# 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, 2024, 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 material 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, 2024, 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, 2024. 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 matter | How our audit addressed the key audit matter |
|---|---|
| **Revenue recognition** (as described in Note 2 (l) 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.<br><br>Control is usually transferred, in accordance with the delivery terms agreed with the customers.<br><br>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.<br><br>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:<br><br>▶ Assessed the Company's revenue recognition policy in terms of Ind AS 115 ("Revenue from Contracts with Customers").<br><br>▶ Obtained an understanding, assessed the design and tested the operating effectiveness of key internal controls related to revenue recognition.<br><br>▶ 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.<br><br>▶ 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.

## Responsibilities 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, 2024 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of 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, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 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, 2024 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, on long-term contracts including derivative contracts – Refer Note 33 to the standalone financial statements;

    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. Based on our examination which included test checks, the Company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with.

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

**per Navneet Kabra**
Partner
Membership Number: 102328
UDIN: 24102328BKEZLU6790

Place of Signature: Hyderabad
Date: May 15, 2024

# 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 program 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 program, 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, 2024.

(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 ₹ 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 account 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 ₹ millions)

| Particulars | Guarantee | Security | Loans | Advances in the nature of loans |
|---|---|---|---|---|
| Aggregate amount granted/ provided during the year - Wholly-Owned subsidiaries | 1,439.83* | Nil | Nil | Nil |
| Balance outstanding as at balance sheet date in respect of above cases – Wholly-Owned subsidiaries | 1,439.83 | Nil | 27.33 | Nil |

*Guarantee is given for a subsidiary company ₹ 4,000 Mn of which ₹ 189.63 Mn is utilized as on March 31, 2024.

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 not granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(c) of the Order is not applicable to the Company.

(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) There were no loans or advance in the nature of loan granted to companies, firms, Limited Liability Partnerships or any other parties which was fallen due during the year, that have been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same 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 customs, 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 ₹ 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 #(3.61) | AY 2015-16 | Commissioner of Income Tax – Appeals. |
| | | 2.60 | AY 2018 – 19 | Commissioner of Income Tax – Appeals |
| | | 15.18 #(5.55) | AY 2020 -21 | Commissioner of Income Tax – Appeals |
| The Central Excise Act, 1944 | 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) Other than the cyber security incident as explained in Note 36 of the standalone financial statements, no material fraud on the Company has been noticed or reported during the year. Further, no fraud by 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 37 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 Kabra**
Partner
Membership Number: 102328
UDIN: 24102328BKEZLU6790

Place of Signature: Hyderabad
Date: May 15, 2024

# 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, 2024 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 judgment, 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 authorisations 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, 2024, 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

**per Navneet Kabra**
Partner
Membership Number: 102328
UDIN: 24102328BKEZLU6790

Place of Signature: Hyderabad
Date: May 15, 2024

# Standalone Balance Sheet as at March 31, 2024

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

| Particulars | Notes | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 3A | 12,560.48 | 12,451.04 |
| Right-of-use assets | 3C | 94.75 | 109.58 |
| Capital work-in-progress | 3A | 525.31 | 634.60 |
| Other intangible assets | 3B | 581.48 | 737.34 |
| Intangible assets under development | 3B | 4.06 | - |
| Financial assets | | | |
| (i) Investments | 4A | 9,413.98 | 6,765.32 |
| (ii) Loans | 4B | - | 121.46 |
| (iii) Other financial assets | 4C | 153.77 | 239.88 |
| Income tax assets (net) | | 122.48 | 105.69 |
| Other non-current assets | 5A | 260.74 | 688.13 |
| **Total non-current assets** | | **23,717.05** | **21,853.04** |
| **Current assets** | | | |
| Inventories | 6 | 5,786.15 | 5,934.14 |
| Financial assets | | | |
| (i) Trade receivables | 7A | 16,331.88 | 13,721.88 |
| (ii) Cash and cash equivalents | 7B | 2,230.79 | 1,817.46 |
| (iii) Bank balances other than cash and cash equivalents stated above | 7B | 50.35 | 212.33 |
| (iv) Loans | 7C | 27.33 | - |
| (v) Other financial assets | 7D | 23.04 | 26.60 |
| Other current assets | 5B | 1,889.68 | 1,467.25 |
| **Total current assets** | | **26,339.22** | **23,179.66** |
| **Total assets** | | **50,056.27** | **45,032.70** |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| Equity share capital | 8 | 242.37 | 242.04 |
| Other equity | 9 | 30,867.10 | 26,752.57 |
| **Total equity** | | **31,109.47** | **26,994.61** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Financial liabilities | | | |
| (i) Borrowings | 10A | 500.08 | 1,486.44 |
| (ii) Lease liabilities | 10B | 72.14 | 86.98 |
| Provisions | 11A | 378.61 | 292.56 |
| Deferred tax liabilities (net) | 12 | 310.47 | 234.44 |
| **Total non-current liabilities** | | **1,261.30** | **2,100.42** |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| (i) Borrowings | 13A | 10,042.43 | 7,621.75 |
| (ii) Lease liabilities | 10B | 35.50 | 35.58 |
| (iii) Trade payables | 13B | | |
| (a) Total outstanding dues of micro enterprises and small enterprises | | 46.79 | 115.15 |
| (b) Total outstanding dues of creditors other than micro enterprises and small enterprises | | 6,499.53 | 7,328.79 |
| (iv) Other financial liabilities | 13C | 657.98 | 504.11 |
| Other current liabilities | 14 | 242.67 | 96.03 |
| Provisions | 11B | 118.36 | 146.16 |
| Income tax liabilities (net) | | 42.24 | 90.10 |
| **Total current liabilities** | | **17,685.50** | **15,937.67** |
| **Total liabilities** | | **18,946.80** | **18,038.09** |
| **Total equity and liabilities** | | **50,056.27** | **45,032.70** |

| | |
|---|---|
| Material 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 15, 2024

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 15, 2024

# Standalone Statement of Profit and Loss for the year ended March 31, 2024

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

| Particulars | Notes | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | 15 | 37,550.91 | 39,312.00 |
| Other income | 16 | 57.77 | 99.32 |
| **Total income** | | **37,608.68** | **39,411.32** |
| **Expenses** | | | |
| Cost of materials consumed | 17 | 19,271.24 | 20,999.28 |
| Changes in inventories of work-in-progress and finished goods | 18 | (202.07) | 615.21 |
| Employee benefit expenses | 19 | 3,806.08 | 3,300.71 |
| Finance costs | 20 | 719.98 | 386.74 |
| Depreciation and amortisation expense | 21 | 1,438.48 | 1,455.57 |
| Other expenses | 22 | 6,662.06 | 6,014.41 |
| **Total expenses** | | **31,695.77** | **32,771.92** |
| **Profit before tax** | | **5,912.91** | **6,639.40** |
| Tax expense | | | |
| (i) Current tax | 24 | 1,506.05 | 1,702.06 |
| (ii) Deferred tax | 24 | 47.68 | (50.51) |
| **Total tax expense** | | **1,553.73** | **1,651.55** |
| **Profit for the year** | | **4,359.18** | **4,987.85** |
| **Other comprehensive income (OCI)** | | | |
| **Items that will be reclassified to profit or loss** | | | |
| Fair value changes on cash flow hedges | 9 | 118.33 | (72.16) |
| Income tax relating to items that will be reclassified to profit or loss | 24 | (29.78) | 18.16 |
| **Net other comprehensive income/(loss) to be reclassified to profit or loss** | | **88.55** | **(54.00)** |
| **Items that will not be reclassified to profit or loss** | | | |
| Re-measurement of defined benefit liability | 28 | (5.68) | 9.52 |
| Income tax relating to items that will not be reclassified to profit or loss | 24 | 1.43 | (2.40) |
| **Net other comprehensive income/(loss) not to be reclassified to profit or loss** | | **(4.25)** | **7.12** |
| **Other comprehensive income/ (loss) for the year** | | **84.30** | **(46.88)** |
| **Total comprehensive income for the year** | | **4,443.48** | **4,940.97** |
| **Earnings per share:** | | | |
| **Equity shares of par value of ₹ 1 each** | | | |
| Basic (₹) | 25 | 18.00 | 20.32 |
| Diluted (₹) | | 17.99 | 20.30 |

Material 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 15, 2024

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 15, 2024

# Standalone Statement of Changes in Equity for the year ended March 31, 2024

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

## Equity Share capital

| Particulars | 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, 2024** | **242.04** | **0.33** | **-** | **242.37** |
| March 31, 2023 | 248.01 | 0.29 | (6.25) | 242.04 |

## 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** | **4,560.41** | **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) | - | - | - | - | - |

# Standalone Statement of Changes in Equity for the year ended March 31, 2024

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

| 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 end of the previous year** | **13.35** | **1,487.70** | **191.75** | **3,065.32** | **134.29** | **22,086.49** | **(13.50)** | **(212.84)** | **26,752.57** |
| **Total comprehensive income for the year** | | | | | | | | | |
| Profit for the year | - | - | - | - | - | 4,359.18 | - | - | 4,359.18 |
| Other comprehensive income (net of tax) | - | - | - | - | - | - | (4.25) | 88.55 | 84.30 |
| **Transactions with owners of the Company** | | | | | | | | | |
| Dividends | - | - | - | - | - | (363.06) | - | - | (363.06) |
| Share-based payment expense | - | - | - | - | 2.82 | - | - | - | 2.82 |
| Share premium on issue of equity shares on exercise of options | - | 31.29 | - | - | - | - | - | - | 31.29 |
| **Balance at the end of the current year** | **13.35** | **1,518.99** | **191.75** | **3,065.32** | **137.11** | **26,082.61** | **(17.75)** | **(124.29)** | **30,867.10** |

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 15, 2024

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 15, 2024

# Standalone Statement of Cash Flows for the year ended March 31, 2024

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

| Particulars | | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| **Profit before tax** | | 5,912.91 | 6,639.40 |
| **Adjustments for :** | | | |
| Depreciation and amortisation expense | | 1,438.48 | 1,455.57 |
| Bad debts written off | | - | 0.54 |
| Allowance for doubtful trade receivables | | 57.72 | (29.52) |
| Allowance for doubtful advances | | - | 14.41 |
| Loss on sale of property, plant and equipment (net) | | 23.20 | 13.82 |
| Changes in fair value of cashflow hedges | | 161.08 | 72.85 |
| Net gain on foreign exchange fluctuations (unrealized) | | (80.41) | (98.09) |
| Share-based compensation expense | | 2.82 | 11.91 |
| Finance cost | | 719.98 | 386.74 |
| Interest income | | (29.30) | (46.36) |
| **Operating profit before working capital changes** | | **8,206.48** | **8,421.27** |
| **Movements in working capital:** | | | |
| Increase in trade receivables | | (2,568.56) | (1,453.19) |
| (Increase)/decrease in inventories | | 147.99 | (26.70) |
| (Increase)/decrease in other assets | | (435.71) | 213.82 |
| Increase/(decrease) in trade payables, other liabilities and provisions | | (610.21) | 1,253.02 |
| **Cash generated from operations** | | **4,739.99** | **8,408.22** |
| Direct taxes paid (net of refunds) | | (1,570.70) | (1,771.44) |
| **Net cash flow generated from operating activities** | **(A)** | **3,169.29** | **6,636.78** |
| **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 | | (1,204.78) | (2,117.93) |
| Proceeds from sale of property, plant & equipment | | 17.49 | 2.02 |
| Investment in subsidiaries | | (2,130.00) | (900.00) |
| Movement in other bank balances | | 161.43 | 1,995.77 |
| Loan given to subsidiaries | | - | (3.85) |
| Loans repaid by subsidiaries | | 99.38 | 21.11 |
| Interest received | | 26.72 | 38.36 |
| **Net cash flow used in investing activities** | **(B)** | **(3,029.76)** | **(964.52)** |
| **Cash flow from/(used) in financing activities** | | | |
| Proceeds from issuance of shares | | 31.62 | 27.84 |
| Repayment of non-current borrowings | | (1,016.81) | (930.86) |
| Proceeds from current borrowings | | 19,515.11 | 19,258.21 |
| Repayments of current borrowings | | (17,140.15) | (19,820.90) |
| Repayment of lease liability (including related interest) | | (49.80) | (69.86) |
| Payment towards buyback including transaction cost | | - | (3,106.50) |
| Finance cost paid | | (715.47) | (366.41) |
| Dividend paid on equity shares | | (363.06) | (186.22) |
| **Net cash flow from/(used) in financing activities** | **(C)** | **261.44** | **(5,194.70)** |
| **Net increase in cash and cash equivalents** | **(A+B+C)** | **400.97** | **477.56** |
| Effect of exchange differences on translation of foreign currency cash and cash equivalents | | 12.36 | (2.53) |
| **Cash and cash equivalents at the beginning of the year** | | 1,817.46 | 1,342.43 |
| **Cash and cash equivalents at the end of the year** | | **2,230.79** | **1,817.46** |
| **Components of cash and cash equivalents:** | | | |

# Standalone Statement of Cash Flows for the year ended March 31, 2024

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

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|---|---|---|
| Cash on hand | 1.19 | 1.04 |
| Balances with banks | | |
| On current accounts | 281.58 | 63.02 |
| On EEFC accounts | 1,098.02 | 373.40 |
| On deposit accounts | 850.00 | 1,380.00 |
| **Total cash and cash equivalents (Refer Note 7B)** | **2,230.79** | **1,817.46** |

| 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, 2022** | **135.54** | **3,271.81** | **7,200.37** | **7.24** |
| Finance cost | 11.47 | - | - | 375.27 |
| Repayment of borrowings | - | (930.86) | (19,820.90) | - |
| Proceeds from borrowings | - | - | 19,258.21 | - |
| 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** |
| Finance cost | 9.12 | - | - | 710.86 |
| Repayment of borrowings | - | (1,016.81) | (17,140.15) | - |
| Proceeds from borrowings | - | - | 19,515.11 | - |
| Additions | 25.76 | - | - | - |
| Payment of lease liabilities | (49.80) | - | - | - |
| Changes in fair values | - | 39.64 | - | - |
| Finance cost paid | - | - | - | (715.47) |
| Effect of changes in foreign exchange rates | - | - | 36.53 | 2.13 |
| **Closing as on March 31, 2024** | **107.64** | **1,500.23** | **9,042.28** | **17.43** |

* 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 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 15, 2024

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 15, 2024

## 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, 2024. These standalone financial statements were authorized for issuance by the Company's Board of Directors on May 15, 2024.

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 material accounting policies are included in Note 2.

**b) Current versus non-current classification**

All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle.

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

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

**c) Functional and presentation currency**

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

**e) Use of estimates and judgments**

The preparation of the standalone financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments 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.

**Judgments**

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised 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;

# Notes to Standalone Financial Statements (Cont..)

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

**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, 2024 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(g)(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 recognizes 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 Material 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 recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are initially measured at fair value except for trade receivable which are initially measured at transaction price. 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;
- Fair value through other comprehensive income ('FVOCI') – debt investment;
- FVOCI – equity investment; or
- Fair value through profit and loss ('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 amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised 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 2(g)(ii) 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.

# Notes to Standalone Financial Statements (Cont..)

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

| Financial assets: subsequent measurement and gains and losses | |
|---|---|
| Financial assets at FVTPL | These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in statement of profit and loss. |
| Financial assets at 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 recognised in statement of profit and loss. Any gain or loss on derecognition is recognised in statement of profit and loss. |
| Debt investments at FVOCI | These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in statement of profit and loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to statement of profit and loss. |
| Equity investments at FVOCI | These assets are subsequently measured at fair value. Dividends are recognised as income in statement of profit and loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to statement of profit and loss. |

#### Financial liabilities: classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at 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 recognised 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 recognised in statement of profit and loss. Any gain or loss on derecognition is also recognised in statement of profit and loss.

### iii. Derecognition

#### Financial assets

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

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

#### Financial liabilities

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

The Company also derecognizes a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in statement of profit and loss.

### iv. Offsetting

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

### v. Derivative financial instruments and hedge accounting

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

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

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

**Cash flow hedges:**

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

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

**b. Cash and cash equivalents**

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

**Cash dividend to equity holders**

The Company recognizes 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 recognised directly in equity. Interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

**c. Foreign currency**

Transactions in foreign 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 recognised in OCI.

**d. Property, plant and equipment**

**i. Recognition and measurement**

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

Cost of an item or property, plant and equipment comprises its purchase price, import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located. 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 recognised 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 recognised in statement of profit and loss.

Cost of assets not ready for intended use, as on the balance sheet date, is shown as capital work-in-progress. Amounts paid towards the acquisition

# Notes to Standalone Financial Statements (Cont..)

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

of property, plant and equipment outstanding as of each reporting date are recognised 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.

The Company, based on technical assessment made by technical expert and management estimate, depreciates certain items of plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

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 recognised 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 recognised in statement of profit and loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and any accumulated impairment losses.

**Others**

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

**i. Subsequent expenditure**

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

**ii. Amortisation**

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 |

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

**f. Inventories**

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

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

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

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

The factors that the Company considers in determining the allowance for slow moving, obsolete and other non-saleable inventory include estimated shelf life, planned product discontinuances, price changes, 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.

**g. 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 reorganisation;

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

**ii. Tangible and intangible assets**

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

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

**h. Employee benefits**

**i. Defined contribution plans**

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

**ii. Defined benefit plans**

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

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

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

# Notes to Standalone Financial Statements (Cont..)

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

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

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

When the benefits of a plan are changed or curtailed, the resulting change in the benefit that relates to the past service ('past service cost') or the gain or loss on curtailment is recognised immediately in the statement of profit and loss. The Company recognizes 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 utilize 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 recognizes accumulated compensated absences based on actuarial valuation using the projected unit credit method. Non-accumulating compensated absences are recognised in the period in which the absences occur.

**iv. Other long-term employee benefits**

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

**v. Short-term employee benefits**

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

**vi. Share-based compensation**

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

**i. Provisions (other than for employee benefits)**

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

**Contingent liabilities and contingent assets**

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

Contingent assets are not recognised in the 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 recognised in the period in which the change occurs.

**Onerous contracts**

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

**j. 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.

**k. 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".

**l. Revenue**

**i. Sale of goods**

Revenue from sale of goods is recognised when a promise in a customer contract (performance obligation) has been satisfied by transferring control over the promised goods to the customer. Control is usually transferred upon shipment, delivery to, upon receipt of goods by the customer, in accordance with the delivery and acceptance terms agreed with the customers. The amount of revenue to be recognised is based on the consideration expected to be received in exchange for goods, excluding 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 recognised in the period when the collectability becomes probable and a reliable measure of the same is available.

**ii. Sales return allowances**

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

**iii. Export incentives**

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

**iv. Interest income or expense**

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

**v. Dividend income**

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

**m. 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 recognised for the earned consideration that is conditional.

**ii. Trade receivable**

A receivable is recognised 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.

# Notes to Standalone Financial Statements (Cont..)

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

**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 recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

**n. Leases**

**Lessee**

The Company's lease asset classes primarily consist of leases for buildings and plant and machinery.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease as per the requirement of 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 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.

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

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the 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 recognizes 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 recognizes 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.

**o. Income tax**

Income tax comprises current and deferred income tax. Income tax expense is recognised 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 recognised at the amount expected to be paid or recovered from the tax authorities, using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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

**ii. Deferred tax**

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

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

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

**p. Borrowing cost**

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

**q. Recent pronouncements**

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

# Notes to Standalone 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, 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** |
| Additions | - | 114.67 | 0.11 | 1,139.13 | 21.46 | 8.93 | 90.56 | 0.60 | 0.50 | 1,375.96 |
| Disposals | - | - | - | (276.63) | - | (0.84) | (20.85) | (0.10) | (3.77) | (302.19) |
| **At March 31, 2024** | **396.33** | **5,607.06** | **47.99** | **13,854.11** | **273.39** | **171.48** | **589.99** | **290.55** | **69.12** | **21,300.02** |
| **Accumulated depreciation** | | | | | | | | | | |
| **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** |
| Depreciation for the year | - | 187.23 | 4.09 | 906.31 | 27.62 | 22.93 | 46.67 | 24.47 | 6.57 | 1,225.89 |
| Disposals | - | - | - | (236.79) | - | (0.69) | (20.39) | (0.05) | (3.64) | (261.56) |
| **At March 31, 2024** | **-** | **1,213.86** | **20.30** | **6,673.89** | **214.76** | **131.98** | **279.95** | **165.93** | **38.87** | **8,739.54** |
| **Net carrying amount** | | | | | | | | | | |
| 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 |
| **As at March 31, 2024** | **396.33** | **4,393.20** | **27.69** | **7,180.22** | **58.63** | **39.50** | **310.04** | **124.62** | **30.25** | **12,560.48** |

During the year ended March 31, 2024, the management performed an operational review on Property, plant and equipment. As a result, the Company has revised the useful life for certain items of plant and equipment based on the technical evaluation performed by the Chartered engineer and has increased the useful life of certain items of plant and equipment. This has resulted in decrease in depreciation expense, in current year by ₹ 70.26 million (March 31, 2023: Nil).

| | |
|---|---|
| **Capital work-in-progress** | |
| As at March 31, 2023 | 634.60 |
| **As at March 31, 2024** | **525.31** |

### Capital work -in -progress- Movement

| Particulars | March 31, 2024 | March 31, 2023 |
|---|---|---|
| **Balance at the beginning of the year** | 634.60 | 1,941.46 |
| Additions | 1,266.67 | 1,429.01 |
| Capitalized during the year | (1,375.96) | (2,735.87) |
| **Balance at the end of the year** | **525.31** | **634.60** |

# Notes to Standalone Financial Statements (Cont..)

(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, 2024 | | | | March 31, 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | Amount for a period of | | | Total | Amount for a period of | | | Total |
| | Less than 1year | 1-2 years | 2-3 years | | Less than 1 year | 1-2 years | 2-3 years | |
| Projects in progress | 453.38 | 37.26 | 34.67 | 525.31 | 482.56 | 150.92 | 1.12 | 634.60 |
| **Total** | **453.38** | **37.26** | **34.67** | **525.31** | **482.56** | **150.92** | **1.12** | **634.60** |

i) There is no project which is temporarily suspended.

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

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

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

v) For contractual commitments - refer note 26(c).

vi) The Company has not revalued its property, plant and equipment 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, 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** |
| Additions | - | 16.14 | - | - | 16.14 |
| Disposals | - | - | - | - | - |
| **As at March 31, 2024** | **-** | **230.52** | **1,142.74** | **173.26** | **1,546.52** |
| **Accumulated amortisation** | | | | | |
| **At March 31, 2022** | **318.95** | **105.21** | **405.66** | **140.80** | **970.62** |
| Amortisation 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** |
| Amortisation for the year | - | 18.09 | 136.77 | 17.14 | 172.00 |
| Disposals | - | - | - | - | - |
| **As at March 31, 2024** | **-** | **138.67** | **653.81** | **172.56** | **965.04** |
| **Net carrying amount** | | | | | |
| As at March 31, 2023 | - | 93.80 | 625.70 | 17.84 | 737.34 |
| **As at March 31, 2024** | **-** | **91.85** | **488.93** | **0.70** | **581.48** |

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

**Intangible assets under development**

| | |
|---|---|
| As at March 31, 2023 | - |
| **As at March 31, 2024** | **4.06** |

**Ageing Schedule for Intangible assets under development as below**

| Intangible assets under development | Amount for a period of | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| **March 31, 2024** | | | | | |
| Projects in Progress | 4.06 | - | - | - | 4.06 |
| **Total** | **4.06** | **-** | **-** | **-** | **4.06** |
| **March 31, 2023** | | | | | |
| Projects in Progress | - | - | - | - | - |
| **Total** | **-** | **-** | **-** | **-** | **-** |

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

# Notes to Standalone Financial Statements (Cont..)

(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, 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** |
| Additions | - | 25.76 | 25.76 |
| Deletions | - | - | - |
| **As at March 31, 2024** | **204.86** | **71.33** | **276.19** |
| **Accumulated depreciation** | | | |
| **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** |
| Depreciation for the year | 29.23 | 11.36 | 40.59 |
| Deletions | - | - | - |
| **As at March 31, 2024** | **137.47** | **43.97** | **181.44** |
| **Net carrying amount** | | | |
| As at March 31, 2023 | 96.62 | 12.96 | 109.58 |
| **As at March 31, 2024** | **67.39** | **27.36** | **94.75** |

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, 2024** | As at March 31, 2023 |
|---|---|---|
| **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, 2023 : 700,000) common stock of USD 0.10 each fully paid up | 11.63 | 11.63 |
| Granules Pharmaceuticals Inc., USA - 4,180 (March 31, 2023 : 4,180) common stock of USD 1 each fully paid up | 5,645.37 | 5,645.37 |
| Granules Europe Limited, UK - 100 (March 31, 2023 : 100) equity shares of 1 Pound each fully paid up | 0.01 | 0.01 |
| Granules Life Sciences Private Limited, India - 225,000,000 (March 31, 2023 : 60,000,000) equity shares of ₹ 10/- each fully paid up | 2,250.00 | 600.00 |
| Granules CZRO Private Limited, India - 149,865,750 (March 31, 2023 : 50,000,000) equity shares of ₹ 10/- each fully paid up | 1,498.66 | 500.00 |
| **In Others (Fair value through OCI)** | | |
| Jeedimetla Effluent Treatment Ltd - 15,142 (March 31, 2023 : 15,142) equity shares of ₹ 10/- each fully paid up | 5.96 | 5.96 |
| Patancheru Envirotech Ltd - 34,040 (March 31, 2023 :34,040) equity shares of ₹ 10/- each fully paid up | 0.34 | 0.34 |
| RVK Energy Private Ltd - 1,282,000 (March 31, 2023: 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, 2023 : 100) equity shares | 0.01 | 0.01 |
| **Total** | **9,413.98** | **6,765.32** |
| Aggregate book value of quoted investments | 0.01 | 0.01 |
| Aggregate market value of quoted investments | 0.12 | 0.08 |
| Aggregate value of unquoted investments | 9,413.97 | 6,765.31 |
| Aggregate amount of impairment in value of investments | - | - |

# Notes to Standalone Financial Statements (Cont..)

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

### 4B. Loans (Unsecured, considered good)

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Loans to related parties (refer note 31) | | |
| Granules Europe Limited (refer note 7C) | - | 121.46 |
| **Total** | **-** | **121.46** |

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

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Security deposits | 153.77 | 139.88 |
| Share application money pending allotment (refer note 31) | - | 100.00 |
| **Total** | **153.77** | **239.88** |

## 5. Other assets

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

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Capital advances | 260.74 | 688.13 |
| **Total** | **260.74** | **688.13** |

### 5B. Current (Unsecured, considered good)

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Balance with government authorities | 1,166.21 | 909.18 |
| Prepaid expenses | 233.13 | 238.57 |
| Export incentives receivable | 122.36 | 109.92 |
| Advance to suppliers | | |
| Considered good | 367.98 | 209.58 |
| Considered doubtful | 31.36 | 31.36 |
| | **1,921.04** | **1,498.61** |
| Less : Allowance for doubtful advances* | (31.36) | (31.36) |
| **Total** | **1,889.68** | **1,467.25** |

***Details of movement in allowance for doubtful advances**:

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|---|---|---|
| Balance at the beginning of the year | (31.36) | (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)** | **(31.36)** |

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

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Raw materials* | 2,633.20 | 3,139.48 |
| Packing materials | 267.76 | 184.27 |
| Work-in-progress | 920.08 | 846.18 |
| Finished goods** | 1,503.88 | 1,375.71 |
| Stores, spares and consumables | 461.23 | 388.50 |
| **Total** | **5,786.15** | **5,934.14** |

*includes raw materials-in-transit ₹ 209.52 millions (March 31, 2023 - ₹ 142.33 millions).

**includes finished goods-in-transit ₹ 350.95 millions (March 31, 2023 - ₹ 558.07 millions)

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

ii) The Company recorded inventory write-down of ₹ 150.09 millions (March 31, 2023 - ₹ 30.56 millions). These were recognised as an expense during the year and included in "changes in finished goods and work-in-progress" in Statement of profit and loss.

# Notes to Standalone Financial Statements (Cont..)

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

## 7. Financial Assets

### 7A. Trade receivables (Unsecured)

| Particulars | | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|---|
| (a) Considered good | | 16,224.48 | 13,719.53 |
| Less : Allowance for doubtful trade receivables/credit loss | | (45.75) | (20.33) |
| | (A) | 16,178.73 | 13,699.20 |
| (b) Significant increase in credit risk | | 274.63 | 141.41 |
| (c) Credit impaired | | 154.44 | 124.89 |
| Less : Allowance for doubtful trade receivables/credit loss | | (275.92) | (243.62) |
| | (B) | 153.15 | 22.68 |
| **Total** | **(C=A+B)** | **16,331.88** | **13,721.88** |

Refer note 31 for trade receivables due from related parties.

Trade receivables are non-interest bearing and are generally with credit period 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, 2024 | For the year ended March 31, 2023 |
|---|---|---|
| Balance at the beginning of the year | 263.95 | 293.47 |
| Provision made during the year, net of reversals | 57.72 | (29.52) |
| **Balance at the end of the year** | **321.67** | **263.95** |

**Ageing Schedule for Trade receivables as below**

**As at March 31, 2024**

| 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 | 13,361.45 | 2,711.47 | 151.56 | - | - | - | 16,224.48 |
| (ii) Undisputed Trade Receivables - which have significant increase in credit risk | - | - | 77.81 | 100.15 | 65.28 | 31.39 | 274.63 |
| (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 | - | - | - | - | 29.55 | 124.89 | 154.44 |
| **Total** | **13,361.45** | **2,711.47** | **229.37** | **100.15** | **94.83** | **156.28** | **16,653.55** |

# Notes to Standalone Financial Statements (Cont..)

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

### 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** |

### 7B. Cash and bank balances

| Particulars | **As at March 31, 2024** | As at March 31, 2023 |
|---|---|---|
| **Cash and cash equivalents** | | |
| **i) Cash on hand** | 1.19 | 1.04 |
| **ii) Balance with banks:** | | |
| On current accounts | 281.58 | 63.02 |
| On EEFC accounts | 1,098.02 | 373.40 |
| Deposits with original maturity of less than 3 months | 850.00 | 1,380.00 |
| **Total -(i+ii)** | **2,230.79** | **1,817.46** |
| **iii) Bank balances other than cash and cash equivalents stated above** | | |
| Unpaid dividend account | 4.85 | 5.40 |
| Margin money deposits (refer note {a} below) | 45.50 | 206.93 |
| **Total -(iii)** | **50.35** | **212.33** |

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, 2024** | As at March 31, 2023 |
|---|---|---|
| - Loans to related parties (refer note 31) | | |
| Granules Europe Limited | 27.33 | - |
| **Total** | **27.33** | **-** |

(i) The above 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, modernisation and general corporate purpose of the subsidiaries outside India.

(ii) Repayments received is ₹ 99.38 millions (March 31, 2023 - ₹ 21.11 millions) during the financial year ended March 31, 2024.

(iii) Since the loan is expected to be received within the next 12 months and accordingly classified as current.

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

| Particulars | **March 31, 2024** | March 31, 2023 |
|---|---|---|
| Granules Europe Limited | 121.46 | 136.13 |

# Notes to Standalone Financial Statements (Cont..)

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

### 7D. Other financial assets

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Interest accrued but not due on deposits | 7.64 | 7.48 |
| Derivative financial instruments | 2.38 | 5.49 |
| Advance to employees | 11.05 | 10.35 |
| Corporate guarantee commission receivable (refer note 31) | 1.97 | 3.28 |
| **Total** | **23.04** | **26.60** |

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

## 8. Equity share capital

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Authorized** | | |
| 505,000,000 (March 31, 2023: 505,000,000) equity shares of ₹ 1/- each | 505.00 | 505.00 |
| **Issued, subscribed and fully paid up** | | |
| 242,368,716 fully paid up equity shares of ₹ 1/- each (March 31, 2023 : 242,042,756 equity shares of ₹ 1/- each) | 242.37 | 242.04 |

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

| Equity Shares | As at March 31, 2024 | | As at March 31, 2023 | |
|---|---|---|---|---|
| | No. | ₹ | No. | ₹ |
| At the beginning of the year | 24,20,42,756 | 242.04 | 24,80,05,776 | 248.01 |
| Add: Shares issued on exercise of employee stock options | 3,25,960 | 0.33 | 2,86,980 | 0.29 |
| Less: Buyback of equity shares | - | - | (62,50,000) | (6.25) |
| **Outstanding at the end of the year** | **24,23,68,716** | **242.37** | **24,20,42,756** | **242.04** |

### 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, 2024, the amount of final dividend per equity share recommended by the board to equity shareholders was ₹ 1.50 (March 31, 2023: ₹ 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

| Particulars | As at March 31, 2024 | | As at March 31, 2023 | |
|---|---|---|---|---|
| | No. of shares | % holding | No. of shares | % holding |
| Dr. Krishna Prasad Chigurupati | 8,42,99,111 | 34.78% | 8,42,99,111 | 34.83% |

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

# Notes to Standalone Financial Statements (Cont..)

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

### 8.4 Disclosure of Shareholding of Promoters

**As at March 31, 2024**

**Shares held by Promoters**

| Promoter Name | As at March 31, 2024 | | As at March 31, 2023 | | % Change during the year |
|---|---|---|---|---|---|
| | No of Shares | % of total shares | No of Shares | % of total shares | |
| Dr. Krishna Prasad Chigurupati | 8,42,99,111 | 34.78% | 8,42,99,111 | 34.83% | -0.05% |
| Uma Devi Chigurupati | 92,40,761 | 3.81% | 92,40,761 | 3.82% | -0.01% |
| Priyanka Chigurupati | 18,18,683 | 0.75% | 18,18,683 | 0.75% | - |
| Pragnya Chigurupati | 18,42,035 | 0.76% | 18,42,035 | 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% | 35,52,557 | 1.47% | - |
| Venkata Mahesh Krishna Narra | - | 0.00% | 5,000 | 0.00% | - |
| Santhi Sree Ramanavarapu | 8,55,878 | 0.35% | 8,55,878 | 0.35% | - |

**As at March 31, 2023**

**Shares held by Promoters**

| Promoter Name | As at March 31, 2023 | | As at 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% |
| Uma Devi Chigurupati | 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% | - |

### 8.5 Employee stock option plan

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 previous 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 October 19, 2022. An amount corresponding to face value of the shares bought back was transferred to Capital Redemption Reserve were adjusted against General reserve.

# Notes to Standalone Financial Statements (Cont..)

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

## 9. Other equity

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

### Securities premium

Securities premium is used to record the premium received on issue of shares. It is 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, 2024 | March 31, 2023 |
|---|---|---|
| ₹ 1.50 per equity share (March 31, 2023 : ₹ 0.75 per share) | 363.06 | 186.22 |
| | **363.06** | **186.22** |

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 recognised as liabilities.

| Particulars | March 31, 2024 | March 31, 2023 |
|---|---|---|
| ₹ 1.50 per equity share (March 31, 2023 : ₹ 1.50 per share) | 363.55 | 363.06 |
| | **363.55** | **363.06** |

### 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, 2024 | As at March 31, 2023 |
|---|---|---|
| Balance at the beginning of the year | (212.84) | (158.84) |
| Gain/(loss) recognised in other comprehensive income during the year | (42.75) | (145.01) |
| Amount reclassified to statement of profit and loss during the year | 161.08 | 72.85 |
| Tax impact on the above | (29.78) | 18.16 |
| **Balance at the end of the year** | **(124.29)** | **(212.84)** |

# Notes to Standalone Financial Statements (Cont..)

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

## 10. Non-current financial liabilities

### 10A. Borrowings

| Particulars | Non-current portion | | Current maturities (refer Note 13A) | |
|---|---|---|---|---|
| | **As at March 31, 2024** | As at March 31, 2023 | **As at March 31, 2024** | As at March 31, 2023 |
| Term Loans (Secured) | | | | |
| Loans from banks/financial institutions | 500.08 | 1,486.44 | 1,000.15 | 990.96 |
| **Total** | **500.08** | **1,486.44** | **1,000.15** | **990.96** |

**The details of secured loans are as under:**

| Name of the bank/financial institutions | **Outstanding as on March 31, 2024** | Outstanding as on March 31, 2023 | Sanction Amount | No of Installments | Commencement of Installments | Rate of Interest |
|---|---|---|---|---|---|---|
| International Finance Corporation (Refer note (i) and (ii)) | 1,013.67 | 1,673.92 | EUR 45.00 Mn | 12 half yearly equal installments of EUR 3.75 Mn | Jan-20 | 6M Euribor + 1.00% p.a. (March 31, 2023 : 6M Euribor +1.00% p.a.) |
| Hong Kong and Shanghai Banking Corporation (Refer note (i) and (ii)) | 486.56 | 803.48 | EUR 16.20 Mn | 9 half yearly installments of EUR 1.8 Mn | Jul-21 | 6M Euribor +0.80 % p.a. (March 31, 2023: 6M Euribor +0.80 % p.a.) |

i) All secured term loans are secured by a *pari passu* first charge on the Property, plant and equipment of present and future of the Company and a *pari passu* 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, 2024** | As at March 31, 2023 |
|---|---|---|
| Non-current lease liabilities | 72.14 | 86.98 |
| Current lease liabilities | 35.50 | 35.58 |
| | **107.64** | **122.56** |

**The following is the movement in lease liabilities:**

| | |
|---|---|
| **Balance as at April 1, 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** |
| Additions | 25.76 |
| Finance cost accrued for the year | 9.12 |
| Deletions | - |
| Payment of lease liabilities | (49.80) |
| **Balance as at March 31, 2024** | **107.64** |

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

| Particulars | **March 31, 2024** | March 31, 2023 |
|---|---|---|
| Less than one year | 42.55 | 43.71 |
| One to five years | 72.65 | 96.91 |
| More than five years | - | - |
| **Total** | **115.20** | **140.62** |

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 2024-2028.

iii) Amount recognised in Statement of profit and loss related to leases

# Notes to Standalone Financial Statements (Cont..)

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

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|---|---|---|
| Depreciation expense of right-of-use assets (refer note 21) | 40.59 | 61.29 |
| Interest expense on lease liabilities (refer note 20) | 9.12 | 11.47 |
| Expense relating to short-term leases (refer note 22) | 70.88 | 19.53 |
| **Total amount recognised in statement of profit and loss** | **120.59** | **92.29** |

## 11. Provisions

### 11A. Non-current

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Provision for employee benefits | | |
| Gratuity (refer note 28(b)) | 287.01 | 219.08 |
| Compensated absences* | 91.60 | 73.48 |
| **Total** | **378.61** | **292.56** |
| | | |
| ***Details of movement in provision for Compensated absences are as follows:** | | |
| Balance as at beginning of the year | 116.69 | 118.09 |
| Provision made during the year, net of reversals | 69.33 | 48.56 |
| Provision used during the year | (45.72) | (49.96) |
| **Balance as at end of the year** | **140.30** | **116.69** |

### 11B. Current

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Provision for employee benefits | | |
| Gratuity (refer note 28(b)) | 66.09 | 65.81 |
| Compensated absences | 48.70 | 43.21 |
| Provision for Sale return* | 3.57 | 37.14 |
| **Total** | **118.36** | **146.16** |
| | | |
| ***Details of movement in provision for Sale return are as follows:** | | |
| Balance as at beginning of the year | 37.14 | 129.91 |
| Provision made during the year, net of reversals | - | 2.16 |
| Provision used during the year | (33.57) | (94.93) |
| **Balance as at end of the year** | **3.57** | **37.14** |

## 12. Deferred tax liability (net)

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Deferred tax liability** | | |
| Property, plant and equipment and intangible assets | 625.54 | 583.45 |
| Right of use assets | 23.85 | 27.58 |
| **Gross deferred tax liability** | **649.39** | **611.03** |
| **Deferred tax assets** | | |
| Employee benefit obligations | 128.98 | 105.47 |
| Allowance for doubtful debts / credit loss | 80.96 | 66.43 |
| Allowance for doubtful advances | 7.89 | 7.89 |
| Lease liability | 27.09 | 30.85 |
| Cash flow hedges | 41.80 | 71.58 |
| Others | 52.20 | 94.37 |
| **Gross deferred tax assets** | **338.92** | **376.59** |
| **Deferred tax liability (net)** | **310.47** | **234.44** |

(refer note 24 for movement in deferred tax balances)

# Notes to Standalone Financial Statements (Cont..)

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

## 13. Current financial liabilities

### 13A. Borrowings

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Current borrowings - repayable on demand from banks | | |
| Packing credit loans (secured) [refer note (i) & (ii)] | 5,512.85 | 5,440.19 |
| Packing credit loans (unsecured) [refer note (ii)] | 3,529.43 | 1,190.60 |
| Current maturities of non-current borrowings (refer note 10A) | 1,000.15 | 990.96 |
| | **10,042.43** | **7,621.75** |

i) All secured current borrowings from banks are secured by a *pari passu* first charge on the current assets of present and future of the Company and a *pari passu* 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 5.7% to 5.9% p.a Benchmark linked to SOFR 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, 2024, 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 account.

### 13B. Trade payables

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Trade payables {refer note (b) below} | | |
| Total outstanding dues of micro enterprises and small enterprises {refer note (a) below} | 46.79 | 115.15 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 6,499.53 | 7,328.79 |
| **Total** | **6,546.32** | **7,443.94** |
| | | |
| **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 | 46.79 | 115.15 |
| 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 disclosed in Note 33. | | |
| Refer Note 31 for trade payable to related parties. | | |

# Notes to Standalone Financial Statements (Cont..)

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

**Note (c):**

**Ageing Schedule for Trade payables as below:**

### As on March 31, 2024

| 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 | 46.79 | - | - | - | 46.79 |
| ii) Others | 6,440.19 | 35.14 | 16.90 | 7.30 | 6,499.53 |
| iii) Disputed dues-MSME | - | - | - | - | - |
| iv) Disputed dues-others | | - | - | - | - |
| **Total** | **6,486.98** | **35.14** | **16.90** | **7.30** | **6,546.32** |

### 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** |

### 13C.Other financial liabilities

| Particulars | **As at March 31, 2024** | As at March 31, 2023 |
|---|---|---|
| Capital creditors | 265.05 | 191.66 |
| Salaries & bonus payable | 239.90 | 219.74 |
| Unclaimed dividend | 5.08 | 5.63 |
| Interest accrued but not due on borrowings | 17.43 | 19.91 |
| Others | 130.52 | 67.17 |
| **Total** | **657.98** | **504.11** |

## 14. Other current liabilities

| Particulars | **As at March 31, 2024** | As at March 31, 2023 |
|---|---|---|
| Contract liabilities (refer note 15) | 168.16 | 12.43 |
| Statutory liabilities | 74.51 | 83.60 |
| **Total** | **242.67** | **96.03** |

## 15. Revenue from contracts with customers

| Particulars | **For the year ended March 31, 2024** | For the year ended March 31, 2023 |
|---|---|---|
| Sale of products | 37,401.33 | 39,156.21 |
| Other operating revenue | 149.58 | 155.79 |
| **Total** | **37,550.91** | **39,312.00** |

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 products are made at a point in time and revenue is recognised upon satisfaction of the performance obligations which is typically upon dispatch / delivery. The Company has a credit evaluation policy based on which the credit limits for the trade receivables are established. There is no significant financing component as the credit period provided by the Company is not significant.

# Notes to Standalone Financial Statements (Cont..)

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

**Details of contract liabilities:**

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Contract liabilities (refer note 14) | 168.16 | 12.43 |
| | **168.16** | **12.43** |

The Contract liabilities are primarily relate to advance consideration received from customers for sale of products, for which revenue is recorded at a point in time. The amount of ₹ 1.25 millions (March 31, 2023 -₹ 50.71 millions) included in contract liabilities as at March 31, 2023 has been recognised as revenue in the current year.

## 16. Other income

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|---|---|---|
| Interest income on | | |
| Deposits with banks | 11.44 | 38.43 |
| Others (refer note 31) | 17.86 | 7.93 |
| Other non-operating income | 28.47 | 52.96 |
| **Total** | **57.77** | **99.32** |

## 17. Cost of materials consumed

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|---|---|---|
| Inventory at the beginning of the year | 3,323.75 | 2,766.56 |
| Add: Purchases | 18,848.45 | 21,556.47 |
| | **22,172.20** | **24,323.03** |
| Less: Inventory at the end of the year | 2,900.96 | 3,323.75 |
| **Cost of materials consumed** | **19,271.24** | **20,999.28** |

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

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|---|---|---|
| **Inventories at the end of the year** | | |
| Finished goods | 1,503.88 | 1,375.71 |
| Work-in-progress | 920.08 | 846.18 |
| | **2,423.96** | **2,221.89** |
| **Inventories at the beginning of the year** | | |
| Finished goods | 1,375.71 | 1,967.43 |
| Work-in-progress | 846.18 | 869.67 |
| | **2,221.89** | **2,837.10** |
| **Total** | **(202.07)** | **615.21** |

## 19. Employee benefit expenses

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|---|---|---|
| Salaries, wages and bonus (refer note 28(b)) | 3,082.49 | 2,572.75 |
| Managerial remuneration (refer note 31) | 476.20 | 518.84 |
| Contribution to provident and other funds (refer note 28(a)) | 118.47 | 99.76 |
| Staff welfare expenses | 126.10 | 97.45 |
| Employee stock option scheme (refer note 27) | 2.82 | 11.91 |
| **Total** | **3,806.08** | **3,300.71** |

# Notes to Standalone Financial Statements (Cont..)

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

## 20. Finance costs

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|---|---|---|
| Interest expense | | |
| - Term loan | 91.09 | 48.32 |
| - Working capital | 494.82 | 281.99 |
| - Others | 2.51 | 3.32 |
| Interest on lease liabilities (refer note 10B) | 9.12 | 11.47 |
| Other borrowing costs | 122.44 | 41.64 |
| **Total** | **719.98** | **386.74** |

## 21. Depreciation and amortisation

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|---|---|---|
| Depreciation | 1,266.48 | 1,307.80 |
| Amortisation | 172.00 | 147.77 |
| **Total** | **1,438.48** | **1,455.57** |

## 22. Other expenses

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|---|---|---|
| Consumption of stores and spares | 242.28 | 199.97 |
| Power and fuel | 930.13 | 889.45 |
| Effluent treatment expenses | 201.56 | 201.19 |
| Analytical fees | 45.56 | 35.12 |
| Other manufacturing expenses | 99.82 | 54.61 |
| Repairs and maintenance | | |
| Plant and machinery | 495.68 | 405.49 |
| Buildings | 78.64 | 56.94 |
| Others | 259.42 | 220.72 |
| Rent | 70.88 | 19.53 |
| Rates and taxes | 198.91 | 195.53 |
| Printing and stationery | 21.36 | 18.41 |
| Insurance | 171.51 | 120.02 |
| Directors sitting fees (refer note 31) | 3.68 | 4.33 |
| Commission to Directors (refer note 31) | 19.55 | 21.21 |
| Remuneration to statutory auditors (refer note 30) | 7.88 | 6.69 |
| Sales commission | 348.20 | 331.70 |
| Carriage outwards and clearing charges | 1,274.70 | 1,699.87 |
| Research & Development expenses (refer note 29) | 1,328.44 | 913.54 |
| Business Promotion expense | 42.09 | 29.90 |
| Communication expenses | 13.79 | 12.80 |
| Consultancy charges | 168.03 | 189.97 |
| Travelling and conveyance | 142.16 | 113.20 |
| Advertisement Charges | 0.89 | 5.98 |
| Donations | 30.21 | 1.00 |
| Contribution to political parties* | 130.00 | - |
| Loss on sale of property, plant and equipment (net) | 23.20 | 13.82 |
| Bad debts written off | - | 0.54 |
| Allowance for doubtful trade receivables (refer note 7A) | 57.72 | (29.52) |
| Allowance for doubtful advances | - | 14.41 |
| Corporate social responsibility expenditure (refer note 23) | 128.24 | 110.02 |
| Foreign exchange loss (net) | 18.58 | 69.46 |
| Miscellaneous expenses | 108.95 | 88.51 |
| **Total** | **6,662.06** | **6,014.41** |

*Includes ₹ 30.00 millions contribution made to electoral bonds and ₹ 100.00 millions contribution made to Political party - Bharatiya Janata Party

# Notes to Standalone Financial Statements (Cont..)

(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, 2024 | For the year ended March 31, 2023 |
|---|---|---|
| a) Gross amount required to be spent by the Company during the year: | 128.20 | 109.99 |
| (b) Amount spent during the year ended | | |
| (i) Construction/acquisition of any asset | - | 5.97 |
| (ii) On purposes other than (i) above in cash | 128.24 | 104.05 |
| (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) | 114.70 | 37.10 |
| (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 separately. | Not Applicable | Not Applicable |
| (i) Excess amount spent | | |
| Opening Balance | 0.17 | 0.14 |
| Amount required to be spent during the year | 128.20 | 109.99 |
| Amount spent during the year | 128.24 | 110.02 |
| **Closing balance** | **0.21** | **0.17** |

## 24. Tax expense

### (a) Tax expense:

**Amount recognised in profit (or) loss**

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|---|---|---|
| Current tax | 1,506.05 | 1,702.06 |
| Deferred tax benefit | | |
| Attributable to the origination and reversal of temporary differences | 47.68 | (50.51) |
| **Total tax expense recognised in statement of profit & loss** | **1,553.73** | **1,651.55** |

### (b) Reconciliation of effective tax rate:

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|---|---|---|
| Profit before tax (A) | 5,912.91 | 6,639.40 |
| Enacted tax rate in India (B) | 25.17% | 25.17% |
| Expected tax expenses (C = A*B) | 1,488.16 | 1,671.01 |
| Adjustment of tax relating to earlier periods | - | (39.28) |
| Permanent differences | 72.60 | 27.94 |
| Others | (7.03) | (8.12) |
| **Tax expense** | **1,553.73** | **1,651.55** |
| Effective tax rate | 26.28% | 24.87% |

# Notes to Standalone Financial Statements (Cont..)

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

**Movement in temporary differences:**

| Particulars | Balance as at April 1, 2022 | Recognised in statement of profit or loss during the previous year | Recognised in OCI during the previous year | Balance as at March 31, 2023 | Recognised in profit or loss during the year | Recognised in OCI during the year | **Balance as at March 31, 2024** |
|---|---|---|---|---|---|---|---|
| On account of depreciation and amortization | (532.41) | (51.04) | - | (583.45) | (42.09) | - | (625.54) |
| On account of right-of-use assets | (31.58) | 4.00 | - | (27.58) | 3.73 | - | (23.85) |
| On account of employee benefits | 97.61 | 10.26 | (2.40) | 105.47 | 22.08 | 1.43 | 128.98 |
| On account of allowance for doubtful debts | 73.86 | (7.43) | - | 66.43 | 14.53 | - | 80.96 |
| On account of allowance for doubtful advances | 4.27 | 3.62 | - | 7.89 | - | - | 7.89 |
| On account of leased liability | 34.11 | (3.26) | - | 30.85 | (3.76) | - | 27.09 |
| On account of cash flow hedges | 53.42 | - | 18.16 | 71.58 | - | (29.78) | 41.80 |
| On account of others | - | 94.37 | - | 94.37 | (42.17) | - | 52.20 |
| **Total** | **(300.72)** | **50.51** | **15.76** | **(234.44)** | **(47.68)** | **(28.35)** | **(310.47)** |

**Income tax recognised in other comprehensive income**

| Particulars | **For the year ended March 31, 2024** | | | For the year ended March 31, 2023 | | |
|---|---|---|---|---|---|---|
| | **Before tax** | **Tax (expense) benefit** | **Net of tax** | Before tax | Tax (expense) benefit | Net of tax |
| Fair value changes on cash flow hedges | 118.33 | (29.78) | 88.55 | (72.16) | 18.16 | (54.00) |
| Re-measurement of defined benefit liability | (5.68) | 1.43 | (4.25) | 9.52 | (2.40) | 7.12 |
| **Total** | **112.65** | **(28.35)** | **84.30** | **(62.64)** | **15.76** | **(46.88)** |

## 25. Earning per equity share (EPS)

| Particulars | **For the year ended March 31, 2024** | For the year ended March 31, 2023 |
|---|---|---|
| Earnings | | |
| Profit for the year | **4,359.18** | **4,987.85** |
| Weighted average shares used for computing of basic EPS | 242.21 | 245.41 |
| Add: Effect of dilution | | |
| Effect of dilutive options granted but not yet exercised/not yet eligible for exercise | 0.14 | 0.33 |
| Weighted average shares used for computing diluted EPS | **242.35** | **245.74** |
| Earnings per share | | |
| - Basic (in ₹ ) | 18.00 | 20.32 |
| - Diluted (in ₹ ) | 17.99 | 20.30 |

## 26. Contingent liabilities and commitments

| Particulars | **As at March 31, 2024** | As at March 31, 2023 |
|---|---|---|
| **(a) Contingent liabilities:** | | |
| Claims arising from disputes not acknowledged as debts - direct taxes | 21.11 | 21.11 |
| 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.

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.

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

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **(b) Guarantees** | | |
| Corporate guarantees given in favour of banks towards loans obtained by Wholly-Owned subsidiary company | | |
| - Granules USA, Inc. | 1,250.20 | 1,293.28 |
| - Granules Pharmaceuticals, Inc. | - | 344.87 |
| - Granules Life Sciences Private Limited | 189.63 | - |

During March 31, 2024, the Company has given guarantee to State Bank of India on behalf of Granules Lifesciences Private Limited ("GLS") amounting to ₹ 4,000 Million for a term loan obtained by GLS. GLS has utilized guarantee to the extent of ₹ 189.63 Million as at March 31, 2024 towards business purpose.

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **(c) Commitments** | | |
| Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances | 445.65 | 466.38 |

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

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

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

Under the above Scheme till date, options were granted in eight tranches. 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 September 28, 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.

# Notes to Standalone Financial Statements (Cont..)

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

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 summarized below:**

| Particulars | For the year ended March 31, 2024 | | | |
|---|---|---|---|---|
| | **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 | 6,45,960 | 97.00 to 353.00 | 157.99 | 26 |
| Add : Granted during the year | - | - | - | - |
| Less: Exercised during the year | 3,25,960 | 97.00 | 97.00 | - |
| Less: Lapsed/Cancelled/Surrendered during the Year | 20,000 | 97.00 | 97.00 | - |
| At the end of the year | 3,00,000 | 97.00 to 353.00 | 228.33 | 14 |
| Exercisable at the end of the year | 3,00,000 | 97.00 to 353.00 | 228.33 | 14 |

| 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 |

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 |

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

| Particulars | **For the year ended March 31, 2024** | For the year ended March 31, 2023 |
|---|---|---|
| Employee stock option scheme (refer note 19) | 2.82 | 11.91 |

## 28. Employee benefits

### a) Defined contribution plan

| Particulars | **March 31, 2024** | March 31, 2023 |
|---|---|---|
| Contribution to provident fund | 112.93 | 94.70 |
| Contribution to employee state insurance | 5.54 | 5.06 |
| **Total** | **118.47** | **99.76** |

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

**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.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

| Particulars | Defined benefit obligation | Fair value of plan assets | Net defined benefit (asset)/ liability |
|---|---|---|---|
| **Balance as on March 31, 2022** | **279.86** | **(16.43)** | **263.43** |
| Current service cost | 42.58 | - | 42.58 |
| Interest expense/(income) | 19.58 | (1.22) | 18.36 |
| **Amount recognised 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 recognised in other comprehensive income** | **(9.62)** | **0.11** | **(9.52)** |
| Employers contribution | - | - | - |
| Benefits paid | (29.96) | - | (29.96) |
| **Balance as on March 31, 2023** | **302.44** | **(17.54)** | **284.89** |
| Current service cost | 52.80 | - | 52.80 |
| Interest expense/(income) | 21.65 | (0.65) | 21.00 |
| **Amount recognised in Statement of profit and loss** | **74.45** | **(0.65)** | **73.80** |
| Remeasurements: | | | |
| Return on plan assets, excluding amounts included in interest expense/(income) | - | - | - |
| Actuarial (gain)/loss arising from: | | | |
| Demographic assumptions | 6.00 | - | 6.00 |
| Financial assumptions | (2.19) | 0.46 | (1.73) |
| Experience adjustment | 1.41 | - | 1.41 |
| **Amount recognised in other comprehensive income** | **5.22** | **0.46** | **5.68** |
| Employers contribution | - | - | - |
| Benefits paid | (28.98) | 17.71 | (11.27) |
| **Balance as at March 31, 2024** | **353.13** | **(0.02)** | **353.10** |

| Particulars | **As at March 31, 2024** | As at March 31, 2023 |
|---|---|---|
| Non-current | 287.01 | 219.08 |
| Current | 66.09 | 65.81 |
| | **353.10** | **284.89** |

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

| Particulars | **For the year ended March 31, 2024** | For the year ended March 31, 2023 |
|---|---|---|
| Interest rate | 7.24% | 7.52% |
| Discount rate | 7.24% | 7.52% |
| Expected return on plan assets | 7.24% | 7.52% |
| Salary increase | 8% to 10.0% | 8% to 10.0% |
| Attrition rate | 20.00% | 25.00% |
| 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 5.00 years (March 31, 2023: 4.47 years)

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

# Notes to Standalone Financial Statements (Cont..)

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

### (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, 2024 | | For the year ended March 31, 2023 | |
|---|---|---|---|---|
| | Increase | Decrease | Increase | Decrease |
| Discount rate | (14.92) | 16.40 | (10.48) | 11.36 |
| Salary increase | 16.70 | (15.77) | 12.04 | (11.49) |
| Attrition rate | (1.29) | 1.34 | (0.85) | 0.88 |

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, 2024 and March 31, 2023, the plan assets have been invested in Life Insurance Corporation.

The expected contributions to the plan for the next annual period amounts to ₹ 353.10 millions (March 31, 2023: ₹ 284.90 millions).

**Maturity profile of defined benefit obligation**

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|---|---|---|
| 1st Following year | 66.47 | 66.01 |
| 2nd Following year | 53.69 | 57.32 |
| 3rd Following year | 51.19 | 47.93 |
| 4th Following year | 47.91 | 42.90 |
| 5th Following year | 42.92 | 37.47 |
| Years 6 to 10 | 262.79 | 108.45 |

## 29. Research and development expenses

Details of research and development expenses incurred during the year is given below

| Particulars | March 31, 2024 | March 31, 2023 |
|---|---|---|
| Capital | 90.67 | 83.63 |
| **Revenue (included in note 22)** | | |
| Cost of materials consumed | 126.34 | 96.61 |
| Employee benefit expenses | 381.82 | 295.46 |
| Other expenses | | |
| Analytical fees | 167.92 | 157.80 |
| Rates and taxes | 140.55 | 114.03 |
| Other research and development expenses | 511.81 | 249.64 |
| **Total** | **1,328.44** | **913.54** |
| **Total** | **1,419.11** | **997.17** |

## 30. Remuneration to statutory auditors

| Particulars | March 31, 2024 | March 31 2023 |
|---|---|---|
| As Auditor (excluding GST) | | |
| Statutory audit | 3.60 | 3.40 |
| Limited review | 2.40 | 2.10 |
| Certification | 1.48 | 1.05 |
| Reimbursement of expenses | 0.40 | 0.14 |
| **Total** | **7.88** | **6.69** |

# Notes to Standalone Financial Statements (Cont..)

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

## 31. Related party disclosures

### 31A. Names of related parties and description of relationship

| Name of the related party | | Relationship |
|---|---|---|
| 1 | 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 | Wholly-Owned step down subsidiary company |
| 6 | Granules CZRO Private Limited (Incorporated on January 16, 2023) | Wholly-Owned subsidiary company |
| 7 | Product Armor Packaging Private Limited | Enterprises over which key management personnel or their relatives exercise significant influence |
| 8 | Premas Biotech Private Limited | Enterprises over which key management personnel or their relatives exercise significant influence |
| 9 | Granules Trust | Enterprises over which key management personnel or their relatives exercise significant influence |
| **Key managerial personnel** | | |
| **Directors** | | |
| 1 | Dr. Krishna Prasad Chigurupati | Chairman and Managing Director |
| 2 | Dr. K.V.S Ram Rao | Joint Managing Director and Chief Executive Officer |
| 3 | Mrs. Uma Devi Chigurupati | Executive Director |
| 4 | Mr. Harsha Chigurupati | Executive Director |
| 5 | Ms. Priyanka Chigurupati (from January 23, 2024) | Executive Director |
| **Others** | | |
| 6 | Mr. Sandip Neogi (upto December 14, 2022) | Chief Financial Officer |
| 7 | Mr. Mukesh Surana (from December 30, 2022) | Chief Financial Officer |
| 8 | Mrs. Chaitanya Tummala | Company Secretary |
| **Non-executive directors** | | |
| 1 | Mr. K. B. Sankar Rao | Non-Executive Director |
| 2 | Mr. A. Arun Rao (upto March 31, 2024) | Independent Director |
| 3 | Mr. Arun Sawhney | Independent Director |
| 4 | Mr. Robert George Cunard (upto March 17, 2023) | Independent Director |
| 5 | Mr. Saumen Chakraborty | Independent Director |
| 6 | Mrs. Sucharita Rao Palepu | Independent Director |
| 7 | Mr. Kapil Kumar Mehan (from May 05, 2023) | Independent Director |
| 8 | Dr. Sethurathnam Ravi (from January 23, 2024) | Independent Director |
| 9 | Mr. Rajiv Pritidas Kakodkar (from February 20, 2024) | Independent Director |

### 31B. Transactions during the year

| Particulars | March 31, 2024 | March 31, 2023 |
|---|---|---|
| **a) Subsidiary companies including step down subsidiary** | | |
| i) Granules USA, Inc. | | |
| Sale of goods | 2,482.01 | 4,738.71 |
| Reimbursements to | 206.02 | 71.25 |
| Services rendered | 5.29 | 0.44 |
| Corporate guarantee | 1,250.20 | - |
| Commission on corporate guarantee | 1.97 | 2.59 |
| Purchases of goods | 1.04 | - |
| Sales Commission | 127.37 | - |
| ii) Granules Pharmaceuticals, Inc. | | |
| Sale of goods | 9,617.13 | 6,401.84 |
| Purchase of goods | 165.58 | - |
| Reimbursements | | |
| to Granules Pharmaceuticals, Inc | 125.88 | 31.05 |
| from Granules Pharmaceuticals, Inc | 2.69 | - |
| Services rendered | 7.63 | 3.40 |

# Notes to Standalone Financial Statements (Cont..)

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

| Particulars | March 31, 2024 | March 31, 2023 |
|---|---|---|
| Commission on corporate guarantee | - | 0.69 |
| iii) Granules Europe Limited | | |
| Interest on loans given | 2.42 | 5.95 |
| Loans given | - | 3.85 |
| Sales commission accrued | 24.75 | 149.39 |
| Loans repayments received | 99.38 | 21.11 |
| iv) Granules Life Sciences Private Limited | | |
| Sale of goods | 1.44 | - |
| Investment in subsidiary | 1,650.00 | 300.00 |
| Services rendered | 1.58 | 0.92 |
| Corporate guarantee | 189.63 | - |
| Reimbursements | - | 14.30 |
| v) Granules CZRO Private Limited | | |
| Investment in subsidiary* | 998.66 | 500.00 |
| Reimbursements | 6.13 | 4.38 |
| Share application money pending allotment | - | 100.00 |
| vi) Granules Consumer Health, Inc | | |
| Sale of goods | 3,155.45 | 1,330.28 |
| Reimbursements | 46.09 | - |
| Purchase of goods | 3.67 | - |

*Includes shares issued for a consideration other than cash amounting to ₹ 418.66 millions

| Particulars | March 31, 2024 | March 31, 2023 |
|---|---|---|
| **b) Transactions with enterprises over which key management personnel - directors or their relatives exercise significant influence** | | |
| i) Granules Trust | | |
| Contribution towards Corporate social responsibility | 114.70 | 37.10 |
| ii) Product Armor Packaging Private Limited | | |
| Purchases of goods | 303.69 | 44.32 |
| iii) 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 | 316.37 | 353.56 |
| ii) Dr. K.V.S Ram Rao | | |
| Managerial Remuneration | 96.55 | 94.56 |
| iii) Mrs. Uma Devi Chigurupati | | |
| Managerial Remuneration | 31.64 | 35.36 |
| iv) Mr. Harsha Chigurupati | | |
| Managerial Remuneration | 31.64 | 35.36 |
| v) Non-Executive Directors | | |
| Sitting fees | 3.68 | 4.33 |
| Commission | 19.55 | 21.21 |
| **d) Transactions with key managerial personnel - others** | | |
| i) Salary | 41.89 | 21.11 |

### 31C. Closing balances

| Particulars | March 31, 2024 | March 31, 2023 |
|---|---|---|
| **a) Subsidiary Companies including step down subsidiary** | | |
| i) Granules USA, Inc. | | |
| Investment in subsidiary | 11.63 | 11.63 |
| Trade receivables* | 2,067.67 | 1,428.52 |
| Trade payables* | 29.79 | - |
| Corporate guarantee given* | 1,250.20 | 1,293.28 |
| Other payables* | 20.50 | - |

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

| Particulars | | March 31, 2024 | March 31, 2023 |
|---|---|---|---|
| | Other receivables* | 5.25 | 2.59 |
| ii) | Granules Pharmaceuticals, Inc. | | |
| | Investment in subsidiary | 5,645.37 | 5,645.37 |
| | Trade receivables* | 4,970.74 | 3,344.76 |
| | Trade payables* | 151.63 | - |
| | Other Payables* | 50.11 | 19.64 |
| | Corporate guarantee given* | - | 344.87 |
| | Other Receivables* | 10.24 | 0.69 |
| iii) | Granules Europe Limited | | |
| | Investment in subsidiary | 0.01 | 0.01 |
| | Loan to subsidiaries* | 27.33 | 121.46 |
| | Sales commission payable* | - | 123.15 |
| iv) | Granules Life Sciences Private Limited | | |
| | Investment in subsidiary | 2,250.00 | 600.00 |
| | Trade receivables | 1.69 | - |
| | Other Receivables | 1.45 | - |
| | Corporate guarantee given | 189.63 | - |
| v) | Granules CZRO Private Limited | | |
| | Investment in subsidiary | 1,498.66 | 500.00 |
| | Share application money pending allotment | - | 100.00 |
| vi) | Granules Consumer Health, Inc | | |
| | Trade receivables* | 3,011.94 | 1,329.00 |
| | Trade payables* | 3.69 | - |
| **b)** | **Enterprises over which key management personnel or their relatives exercise significant influence** | | |
| i) | Product Armor Packaging Private Limited | | |
| | Trade payables | 3.23 | 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) *Foreign currency balances included above have been shown at restated values arrived by using the closing exchange 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:

# Notes to Standalone Financial Statements (Cont..)

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

| Particulars | As at March 31, 2024 | | | | | | |
|---|---|---|---|---|---|---|---|
| | 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 | - | - | 9,405.67 | 9,405.67 | - | - | - |
| Other non-current financial assets | - | - | 153.77 | 153.77 | - | - | - |
| Trade receivables | - | - | 16,331.88 | 16,331.88 | - | - | - |
| Cash and cash equivalents | - | - | 2,230.79 | 2,230.79 | - | - | - |
| Bank balances other than cash and cash equivalents | - | - | 50.35 | 50.35 | - | - | - |
| Current loans | - | - | 27.33 | 27.33 | - | - | - |
| Other current financial assets | - | - | 20.66 | 20.66 | - | - | - |
| **b) Financial assets measured at fair value through OCI** | | | | | | | |
| Non-current investments | - | 8.31 | - | 8.31 | 0.01 | 8.30 | - |
| Other current financial assets | - | 2.38 | - | 2.38 | - | 2.38 | - |
| | **-** | **10.69** | **28,220.45** | **28,231.14** | **0.01** | **10.68** | **-** |
| **ii) Financial liabilities** | | | | | | | |
| **a) Financial liabilities not measured at fair value** | | | | | | | |
| Non-current borrowings | - | - | 500.08 | 500.08 | - | - | - |
| Non-current lease liabilities | | | 72.14 | 72.14 | | | |
| Trade payables | - | - | 6,546.32 | 6,546.32 | - | - | - |
| Other current financial liabilities | - | - | 657.98 | 657.98 | - | - | - |
| Current lease liabilities | | | 35.50 | 35.50 | | | |
| Current borrowings(including current maturities of non current borrowings) | - | - | 10,042.43 | 10,042.43 | - | - | - |
| | **-** | **-** | **17,854.45** | **17,854.45** | **-** | **-** | **-** |

| 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** | **-** |

(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) |
| **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 | - | - | - |
| Current borrowings (including current maturities of non current borrowings) | - | - | 7,621.75 | 7,621.75 | - | - | - |
| | **-** | **-** | **17,178.80** | **17,178.80** | **-** | **-** | **-** |

## 33. Financial risk management

### Framework

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

### Credit risk

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

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 62% and 44% of outstanding trade receivable as of March 31, 2024 and March 31, 2023. The maximum exposure to credit risk was ₹ 16,379.87 millions and ₹ 13,742.99 millions as of March 31, 2024 and March 31, 2023 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 agencies. 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.

# Notes to Standalone Financial Statements (Cont..)

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

**Expected credit loss for trade receivables as at March 31, 2024**

| Particulars | Not Due | 0-180 days | 181-365 days | > 365 days | Total |
|---|---|---|---|---|---|
| Gross carrying amount of trade receivables | 13,361.45 | 2,711.47 | 229.37 | 351.26 | 16,653.55 |
| Expected Credit losses (Loss allowance provision) | | | | | (321.67) |
| Net carrying amount of trade receivables | | | | | 16,331.88 |

**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 |

**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, 2024:

| 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) | 1,500.23 | 1,009.89 | 501.44 | - | - | 1,511.33 |
| Current borrowings (excluding current maturities of non-current borrowings) | 9,042.28 | 9,042.28 | - | - | - | 9,042.28 |
| Lease liability | 107.64 | 42.55 | 41.62 | 31.03 | - | 115.20 |
| Trade payables | 6,546.32 | 6,546.32 | - | - | - | 6,546.32 |
| Other financial liabilities | 657.98 | 657.98 | - | - | - | 657.98 |

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 |
| Other financial liabilities | 504.11 | 504.11 | - | - | - | 504.11 |

**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.

# Notes to Standalone Financial Statements (Cont..)

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

**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, 2024** | March 31, 2023 |
|---|---|---|---|
| USD - Borrowings | +100 | (90.42) | (66.31) |
| | -100 | 90.42 | 66.31 |
| EURO - Borrowings | +100 | (15.00) | (24.77) |
| | -100 | 15.00 | 24.77 |

**Foreign Currency exchange rate risk**

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the respective entities. Considering the countries and economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in USD/EURO against the functional currencies of the Company.

The year end foreign currency exposures are as under -

(All amounts are in Indian Rupees Millions)

| Particulars | **March 31, 2024** | | |
|---|---|---|---|
| | **USD** | **EURO** | **Others** |
| **Assets** | | | |
| Trade receivables | 15,133.20 | 854.78 | 49.16 |
| Loans | - | - | 27.33 |
| Other financial assets | 2.75 | 1.40 | - |
| Cash and cash equivalents | 1,064.97 | 29.53 | 0.08 |
| **Total** | **16,200.92** | **885.71** | **76.57** |
| **Liabilities** | | | |
| Non current borrowings | - | 500.08 | - |
| Trade payables | 2,583.57 | 29.65 | 1.46 |
| Other financial liabilities | 138.05 | 95.98 | 0.05 |
| Current borrowings | 9,042.28 | 1000.15 | - |
| **Total** | **11,763.90** | **1625.86** | **1.51** |

(All amounts are in Indian Rupees Millions)

| Particulars | March 31, 2023 | | |
|---|---|---|---|
| | USD | EURO | Others |
| **Assets** | | | |
| Trade receivables | 12,206.41 | 566.77 | 29.46 |
| Loans | - | - | 121.46 |
| Other financial assets | 4.57 | 0.54 | 0.10 |
| Cash and cash equivalents | 298.15 | 75.25 | - |
| **Total** | **12,509.13** | **642.56** | **151.02** |
| **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** |

For the year ended March 31, 2024 and March 31, 2023, 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 0.88% and 0.37% respectively.

# Notes to Standalone Financial Statements (Cont..)

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

**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, 2024, 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

**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 | Total |
| **As at March 31, 2024** | | | | |
| Foreign exchange forward contracts (highly probable forecast sales) | | | | |
| Notional amount (in ₹ Millions) | 4300.79 | - | - | 4300.79 |
| Average forward rate (INR / USD) | 83.84 | - | - | 83.84 |
| Euro denominated debt (highly probable forecast sales) | | | | |
| Notional amount (in ₹ Millions) | 854.50 | 427.40 | - | 1281.90 |
| Average forward rate (INR / Euro) | 77.01 | 77.01 | - | 77.01 |
| **As at March 31, 2023** | | | | |
| Foreign exchange forward contracts (highly probable forecast sales) | | | | |
| Notional amount (in ₹ Millions) | 2118.19 | - | - | 2118.19 |
| Average forward rate (INR / USD) | 82.90 | - | - | 82.90 |
| Euro denominated debt (highly probable forecast sales) | | | | |
| Notional amount (in ₹ Millions) | 854.47 | 1333.02 | - | 2187.49 |
| Average forward rate (INR / Euro) | 76.98 | 80.06 | - | 78.83 |

(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, 2024** | | | | |
| Forward exchange contracts | 4,300.79 | 2.38 | Derivative instruments under current financial assets | (3.11) |
| Euro denominated debt | 1,500.23 | 1,500.23 | Non-current borrowings and Short-term borrowings | 121.44 |
| **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) |

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, 2024** | | | |
| Highly probable forecast sales | 118.33 | 118.33 | - |
| **As at March 31, 2023** | | | |
| Highly probable forecast sales | (72.16) | (72.16) | - |

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

| Particulars | Total hedging gain/(loss) recognised in OCI | Ineffectiveness recognised in profit or loss | Line item in the statement of profit and loss | Cost of hedging recognise in OCI | Amount reclassified from OCI to profit or loss | Line item in the statement of profit and loss |
|---|---|---|---|---|---|---|
| **As at March 31, 2024** | | | | | | |
| Highly probable forecast sales | 118.33 | - | - | - | 161.08 | Revenue from operations |
| **As at March 31, 2023** | | | | | | |
| Highly probable forecast sales | (72.16) | - | - | - | 72.85 | Revenue from operations |

## 34. Segment reporting

### A. Basis for segmentation

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

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

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

(i) Revenue from customers within India – Domestic

(ii) Revenue from customers outside India – Exports

Revenue from one external customer 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.

# Notes to Standalone Financial Statements (Cont..)

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

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, 2024 | | | March 31, 2023 | | |
|---|---|---|---|---|---|---|
| | Outside India | Within India | Total | Outside India | Within India | Total |
| Revenue from operations | 35,294.07 | 2,256.84 | 37,550.91 | 36,416.64 | 2,895.36 | 39,312.00 |
| Non-current assets (refer note i) | - | 14,026.82 | 14,026.82 | - | 14,620.69 | 14,620.69 |

**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 maximize the shareholder value.

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

| Particulars | March 31, 2024 | March 31, 2023 |
|---|---|---|
| Borrowings including interest accrued on borrowings | 10,559.94 | 9,128.10 |
| Less: cash and cash equivalents and other bank balances | (2,281.14) | (2,029.79) |
| **Net debt** | **8,278.80** | **7,098.31** |
| Equity | 242.37 | 242.04 |
| Other equity | 30,867.10 | 26,752.57 |
| **Total equity** | **31,109.47** | **26,994.61** |
| Capital gearing ratio | 0.27 | 0.26 |

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.

**36.** The Company had encountered an incident related to information security on May 24, 2023 (hereinafter referred to as "incident"), which affected some of the Company's IT assets. A ransomware group has claimed responsibility for this incident. The Company has acted decisively to control and address the impact of the incident with appropriate protocols for containment and to minimize the risk.

The incident had a significant effect on the operations and took considerable time to address the regulatory expectations, qualifications, recertifications, and fine-tuning of the quality and production systems. This has impacted significantly the revenue and profitability of the Company for the year ended March 31, 2024.

The Company believes that no significant legal violations have occurred because of the incident, and the known impacts on the standalone financial statement for the year ended on March 31, 2024, have been accounted for.

Further, the Company has enhanced the security measures to handle the incident and reduce the likelihood of a similar occurrence in the future.

# Notes to Standalone Financial Statements (Cont..)

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

## 37. Financial Ratios

| Ratio | Numerator | Denominator | March 31, 2024 | March 31, 2023 | % Variance | Reason for variance |
|---|---|---|---|---|---|---|
| Current Ratio | 26,339.22 | 17,685.50 | 1.49 | 1.45 | 2% | NA |
| Debt Equity Ratio | 10,542.51 | 31,109.47 | 0.34 | 0.34 | 0% | NA |
| Debt Service Coverage Ratio | 6,652.75 | 1,786.59 | 3.72 | 4.88 | -24% | NA |
| Return on Equity Ratio | 4,359.18 | 29,052.04 | 15% | 19% | -21% | NA |
| Inventory Turnover Ratio | 37,550.91 | 5,860.14 | 6.41 | 6.64 | -3% | NA |
| Trade Receivables Turnover Ratio | 37,550.91 | 15,026.88 | 2.50 | 3.04 | -18% | NA |
| Trade Payables Turnover Ratio | 18,848.45 | 6,995.13 | 2.69 | 3.19 | -16% | NA |
| Net capital turnover ratio | 37,550.91 | 8,653.72 | 4.34 | 5.43 | -20% | NA |
| Net profit ratio | 4,359.18 | 37,550.91 | 12% | 13% | -9% | NA |
| Return on Capital employed | 6,632.89 | 37,409.52 | 18% | 21% | -15% | NA |
| Return on investment - Treasury | 13.86 | 1,315.61 | 1% | 2% | -47% | 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 |

## 38. Other Statutory information

i) There are no proceedings initiated or pending against the Company as at March 31, 2024, 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 (Cont..)

(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 account 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.

## 39. Subsequent event

No significant subsequent events have been observed till May 15, 2024 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 15, 2024

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 15, 2024

# 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, 2024, 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 material 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, 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, 2024, 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, 2024. 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, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **Revenue from operations: (refer note 2 (l) to the consolidated financial statements):**<br><br>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. The Group records product sales net of estimated chargebacks, rebates, discounts, returns and other related charges. Control is usually transferred, in accordance with the delivery terms agreed with the customers.<br><br>Further, the Group has sales contracts with customers have a variety of different terms relating to the recognition of revenue, chargebacks, rebates, discounts, returns and other related charges which are deducted from the gross revenue to arrive at Revenue from sale of goods. | **Our audit procedures, among others included the following:**<br>▸ Assessed the Group's revenue recognition policy in terms of Ind AS 115 ("Revenue from Contracts with Customers").<br>▸ Obtained an understanding, assessed the design and tested the operating effectiveness of key internal controls related to revenue recognition.<br>▸ 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. |

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| We identified the recognition of revenue from sale of goods as a key audit matter because:<br>a) 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.<br>b) Accrual towards chargebacks, rebates, discounts, returns and other related charges is complex and requires significant judgments and estimates in relation to contractual agreements / commercial terms. Any change in these estimates can have a significant financial impact.<br>Accordingly, due to the significant risk associated with revenue recognition in accordance with terms of Ind AS 115 'Revenue from contracts with customers', has been determined to be a key audit matter in our audit of the consolidated financial statements. | ▶ Obtained an understanding of the management's process for revenue recognition, judgments in estimation and accounting treatment of chargebacks, rebates, discounts, returns and other related charges;<br>▶ Obtained management workings for amounts recognised towards chargebacks, rebates, discounts, returns and other related charges during the year and as at year end. On a sample basis, tested the underlying calculations for amounts recorded as accruals and provisions towards the aforementioned obligations as per the terms of related schemes, contracts and regulations, and traced the underlying data to source documents;<br>▶ Analysed the historical pattern of chargebacks, the inventory information and performed retrospective reviews in order to validate management's assumptions and compared the assumptions in respect of rebates, discounts, allowances and returns to current trends.<br>▶ 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 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.

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, 2024 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 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 ₹ 30.68 million as at March 31, 2024, and total revenues of ₹ 24.75 million and net cash inflows of ₹ 21.02 million 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, 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 matter with respect to 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, 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, we report, to the extent applicable, that:

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

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

   (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, 2024 taken on record by the Board of Directors of the Holding Company and its subsidiary companies, none of the directors of the Group's companies incorporated in India, is disqualified as on March 31, 2024 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, the managerial remuneration for the year ended March 31, 2024 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

      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, on 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, 2024.

      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 that, to the best of their 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 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 which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our notice that has caused us 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 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. No dividend has been declared or paid during the year by its subsidiaries, which are companies incorporated in India.

vi. Based on our examination, which included test checks, and that performed in respect of the subsidiaries, which are companies incorporated in India whose financial statements have been audited under the Act, the Holding Company and its subsidiaries have used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit, we did not come across any instance of audit trail feature being tampered with.

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

**per Navneet Kabra**
Partner
Membership Number: 102328
UDIN: 24102328BKEZLV4989

Place of Signature: Hyderabad
Date: May 15, 2024

# 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:

(xxi) Qualifications or adverse remarks 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 | (xi) (a) |

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

**per Navneet Kabra**
Partner
Membership Number: 102328
UDIN: 24102328BKEZLV4989

Place of Signature: Hyderabad
Date: May 15, 2024

# Annexure 2

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

## 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, 2024, 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 judgment, 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 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 authorisations 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 Holding Company and its subsidiaries, 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, 2024, 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.

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

**per Navneet Kabra**
Partner
Membership Number: 102328
UDIN: 24102328BKEZLV4989

Place of Signature: Hyderabad
Date: May 15, 2024

# Consolidated Balance Sheet as at March 31, 2024

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

| Particulars | Notes | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 3A | 17,310.62 | 15,581.45 |
| Right-of-use assets | 3C | 1,250.24 | 732.20 |
| Capital work-in-progress | 3A | 2,595.43 | 2,280.44 |
| Other intangible assets | 3B | 2,395.31 | 2,795.52 |
| Intangible assets under development | 3B | 121.56 | 113.42 |
| Financial assets | | | |
| (i) Investments | 4A | 215.15 | 212.10 |
| (ii) Other financial assets | 4B | 167.03 | 148.49 |
| Deferred tax assets | 12B | 371.04 | 14.28 |
| Income tax assets (net) | | 291.48 | 111.54 |
| Other non-current assets | 5A | 1,441.48 | 1,314.72 |
| **Total non-current assets** | | **26,159.34** | **23,304.16** |
| **Current assets** | | | |
| Inventories | 6 | 13,005.45 | 11,494.10 |
| Financial assets | | | |
| (i) Trade receivables | 7A | 9,858.33 | 9,485.42 |
| (ii) Cash and cash equivalents | 7B | 3,811.00 | 2,915.57 |
| (iii) Bank balances other than cash and cash equivalents stated above | 7B | 52.85 | 212.33 |
| (iv) Other financial assets | 7C | 29.03 | 31.67 |
| Other current assets | 5B | 2,293.82 | 1,602.39 |
| **Total current assets** | | **29,050.48** | **25,741.48** |
| **Total assets** | | **55,209.82** | **49,045.64** |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| Equity share capital | 8 | 242.37 | 242.04 |
| Other equity | 9 | 32,013.07 | 28,107.05 |
| **Total equity** | | **32,255.44** | **28,349.09** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Financial liabilities | | | |
| (i) Borrowings | 10A | 689.71 | 1,486.44 |
| (ii) Lease liabilities | 10B | 831.98 | 706.02 |
| Provisions | 11A | 378.80 | 292.56 |
| Deferred tax liabilities (net) | 12A | 230.96 | 76.52 |
| **Total non-current liabilities** | | **2,131.45** | **2,561.54** |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| (i) Borrowings | 13A | 11,542.55 | 9,099.78 |
| (ii) Lease liabilities | 10B | 86.40 | 70.11 |
| (iii) Trade payables | 13B | | |
| (a) Total outstanding dues of micro enterprises and small enterprises | | 46.79 | 115.15 |
| (b) Total outstanding dues of creditors other than micro enterprises and small enterprises | | 7,448.47 | 7,706.10 |
| (iv) Other financial liabilities | 13C | 1,262.96 | 719.33 |
| Other current liabilities | 14 | 261.31 | 151.45 |
| Provisions | 11B | 118.36 | 146.16 |
| Income tax liabilities (net) | | 56.09 | 126.93 |
| **Total current liabilities** | | **20,822.93** | **18,135.01** |
| **Total liabilities** | | **22,954.38** | **20,696.55** |
| **Total equity and liabilities** | | **55,209.82** | **49,045.64** |

Material 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 15, 2024

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 15, 2024

# Consolidated Statement of Profit and Loss for the year ended March 31, 2024

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

| Particulars | Notes | For the year ended March 31, 2024 | For the Year ended March 31, 2023 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | 15 | 45,063.67 | 45,119.17 |
| Other income | 16 | 44.02 | 137.80 |
| **Total income** | | **45,107.69** | **45,256.97** |
| **Expenses** | | | |
| Cost of materials consumed | 17 | 22,082.21 | 23,526.54 |
| Changes in inventories of work-in-progress and finished goods | 18 | (1,869.71) | (453.66) |
| Employee benefit expenses | 19 | 5,978.57 | 4,722.32 |
| Finance costs | 20 | 1,058.21 | 559.33 |
| Depreciation and amortisation | 21 | 2,073.32 | 1,844.94 |
| Other expenses | 22 | 10,312.80 | 8,185.77 |
| **Total expenses** | | **39,635.40** | **38,385.24** |
| **Profit before tax** | | **5,472.29** | **6,871.73** |
| **Tax expense** | | | |
| (i) Current tax | 24 | 1,652.27 | 1,771.80 |
| (ii) Deferred tax | 24 | (233.08) | (66.04) |
| **Total tax expense** | | **1,419.19** | **1,705.76** |
| **Profit for the year** | | **4,053.10** | **5,165.97** |
| **Other comprehensive income** | | | |
| **Items that will be reclassified to profit or loss** | | | |
| Fair value changes on cash flow hedges | 9 | 118.33 | (72.16) |
| Gain/(loss) arising on translation of foreign operations | | 120.70 | 615.92 |
| Income tax relating to items that will be reclassified to profit or loss | 24 | (29.78) | 18.16 |
| **Net other comprehensive income/(loss) to be reclassified to profit or loss** | | **209.25** | **561.92** |
| **Items that will not be reclassified to profit or loss** | | | |
| Re-measurement of defined benefit liability | 28 | (5.68) | 9.52 |
| Income tax relating to items that will not be reclassified to profit or loss | 24 | 1.43 | (2.40) |
| **Net other comprehensive income/(loss) not to be reclassified to profit or loss** | | **(4.25)** | **7.12** |
| **Other comprehensive income/(loss) for the year** | | **205.00** | **569.04** |
| **Total comprehensive income for the year** | | **4,258.10** | **5,735.01** |
| **Earnings per share:** | | | |
| **Equity shares of par value of Re. 1 each** | | | |
| Basic (₹) | 25 | 16.73 | 21.05 |
| Diluted (₹) | | 16.72 | 21.00 |

Material 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

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

**Navneet Kabra**
Partner
Membership No : 102328

**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 15, 2024

Place: Hyderabad
Date: May 15, 2024

# Consolidated Statement of Changes in Equity for the year ended March 31, 2024

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

## Equity Share Capital

| Particulars | 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, 2024** | **242.04** | **0.33** | **-** | **242.37** |
| March 31, 2023 | 248.01 | 0.29 | (6.25) | 242.04 |

## 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** | **4,560.41** | **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) |
| 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 Previous 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** |
| Profit for the year | - | - | - | - | - | 4,053.10 | | | | 4,053.10 | - | 4,053.10 |

# Consolidated Statement of Changes in Equity for the year ended March 31, 2024

(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 | | | |
| Other comprehensive income/(loss) (net of tax) | - | - | - | - | - | - | (4.25) | 88.55 | 120.70 | 205.00 | - | 205.00 |
| **Transactions with owners, recorded directly in equity** | | | | | | | | | | | | |
| Equity shares issued during the year | - | 31.29 | - | - | - | | - | - | - | 31.29 | - | 31.29 |
| Dividends | - | - | - | - | - | (363.06) | - | - | - | (363.06) | - | (363.06) |
| Transaction costs in relation to issue of equity shares | - | - | - | - | - | (23.13) | - | - | - | (23.13) | - | (23.13) |
| Share-based payment | - | - | - | - | 2.82 | - | - | - | - | 2.82 | - | 2.82 |
| **Balance at the end of the Current year** | **13.35** | **1,518.99** | **191.75** | **3,065.32** | **183.03** | **25,968.71** | **(17.49)** | **(124.29)** | **1,213.69** | **32,013.07** | **-** | **32,013.07** |

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 15, 2024

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 15, 2024

# Consolidated Statement of Cash Flows for the year ended March 31, 2024

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

| Particulars | | For the Year ended March 31, 2024 | For the year ended March 31, 2023 |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| **Profit before tax** | | **5,472.29** | **6,871.73** |
| **Adjustments for :** | | | |
| Depreciation and amortisation expense | | 2,073.32 | 1,844.94 |
| Bad debts written off | | 24.36 | 0.54 |
| Allowance for doubtful trade receivables | | 50.41 | (5.07) |
| Allowance for doubtful advances | | - | 14.41 |
| Loss on sale of property, plant and equipment (net) | | 23.20 | 13.71 |
| Changes in fair value of cashflow hedges | | 161.08 | 72.85 |
| Gain on foreign exchange fluctuations (unrealized) | | (77.42) | (91.55) |
| Share-based payment expense | | 2.82 | 12.89 |
| Finance cost | | 1,058.21 | 559.33 |
| Interest income | | (27.97) | (45.14) |
| **Operating profit before working capital changes** | | **8,760.30** | **9,248.64** |
| **Movements in working capital:** | | | |
| Increase in trade receivables | | (307.02) | (0.77) |
| Increase in inventories | | (1,407.30) | (1,354.67) |
| (Increase)/decrease in other assets | | (710.20) | 160.68 |
| Increase in trade payables, other liabilities and provisions | | (38.66) | 1,091.65 |
| **Cash generated from operations** | | **6,297.12** | **9,145.53** |
| Direct taxes paid (net of refunds) | | (1,902.98) | (1,758.04) |
| **Net cash flow generated from operating activities** | **(A)** | **4,394.14** | **7,387.49** |
| **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 | | (3,805.76) | (4,106.77) |
| Proceeds from sale of property, plant & equipment | | 17.49 | 2.12 |
| Movement in other bank balances | | 158.93 | 2,034.77 |
| Loans repaid | | - | 105.71 |
| Interest received | | 27.74 | 50.54 |
| **Net cash flow used in investing activities** | **(B)** | **(3,601.60)** | **(1,913.63)** |
| **Cash flow from financing activities** | | | |
| Proceeds from issuance of equity shares | | 31.62 | 27.84 |
| Repayment of non controlling interest | | - | (4.96) |
| Repayment of non current borrowings | | (1,016.81) | (930.86) |
| Proceeds from non current borrowings | | 189.63 | - |
| Proceeds of current borrowings | | 19,515.11 | 20,280.84 |
| Repayment of current borrowings | | (17,140.15) | (19,820.90) |
| Repayment of lease liability (including related interest) | | (113.00) | (129.48) |
| Buyback of equity shares | | - | (3,106.50) |
| Finance cost paid | | (1,026.70) | (532.66) |
| Dividend paid on equity shares | | (363.06) | (186.22) |
| **Net cash flow (used in)/generated from financing activities** | **(C)** | **76.64** | **(4,402.90)** |
| **Net increase in cash and cash equivalents** | **(A+B+C)** | **869.18** | **1,070.96** |
| Effect of exchange differences on translation of foreign currency cash and cash equivalents | | 26.25 | (2.53) |
| **Cash and cash equivalents at the beginning of the year** | | 2,915.57 | 1,847.14 |
| **Cash and cash equivalents at the end of the year** | | **3,811.00** | **2,915.57** |
| **Components of cash and cash equivalents:** | | | |
| Cash on hand | | 1.23 | 1.04 |
| Balances with banks | | | |
| On current accounts | | 1,711.38 | 1,161.13 |
| On EEFC accounts | | 1,098.02 | 373.40 |
| On deposit accounts | | 1,000.37 | 1,380.00 |
| **Total cash and cash equivalents (Refer Note 7B)** | | **3,811.00** | **2,915.57** |

# Consolidated Statement of Cash Flows for the year ended March 31, 2024

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

| 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, 2022** | **135.54** | **3,271.81** | **7,655.77** | **7.24** |
| Finance cost | 41.73 | - | - | 517.60 |
| Repayment of borrowings | - | (930.86) | (19,820.90) | - |
| Proceeds from borrowings | - | - | 20,280.84 | - |
| 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** |
| Finance cost | 41.66 | - | - | 1,016.55 |
| Repayment of borrowings | - | (1,016.81) | (17,140.15) | - |
| Proceeds from borrowings | - | 189.63 | 19,515.11 | - |
| Deletions | - | - | - | - |
| Additions | 204.34 | - | - | - |
| Payment of lease liabilities | (113.00) | - | - | - |
| Changes in fair values | - | 39.64 | - | - |
| Finance cost paid | - | - | - | (1,026.70) |
| Foreign exchange movement | 9.25 | - | 58.62 | 2.12 |
| **Closing as on March 31, 2024** | **918.38** | **1,689.86** | **10,542.40** | **18.22** |

* 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 15, 2024

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 15, 2024

# Notes to Consolidated Financial Statements (Cont..)

(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, 2024. These consolidated financial statements were authorized for issuance by the Company's Board of Directors on May 15, 2024.

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 material accounting policies are included in Note 2.

**b) Current versus non-current classification**

All assets and liabilities have been classified as current and non-current as per the Group's normal operating cycle.

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

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The 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.

**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.

# Notes to Consolidated Financial Statements (Cont..)

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

- 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 judgments**

The preparation of the consolidated financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments 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.

**Judgments**

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised 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 uncertainties**

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending March 31, 2024 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(g)(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 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 recognizes 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 Material 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 recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are initially measured at fair values. Transaction costs that are directly attributable to the 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 as measured at

- amortized cost;
- Fair value through other comprehensive income ('FVOCI') – debt investment;
- FVOCI – equity investment; or
- Fair value through profit and loss ('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 amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised 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 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.

# Notes to Consolidated Financial Statements (Cont..)

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

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

| Financial assets: subsequent measurement and gains and losses | |
|---|---|
| Financial assets at FVTPL | These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in statement of profit and loss. |
| Financial assets at 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 recognised in statement of profit and loss. Any gain or loss on derecognition is recognised in statement of profit and loss. |
| Debt investments at FVOCI | These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in statement of profit and loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to statement of profit and loss. |
| Equity investments at FVOCI | These assets are subsequently measured at fair value. Dividends are recognised as income in statement of profit and loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to statement of profit and loss. |

**Financial liabilities: classification, subsequent measurement and gains and losses**

Financial liabilities are classified as measured at 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 recognised 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 recognised in statement of profit and loss. Any gain or loss on derecognition is also recognised in statement of profit and loss.

### iii. Derecognition

**Financial assets**

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

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

**Financial liabilities**

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

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

### iv. Offsetting

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

### v. Derivative financial instruments and hedge accounting

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

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

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

**Cash flow hedges:**

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

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

**b. Cash and cash equivalents**

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

**Cash dividend to equity holders**

The Group recognizes 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 recognised directly in equity. Interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

**c. Foreign Currency**

Transactions in foreign 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 recognised in OCI.

**Group companies**

On consolidation, the assets and liabilities of foreign operations are translated into INR at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

**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

# Notes to Consolidated Financial Statements (Cont..)

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

maintenance costs are recognised 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 recognised in statement of profit and loss.

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

The Group, based on technical assessment made by technical expert and management estimate, depreciates certain items of plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

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 recognised 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 recognised in statement of profit and loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and any accumulated impairment losses.

**Others**

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

**i. Subsequent expenditure**

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

**ii. Amortisation**

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 | 10-15 years |

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

**f. 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.

**g. 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).

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 reorganisation;

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

**ii. Tangible and intangible assets**

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

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

**h. Employee benefits**

**i. Defined contribution plans**

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

**ii. Defined benefit plans**

For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on

# Notes to Consolidated Financial Statements (Cont..)

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

plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to statement of profit and loss in subsequent periods.

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

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

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

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

When the benefits of a plan are changed or curtailed, the resulting change in the benefit that relates to the past service ('past service cost') or the gain or loss on curtailment is recognised immediately in the statement of profit and loss. The Group recognizes 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 accumulating compensated absences and utilize 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 recognizes accumulated compensated absences based on actuarial valuation using the projected unit credit method. Non-accumulating compensated absences are recognised in the period in which the absences occur.

**iv. Other long-term employee benefits**

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

**v. Short-term employee benefits**

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

**vi. Share-based compensation**

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

**i. Provisions (other than for employee benefits)**

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

**Contingent liabilities and contingent assets**

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

Contingent assets are not recognised in the 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 recognised in the period in which the change occurs.

**Onerous contracts**

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

**j. 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.

**k. 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".

**l. Revenue**

**i. Sale of goods**

Revenue from sale of goods is recognised when a promise in a customer contract(performance obligation) has been satisfied by transferring control over the promised goods to the customer. Control is usually transferred upon shipment, delivery to, upon receipt of goods by the customer, in accordance with the delivery and acceptance terms agreed with the customers. The amount of revenue to be recognised is based on the consideration expected to be received in exchange for goods, excluding 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 recognised in the period when the collectability becomes probable and a reliable measure of the same is available.

**ii. Sales return allowances**

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

**iii. Export incentives**

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

**iv. Interest income or expense**

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

**v. Dividend income**

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

**m. 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 recognised for the earned consideration that is conditional.

# Notes to Consolidated Financial Statements (Cont..)

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

ii. **Trade receivable**

A receivable is recognised 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 recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

n. **Leases**

**Lessee**

The Group's lease asset classes primarily consist of leases for buildings and plant and machinery.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease as per the requirement of 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 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.

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

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Group recognizes 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 recognizes 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.

**o. Income tax**

Income tax comprises current and deferred income tax. Income tax expense is recognised 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 recognised at the amount expected to be paid or recovered from the tax authorities, using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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

**ii. Deferred tax**

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

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

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be 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 recognised as income or expense in the period that includes the enactment or substantive enactment date. A deferred income tax assets is recognised to the extent it is probable that future taxable income will be available against which the deductible temporary timing differences and tax losses can be utilized.

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

**p. Borrowing cost**

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

**q. Recent pronouncements**

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

# 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

| | 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, 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** |
| Additions | 9.90 | 221.63 | 724.99 | 2,098.23 | 34.63 | 31.08 | 92.70 | 16.60 | 0.50 | 3,230.26 |
| Disposals | - | - | - | (276.62) | - | (0.84) | (20.85) | (0.10) | (3.78) | (302.19) |
| Exchange differences | 3.20 | 24.06 | 0.03 | 23.35 | 0.82 | 0.23 | 0.21 | 0.39 | 0.11 | 52.40 |
| **At March 31, 2024** | **876.76** | **7,346.27** | **772.90** | **16,394.60** | **340.49** | **209.21** | **606.01** | **331.93** | **76.61** | **26,954.78** |
| **Accumulated Depreciation** | | | | | | | | | | |
| **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** |
| Depreciation for the year | - | 232.48 | 53.40 | 1,067.91 | 36.06 | 29.64 | 48.26 | 27.29 | 6.90 | 1,501.94 |
| Disposals | - | - | - | (236.79) | - | (0.69) | (20.39) | (0.05) | (3.64) | (261.56) |
| Exchange differences | - | 3.47 | 0.25 | 6.04 | 0.67 | 0.07 | 0.11 | 0.21 | 0.10 | 10.92 |
| **At March 31, 2024** | **-** | **1,473.32** | **92.32** | **7,170.94** | **251.93** | **139.31** | **288.69** | **181.23** | **46.42** | **9,644.16** |
| **Net carrying amount** | | | | | | | | | | |
| 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 |
| **At March 31, 2024** | **876.76** | **5,872.95** | **680.58** | **9,223.66** | **88.56** | **69.90** | **317.32** | **150.70** | **30.19** | **17,310.62** |

During the year ended March 31, 2024, the management performed an operational review on Property, plant and equipment. As a result, the Group has revised the useful life for certain items of plant and equipment based on the technical evaluation performed by the Chartered engineer and has increased the useful life of certain items of plant and equipment. This has resulted in decrease in depreciation expense, in current year by ₹ 70.26 million (March 31, 2023: Nil).

| | |
|---|---|
| **Capital work-in-progress** | |
| As at March 31, 2023 | 2,280.44 |
| **As at March 31, 2024** | **2,595.43** |

### Capital work -in -Progress- Movement

| Particulars | March 31, 2024 | March 31, 2023 |
|---|---|---|
| **Balance at the beginning** | 2,280.44 | 3,119.18 |
| Additions including exchange differences* | 3,545.25 | 3,291.97 |
| Capitalized during the year | (3,230.26) | (4,130.71) |
| **Balance at the end** | **2,595.43** | **2,280.44** |

*Includes finance cost capitalized amounting to ₹ 10.37 millions (March 31, 2023: Nil)

# Notes to Consolidated Financial Statements (Cont..)

(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, 2024 | | | | | March 31, 2023 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Amount for a period of | | | | Total | Amount for a period of | | | | Total |
| | Less than 1year | 1-2 years | 2-3 years | More than 3 years | | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Projects in progress | 2,290.88 | 267.46 | 37.09 | - | 2,595.43 | 2,072.84 | 197.52 | 5.29 | 4.79 | 2,280.44 |
| **Total** | **2,290.88** | **267.46** | **37.09** | **-** | **2,595.43** | **2,072.84** | **197.52** | **5.29** | **4.79** | **2,280.44** |

i) There is no project which is temporarily suspended.

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

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

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

v) For contractual commitments - refer note 26 (b).

vi) The Group has not revalued its property, plant and equipment 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, 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** |
| Additions | - | 39.28 | - | - | 39.28 |
| Disposals | - | - | - | - | - |
| Exchange differences | - | 0.31 | 26.45 | 26.20 | 52.96 |
| **At March 31, 2024** | **-** | **274.26** | **2,986.83** | **1,718.31** | **4,979.40** |
| **Accumulated amortisation** | | | | | |
| **At March 31, 2022** | **318.95** | **113.63** | **976.81** | **504.68** | **1,914.07** |
| Amortisation 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** |
| Amortisation for the year | - | 21.57 | 316.73 | 131.70 | 470.00 |
| Disposals | - | - | - | - | - |
| Exchange differences | - | 0.16 | 12.34 | 9.95 | 22.45 |
| **At March 31, 2024** | **-** | **151.81** | **1,632.89** | **799.39** | **2,584.09** |
| | | | | | |
| **Net carrying amount** | | | | | |
| At March 31, 2023 | - | 104.59 | 1,656.56 | 1,034.37 | 2,795.52 |
| **At March 31, 2024** | **-** | **122.45** | **1,353.94** | **918.92** | **2,395.31** |

**Intangible assets under development**

| | |
|---|---|
| As at March 31, 2023 | 113.42 |
| **As at March 31, 2024** | **121.56** |

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

# Notes to Consolidated Financial Statements (Cont..)

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

**Ageing Schedule for Intangible assets under development as below**

| Year | Intangible assets under development | Amount for a period of | | | | Total |
|---|---|---|---|---|---|---|
| | | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| March 31, 2024 | Projects in Progress | 15.66 | 15.04 | 2.23 | 88.63 | 121.56 |
| | **Total** | **15.66** | **15.04** | **2.23** | **88.63** | **121.56** |
| March 31, 2023 | Projects in Progress | 23.90 | 2.20 | - | 87.32 | 113.42 |
| | **Total** | **23.90** | **2.20** | | **87.32** | **113.42** |

## 3C. Right-of-use assets

| Particulars | Buildings | Computers | Total |
|---|---|---|---|
| **Gross carrying amount** | | | |
| **At March 31, 2022** | **183.39** | **38.98** | **222.37** |
| Additions | 721.75 | 6.59 | 728.34 |
| Deletions | - | - | - |
| Exchange differences | - | - | - |
| **At March 31, 2023** | **905.14** | **45.57** | **950.71** |
| Additions | 597.24 | 25.76 | 623.00 |
| Deletions | - | - | - |
| Exchange differences | 10.23 | - | 10.23 |
| **At March 31, 2024** | **1,512.61** | **71.33** | **1,583.94** |
| **Accumulated depreciation** | | | |
| **At March 31, 2022** | **77.74** | **19.17** | **96.91** |
| Depreciation for the year* | 108.11 | 13.45 | 121.56 |
| Deletions | - | - | - |
| Exchange differences | 0.04 | - | 0.04 |
| **At March 31, 2023** | **185.89** | **32.62** | **218.51** |
| Depreciation for the year* | 102.08 | 11.36 | 113.44 |
| Deletions | - | - | - |
| Exchange differences | 1.75 | - | 1.75 |
| **At March 31, 2024** | **289.72** | **43.98** | **333.70** |
| **Net carrying amount** | | | |
| At March 31, 2023 | 719.25 | 12.95 | 732.20 |
| **At March 31, 2024** | **1,222.89** | **27.35** | **1,250.24** |

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 ₹ 12.07 million (March 31, 2023: ₹ 54.44 million) is capitalized during the year.

## 4. Financial Assets- Non Current

### 4A. Investments

| Particulars | **As at March 31, 2024** | As at March 31, 2023 |
|---|---|---|
| **Investments** | | |
| **a. In Unquoted equity shares (Fair value through OCI)** | | |
| Jeedimetla Effluent Treatment Ltd - 15,142 (March 31, 2023 : 15,142) equity shares of ₹ 10/- each fully paid up | 5.96 | 5.96 |
| Patancheru Envirotech Ltd - 34,040 (March 31, 2023: 34,040) equity shares of ₹ 10/- each fully paid up | 0.34 | 0.34 |
| RVK Energy Private Ltd - 1,282,000 (March 31, 2023: 1,282,000) equity shares of ₹ 10/- each fully paid up | 2.00 | 2.00 |
| US Pharma Limited - 410.52 (March 31, 2023 : 410.52) equity shares | 206.84 | 203.79 |
| | **215.14** | **212.09** |
| **b. In Quoted equity shares (Fair value through OCI)** | | |
| Ipca Laboratories Limited - 100 (March 31, 2023: 100) equity shares | 0.01 | 0.01 |
| **Total** | **215.15** | **212.10** |

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

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Aggregate book value of quoted investments | 0.01 | 0.01 |
| Aggregate market value of quoted investments | 0.12 | 0.08 |
| Aggregate value of unquoted investments | 215.14 | 212.09 |

### 4B. Other Financial assets (Unsecured, considered good)

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Security deposits | 167.03 | 148.49 |
| **Total** | **167.03** | **148.49** |

## 5. Other assets

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

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Capital advances | 1,441.48 | 1,314.72 |
| **Total** | **1,441.48** | **1,314.72** |

### 5B. Current (Unsecured, considered good)

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Balance with government authorities | 1,304.37 | 911.84 |
| Prepaid expenses | 311.07 | 360.94 |
| Export incentives receivable | 122.36 | 109.92 |
| Insurance claim receivable | 11.42 | - |
| Advance to suppliers | | |
| Considered good | 544.60 | 219.69 |
| Considered doubtful | 31.36 | 31.36 |
| | **2,325.18** | **1,633.75** |
| Less : Allowance for doubtful advances* | (31.36) | (31.36) |
| **Total** | **2,293.82** | **1,602.39** |

***Details of movement in allowance for doubtful advances:**

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|---|---|---|
| Balance at the beginning of the year | (31.36) | (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)** | **(31.36)** |

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

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Raw materials* | 3,417.39 | 4,070.04 |
| Packing materials | 721.77 | 501.71 |
| Work-in-progress | 1,221.62 | 1,407.34 |
| Finished goods** | 7,181.61 | 5,126.17 |
| Stores, spares and consumables | 463.06 | 388.84 |
| **Total** | **13,005.45** | **11,494.10** |

*includes raw materials-in-transit ₹ 209.52 millions (March 31, 2023 - ₹ 142.33 millions).

**includes finished goods-in-transit ₹ 404.41 millions (March 31, 2023 - ₹ 558.07 millions)

i) For details of inventories hypothecated against current borrowings Refer note 10A & 13A.

ii) The Company recorded inventory write-down/(reversal) of ₹ 214.94 millions (March 31, 2023 - ₹ 88.67 millions). These were recognised as an expense during the year and included in "changes in finished goods and work-in-progress in Statement of profit and loss.

# Notes to Consolidated Financial Statements (Cont..)

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

## 7. Financial Assets

### 7A. Trade receivables (Unsecured)

| Particulars | | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|---|
| (a) Considered good | | 9,664.95 | 9,507.49 |
| Less : Allowance for doubtful trade receivables/credit loss | | (62.86) | (44.75) |
| | (A) | 9,602.09 | 9,462.74 |
| (b) Significant increase in credit risk | | 360.61 | 141.41 |
| (c) Credit impaired | | 171.55 | 124.89 |
| Less : Allowance for doubtful trade receivables | | (275.92) | (243.62) |
| | (B) | 256.24 | 22.68 |
| **Total** | **(C=A+B)** | **9,858.33** | **9,485.42** |

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 Group'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, 2024 | For the year ended March 31, 2023 |
|---|---|---|
| Balance at the beginning of the year | 288.37 | 293.47 |
| Provision made during the year including exchange differences, net of reversals | 50.41 | (5.10) |
| Balance at the end of the year | 338.78 | 288.37 |

**Ageing Schedule for Trade receivables as below**

**As at March 31, 2024**

| 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 | 7,391.26 | 1,937.61 | 336.08 | | - | - | 9,664.95 |
| (ii) Undisputed Trade Receivables - which have significant increase in credit risk | - | - | 115.98 | 131.56 | 81.62 | 31.45 | 360.61 |
| (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 | - | - | - | 17.11 | 29.55 | 124.89 | 171.55 |
| **Total** | **7,391.26** | **1,937.61** | **452.06** | **148.67** | **111.17** | **156.34** | **10,197.11** |

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

### 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 | 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** |

### 7B. Cash and bank balances

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Cash and cash equivalents** | | |
| **i) Cash on hand** | 1.23 | 1.04 |
| **ii) Balance with banks:** | | |
| On current accounts | 1,711.38 | 1,161.13 |
| On EEFC accounts | 1,098.02 | 373.40 |
| Deposits with original maturity of less than 3 months | 1,000.37 | 1,380.00 |
| **Total -(i+ii)** | **3,811.00** | **2,915.57** |
| | | |
| **iii) Bank balances other than cash and cash equivalents stated above** | | |
| Unpaid dividend account | 4.85 | 5.40 |
| Margin money deposits (refer note {a} below) | 48.00 | 206.93 |
| **Total -(iii)** | **52.85** | **212.33** |

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

### 7C. Other financial assets

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Interest accrued but not due on deposits | 7.71 | 7.48 |
| Derivative financial instruments | 2.38 | 5.49 |
| Advance to employees | 11.07 | 10.35 |
| Other receivables | 7.87 | 8.35 |
| **Total** | **29.03** | **31.67** |

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

## 8. Equity share capital

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Authorized** | | |
| 505,000,000 (March 31, 2023: 505,000,000) Equity Shares of ₹ 1/- each | 505.00 | 505.00 |
| **Issued, subscribed and fully paid up** | | |
| 242,368,716 fully paid up equity shares of ₹ 1/- each (March 31, 2023 : 242,042,756 equity shares of ₹ 1/- each) | 242.37 | 242.04 |

# Notes to Consolidated Financial Statements (Cont..)

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

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

| Equity Shares | As at March 31, 2024 | | As at March 31, 2023 | |
|---|---|---|---|---|
| | No. | ₹ | No. | ₹ |
| At the beginning of the year | 24,20,42,756 | 242.04 | 24,80,05,776 | 248.01 |
| Add: Shares issued on exercise of employee stock options | 3,25,960 | 0.33 | 2,86,980 | 0.29 |
| Less: Buyback of equity shares | - | - | (62,50,000) | (6.25) |
| **Number of shares at the end of the year** | **24,23,68,716** | **242.37** | **24,20,42,756** | **242.04** |

### 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, 2024, 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, 2023: ₹ 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

| Particulars | As at March 31, 2024 | | As at March 31, 2023 | |
|---|---|---|---|---|
| | No. of shares | % holding | No. of shares | % holding |
| Dr. Krishna Prasad Chigurupati | 8,42,99,111 | 34.78% | 8,42,99,111 | 34.83% |

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, 2024**

**Shares held by Promoters**

| Promoter Name | As at March 31, 2024 | | As at March 31, 2023 | | % Change during the year |
|---|---|---|---|---|---|
| | No of Shares | % of total shares | No of Shares | % of total shares | |
| Dr. Krishna Prasad Chigurupati | 8,42,99,111 | 34.78% | 8,42,99,111 | 34.83% | -0.05% |
| Chigurupati Uma Devi | 92,40,761 | 3.81% | 92,40,761 | 3.82% | -0.01% |
| Priyanka Chigurupati | 18,18,683 | 0.75% | 18,18,683 | 0.75% | - |
| Pragnya Chigurupati | 18,42,035 | 0.76% | 18,42,035 | 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% | 35,52,557 | 1.47% | - |
| Venkata Mahesh Krishna Narra | - | 0.00% | 5,000 | 0.00% | - |
| Santhi Sree Ramanavarapu | 8,55,878 | 0.35% | 8,55,878 | 0.35% | - |

**As at March 31, 2023**

**Shares held by Promoters**

| Promoter Name | As at March 31, 2023 | | As at 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% | 0.00% |
| 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% | - |

(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 previous 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 October 19, 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 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, 2024 | March 31, 2023 |
|---|---|---|
| ₹ 1.50 per equity share (March 31, 2023 : ₹ 0.75 per share) | 363.06 | 186.22 |
| | **363.06** | **186.22** |

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 recognised as liabilities.

| Particulars | March 31, 2024 | March 31, 2023 |
|---|---|---|
| ₹ 1.50 per equity share (March 31, 2023 : ₹ 1.50 per share) | 363.55 | 363.06 |
| | **363.55** | **363.06** |

**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.

# Notes to Consolidated Financial Statements (Cont..)

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

**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, 2024** | As at March 31, 2023 |
|---|---|---|
| Balance at the beginning of the year | (212.84) | (158.84) |
| Gain/(loss) recognised in other comprehensive income during the year | (42.75) | (145.01) |
| Amount reclassified to statement of profit and loss during the year | 161.08 | 72.85 |
| Tax impact on the above | (29.78) | 18.16 |
| **Balance at the end of the year** | **(124.29)** | **(212.84)** |

**Foreign currency translation reserve (FCTR)**

Represents the FCTR of a foreign subsidiaries. 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. The movement in this reserve is due to fluctuation in exchange rate of currencies in the current year.

## 10. Non-current financial liabilities

### 10A.Borrowings

| Particulars | Non-current portion | | Current maturities (refer Note 13A) | |
|---|---|---|---|---|
| | **As at March 31, 2024** | As at March 31, 2023 | **As at March 31, 2024** | As at March 31, 2023 |
| **Term Loans (Secured)** | | | | |
| Loans from banks/financial institutions | 689.71 | 1,486.44 | 1,000.15 | 990.96 |
| **Total** | **689.71** | **1,486.44** | **1,000.15** | **990.96** |

**The details of secured loans are as under:**

| Name of the bank/financial institutions | **Outstanding as on March 31, 2024** | Outstanding as on March 31, 2023 | Sanction Amount | No of Installments | Commencement of Installments | Rate of Interest |
|---|---|---|---|---|---|---|
| International Finance Corporation (Refer note (i) and (ii)) | 1,013.67 | 1,673.92 | EUR 45.00 Mn | 12 half yearly equal installments of EUR 3.75 Mn | Jan-20 | 6M Euribor + 1.00% p.a. (March 31, 2023 : 6M Euribor +1.00% p.a.) |
| Hong Kong and Shanghai Banking Corporation (Refer note (i) and (ii)) | 486.56 | 803.48 | EUR 16.20 Mn | 9 half yearly installments of EUR 1.8 Mn | Jul-21 | 6M Euribor + 0.80 % p.a. (March 31, 2023: 6M Euribor +0.80 % p.a.) |
| State bank of India (Refer note (i) and (ii)) | 189.63 | - | INR 4,000 Mn | 28 structured quarterly installments | Jun-26 | 3M MCLR + 0.20% p.a |

i) All secured term loans are secured by a *pari passu* first charge on the property, plant and equipment of present and future of the Granules India Limited & Granules Lifesciences Private Limited and a *pari passu* second charge of the current assets of present and future of the Granules India Limited & Granules Lifesciences Private Limited.

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, 2024** | As at March 31, 2023 |
|---|---|---|
| Non-current lease liabilities | 831.98 | 706.02 |
| Current lease liabilities | 86.40 | 70.11 |
| | **918.38** | **776.13** |

(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 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** |
| Additions | 204.34 |
| Finance cost accrued for the year | 41.66 |
| Deletions | - |
| Payment of lease liabilities including exchange differences | (103.75) |
| **Balance as at March 31, 2024** | **918.38** |

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

| Particulars | March 31, 2024 | March 31, 2023 |
|---|---|---|
| Less than one year | 128.35 | 110.44 |
| One to five years | 426.89 | 595.42 |
| More than five years | 1,039.84 | 482.88 |
| **Total** | **1,595.08** | **1,188.74** |

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 2024-2057.

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|---|---|---|
| Depreciation expense of right-of-use assets (refer note 21) | 113.44 | 121.56 |
| Interest expense on lease liabilities (refer note 20) | 41.66 | 11.47 |
| Expense relating to short-term leases (refer note 22) | 219.80 | 111.61 |
| **Total amount recognised in Statement of profit and loss** | **374.90** | **244.64** |

## 11. Provisions

### 11A. Non-current

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Provision for employee benefits | | |
| Gratuity (refer note 28(b)) | 287.20 | 219.08 |
| Compensated absences* | 91.60 | 73.48 |
| **Total** | **378.80** | **292.56** |
| | | |
| ***Details of movement in provision for Compensated absences are as follows:** | | |
| Balance as at beginning of the year | 116.69 | 118.09 |
| Provision made during the year, net of reversals | 69.33 | 48.56 |
| Provision used during the year | (45.72) | (49.96) |
| **Balance as at end of the year** | **140.30** | **116.69** |

### 11B. Current

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Provision for employee benefits | | |
| Gratuity (refer note 28(b)) | 66.09 | 65.81 |
| Compensated absences | 48.70 | 43.21 |
| Provision for Sale return* | 3.57 | 37.14 |
| **Total** | **118.36** | **146.16** |

# Notes to Consolidated Financial Statements (Cont..)

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

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| ***Details of movement in provision for Sale return are as follows:** | | |
| Balance as at beginning of the year | 37.14 | 129.91 |
| Provision made during the year, net of reversals | - | 2.16 |
| Provision used during the year | (33.57) | (94.93) |
| **Balance as at end of the year** | **3.57** | **37.14** |

## 12A. Deferred tax liability (net)

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Deferred tax liability** | | |
| Property, plant and equipment and intangible assets | 1,389.44 | 1,400.18 |
| Right of use assets | 23.85 | 27.58 |
| **Gross deferred tax liability** | **1,413.29** | **1,427.76** |
| **Deferred tax assets** | | |
| Employee benefit obligations | 169.00 | 135.42 |
| Allowance for doubtful debts / credit loss | 80.96 | 66.43 |
| Cash flow hedges | 41.80 | 71.58 |
| Allowance for doubtful advances | 7.89 | 7.89 |
| Lease liability | 27.09 | 30.85 |
| Business loss | - | 213.90 |
| Research credit | 162.56 | 226.20 |
| Stock reserve | 362.99 | 379.54 |
| Provisions | 136.30 | 63.63 |
| Others | 193.74 | 155.80 |
| **Gross deferred tax assets** | **1,182.33** | **1,351.24** |
| **Net deferred tax liability** | **230.96** | **76.52** |

## 12B. Deferred tax asset (net)

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Deferred tax asset** | | |
| Employee benefit obligations | 15.99 | 5.30 |
| Business loss | 74.27 | - |
| Stock reserve | 271.88 | - |
| Others | 48.29 | 9.18 |
| **Gross deferred tax asset** | **410.43** | **14.48** |
| **Deferred tax liability** | | |
| Property, plant and equipment and intangible assets | 39.39 | 0.20 |
| **Gross deferred tax liability** | **39.39** | **0.20** |
| **Net deferred tax asset** | **371.04** | **14.28** |

(refer note 24 for movement in deferred tax balances)

## 13. Current financial liabilities

### 13A.Borrowings

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Current borrowings - repayable on demand from Banks | | |
| Packing credit loans (secured) (refer note (i) & (ii)) | 5,512.85 | 5,440.19 |
| Working capital loan (secured) (refer note (v)) | 1,250.10 | 1,478.03 |
| Working capital loan (unsecured) (refer note (vi)) | 250.02 | - |
| Packing credit loans (unsecured) (refer note (ii)) | 3,529.43 | 1,190.60 |
| Current maturities of non-current borrowings (refer note 10A) | 1,000.15 | 990.96 |
| **Total** | **11,542.55** | **9,099.78** |

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

i) All secured current borrowings from banks are secured by a *pari passu* first charge on the current assets of present and future of the Holding Company and a *pari passu* 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 5.7% to 5.9% p.a benchmark linked to SOFR (March 31, 2023: 3.2% to 3.4% 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, 2024 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 account.

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 Pharmaceuticals Inc., has outstanding revolving credit facility carrying an interest rate of Reference rate + 1.05% p.a from banks.

### 13B. Trade payables

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Trade payables (refer note (b) below) | | |
| Total outstanding dues of micro enterprises and small enterprises (refer note (a) below) | 46.79 | 115.15 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 7,448.47 | 7,706.10 |
| **Total** | **7,495.26** | **7,821.25** |
| | | |
| **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 | 46.79 | 115.15 |
| 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.

# Notes to Consolidated Financial Statements (Cont..)

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

**Ageing Schedule for Trade payables as below:**

### As on March 31, 2024

| 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 | 46.79 | - | - | - | 46.79 |
| ii) Others | 7,357.45 | 61.40 | 16.90 | 12.72 | 7,448.47 |
| iii) Disputed dues-MSME | - | - | - | - | - |
| iv) Disputed dues-others | - | - | - | - | - |
| **Total** | **7,404.24** | **61.40** | **16.90** | **12.72** | **7,495.26** |

### 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** |

**13C. Other financial liabilities**

| Particulars | **As at March 31, 2024** | As at March 31, 2023 |
|---|---|---|
| Capital creditors | 496.96 | 200.25 |
| Salaries and bonus payable | 573.11 | 420.03 |
| Unclaimed dividend | 5.08 | 5.63 |
| Interest accrued but not due on borrowings | 18.22 | 26.25 |
| Others | 169.59 | 67.17 |
| **Total** | **1,262.96** | **719.33** |

## 14. Other current liabilities

| Particulars | **As at March 31, 2024** | As at March 31, 2023 |
|---|---|---|
| Contract liabilities (refer note 15) | 178.41 | 63.98 |
| Statutory liabilities | 82.90 | 87.47 |
| **Total** | **261.31** | **151.45** |

## 15. Revenue from operations

| Particulars | **For the year ended March 31, 2024** | For the year ended March 31, 2023 |
|---|---|---|
| Sale of products | 44,901.60 | 44,963.38 |
| Other operating revenue | 162.07 | 155.79 |
| **Total** | **45,063.67** | **45,119.17** |

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

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

**Details of contract liabilities:**

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|---|---|---|
| Contract liabilities (refer note 14) | 178.41 | 63.98 |

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 ₹ 52.80 millions (March 31, 2023 -₹ 57.11 millions) included in contract liabilities as at March 31, 2023 has been recognised as revenue in the current year.

## 16. Other income

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|---|---|---|
| Interest income | | |
| Deposits with banks | 12.52 | 39.20 |
| Others | 15.45 | 5.94 |
| Other non-operating income | 16.05 | 92.66 |
| **Total** | **44.02** | **137.80** |

## 17. Cost of materials consumed

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|---|---|---|
| Inventory at the beginning of the year | 4,571.75 | 3,398.63 |
| Add: Purchases | 21,649.62 | 24,699.66 |
| | **26,221.37** | **28,098.29** |
| Less: Inventory at the end of the year | 4,139.16 | 4,571.75 |
| **Cost of materials consumed** | **22,082.21** | **23,526.54** |

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

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|---|---|---|
| **Inventories at the end of the year** | | |
| Finished goods | 7,181.61 | 5,126.17 |
| Work-in-progress | 1,221.62 | 1,407.34 |
| | **8,403.22** | **6,533.51** |
| **Inventories at the beginning 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** |
| **Total** | **(1,869.71)** | **(453.66)** |

## 19. Employee benefit expenses

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|---|---|---|
| Salaries, wages and bonus (refer note 28(b)) | 5,225.71 | 3,977.37 |
| Managerial remuneration (refer note 31) | 476.20 | 518.84 |
| Contribution to provident and other funds (refer note 28(a)) | 118.47 | 99.76 |
| Staff welfare expenses | 155.37 | 113.45 |
| Employee stock option scheme (refer note 27) | 2.82 | 12.90 |
| **Total** | **5,978.57** | **4,722.32** |

# Notes to Consolidated Financial Statements (Cont..)

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

## 20. Finance costs

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|---|---|---|
| Interest expense | | |
| - Term loan | 91.09 | 48.32 |
| - Working capital | 582.32 | 289.04 |
| - Others | 2.52 | 5.40 |
| Interest on lease liabilities (refer note 10B) | 41.66 | 11.47 |
| Other borrowing costs | 340.62 | 205.10 |
| **Total** | **1,058.21** | **559.33** |

## 21. Depreciation and amortisation

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|---|---|---|
| Depreciation | 1,603.32 | 1,429.51 |
| Amortisation | 470.00 | 415.43 |
| **Total** | **2,073.32** | **1,844.94** |

## 22. Other expenses

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|---|---|---|
| Consumption of stores and spares | 398.15 | 309.49 |
| Power and fuel | 1,006.42 | 956.87 |
| Effluent treatment expenses | 226.72 | 216.37 |
| Analytical fees | 45.55 | 35.12 |
| Other manufacturing expenses | 375.02 | 199.76 |
| Repairs and maintenance | | |
| Plant and machinery | 662.97 | 545.99 |
| Buildings | 85.37 | 58.20 |
| Others | 346.26 | 245.72 |
| Rent | 219.80 | 111.61 |
| Rates and taxes | 291.43 | 281.51 |
| Printing and stationery | 27.82 | 22.38 |
| Insurance | 345.27 | 240.46 |
| Commission to directors (refer note 31) | 19.55 | 21.21 |
| Directors sitting fees (refer note 31) | 3.68 | 4.33 |
| Remuneration to statutory auditors (refer note 30) | 14.19 | 6.69 |
| Sales commission | 229.45 | 230.39 |
| Carriage outwards & clearing charges | 2,214.69 | 2,290.63 |
| Research & development expenses (refer note 29) | 1,985.60 | 1,163.80 |
| Business promotion expense / Other commercial expenses | 417.64 | 241.94 |
| Communication expenses | 20.77 | 36.54 |
| Consultancy charges | 471.03 | 455.06 |
| Travelling and conveyance | 184.65 | 145.89 |
| Advertisement charges | 44.54 | 37.03 |
| Donations | 30.21 | 1.20 |
| Loss on sale of property, plant and equipment (net) | 23.20 | 13.71 |
| Contribution to political parties* | 130.00 | - |
| Bad debts written off | 24.36 | 0.54 |
| Allowance for doubtful trade receivables (refer note 7A) | 50.41 | (5.07) |
| Allowance for doubtful advances | - | 14.41 |
| Foreign exchange loss (net) | 18.58 | 69.46 |
| Corporate social responsibility expenditure (refer note 23) | 128.24 | 110.02 |
| Miscellaneous expenses | 271.23 | 124.51 |
| **Total** | **10,312.80** | **8,185.77** |

*Includes ₹ 30.00 millions contribution made to electoral bonds and ₹ 100.00 millions contribution made to political party - Bharatiya Janata party.

# Notes to Consolidated Financial Statements (Cont..)

(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, 2024 | For the year ended March 31, 2023 |
|---|---|---|
| (a) Gross amount required to be spent by the Company during the year: | 128.20 | 109.99 |
| (b) Amount spent during the year ended | | |
| (i) Construction/acquisition of any asset | - | 5.97 |
| (ii) On purposes other than (i) above in cash | 128.24 | 104.05 |
| (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) | 114.70 | 37.10 |
| (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 separately. | Not Applicable | Not Applicable |
| (i) Excess amount spent | | |
| Opening Balance | 0.17 | 0.14 |
| Amount required to be spent during the year | 128.20 | 109.99 |
| Amount spent during the year | 128.24 | 110.02 |
| **Closing balance** | **0.21** | **0.17** |

## 24. Tax expense

### (a) Tax expense:

**Amount recognised in profit (or) loss**

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|---|---|---|
| Current tax | 1,652.27 | 1,771.80 |
| Deferred tax (benefit)/expense | | |
| Attributable to the origination and reversal of temporary differences | (233.08) | (66.04) |
| **Total tax expense recognised in statement of profit & loss** | **1,419.19** | **1,705.76** |

### (b) Reconciliation of effective tax rate:

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|---|---|---|
| Profit before tax (A) | 5,472.29 | 6,871.73 |
| Enacted tax rate in India (B) | 25.17% | 25.17% |
| Expected tax expenses (C = A*B) | 1,377.27 | 1,729.48 |
| Adjustment of tax relating to earlier periods | 10.55 | (46.56) |
| Effect of tax incentives and concessions | - | (8.49) |
| Permanent differences | 72.60 | 27.94 |
| Unrecognised deferred tax assets | 2.23 | 1.29 |
| Others | (43.46) | 2.10 |
| **Tax expense** | **1,419.19** | **1,705.76** |
| Effective tax rate | 25.93% | 24.82% |

# Notes to Consolidated Financial Statements (Cont..)

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

**Movement in temporary differences:**

| Particulars | Balance as at April 1, 2022 | Recognised in Statement of profit and loss during the previous year including exchange differences | Recognised in OCI during the previous year | Balance as at March 31, 2023 | Recognised in profit or loss during the year including exchange differences | Recognised in OCI during the year | **Balance as at March 31, 2024** |
|---|---|---|---|---|---|---|---|
| On account of depreciation and amortization | (1,220.73) | (179.65) | - | (1,400.38) | (28.45) | - | (1,428.83) |
| On account of right-of-use assets | (31.58) | 4.00 | - | (27.58) | 3.73 | - | (23.85) |
| On account of employee benefits | 135.78 | 7.34 | (2.40) | 140.72 | 42.84 | 1.43 | 184.99 |
| On account of allowance for doubtful debts | 73.86 | (7.43) | - | 66.43 | 14.53 | - | 80.96 |
| On account of allowance for doubtful advances | 4.27 | 3.62 | - | 7.89 | - | - | 7.89 |
| On account of leased liability | 34.11 | (3.26) | - | 30.85 | (3.76) | - | 27.09 |
| On account of cash flow hedges | 53.42 | - | 18.16 | 71.58 | - | (29.78) | 41.80 |
| On account of business loss | 238.12 | (24.22) | - | 213.90 | (139.63) | - | 74.27 |
| On account of stock reserve | 332.73 | 46.81 | - | 379.54 | 255.33 | - | 634.87 |
| On account of provisions | 41.81 | 21.82 | - | 63.63 | 72.67 | - | 136.30 |
| On account of research credit | 156.69 | 69.51 | - | 226.20 | (63.64) | - | 162.56 |
| Others | 56.11 | 108.87 | - | 164.98 | 77.05 | 0.00 | 242.03 |
| **Total** | **(125.41)** | **47.41** | **15.76** | **(62.24)** | **230.67** | **(28.35)** | **140.08** |

**Income tax recognised in other comprehensive income**

| Particulars | **For the year ended March 31, 2024** | | | For the year ended March 31, 2023 | | |
|---|---|---|---|---|---|---|
| | **Before tax** | **Tax (expense) benefit** | **Net of tax** | Before tax | Tax (expense) benefit | Net of tax |
| Gain/(loss) arising on translation of foreign operations | 120.70 | - | 120.70 | 615.92 | - | 615.92 |
| Fair value changes on cash flow hedges | 118.33 | (29.78) | 88.55 | (72.16) | 18.16 | (54.00) |
| Re-measurement of defined benefit liability | (5.68) | 1.43 | (4.25) | 9.52 | (2.40) | 7.12 |
| **Total** | **233.35** | **(28.35)** | **205.00** | **553.28** | **15.76** | **569.04** |

## 25. Earning per equity share

| Particulars | **For the year ended March 31, 2024** | For the year ended March 31, 2023 |
|---|---|---|
| Earnings | | |
| Profit for the year | **4,053.10** | **5,165.97** |
| Weighted average shares used for computing of basic EPS | 242.21 | 245.41 |
| Add: Effect of dilution | | |
| Effect of dilutive options granted but not yet exercised/not yet eligible for exercise | 0.14 | 0.33 |
| Weighted average shares used for computing diluted EPS | **242.35** | **245.74** |
| Earnings per share | | |
| - Basic (in ₹) | 16.73 | 21.05 |
| - Diluted (in ₹) | 16.72 | 21.00 |

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

## 26. Contingent liabilities and commitments

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **(a) Contingent liabilities:** | | |
| Claims arising from disputes not acknowledged as debts - direct taxes | 21.11 | 21.11 |
| 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) 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, 2024, 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.

ii) 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.

**iii) 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 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.

On October 9, 2023, a new Class Action Complaint, County of Monmouth, et al. v. Apotex Inc., et al., Case No. 2-23:-cv-21001, was filed in the United States District Court for the District of New Jersey naming Granules and the co-Defendants from the consolidated litigation, as well as including new co-Defendants. The Complaint tracks, for the most part, the allegations in the Second Amended Economic Loss Complaint which is operative in the consolidated litigation in the District of New Jersey.

# Notes to Consolidated Financial Statements (Cont..)

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

Granules and Heritage accepted service of the Complaint and Defendants' Motion to Dismiss was filed January 31, 2024. Instead of opposing the motion, Plaintiffs instead filed a First Amended Class Action Complaint, dropping all Pharmacy Defendants. The FAC names Granules, Heritage and the other manufacturing Defendants named in the consolidated litigation. Defendants briefed and filed a motion to dismiss the FAC on several grounds. Plaintiffs have now engaged in discussions with Defendants regarding consolidation of the County of Monmouth FAC into the consolidated litigation that has been ongoing, as expected. These negotiations are ongoing and still in their very early stages.

Relying on the Tender of Defense from the consolidated litigation, Granules received Notices of Third-Party Claim, Indemnity and Tender of Defenses from Avet regarding this matter, and a request by Avet was made for Granules to assume the defense of Avet in the County of Monmouth action. Granules has agreed to accept this tender.

There has not been any settlement demand in this litigation.

**iv) 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.

In Pennsylvania, all generic manufacturing Defendants filed Preliminary Objections to the Master Long Form Complaint. Plaintiffs filed an opposition to same and oral argument was held. A decision on the Objections was made by the Court wherein nearly all, if not all, claims against generic manufacturers, including Granules, were dismissed. Since the order from the Court was not entirely clear on the complete dismissal, we filed an Answer to the Master Long Form Complaint out of an abundance of caution and after consultation with the other generic Defendants. Plaintiffs and Brand defendants have begun selecting bellwether cases. However, since Granules has reached agreement to be removed from all cases naming Granules, no cases identifying Granules have thus far been selected for trial work up.

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.

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **(b) Commitments** | | |
| Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances | 2,195.53 | 1,768.36 |

## 27. Share-based payments

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

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

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

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

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

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

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

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

# Notes to Consolidated Financial Statements (Cont..)

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

**The details of activity under the Scheme are summarized below :**

| | For the year ended March 31, 2024 | | | |
|---|---|---|---|---|
| | **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 | 6,45,960 | 97.00 to 353.00 | 157.99 | 26 |
| Add : Granted during the year | - | - | - | - |
| Less: Exercised during the year | 3,25,960 | 97.00 | 97.00 | - |
| Less: Lapsed/Cancelled/Surrendered during the Year | 20,000 | 97.00 | 97.00 | - |
| At the end of the year | 3,00,000 | 97.00 to 353.00 | 228.33 | 14 |
| Exercisable the end of the year | 3,00,000 | 97.00 to 353.00 | 228.33 | 14 |

| | 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 |

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 |

**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 Pharmaceuticals, 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.

# Notes to Consolidated Financial Statements (Cont..)

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

**The details of activity under the Scheme are summarized below :**

| Particulars | For the year ended March 31, 2024 | | | |
|---|---|---|---|---|
| | **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 | 39 |
| 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 | 27 |
| Exercisable at the end of the year | 82 | 19,149.26 | 19,149.26 | 27 |

| 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 | 51 |
| 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 | 39 |
| Exercisable at the end of the year | 82 | 19,149.26 | 19,149.26 | 39 |

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, 2024** | For the year ended March 31, 2023 |
|---|---|---|
| Employee stock option scheme, net | 2.82 | 12.90 |

## 28. Employee benefits

### a) Defined contribution plan

| Particulars | **March 31, 2024** | March 31, 2023 |
|---|---|---|
| Contribution to provident fund | 112.93 | 94.70 |
| Contribution to employee state insurance | 5.54 | 5.06 |
| **Total** | **118.47** | **99.76** |

**b)** The Company has a defined benefit gratuity plan as per the Payment of Gratuity Act, 1972. Under this legislation, employee who has completed five years of service is entitled to specific benefit. The level of benefit provided depends on the employee's length of service and salary at retirement/termination age. The gratuity plan is a funded plan and the Company make contributions to a recognised fund in India.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

# Notes to Consolidated Financial Statements (Cont..)

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

| Particulars | Defined benefit obligation | Fair value of plan assets | Net defined benefit (asset)/ liability |
|---|---|---|---|
| **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 recognised 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 recognised in other comprehensive income** | **(9.62)** | **0.11** | **(9.52)** |
| Employers contribution | - | - | - |
| Benefits paid | (29.96) | - | (29.96) |
| **Balance as on March 31, 2023** | **302.44** | **(17.54)** | **284.89** |
| Current service cost | 52.99 | - | 52.99 |
| Interest expense/(income) | 21.65 | (0.65) | 21.00 |
| **Amount recognised in Statement of profit and loss** | **74.64** | **(0.65)** | **73.99** |
| Remeasurements: | | | |
| Return on plan assets, excluding amounts included in interest expense/(income) | - | - | - |
| Actuarial (gain)/loss arising from: | | | |
| Demographic assumptions | 6.00 | - | 6.00 |
| Financial assumptions | (2.19) | 0.46 | (1.73) |
| Experience adjustment | 1.41 | - | 1.41 |
| **Amount recognised in other comprehensive income** | **5.22** | **0.46** | **5.68** |
| Employers contribution | - | - | - |
| Benefits paid | (28.98) | 17.71 | (11.27) |
| **Balance as on March 31, 2024** | **353.32** | **(0.02)** | **353.29** |

| Particulars | **As at March 31, 2024** | As at March 31, 2023 |
|---|---|---|
| Non-current | 287.20 | 219.08 |
| Current | 66.09 | 65.81 |
| | **353.29** | **284.89** |

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

| Particulars | **For the year ended March 31, 2024** | For the year ended March 31, 2023 |
|---|---|---|
| Interest rate | 7.24% | 7.52% |
| Discount rate | 7.24% | 7.52% |
| Expected return on plan assets | 7.24% | 7.52% |
| Salary increase | 8% to 10.0% | 8% to 10.0% |
| Attrition rate | 15% to 20% | 25.00% |
| 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 5.00 years (March 31, 2023: 4.47 years)

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

# Notes to Consolidated Financial Statements (Cont..)

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

**(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, 2024 | | For the year ended March 31, 2023 | |
|---|---|---|---|---|
| | Increase | Decrease | Increase | Decrease |
| Discount rate | (14.94) | 16.42 | (10.48) | 11.36 |
| Salary increase | 16.72 | (15.79) | 12.04 | (11.49) |
| Attrition rate | (1.30) | 1.35 | (0.85) | 0.88 |

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, 2024 and March 31, 2023, the plan assets have been invested in Life Insurance Corporation

The expected contributions to the plan for the next annual period amounts to ₹ 353.10 millions (March 31, 2023: ₹ 284.90 millions).

**Maturity profile of defined benefit obligation**

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|---|---|---|
| 1st Following year | 66.47 | 66.01 |
| 2nd Following year | 53.69 | 57.32 |
| 3rd Following year | 51.19 | 47.93 |
| 4th Following year | 47.92 | 42.90 |
| 5th Following year | 42.96 | 37.47 |
| Years 6 to 10 | 263.20 | 108.45 |

## 29. Research and development expenses

a. Details of Research and development expenses incurred during the year is given below

| Particulars | March 31, 2024 | March 31, 2023 |
|---|---|---|
| Capital | 90.67 | 86.22 |
| **Revenue (included in note 22)** | | |
| Cost of materials consumed | 223.09 | 96.61 |
| Employee benefit expenses | 697.10 | 295.46 |
| Other expenses | | |
| Analytical fees | 180.89 | 190.65 |
| Rates and taxes | 202.28 | 114.03 |
| Other research and development expenses | 682.24 | 467.05 |
| **Total** | **1,985.60** | **1,163.80** |
| **Total** | **2,076.27** | **1,250.02** |

# Notes to Consolidated Financial Statements (Cont..)

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

## 30. Remuneration to statutory auditors

| Particulars | March 31, 2024 | March 31, 2023 |
|---|---|---|
| As Auditor (excluding GST) | | |
| Statutory audit | 9.90 | 3.40 |
| Limited review | 2.40 | 2.10 |
| Certification | 1.48 | 1.05 |
| Reimbursement of expenses and taxes | 0.41 | 0.14 |
| **Total** | **14.19** | **6.69** |

## 31. Related party disclosures

### 31A. Names of related parties and description of relationship

| Name of the related party | | Relationship |
|---|---|---|
| 1 | Granules Trust | Enterprises over which key management personnel or their relatives exercise significant influence |
| 2 | Product Armor Packaging Private Limited | Enterprises over which key management personnel or their relatives exercise significant influence |
| 3 | 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 | Joint Managing Director and Chief Executive Officer |
| 3 | Mrs. Uma Devi Chigurupati | Executive Director |
| 4 | Mr. Harsha Chigurupati | Executive Director |
| 5 | Ms. Priyanka Chigurupati (from January 23, 2024) | Executive Director |
| **Others** | | |
| 6 | Mr. Sandip Neogi (upto December 14, 2022) | Chief Financial Officer |
| 7 | Mr. Mukesh Surana (from December 30, 2022) | Chief Financial Officer |
| 8 | Mrs. Chaitanya Tummala | Company Secretary |
| **Non-executive directors** | | |
| 1 | Mr. K. B. Sankar Rao | Non-Executive Director |
| 2 | Mr. A. Arun Rao (upto March 31, 2024) | Independent Director |
| 3 | Mr. Arun Sawhney | Independent Director |
| 4 | Mr. Robert George Cunard (upto March 17, 2023) | Independent Director |
| 5 | Mr. Saumen Chakraborty | Independent Director |
| 6 | Mrs. Sucharita Rao Palepu | Independent Director |
| 7 | Mr. Kapil Kumar Mehan (from May 05, 2023) | Independent Director |
| 8 | Dr. Sethurathnam Ravi (from January 23, 2024) | Independent Director |
| 9 | Mr. Rajiv Pritidas Kakodkar (from February 20, 2024) | Independent Director |

# Notes to Consolidated Financial Statements (Cont..)

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

### 31B. Transactions during the year

| Particulars | March 31, 2024 | March 31, 2023 |
|---|---|---|
| **a) Transactions with enterprises over which key management personnel- directors or their relatives exercise significant influence** | | |
| i) Granules Trust | | |
| Contribution towards CSR | 114.70 | 37.10 |
| ii) Product Armor Packaging Private Limited | | |
| Purchases of goods | 324.33 | 44.32 |
| iii) Premas Biotech Private Limited | | |
| Purchases of goods | - | 2.82 |
| **b) Transactions with key managerial personnel - directors and their relative** | | |
| i) Dr. Krishna Prasad Chigurupati | | |
| Managerial Remuneration | 316.37 | 353.56 |
| ii) Dr. K.V.S Ram Rao | | |
| Managerial Remuneration | 96.55 | 94.56 |
| iii) Mrs. Uma Devi Chigurupati | | |
| Managerial Remuneration | 31.64 | 35.36 |
| iv) Mr. Harsha Chigurupati | | |
| Managerial Remuneration | 31.64 | 35.36 |
| v) Ms. Priyanka Chigurupati | | |
| Salary | 27.41 | 20.13 |
| vi) Non-Executive Directors | | |
| Sitting fees | 3.68 | 4.33 |
| Commission | 19.55 | 21.21 |
| **c) Transactions with key managerial personnel - others** | | |
| i) Salary | 41.89 | 21.11 |

### 31C. Closing balances

| Particulars | March 31, 2024 | March 31, 2023 |
|---|---|---|
| **a) Enterprises over which key management personnel or their relatives exercise significant influence** | | |
| i) Product Armor Packaging Private Limited | | |
| Trade payables | 7.95 | 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 management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense for the year and that of provision for taxation.

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.

# Notes to Consolidated Financial Statements (Cont..)

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

## 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, 2024 | | | | | | |
|---|---|---|---|---|---|---|---|
| | 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 | - | - | 167.03 | 167.03 | - | - | - |
| Trade receivables | - | - | 9,858.33 | 9,858.33 | - | - | - |
| Cash and cash equivalents | - | - | 3,811.00 | 3,811.00 | - | - | - |
| Bank balances other than cash and cash equivalents | - | - | 52.85 | 52.85 | - | - | - |
| Other current financial assets | - | - | 26.65 | 26.65 | - | - | - |
| **b) Financial assets measured at fair value through OCI** | | | | | | | |
| Non-current investments | - | 215.15 | - | 215.15 | 0.01 | 215.14 | - |
| Other current financial assets | - | 2.38 | - | 2.38 | - | 2.38 | - |
| | **-** | **217.53** | **13,915.86** | **14,133.39** | **0.01** | **217.52** | **-** |
| **ii) Financial liabilities** | | | | | | | |
| **a) Financial liabilities not measured at amortized cost** | | | | | | | |
| Non-current borrowings | - | - | 689.71 | 689.71 | - | - | - |
| Non-current lease liabilities | - | - | 831.98 | 831.98 | - | - | - |
| Trade payables | - | - | 7,495.26 | 7,495.26 | - | - | - |
| Other current financial liabilities | - | - | 1,262.96 | 1,262.96 | - | - | - |
| Current lease liabilities | - | - | 86.40 | 86.40 | - | - | - |
| Current borrowings(including current maturities of non current borrowings) | - | - | 11,542.55 | 11,542.55 | - | - | - |
| | **-** | **-** | **21,908.86** | **21,908.86** | **-** | **-** | **-** |

(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 amortized cost** | | | | | | | |
| 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** | **-** | **-** | **-** |

## 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 ₹ 9,858.33 millions and ₹ 9,485.42 millions as of March 31, 2024 and March 31, 2023 respectively, being the total of the carrying amount of balances with trade receivables.

# Notes to Consolidated Financial Statements (Cont..)

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

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

Credit risk on financial assets, except trade receivables is limited as the company generally transacts with banks and financial institutions with high credit rating assigned by international and domestic credit rating agencies. 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, 2024**

| Particulars | Not Due | 0-180 days | 181-365 days | > 365 days | Total |
|---|---|---|---|---|---|
| Gross carrying amount of trade receivables | 7,391.26 | 1,937.61 | 452.06 | 416.18 | 10,197.11 |
| Expected Credit losses (Loss allowance provision) | | | | | (338.78) |
| Net carrying amount of trade receivables | | | | | 9,858.33 |

**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 |

**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, 2024:

| Particulars | Carrying value | Payable on demand | Less than 1 year | 1-2 years | 2-5 years | > 5 years | Total |
|---|---|---|---|---|---|---|---|
| Non current borrowings and interest (including current maturities) | 1,689.86 | - | 1,009.89 | 501.44 | 189.63 | - | 1,700.96 |
| Current borrowings (excluding current maturities of non-current borrowings) | 10,542.40 | 10,542.40 | - | - | - | - | 10,542.40 |
| Lease liability | 918.38 | - | 128.35 | 129.85 | 297.04 | 1,039.84 | 1,595.08 |
| Trade payables | 7,495.26 | - | 7,495.26 | - | - | - | 7,495.26 |
| Other financial liabilities | 1,262.96 | - | 1,262.96 | - | - | - | 1,262.96 |

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 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 |

**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.

### 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, 2024** | March 31, 2023 |
|---|---|---|---|
| INR - Borrowings | +100 | (1.90) | - |
| | -100 | 1.90 | - |
| USD - Borrowings | +100 | (105.42) | (81.09) |
| | -100 | 105.42 | 81.09 |
| EURO - Borrowings | +100 | (15.00) | (24.77) |
| | -100 | 15.00 | 24.77 |

### 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, 2024** | | |
|---|---|---|---|
| | **USD** | **EURO** | **Others** |
| **Assets** | | | |
| Trade receivables | 5,069.33 | 854.78 | 49.16 |
| Other financial assets | 0.78 | 1.40 | - |
| Cash and cash equivalents | 1,064.97 | 29.53 | 0.08 |
| **Total** | **6,135.08** | **885.71** | **49.24** |
| **Liabilities** | | | |
| Borrowings | - | 500.08 | - |
| Trade payables | 2,348.35 | 29.65 | 1.46 |
| Other financial liabilities | 138.05 | 95.98 | 0.05 |
| Current borrowings | 9,042.28 | 1,000.15 | - |
| **Total** | **11,528.68** | **1,625.86** | **1.51** |

(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** |

# Notes to Consolidated Financial Statements (Cont..)

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

For the year ended March 31, 2024 and March 31, 2023, 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 (1.36%) and (0.89%) 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, 2024, 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 | Total |
| **As at March 31, 2024** | | | | |
| Foreign exchange forward contracts (highly probable forecast sales) | | | | |
| Notional amount (in ₹ Millions) | 4,300.79 | - | - | 4,300.79 |
| Average forward rate (INR / USD) | 83.84 | - | - | 83.84 |
| Euro denominated debt (highly probable forecast sales) | | | | |
| Notional amount (in ₹ Millions) | 854.50 | 427.40 | - | 1,281.90 |
| Average forward rate (INR / Euro) | 77.01 | 77.01 | - | 77.01 |
| **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 |

(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, 2024** | | | | |
| Forward exchange contracts | 4,300.79 | 2.38 | Derivative instruments under current financial assets | (3.11) |
| Euro denominated debt | 1,500.23 | 1,500.23 | Non-current borrowings and Short-term borrowings | 121.44 |
| **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) |

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, 2024** | | | |
| Highly probable forecast sales | 118.33 | 118.33 | - |
| **As at March 31, 2023** | | | |
| Highly probable forecast sales | (72.16) | (72.16) | - |

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

| Particulars | Total hedging gain/(loss) recognised in OCI | Ineffectiveness recognised in profit or loss | Line item in the statement of profit and loss | Cost of hedging recognise in OCI | Amount reclassified from OCI to profit or loss | Line item in the statement of profit and loss |
|---|---|---|---|---|---|---|
| **As at March 31, 2024** | | | | | | |
| Highly probable forecast sales | 118.33 | - | - | - | 161.08 | Revenue from operations |
| **As at March 31, 2023** | | | | | | |
| Highly probable forecast sales | (72.16) | - | - | - | 72.85 | Revenue from operations |

# Notes to Consolidated Financial Statements (Cont..)

(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 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

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, 2024 | | | March 31, 2023 | | |
|---|---|---|---|---|---|---|
| | Outside India | Within India | Total | Outside India | Within India | Total |
| Revenue | 42,807.97 | 2,255.70 | 45,063.67 | 42,223.81 | 2,895.36 | 45,119.17 |
| Non-current assets (refer note i) | 7,144.87 | 17,969.77 | 25,114.64 | 7,280.24 | 15,537.52 | 22,817.76 |

**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, 2024 | % of equity interest March 31, 2023 |
|---|---|---|---|
| Granules USA Inc | USA | 100% | 100% |
| Granules Consumer Health, Inc. | USA | 100% | 100% |
| Granules Pharmaceuticals Inc | USA | 100% | 100% |
| Granules Europe Limited | UK | 100% | 100% |
| Granules Lifesciences Private Limited | India | 100% | 100% |
| Granules CZRO Private Limited | India | 100% | 100% |

# Notes to Consolidated Financial Statements (Cont..)

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

## 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, 2024 | 96.45% | 31,109.46 | 107.55% | 4,359.18 | 41.12% | 84.30 | 104.35% | 4,443.48 |
| 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 |
| **Subsidiaries** | | | | | | | | |
| **Foreign** | | | | | | | | |
| Granules USA Inc., | | | | | | | | |
| Balance as at March 31, 2024 | 0.12% | 39.40 | -4.65% | (188.39) | 0.59% | 1.20 | -4.40% | (187.19) |
| Balance as at March 31, 2023 | 0.80% | 226.55 | 0.70% | 36.23 | 3.17% | 18.01 | 0.95% | 54.24 |
| Granules Pharmaceuticals Inc., | | | | | | | | |
| Balance as at March 31, 2024 | 26.72% | 8,620.25 | 14.55% | 589.89 | 58.29% | 119.50 | 16.66% | 709.39 |
| Balance as at March 31, 2023 | 27.91% | 7,910.87 | 2.93% | 151.52 | 104.36% | 593.85 | 13.00% | 745.37 |
| Granules Europe Limited | | | | | | | | |
| Balance as at March 31, 2024 | -0.03% | (10.49) | -0.03% | (1.32) | 0.00% | (0.00) | -0.03% | (1.32) |
| Balance as at March 31, 2023 | -0.03% | (9.33) | 2.17% | 112.27 | 0.71% | 4.06 | 2.03% | 116.33 |
| **Domestic** | | | | | | | | |
| Granules Lifesciences Private Limited | | | | | | | | |
| Balance as at March 31, 2024 | 6.90% | 2,226.65 | -0.08% | (3.19) | 0.00% | - | -0.07% | (3.19) |
| Balance as at March 31, 2023 | 2.09% | 592.60 | -0.01% | (0.73) | 0.00% | - | -0.01% | (0.73) |
| Granules CZRO Private Limited | | | | | | | | |
| Balance as at March 31, 2024 | 4.59% | 1,479.54 | -0.11% | (4.36) | 0.00% | - | -0.10% | (4.36) |
| Balance as at March 31, 2023 | 1.75% | 495.62 | -0.08% | (4.38) | 0.00% | - | -0.08% | (4.38) |
| On account of Eliminations | | | | | | | | |
| Balance as at March 31, 2024 | -34.76% | (11,209.37) | -17.24% | (698.71) | 0.00% | - | -16.41% | (698.71) |
| Balance as at March 31, 2023 | -27.74% | (7,861.83) | -2.26% | (116.79) | 0.00% | - | -2.04% | (116.79) |
| **Balance as at 31 March, 2024** | **100.00%** | **32,255.44** | **100.00%** | **4,053.10** | **100.00%** | **205.00** | **100.00%** | **4,258.10** |
| **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** |

# Notes to Consolidated Financial Statements (Cont..)

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

**37.** The Group had encountered an incident related to information security on May 24, 2023 (hereinafter referred to as "incident"), which affected some of the Group's IT assets. A ransomware group has claimed responsibility for this incident. The Group has acted decisively to control and address the impact of the incident with appropriate protocols for containment and to minimize the risk.

The incident had a significant effect on the operations and took considerable time to address the regulatory expectations, qualifications, recertifications, and fine-tuning of the quality and production systems. This has impacted significantly the revenue and profitability of the Group for the year ended March 31, 2024.

The Group believes that no significant legal violations have occurred because of the incident, and the known impacts on the consolidated financial statement for the year ended on March 31, 2024, have been accounted for.

Further, the Group has enhanced the security measures to handle the incident and reduce the likelihood of a similar occurrence in the future.

## 38. Capital management

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

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

| Particulars | March 31, 2024 | March 31, 2023 |
|---|---|---|
| Borrowings including interest accrued on borrowings | 12,250.48 | 10,612.47 |
| Less: cash and cash equivalents and other bank balances | (3,863.85) | (3,127.90) |
| **Net debt** | **8,386.63** | **7,484.57** |
| Equity share capital | 242.37 | 242.04 |
| Other equity | 32,013.07 | 28,107.05 |
| **Total equity** | **32,255.44** | **28,349.09** |
| 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.

**39.** The financial statements of each of the subsidiary are drawn up to the same reporting date i.e. year ended March 31, 2024, for the purpose of consolidation.

## 40. Other Statutory information

i) There are no proceedings initiated or pending against the Group as at March 31, 2024, 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.

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

# Notes to Consolidated Financial Statements (Cont..)

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

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 account 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.

## 41. Subsequent event

No significant subsequent events have been observed till May 15, 2024 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 15, 2024

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 15, 2024

# 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, 2024 | March 31, 2024 | March 31, 2024 | March 31, 2024 | March 31, 2024 |
| 2. Reporting Currency | USD | USD | GBP | INR | INR |
| 3. Exchange rate as on the last date of the financial year | 83.35 | 83.35 | 105.23 | 1.00 | 1.00 |
| 4. Share capital | 11.63 | 5,645.37 | 0.01 | 2,250.00 | 1,498.66 |
| 5. Other Equity | 27.66 | 2,974.91 | (10.50) | (23.34) | (19.12) |
| 6. Total Assets | 7,442.30 | 14,760.22 | 30.68 | 2,610.34 | 1,709.31 |
| 7. Total Liabilities | 7,402.90 | 6,346.81 | 41.18 | 383.69 | 229.78 |
| 8. Investments | - | 206.84 | - | - | - |
| 9. Turnover | 7,187.96 | 16,203.76 | 24.75 | 0.24 | 0.06 |
| 10. Profit/(loss) before taxation | (261.38) | 783.68 | (1.32) | (3.19) | (4.36) |
| 11. Provision for taxation | (72.99) | 193.79 | - | - | - |
| 12. Profit/(loss) after taxation | (188.39) | 589.89 | (1.32) | (3.19) | (4.36) |
| 13. Proposed Dividend | - | - | - | - | - |
| 14. % of shareholding | 100% | 100% | 100% | 100% | 100% |
| 15. Country of Incorporation | USA | USA | UK | India | India |

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

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

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

**Mukesh Surana**
Chief Financial Officer

**Chaitanya Tummala**
Company Secretary