solar energy and replacing Transformers/DX Coil System with Chilled Water Coils.

	Water	The Specific Water Intensity (KL/Million Rupees) is reduced by 28.2% compared to FY 2021-22 due to various water conservation measures implemented and increased in business volumes, which is aligned to committed Specific Water Intensity reduction target of 5% YoY. In this Fiscal year 41,751 KL i.e 12.84% of freshwater consumption has been reduced due to Rainwater collection, Improved water recycling, additional recovery of steam condensate, flash jet pump, recycled water from effluent treatment plants. Percentage of water recycled during this Fiscal year is more than 50%, In GIL –Gagillapur unit about 50% of the treated water is recycled. In GIL Bonthapally Unit-1 more than 90% of treated water is recycled.
	Waste	The Specific Waste Intensity (MT/Million Rupees) is reduced by 28.2% compared to FY 2021-22 due to various waste optimization measures implemented and increased in business Volumes, which is aligned to committed Specific Waste Intensity reduction target of 5% YoY. In this fiscal Hazardous Waste generation was reduced by 462 Metric tons which is 12.8% by optimizing the process. We recycle almost 100% of the non-hazardous waste generated at our manufacturing site. More than 85% of the solid hazardous waste is disposed off to cement industries for co-processing thereby reducing the GHG footprint.

Governance, leadership, and oversight

7. **Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets, and achievements (listed entity has flexibility regarding the placement of this disclosure)**

Our unwavering commitment lies in the pursuit of delivering pharmaceuticals of exceptional quality and affordability, all the while assuming responsibility and implementing measures that foster sustainable growth. We aspire to create a viable future, enhance quality of life, and build resilience through Environmental, Social and Governance (ESG). To achieve this we have devised a comprehensive long-term strategic plan centered around ESG principles, aligning ourselves with the United Nation Sustainable Development Goals and our National Guidelines on Responsible Business Conduct.

In the ever-evolving landscape of the pharmaceutical industry, the concept of green chemistry has gained considerable traction. We are aware of the bearings of our operations on GHG emissions. We are designing our processes, products and facilities to be efficient enough to reduce any negative impact on the environment.

At Granules, we are involving key stakeholders such as employees, regulators, customers, and suppliers in the process of devising our long-term ESG vision. We have engaged with all key stakeholders including our employees, regulators, customers and suppliers, investors, and communities to identify our materiality issues. We have defined these issues as key performance indicators (KPIs) which includes Carbon Emissions, Occupational Health and Safety, Diversity and Inclusion, Water and Waste Footprint, Water and Energy audits at our facilities and brainstorming of several as Operational Excellence projects. Recognizing the importance of a sustainable supply chain, we actively engage with our external value chain partners in our quest for building a resilient and sustainable network.

Our commitment to continuous improvement is exemplified through our unwavering determination to enhance our ESG scores. We aspire to stand among the forefront of sustainability by benchmarking ourselves against the finest industry practices and adopting them as our own.

DR. KRISHNA PRASAD CHIGURUPATI
Chairman & Managing Director

8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy/ policies	The highest authority responsible for implementation and oversight of the Business Responsibility policy/policies is as follows Dr. Krishna Prasad Chigurupati Designation – Chairman and Managing Director Telephone number – 040-69043500 e-mail id – mail@granulesindia.com
9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes/No). If yes, provide details.	The Chairman and Managing Director as stated above oversees the decision making on sustainability related issues.

10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was undertaken by Director/Committee of the Board/ Any other Committee (P1 P2 P3 P4 P5 P6 P7 P8 P9)	Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify) (P1 P2 P3 P4 P5 P6 P7 P8 P9)
Performance against above policies and follow up action	The policies of our Company are reviewed periodically or on a need basis by the Board and Committees of the Board. During this assessment, the efficacy of the policies is reviewed and necessary changes to policies and procedures are implemented.	Few policies are reviewed Annually, and some are reviewed Periodically as per the requirements
Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances	Our Company is compliant to all applicable regulations	

	P1	P2	P3	P4	P5	P6	P7	P8	P9
11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency?	Y	Y	Y	Y	Y	Y	N	Y	Y

12. If answer to question (1) above is "No" i.e., not all Principles are covered by a policy, reasons to be stated:

Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
The entity does not consider the principles material to its business (Yes/No)					Not Applicable				
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)									
The entity does not have the financial or/human and technical resources available for the task (Yes/No)									
It is planned to be done in the next financial year (Yes/No)									
Any other reason (please specify)									

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

Principle 1: Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable

Principle 1 of the NGRBC states that ethical behavior is of the utmost importance for businesses to guide their governance of economic, social and environmental responsibilities across all operations, functions and processes. This principle highlights the significance of transparently disclosing business decisions and actions that affect stakeholders, as it forms the essential foundation for practicing responsible business conduct. Such disclosures should be accessible to all relevant stakeholders. The principle acknowledges that businesses are an integral part of society and should take responsibility for effectively adopting, implementing and disclosing their performance.

Granules India focuses on the essence of the Principle by providing mandatory trainings and launching programs such as 'Granules Learning Academy' for its employees and workers. Tracking of any unethical action is maintained by the organization and transparent disclosures are provided under this Principle. Granules consists of a strong grievance redressal mechanism that is used to redress any complaint related to unethical behavior received from stakeholders.

Essential Indicator

1. **Percentage coverage by training and awareness programmes on any of the principles during the financial year:**

Our people are central to all what we have achieved so far, and source of our optimism for a better and a bright future. At Granules India, we believe that people who feel truly associated with the organization are the ones who perform to their true potential. As a core part of our business strategy, We are committed to providing an environment where all our employees feel enabled with a strong sense of belonging.

We have launched the "**Granules Learning Academy**" concept that includes Training of Grass-Root employees on Fundamentals of Unit of Operation, in Manufacturing and in Quality Control. Role based training pertaining to guidelines and standards is being initiated for managers engaged in pharmaceutical manufacturing.

Segment	Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	%age of persons in respective category covered by the awareness programmes
Board of Directors	2	The Board of Directors undergo various leadership trainings in dimension of businesses, regulations, code of conduct, ethics and integrity. Trainings such as EY-ISB Board Directors Program for Women and NRC forum meetings by KPMG have been conducted for the leadership.	20%
Key Managerial Personnel	6	The Key Managerial Personnel undertake trainings related to personal effectiveness, time management, behavioral changes, effective communication, goal settings, result orientation and leveraging team strengths that can be used for effectiveness and better applicability in their day to day job.	100%
Employees other than BoD and KMPs	12 Trainings, One Hour Learning, 5 MG Training	Employees and Workers at Granules undergo some mandatory trainings related to Safety, Regulatory Training, Code of Conduct, POSH, Insider Trading, Quality, Soft Skills and Compliance. In furtherance, Granules also rolls out e-mails and updates regarding the above topics as part of its employee awareness.	100%

2. **Details of fines/penalties/punishment/award/compounding fees/settlement amount paid in proceedings (by the entity or by directors/KMPs) with regulators/ law enforcement agencies/judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures based on materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):**

Monetary

	NGRBC Principle	Name of the regulatory/ Enforcement agencies/ judicial institutions	Amount (In ₹)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/Fine	At Granules, we have strict ethical policies, and expect our Directors to be compliant with the code of the Company. During the financial year, no penalty/fine, settlement, compounding fee, imprisonment, or any kind of punishment has been imposed on the Company, Company's Directors and KMPs.				
Settlement					
Settlement					
Compounding fee					

Non-Monetary

	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Brief of the Case	Has an appeal been preferred? (Yes/No)
Imprisonment	During the financial year, no Non-monetary Punishments were imposed on the Company, Company's Directors and KMPs.			
Punishment				

3. **Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.**

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
Not Applicable as there were no monetary or non-monetary penalties	

4. **Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.**

We adhere to uncompromising integrity in conduct of business and do not tolerate corrupt and immoral practices. The Code of Conduct addresses these aspects of anti-corruption/anti- bribery and covers all the stakeholders including groups/ Suppliers/ Contractors/ NGOs/Others.

We have procedures in place to ensure that the business is carried out fairly and responsibly. An Employee cannot solicit, encourage, or receive any bribe or other payment, contribution, gift, or favor that could influence our or another's decision.

Web link- https://granulesindia.com/wp-content/uploads/2022/03/COBC.pdf

5. **Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption.**

	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
Directors	Nil	
KMPs		
Employees		
Workers		

6. **Details of complaints about conflict of interest:**

	FY 2022-23 Current Financial Year		FY 2021-22 Previous Financial Year	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	There were no complaints regarding conflict of interest in FY 2022-23 and FY 2021-22.			
Number of complaints received in relation to issues of Conflict of Interest of the KMPs				

7. **Provide details of any corrective action taken or underway on issues related to fines/penalties /action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.**

Since there are no such instances or penalties noted, the requirement of corrective actions does not arise.

Leadership Indicator

1. **Awareness programmes conducted for value chain partners on any of the principles during the financial year:**

Total number of awareness programmes held	Topics/principles covered under the training	%age of value chain partners covered (by value of business done with such partners) under the awareness programmes
-One session covering 80% of total vendors. - One to one sessions for individual Vendors (150 Vendors).	Supplier Code of Business Conduct Green sustainability Ethical training	90% value chain partners*

*The top partners makeup upto 90% of the value chain

2. **Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/ No) If yes, provide details of the same.**

The commitment of Granules to ethical and lawful business conduct is a fundamental shared value of its Board of Directors, Management. Our standards for business conduct provide that we will uphold ethical and legal standards vigorously as we pursue our financial objectives and business goals, and that honesty and integrity will not be compromized anywhere, at any time. Consistent with these principles,

Granules Board has adopted the Code of Conduct for Board & Senior Management, as a guide to the high ethical and legal standards expected of its members. The Code guides the Directors and senior management personnel to conduct themselves in a professional, courteous, and respectful manner and also ensures to mitigate and prevent conflicts of interest that may arise.

An officer's duty to the Company demands that he or she avoids and discloses actual and apparent conflicts of interest. The members of the Board must identify the potential conflicts when they arise and notify it to the Company appropriately.

Principle 2: Businesses should provide goods and services in a manner that is sustainable and safe

The Principle places paramount importance on the incorporation of safety and resource-efficiency principles in the conceptualization and production of business products. It underscores the imperative for businesses to utilize their products in a manner that generates value while simultaneously minimizing and alleviating their detrimental effects on environment and society throughout the entirety of their lifecycle, spanning from initial design to disposal.

Granules India has invested in technology that help improve its environmental performance. Energy saving appliances were brought in and replaces with existing old appliances. The organization focuses on reviewing the supplier base on parameters such as environmental regulations, labor laws, and health and safety parameters. The Supplier Code of Conduct outlines the same. Keeping in mind the compliances such as EPR, the organization has started taking steps to get itself registered.

Essential Indicator

1. **Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.**

	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year	Details of improvements in environmental and social impacts
R&D	-	-	2022-23 : Energy Savings -The energy initiatives across all manufacturing units resulted in real reductions of GHG emissions by 8138 tCo2e and an overall savings of ₹ 471 lakhs. 2021-22 : Potential fuel savings of 3.2 KL per annum and energy savings of 7,26,271 KVAH per annum. Air Cooled chillers (2no's*400TR) were replaced with 1000TR Water cooled chiller achieving energy savings of 23,16,488 kvah/annum.
Capex	3.681% (779.62 Lakhs)	0.56% (182.6 Lakhs)	

2. a. **Does the entity have procedures in place for sustainable sourcing? (Yes/No)**

The Company strives to uphold responsible procurement practices throughout its supply chain. It has implemented well-defined protocols to identify and approve vendors, ensuring rigorous standards are met. To ensure the highest quality of products, periodic site audits, regulatory approval checks and regular samples analyses are conducted.

Suppliers and vendors are evaluated as per procedures on material risk assessment, compliance to environmental regulations, labor laws, carbon footprint, and health and safety parameters for the procurement process.

Granules has a code of conduct for Suppliers which emphasizes its vision and expresses expectation from its Manufacturers/Suppliers/Service Providers/Traders/Consultants/Contractors (hereafter referred to as Supplier(s)), to adhere when conducting business.

The following are the key elements of its Supplier Code:

- All Suppliers are expected to conduct their business in an ethical manner and act with integrity. Suppliers must conduct business in a manner that abides by human rights and ensure the protection of the human rights of their employees and dignity of people.
- Suppliers must comply with all applicable environmental regulations and obtain and maintain all required environmental permits, licenses, and registrations.
- Suppliers shall ensure to provide a safe and conducive work environment to their employees and expected to have the Health and Safety Policy/Guideline for their organizations to define, implement and follow Good Health and Safety Practices in compliance with the applicable local and national regulations.
- Suppliers shall establish a management system designed to ensure compliance with applicable laws and regulations, identify and mitigate related operational risks, and facilitate continuous improvement.

b. **If yes, what percentage of inputs were sourced sustainably?**

100% of Key Starting Materials (KSMs) are sourced sustainably

All our Key Starting Materials (KSMs) vendors are good manufacturing practice (GMP) compliant adopting sustainable practices. As part of routine audits apart from Quality we also rate them for sustainable practices.

3. **Describe the processes in place to safely reclaim your products for reusing, recycling, and disposing at the end of life, for**

(a) Plastics (including packaging)

(b) E-waste (c) Hazardous waste and

(d) other waste.

S. No.	Product	Product Process to safely reclaim the product
1.	Plastics (including packaging)	The recycling and disposal of the plastics (including packaging) is carried out as per the Central Government rules and the provisions of the Plastic Waste Management Rules.
2.	E-Waste	E-waste is disposed off through a registered recycler.
3.	Hazardous Waste	Hazardous waste is disposed off to Treatment, storage, and disposal facility (TSDF) or authorized cement industries for further treatment and disposal or compressing.
4.	Other Waste	Bio-medical waste is disposed off through authorized common bio-medical waste facilities.

4. **Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes/No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.**

Granules comes under the purview of EPR and has started the Registration process under plastic waste management rules under importer category.

We have engaged **"Recykal"** a partner authorized by Central Pollution Control Board (CPCB) to support us in registration process and guiding us for EPR compliance.

Leadership Indicator

1. **Has the entity conducted Life Cycle Perspective/Assessments (LCA) for any of its products (for the manufacturing industry) or for its services (for the service industry)? If yes, provide details in the following form at?**

NIC Code	Name of Product / Service	% Of total Turnover contributed	Boundary for which the Life Cycle Perspective/ Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No) If yes, provide the web-link.
The Company has performed LCA as per the requirements of ISO 14001:2015 – Environmental management systems in the previous periods. Currently, the Company is under the process of assessing LCA requirements.					

2. **If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products/services, as identified in the Life Cycle Perspective/Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.**

Name of Product/Service	Description of the risk/concern	Action Taken
	Not applicable.	

3. **Percentage of recycled or reused input material to total material (by value) used in production**

(For manufacturing industry) or providing services (for service industry).

Indicate input material	Recycled or reused input material to total material	
	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
Not Applicable Being in the business of healthcare, the safe usage and quality of our products are of highest priority. As per Good Manufacturing Practice (GMP) and as a responsible pharma manufacturer, we do not reuse any material/chemical for manufacturing.		

4. **Of the products and packaging reclaimed at end of life of products, amount (in metric tons) reused, recycled, and safely disposed of.**

Not Applicable, we do not reclaim our products and packaging material at end of life of products.

5. **Reclaimed products and their packaging materials (as percentage of products sold) for each product category.**

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
We do not reclaim our products and packaging material.	

Principle 3: Businesses should respect and promote the well-being of all employees, including those in their value chains

This Principle encompasses all policies and practices relating to the equity, dignity and well-being, and provision of decent work. It focuses on medical health, employee wellness, retirement benefits, health and safety initiatives and grievances of employees and workers. Business should recognize employee engaged within a business or in its value chain, without any discrimination and in a way that it promotes diversity. Granules focuses on the well-being of the employee and provides benefits, provides equal opportunity to all its employees and has a PWD enables workplaces. Trainings and upskilling program are rolled out for all employees and workers with a strong data tracking mechanism. Granules has a stringent Health and safety system which are ISO certified. Hazop and other health and safety risk assessment are carried out. There are Occupational health centres established at the sites for employees and workers. Safety observations and interactions programme are in place to identify and report all near misses; unsafe acts and unsafe conditions. The Principle expands on the same and highlights Granules policies and processes.

Essential Indicator

1. a. **Details of measures for the well-being of employees.**

The Company is covering the employees under the group medical health insurance policy and ESI as per their applicability. All employees are covered under Group personal Accident policy. Maternity/Paternity benefit is also provided.

Employees Wellness and wellbeing is of high priority for the Company. In view of providing integrated health care and support services to its employees and their families, the Company tied-up with **"Ekincare"** integrated platform that provides access to multitude of healthcare services such as 24*7 chat with doctors, health check-ups at concessional rates, medicines purchase and delivery, access to Gyms etc.

With the endeavor to promote physical and mental wellbeing for all the employees, the Company Employee comprehensive annual health camps like Eye, dental and cardiac checkups. The Company also organizes quarterly health awareness campaigns and conducts meditations sessions, stress management sessions by eminent speakers. We also conduct activity-based programmes to encourage fitness in employees through Zumba sessions, Walkathons, Stepathons, etc.

Category	% Of employees covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		No. (B)	% (B/ A)	No. (C)	% (C/A)	No. (D)	% (D/A)	No. ©	% (E/ A)	No. (F)	% (F/ A)
Permanent employees											
Male	3,410	3,410	100%	3,410	100%	NA	NA	3,410	100%	Not Available	
Female	240	240	100%	240	100%	240	100%	NA	NA		
Total	**3,650**	**3,650**	**100%**	**3,650**	**100%**	**240**	**100%**	**3,410**	**100%**		
Other than Permanent employees											
Male	Not Applicable										
Female											
Total											

b. **Details of measures for the well-being of workers:**

Category	% Of workers covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		No. (B)	% (B/A)	No. ©	% (C/A)	No. (D)	% (D/A)	No. ©	% (E/A)	No. (F)	% (F/A)
Permanent workers											
Male	Not Applicable										
Female											
Total											
Other than Permanent workers											
Male	All are covered under Employee State Insurance Act (ESI), Further benefits depend on the policies of the contractor										
Female											
Total											

2. **Details of retirement benefits.**

Benefits	**FY 2022-23 Current Financial Year**			FY 2021-22 Previous Financial Year		
	No. of employee covered as a % of total employees	**No. of workers covered as a % of total workers**	**Deducted and deposited with the authority (Y/N/N.A.)**	No. of employee covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100%	100%	Yes	100%	100%	Yes
Gratuity	100%	100%	NA	100%	100%	NA
ESI	22%	99%	Yes	23%	99%	Yes

3. **Accessibility of workplaces**

Are the premises/offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

We are currently reviewing the options to make our premises accessible to differently abled employees.

4. **Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy**

The Company has an internal equal opportunity Policy and reiterates its commitment in its code of conduct as follows:

The Company is an equal opportunity employer and makes employment decisions based on merit. We want to have the best available persons for every job. The Company prohibits unlawful discrimination based on race, colour, creed, gender, age, nationality, marital status, national origin or ancestry, physical or mental disability, medical condition including genetic characteristics, sexual orientation or any other consideration made unlawful by Central, State or local laws. It also includes a perception that anyone has any of those characteristics or is associated with a person who has or is perceived as having any of those characteristics. All such discrimination is unlawful.

The Company is committed to compliance with all applicable laws providing equal employment opportunities. This commitment applies to all persons involved in the operations of the Company and prohibits unlawful discrimination by any employee of the Company, including supervisors and co-workers. Weblink: https://granulesindia.com/wp-content/uploads/2022/03/COBC.pdf

5. **Return to work and Retention rates of permanent employees and workers that took parental leave.**

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	100%	81%	NA	
Female	73%	73%		
Total	**97%**	**80%**		

6. **Is there a mechanism available to receive and redress grievances for the following categories of employees and workers? If yes, give details of the mechanism in brief.**

	(If yes, then give details of the mechanism in brief)
Permanent Workers	NA
Other than Permanent Workers	
Permanent Employees	Any employee who has a grievance shall initially inform his/her supervisor verbally. In case he/she is not satisfied with the resolution, they shall formally approach the Grievance Redressal Committee by a written application. There is an internal "Grievance redressal Policy" on the intranet which enunciates the detailed redressal mechanism.
Other than Permanent Employees	

7. **Membership of employees and workers in association(s) or Unions recognized by the listed entity:**

Category	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	Total employees/ workers in respective category (A)	No. of employees/ workers in respective category, who are part of association(s) or Union (B)	% (B/A)	Total employees / workers in respective category©	No. of employees/ workers in respective category, who are part of association(s) or Union (D)	% (D/C)
Total Permanent Employees	Not applicable					
- Male						
- Female						
Total Permanent Workers						
- Male						
- Female						

8. **Details of training given to employees and workers:**

Category	FY 2022-23 Current Financial Year					FY 2021-22 Previous Financial Year				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (C)	% (E/D)	No. (F)	% (F/D)
Employees										
Male	3,410	3,300	97%	3,100	91%	3,443	3,218	93%	3,000	87%
Female	240	240	100%	220	92%	243	223	92%	210	86%
Total	**3,650**	**3,540**	**97%**	**3,320**	**91%**	**3,686**	**3,441**	**93%**	**3,210**	**87%**
Workers										
Male	1,806	1,600	89%	1,500	83%	1,716	1,469	86%	1,450	84%
Female	417	400	96%	350	84%	313	293	94%	250	80%
Total	**2,223**	**2,000**	**90%**	**1,850**	**83%**	**2,029**	**1,762**	**87%**	**1,700**	**84%**

9. **Details of performance and career development reviews of employees and worker:**

Our new Performance Management System connects Company's objectives and Units/functional objectives with individual employee goals, up to managerial level through rigorous review process. This enables our employees to work on stretched targets while meeting the Company's objectives.

Category	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
Employees*						
Male	3,410	2,740	80%	3,443	2,674	78%
Female	240	171	71%	243	160	66%
Total	**3,650**	**2,911**	**80%**	**3,686**	**2,834**	**77%**
Workers						
Male	Not Applicable**					
Female						
Total						

* The Company considers employees joined till December of every year for the purpose of performance evaluation. Hence, the above data includes employees joined till December 2022.

** There are no specific performance evaluations for workers. Every six months salaries would be revised based on Minimum Wages Act.

10. **Health and safety management system:**

a. **Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, what is the coverage of such a system?**

Yes, we strive to adhere to the standards as per Environment, Health & Safety (EHS) and Sustainability. The failure of compliance to these standards lead to regulatory, reputational, and business continuity risks which may in turn impact sustainability of our business adversely.

We have an occupational health and safety management system certified as per ISO 45001:2018. We also have occupational Health Centers in formulation facility at Gagillapur, and API facilities at Jeedimetla, Bonthapally and Visakhapatnam. The system is ably supported by various teams which drive safety initiatives to accompany the goal in line with occupational health and safety.

The Company has full-time doctor(s) at all its manufacturing facilities, who attend to any medical issues that arise. The employees also have access to 24/7 nursing assistance onsite.

b. **What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?**

Processes used to identify work-related hazards Both Routine and Non-routine

- Hazop (Hazard and operability) studies have been undertaken to Minimize the risk of hazardous substances and energy being emitted, reducing the consequences of a release of the hazardous substances and identification of non-obvious hazards. In the current year we have carried out 62 Hazop studies across units.
- Applying the Guide Words (No, Less, More, Reverse, etc.) to each of the Process Parameters (Temperature, Pressure, Flow, Level, etc.), to identify deviations from the design intent
- Determining if the control system and emergency systems are adequate and are sufficiently reliable to prevent each deviation – in the form of an initiating event and enabling conditions – from escalating to an undesirable process incident
- Estimating the severity of the consequences of each undesired incident, taking into account mitigation safeguards and conditional factors
- Process Hazard Analysis – to identify and analyze potential causes and consequences of fires, explosions, releases of toxic or flammable chemicals, and major spills of hazardous chemicals.
- Risk Assessments – To identify health and safety hazards and evaluate the risks presented within the workplace, evaluate the effectiveness and suitability of existing control measures
- Fire safety management procedures are established in all workplaces
- Hazard Identification and Risk Assessment (HIRA) process is adopted for identification of work-related hazards in all units.
- SOP's and Work instructions are issued for the safe conduct and handling of chemicals.
- Periodic safety inspections and safety audits are conducted to monitor the compliance to the system requirements and any deviations are immediately highlighted and corrective actions taken.
- Work permit systems to specify the conditions and procedures for safe execution of the work and to allow the work to be carried out under controlled risk conditions.

c. **Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks.**

The Company has well-established Standard Operating Procedures (SOP) for employees and workers to identify and report on work-related hazards and the subsequent steps to mitigate them. Safety observations and interactions programme in place to identify and report all near misses, unsafe acts and unsafe conditions.

The Company trains all its employees and workers with occupational health and safety modules. Which cover aspects of the methodology to identify work-related hazards, analyses the risks associated with it and take subsequent steps to mitigate them.

During the emergency evacuation drills, employees are trained in dealing with emergency equipment such as fire hydrants, firefighting systems, leak and spill control procedures, safety alarms among others. The training and safety modules equip the employees with the right procedure of reporting work-related hazards and the steps to remove themselves from such situations.

d. **Do the employees/ workers of the entity have access to non-occupational medical and healthcare services?**

Yes, the Company provides non-occupational medical and healthcare services to its employees. Further, the Company ensures the provision of Group medical insurance to all its employees and dependants.

Contract Employees are provided with health benefits from Employees state insurance (ESI).

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0.12	0
	Workers	0	0.15
Total recordable work-related injuries*	Employees	7	10
	Workers	11	5
No. of fatalities	Employees	0	0
	Workers	0	0
High consequence work-related injury or ill-health (excluding fatalities)	Employees	1	0
	Workers	0	1

*Medical treatment cases and reportable incidents

12. Describe the measures taken by the entity to ensure a safe and healthy workplace.

We are committed to sustainable development and maintain high standards of health and safety at the workplace and are sensitive to protection of the environment at large by responsible management of waste. We carry our operations in a manner that does not cause any adverse harm to the people or damage to the environment or the communities in and around our workplaces. We comply with applicable laws and regulations with respect to Environment, Health & Safety.

The Company embeds the guidelines and principles of ISO 45001:2018, OSHA standards, Factory act and other state level regulatory requirements within its Environment Health and Safety (EHS) management system.

The internal EHS policy advocates the provision of a safe working environment to all the employees and contractors. The Company undertakes periodic internal and external audits to assess the safety practices and procedures in alignment with the EHS management system and the ISO 45001:2018 guidelines. The Company undertakes periodic internal and external audits to assess the safety practices and procedures in alignment with the EHS management system and the ISO 45001:2018 guidelines.

As part of the auditing procedures, the Company recognizes the critical areas requiring immediate corrective action and analyses mitigation measures. Employees are provided training to make them familiar with applicable Health and Safety guidelines and report any unsafe conditions or acts or accidents to the authority concerned in the Company.

13. Number of complaints on the following made by employees and workers

	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	NIL. The employees report their concerns to the safety committees and the issues are resolved on an immediate basis.					
Health and Safety						

14. Assessments for the year

	% Of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100% Statutory bodies, external customer audits, certification agencies and regulatory authorities
Working Conditions	

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks/concerns arising from assessments of health and safety practices and working conditions.

SOI's (Safety observation interactions) are in place to identify unsafe acts and unsafe conditions at the work site. We encourage employees to observe and report any safety related concerns.

We analyze Incident investigations for implementation of corrective action as well as to learn and prevent future occurrences. All manufacturing locations track incident sharing and safety adherence.

We conduct Risk assessments and periodic reviews and based on investigation Corrective and Preventive Actions (CAPAs) that are generated are horizontally deployed across groups.

Leadership Indicator

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).

Yes, the Company provides Group term life Insurance for all employees and dependents and Group Personal Accident Policy and Future Service liability.

Contract Workers are provided with health benefits from Employees state insurance (ESI) that covers hospitalization costs in the event of an accident or other unforeseen medical emergencies.

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

At Granules, we conduct our due diligence process while onboarding a value chain partner to ensure they are compliant with the various norms and regulations as per the law.

We always adhere to the regulatory and applicable compliance with numerous laws. We ensure that our value chain partners also follow relevant compliance, and it is an essential part of the supplier code.

3. Provide the number of employees/workers having suffered high consequence work related injury/ill-health/fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
Employees	1 (Lost Time Injury – Gagillapur unit)	-	Recovering and still on payrolls	-
Workers	-	1 (Lost Time Injury – GIL-Bonthapally unit)	-	Recovered and currently working with Granules

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)

Yes, Employees who are due for retirement will be intimated six months prior to the date of retirement to enable them to complete all formalities relating to the retirement and terminal benefits. A gift worth three months gross salary will be handed over to the retiring employee on the last working day. The same severance is applicable in case of termination too.

5. Details on assessment of value chain partners:

Suppliers shall ensure to provide a safe and conducive work environment to their employees and expected to have the Health and Safety Policy/Guideline for their organizations to define, implement and follow Good Health and Safety Practices in compliance with the applicable local and national regulations. Suppliers shall identify and protect their employees from any physical, chemical, and biological hazards as well as from risks associated with any infrastructures.

	% Of value chain partners (by value of business done with such partners) that were assessed
Health and safety conditions	90% of Value chain partners
Working conditions	

6. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from assessments of health and safety practices and working conditions of value chain partners.

The Company works with multiple partners and suppliers to deliver high-quality products and services to its customers. It conducts stringent audits and conducts awareness campaigns to its partners for corrective actions, to ensure compliance.

No corrective action plan has been necessitated on the above-mentioned parameters

Principle 4: Businesses should respect the interests of and be responsive to all its stakeholders

This Principle acknowledges that business exists within a complex ecosystem that encompasses a diverse array of stakeholders. It considers the fact that actions and operations of businesses invariably leaves a mark on natural resources, habitats, and environment. It establishes an imperative for businesses to proactively maximize the positive impacts by the products and adopting comprehensive measures to minimize and mitigate repercussion on all its stakeholders.

Essential Indicator

1. **Describe the processes for identifying key stakeholder groups of the entity.**

   The key principle of sustainable growth is an inclusive growth taking all stakeholders along. It is important to map all major stakeholders and understand the material aspects of sustainability that are important to the stakeholders and Granules.

   The typical stakeholders for Granules could be customers, investors/shareholders, Suppliers and business partners, Communities and non-governmental organizations, employees and workers.

2. **List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.**

Stakeholder Group	Whether identified as Vulnerable and Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly/others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Investors/ Shareholders	No	▶ Investor and analyst meetings ▶ Presentations at industry forums ▶ Circulation of the Annual Report and Sustainability Report ▶ Communicating Financial Results to shareholders ▶ AGM	Annually/ Half yearly/ Quarterly/ Need-based	Our investors and shareholders provide us with access to financial resources that support sustainable business growth. Ensuring transparent communication with them is essential to retain and strengthen our relationship of mutual trust. Key topics of interest: ▶ Economic performance ▶ Sustainability reporting and disclosures ▶ Transparency and disclosure of performance
Customers	No	▶ Customers Meets and Feedback	Half-yearly, and need-based	Our customers provide valuable input that helps us understand their requirements. This enables us to strengthen our product portfolio and serve them better. Key topics of interest: ▶ Affordable medicines ▶ Access to healthcare ▶ Emergency medicines
Suppliers and business partners	No	▶ Supplier Meets ▶ Visits ▶ Supplier audit ▶ Facility visits ▶ Strategic business partner training and development	Event based and need-based	We depend on our suppliers and business partners for critical business input. It is important for us to understand their challenges and expectations to ensure business continuity and encourage sustainable business practices. Key topics of interest: ▶ Business ethics and transparency ▶ Status of compliance ▶ Training and development of partners and suppliers ▶ The environmental footprint of operations
Employees	No	▶ Monthly and quarterly in-house publications ▶ Quarterly communication by the Senior Leadership team ▶ HR Communications ▶ Engagement Programmes	Regular and need-based	We believe that the collective efforts and passion of our employees determine our productivity and profitability. We are committed to meeting their aspirations and ensuring satisfaction and growth. Key topics of interest: ▶ Career planning and skill development ▶ Market-based compensation, benefits, and amenities ▶ Employee welfare programmes
Workers	No	▶ Daily/Monthly and quarterly in-house publications ▶ HR Communications ▶ Safety Programmes	Regular and need-based	We are committed to Health and wellbeing of our Workers. Key topics of interest: ▶ Occupational health and safety ▶ Safety Awareness ▶ Welfare programmes
Communities and non-governmental organizations	Yes	▶ Interactions through CSR initiatives	Continuous and need-based	Connecting with local communities gives us a better understanding of their needs. It helps us contribute meaningfully to sustainable community development. Our partnerships with NGOs and other organizations facilitate our efforts towards creating shared value. Key topics of interest: ▶ Infrastructure development ▶ Education and healthcare ▶ Environmental protection

Leadership Indicator

1. **Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.**

   As a global pharmaceutical company with a diverse set of stakeholders spread across geographies, we consistently engage with our stakeholders to explore opportunities for collaboration to enhance our core capabilities and create shared value. Feedback from such engagements is shared with the Board on a periodic basis.

2. **Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes/No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.**

   Yes, The Company has engaged in materiality assessment to gather opinions and insights from its stakeholders to understand stakeholder expectations, concerns, and interests, including assessing numerous potential environmental, social and governance issues risk factors that may impact our operations.

   The inputs of stakeholders were used to determine topics that are material to the Company. The outcome of that materiality exercise would be translated into an Integrated ESG Strategy. This strategy framework helps the Company in framing specific sustainability focus, pillars, goals and targets. Apart from this recent exercise, we believe in consultations with our stakeholders on sustainability to implement our major initiatives.

3. **Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.**

   Skill Development - Pharma Pathshala Granules India Limited has partnered with Swarna Bharat Trust to provide skill development programs to needful youth and support them with employment opportunities.

These youth are given the opportunity to be part of the "Earn & Learn" program. Through various training programs, technical skills are imparted to these targeted youth who are then employable in various pharmaceutical companies. These members are provided with on-the-job training along with opportunities for higher education through the "Self-Managed Team" way of working.

Community Health

Our focus remains steadfast on improving the health and well-being of the communities we work with through sustained interventions. We started a public health clinic in Bonthapally village, which is close to our API facility near Hyderabad.

Equipped with a qualified medical doctor and a paramedic, this clinic provides the first line of treatment for minor ailments such as fever, pains, injuries, among others.\

Principle 5: Businesses should respect and promote human rights

This Principle focuses on upskilling employees on human rights issues, details of basic remuneration, grievances and grievance redressal mechanism. It takes under account the importance of human rights and the awareness amongst organization and its employees. The principle is guided by the United Nation Guiding Principle on Business and Human Rights. The principle sternly affirms that businesses have a crucial obligation to uphold human rights. Additionally, it emphasizes the imperative for businesses to promptly and effectively address any adverse human rights impact that may arise.

Granules India has a Code of Conduct that encloses the human rights aspects. Trainings modules on Code of Conduct highlight the importance of Human Rights.

Essential Indicator

1. **Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:**

Granules India sensitizes its code of conduct which covers various aspects of Human rights. Through different training mechanisms and a vigil system in place the Company assures more sensitized workforce towards Human Rights. Granules does not allow engagement of any form of forced labor and child labor and has an internal policy for the same.

Category	FY 2022-23 – Current Fiscal Year			FY 2021-22 – Previous Fiscal Year		
	Total (A)	No. of employees/workers covered (B)	% (B/A)	Total (C)	No. of employees/workers covered (D)	% (D/C)
Employees						
Permanent	3,650	3,650	100%	3,686	3,686	100%
Other than permanent	NA					
Total employees	**3,650**	**3,650**	**100%**	**3,686**	**3,686**	**100%**
Workers						
Permanent	NA					
Other than permanent	2,223	2,223	100%	2,029	2,029	100%
Total workers	**2,223**	**2,223**	**100%**	**2,029**	**2,029**	**100%**

2. **Details of minimum wages paid to employees and workers, in the following format**

Category	FY 2022-23					FY 2021-22				
	Total (A)	Equal to minimum wage		More than minimum wage		Total (D)	Equal to minimum wage		More than minimum wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Permanent	3,650	-	-	3,650	100%	3,686	0	0%	3,686	100%
Male	3,410	-	-	3,410	100%	3,443	0	0%	3,443	100%
Female	240	-	-	240	100%	243	0	0%	243	100%
Other than Permanent	NA									
Male										
Female										
Workers										
Permanent	NA									
Male										
Female										
Other than permanent	2,223	2,117	94%	106	6%	2,029	1,758	87%	271	13%
Male	1,806	1,700	94%	106	6%	1,716	1,534	89%	182	11%
Female	417	417	100%	-	-	313	224	72%	89	28%

3. **Details of remuneration/salary/wages, in the following format:**

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/ wages of respective category
Board of Directors (BoD)	8	3.50 Cr /Per Annum	2	2.10 Cr /Per Annum
Key Managerial Personnel (KMP)	4	2.37 Cr./Per Annum	2	35 Lakhs/ Per Annum
Employees other than BoD and KMP	3,560	6.39 Lakhs/ Per Annum	261	6.66 Lakhs/Per Annum
Workers	NA			

4. **Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)**

Granules has zero-tolerance for non-compliant behavior, and we are totally committed to handling any concern and dilemma related to violation of the Code of Conduct. As a matter of general practice, discuss/report your concern with your manager. In case any stakeholder is not comfortable reporting a potential violation to the supervisor, they can raise their concern to the Head of Department or Unit HR Manager or Compliance Officer.

5. **Describe the internal mechanisms in place to redress grievances related to human rights issues.**

We conduct our business in a manner that abides by human rights and dignity of people. Human rights include the right to life and liberty, freedom from slavery and torture, freedom of opinion and expression and many more. Everyone is entitled to these rights without discrimination. We respect all employment and immigration laws and do not allow engagement of any form of forced labor and child labor.

At Granules, we follow a staged process in addressing human rights issues:

Raising Concern	As a matter of general practice, discuss/report your concern with your manager. In case you are not comfortable reporting a potential violation to your supervisor, you can raise your concern to the Head of Department or Unit HR Manager or Compliance Officer.
Reporting Violation	Promptly report a potential/actual violation of any laws, Company policies and the Code to your Manager/ Supervisor, Unit HR, CFO or CHRO, Compliance Officer.
Investigation	Every concern and report of violation will be promptly and thoroughly investigated by the Code of Business Conduct Committee and as per applicable law and procedures.
Disciplinary Action	Based on the nature and particulars of violation, the investigation committee recommends corrective and preventive action including disciplinary action.
No Retaliation	We prohibit any form of retaliation against individuals for the reports made in good faith of alleged violation otherwise co-operate in the investigation of such reports.

Whistleblower Policy:

We have devised an effective whistleblower mechanism enabling employees to communicate their concerns about illegal or unethical practices freely. The Company has also established a vigil mechanism for employees to report concerns about any unethical behavior, actual or suspected fraud or violation of the Company's code of conduct.

The prime objective of this policy is to provide employees and Directors an avenue to raise concerns in line with the commitment of Granules to the highest possible standards of ethical, moral, and legal business conduct and its commitment to open, fearless, genuine concern communication. The pre-eminent intention of this policy is to provide necessary safeguards for the protection of employees from reprisals or victimization, for whistleblowing in good faith.

Prevention of Sexual Harassment Policy (POSH):

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

6. **Number of Complaints on the following made by employees and workers:**

	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	1	0	All Resolved	NIL		
Discrimination at workplace	NIL			NIL		
Child Labor	NIL			NIL		
Forced Labor/Involuntary Labor	NIL			NIL		
Wages	NIL			NIL		
Other human rights related issues	NIL			NIL		

7. **Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.**

Granules is committed to a workplace free of harassment, including sexual harassment at the workplace, and has zero tolerance for any such conduct. It encourages reporting of any harassment concerns and is responsive to complaints about harassment. Detailed procedure for handling the misconduct and the punishment thereof is clearly defined in the standing orders. Policies for code of conduct and POSH is in place for prevention and resolution of such instances.

Violation must be reported in good faith. Regardless of the correctness of your interpretation of the facts, Code, applicable law or policy, as long as your report is made in good faith, it will be considered fair. However, filing a false report or with malefice intent is a violation of the Code. Everyone plays an important role in helping us meet the standards reflected in our Code of Conduct.

"Anonymous Reporting" - We have also established another communication channel that employees can use when they want to report violations confidentially and/or anonymously. Confidentiality is ensured to be fully maintained and information will only be shared on a 'need-to-know' basis, consistent with the need to conduct an adequate review.

We prohibit any form of retaliation against individuals for the reports made in good faith of alleged violation otherwise co-operate in the investigation of such reports.

8. **Do human rights requirements form part of your business agreements and contracts? (Yes/No)**

Yes, the Company has included compliance with human rights requirements as a part of its standard terms and conditions of its Agreements/Contracts entered with the Suppliers and as a part of its Supplier Code of Conduct. It also has a code of conduct which requires suppliers to comply with applicable laws, labor standards, environmental regulations, and uphold human rights and principles of ethics and integrity in their operations.

9. **Assessments of the year**

	% Of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labor	100% of plants and offices are assessed through SMETA (Sedex Members Ethical Trade) Audits, external customer audits as per Pharmaceutical Supply Chain Initiative (PSCI) principles and Statutory authorities, certification agencies.
Forced/involuntary labor	
Sexual harassment	
Discrimination at workplace	
Wages	
Others – please specify	

10. **Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 9 above.**

At present, no concerns have been raised. In case it arises, we undertake appropriate improvement measures and corrective actions and keep necessary checks and balances in place to address significant risks/concerns.

Leadership Indicator

1. **Details of a business process being modified/introduced because of addressing human rights grievances/complaints.**

There has been no human rights violation recorded in the organization in the past and hence we have not made any special amendments to our existing processes or policies.

2. **Details of the scope and coverage of any Human rights due diligence conducted**

All our policies are defined and designed to protect the value of human rights. In the reporting period, No such due diligence was either warranted or conducted but are covered as part of PSCI audits.

3. **Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?**

Yes, as per the requirements of the Rights of Persons with Disabilities, our Company's manufacturing premises and offices have infrastructure for differently abled visitors.

4. **Details on assessment of value chain partners:**

	% Of value chain partners (by value of business done with such partners) that were assessed
Sexual harassment	90% Value Chain Partners
Discrimination at workplace	
Child labor	
Forced/involuntary labor	
Wages	
Others – please specify	

5. **Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 4 above.**

At present, no concerns have been raised. In case it arises, we undertake appropriate improvement measures and corrective actions and keep necessary checks and balances in place to address significant risks/concerns.

Principle 6: Businesses should respect and make efforts to protect and restore the environment

The principle underscores the interconnected nature of environmental concerns at local, regional, and global levels, thereby emphasizing the pressing need for businesses to address issues such as pollution, biodiversity conservation and sustainable use of natural resources. The principle encourages businesses to conduct thorough assessments of the environmental impacts arising from their products and operations, taking measures to minimize and mitigate effects. It advocates the adoption of environmental practices and processes that effectively reduce or eliminate impacts across the entirety of value chain

Essential Indicator

1. **Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:**

Parameter	Unit	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Total electricity consumption (A)	TJ	262.36	257.70
Total fuel consumption (B) (Self generation) - coal + others	TJ	592.18	577.42
Energy consumption through other sources – (Fuels)	TJ	-	-
Total energy consumption (A+B+C) (Refer Notes below)	TJ	**854.54**	**835.12**
Energy intensity per rupee of turnover (Total energy consumption/ turnover in Million)	TJ/Million Rupees	0.0217	0.0258
Energy intensity (optional) – the relevant metric may be selected by the entity	TJ/Tons of Production	0.0150	0.0158

Notes:

- All Conversion factors of fuel density and Default energy conversion factors considered from Defra GHG Conversion Factors 2022.
- All GHG Emission Factors for Fuels considered from 2006 IPCC Guidelines for National Greenhouse Gas Inventories.
- All GWP (Global Warming Potentials) Factors for gases considered from IPCC -AR6 WGI Report.
- Emission factors for grid Energy considered from Central Electricity Authority i.e FY 2021-22 (0.79 tCO_2/MWh) and FY 2022-23 (0.81 tCO_2/MWh).

- FY 2021-22 Data assurance done by BSI for Environmental Parameters with Exclusions for Unit-3 Bonthapally, Corporate Office and R&D Pune. And Data disclosed in the present BRSR Report with respect to FY 2021-22 data includes the units excluded in BSI data assurance scope. Hence there is increase in GHG Footprint FY 2021-22 from 97,406 tCo_2 to 1,05,358 tCo_2.
- Applied same Methodologies and factors (IPCC ,Defra ,CEA) for FY 2021-22 for GHG and Energy calculations same as FY 2022-23 as mentioned in S.No 1 to S.No 4.
- Research centre 2 and R&D -MN Park were established in FY 2022-23 .Hence data reported for R&D FY 2021-22 not includes the R&D facilities established in FY 2022-23.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, We have engaged the British Standards Institution (BSI) for independent assessment of this data.

2. Does the entity have any sites/facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

We do not undertake any activity under the PAT Scheme.

3. Provide details of the following disclosures related to water, in the following format:

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Water withdrawal by source (in kiloliters)		
(i) Surface water	0	0
(ii) Groundwater	0	0
(iii) Third party water (Municipal water supplies)	3,41,008 KL	3,86,256.4 KL
(iv) Seawater/desalinated water	0	0
(v) Others (Rainwater Harvesting)	11,143	2242
Total volume of water withdrawal (in kiloliters) (i + ii + iii + iv + v)	3,52,151 KL	3,88,498.4 KL
Total volume of water consumption (in kiloliters)	2,83,330 KL	3,25,081.4 KL
Water intensity per rupee of turnover (Water consumed/turnover) KL/Million Rupee	7.21	10.04
Water intensity (optional) (Water consumption/Ton of production. KL/TON)	4.98	6.16

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, we have engaged British Standards Institution (BSI) for independent assessment of this data.

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

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

We treat our wastewater in ETP/ZLD plants wherever possible, and the treated water is used in utility make-up. Total recycled water is more than 50% within the facilities across locations. In GGP 47.23% of the treated water is recycled. In BPL-1 more than 90.78% of treated water is recycled.

5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
NOx (see Note 1)	MT	124.1 MT	95.3 MT
SOx (see Note 1)	MT	230.9 MT	186.1 MT
Particulate Matter (PM) (see Note 1)	MT	89.3 MT	93.3 MT
Persistent Organic Pollutants (POP)	Kg	Not Available.* see Note 2 below	
Volatile organic Compounds (VOC)*	Kg	Not Available.* see Note 3 below	
Hazardous air pollutants (HAP)	Kg	Not Available.* see Note 2 below	

Note 1- Currently calculated for Stacks of Diesel Generators (DGs) and boilers

Note 2 - Currently not being monitored would consider monitoring going forward

Note 3 - Data is being monitored through online system but retrieval of data is not feasible as its in the servers of Pollution Control Board (PCB)

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, We have engaged the British Standards Institution (BSI) for independent assessment of this data.

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Unit	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Total Scope 1 emissions (Break-up of the GHG into CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3, if available) (Refer Notes below)*	tCO_2eq	56,261.97	54,831.7
Total Scope 2 emissions (Break-up of the GHG into CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3, if available) (Refer Notes below)	tCO_2eq	53,696.04	50,526.5
Total Scope 1 and Scope 2 emissions per rupee of turnover	Ton/Million Rupees	2.80	3.25
Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity	Scope 1 and Scope 2/ Ton of production	1.93	1.99

Note 1 (Exclusions):

1. Company reimbursed fuel purchase quantity emissions is excluded, since currently there is no system in place to measure the same.
2. Rental DG's energy consumption not accounted for corporate office as there is no system to measure Landlord's fuel consumption.
3. Emissions from other GHG gases are very insignificant, Hence only Co2 considered.
4. Sources of Scope1: Fuel reimbursement; Fire extinguishers.

Note 2 (Conversion and Emission Factors):

- All Conversion factors of fuel density and Default energy conversion factors considered from Defra GHG Conversion Factors 2022.
- All GHG Emission Factors for Fuels considered from 2006 IPCC Guidelines for National Greenhouse Gas Inventories.
- All GWP (Global Warming Potentials) Factors for gases considered from IPCC -AR6 WGI Report.
- Emission factors for grid Energy considered from Central Electricity Authority i.e FY 2021-22 (0.79 tCO_2/MWh) and FY 2022-23 (0.81 tCO_2/MWh).
- FY 2021-22 Data assurance done by BSI for Environmental Parameters with Exclusions for GIL -3 Bonthapally , Corporate Office and R&D Pune. And Data disclosed in the present BRSR Report with respect to FY 2021-22 data includes the units excluded in BSI data assurance scope. Hence, there is increase in GHG Footprint in FY 2021-22 from 97,406 tCo_2 to 1,05,358 tCo_2.

- Applied same Methodologies and factors (IPCC ,Defra ,CEA) for FY 2021-22 for GHG and Energy calculations same as FY 2022-23 as mentioned in S.No 1 to S.No 4.
- Research Centre 2 and R&D - MN Park were established in FY 2022-23 .Hence data reported for R&D FY 2021-22 not includes the R&D facilities established in FY 2022-23.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, We have engaged the British Standards Institution (BSI) for independent assessment of this data.

7. **Does the entity have any project related to reducing Greenhouse Gas emissions? If yes, then provide details.**

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

During the financial year 2022-23, the Granules implemented various energy saving initiatives based on identified potential areas of improvements by reputed external agencies like National productivity council (NPC) and Honeywell (appointed during 2021-22). Our key areas of action include:

Energy efficiency measures:

1. Replacement of Transformers
2. Replacement of blowers
3. Replacement of dedicated Feeder line
4. Replacement of DX Coil System with Chilled Water Coils
5. Provision of interlocking to RT Pumps
6. Reduction of Power usage at GIL-5 Parawada

Renewable energy - Aligning with the Paris Agreement on the reduction of emission of GHG, the Company started using renewable solar energy from the grid through open access.

In the financial year 2022-23, nearly 10% of our total electricity demand was procured from the environmentally friendly open access solar power source. We are looking forward to further exploring this concept and increasing solar power consumption. This clean and renewable source of energy would indirectly help in reducing our carbon footprint.

Rooftop Solar Plant - We have installed a Solar Power Plant at Gagillapur on March, 2023 with a capacity of 320 KWp; with a maximum power generation of 1,200 KWH per day, which in turn would reduce 0.972 MT of carbon dioxide on a daily basis.

Afforestation Project - We are also in the process of converting wastelands into green lands through afforestation. We have adopted forests to conserve biodiversity and as a measure to offset our carbon footprint.

Going further the Company will assess the technical feasibility for Clean Development Mechanism (CDM) project registration at United Nations Framework Convention on Climate Change (UNFCCC).

8. **Provide details related to waste management by the entity, in the following format:**

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Total Waste generated (in metric tonnes)		
Plastic waste **(A)**	1,081.7	752.1
E-waste **(B)**	1.6	4.0
Bio-medical waste **(C)**	1.2	1.5
Construction and demolition waste **(D)**	0.0	0.0
Battery Waste **(E)***	0.0	0.0
Radioactive waste **(F)**	0.0	0.0
Other Hazardous Waste. Please specify, if any. **(G) includes Waste Oil**	3,137.01	3,599.62
Other Non-hazardous waste generated **(H)**. Please specify, if any.	1,946.9	2,197.4
(Break-up by composition i.e. by materials relevant to the sector)		
Metal Scrap (MS, Alluminium etc)		
Paper and Paper Board		
Glass Waste		
Wood Waste		
Total (A+B + C + D + E + F + G + H)	**6,168.41**	**6,554.62**

*Old batteries are disposed to the vendor on "buy back system"

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste		
(i) Recycled - Third Party (Nonhazardous waste, Plastic, Waste oil, E waste)	3,033.61	2,958.12
(ii) Reused		
(iii) Other recovery operations	-	-
Total	-	-
For each category of waste generated, total waste disposed by nature of disposal method (in metric tons)		
Category of waste (Hazardous)		
(i) Incineration (includes Biomedical Waste)	64.4	62.4
(ii) Landfilling	406.3	507.5
(iii) Other disposal operations (AFRF/Co-process/Cement Industries,;)	2,664.1	3,026.6
Total	**3,134.8**	**3,596.5**

9. **Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.**

Although regulated, the industry produces large volumes of waste that can be segregated as hazardous and non-hazardous. Our manufacturing plants generate a substantial volume of solvents or hazardous waste, and we are working towards reducing the same through process optimization and co-processing. Under clean manufacturing, all the solid wastes generated at our manufacturing plants are either sent to cement industries for co-incineration or to authorized vendors.

Hazardous waste and non-hazardous waste are segregated at source and stored at dedicated spaces in the manufacturing facilities. After a thorough sorting, hazardous and non-hazardous waste are handled separately. Hazardous waste is stored category wise in hazardous waste storage areas, and it is then disposed of to Pollution Control Board authorized disposal facilities as per applicable regulations.

Almost 100% of the non-hazardous waste generated at our manufacturing sites is sent to authorized recyclers for recycling.

10. **If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals/clearances are required, please specify details in the following format:**

S. No.	Location of operations	Type of operations	Whether the conditions of environmental approval/clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
Our Company does not have operations in ecologically sensitive areas.			

11. **Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:**

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No)	Relevant Web link
Not applicable					

12. **Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India, such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:**

S. No.	Specify the law/regulation/guidelines which was not complied with	Provide details of the non-compliance	Any fines/penalties/action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken if any
Yes. We are compliant with all the applicable environmental laws/regulations/guidelines in India.				

Leadership Indicator

1. **Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:**

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
From renewable sources (TJ)		
Total electricity consumption (A)	23.71 TJ	27.45 TJ
Total fuel consumption (B)	-	-
Energy consumption through other sources (C)	-	-
Total energy consumed from renewable sources (A+B+C)	**23.71 TJ**	**27.45 TJ**
From non-renewable sources (TJ)		
Total electricity consumption (D)	238.65 TJ	230.25 TJ
Total fuel consumption (E)	592.18 TJ	577.42 TJ
Energy consumption through other sources (F)	-	-
Total energy consumed from non-renewable sources (D+E+F)	**830.83 TJ**	**807.67 TJ**

2. **Provide the following details related to water discharged:**

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Water discharge by destination and level of treatment (in kiloliters)		
(i) To Surface water		
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(ii) To Groundwater		
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(iii) To Seawater		
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(iv) Sent to third parties		
- No treatment	-	-
- With treatment – please specify level of treatment - Common effluent treatment plant (CETP)	68,821 KL	63,417 KL
(v) Others		
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
Total water discharged (in kiloliters)	**68,821 KL**	**63,417 KL**

3. **Water withdrawal, consumption, and discharge in areas of water stress (in kiloliters):**

Our manufacturing units currently do not fall under "Critical" or "Over-exploited" areas as per the Central Groundwater Board classification.

For each facility/plant located in areas of water stress, provide the following information:	
(i) Name of the area:	Not Applicable
(ii) Nature of operations: Not Applicable	
(iii) Water withdrawal, consumption, and discharge:	

4. **Please provide details of total Scope 3 emissions and its intensity, in the following format:**

Parameter	Unit	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Total Scope 3 emissions (Break-up of the GHG into CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3, if available)	Metric tonnes of CO_2 equivalent	We are progressing year on year in emission monitoring. The Company has engaged BSI to validate the methodology during the year, going forward we aim to track Scope 3 emission calculations.	
Total Scope 3 emissions per rupee of turnover	Metric tonnes of CO_2 equivalent		
Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity	Metric tonnes of CO_2 equivalent		

5. **With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct and indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.**

Our Company does not have operations in ecologically sensitive areas.

6. **If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions/effluent discharge/waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:**

The Company realizes the importance of its resources and thus continuously strives to optimize and make the best possible use of its resources through continuous improvements and operational excellence. The dedicated manufacturing excellence team is continuously thriving for improvements, overall product value enhancement, high impact projects and lean processes. During the financial year 2022-23, we have implemented various energy saving initiatives based on identified potential areas of improvements by reputed external agencies like National Productivity Council (NPC) and Honeywell.

Some of these initiatives include Replacement of Transformers, Replacement of blowers, Replacement of dedicated Feeder line, Replacement of DX Coil System with Chilled Water Coils, Provision of interlocking to RT Pumps, Replacement of RT pumps with Energy efficient pumps, Water Recycle, Usage of renewable energy (Solar power to Grid) at GIL-5 Parawada alongside Supplied 4,03,095 units to grid for the months of April, May and June 2022.

Granules' business model and scale of manufacturing makes us one of the best in resource utilization. During the financial year 2022-23, we have achieved the highest output and productivity which has resulted in reduced consumption coefficients of key utilities such as power, coal, fuel, water etc.

S. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
1	Elimination of Rejects from RO	Procuring RO treated water in Bonthapally unit to reduce the elimination of rejects.	Reduced 64KLD of rejects
2	Clean Manufacturing	Under clean manufacturing, all the solid wastes generated at our manufacturing plants are either sent to cement industries for co-incineration or to authorized vendors.	More than 84.94% of the solid hazardous waste is disposed off to cement industries for co-processing thereby reducing the GHG footprint.
3	Zero Liquid Discharge System	We are maintaining Zero Liquid Discharge System and Effluent Treatment Plants with RO Recovery System to ensure that the effluents generated are treated to minimize the environmental impact and reuse the resources wherever possible.	Total recycled water is more than 50% within the facilities across locations. In GGP 47.23% of the treated water is recycled. In BPL-1 more than 90.78% of treated water is recycled.
4	Usage of renewable energy (Solar power to Grid)	Usage of Solar energy as an alternative to fulfill the plant power requirement.	The overall Energy Savings by implementation initiatives: 2910106 KWH per annum Or10.476 TJ >Savings/Avoidance of GHG Emissions by Energy Initiatives - 10.48 TJ/2299.0 GHG in MT of Co_2e >The overall Renewable Energy share at Granules is 9.03% of total Energy drawn from Grid >The overall Savings by implementation is ₹ 471 Lakhs

7. **Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.**

Enterprise Risk Management (ERM) - The Company has adopted an Enterprise-wide Risk Management (ERM) framework to identify, priorities and monitor top rated business risks. The internal Risk committee as created by the Board monitors, evaluates and manages major risks of the Company on an ongoing basis.

The Company has defined a process through which it monitors its present risk profile and risk appetite to re-priorities some of the risks as part of a long-term risk mitigation plan. Under ERM, Deloitte has been engaged to develop Business continuity Plan (BCP) and support to review the Risk management programme. The Draft BCP is ready and being reviewed by Deloitte.

Disaster management plans are put in place to deal with natural calamities. We have an onsite emergency and individual disaster management plan at Unit levels, considering all the potential scenarios.

8. **Disclose any significant adverse impact to the environment, arising from the value chain of the entity.**

No significant adverse impact has been observed during value chain assessments.

9. **Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.**

90% of our partners are assessed for environmental impacts. We have regular supplier audits and educate the major suppliers on the environmental aspects.

Principle 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

The Principle acknowledges that businesses function within established national policy frameworks that serve as guiding parameters for their growth. It recognizes the rightful authority of businesses to engage with governments for addressing grievances. It underscores the importance of ensuring that engagements with public policy positively impacts society at large and aligns with the principles and promotion of societal well-being. Granules believes in the above statements and has been associated with national trade organization to promote policies and regulations related to pharma companies in the country. Taking an onus of its responsibility as a business, Granules in its BRSR has transparently disclosed on the same.

Essential Indicator

1. a. **Number of affiliations with trade and industry chambers/ associations.**

The Company is associated with 3 trade and Industry chambers/associations

b. **List the top 10 trade and industry chambers/ associations (determined based on the total members of such a body) the entity is a member of/ affiliated to.**

S. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1	Confederation of Indian Industry (CII)	National
2	Bulk Drug Manufacturer Association of India (BDMAI)	National
3	The Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry (FTAPCCI)	State

2. **Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.**

We conduct business in a fair and honest manner. Integrity and Transparency are embedded in our core values.

No adverse orders from regulatory authorities have been received on issues related to anti-competitive conduct by the entity.

Name of authority	Brief of the case	Corrective action taken
None		

Leadership Indicator

1. **Details of public policy positions advocated by the entity:**

The Company is an active member in Bulk Drug Manufacturer Association of India (BDMAI), The Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry (FTAPCCI) and Confederation of Indian Industry (CII) and participates in policy discussions with the regulators and government authorities which serves the Company's interests as well as the interest of wider communities.

S. No.	Public policy advocated	Method resorted for such advocacy	Whether information available in the public domain? (Yes/No)	Frequency of Review by Board (Annually/ Half yearly/ Quarterly/ Others – please specify)	Web Link, if available
Granules, being an active member in Bulk Drug Manufacturer Association of India (BDMAI), represents the pharma industry and takes proactive measures for the benefit of the pharma industry and wider community. We have a Policy on Media and Advocacy which is embedded within our Code of Conduct.					

Principle 8: Businesses should promote inclusive growth and equitable development

The principle acknowledges the complex social and economic development challenges of the country. It recognizes the importance of businesses and encourages them to contribute to the overall development of the country.

As a part of its Corporate Social Responsibility, Granules has been actively engaged in anchoring CCSR programs for the benefits of its communities and stakeholders. The organization has identified the themes for CSR and has undertaken projects for benefit of the communities they operate in.

Essential Indicator

1. **Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.**

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No)	Relevant Web link
Not Applicable, There were no SIA undertaken in the current year.					

2. **Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:**

S. No.	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% Of PAFs covered by R&R	Amounts paid to PAFs in the FY (In ₹)
Not Applicable. All our units are located in Designated Industrial Estates.						

3. **Describe the mechanisms to receive and redress grievances of the community.**

   The Company has an internal Grievance Policy. The Community members can approach the HR manager of the unit, who shall document the grievance and collect the written complaint, which shall be addressed by the Plant Head in consultation with the Corporate Office. The grievance shall be resolved/replied within a period of 30 days from the date of receipt.

4. **Percentage of input material (inputs to total inputs by value) sourced from suppliers:**

   The Company promotes local sourcing and consciously endeavors to source procurement of the goods and services from medium and small vendors from the local areas wherever feasible.

	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
Directly sourced from MSMEs/ small producers	3%	3%
Sourced directly from within the district and neighboring districts*	47%	48%

*Procured within India

Leadership Indicator

1. **Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):**

Details of negative social impact identified	Corrective action taken
Not Applicable	

2. **Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:**

   Current CSR Projects do not cover any designated aspirational districts

3. (a) **Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No)**

   No, The Company follows a standardized Sustainable procurement policy across all suppliers and vendors.

   (b) **From which marginalized /vulnerable groups do you procure?**

   Not applicable.

   (c) **What percentage of total procurement (by value) does it constitute?**

   Not Applicable

4. **Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:**

S. No.	Intellectual Property based on traditional knowledge	Owned/Acquired (Yes/No)	Benefit shared (Yes/No)	Basis of calculating benefit share
Not Applicable.				

5. **Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.**

Name of authority	Brief of the Case	Corrective action taken
Not Applicable.		

6. **Details of beneficiaries of CSR Projects:**

S. No.	CSR Project	No. of persons benefited from CSR Projects	% Of beneficiaries from vulnerable and marginalized groups
1.	Elevated Water Tank at Bonthapally of 1,50,000 liters capacity	3,000 families	75%
2.	Elevated water tank at Veerannagudem Village of 1,00,000 Liters capacity	2,000 families	90%
3.	Pradhanmanthri TB Mukt Bharat Abhiyaan	100	90%
4	Skill enhancement programmes to Intermediate Science Students	180	90%
5	LV Prasad Eye Institute - Machinery donated for eye research	Outcome will be identified after research	
6	Funded to Dialysis Center for purchase of equipment to provide the dialysis at nominal prices to poor people	600 persons per month	90%
7	Appointed 4 Volunteer teachers in Bonthapally Govt. School and paying their salaries by Granules	500 Children	90%
8	Donated to Sri Venkateswara Pranadana Trust to construct/establishment of Superspecialty pediatric Hospital at Tirupathi	Estimated 5,000 Families WIP - Outcome will be identified after completion of the project	

Principle 9: Businesses should engage with and provide value to their consumers in a responsible manner

This principle is based on the fundamental purpose of business which is to provide goods and services that are safe and valuable for consumers. Granules acknowledges that consumers have a freedom to choose, and it strives to offer its products that are safe, user-friendly and have benefits for its consumer base. Additionally, the principles also recognizes that businesses have a responsibility to address negative effects that excessive consumption of their products can have n the well-being of the individual, society and the environment.

Granules understand the importance of businesses to provide safe and valuable products and recognize its role ion promoting responsible consumption and strives to abide by the same.

Essential Indicator

1. **Describe the mechanisms in place to receive and respond to consumer complaints and feedback.**

   Granules India strongly emphasizes servicing its customers with the best quality products. The Company not only believes in the delivery of the quality products but also believes in on-time service to all its customers. All the customer complaints which are received have been resolved in a timeframe as stated in our Quality standard operating procedures and proposed improvements are incorporated into the processes. Company makes sure that no complaints are pending at the end of the financial year.

   Product complaints are trended on a quarterly/annual basis and improvements are made accordingly. Any complaint from a consumer is logged, investigated and a response provided with action plans as required.

2. **Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:**

	As a percentage to total turnover
Environmental and social parameters relevant to the product	The Company complies with all the regulatory requirements in relation to display of information on product label. Specific data is not available.
Safe and responsible usage	
Recycling and/or safe disposal	

3. **Number of consumer complaints in respect of the following:**

   During the year under review, the Company has not received any consumers complaints regarding data privacy, advertisement, cyber-security, restricted trade practices and unfair trade practices. The details of other complaints are stated below:

	FY 2022-23 (Current Financial Year)		Remarks	FY 2021-22 (Previous Financial Year)		Remarks
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data privacy	NIL					
Advertising						
Cyber-security						
Delivery of essential services						
Restrictive Trade Practices						
Unfair Trade Practices						
Other -Packaging, Quality, Transit and others	414	0	-	469	0	-

   A root cause analysis is performed to identify corrective and/or preventive actions for each compliant. During the current year, we have provided resolution for all the complaints

4. **Details of instances of product recalls on account of safety issues:**

	Number	Reasons for recall
Voluntary recalls	NIL	
Forced recalls		

5. **Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.**

   Yes. The Company has an internal policy available on their intranet.

6. **Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of consumers; re-occurrence of instances of product recalls; penalty/action taken by regulatory authorities on safety of products/services.**

   There are no instances related to re-occurrence of product recalls and/or penalty/action by regulatory authorities on safety and product quality. Hence, no corrective actions are applicable/required. Nevertheless, established quality systems are in place to avoid these instances, if any and to ensure the product quality/safety throughout its shelf life.

Leadership Indicator

1. **Channels/platforms where information on products and services of the entity can be accessed (provide web link, if available).**

   - Active Pharmaceutical Ingredients Catalog - https://granulesindia.com/products/active-pharmaceutical-ingredients-apis/active-pharmaceutical-ingredients-catalog/
   - Pharmaceutical Formulations Intermediates Catalog -
   - https://granulesindia.com/products/pharmaceutical-formulations-intermediates/
   - Finished Dosages - https://granulesindia.com/products/finished-dosages/
   - High Potent Products Catalog - https://granulesindia.com/products/high-potent-product/

2. **Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.**

   We provide clear instructions depicting the active ingredients of the product, caution for consumption or usage, possible side effects and guidelines for storage/disposal.

   Material safety data sheet is provided for each product which provides information related to handling and storage of the product. Product leaflet is provided along with each pack which provide information related to administration of drug, compositions and side effects if any as applicable and all this information is self-explanatory.

   Further, we provide very specific disclaimers on all the medicines to ensure the usage only as per the direction of healthcare professionals.

3. **Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.**

   Yes, mail communications rolled out to inform consumers of any risk of disruption/discontinuation of services.

4. **Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief.**

   Yes, Product name, strength, batch number, expiry date, number of units and manufacturer address details are printed on product labels as per regulatory requirements in readable format.

5. **Did your entity carry out any survey about consumer satisfaction relating to the major products/services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)**

   No

6. **Provide the following information relating to data breaches:**

a. **Number of instances of data breaches along-with impact.**

   NIL

b. **Percentage of data breaches involving personally identifiable information of consumers**

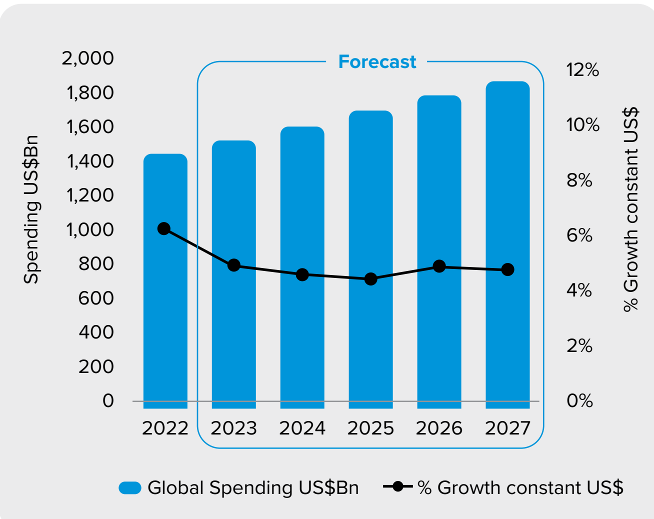
   The Company has not witnessed any instances of data breaches during the year.

Management Discussion and Analysis

Global Pharma Outlook

The global pharmaceutical industry is projected to experience a compound annual growth rate (CAGR) of 3-6% between 2022 and 2027, resulting in a total market size of approximately $ 1.9 trillion. However, regional variations will be observed in terms of spending and volume growth. Established markets are expected to grow at a slower pace, while emerging markets in Eastern Europe, Asia, and Latin America will witness growth in both volume and spending. Among the leading therapy areas, Oncology is anticipated to grow at a CAGR of 13-16%, while Immunology is forecasted to grow at a CAGR of 3-6% by 2027. These trends highlight the dynamic nature of the medicine market and the varying growth opportunities across different regions and therapeutic areas.

Exhibit 1: Global Medicine Market size and growth (2022 to 2027)



Source: IQVIA Market Prognosis, Sep 2022; IQVIA Institute, Nov 2022.
Notes: Does not include estimates for COVID-19 and therapeutics.
Report: The Global Use of Medicines 2023: Outlook to 2027, IQVIA Institute for Human Data Science, January 2023.

Exhibit 2: Global medicine spending and growth by product type

	2022 Spending US$bn	2018-2022 CAGR	2027 Spending US$bn	2023-2027 CAGR
Global	1,482	6.1%	1,900-1,930	3-6%
Developed	1,088.3	5.7%	1,370-1,400	2.5-5.5%
10 Developed	968.9	5.7%	1,207-1,237	2.5-5.5%
Other Developed	119.4	6.4%	156-176	4-7%
Pharmerging	370.8	2.2%	487-518	5-8%
Lower Income Countries	23.2	6.0%	23-33	4.5-7.5%

Source: IQVIA Market Prognosis. Sep 2022 IQVIA Institute Nov 2022

The Global Generic market size was estimated to be $ 319 billion, grew at 4% based on 5 Year CAGR (2017-22)[1]. The largest driver of medicine spending through the next five years is still expected to be global COVID-19 vaccinations, but leaving aside the pandemic, global spending on medicines continues to be driven by innovation and offset by losses of exclusivity and the lower costs of generics and biosimilars.

US Market

Spending on the medicine in the US— at net manufacturer prices— reached $ 429 billion in 2022, growing 5.3% including the continued contribution of COVID-19 vaccines and therapeutics.

Total drug spending at estimated net manufacturer prices increased by $ 103 billion over the past five years, primarily driven by new products and brand volume. Volume growth has been driven by immunology, oncology, COVID-19 and diabetes.

Spending on medicines is forecast to be unchanged over the next five years with growth expected between -2 to 1%, remaining similar to current levels of spending at $ 429Bn. This outlook reflects structural market dynamics, complex usage patterns, and competition, as well as the effects of new policies and legislation.[2]

US Generics

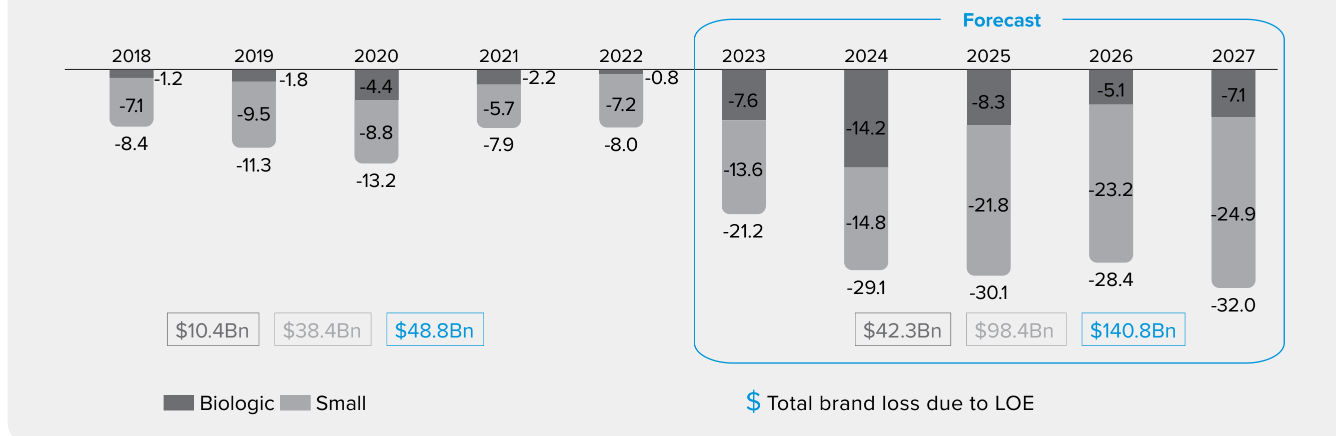
The US Generic market size is estimated to be $ 82 billion in 2022, registering a degrowth of -2% based on 5-year CAGR (2017-22). The expiration of patents for long-standing products used by a large number of patients has led to a significant increase in the overall market share of generic medications, including branded generics, reaching 92% of adjusted prescriptions. Despite this large volume share, these generic products only account for approximately 14.6% of the total spending at the invoice levels.

Source: [1] IQVIA Report titled Global Market Overview with Future Opportunity in US, July, 2022
Source: [2] IQVIA April 2023 report titled" The Use of medicines in the U.S. 2023 - usage and spending trends and outlook to 2027'

Generics, including biosimilars, have had modest impact on growth as price deflation has largely offset growth from the related patent expiry events.

Losses of exclusivity in the U.S. are expected to be $ 141 billion through the period (2023-27), with significant impact on spending for both small molecules and biologics. Small molecule expiries are expected to reduce brand spending by $ 98 billion through 2027, more than double the impact of the last five years (2018-22)[3].

Exhibit 3: U.S. Impact of brand losses of exclusivity (2018 to 2027), US$ Bn



Source: IQVIA Market Prognosis, Sep 2022; IQVIA Institute, Nov 2022.

US Generic Price Erosion

The US generic pharma industry has been grappling with pricing pressure, supply chain issues, and cost inflation, severely impacting the margins of the players. The price erosion is attributed to several factors such as customer consolidation, intensified competition, and the US government's measures to reduce drug prices for customers. We have observed price erosion in the range of high single digit for FY 22-23. We anticipate that the resultant pricing pressure will lead to the consolidation of the industry towards the stronger players who have better control over the supply chain and are capable of backward integration through innovative manufacturing technology.

Additionally, the COVID-19 pandemic posed significant Raw material pricing challenges for pharmaceutical companies, with key raw material shortages due to China's shutdown. The recent geopolitical instability caused by the Russia-Ukraine war has also led to energy and logistical cost increases, which have further hindered the ease of doing business. However, with the situation gradually improving, these challenges are expected to diminish, and the industry can potentially regain its footing.

European (EU) Region

Spending in Europe is expected to increase by $ 59 billion over the period 2023-2027, with a focus on generics and biosimilars, and escalating pressures on the value and negotiated prices of novel medicines.

EU Generics

Generics, including biosimilars, are expected to add $ 12 billion in growth over the next five years (2023-27), about the same as in the past five years despite a larger impact of losses of exclusivity as volume gains will be offset by price deflation.

The impact of losses of exclusivity (LOE) in the five largest European markets (Germany, France, Italy, Spain and the UK) are expected to be more than triple over the next five years, and more than half of the impact is expected to be biologics, with $ 17.5 billion of the $ 31 billion total impact. Small molecule LOE is expected to double in terms of impact on brands in the next five years even as they have been a smaller share of overall impact[3].

Japan

Japan's medicine spending growth is projected at -2 to 1% over the period (2023-27) as robust brand growth is offset by a shift in annual price cuts and ongoing moves to generics.

Generic's share of spending in Japan is also expected to rise, supported by policies that have been largely effective over this entire 15-year period, encouraging doctors to substitute available generics with a combination of incentives and penalties[3].

Source: [3] IQVIA Jan 2023 Report titled – "Global Use of Medicines 2023: Outlook to 2027"

China

China as the world's second largest country by pharmaceutical spending, will increase volume by 8% in aggregate over five years, while spending will increase 19%, driven by expanding access to novel drugs via the National Reimbursement Drug List (NRDL). Medicine spending in China has risen from $ 93 billion in 2013 to $ 166 billion in 2022. By 2027, China is projected to exceed $ 194 billion, an increase of almost $30 billion in the next five years (2023-27). Over the past five years spending growth was driven by original branded products, most often from multinational companies, which grew at an average of 10.1% per year to reach 28% of spending in 2022, up from 22% five years earlier. Over the next five years, the government policies to update the National Reimbursement Drug List (NRDL) annually is contributing to a greater share of new original medicines being reimbursed, resulting in higher levels of spending, though these are generally subject to lower negotiated net prices. Over the next five years original brands will grow by more than 5% per year, while other types of products will grow at 4% or less, contributing to the overall growth rate slowing to 2–5%.

Over the Counter (OTC) Drugs Market

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

The OTC drugs market size was valued at $ 162 billion in 2022 and is expected to grow at a CAGR of over 5% to reach $ 266 billion in 2032[4]. Emergence of COVID-19 has affected millions of people across the globe, impacting several industrial sectors. The outbreak has considerably influenced the sales of OTC drugs with increased focus on personal health during the pandemic. This has significantly augmented the intake of cold and flu products besides vitamins. However, in some regions, OTC drug sales were restricted to counteract stockpiling and maintain supply. Increasing availability and manufacturing of OTC drugs for a broad range of common disease conditions will significantly drive the over-the-counter drugs market revenue in the impending years. Repetitive occurrence of common flu and cold impels the demand for therapeutics. Awareness on and demand for vitamin supplements and weight loss products will majorly contribute to the industry value during the forecast period i.e. from 2022 to 2032. Cost-benefits, positive results and broader accessibility are projected to highly fuel demand for over-the-counter drugs.

Indian Pharmaceutical industry

The Indian pharmaceutical industry is currently valued at around $ 50 billion, with projections showing that it could reach $ 130 billion by 2030, growing at a compound annual growth rate (CAGR) of 12.3%[5]. This makes it the world's third largest in terms of volume and eleventh largest in terms of spending.

The Indian Pharmaceutical industry holds a significant position in the global market, with Indian companies playing a crucial role in the production of active pharmaceutical ingredients (APIs) and formulations. India has emerged as a major player in the pharmaceutical sector, both in terms of manufacturing and export. Indian Pharmaceutical Industry is the largest provider of generic medicines globally, with a 20% share in the global supply by volume, and is also the leading vaccine manufacturer. The industry is a significant contributor to India's economy, providing direct and indirect employment to over 2.7 million people in high-skill areas like R&D and manufacturing. However, the Indian pharmaceutical industry is heavily reliant on imports from China, with nearly 68% of APIs being imported from China. This dependence on a single supplier for several critical intermediaries and APIs, including those listed in the National List of Essential Medicines, makes the Indian pharma industry vulnerable to disruption in China's bulk drugs market. This was evident during the COVID-19 pandemic when factories in China were hit by lockdown, resulting in a raw material supply shortage for the Indian pharmaceutical sector. Prices of commonly used APIs rose significantly due to increased costs in China and other pandemic-related concerns.

The Indian government has already implemented initiatives such as the Production Linked Incentive (PLI) schemes, medical device and bulk drug parks to boost domestic production of APIs, biopharmaceuticals, complex generics, patented drugs, and various medical devices, making India a global manufacturing hub.

Supply chain issues

China is opening after three years as the government has abandoned its 'zero-COVID' policy. On the 8th of January 2023, China opened its borders to the world, allowing free entry, for people of China and the rest of world. It is also good news for global trade and the economy as domestic economic activities resume to pre-Covid levels. The freedom of trans border movement further promises to have positive ripple effects on international business. Trade shows, fairs and expos could finally be resumed, welcoming international buyers back into the country and letting domestic suppliers showcase their latest products.

Overall, the supply situation from China is improving. Manufacturers have started in full swing. We have a good supply situation as well as prices are under control.

The freight situation has eased off as well. Over the past few years, companies around the world have struggled with Covid-19 shutdowns, labor shortages and bottlenecks at ports, rail yards and warehouses delayed freight and drove up shipping costs. The situation seems to be easing up now as freight congestion has cleared, and ocean shipping costs have been falling towards pre-pandemic levels. However, we still have a way to go before supply-chain challenges are resolved.

The solvent prices have also been softening because of gas and crude prices coming down.

Source: [4]Global Market Insights Report of 2022
Source: [5]As per Ministry of Commerce & Industry

Granules Strategy

Our journey so far

Granules India Limited (GIL) is a leading pharmaceutical manufacturing company recognized for its commitment to producing high-quality products and driving innovation. With a strong global presence, we operate as a fully integrated pharma manufacturer. Our success is attributed to our unwavering focus on manufacturing excellence and cost leadership, centered around our core molecules. We have established ourselves as leaders in key molecules, attaining critical scale in the industry. While our growth was primarily driven by the US market, we are now expanding our footprint in Europe, making significant progress in this region as well. Throughout our journey, we have consistently maintained a solid track record in delivering superior quality, adhering to compliance standards, and prioritizing sustainability, Health, and Safety.

Strategy Roadmap

Granules is embarking on an exciting new phase, driven by our vision to take our business to new heights as a science and innovation-driven organization. Our strategic roadmap revolves around the continuous pursuit of manufacturing excellence, embracing innovation, and technology platforms in chemistry, with a strong focus on fostering sustainability. We are committed to revolutionizing manufacturing through the implementation of sustainable practices such as bio-catalysis, process innovation, eco conscious product development, increasing use of renewable energy and renewable energy based ingredients. By prioritizing sustainability as a central theme in our business approach, we aim to not only improve efficiency but also reduce our environmental footprint. This comprehensive strategy positions us to achieve significant advancements and create a positive impact in the industry.

In summary, our strategy going forward focuses on three strategic levers led by focus on R&D, innovation and Sustainability.

- The first one is strengthening the core by building on our efforts around efficiency, cost leadership, mitigating supply chain risks, growing market share, and moving up in the value chain across select markets.
- The second strategic lever is Innovation and R&D across our entire value chain from finished formulations, API, and going all the way back to chemical intermediates by reimagining chemistry through innovative technology platforms that we are building.
- The third part is to create a strategic lever through Sustainability play. One such example is our partnership with Greenko for Green Pharmaceutical Products. The initiative aims to achieve the twin goals of healthy people and a healthy planet by using green energy, green energy enabled industrial feedstocks and creating circular economy around our products.

R&D Initiatives

FY23 was the year of building R&D & Product Development capbilities at Granules. We now have an integrated product development R&D centre at Genome Valley, Hyderabad, Centre of Excellence (CoE) for CII APIs and KSM development at Pragathi Nagar, Hyderabad and a Bio Lab at Pragathi Nagar, Hyderabad. We also have a Formulation R&D centre at our Granules Pharma Inc (GPI) facility focused on controlled substances and technology driven products.

Our New R&D facility located at Genome Valley (MN Park) for Integrated Product Development has been set up in a sprawling 20,000 Sq. ft and is functioning with more than 150 scientists across both the divisions. The new facility brings API R&D and Formulation R&D teams together under one umbrella. This enables seamless coordination between both the teams leading to agile product development processes and collaborative problem solving. The common analytical resources help us bring efficiency in the R&D processes. Our vision is to develop integrated R&D products helping Granules evolve into an R&D driven organization.

Pragathi Nagar R&D at Hyderabad, has been established as a Center of Excellence (CoE) for the development of CII APIs. We have assembled a skilled team and enhanced the facility specifically for CII API development at Pragathi Nagar, enabling smooth technology transfer to GPI after the development stage. In addition to CII API products, we are also focusing on the development of KSMs and Intermediates for our select APIs. To further strengthen our presence in Controlled Substances, we will continue to leverage the research and development capabilities of Pragathi Nagar, in conjunction with the FD R&D of our subsidiary, Granules Pharma Inc (GPI).

The Bio Lab at Pragathinagar brings capabilities in the areas of fermentation and biotransformation along with Lab and Pilot Scale Manufacturing Platform for the Enzyme led projects.

Our R&D initiatives will help us broaden our capabilities, leading to increased focus on quality of our portfolio and higher number of regulatory filings going forward.

Green score in R&D development

Granules has taken a proactive approach to integrating sustainability into our product development process through the implementation of Green card and Eco scale initiatives. From the early stages of development, we prioritize sustainability by incorporating the Green chemistry matrix, which encompasses key principles such as Atom economy, Atom efficiency, and E-factor. Additionally, we utilize the Eco-Scale concept to assess process efficiency. The Eco-scale score is determined based on evaluations across 6 parameters and 38 sub-parameters at every stage of the reaction. To further drive our sustainability goals, we have established operational targets and set Green score thresholds for process development. This commitment ensures that sustainability is embedded within each of our products, creating a greener and more environmentally responsible approach.

Climate Change and Sustainability Context

The urgency of climate change is undeniable, and it is a challenge that will affect every individual on the planet. Addressing this issue requires cooperation across the public, private, and financial sectors. As we enter a critical decade, the decisions we make will have long-lasting impacts. Businesses have a significant responsibility to lead the way in addressing climate change within their organizations and beyond. With their vast resources and influence, they have the power to drive sustainability initiatives and inspire innovation across industries and fields. In the transition towards a net-zero economy, businesses have a crucial role to play in developing and implementing solutions for a sustainable future.

According to a recent study by the World Economic Forum, six out of the ten biggest risks facing our future are related to the failure to mitigate or reduce climate change. These risks even surpass global confrontation.

As a result, a deep focus on supply chain decarbonization and green tech is of importance world over.

There has been a strong resolve towards policy interventions in US and EU towards decarbonization efforts. Recently, the European Union passed the European Green Deal, which set a 30-year deadline for climate neutrality on the continent. In the US, the Inflation Reduction Act (IRA) of 2022, makes the single largest investment in climate and energy in American history, aimed at enabling America to tackle the climate crisis, advancing environmental justice, securing America's position as a world leader in domestic clean energy manufacturing, and putting the United States on a pathway to achieving the Biden Administration's climate goals, including a net-zero economy by 2050.

Major players in Asia, including China, Japan and South Korea, have followed suit. Now, more than 100 countries have set targets to achieve climate neutrality over the next several decades.

EU Carbon Border Tax

Carbon Border Tax (CBT) is a reality. The 27-member European Union (EU) has been ramping up its climate action efforts with the European Parliament, the bloc's legislative body, adopting a rapid pace in climate negotiations. The EU has committed to decarbonizing its economy and industry as part of its ambition to turn climate-neutral by 2050. The EU in December 2022 reached political agreement on Carbon Border Adjustment Mechanism (CBAM). On 18 April 2023, the European Parliament approved the political agreement of December 2022 on CBAM. The new reform, will phase out the current system of free CO_2 permits to factories by 2034. Along with this phasing out of free carbon allowances, the EU will phase in another ambitious and first-of-its-kind policy— the Carbon Border Adjustment Mechanism (CBAM), aimed at levelling the playing field for EU and non-EU manufacturers and spurring trading partners to adopt carbon pricing regimes as a critical approach to the climate fight.

The European Union's Carbon Border Tax Mechanism will impose a levy on imported carbon-intensive goods from countries where climate rules are less strict. The CBAM is at the heart of the EU's efforts to reach its ambitious climate goals under the European Green Deal. It sends an important signal to producers all over the world: that the EU is serious about cutting emissions and that it expects the same level of commitment from industrial firms exporting into the EU, wherever they may be located.

As per the EU's policy, Carbon leakage occurs when companies based in the EU move carbon-intensive production abroad to countries where less stringent climate policies are in place than in the EU, or when EU products get replaced by more carbon-intensive imports. By confirming that a price has been paid for the embedded carbon emissions generated in the production of certain goods imported into the EU, the CBAM attempts to ensure that the carbon price of imports is equivalent to the carbon price of domestic production, and that the EU's climate objectives are not undermined.

The CBAM will initially apply to imports of certain goods and selected precursors whose production is carbon intensive and at most significant risk of carbon leakage: cement, iron and steel, aluminium, fertilisers, electricity, and hydrogen. With this enlarged scope, CBAM will eventually – when fully phased in – capture more than 50% of the emissions in ETS covered sectors. Under the political agreement, the CBAM will enter into force in its transitional phase as of 1 October 2023.

Once the permanent system enters into force on 1 January 2026, importers will need to declare each year the quantity of goods imported into the EU in the preceding year and their embedded GHG. They will then surrender the corresponding number of CBAM certificates. The price of the certificates will be calculated depending on the weekly average auction price of EU ETS allowances expressed in €/tons of CO_2 emitted. The phasing-out of free allocation under the EU ETS will take place in parallel with the phasing-in of CBAM in the period 2026-2034.

Critics have condemned the CBAM as being protectionist ever since the proposal was put forth last year, and CBAM's compatibility with WTO rules remains a grey area. However, the writing on the wall is clear. The world is set to move towards a sustainable future and will gradually cover all industries with policy makers in key developed markets taking the lead. While the EU's initial list covers steel, aluminium, cement, fertilizer, hydrogen, and electricity, the list will gradually expand to cover all products by 2034. The UK, Canada, Japan, the US and others are also bracing up to levy CBT on imports. The UK proposes levying CBT on cement, chemicals, glass, iron and steel, non-ferrous metals, non-metallic minerals, paper and pulp, fertilizer, and power generation.

It is imperative for industries to embrace sustainability in their long-term vision. Shifting to cleaner production processes and using renewable energy to power their plants are among key steps that industry can take to align with these emerging trends.

Sustainability and Pharmaceutical industry

The Biotech and Pharma industry is a significant contributor to global climate change and therefore must be part of the global climate solution. While there has been progress in establishing targets and tracking progress to those targets, overall, the industry's targets are simply not ambitious enough to keep warming below the 1.5 degrees Celsius threshold that the UN's Intergovernmental Panel on Climate Change (IPCC) warns earth cannot cross.

While the largest companies by revenue have established goals and continue to reduce scope 1, 2 and 3 emissions, 91% of 75 public companies analyzed in the sector still do not have climate commitments aligned with a 1.5 degrees Celsius world.

The total carbon emissions of pharmaceutical companies increased by 15% to reach 260 million tCO_2e (tons of carbon dioxide equivalent)[6]. Scope 3 emissions, account for Majority of these emissions. According to a report by Reuters, the pharmaceutical industry was found to have a larger carbon footprint than the semiconductor or forestry and paper industry, which are traditionally considered to be among the most carbon-intensive sectors.

Various global pharma companies and stakeholders in the healthcare sector, including many of our customers, have taken target to reduce their carbon footprint and have announced their net zero commitments. This is a very positive step. However, these commitments apply more towards Scope 1 and Scope 2 emissions for many players, which form approximately 20% of all the emissions in pharmaceutical manufacturing. Scope 3 generates about 80% of the emissions and it is here that they must focus on supply chain and vendor management, neither of which are simple tasks, until each vendor is incentivized and motivated to work towards aggressive targets.

Sustainability Initiatives at Granules

So far, our ongoing sustainability initiatives have been focused on reducing energy consumption, reducing GHG emissions, water stewardship and waste management practices. We have achieved significant emission reduction in the past years. These efforts are being recognized and we have obtained first CDP rankings for Bonthapally and Jeedimetla API units, and various other ratings and certifications, such as ISO 14001 and ISO 45001 certifications across our facilities. Our data is validated with BSI assurance.

We have worked with reputed agencies including Honeywell, APISEEDKO, and NPC which have identified and recommended creative projects to reduce energy and water consumption, as well as ways and means to lower GHG emissions.

During the year under review, we have identified energy savings projectsand were implemented in various manufacturing units of the Company that would lead to potential energy savings of 29,10,106 KWH per annum. During the year under review, approximately 20% of the total energy consumed at the Formulation unit located at Gagillapur, Hyderabad was from Solar Energy. The energy initiatives across all manufacturing units resulted in real reductions of GHG emissions by 8,138 MT CO_2e.

While we have achieved improvements on ESG parameters, we are now working on our broad, long-term road map for sustainability and ESG commitments. This work is underway, and we have completed Stakeholder engagement, Baselining, and materiality assessment. We will soon be announcing our long term and medium term decarbonization commitment to the stakeholders.

Green Pharmaceutical Zone (GPZ) at Kakinada

While we continue to work on various ongoing ESG initiatives in the organization, we are redefining Sustainability through our green initiative at proposed Green Pharmaceutical Zone (GPZ) at Kakinada, Andhra Pradesh.

During our recent announcement, we shared that we are making significant strides towards achieving our sustainability goals in partnership with Greenko, one of the largest suppliers of carbon-free energy. Through this partnership, we will significantly decarbonize our value streams, reduce our carbon footprint and create new opportunities for growth and innovation in the pharmaceutical industry.

[6]Carbon Impact of Biotech & Pharma – Oct 2022

The new Greenfield plant at Kakinada will be built over an area of 100 acres in well-connected strategically located industrial cluster zone with easy access to major port, national highway and rail network. The GPZ will have the access to existing infrastructure such as water and power infrastructure. The water access is provided through the Samalkot canal, which originates from the Godavari River. This ensures the access to a reliable water source for its operations. Additionally, the power requirements are met through the 220 KV double circuit overhead transmission lines.

Greenko will supply 24X7 Carbon free energy and green energy enabled Green molecules. The facility will be powered by 24x7 carbon-free green energy, with only a very few input materials required from outside the two facilities being set up by Granules and Greenko. Granules will utilize Carbon Free Energy and Green molecules to produce value APIs, their KSMs and intermediates and Fermentation based value added products . Thus, we will be achieving near net zero carbon footprint from "Cradle to Gate" across Scope 1, 2 and 3. We are starting with the value chain for two of our key products – Paracetamol and Metformin, and will subsequently expand to value chain for other products in our portfolio and pipeline including Fermentation based products.

Company Overview

Granules India Limited, incorporated in 1991 is a vertically integrated fast growing Indian pharmaceutical company headquartered at Hyderabad. Granules is among the few pharmaceutical companies in the world to be present in the manufacturing of the entire value chain. With offices across India, US, and UK, Granules serves more than 300 customers in over 80 countries. The Company has 8 manufacturing facilities out of which 6 are in India and 2 in the USA and has regulatory approvals from leading health authorities across the world including US FDA, EDQM, EU GMP, COFEPRIS, WHO, TGA, K FDA, MCC, and HALAL.

Granule's success is an outcome of its best-in-class facilities, unwavering commitment to product quality, culture of operational excellence, and customer service. Granules produces Active Pharmaceutical Ingredients (API), Pharmaceutical Formulation Intermediates (PFI) and Finished doses (FD) and are marketed across key markets of North America, Europe, India, and Latin America. Powered by vertical integration, scale, manufacturing excellence, focused execution, and cost leadership through continuous innovation, Granules offer high quality, affordable medicines to people across the world.

Granules has built one of the largest PFI and single site FD facilities in the world and has the world's largest Paracetamol API facility. Granules has two state-of-the-art research and development centers in Hyderabad and Virginia, alongside its existing R&D facilities in Pune and Pragathi Nagar (Hyderabad). The Company recently inaugurated a state-of-the-art Integrated Product Research and Development Centre at MN Park Genome Valley in Hyderabad, spanning an expansive 20,000 square feet. The center commenced its operations with a team of over 150 scientists focusing on integrated API and FD product development. Known for our process innovation and unparalleled efficiencies, today, we supply pharmaceutical products to 300+ customers in 80+ countries. We are also a preferred supplier of superior quality pharma products for some of the world's leading branded pharma and generics companies. Our exports now contribute over 94% of the revenue. We progressively moved from being an API to a fully integrated player with dominant finished dosage sales, we have had a US driven growth trajectory built on scale, manufacturing excellence, focused execution, and cost leadership. We are also making good inroads within Europe and contribution from the region has been on an upward trend. We are focused on moving towards manufacturing of complex formulations through differentiated technology. During the year, we have inaugurated the new packing facility in Manassas, Virginia, US. The facility received US FDA approval. This facility will reduce the supply chain issues, cost reduction and improvement in the working capital cycle. Today, we have seven manufacturing units, of which six are India and one in the USA.

Business overview and key business segments

Key business segments

Active Pharmaceutical Ingredients (APIs)

Known as one of the most cost-effective and efficient manufacturers of APIs, we have emerged as a leading manufacturer and supplier of Paracetamol, Metformin, Guaifenesin, and Methocarbamol. We are continuously working to improve our API manufacturing capability to add new products to our portfolio. Today, most of the new PFI and FD products developed by us are supported by vertical integration of respective APIs. An emphasis on adopting advanced technology, backward integration to critical steps combined with the strength of a robust, resolute team, empowers us to consistently meet evolving customer demands with precision and excellence. Presently, the API business accounts for 30% of our revenue.

Revenue

(₹ in Millions)

	FY23	FY22	FY21
API	13,414	9,751	9,124

Pharmaceutical Formulation Intermediates (PFI)

We emerged as one of India's largest PFI manufacturers with a batch processing capacity of six tons. Ensuring economies of scale and cost-efficiency, we brought breakthroughs in the PFI space. The PFIs produced by us can be directly taken to the hoppers from the drums and it has enabled us to become a preferred PFI supplier for some of the most renowned global pharma companies. Presently, the PFI business accounts for 20% of our revenue.

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

Revenue

(₹ in Millions)

	FY23	FY22	FY21
PFI	9,021	8,456	6,262

Finished Dosages (FD)

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

Revenue

(₹ in Millions)

	FY23	FY22	FY21
FDs	22,684	19,442	16,989

FY22-23 Highlights

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

US Generics: Since setting up US sales and marketing operations in 2019, we launched 25 generic products under the GPI label. Focused product selection, development and manufacturing brought in significant growth of the US Generics business. Our portfolio has been constantly evolving from large volume immediate release (IR) products to complex extended/ delayed release (ER/DR) products.

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

In finished dosage forms, we filed 70 ANDAs with the U.S. FDA, of which 55 ANDAs were approved and 15 are currently under review. We continued to leverage our ANDA filings into other markets outside US. We filed 8 dossiers in the European region and 7 dossiers in Canada.

We received 5 ANDA approvals from the USFDA. The on-time approvals exemplify the quality of our ANDA filings. In addition, the approval for the dossiers filed in other countries also gained momentum. Approvals were received for 6 dossiers in EU and for 3 dossiers in Canada.

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

Risk Management

In an ecosystem of change and disruption, an organizations' competitiveness is determined by the agility and resilience of its risk management system. The vast developments in technologies, supply chain uncertainties, closer regulatory scrutiny bring with them increasing complexities that organizations need to navigate to achieve their strategic imperatives.

In this backdrop, it is vital that our risk management evolve seamlessly to facilitate business-focused insights that balance management of risks with pursual of strategy, to deliver value to our stakeholders. Granules believes it is important to embed a robust risk management system that is integrated and supports delivery of strategy, develop an enterprise-wide view of risk aided by robust mitigation mechanisms.

The Company identifies risks that impact the enterprise, basis interviews with the key business stakeholders, leveraging internal repositories and industry benchmark data; and thereafter prioritizes, and monitors key business risks.

The Risk Management Committee (RMC), a sub-committee of the Board guides the implementation of the Risk Management Policy, reviews the effectiveness of the risk management system, and provides necessary guidance accordingly. The Board of Directors are updated on the enterprise risk profile and mitigations for identified risks.

The Internal Risk Committee evaluates, manages, and monitors key enterprise risks on an ongoing basis. The RMC thereafter reviews the key enterprise risks and the status of the projects that are undertaken or proposed, to mitigate the key risks identified on a half-yearly basis. Each project proposed as part of the mitigation plan, is tracked and reviewed basis the following parameters:

- Project Milestones and key deliverables with timelines
- Estimated resource requirements and budget commitments
- Status of implementation of proposed projects/ mitigation plans

The leadership team identifies and assesses long-term and strategic risks, informed by internal and external perspectives. The ownership of risks is defined at the management team level to review and monitor risks across business units and functions of the organization.

The objective of our Enterprise Risk Management (ERM) programme is to minimize and mitigate potential internal and external risks to achieve strategic objectives and explore opportunities in a risk informed manner to protect and enhance value.

Indicative Key Risk Themes in the Business:

The key risks shall be regularly reviewed and factored into strategic decision-making by our Internal Risk Committee, for effective response plans. The following list illustrates the key risks that were identified as having an impact on Granules' strategic objectives, and accordingly appropriate mitigation strategies have been designed and implemented:

- Supply chain disruptions may lead to concerns of failure to supply and potential loss of business and reputation.

  Our mitigation strategy is directed towards alternate vendor development and partnership with vendors, extended geographies for vendor selection.

- Ability to maintain and strengthen regulatory and compliance systems to ensure conformance with mandatory quality standards and efficacy

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

- Rising input costs and operational inefficiencies may adversely impact profitability, resulting in lowered business performance

  Our mitigation strategy is directed towards establishing a seamless co-ordination between R&D, technology transfer and manufacturing teams with continuous emphasis on Innovation and operational excellence; and continuous engagement with the customers in a transparent manner with respect to the pricing that reflects added input cost.

- Price erosion and increase in competitive intensity may impact our strategic objectives

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

- Failing to comply with the Environment, Health, and Safety (EHS) & Sustainability standards could lead to regulatory, reputational, and business continuity risks that may impact sustainability of our business.

  Our Corporate EHS function provides EHS guidelines to all manufacturing sites and target for reduction in waste, GHG emission & water utilization. Various projects are underway to ensure that EHS parameters always remain as per expectable standards.

- Adequacy of business continuity measures to ensure timely recovery and resilience from crisis events including natural calamities

  Disaster management plan is put in place to deal with natural calamities.

Granules endeavors to cultivate a risk-intelligent and risk-aware environment that extends beyond our Company and into all our relationships, both internally and externally. Our approach shall facilitate proactive risk management and we aim to continuously improve it to achieve higher levels of performance and integrate risk management into day-to-day operations of our business.

Board's Report

TO THE MEMBERS OF GRANULES INDIA LIMITED,

The Board of Directors presents the Company's thirty-second Annual Report and the Company's audited financial statements (standalone and consolidated) for the financial year ended March 31, 2023.

FINANCIAL RESULTS:

The Company's financial performance for the year ended March 31, 2023 is summarized below:

(₹ in millions)

	Standalone		Consolidated	
	Year ended March 31, 2023	Year ended March 31, 2022	**Year ended March 31, 2023**	Year ended March 31, 2022
Revenue from Operations	39,312.00	32,384.37	45,119.17	37,649.21
Other Income	99.32	175.11	137.80	176.08
Total Income	**39,411.32**	**32,559.48**	**45,256.97**	**37,825.29**
Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)	8,481.71	6,621.61	9,275.99	7,398.45
Less: Finance Costs	386.74	163.53	559.33	232.12
Less: Depreciation	1,455.57	1,261.61	1,844.94	1,586.32
Profit Before Tax	6,639.40	5,196.47	6,871.73	5,580.01
Less: Tax Expenses	1,651.55	1,331.31	1,705.76	1,452.40
Profit for the year	4,987.85	3,865.16	5,165.97	4,127.61
Dividends paid	186.22	371.68	186.22	371.68

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

OVERVIEW OF FINANCIAL AND BUSINESS OPERATIONS:

Standalone Financial Summary: On a standalone basis, the revenue from operations was ₹ 39,312.00 millions in FY 2022-23 as against ₹ 32,384.37 millions for FY 2021-22 and the net profit after tax was ₹ 4,987.85 millions in FY 2022-23 as against ₹ 3,865.16 millions for FY 2021-22.

Consolidated Financial Summary: On a consolidated basis, the revenue from operations was ₹ 45,119.17 millions in FY 2022-23 as against ₹ 37,649.21 millions for FY 2021-22 and the net profit after tax was ₹ 5,165.97 millions in FY 2022-23 as against ₹ 4,127.61 millions for FY 2021-22.

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

The primary growth driver in FY 22-23 was led by a change in the product mix. On a standalone basis, the Finished Dosages (FD) business contributed the largest share of revenue of the Company at 43.54% while Pharmaceutical Finished Intermediates (PFI) and Active Pharmaceutical Ingredients (API) contributed 23.11% and 33.35% respectively while it was 45%, 25% and 30% for FD, PFI and API respectively for the FY 2021-22.

In FY 2022-23, the Company filed five ANDAs with USFDA, two dossiers in the European region, two ANDS in Canada and one MA in South Africa. The Company also filed seven US DMFs and five Certificates of Suitability (CEP) with EDQM which will be used for building future revenue from API business. The Company received four USFDA approvals, six approvals in the European region and three approvals in Canada. The management believes that it will continue to strengthen its position through dedicated research and the launch of new products.

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

DIVIDEND:

The Board of Directors has recommended a final dividend of ₹ 1.50/- per equity share (Face value ₹ 1/- per equity share) for the financial year 2022-23, same as the total dividend paid in the previous financial year.

The dividend pay-out is in accordance with the Company's Dividend Distribution Policy. The Dividend Distribution Policy of the Company may be accessed on the Company's website at https://granulesindia.com/wp-content/uploads/pdf/Dividend-Distribution-policy.pdf.

MATERIAL CHANGES AFFECTING THE COMPANY:

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

SHARE CAPITAL:

The authorized share capital of the Company is 50,50,00,000 equity shares of ₹ 1/- each. The paid-up share capital is 24,20,42,756 equity shares of ₹ 1/- each.

The Company had allotted 2,86,980 equity shares of ₹ 1/- each during the year upon the exercise of an equal number of stock options by the employees pursuant to the Employees Stock Option Scheme of the Company.

The Company bought back 62,50,000 equity shares of ₹ 1/- each during the financial year 2022-23.

BUYBACK OF EQUITY SHARES OF THE COMPANY:

The Board of Directors of the Company, at their meeting, held on August 09, 2022, approved the buyback of up to 62,50,000 (sixty-two lakh and fifty thousand only) paid-up equity shares of the Company having a face value of ₹ 1 each (representing 2.52% of the total number of fully paid-up equity shares of the Company), at a price of ₹ 400 (rupees four hundred only) per equity share payable in cash for a total consideration not exceeding ₹ 2,50,00,00,000 (rupees two hundred and fifty crores only) through the "Tender Offer" route as prescribed under the SEBI Buyback Regulations, on a proportionate basis, from the equity shareholders / beneficial owners of the equity shares of the Company as on the record date.

The Tender Offer was fully subscribed, and the total number of equity shares bought back under the Buyback was 62,50,000 (sixty-two lakhs fifty thousand) equity shares, at a price of ₹ 400 (rupees four hundred only) per equity share. The total amount utilized in the Buyback was ₹ 2,500 millions excluding transaction costs & applicable taxes.

TRANSFER TO THE INVESTOR EDUCATION & PROTECTION FUND (IEPF):

In terms of Section 124(5) of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, unclaimed dividend amounting to ₹ 7,57,117/-(seven lahks fifty-seven thousand one hundred and seventeen only) pertaining to the final dividend for the financial year 2014-15 and up to third interim dividend for the financial year 2015-16 was transferred during the year under review to the Investor Education and Protection Fund established by the Central Government. Further, during the year under review, the Company transferred 15,571 equity shares to Investor Education and Protection Fund relating to the investors who have not claimed any dividend from the last seven consecutive years.

The details of the investors whose amount and shares are transferred are available on the website of the Company at https://granulesindia.com/investors/investor-resources/unclaimed-dividend-shares-transferred-to-iepf/.

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT:

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

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES:

SUBSIDIARY COMPANIES, THEIR PERFORMANCE AND DEVELOPMENTS

Granules USA, Inc.

Granules USA, Inc., a wholly-owned foreign subsidiary of the Company, caters to the requirements of customers in the U.S. market. During the FY 2022-23, the Company achieved a turnover of ₹ 7,279.76 millions against the turnover of ₹ 5,171.93 millions for FY 2021-22 and the profit after tax is ₹ 36.23 millions against ₹ 27.61 millions for FY 2021-22.

Granules Consumer Health Inc (GCH) is a wholly-owned subsidiary of Granules USA, Inc. GCH primarily focuses on marketing over-the-counter (OTC) medications to retailers. GCH opened a packaging facility that is approved by FDA in Manassas, Virginia, USA to support its business.

Granules Pharmaceuticals, Inc.

Granules Pharmaceuticals, Inc. (GPI), a wholly-owned foreign subsidiary of the Company located in Virginia, USA focuses on formulation R&D. During the FY 2022-23, the Company achieved a turnover of ₹ 11,193.99 millions against the turnover of ₹ 9,431.14 millions for FY 2021-22 and the profit after tax is ₹ 151.52 millions against ₹ 263.94 millions for FY 2021-22.

During the year FY 2022-23, GPI filed two ANDAs with USFDA, out of which approval was received for one application and the other application is under review. During the year under review, GPI launched one product under its label.

Granules Europe Limited

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

Granules Life Sciences Private Limited

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

Granules CZRO Private Limited

During the period under review, the Company incorporated a new wholly-owned subsidiary in India "CZRO Molecules Private Limited" for manufacturing green chemicals.

Further, the name of the Company has been changed to Granules CZRO Private Limited.

The Policy for determining material subsidiaries as approved by the Board may be accessed on the Company's website at https://granulesindia.com/wp-content/uploads/2022/03/Policy-on-Material-Subsidiaries.pdf.

JOINT VENTURE /ASSOCIATE COMPANIES:

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

No other Company has become or ceased to be a Company's subsidiary, joint venture or associate Company.

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

CONSOLIDATED FINANCIAL STATEMENTS:

The consolidated financial statements of the Company and its subsidiaries for FY 2022-23 are prepared in compliance with Section 129(3) of the Companies Act, 2013 and regulation 34 of the Listing Regulations and in accordance with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015. The audited consolidated financial statements together with the auditor's Report thereon form a part of this annual report. The consolidated financial statements have been prepared on the basis of audited financial statements of the Company and its subsidiaries as approved by their respective Boards. As per the provisions of Section 136 of the Companies Act, 2013, the Company has placed separate audited accounts of its subsidiaries on its website at https://granulesindia.com/investors/financial-reports/annual-accounts-of-subsidiaries-jvs/ and a copy of separate audited accounts of its subsidiaries will be provided to the members at their request till the date of the Annual General Meeting of the Company.

COMPLIANCE WITH SECRETARIAL STANDARDS:

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

DIRECTOR'S RESPONSIBILITY STATEMENT:

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

a) in the preparation of the annual accounts for the year ended March 31, 2023, the applicable accounting standards have been followed and there are no material departures from the same;

b) accounting policies have been selected and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2023 and of the profit and loss of the Company for the year ended on that date;

c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) the annual accounts have been prepared on a going concern basis for the financial year ended March 31, 2023;

e) adequate internal financial controls for the Company to follow have been laid down and these are operating effectively; and

f) proper and adequate systems have been devised to ensure compliance with the provisions of all applicable laws and these systems are operating effectively.

CORPORATE GOVERNANCE:

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

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT:

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

RELATED PARTY TRANSACTIONS:

All related party transactions entered by the Company during the financial year 2022-23 with related parties were in the ordinary course of business and are on an arm's length basis. During the year, except with the wholly-owned subsidiaries, the Company had not entered into any transaction with related parties which could be considered material in accordance with the policy of the Company on the materiality of related party transactions.

The Policy on the materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website at https://granulesindia.com/wp-content/uploads/2022/03/Granules-Related-Party-Transactions-Policy.pdf

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

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

CORPORATE SOCIAL RESPONSIBILITY:

The Corporate Social Responsibility (CSR) Committee comprised three members out of which one is an Independent Director. The details of the constitution of the Committee and its meetings are provided in the corporate governance report. The CSR activities of the Company are governed through the Corporate Social Responsibility Policy (CSR Policy) approved by the Board and in compliance with Schedule VII of the Act. The CSR Policy may be accessed on the Company's website at https://granulesindia.com/wp-content/uploads/pdf/other-information/8328CSR%20Policy.pdf.

During the year under review, the Company has spent ₹110.02 millions on CSR activities. The annual report on CSR activities is annexed herewith as **Annexure I** to the Board's report.

NOMINATION AND REMUNERATION COMMITTEE:

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

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

ENTERPRISE RISK MANAGEMENT:

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

The Risk Management Committee has been entrusted with the responsibility to

(a) oversee and approve the Company's enterprise risk management framework;

(b) oversee at all the risks that the organization faces such as strategic, financial, credit, market, liquidity, security, property, IT, legal, regulatory and reputational risk.

(c) identify the other risks and assess that there is an adequate risk management infrastructure in place capable of addressing those risks.

The Company has a proper process for risk management.

INTERNAL FINANCIAL CONTROLS:

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

INTERNAL AUDIT AND CONTROLS:

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

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

DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Assessment and appointment of members to the Board are based on a combination of the criterion that includes ethics, personal and professional stature, domain expertise, gender diversity and specific qualifications required for the position. While appointing the Independent Directors, the potential Board member is also assessed on the basis of independence criteria defined in section 149(6) of the Act, and regulation 16(1)(b) of the Listing Regulations.

Cessation

(1) Mr. Sandeep Neogi resigned as the Chief Financial Officer of the Company w.e.f. close of business hours on December 14, 2022. The Board placed on record its appreciation for his contribution during the tenure.

(2) During the year under review, Mr. Robert George Cunard (DIN: 08346308) resigned as an Independent Director of the Company with effect from March 17, 2023. The Board placed on record its appreciation for the contribution and guidance rendered by him during the tenure.

Appointment

(1) The Board of Directors at its meeting held on December 22, 2022, appointed Mr. Mukesh Surana as the Chief Financial Officer of the Company w.e.f December 30, 2022.

(2) The Board of Directors at its meeting held on May 16, 2023 appointed Mr. Kapil Kumar Mehan as an Additional Director categorized as Non-Executive, Independent Director on the Board from May 16, 2023 to fill the casual vacancy. The appointment is subject to the approval of the shareholders at the ensuing General meeting.

Re-appointment

(1) In accordance with the provisions of Section 152 of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Harsha Chigurupati, (DIN: 01606477) Executive Director of the Company retires by rotation at the ensuing AGM and being eligible, has offered himself for re-appointment.

(2) Mr. Arun Sawhney was appointed as an Independent Director for the first term of five years effective October 29, 2018. His office of directorship is due for retirement on October 28, 2023. Based on the recommendation of the Nomination and Remuneration Committee and after considering the performance evaluation of his first term of five years and considering the knowledge, acumen, expertise, experience and the substantial contribution he brings to the Board, the Committee has recommended the appointment of Mr. Arun Sawhney to the Board for a second term of five years. The Board, at its meeting held on May 16, 2023, approved the re-appointment of Mr. Arun Sawhney as an Non-Executive, Independent Director of the Company with effect from October 29, 2023 to October 28, 2028, whose office shall not be liable to retire by rotation.

The Board recommends the above re-appointments to the shareholders. The notice convening the 32nd AGM to be held on August 10, 2023, sets out the details.

In the opinion of the Board, the Directors re-appointed possess the integrity, expertise and experience to perform their functions effectively in the Company.

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

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

Key Managerial Personnel

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

However, Mr. Sandeep Neogi was the Key Managerial Personnel of the Company till he resigned as the Chief Financial Officer of the Company.

BOARD EVALUATION:

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

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

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

EMPLOYEE STOCK OPTION SCHEME:

The Company's Employees Stock Option Schemes viz. ESOS-2009 & ESOS-2017 have been in place and the Company has made grants under ESOS-2009 & ESOS-2017 to the eligible employees of the Company and its subsidiaries. The Nomination and Remuneration Committee of the Board of Directors of the Company, inter alia, administers and monitors the Employees' Stock Option Schemes. The Company did not make any grant under ESOS- 2017 during the FY 2022-23. There has not been any material change in the Employee Stock Option Schemes during the financial year under review. The Schemes and their implementation are in line with the SEBI (Share Based Employee Benefits) Regulations, 2021 ("SBEB Regulations") as amended thereof.

The applicable disclosures as stipulated under the SEBI guidelines as of March 31, 2023 (cumulative position) about the Employee's Stock Option Schemes are herein under-provided. The issue of equity shares pursuant to the exercise of options does not affect the Statement of Profit and Loss of the Company, as the exercise is made at the market price prevailing as on the date of the grant plus taxes as applicable.

The Nomination and Remuneration Committee of the Board of Directors of the Company, inter alia, administers and monitors the Employees' Stock Option Scheme. There has not been any material change in the Employee Stock Option Schemes during the period under review. The Schemes and their implementation are in line with the SEBI (Share Based Employee Benefits) Regulations, 2021 ("SBEB Regulations") as amended thereof.

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

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

Sl. no.	Description	Details of Scheme	
		ESOS-2009	ESOS-2017
(a)	Options granted till date under the scheme	1,56,02,800	2,50,000
(b)	Pricing formula	Closing market price as on the date before the grant date on National Stock Exchange (where there was the highest trading volume).	
(c)	Options vested during the year	3,06,980	75,000
(d)	Options exercised during the year	2,86,980	NIL
(e)	Total number of shares arising as a result of the exercise of options	2,86,980	NA
(f)	Options lapsed/surrendered during the year	3,48,000	1,00,000
(g)	Options lapsed/surrendered to date under the scheme	91,80,272	1,00,000
(h)	Variation in terms of options	NIL	NIL
(i)	Money realized by exercise of options during the year	2,78,37,060	NA
(j)	Total number of options in force	64,22,528	1,50,000
(k)	Employee wise details of options granted during the year to be exercised at	NA	NIL
(k)(i)	Senior managerial personnel	NA	NIL
(k)(ii)	Any other employee who receives a grant in any one year of options amounting to 5% or more of options granted during the year.	NA	NIL
(k)(iii)	Identified employees who were granted an option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.	NA	NIL
(l)	Diluted Earnings per share (EPS) under the issue of shares on exercise of options calculated by Accounting Standards – Earning per share.	₹ 20.30 per share	
(m)	Where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost shall have been recognized if it had used the fair value of the options.	Not Applicable	
(n)	The weighted-average exercise price, whose exercise price either equals or exceeds or is less than the market price of the stock	₹ 97.00/- per share	NA
(o)	Description of the method and significant assumptions used during the year to estimate the fair values of options.	The assumptions and model used for estimating fair value are disclosed in Note 27 of the Standalone financial statements.	

AUDITORS AND THEIR REPORTS:

Statutory Auditors

M/s. S.R. Batliboi & Associates LLP, Firm of Chartered Accountants, Hyderabad was appointed as the statutory auditors of the Company for a term of 5 (five) consecutive years, at the 31st Annual General Meeting held on July 27, 2022. They have confirmed that they are not disqualified from continuing as auditors of the Company.

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

Secretarial Auditor

The Board has appointed M/s. Saurabh Poddar & Associates, Company Secretaries, to conduct a secretarial audit for the financial year 2022-2023. The secretarial audit report for the financial year ended March 31, 2023 is annexed herewith as **Annexure III** to the Board's report. The secretarial audit report does not contain any qualification, reservation or adverse remark.

DISCLOSURES:

Meetings of the Board

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

Audit Committee

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

Whistleblower Policy and Vigil Mechanism

The Company has established a mechanism for Directors and employees of the Company to report concerns about unethical behaviour, actual or suspected fraud, or violation of the Code. It also provides for adequate safeguards against the victimization of employees who avail the mechanism and allows direct access to the Chairperson of the Audit Committee in exceptional cases. During the year, no person was denied access to the Audit Committee.

The Whistleblower policy may be accessed on the Company's website at https://granulesindia.com/wp-content/uploads/2022/06/Granules-India-Limited-whistle-blower-policy.pdf

Code of Conduct

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

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

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

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

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

Annual Return

Pursuant to section 92(3) read with section 134(3)(a) of the Act, the Annual Return as of March 31, 2023 is placed on the website of the Company and may be accessed on the Company's website at https://granulesindia.com/investors/notice-disclosures/annual-returns/.

Particulars of Employees and related disclosures

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

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

Considering the first proviso to section 136(1) of the Act, the annual report excluding the aforesaid information is being sent to the members of the Company. The said information is available for inspection by the members at the registered office of the Company or through electronic mode during business hours on working days up to the date of the forthcoming 32nd AGM of the Company. Any member interested in obtaining a copy thereof may write to the Company Secretary in this regard.

The Directors further state that the remuneration paid to the Key Managerial Personnel and Senior Management Personnel is as per the Company's Performance Evaluation and Remuneration Policy.

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

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

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

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

No complaints were pending at the beginning of the financial year. During the year under review, one concern was reported which was investigated and appropriate action was taken. No complaint was pending as at the end of the financial year.

The Company regularly conducts awareness programs for the employees.

GENERAL:

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

- Details relating to deposits covered under Chapter V of the Act.
- Issue of equity shares with differential rights as to dividend, voting or otherwise.
- Issue of shares (including sweat equity shares) to employees of the Company under any scheme save and except Employee Stock Option Scheme referred to in this report.
- Neither the Managing Director nor the Whole-time Directors of the Company receive any remuneration or commission from any of its subsidiaries.
- The Company does not have any scheme of provision of money for the purchase of its shares by employees or by trustees for the benefit of employees.
- Cost Audit is not applicable for the financial year 2022-23.
- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in the future.
- No fraud has been reported by the auditors to the Audit Committee or the Board.
- There are no proceedings pending under the Insolvency and Bankruptcy Code, 2016.
- There was no instance of a one-time settlement with any Bank or Financial Institution.

ACKNOWLEDGEMENTS:

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

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

On behalf of the Board of Directors

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

Hyderabad, May 16, 2023

ANNEXURE-I TO BOARD'S REPORT

Annual Report on Corporate Social Responsibility (CSR) activities for the financial year 2022-23 as per Rule 8 of Companies (Corporate Social Responsibility Policy) Rules, 2014.

1. Brief outline of CSR Policy of the Company: CSR Policy can be accessed at https://granulesindia.com/wp-content/uploads/pdf/other-information/8328CSR%20Policy.pdf

2. Composition of CSR Committee:

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

3. Provide the web link where the
   a) Composition of the CSR Committee
   b) CSR Policy and
   c) CSR Projects approved by the Board is disclosed on the website of the Company.

   a) The composition of the CSR Committee can be accessed at https://granulesindia.com/investors/other-information/
   b) The CSR Policy can be accessed at https://granulesindia.com/wpcontent/uploads/pdf/other-information/8328CSR%20Policy.pdf
   c) Not Applicable

4. Provide the executive summary along with the web link(s) of the Impact assessment of CSR Projects carried out in pursuance of sub-rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable — Not Applicable

5. (a) Average net profit of the company as per section 135(5): **₹5499.36 millions**
   (b) Two percent of the average net profit of the company as per section135(5): **₹109.99 millions**
   (c) Surplus arising out of the CSR projects or programs or activities of the previous financial years: **₹0.14 millions**
   (d) Amount required to be set off for the financial year: **₹0.14 millions**
   (e) Total CSR obligation for the financial year (5b+5c- 5d): **₹109.85 millions**

6 (a) Details of CSR amount spent against ongoing projects for the financial year: NA

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

6 (a) Details of CSR amount spent against other than ongoing projects for the financial year:

(1) Sl. No.	(2) Name of the Project	(3) Item from the list of activities in Schedule VII to the Act	(4) Local area (Yes/No)	(5) Location of the project Project duration State.	District.	(6) Amount spent for the project (₹ in millions)	(7) Mode of implementation on- Direct (Yes/ No)	(8) Mode of implementation – Through implementing agency Name	CSR Registration number
1.	Skill development activity	Cl.(ii) livelihood enhancement projects	Yes	Telangana	Ranga Reddy District	5.95	No	Swarna Bharat Trust	CSR00001645
2.	Providing safe drinking water	Cl.(i) Making available safe drinking water	Yes	Telangana	Hyderabad	5.96	Yes	NA	
3	Promoting Health Care	Cl.(i) Promoting preventive healthcare	Yes	Andhra Pradesh	Visakhapatnam	1.00	No	Govt. of Andhra Pradesh	NA
4.	Promoting Health Care	Cl.(i) Promoting preventive healthcare	Yes	Telangana	Hyderabad	50.00	No	Hyderabad Eye Research Foundation	CSR00001703
5.	Promotion of education & health	Cl.(ii) promoting education	Yes	Telangana	Hyderabad	10.00	No	Pranadana Trust	CSR00017334
6.	Granules Trust	Schedule VII activities	Yes	Telangana	Hyderabad	37.11	No	Granules Trust	CSR00006834
	TOTAL					110.02			

(b) Amount spent on Administrative Overheads: **NIL**

(c) Amount spent on Impact Assessment, if applicable: **NA**

(d) Total amount spent for the Financial Year (6b+6c+6d): **₹ 110.02 millions**

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

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

Sl. No.	Particular	Amount (₹ in millions)
(i)	Two percent of the average net profit of the company as per section 135(5)	109.99
(ii)	Total amount spent for the Financial Year 2022-23	110.02
(iii)	Excess amount spent for the financial year [(ii)-(i)]	0.03
(iv)	Surplus arising out of the CSR projects or programs or activities of the previous financial years, if any	0.14
(v)	Amount available for set off in succeeding financial years [(iii)+(iv)]	0.17

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

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (₹ in Millons)	Amount spent in the reporting Financial Year (₹ in Millons)	Amount transferred to any fund specified under Schedule VII as per section 135(6) if any. Name of the Fund	Amount (₹ in Millons)	Date of transfer.	The amount remaining to be spent in succeeding financial years. (₹ in Millons)
1.	2019-20	-	-	-	-	-	-
2.	2020-21	-	-	-	-	-	-
3.	2021-22	-	-	-	-	-	-
	TOTAL	-	-	-	-	-	-

8. Whether any capital assets have been created or acquired through CSR amount spent in the Financial Year: **No**

If Yes, enter the number of capital assets created/acquired

Furnish the details relating to the such asset(s) so created or acquired through CSR amount spent in the financial year:

SL. No.	Short Particulars of the property or asset(s)	Pin code of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/beneficiary of the registered owner		
(1)	(2)	(3)	(4)	(5)	(6)		
					CSR Registration Number, If applicable	Name	Registered Address
				NA			

9. Specify the reason(s), if the company has failed to spend two percent of the average net profit as per section 135(5): NA

Uma Devi Chigurupati
Chairperson of CSR Committee

Dr. Krishna Prasad Chigurupati
Chairman and Managing Director

ANNEXURE-II TO BOARD'S REPORT

COMPLIANCE CERTIFICATE

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

To,
The Members,
Granules India Limited

I, Saurabh Poddar, Company Secretary in practice, have been appointed as the Secretarial Auditor vide a resolution passed at its meeting held on May 18, 2022 by the Board of Directors of M/s. Granules India Limited (hereinafter referred to as 'the Company), having CIN:- L24110TG1991PLC012471 and having its registered office at Second Floor, Block III, My Home Hub, Madhapur, Cyberabad, Hyderabad -500081.

This certificate is issued under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (hereinafter referred to as "the Regulations'), for the year ended March 31, 2023.

Management Responsibility:

1. The Board of Directors and the Nomination and Remuneration Committee of the Board is responsible for the formulation and implementation of the Employee Stock Option Scheme – 2009 and Employee Stock Option Scheme – 2017((hereinafter referred to as "Schemes") in compliance with the Regulations and the special resolutions passed at the respective shareholder's meetings dated 25 September 2009 and 28 September 2017 ("Shareholder resolutions") respectively.
2. The management is responsible for preparation and maintenance of all accounting and other relevant supporting records and documents relating to the Scheme including the design, implementation and maintenance of internal controls on the implementation of the aforesaid Schemes in compliance with the Regulations.

Auditors' Responsibility :-

1. Pursuant to the requirements of the Regulations, it is our responsibility to obtain reasonable assurance and form an opinion, as to whether the Scheme is in compliance with the Regulations and the Shareholder resolutions.
2. In connection with the above, we have performed the following procedures:
   a. Read the Schemes provided to us by the Company;
   b. Read the resolutions passed at the meeting of the Board of Directors;
   c. Read the shareholder's resolutions passed at the general meetings and;
   d. Obtained required explanations and representations from the management.
3. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Company Secretaries of India. The Guidance Note requires that we comply with ethical requirements of the Code of Ethics issued by the Institute of Company Secretaries of India.

Certification:

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

Assumption & Limitation of Scope and Review:

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

For M/s. Saurabh Poddar & Associates
Company Secretaries
FIRM UIN: S2012AP177700

Name: Saurabh Poddar
Membership No: FCS 9190
COP No: 10787
PR : 785/2020 dated 30th June 2020
UDIN: F009190E000246988

Place: Hyderabad
Date: May 03, 2023

ANNEXURE-III TO BOARD'S REPORT

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31-03-2023

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

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31-03-2023

To,
The Members,
M/s. Granules India Limited
2nd Floor, 3rd Block, My Home Hub,
Madhapur, Hyderabad- 500 081, Telangana.

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

Based on my verification of the M/s. Granules India Limited books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of the secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March 2023 complied with the statutory provisions listed hereunder and also that the Company has proper Board-Processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I, have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2023 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment.

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

   (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not applicable to the Company during the Audit Period)**

   (d) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2021.;

   (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the Company during the Audit Period)**

   (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with the client(s);

   (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; **(Not applicable to the Company during the Audit Period)** and

   (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;

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

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

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

(i) Secretarial Standards (SS-1 and SS-2) issued by The Institute of Company Secretaries of India

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

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

I further report that the Board of Directors of the Company is duly constituted with a proper balance of Executive Directors and Independent Directors. The change in the composition of the Board of Directors that took place during the period under review is in compliance with the provisions of the Act read with regulation 25(6) of The Securities And Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015, since the company has time till 16th June 2023 to fill the casual vacancy caused by the resignation of the Independent Director on 17th March 2023.

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

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

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

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

for Saurabh Poddar & Associates
Company Secretaries

(Saurabh Poddar)
Designation : Proprietor
Membership No: FCS 9190
COP No: 10787
PR : 785/2020 dated 30th June 2020
UDIN: F009190E000318994

Place: Hyderabad
Date: May 16, 2023

This report is to be read with my letter of even date which is annexed as Annexure and forms an integral part of this report.

ANNEXURE TO THE SECRETARIAL AUDIT REPORT

To,
The Members,
M/s. Granules India Limited
2nd Floor, 3rd Block, My Home Hub,
Madhapur, Hyderabad- 500 081, Telangana.

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

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

for Saurabh Poddar& Associates
Company Secretaries

(Saurabh Poddar)
Designation : Proprietor
Membership No: FCS 9190
COP No: 10787
PR : 785/2020 dated 30th June 2020
UDIN: F009190E000318994

Place: Hyderabad
Date: May 16, 2023

ANNEXURE-IV TO THE BOARD'S REPORT

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

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

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

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

Sl. No.	Names of the related party and nature of the relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts or arrangements or transactions including the value, if any:	Salient terms of the contracts or arrangements or transactions including the value, if any: (₹ in millions)	Date(s) of approval by the Board:	Amount paid as advances if any:	Justification for entering into contracts
1	Granules USA, Inc. (Wholly Owned foreign subsidiary)	Sale of goods	FY 2022-23	4,738.71	14.03.2022& 24.01.2023	NIL	The transaction is at arm's length price
2	Granules Pharmaceuticals Inc. (Wholly Owned foreign subsidiary)	Sale of goods & Purchase of goods	FY 2022-23	6,401.84	14.03.2022	NIL	The transaction is at arm's length price
3.	Granules Europe Limited (wholly-owned subsidiary)	Commision on the sale of goods	FY 2022-23	149.39	08.08.2022	NIL	The transaction is at arm's length price
4.	Granules Consumer Health, Inc. (GCH), a Step-down subsidiary	Commision on the sale of goods	FY 2022-23	1,330.28	08.08.2022	NIL	The transaction is at arm's length price
5.	Product Armor Packaging Private Limited	Purchase of goods	FY 2022-23	44.32	18.05.2022	NIL	The transaction is at arm's length price
6.	Premas Biotech Private Limited	Availment of services	FY 2022-23	2.82	24.01.2023	NIL	The transaction is at arm's length price

On behalf of the Board of Directors

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

Hyderabad, May 16, 2023

ANNEXURE V TO BOARD'S REPORT

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

A – PARTICULARS OF CONSERVATION OF ENERGY

A – PARTICULARS OF CONSERVATION OF ENERGY

During the financial year 2022-23, the Company has engaged a couple of reputed agencies to carry out energy & water audits in the majority of operating units to find potential areas of improvement to save water, energy and reduce Green House Gases (GHG) emissions and they have identified and recommended innovative projects to reduce energy, water consumption and ways & means to reduce GHG emissions.

During the year under review, identified projects are implemented in various manufacturing units of the Company with an investment of ₹ 77.96 millions which has potential energy savings of 2910106 KWH per annum.

The Company used 9.14% renewable solar energy out of the total energy drawn from the grid. During the year under review, 19.80% of the total energy consumed at the Formulation unit located at Gagillapur, Hyderabad was from Solar Energy whereas it was 5.63 % at Unit -V located at Parawada Mandal, Vishakapatnam.

The energy initiatives across all manufacturing units resulted in real reductions of GHG emissions by 8138 MT/Co2e and resulted in an overall savings of ₹ 47.11 millions.

FORM B – PARTICULARS OF ABSORPTION

B – TECHNOLOGY ABSORPTION

1.	Efforts made toward technology absorption	During the year, we have got new technologies developed such as fermentation & continuous manufacturing. Presently these technologies are in the absorption phase. In Finished dosage form during this year, we implemented compaction process technology at a commercial scale; conceptualization and development of powder for oral suspension product filled into Sachet.
2.	Benefits derived like product improvement, cost reduction, product development or import substitution	**Fermentation:** Through fermentation, we are developing specific enzymes as biocatalysts for enhanced efficiencies at much lower cost in comparison to conventional chemical synthesis. **Continuous manufacturing:** Through continuous manufacturing, we can reduce the manufacturing foot space, cost of production, and lesser utility requirement. **Compaction Process Technology** in Drug product manufacturing: This would enhance the technology capability of the organization to manufacture drug products by the dry process when products could not be manufactured by Wet and direct blending process. The compaction process offers the following advantages in manufacturing the product. - Can be adapted to moisture-sensitive and heat-sensitive molecules. - Greater process accuracy and scalability - Lower operation and energy cost **Powder for oral suspension (PFOS):** This introduction will enhance the firm's capability to develop and manufacture a dosage that is niche and has limited players in the market. It also adds a new dosage form to the GIL product portfolio. The advantage of this dosage form is 1. Powders are more physically and chemically stable when compared to the liquid dosage form. 2. The drug product in the powder dosage forms is less prone to microbial contamination. 3. It is an easy mode of drug administration when the dose is very large. 4. It is well accepted by pediatric and geriatric patients. To manufacture this type of product – The development of one product and manufacturing equipment procurement was completed in this year.
3.	In case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year) a) Details of technology imported b) Year of import c) Whether the technology has been fully absorbed d) If not fully absorbed, areas where absorption has not taken place, and the reasons therefore	No imported technology

Expenditure Incurred in R&D: (₹ in millions)

	FY 2022-23	FY 2021-22
Capital	83.63	77.41
Recurring	913.54	1,032.06
Total	**997.17**	**1,109.47**

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

From being known as a leading supplier of APIs and PFI's in bulk, we moved on to become a leading manufacturer of finished dosage forms. Over the years, we have been constantly investing in Research and Development, where our team has been able to passionately translate science and technology into pharmaceutical products and manufacturing processes, meeting global regulatory standards. With experienced and qualified human resources, our R&D capability is the driving force of the current momentum and future growth of the organization. With innovation instilled into the culture of the company at various levels, R&D is a crucial attribute in fostering our vision to become a global leader in the pharmaceutical product development and manufacturing process.

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

2022- 23 - Highlights

Core Business: The core business has always remained our focal point, while we are constantly expanding our product portfolio and global presence with a focus on high-volume products built on maximizing process efficiencies and vertical integration. Our core business now expanded to include 8 products: Paracetamol, Metformin HCl, Ibuprofen, Guaifenesin, Methocarbamol, Losartan, Fexofenadine, and Cetirizine. We operate across the entire pharmaceutical manufacturing value chain from API to finished dosages for these core molecules as they have remained a priority for the Company. Granules as the company has pioneered the concept of commercializing PFIs for these large-volume products, supporting pharmaceutical companies across the world.

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

- As on March 31, 2023, we filed Total 37 (7 in FY 22-23) U.S. Drug Master Files ("USDMFs") across several therapeutic categories with the United States Food and Drug Administration ("U.S. FDA") in the United States, 28 (5 in FY 22-23) Certificates of Suitability ("CEPs") with the European Directorate for the Quality of Medicines ("EDQM") and 5 European Drug Master Files ("EDMFs") in Europe, along with other regulatory filings in key regulated markets to support potential customers for ANDA and dossier filings.
- As part of our vertical integration strategy, we intend to file ANDAs for several of these APIs to forward integrate into FDFs.
- To support our control substances products, a dedicated development facility is created for technology development.
- As part of the green initiative, a Bio-catalysis group is created for the preparation of Chiral intermediates and APIs.
- A fermentation group is created for the development of Peptides and the development of enzymes for Biocatalysis.
- Towards the journey to build Granules' intellectual property assets we currently hold 8 Granted patents and 20 pending patent applications in active prosecution in various countries. In FY 2022-23, we filed 5 patent applications in India.

In the finished dosage form division, we filed 70 (7 in FY 22-23) ANDAs with the U.S. FDA of which 55 ANDAs have been approved and 15 are under review. We continued to leverage our ANDA filing into other markets outside the US. In the European region, we filed 11 applications (2 in FY 22-23) of which 8 are approved and 3 are under review. In Canada, we filed 7 applications (2 in FY 22-23) of which 5 are approved and 2 are under review. Total of 7 applications were filed in other markets (South Africa, Belarus, Israel) which are under review.

Granules received 05 ANDA approvals from USFDA in the financial year (2022-2023). These on-time approvals exemplify the quality of our ANDA filings. We also received approval for 06 marketing authorization applications in the European region and 02 applications in Canada.

We aim to continue this momentum by executing products of different complexity in each dosage form viz. immediate release, extended-release, delayed-release, MUPS, and powders for suspensions.

Way Forward

We will continue to leverage our knowledge and experience in our core products to expand them into new markets and dosage forms. This would not only help us to bring economies of scale, but also, mitigate market-concentrated risk. Steps have been taken in this direction during this financial year, and as an outcome, we filed three dossiers in the European market and working to file additional markets in the coming year.

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

C – TOTAL FOREIGN EXCHANGE EARNED AND USED

(₹ in millions)

Particulars	FY 2022-23	FY 2021-22
Foreign Exchange Earnings	36,525.77	27,924.00
Foreign Exchange Outgo	14,119.61	10,383.89

On behalf of the Board of Directors

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

Hyderabad, May 16, 2023

ANNEXURE VI TO BOARD'S REPORT

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

(i) The ratio of the remuneration of each Director to the median remuneration of the employees of the Company and the percentage increase in remuneration of each Director and Key Managerial Personnel (KMP) for the financial year 2022-23:

Sl. No.	Name of the Director/KMP	Designation	% increase in remuneration in the FY 2022-23	Ratio of remuneration of each Director /KMP to the median remuneration of employees
1	Dr. Krishna Prasad Chigurupati	Chairman & Managing Director	30.22	785.69
2	Dr. Kandiraju Venkata Sitaram Rao	Joint Managing Director & CEO	N.A	210.53
3	Mrs. Uma Devi Chigurupati	Executive Director	30.24	78.58
4	Mr. Harsha Chigurupati	Executive Director	30.24	78.58
5	Mr. K. B. Sankar Rao	Non-Executive, Non-Independent Director	25.14	9.62
6	Mr. Arun Rao Akinepally	Non-Executive, Independent Director	31.84	10.49
7	Mr. Arun Sawhney	Non-Executive, Independent Director	25.27	10.13
8	Mr. Robert George Cunard(1)	Non-Executive, Independent Director	19.09	8.73
9	Dr. Saumen Chakraborty	Non-Executive, Independent Director	N.A	9.29
10	Mrs. Sucharita Rao Palepu	Non-Executive, Independent Director	N.A	8.56
11	Mr. Sandip Neogi	Chief Financial Officer (Till December 14, 2022)	N.A	N.A
12	Mr. Mukesh Surana	Chief Financial Officer (From December 30, 2022)	N.A	N.A
13	Ms. Chaitanya Tummala (2)	Company Secretary	8.17	10.00

(1) Mr. Robert George Cunard ceased to be a member of the Board of the Company with effect from March 17, 2023.

(2) Excludes the value of stock options.

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

ii). The median remuneration of employees increased by 8 % in the financial year 2022-23.

iii). The number of permanent employees on the rolls of the Company as of March 31, 2023, is 3,838.

iv). Average percentage increase in the salaries of employees other than managerial personnel for the financial year 2022-23 was 10 % as compared to the financial year 2021-22. There was an increase of 40.01% in the total remuneration of Executive Directors and KMP for the financial year 2022-23.

v). It is hereby confirmed that the remuneration to the Directors and KMP for the financial year 2022-23 is as per the performance evaluation and remuneration policy of the company.

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

Hyderabad, May 16, 2023

Corporate Governance Report

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

COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

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

The essence of Corporate Governance lies in promoting and maintaining integrity, transparency and accountability of the management. The demands of Corporate Governance require professionals to raise their competence and capability levels to meet the expectations of managing the enterprise and its resources effectively with the highest standards of ethics. It has thus become crucial to foster and sustain a culture that integrates all components of good governance by carefully balancing the inter-relationship among the Board of Directors, Board Committees, Auditors, and the Senior Management. Granules adhere to the prescribed Corporate Governance practices as per the Listing Regulations and are committed to sound Corporate Governance principles and practices.

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

Appropriate Governance Structure with defined roles and responsibilities

The Company has put in place an internal governance structure with defined roles and responsibilities of every constituent in the system. The Company's shareholders appoint the Board of Directors, which in turn governs the Company. The Board has established eight Committees to discharge its responsibilities effectively and efficiently. The Company Secretary at Granules acts as the Secretary to all the Committees of the Board constituted under the Companies Act, 2013. The Chairman and Managing Director (CMD) provide overall direction and guidance to the Board. Concurrently, the CMD is responsible for the overall implementation of decisions and policies. In the operations and functioning of the Company, the CMD is assisted by the Joint Managing Director & CEO, Executive Directors, and a core group of senior-level executives.

Board Leadership

During the year the Board consists of ten Directors, comprising (i) Four Executive Directors, including the Chairman of the Board (ii) One Non-Executive Director and (iii) five Independent Directors. However, out of five Independent Directors one of the Director resigned with effect from March 17, 2023 due to personal reasons. The casual vacancy has been filled by the Board in its meeting held on May 16, 2023. At Granules, it is believed that an experienced Board consciously creates a culture of leadership which in turn provides a long-term vision and policy approach to improve the quality of governance.

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

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

Ethics/Governance Policies

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

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

THE BOARD OF DIRECTORS

Board Composition and Category of Directors

The Board of Directors of your Company represents the optimum blend of professionalism, knowledge and experience. As of March 31, 2023, the Board of Directors comprised ten Directors, of which six are Non-executive Directors and the composition of the Board and category of Directors are as follows:

Sl.No	NAME OF THE DIRECTOR	CATEGORY
1.	Dr. Krishna Prasad Chigurupati* Chairman & Managing Director DIN – 00020180	Non-Independent, Executive
2.	Dr. Kandiraju Venkata Sitaram Rao Joint Managing Director & CEO DIN-08874100	Non-Independent, Executive
3.	Mrs. Uma Devi Chigurupati* DIN – 00737689	Non-Independent, Executive
4.	Mr. Harsha Chigurupati* DIN – 01606477	Non-Independent, Executive
5.	Mr. Kolli Basava Sankar Rao DIN – 05167550	Non-Independent, Non-Executive
6.	Mr. Arun Rao Akinepally DIN – 00876993	Independent, Non-Executive
7.	Mr. Arun Sawhney DIN – 01929668	Independent, Non-Executive
8.	Mr. Robert George Cunard** DIN – 08346308	Independent, Non-Executive
9.	Dr. Saumen Chakraborty DIN-06471520	Independent, Non-Executive
10.	Mrs. Sucharita Rao Palepu DIN – 078077178	Independent, Non-Executive
11.	Mr. Kapil Kumar Mehan*** DIN-01215092	Independent, Non-Executive

*Promoter Director

**Mr. Robert George Cunard ceased to be a member of the Board of the Company with effect from March 17, 2023.

*** Mr. Kapil Kumar Mehan was appointed as a member of the Board of the Company with effect from May 16, 2023.

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

During the financial year 2022-23, the Company had the Managing Director as Chairman who is also the promoter of the Company and the number of Independent Directors during the year complied with the requirement of having one-half of the Board as Independent Directors. None of the Directors on the Board are a member of more than 10 (ten) Committees or Chairperson of more than 5 (five) Committees as specified in regulation 26(1) of the Listing Regulations, across all the Companies in which he/she is a Director

Directors' Profile

You can read the detailed profile of the Board of Directors at https://granulesindia.com/about-us/our-leadership/.

Annual Board Retreat

For the financial year 2022-23, the annual Board retreat was held, where the Board members conducted a detailed strategic review of the Company's business and discussed various governance-related matters.

Independent Directors

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

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

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

Mr. Robert George Cunard, Independent Director has resigned with effect from March 17, 2023 from the Directorship of the Company before the expiry of his term of appointment due to personal reasons. He confirmed that there are no other material reasons about the Company for his resignation.

Other than Mr. Robert George Cunard, no Independent Director has resigned from the Directorship of the Company before the expiry of their term of appointment during the financial year ended March 31, 2023.

Mr. Arun Rao Akinepally was the Lead Independent Director as elected by the Independent Directors of the Company.

Meetings of Independent Directors

The Company's Independent Directors met three times during the financial year 2022-23 without the presence of Executive Directors and other members of the management. During these meetings, the Independent Directors reviewed the performance of the Company and its Non-Independent Directors, that of the Chairman & Managing Director, and the Board along with the quality of the information given to the Board. It also enabled the Independent Directors to discuss matters about the Company's affairs and put forth their views to the Lead Independent Director. The Lead Independent Director takes appropriate steps to present Independent Directors' views to the Chairman and Managing Director.

MEETINGS OF THE BOARD AND ITS COMMITTEES AND PROCEDURES

Institutionalized decision-making process

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

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

Scheduling and Selection of Agenda Items for Board and Committee Meetings

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

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

The schedule of meetings and their agenda is finalized in consultation with the Chairman of the Board, Chairpersons of the Committees of the Board and the Lead Independent Director and agendas are circulated in advance with detailed notes and appropriate presentations covering finance, marketing, operations, research & developments, an overview of business operations of the subsidiary Companies, global business environment, the Company's business opportunities and strategy and risk management practices.

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

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

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

- Annual operating plans of businesses and budgets including capital budgets and any updates;
- Quarterly results of the Company;
- Company's annual financial results, financial statements, auditors' report and Board's report;
- Minutes of meetings of the Audit Committee and other committees of the Board;
- Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company;
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property;
- Quarterly details of foreign exchange exposures and steps were taken by management to limit risks of adverse exchange rate movement, if material;
- Non-compliance with any regulatory, statutory or listing requirements, and shareholder's service, such as dividend non-payment, share transfer delay (if any), among others;
- Appointment, remuneration and resignation of Directors;
- Formation/reconstitution of Board Committees;
- Terms of reference of Board Committees;
- Minutes of Board meetings of unlisted subsidiary companies;
- Declaration of Independent Directors at the time of appointment/annually;
- Disclosure of Directors' interest and their shareholding;
- Appointment or removal of the Key Managerial Personnel;
- Appointment of Internal Auditors and Secretarial Auditors;
- Quarterly / Annual Secretarial Audit reports submitted by Secretarial Auditors;
- Dividend declaration;
- Significant changes in accounting policies and internal controls;
- Takeover of a company or acquisition of a controlling or substantial stake in another company;
- Issue of securities;
- Recommending appointment of and fixing of the remuneration of the Auditors as recommended by the Audit Committee;
- Internal Audit findings and External Audit Reports (through the Audit Committee);
- Proposals for major investments, mergers and amalgamations;
- Reports on progress made on the ongoing projects;
- Review the functioning of the subsidiary and joint venture companies;
- Related party transactions;
- Status of business risk exposures, its management and related action plans;
- Making of loans and investment of surplus funds;
- Borrowing of monies, giving guarantees, or providing security in respect of loan;
- Brief on statutory developments, changes in government policies, among others with impact thereof;
- Details of litigations, prosecutions, etc.;
- Compliance Certificate certifying compliance with all laws as applicable to the Company and
- Reconciliation of Share Capital Audit Report under SEBI (Depositories and Participants) Regulations, 1996.

Recording Minutes of Proceedings at Board and Committee Meetings

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

Post-Meeting Follow-up Mechanism

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

Compliance

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

Number of Board meetings

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

Date	Board Strength	No. of Directors Present
May 18, 2022	10	10
June 05, 2022	10	09
August 09,2022	10	10
October 20, 2022	10	10
December 22, 2022	10	08
January 24, 2023	10	10
March 17, 2023	09	09

Attendance and Directorship & Committee positions in other companies:

The names and categories of the Directors on the Board, their attendance at Board meetings held during the year April 2022 – March 2023 and the number of Directorships and Committee Chairmanships / Memberships held by them in other Companies are given below.

Name	Category	Attendance at meetings during the FY 2022-23		Number of Directorships in other public Companies	No. of Membership(s) / Chairmanship(s) of Board Committees in other Companies as on 31-03-2023
		Board	AGM	(2)	(3)
Dr. Krishna Prasad Chigurupati Chairman & Managing Director DIN – 00020180	Non-Independent, Executive	7	Yes	NIL	NIL
Dr. Kandiraju Venkata Sitaram Rao DIN-08874100	Non-Independent, Executive	7	Yes	NIL	NIL
Mr. Harsha Chigurupati DIN – 01606477	Non-Independent, Executive	7	Yes	NIL	NIL
Mrs. Uma Devi Chigurupati DIN – 00737689	Non-Independent, Executive	6	Yes	NIL	NIL
Mr. Kolli Basava Sankar Rao DIN – 05167550	Non-Independent, Non-Executive	7	Yes	NIL	NIL
Mr. Arun Rao Akinepally DIN – 00876993	Independent, Non-Executive	7	Yes	NIL	NIL
Mr. Arun Sawhney DIN – 01929668	Independent, Non-Executive	6	Yes	NIL	NIL
Mr. Robert George Cunard (1) DIN – 08346308	Independent,Non-Executive	5	Yes	NIL	NIL
Dr. Saumen Chakraborty DIN-06471529	Independent, Non-Executive	7	Yes	1(One)	1 (1 as Chairman)
Mrs. Sucharita Rao Palepu DIN- 07807717	Independent, on-Executive	7	Yes	NIL	NIL

Note:

(1) Mr. Robert George Cunard ceased to be a member of the Board of the Company with effect from March 17, 2023.

(2) The directorships held by Directors as mentioned above, do not include directorships in foreign companies.

(3) In accordance with regulation 26(1) of the Listing Regulations, Memberships/Chairmanships of only Audit Committees and Stakeholders' Relationship Committees in all public limited companies (excluding Granules India Limited) have been considered.

(4) None of the Directors holds Directorships in more than 7(Seven) listed entities.

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

Sl. No.	Name of the Director	No. of Directorships in other Listed Companies	Name of the other Listed Companies and category of Directorship as on 31-03-2023
1	Dr. Krishna Prasad Chigurupati	Nil	-
2	Dr. Kandiraju Venkata Sitaram Rao	Nil	-
3	Mrs. Uma Devi Chigurupati	Nil	-
4	Mr. Harsha Chigurupati	Nil	-
5	Mr. Kolli Basava Sankar Rao	Nil	-
6	Mr. Arun Rao Akinepally	Nil	-
7	Mr. Arun Sawhney	Nil	-
8	Dr. Saumen Chakraborty	1	Independent Director at Krishna Institute of Medical Sciences Limited
9	Mrs. Sucharita Rao Palepu	Nil	-
10	Mr. Kapil Kumar Mehan*	Nil	

* Mr. Kapil Kumar Mehan was appointed as a member of the Board of the Company with effect from May 16, 2023.

Shares held by Non-Executive Directors:

The number of equity shares of the Company held by Non-Executive Directors, as of March 31, 2023 are as follows:

SL. No.	Name of Non-Executive Director	No. of shares held	Percentage of paid-up capital
1.	Mr. Arun Rao Akinepally (holding along with his spouse)	2,77,930	0.11
2.	Mr. Kolli Basava Sankar Rao (holding along with his spouse)	44,22,755	1.82
3.	Mr. Arun Sawhney	Nil	Nil
4.	Dr. Saumen Chakraborty	Nil	Nil
5.	Mrs. Sucharita Rao Palepu	Nil	Nil

Note: Mr. Kapil Kumar Mehan was appointed as a member of the Board of the Company with effect from May 16, 2023. However, he is not holding any equity shares of the Company on the date of his appointment.

Core Skills / Expertise / Competencies of the Board of Directors

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

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

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

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

* Mr. Robert George Cunard ceased to be a member of the Board of the Company with effect from March 17, 2023.

** Mr. Kapil Kumar Mehan was appointed as a member of the Board of the Company with effect from May 16, 2023.

COMMITTEES OF THE BOARD

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

Audit Committee

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

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

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

b. Recommending the appointment and removal of statutory auditors, internal auditors and cost auditors, fixation of their audit fee and approval for payment for any other services.

c. Discussion with statutory auditors before the audit commences, about the nature and scope of the audit as well as post-audit discussion to ascertain any area of concern.

d. Reviewing financial statements and the draft audit reports, including quarterly/half-yearly financial information.

e. Reviewing with the management the annual financial statements before submission to the Board, focusing primarily on:

- The changes in accounting policies and practices.
- Major accounting entries based on the exercise of judgment by the management.
- Qualifications/modified opinion in the draft audit report.
- Significant adjustments arising out of the audit.
- The going concern assumption.
- Compliance with the accounting standards, listing regulations & legal requirements concerning financial statements.
- Disclosure of Related party transactions, claims against the Company and contingent liabilities.

f. Reviewing, with the management, external and internal auditors, the adequacy, and compliance of internal control systems.

g. Reviewing the adequacy of internal audit functions.

h. Discussion with the internal auditors on any significant findings and follow up thereon.

i. Review of independence of the auditors.

j. Evaluation of internal financial controls and risk management system.

k. Review of borrowings, inter-corporate loans and investments.

l. Review of the functioning of the whistle-blower mechanism.

m. Review and approve related party transactions.

n. Review of the corporate annual budget and business plan.

o. Approval of appointment of Chief Financial Officer.

p. Any other function as delegated by the Board from time to time and as required under the applicable laws & regulations.

During the financial year April 2022 – March 2023, 6 (Six) Committee meetings were held. The dates on which the said meetings were held are May 18, 2022, June 05, 2022, August 08, 2022, October 19, 2022, January 23, 2023 and March 17, 2023. The Committee at its meeting held on May 18, 2022, had considered the audited annual accounts for the financial year 2021-22.

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

Name	Category	Number of meetings during the financial year 2022–2023	
		Held	Attended
Dr. Saumen Chakraborty Chairman	Independent, Non-Executive	06	06
Mr. Arun Sawhney	Independent, Non-Executive	06	05
Mr. Arun Rao Akinepally	Independent, Non-Executive	06	06
Dr. Krishna Prasad Chigurupati	Non-Independent, Executive	06	06

The Committee meetings were also attended by the partner/ representatives of the statutory auditor and internal auditor. Dr. Saumen Chakraborty, the Chairman of the Audit Committee, was present at the 31st Annual General Meeting of the Company held on July 27, 2022.

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

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

Nomination & Remuneration Committee

The role of the Committee is to oversee the selection of Directors and Senior Management Personnel based on criteria related to the specific requirement of expertise and independence. The Committee evaluates the performance of Directors and Senior Management Personnel and recommends to the Board the remuneration payable to Directors and Senior Management Personnel of the Company. It has also worked with management to review the organization design, plan for upgrading and retaining talent at all levels, review succession plans for key positions and the performance management systems.

The Committee's composition and terms of reference comply with the provisions of section 178 of the Companies Act, 2013, Regulation 19 of the Listing Regulations and Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2021 as amended from time to time. The terms of reference of the Committee inter alia, are as under:

a. Make recommendations to the Board regarding the composition of the Board.

b. Identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board, their appointment, payment of remuneration and changes if any.

c. Support the Board and Independent Directors, as may be required, in the evaluation of the performance of the Board, its Committees and individual Directors.

d. Devise a policy on Board diversity.

e. Review of the compensation strategy, human resources related policies and issues of the Company from time to time.

f. Review and administer the Company's ESOP schemes and recommend changes if any.

The remuneration policy of the Company is in consonance with the existing industry practice. The remuneration policy is primarily based on criteria like the performance of the Company, potential, experience and performance of individual personnel and the external environment. The Committee for FY 2022-23 comprises three Non-Executive Independent Directors and one Executive Director. Mr. Arun Sawhney, Independent Director, is the Chairman of the Committee.

5 (five) meetings of the Committee were held during the financial year 2022 – 2023. The dates on which the said meetings were held are May 17, 2022, June 05, 2022, August 09, 2022, October 20, 2022 and January 23, 2023. The composition of the Committee and particulars of meetings attended by the members of the Committee are given below:

Name	Category	Number of meetings during the financial year 2022–2023	
		Held	Attended
Mr. Arun Sawhney, Chairman	Independent, Non-Executive	05	04
Mr. Arun Rao Akinepally	Independent, Non-Executive	05	05
Dr. Saumen Chakraborty	Independent, Non-Executive	05	05
Dr. Krishna Prasad Chigurupati	Non-Independent, Executive	05	05

Mr. Arun Sawhney, Chairman of the Committee was present at the 31st Annual General Meeting of the Company held on July 27, 2022.

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

Share Transfer and Stakeholders Relationship Committee

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

a. Resolving the grievances of the shareholders.

b. Reviewing details of the transfer of unclaimed dividend/ equity shares to the Investor Education and Protection Fund Authority.

c. Reviewing the transmission, de-materialization/re-materialization and issue of duplicate share certificates of the Company's shares.

d. Reviewing adherence to the service standards in respect of various services being rendered by the Registrar & Share Transfer Agent.

e. Ensuring timely receipt of dividend/annual reports/ statutory notices by the shareholders of the Company.

2(Two) meetings of the Committee were held during the financial year April 2022- March 2023. The composition of the Committee during the year April 2022 – March 2023 and the details of meetings attended by its members are given below:

Name	Category	Number of meetings during the financial year 2022–2023	
		Held	Attended
Mr. Arun Rao Akinepally, Chairman	Independent, Non-Executive	02	02
Mrs. Uma Devi Chigurupati	Non-Independent, Executive	02	02
Dr. Krishna Prasad Chigurupati	Non-Independent, Executive	02	02

Mr. Arun Rao Akinepally, Chairman of the Committee was present at the 31st Annual General Meeting of the Company held on July 27, 2022.

Compliance Officer

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

Investor Grievance Redressal

During the financial year 2022-23, 02 (Two) complaints were received from the shareholders and all the grievances were redressed within an average time of 7 days and no complaint is pending as of March 31, 2023.

Corporate Social Responsibility (CSR) Committee

The Committee has been entrusted with the specific responsibility of reviewing corporate social responsibility programs. The scope of the Committee also includes approving the budget for CSR activities, reviewing the CSR programs, formulation of annual action plan and monitoring CSR spending.

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

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

1 (One) meeting of the Committee was held during the financial year April 2022- March 2023. The composition of the Committee during the year April 2022 – March 2023 and the details of meetings attended by its members are given below:

Name	Category	Number of meetings during the financial year 2022-23	
		Held	Attended
Mrs. Uma Devi Chigurupati, Chairperson	Non-Independent, Executive	01	01
Dr. Krishna Prasad Chigurupati	Non-Independent, Executive	01	01
Mr. Arun Rao Akinepally	Independent, Non-Executive	01	01

The CSR Policy of the Company is available on the website of https://granulesindia.com/wp-content/uploads/pdf/other-information/8328CSR%20Policy.pdf

Risk Management Committee

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

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

2 (Two) meetings of the Committee were held during the financial year April 2022- March 2023. The composition of the Committee during the year April 2022 – March 2023 and the details of meetings attended by its members are given below:

Name	Category	Number of meetings during the financial year 2022–2023	
		Held	Attended
Mr. Harsha Chigurupati, Chairman	Non-Independent, Executive	02	02
Mrs. Uma Devi Chigurupati	Non-Independent, Executive	02	00
Mr. K.B. Sankar Rao	Non-Independent, Non-Executive	02	02
Mr. Arun Sawhney	Independent, Non-Executive	02	02
Mr. Robert George Cunard*	Independent, Non-Executive	02	02

*Mr. Robert George Cunard ceased to be a member of the Board of the Company with effect from March 17, 2023.

Business Review Committee

The Board constituted a Business Review Committee to advise on all matters related to the management/operations of the Company. The Business Review Committee meets periodically to review inter alia the operational and financial performance of the Company. 09 (Nine) meetings of the Committee were held during the financial year April 2022 - March 2023. The composition of the Committee and the details of meetings attended by its members are given below:

Name	Category	Number of meetings during the financial year 2022–2023	
		Held	Attended
Mr. K.B. Sankar Rao, Chairman	Non-Independent, Non-Executive	09	09
Mr. Arun Rao Akinepally	Independent, Non-Executive	09	09
Mr. Arun Sawhney	Independent, Non-Executive	09	09
Mr. Robert George Cunard*	Independent, Non-Executive	09	07
Dr. Krishna Prasad Chigurupati	Non-Independent, Executive	09	09

*Mr. Robert George Cunard ceased to be a member of the Board of the Company with effect from March 17, 2023.

Growth Opportunities Evaluation Committee

The Board Constituted a Growth Opportunities Evaluation Committee with the objective to provide guidance to the management for exploring various inorganic growth opportunities.

02 (Two) meetings of the Committee were held during the financial year April 2022 - March 2023. The composition of the Committee and the details of meetings attended by its members are given below:

Name	Category	Number of meetings during the financial year 2022–2023	
		Held	Attended
Mr. K.B. Sankar Rao, Chairman	Non-Independent, Non-Executive	02	02
Mr. Arun Sawhney	Independent, Non-Executive	02	02
Dr. Krishna Prasad Chigurupati	Non-Independent, Executive	02	02

Buyback Committee

The Buy-Back Committee was constituted by the Board on August 09, 2022 in order to effectively pursue the buyback of equity shares of the Company.

The Committee has met 3 (three) times during the year under review. The composition of the Committee and the details of meetings attended by its members are given below:

Name	Category	Number of meetings during the financial year 2022–2023	
		Held	Attended
Mr. Arun Rao Akinepally, Chairman	Independent, Non-Executive	03	03
Dr. Krishna Prasad Chigurupati	Non-Independent, Executive	03	03
Mr. Sandip Neogi*	Chief Financial Officer	03	03

*Mr. Sandip Neogi resigned as the Chief Financial Officer of the Company w.e.f December 15, 2022.

With the completion of the Buyback activity, the purpose of the formation of the Buy-Back Committee was completed and hence the Committee was dissolved with effect from January 24, 2023.

Investment Committee

The Board Constituted an Investment Committee with the objective to review and invest/disinvest the surplus funds from time to time in various instruments to maximize the returns of the Company.

The composition of the Committee as of March 31, 2023 is given below:

Name	Category
Dr. Saumen Chakraborty, Chairman	Independent, Non-Executive
Dr. Krishna Prasad Chigurupati	Non-Independent, Executive
Dr. Kandiraju Venkata Sitaram Rao	Non-Independent, Executive
Mr. Mukesh Surana	Chief Financial Officer

DIRECTORS' REMUNERATION

Performance Evaluation & Remuneration policy

The Company has formulated a Performance Evaluation & Remuneration Policy for Directors, Key Managerial Personnel and other employees and is available on the website of the Company at https://granulesindia.com/wp-content/uploads/pdf/performance-evaluation-and-remuneration-policy.pdf. The Company's remuneration policy is directed towards rewarding performance based on a review of achievements periodically.

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

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

Details of remuneration paid to the Executive Directors during the FY 2022-23

(₹ in millions)

Name	Salary		Perquisites	Commission	Total
	Fixed	*Variable			
Dr. Krishna Prasad Chigurupati Chairman & Managing Director	18.01	-	0.67	334.88	353.56
Dr. Kandiraju Venkata Sitaram Rao Joint Managing Director & CEO	65.41	29.14	0.01	-	94.56
Mrs. Uma Devi Chigurupati Executive Director	2.34	-	0.12	32.90	35.36
Mr. Harsha Chigurupati Executive Director	6.01	-	0.02	29.33	35.36

*The payment of a variable portion of the salary is based on the performance evaluation of the Company

Service Contract, Severance Fees, and Notice Period

Terms of Agreement	Dr. Krishna Prasad Chigurupati	Dr. Kandiraju Venkata Sitaram Rao	Mr. Harsha Chigurupati	Mrs. Uma Devi Chigurupati
Period of Contract	5 years up to August 31, 2024	5 years up to January 04, 2027	5 years up to August 28, 2024	5 years up to May 30, 2027
Severance fees/notice period	Three Months	Six Months	Three Months	Three Months
	There is no separate provision for payment of severance fees.			

Details of remuneration paid to Non-Executive Directors during the FY 2022-23

During the FY 2022-23, the Company paid sitting fees of ₹ 40,000 per meeting to the Non-Executive Directors for attending each meeting of the Board and Business Review Committee and ₹ 30,000 per meeting for attending each meeting of the other Committees of the Board.

The Members had, at the Annual General Meeting of the Company held on July 27, 2022 approved the payment of commission to each Non-Executive Director at a rate of 0.05% per annum with a maximum limit of 1% of the net profits of the Company as computed under the applicable provisions of the Act. The said commission was decided each quarter by the Nomination & Remuneration Committee and distributed amongst the Non-Executive Directors.

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

Following are the details of sitting fees paid to the Directors for attending the Board and Committee meetings during the FY 2022-23 and the commission paid/provided during the period under review:

(₹ in millions)

Name	Sitting fee	Commission
Mr. Kolli Basava Sankar Rao	0.76	3.57
Mr. Arun Rao Akinepally	1.15	3.57
Mr. Arun Sawhney	0.99	3.57
Mr. Robert George Cunard*	0.54	3.39
Dr. Saumen Chakraborty	0.61	3.57
Mrs. Sucharita Rao Palepu	0.28	3.57

*Mr. Robert George Cunard ceased to be a member of the Board of the Company with effect from March 17, 2023.

GENERAL BODY MEETINGS

Annual General Meetings

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

AGM	Year	Location	Date	Time	Number of special resolutions passed
31st	2021-22	Held Through VC/OAVM	27/07/2022	03:00 PM	2
30th	2020-21	Held Through VC/OAVM	05/08/2021	03:00 PM	0
29th	2019-20	Held Through VC/OAVM	13/08/2020	04:00 PM	1

Extraordinary General Meetings

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

POSTAL BALLOT

For the year ended March 31, 2023 no resolution was passed through postal ballot. Further, there is no immediate proposal for passing any resolution through the Postal Ballot process.

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

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

DISCLOSURES

i) Related party transactions

All related party transactions that were entered into during FY 2022-23 were on an arm's length basis, in the ordinary course of business and were in compliance with the applicable provisions of the Companies Act, 2013 and the Listing Regulations. There were no material significant related party transactions entered into by the Company with Promoters, Directors, KMPs or other designated persons which may have a potential conflict with the interest of the Company at large. The Company has not entered into any transaction with any person or entity belonging to the Promoter/Promoter Group which holds(s) 10% or more shareholding in the Company and has not given any loan to any firm/Company in which Directors of the Company are interested.

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

The Policy on Related Party Transactions as approved by the Board is placed on the website of the Company at https://granulesindia.com/wp-content/uploads/2022/03/Granules-Related-Party-Transactions-Policy.pdf.

ii) Details of non-compliance etc.

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

iii) Disclosure of accounting treatment

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

iv) Whistleblower policy

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

Whistle Blower Policy of the Company is placed on the website of the Company at https://granulesindia.com/wp-content/uploads/2022/06/Granules-India-Limited-whistle-blower-policy.pdf

v) Risk management

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

vi) Subsidiary Companies

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

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

The Company has formulated a policy for determining material subsidiaries and is placed on the website of the Company at https://granulesindia.com/wp-content/uploads/2022/03/Policy-on-Material-Subsidiaries.pdf.

vii) **Code of conduct**

The Company has laid down a "Code of Conduct" for the Directors and the Senior Management Personnel. The members of the Board including Independent Directors and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct as of March 31, 2023. A declaration to this effect signed by the Joint Managing Director & Chief Executive Officer is given as an annexure to this report. The code is placed on the website of the Company at https://granulesindia.com/wp-content/uploads/pdf/other-information/Code-of-Conduct-for-Board-and-SMP.pdf

viii) **CEO and CFO certification**

The Joint Managing Director & Chief Executive Officer and the Chief Financial Officer have certified to the Board regarding the compliance of matters specified in regulation 17(8) read with Part B of Schedule II of the Listing Regulations and is given as an annexure to this report. The certificate has been reviewed by the Audit Committee and taken on record by the Board at the meeting held on May 16, 2023.

ix) **Certificate on corporate governance**

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

x) **Certificate from a company secretary in practice**

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

xi) **Details of the utilization of funds raised through preferential allotment or qualified institutional placement:**

The Company has not raised any funds through preferential allotment or qualified institutional placement during the financial year ended on March 31, 2023.

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

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

xiii) **Details of fees paid to the statutory auditors**

Given below are the details of fees paid to M/s. SR Batliboi & Associates LLP, Chartered Accountants, Statutory Auditors of the Company and all their network firms & entities on a consolidated basis during the financial year ended March 31, 2023:

Sl. No.	Payments to the Statutory Auditors (excluding taxes)	Fees paid in (₹ in millions)
1	Fees for Audit and related services	6.69
2	Fees for Non-Audit service	0.94
	Total	**7.63**

xiv) **Disclosures in relation to the sexual harassment of women at the workplace (Prevention, Prohibition and Redressal) Act, 2013:**

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

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

Sl. No.	Particulars	No.
1	Number of complaints on Sexual harassment received during the year	01
2	Number of complaints disposed of during the year	01
3	Number of cases pending as of March 31, 2023	Nil

xv) **Details of material subsidiaries of the listed entity; including the date and place of incorporation and the name and date of appointment of the statutory auditors of such subsidiaries.**

S. No.	Name of the material Subsidiary	Date & Place of Incorporation	Name of the Statutory Auditor	Date of appointment of Statutory Auditor
1.	Granules USA, Inc.	March 05, 2003 in the state of Delaware, USA	KNAV P.A.	With effect from April 1, 2019
2.	Granules Pharmaceuticals, Inc.	October 21, 2014 in the state of Delaware, USA	KNAV P.A.	With effect from April 1, 2019

xvi) **Details of compliance with mandatory requirements and adoption of Discretionary Requirements**

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

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

xvii) **Familiarization programs for Board members**

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

xviii) **Prevention of insider trading**

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

xix) **Commodity price risks/foreign exchange risk and hedging activities**

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

xx) **Loans & Advances**

The Company and its subsidiaries have not granted loans and advances in the nature of loans to firms/ Companies in which Directors of the Company are interested.

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

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

MEANS OF COMMUNICATION

Stock exchange intimations:

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

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

News releases, presentations, among others: Official news releases and official media releases are sent to Stock Exchanges and are displayed on the website of the Company at https://granulesindia.com/media/.

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

Website: The Company's website www.granulesindia.com contains a separate dedicated section 'Investors' where shareholder's information is available.

Annual Report: The annual report containing, inter alia, audited standalone financial statements, consolidated financial statements, Director's report, business responsibility & sustainability report, auditor's report, corporate governance report and other important information are circulated to members and others entitled thereto. The Company's Annual Report is also available in a user-friendly and downloadable form at https://granulesindia.com/investors/financial-reports/annual-reports/.

Management discussion and analysis (MDA) Report:

The report on MDA forms part of the annual report.

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

Dedicated e-mail ID

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

GENERAL SHAREHOLDER INFORMATION

Company Registration Details

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

32nd Annual General Meeting

Date: August 10, 2023
Time: 3.30 p.m.
Venue: The Company is conducting the meeting through VC/OAVM pursuant to the MCA Circular dated May 05,2020 and as such, there is no requirement to have a venue for the AGM. For details please refer to the Notice of this AGM.

Financial year

April 1 to March 31

Date of Book Closure

August 04, 2023 to August 10, 2023 (both days inclusive)

Dividend Payment

The final dividend for the financial year 2022-23, if declared, shall be paid /credited on or before September 08, 2023.

Listing on Stock Exchanges

Equity Shares

BSE Limited

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

National Stock Exchange of India Limited (NSE)

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

Payment of Listing Fees

The annual listing fees for the financial year 2023-24 have been paid by the Company to BSE and NSE.

The tentative calendar for the financial year 2023-2024:

The tentative dates of the meeting of the Board of Directors for consideration of quarterly financial results for the financial year 2023-2024 are as follows:

Results	Tentative Dates
First quarter	Second week of August, 2023
Second quarter and half-yearly	Third week of October 2023
Third quarter	Fourth week of January 2024
Fourth quarter and annual	Third week of May 2024

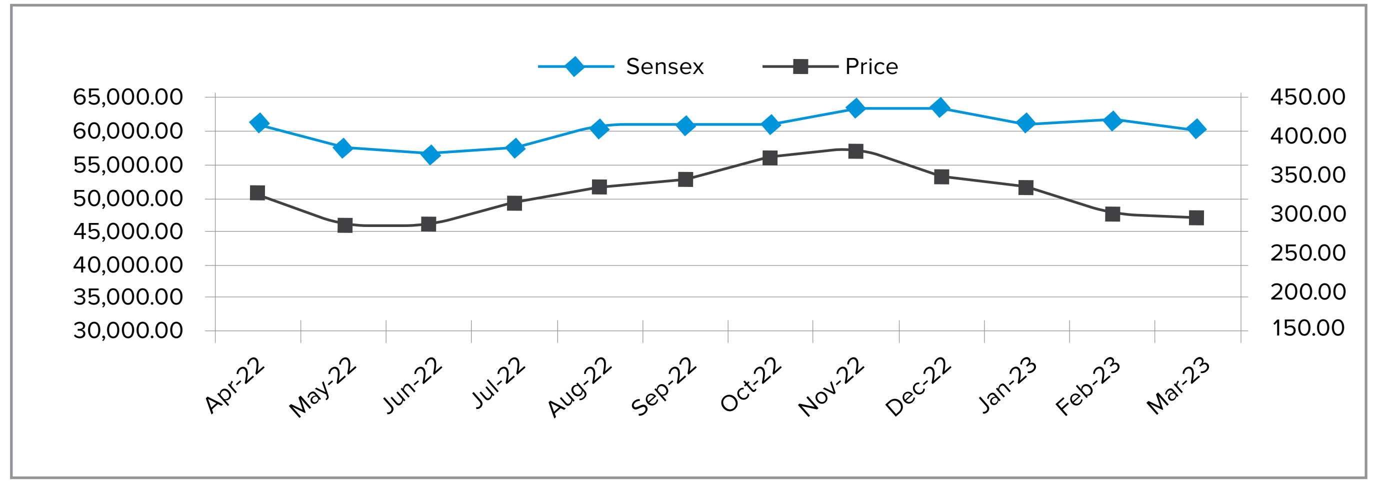
Stock Market Price Data

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

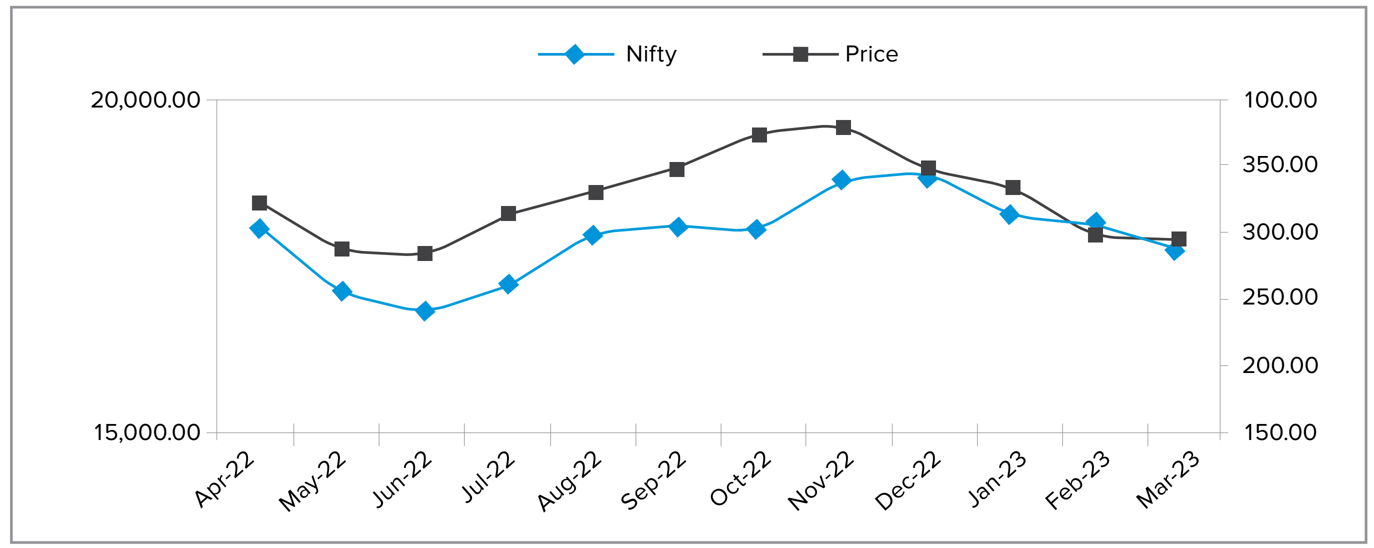
	BSE			NSE		
Month	High	Low	Volume	High	Low	Volume
Apr-22	323.65	279.50	10,68,563	323.70	279.50	1,65,68,159
May-22	285.00	232.15	16,14,256	285.00	232.10	2,74,10,598
Jun-22	281.90	227.00	12,05,455	282.00	226.95	2,21,26,756
Jul-22	313.25	269.05	15,99,082	313.30	268.90	3,26,84,362
Aug-22	330.50	295.50	25,45,415	330.70	295.35	3,86,66,507
Sep-22	346.90	300.55	34,67,286	347.00	301.85	5,46,92,269
Oct-22	373.60	338.80	31,66,132	373.85	339.10	3,90,96,115
Nov-22	381.25	344.05	11,22,689	381.00	344.00	1,82,53,498
Dec-22	348.00	317.05	10,49,865	348.00	317.05	2,19,95,538
Jan-23	335.00	278.65	9,62,185	335.35	278.60	1,96,30,205
Feb-23	299.70	277.75	6,95,089	299.40	277.50	1,21,33,462
Mar-23	294.20	267.85	6,93,468	294.60	267.75	1,60,56,794

Performance of Share Price

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



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



Registrar and Transfer Agent

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

KFin Technologies Limited
Selenium Tower B, Plot 31-32, Gachibowli,
Financial District, Nanakramguda,
Hyderabad – 500 032
Tel: +91-40-67161500
Toll-Free No.: 1-800-309-4001
e-mail: einward.ris@kfintech.com
Website: www.kfintech.com

Share Transfer System

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

Secretarial Audit

M/s. Saurabh Poddar & Associates, Practicing Company Secretaries, has conducted a secretarial audit of the Company for the financial year 2022-23 in compliance with regulation 24A(1) of the Listing Regulations. Their audit report confirms that the Company has complied with the applicable provisions of the Act and the rules made thereunder, Listing Regulations and the applicable SEBI Acts & regulations. The secretarial audit report forms part of the Board's Report.

In accordance with regulation 24A (2) of the Listing Regulations, the Company has obtained an Annual Secretarial Compliance Report from M/s. Saurabh Poddar & Associates, Practising Company Secretary, confirming compliances with all applicable SEBI regulations, circulars and guidelines for the year ended March 31, 2023.

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

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

Shareholding

a) Shareholding pattern by size as of March 31, 2023

Category (Shares)	No. of Shareholders	No. of Shares held	Percentage of Shareholding
1 - 5000	1,90,229	3,12,95,923	12.93
5001 - 10000	631	45,24,178	1.87
10001 - 20000	240	33,99,966	1.40
20001 - 30000	99	25,01,992	1.03
30001 - 40000	45	15,77,371	0.65
40001 - 50000	34	15,22,949	0.63
50001 - 100000	81	56,10,625	2.32
100001 & ABOVE	144	19,16,09,752	79.16
TOTAL	**1,91,503**	**24,20,42,756**	**100.00**

b) Shareholding pattern category-wise as of March 31, 2023

Category	No. of Shares held	Percentage of Shareholding
Promoter & Promoter Group	10,17,08,525	42.02
Foreign Portfolio Investors	5,78,46,003	23.90
Mutual Funds, Insurance Companies etc.	1,21,70,845	5.03
Bodies Corporate	90,11,216	3.72
HUF	12,90,522	0.53
Individual Shareholders	6,00,15,645	24.80
TOTAL	**24,20,42,756**	**100.00**

Dematerialization of shares and liquidity

The Company's shares are compulsorily traded in dematerialized form and are available for trading on both the depositories in India viz. the NSDL and CDSL. The Company's equity shares, representing 99.95% of the Company's share capital were dematerialized as of March 31, 2023.

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

Outstanding Global Depository Receipts (GDRs) or American Depository Receipts (ADRs) or warrants or any other convertible instruments.

There are no outstanding GDRs/ADRs/warrants or any other convertible instruments as of March 31, 2023.

Employee Stock Options

The information on stock options granted by the Company and other particulars about employee's stock options during the financial year 2022-23 are set out in the Director's Report.

Disclosure concerning Demat suspense account/ unclaimed suspense account

Unclaimed equity shares are held in Granules India Limited-Unclaimed shares suspense account maintained with Stock Holding Corporation of India Limited, G-6 to G-10, East Block, Ground Floor, Swarna Jayanti Commercial Complex, Ameerpet, Hyderabad-500038 vide Client ID: 40451330 and DP ID: IN301220. In accordance with the requirement of Clause F of Schedule V of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Company reports the following details in respect of equity shares lying in the suspense account:

Sl. No	Particulars	Number of Shareholders	Number of equity shares
1	An aggregate number of shareholders and the outstanding shares in the Unclaimed Suspense account at the beginning of the year i.e., April 01, 2022.	09	26,000
2	No. of shareholders who approached the Company for the transfer of shares from the Unclaimed Suspense account during the year.	-	-
3	No. of shareholders to whom shares were transferred from the Unclaimed Suspense account during the year.	-	-
4	No. of shareholders and shares transferred to Investor Education and Protection Fund Authority pursuant to the provisions of section 124 of the Companies Act, 2013.	01	2,000
5	An aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense account at the end of the year i.e., March 31, 2023.	08	24,000

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

Transfer of shares to Investor Education and Protection Fund

Pursuant to the provisions of section 124 of the Act read with the IEPF Rules, all the shares for which dividends remain unpaid or unclaimed for a period of seven consecutive years or \more shall be transferred to the Demat account of the IEPF Authority as notified by the Ministry of Corporate Affairs. Accordingly, the Company has transferred 15,571 (0.006%) equity shares to the IEPF Authority during the financial year 2022-23.

Plant locations

1. **Finished Dosage Unit:**

   Survery Nos:160/A, 161/E, 162 & 174/A, Gagillapur Village, Dundigal-Gandimaisamma Mandal, Medchal-Malkajgiri District, 500043, Telangana State, India.

2. **API Unit – I:**

   Sy.No.533, 535, 536, 537, 646 & 648, Temple Road, Bonthapally Village, Gummadidala Mandal, Sangareddy District-502313, Telangana State, India.

3. **API Unit – II:**

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

4. **API Unit – III:**

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

5. **API Unit – IV:**

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

6. **API Unit – V**

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

R & D Centres

1. Plot No. 56, Road No. 5, ALEAP Industrial Area, Pragathi Nagar, Gajularamaram village, Qutbullapur Mandal, Hyderabad - 500072, Medchal- Malkajgiri District, Telangana State, India.

2. Survey Nos. 234 / 1 to 4 and 6 to 7, 235 /6 to 9 and 245 / 1 to 3, India Land Global Industrial Park, Hinjewadi Phase-1, Mulshi Taluka, Pune District, 411057, Maharashtra State, India.
3. Survery Nos:160/A, 161/E, 162 & 174/A, Gagillapur Village, Dindigal-Gandimaisamma Mandal, Medchal-Malkajgiri District, 500043, Telangana State, India.
4. H.No.5-33, Sy No.352, Plot No. 8, Road No. 2, ALEAP Industrial Area, Pragathi Nagar, Gajularamaram village, Qutbullapur Mandal, Hyderabad - 500072, Medchal-Malkajgiri District, Telangana State, India.
5. Lab No: 11 & 13, Building No:1800, Sy No. 101,101/2 &340, M. N. Park, Genome Valley, Lalgadi Malakpet Village, Shameerpet Mandal, Medchal- Malkajgiri District, 500078, Telangana State, India.

Address for correspondence

Registered Office & Corporate Office
2nd Floor, 3rd Block, My Home Hub, Madhapur, Hyderabad (TS) – 500081, India
Tel: 91-40-69043500, Fax: 91-40-23115145
E-mail: investorrelations@granulesindia.com
Website: www.granulesindia.com

Green Initiative

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

On behalf of the Board of Directors

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

Hyderabad, May 16, 2023

DECLARATION BY THE JOINT MANAGING DIRECTOR & CEO

I, Kandiraju Venkata Sitaram Rao, Joint Managing Director & CEO hereby confirm that the Company has obtained from all the members of the Board and Senior Management Personnel, affirmation that they have complied with the 'Code of Conduct in respect of the financial year 2022-23.

Dr. Kandiraju Venkata Sitaram Rao
Joint Managing Director& CEO
DIN: 08874100

Place: Hyderabad
Date: May 16, 2023

CEO AND CFO CERTIFICATE

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

To,
The Board of Directors
Granules India Limited
We hereby certify that:

a. We have reviewed financial statements (standalone & consolidated) including the cash flow statement for the financial year ended March 31, 2023 and to the best of our knowledge and belief:
   i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
   ii. these statements together present a true and fair view of the company's affairs and comply with existing accounting standards, applicable laws and regulations.
b. There are, to the best of our knowledge and belief, no transactions entered into by the company during the period, which is fraudulent, illegal or violates the company's code of conduct.
c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company for financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or propose to take to rectify these deficiencies.
d. We have indicated to the auditors and the Audit Committee
   i. that there are no significant changes in internal control over financial reporting during the year;
   ii. that there are no significant changes in accounting policies during the year; and
   iii. That there are no instances of significant fraud of which we have become aware of and involvement therein of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Mukesh Surana
Chief Financial Officer

Place: Hyderabad
Date: May 16, 2023

Dr. Kandiraju Venkata Sitaram Rao
Joint Managing Director & CEO
DIN: 08874100

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

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

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

In my opinion and to the best of our information and according to the verifications (including Director Identification Number (DIN) status at the portal www.mca.gov.in as considered necessary and explanations furnished to us by the Company and its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the financial year ending on March 31, 2023 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority:

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

* Mr. Robert George Cunard resigned as Independent Director of the Company w.e.f. March 17, 2023.

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

For M/s. **Saurabh Poddar & Associates**
Company Secretaries
FIRM UIN: S2012AP177700

Name: **Saurabh Poddar**
Designation: Proprietor
Membership No: FCS 9190
COP No: 10787
PR: 785/2020 dated 30th June 2020
UDIN: F009190E000246284

Place: Hyderabad
Date: May 03, 2023

CERTIFICATE ON COMPLIANCE WITH THE CORPORATE GOVERNANCE REQUIREMENTS UNDER SEBI

(Listing Obligations and Disclosure Requirements) REGULATIONS, 2015

To,
The Members,
Granules India Limited

I, Saurabh Poddar, Company Secretary in practice, have been appointed as the Secretarial Auditor vide a resolution passed at its meeting held on May 18, 2022 by the Board of Directors of M/s. Granules India Limited (hereinafter referred to as 'the Company), having CIN:- L24110TG1991PLC012471 and having its registered office at Second Floor, Block III, My Home Hub, Madhapur, Cyberabad, Hyderabad -500081.

I, have examined the compliance of conditions of Corporate Governance by Granules India Limited ("the Company"), for the year ended March 31, 2023, as stipulated in regulations 17 to 27, clauses (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time ("Listing Regulations") pursuant to the Listing Agreement of the Company with Stock Exchanges.

Management's Responsibility

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

Auditors' Responsibility

1. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
2. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations for the year ended March 31, 2023.
3. We conducted our examination of the above corporate governance compliance by the Company in accordance with the Guidance Note on Reports and Guidance Note on Certification of Corporate Governance both issued by the Institute of the Company Secretaries of India (the "ICSI"), in so far as applicable for the purpose of this certificate. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICSI.

Certification:

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

Assumption & Limitation of Scope and Review:

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

For M/s. **Saurabh Poddar & Associates**
Company Secretaries
FIRM UIN: S2012AP177700

Name: **Saurabh Poddar**
Membership No: FCS 9190
COP No: 10787
PR: 785/2020 dated 30th June 2020
UDIN: F009190E000246900

Place: Hyderabad
Date: May 03, 2023

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
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Chairman and Managing Director
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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'.

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

Notes to Standalone Financial Statements

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

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.

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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

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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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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.

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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 current or 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

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	-	2,075.38
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 Imited	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.

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(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

Notes to Standalone Financial Statements

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

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

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(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			

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						
	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**

Notes to Standalone Financial Statements

(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
____

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

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

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(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
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:

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						
	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	-	-	-
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**	**-**	**-**	**-**

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

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)
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**

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

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
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DIN : 08874100

Mukesh Surana
Chief Financial Officer

Chaitanya Tummala
Company Secretary

Granules India Limited
(CIN: L24110TG1991PLC012471)
Regd. Office: 2nd Floor, 3rd Block, My Home Hub, Madhapur, Hyderabad - 500 081 (TS)
Web: www.granulesindia.com, Email: investorrelations@granulesindia.com
Tel:+91-40-69043500.

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

M/s. KFin Technologies Limited
Selenium Tower B, Plot 31-32, Gachibowli, Financial District,
Nanakaramguda,Hyderabad (TS)- 500 032
Toll free number - 1-800-309-4001
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