GRANULES

REGISTERED OFFICE

GRANULES INDIA LTD., 2nd Floor, 3rd Block, My Home Hub,
Madhapur, Hyderabad - 500 081, Telangana, INDIA.
Tel: +91 40 30660000, Fax: +91 40 23115145, mail@granulesindia.com, www.granulesindia.com
CIN: L24110TG1991PLC012471

Date: 20th September 2017

To
National Stock Exchange of India Limited &
Bombay Stock Exchange Limited.
Scrip Code: NSE- GRANULES; BSE-532482.

Sub: Outcome of 182nd Board meeting dated 20th September, 2017.

Dear Sir,

The Board of Directors at their meeting has approved the Special Purpose Consolidated Financial Statements for the year ended March 31, 2016 and March, 31, 2015.

The Special Purpose Consolidated Financial Statements have been prepared under Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Act and has been compiled from the audited consolidated financial statements for the years ended March 31, 2016 and 2015 prepared under the previous generally accepted accounting principles followed in India.

Request you to take the above information on record.

Thanking You.

Yours faithfully,

For GRANULES INDIA LIMITED

T. Chaitanya

CHAITANYA TUMMALA
(COMPANY SECRETARY &
COMPLIANCE OFFICER)

Encl:
1. Special Purpose Audit Report
2. Special Purpose Consolidated Financial Statements for the year ended March 31, 2016 and March, 31, 2015

SPECIAL PURPOSE REPORT BY THE INDEPENDENT AUDITORS ON THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS

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

1. This report is issued in accordance with the terms of Kumar & Giri, Chartered Accountants' agreement dated May 11, 2017 in connection with the proposed Qualified Institutions Placement ("**QIP**") of Granules India Limited (hereinafter referred to as the "**Company**").

2. We have audited the accompanying consolidated financial information, expressed in Indian Rupees, in lacs, of the Company and its subsidiaries and jointly controlled entities (the Company and its subsidiaries, and jointly controlled entities together referred to as the "Group") comprising the audited financial information for the year ended and as at March 31, 2016 and March 31, 2015 (hereinafter together referred to as "**Audited Financial Information**"), which has been prepared by the management of the Company in accordance with the requirements of section 42 of part II of chapter III of the Companies Act 2013, as amended (hereinafter referred to as the "**Act**") read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 (the "**Rules**") and Schedule XVIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended, (the "**SEBI Regulations**"), to the extent applicable, in connection with the proposed QIP and has been approved by the Board of Directors and initialled by us for identification purposes only.

3. The Audited Financial Information, expressed in Indian Rupees, in lacs, has been prepared under Indian Accounting Standards ('**Ind AS**') notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Act and has been prepared by the management of the Company based on the audited consolidated financial statements for the years ended March 31, 2016 and 2015 (all of which were expressed in Indian Rupees in lacs) prepared under the previous generally accepted accounting principles followed in India ("**Previous GAAP or Indian GAAP**").

Management's Responsibility for the Audited Financial Information

4. The preparation of the Audited Financial Information, which is to be included in the preliminary placement document, the placement document and other related QIP documents (collectively referred to as the "**QIP Documents**"), is the responsibility of the management of the Company and has been approved by the Board of Directors, at its meeting held on 20th September, 2017, for the purpose of inclusion in the QIP Documents. The management's responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the Audited Financial Information. The management is also responsible for identifying and ensuring that the Company complies with the laws and regulations applicable to its activities and with the Rules and SEBI Regulations.

Auditors' Responsibilities

5. Our work has been carried out in accordance with the Standards on Auditing under section 143(10) of the Act, Guidance Note on Reports in Company Prospectuses (Revised 2016) ("**Guidance Note**") and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India and pursuant to the requirements of Schedule XVIII of the SEBI Regulations and section 42 of the Act read with Rule 14 of the Rules.

Opinion

6. Based on the above and according to the information and explanation given to us, and based on the consideration of the audit reports of the other auditors who have audited the financial statements / financial information of the subsidiaries and jointly controlled entities referred to below. In our opinion, the Audited Financial Information, as attached to this report, as Annexure 4 read with basis of preparation and respective significant accounting policies have been prepared in accordance with the requirements of Schedule XVIII of the SEBI Regulations, section 42 of Part II of Chapter III of the Act read with Rule 14 of the Rules, the Guidance Note, and all other applicable laws and give a true and fair view in conformity with Ind AS, and we confirm that:

   a. the accounting policies used in the preparation of the Audited Financial Information for year ended March 31, 2015 and 2016 are consistent;
   b. there are no qualifications in the Audit Report; and
   c. as per requirements of Ind AS, there are no extra-ordinary items which need to be disclosed separately.

7. According to information and explanation given to us in our opinion, the Audited Financial Information read with Significant Accounting Policies disclosed in Annexure 4, have been prepared in accordance with the requirements of the SEBI Regulations, Rules and the Guidance Note.

8. This report should not in any way be construed as a re-issuance or re-dating of any of the previous audit reports issued by us on the consolidated financial statements of the Company.

9. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

10. Granules consolidates entities which it owns or controls. The consolidated financial statements comprise the financial statements of the Company, its subsidiary companies viz., Granules USA Inc. and Granules Pharmaceuticals Inc. and joint ventures, viz Granules Omnichem private Limited & Granules Bio-cause Pharmaceutical co. ltd. Control exists when the parent has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Subsidiaries are consolidated from the date control commences until the date control ceases.

11. The financial statements of the Group companies are consolidated on a line-by-line basis and intra-group balances and transactions including unrealized gain / loss from such transactions are eliminated upon consolidation. These financial statements are prepared by applying uniform accounting policies in use at the Group. Non-controlling interests which represent part of the net profit or loss and net assets of subsidiaries that are not, directly or indirectly, owned or controlled by the company, are excluded.

12. This report is addressed to and is provided to enable the Board of Directors of the Company to include this report in the QIP Documents prepared in connection with the proposed QIP of equity shares of the Company, to be filed by the Company with the Stock Exchanges and other regulatory authorities, as applicable.

For KUMAR & GIRI
Chartered Accountants
FRN: 001584S

KUMAR & GIRI HYDERABAD CHARTERED ACCOUNTANTS

J.BHADRA KUMAR
Partner
Membership Number: 025480

Place: Hyderabad
Date: 20th September, 2017

GRANULES INDIA LIMITED

CIN - L24110TG1991PLC012471

IND-AS FINANCIAL STATEMENTS FOR FY16 AND FY15

Consolidated Balance sheet as at March 31, 2016

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

	Notes	March 31, 2016	March 31, 2015
ASSETS			
Non-current assets			
Property, plant and equipment	3A	47,708.34	43,898.95
Capital work-in-progress		7,655.53	3,130.76
Intangible assets	3B	8,285.45	8,689.29
Financial assets	4		
Investments	4A	7,010.76	6,684.22
Others	4B	594.41	665.06
Income tax assets(net)	5	891.38	1,389.73
Other non-current assets	5A	2,351.20	147.76
		74,497.07	**64,605.77**
Current assets			
Inventories	6	25,371.81	20,867.82
Financial assets	7		
Trade receivables	7A	37,534.58	35,724.75
Cash and cash equivalents	7B	13,028.97	5,484.53
Other bank balances	7B		
Loans	7C	73.56	30.33
Others	7D	321.83	41.86
Other current assets	8	5,469.40	4,463.17
		81,800.15	66,612.46
Total Assets		**156,297.22**	**131,218.23**
Equity and Liabilities			
Equity			
Equity share capital	9	2,167.12	2,042.52
Other equity	10	63,992.88	41,036.32
Total equity		**66,160.00**	**43,078.84**
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	11	18,421.27	24,267.41
Net employee defined benefit liability	12	557.99	426.74
Deferred tax liabilities (net)	13	5,683.01	4,810.28
		24,662.27	**29,504.43**

	Notes	March 31, 2016	March 31, 2015
Current liabilities			
Financial liabilities	14		
Borrowings	14A	39,285.42	33,137.40
Trade payables	14B		
Total outstanding dues of micro enterprises and small enterprises		247.51	242.18
Total outstanding dues of creditors other than micro enterprises and small enterprises		17,862.35	18,061.85
Other financial liabilities	14C	7,277.21	5,894.58
Other current liabilities	15	644.00	1,183.19
Net employee defined benefit liability	16	158.46	115.76
		65,474.95	**58,634.96**
Total Equity and Liabilities		**156,297.22**	**131,218.23**

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

As per our report of even date.

FOR Kumar & Giri
Chartered Accountants
FRN 001584S

J.Bhadra Kumar
Partner
Membership No.025480
Place: Hyderabad
Date: Sep 20, 2017

For and on behalf of the Board of Directors of
Granules India Limited

Krishna Prasad Chigurupati
Chairman and Managing Director
DIN-00020180

K.Ganesh
Chief Financial Officer

Chaitanya Tummala
Company Secretary

GRANULES INDIA LIMITED
CIN - L24110TG1991PLC012471
IND-AS FINANCIAL STATEMENTS FOR FY16 AND FY15

Consolidated Statement of profit and loss for the year ended March 31, 2016
(All amounts are in Indian Rupees lakhs except share data and unless otherwise stated)

	Notes	March 31, 2016	March 31, 2015
Income			
Revenue from operations (gross)	17	138,293.02	123,780.25
Other income	18	523.89	220.42
Total income		**138,816.91**	**124,000.67**
Expenses			
Cost of materials consumed	19	76,195.80	71,838.48
Increase in work in progress and finished goods	20	(3,692.95)	(2,247.68)
Excise duty on sales		2,575.51	3,097.83
Employee benefit expenses	21	11,757.40	9,663.69
Other expenses	22	23,830.73	20,781.64
Total		110,666.50	103,133.96
EBITDA		28,150.41	20,866.71
Depreciation and Amortisation	23	5,840.15	4,961.54
Finance costs	24	3,706.79	3,095.54
Total expenses		**120,213.44**	**111,191.04**
Profit before tax		**18,603.47**	**12,809.63**
Tax expense			
Current tax		5,252.02	2,870.64
Deferred tax charge/ (credit)		862.95	671.94
Total tax expense		**6,114.97**	**3,542.58**
Profit for the year before share of profit/(loss) in joint ventures		12,488.50	9,267.05
Share of profit/(loss) in joint ventures		(188.45)	19.32
Profit for the year		**12,300.05**	**9,286.37**
Other Comprehensive Income (OCI)			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Fair value changes on investment - Gain		-	43.92
(Gain)/loss arising on translation of foreign operations		268.32	52.04
Tax effect		-	-
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		268.32	(8.12)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains / (losses) on employee defined benefit plans		28.27	21.74
Deferred tax charge		9.78	

	Notes	March 31, 2016	March 31, 2015
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		18.49	21.74
Other comprehensive income for the year, net of tax		(249.83)	13.62
Total comprehensive income for the year, net of tax		**12,050.22**	**9,299.99**
Earnings per equity share:			
Basic earnings per share		5.95	4.56
Diluted earnings per share		5.83	4.51
Nominal value per equity share		1.00	1.00

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

As per our report of even date.

FOR Kumar & Giri
Chartered Accountants
FRN 001584S

J.Bhadra Kumar
Partner
Membership No.025480
Place: Hyderabad
Date: Sep 20, 2017

For and on behalf of the Board of Directors of Granules India Limited

Krishna Prasad Chigurupati
Chairman and Managing Director
DIN-00020180

K.Ganesh
Chief Financial Officer

Chaitanya Tummala
Company Secretary

GRANULES INDIA LIMITED

CIN - L24110TG1991PLC012471

IND-AS FINANCIAL STATEMENTS FOR FY16 AND FY15

Consolidated Cash flow statement for the year ended March 31, 2016

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

	March 31, 2016	March 31, 2015
Net Profit before tax	**18,603.47**	**12,809.63**
Cash flow from operating activities		
Adjustments to reconcile profit before tax to net cash flows		
Depreciation and amortisation	5,840.15	4,961.54
Provision for doubtful receivables/advances/other assets (net)	343.71	-
Loss/(Profit) on sale of assets (net)	15.49	50.95
Re-measurement gains / (losses) on employee defined benefit plans	28.27	84.46
Share based payment expense	79.34	21.74
Exchange differences on translation of foreign operations	(268.32)	(52.04)
Interest expense	3,706.79	3,095.54
Interest income	(482.20)	(138.68)
Operating Profit before Working Capital Changes	27,866.70	20,833.14
Movements in working capital:		
Decrease/(increase) in trade receivables	(2,153.54)	(7,240.18)
Increase in inventories	(4,503.99)	(4,986.11)
Increase in other financial and non financial assets	(1,248.78)	(904.99)
Increase/(decrease) in trade payables and other financial & non financial liabilities	(63.68)	4,740.21
Cash Generated from Operations	19,896.70	12,442.07
Direct taxes paid (net of refunds)	(4,753.68)	(4,260.20)
Net Cash flow from Operating Activities (A)	**15,143.03**	**8,181.87**
CASH FLOW USED IN INVESTING ACTIVITIES		
Purchase of fixed assets, including capital work-in-progress, capital advances and payables for capital goods	(16,219.73)	(9,875.62)
Proceeds from sale of fixed assets	98.21	25.48
Investments made in subsidiaries	(515.00)	(1,703.10)
Interest received	471.44	164.06
Net Cash flow used in Investing Activities (B)	**(16,165.09)**	**(11,389.18)**
CASH FLOW USED IN FINANCING ACTIVITIES		
Proceeds from issuance of share capital	10,584.36	110.57
Proceeds from issuance of share Warrants	2,716.29	-
Proceeds from borrowings (net)	1,333.38	9,910.48
Interest paid	(3,726.96)	(3,103.60)
Payments of dividend (including dividend tax)	(2,340.58)	(831.25)
Net Cash flow from/(used in) Financing Activities (C)	**8,566.50**	**6,086.20**
Net Increase in Cash and Cash Equivalents (A+B+C)	**7,544.44**	**2,878.89**
Cash and Cash Equivalents at the beginning of the year	**5,484.53**	**2,605.64**

GRANULES INDIA LIMITED

CIN - L24110TG1991PLC012471

IND-AS FINANCIAL STATEMENTS FOR FY16 AND FY15

	March 31, 2016	March 31, 2015
Cash and Cash Equivalents at the end of the year	**13,028.97**	**5,484.53**
Components of cash and cash equivalents:		
Cash on hand	15.72	18.42
Balances with banks		
On current accounts	2,329.90	266.01
On EEFC accounts	28.70	170.42
On unpaid dividend account	26.05	16.35
On deposit accounts	10,628.59	5,013.33
Total cash and cash Equivalents	**13,028.97**	**5,484.53**

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

As per our report of even date.

FOR Kumar & Giri

Chartered Accountants

FRN 001584S

J.Bhadra Kumar

Partner

Membership No.025480

Place: Hyderabad

Date: Sep 20, 2017

For and on behalf of the Board of Directors of Granules India Limited

Krishna Prasad Chigurupati

Chairman and Managing Director

DIN-00020180

K.Ganesh

Chief Financial Officer

Chaitanya Tummala

Company Secretary

GRANULES INDIA LIMITED

CIN - L24110TG1991PLC012471

IND-AS FINANCIAL STATEMENTS FOR FY16 AND FY15

Notes to consolidated financial statements for the year ended March 31, 2016

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

3A. Property, plant and equipment

	Freehold land	Freehold buildings	Plant and machinery	Computers	Office equipment	R&D Equipment	Furniture and fittings	Vehicles	Total Tangible Assets
At Cost									
At March 31, 2014	1,251.89	9,072.32	35,597.36	627.32	414.49	1,425.14	635.75	543.31	49,567.58
Additions	286.80	3,210.52	7,345.96	229.90	119.00	283.45	283.17	92.41	11,851.21
Disposals/ Adjustments			256.37		0.13	2.88	0.11	84.16	343.65
Exchange differences		32.08	364.19						396.27
At March 31, 2015	**1,538.69**	**12,314.91**	**43,051.14**	**857.22**	**533.37**	**1,705.71**	**918.81**	**551.57**	**61,471.43**
Additions	34.56	2,394.34	5,528.51	210.12	84.33	258.26	91.35	20.77	8,622.24
Disposals/ Adjustments	-	37.75	68.66	0.33	45.55	-	-	59.18	211.47
Exchange differences	-	65.77	716.92	-	-	-	-	-	782.70
At March 31, 2016	**1,573.25**	**14,737.28**	**49,227.92**	**1,067.01**	**572.14**	**1,963.97**	**1,010.16**	**513.17**	**70,664.89**
Depreciation/amortisation									
At March 31, 2014		2,040.91	10,207.42	362.08	144.57	282.01	188.99	153.19	13,379.17
Charge for the year		356.28	3,576.72	142.09	86.45	105.94	110.05	65.99	4,443.52
Disposals/ Adjustments			226.03		(4.78)	2.47	(10.59)	37.09	250.22
At March 31, 2015	-	**2,397.19**	**13,558.12**	**504.17**	**235.80**	**385.48**	**309.65**	**182.08**	**17,572.48**
Charge for the year*	-	466.41	4,382.21	172.50	87.36	168.23	105.83	66.49	5,449.03
Disposals/ Adjustments	-	(1.13)	31.67	(3.62)	21.61	-	(4.57)	21.00	64.96
At March 31, 2016	-	**2,864.73**	**17,908.66**	**680.29**	**301.55**	**553.71**	**420.05**	**227.57**	**22,956.55**
Net Block									
At March 31, 2014	1,251.89	7,031.41	25,389.94	265.24	269.92	1,143.13	446.76	390.13	36,188.42
At March 31, 2015	1,538.69	9,917.72	29,493.03	353.06	297.57	1,320.24	609.16	369.49	43,898.95
At March 31, 2016	**1,573.25**	**11,872.54**	**31,319.25**	**386.72**	**270.59**	**1,410.26**	**590.11**	**285.60**	**47,708.34**

Capital work-in-progress Rs.7,655.53 lakhs (March 31, 2015: Rs. 3,130.76 lakhs)

*Includes depreciation charge of Granules Pharmaceutical Inc. of Rs. 152.54 lakhs Capitalized and transferred to Capital work-in-progress

3B. Intangible assets

	Technical Know How	Software	Others	Total Intangible Assets
At Cost				
At March 31, 2014	3,189.51		9,835.51	13,025.02
Additions		215.90		215.90
Deletions			1,747.18	1,747.18
At March 31, 2015	**3,189.51**	**215.90**	**8,088.33**	**11,493.74**
Additions	-	139.83	-	139.83
Deletions	-	-	-	-
At March 31, 2016	**3,189.51**	**355.73**	**8,088.33**	**11,633.57**
Depreciation/amortisation				
At March 31, 2014	2,265.08	-	-	2,265.08
Charge for the year	319.44	24.85	173.73	518.02
Deletions/Adjustments			(21.36)	(21.36)
At March 31, 2015	**2,584.52**	**24.85**	**195.09**	**2,804.46**
Charge for the year	319.74	50.67	173.26	543.67
Deletions/Adjustments	-	-	-	-
At March 31, 2016	**2,904.26**	**75.52**	**368.35**	**3,348.12**
Net Block				
At March 31, 2014	924.43	-	9,835.51	10,759.94
At March 31, 2015	604.99	191.05	7,893.24	8,689.29
At March 31, 2016	285.25	280.21	7,719.98	8,285.45

4. Financial Assets

4A. Investments

	March 31, 2016	March 31, 2015
Trade investments		
a. Long term, Unquoted, in fully paid equity shares (at cost unless stated otherwise)		
In Joint Ventures		
Granules Biocause Pharmaceutical Co.Ltd	3,010.63	2,927.57
Add : Share of profit for the year	322.77	83.06
	3,333.41	**3,010.63**
Granules Omnichem Pvt Ltd	3,610.51	1,971.15
Add: Further investment during the year	515.00	1,703.10
Add : Share of profit for the year	(511.23)	(63.74)
	3,614.28	**3,610.51**
b. Investments at fair value through OCI (fully paid)		
In Quoted equity shares		
250(March 31, 2015 :250) Equity shares of Ipca Laboratories Limited	0.07	0.07

	March 31, 2016	March 31, 2015
In Unquoted equity shares		
15,142(March 31, 2015 :15,142) Equity shares of Jeedimetla Effluent Treatment Ltd	59.59	59.59
34,040(March 31, 2015 :34,040) Equity shares of Patancheru Envitotech Ltd	3.41	3.41
Total	**7,010.76**	**6,684.22**
Aggregate book value of quoted investments	0.07	0.07
Aggregate market value of quoted investments	1.50	1.60
Aggregate value of unquoted investments	7,010.69	6,684.15
Aggregate amount of impairment in value of investments	-	-

4B. Other Financial assets

	March 31, 2016	March 31, 2015
Security deposits	594.41	665.06
Total	**594.41**	**665.06**

5. Income tax assets (Unsecured, considered good unless stated otherwise)

	March 31, 2016	March 31, 2015
Advance tax (net off provision for taxes)	891.38	1,389.73
Total	**891.38**	**1,389.73**

5A. Other non-current assets (Unsecured, considered good unless stated otherwise)

	March 31, 2016	March 31, 2015
Capital advances	2,351.20	147.76
Total	**2,351.20**	**147.76**

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

	March 31, 2016	March 31, 2015
Raw materials [includes in transit Rs.1,098.28 lakhs (March 31,2015: Rs.518.87 lakhs)	8,053.84	8,072.59
Raw Materials at Bonded Ware House	1,479.30	1,178.93
Packing materials	789.50	695.55
Work-in-progress	4,553.86	3,589.71
Finished goods	8,634.95	5,906.16
Stores, spares and consumables	1,860.35	1,424.88
Total	**25,371.81**	**20,867.82**

7.Financial Assets

7A. Trade receivables (Unsecured, considered good unless stated otherwise)

	March 31, 2016	March 31, 2015
Outstanding for a period exceeding six months from the date they are due for payment		
Considered good	378.52	870.06
Doubtful	-	-
	378.52	870.06
Less: Provision for doubtful receivables	-	-
Total (A)	**378.52**	**870.06**
Others (B)	37,156.06	34,854.69
Total (A+B)	**37,534.58**	**35,724.75**

Trade receivables are non-interest bearing and are generally on terms of less than 1 year.

7B. Cash and cash equivalents and other bank balance

	March 31, 2016	March 31, 2015
i)Cash on hand	15.72	18.42
ii)Balance with banks:		
On current accounts	2,329.90	266.01
On EEFC accounts	28.70	170.42
On unpaid dividend account	26.05	16.35
Total -(ii)	**2,384.65**	**452.78**
iii) Other bank balance		
Deposits with original maturity of less than twelve months	10,060.96	4,200.27
Margin money deposits*	567.63	813.06
Total -(iii)	**10,628.59**	**5,013.33**
Total (i+ii+iii)	**13,028.97**	**5,484.53**

* Given against bank guarantees/performance guarantees

7C. Loans

	March 31, 2016	March 31, 2015
Loans to employees	73.56	30.33
Total	**73.56**	**30.33**

7D. Other Financial assets

	March 31, 2016	March 31, 2015
Interest accrued on deposits	29.42	18.66
Security deposits	292.41	23.20
Total	**321.83**	**41.86**

8. Other current assets (Unsecured, considered good unless otherwise stated)

	March 31, 2016	March 31, 2015
Balance with government authorities	4,501.97	3,872.38
Prepaid expenses	427.96	434.09
Export incentives receivable	444.55	48.67
Others	94.92	108.03
Total	**5,469.40**	**4,463.17**

9. Share capital

	March 31, 2016	March 31, 2015
Authorized Share capital		
34,50,00,000 (March 31, 2015: 34,50,00,000) Equity Shares of par value of Re.1/- each	3,450.00	3,450.00
	3,450.00	**3,450.00**
Issued, Subscribed and fully paid up shares		
21,67,11,770 fully paid up Equity Shares of par value of Re.1/- each (March 31, 2015 : 20,42,51,540 Equity Shares of Re.1/- each)	2,167.12	2,042.52
Total Issued, Subscribed and fully paid-up Share Capital	**2,167.12**	**2,042.52**

9.1 Reconciliation of number of shares outstanding and amount at the beginning and at the end of the year

	March 31, 2016		March 31, 2015	
	No.	Rs	No.	Rs
Number of shares at the beginning of the year	204,251,540	2,042.52	202,811,540	2,028.12
Add: Shares issued on exercise of employee stock options	1,110,000	11.10	1,440,000	14.40
Add: Shares issued against warrants	11,350,230	113.50	-	-
Number of shares at the end of the year	**216,711,770**	**2,167.12**	**204,251,540**	**2,042.52**

9.2 Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs.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, 2016, the amount of interim dividend per share distributed along with final dividend per share recommended by the board to equity shareholders was Rs. 0.65 (March 31, 2015: Rs. 0.50). 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.

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

	March 31, 2016		March 31, 2015	
	Numbers	% holding	Numbers	% holding
Krishna Prasad Chigurupati	79,230,610	36.56	74,735,380	36.59
Investco Management LLC	-	-	20,542,000	10.06
Ridgeback Capital Asia Limited	-	-	11,441,350	5.60

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.

10. Other equity

	March 31, 2016	March 31, 2015
a) Capital reserves		
Balance at the beginning of the year	455.33	1,504.93
Adjustment of Pre-acquisition reserves on acquisition of Auctus Pharma Limited (Pursuant to the Scheme of Scheme of Amalgamation)	-	(1,336.40)
Add: Capital reserve arising pursuant to scheme of amalgamation	-	286.80
Balance at the end of the year	**455.33**	**455.33**
b) Security premium reserve		
Balance at the beginning of the year	12,028.47	11,906.82
Add: Receipt on exercise of employee stock option scheme	183.22	121.65
Add :Receipt on issue of share warrants	10,277.77	-
Balance at the end of the year	**22,489.46**	**12,028.47**
c) General reserve		
Balance at the beginning of the year	20,786.74	10,786.74
Add: Transfer from Surplus	-	10,000.00
Balance at the end of the year	**20,786.74**	**20,786.74**
d) Other reserve		
Employee stock option	83.95	84.46
Share based payments reserve	79.85	-

	March 31, 2016	March 31, 2015
Money received against share warrants	2,716.29	-
Other comprehensive income	(184.17)	65.66
Balance at the end of the year	**2,695.92**	**150.12**
e) Retained Earnings		
Balance at the end of the year	17,565.43	7,615.66
Total (a+b+c+d+e)	**63,992.88**	**41,036.32**

10.1 Distribution made

	March 31, 2016	March 31, 2015
Cash dividends on equity shares declared and paid:		
Final dividend paid in current year for the year ended on March 31, 2015: Rs. 0.50 per share (March 31, 2014: Rs 0.35 per share)	1,021.26	709.84
Dividend distribution tax on dividend	207.90	120.64
Interim dividend for the year ended on March 31, 2016: Rs 0.45 per share	928.94	-
Dividend distribution tax on dividend	189.11	-
Dividend of previous year including dividend tax	3.07	3.15
Total	**2,350.28**	**833.63**

The details of loans are as under:

Name of the bank	Outstanding as on March 31, 2016	Outstanding as on March 31, 2015	Sanction Amount	No of instalments	Commencement of Instalments	Rate of interest
Andhra Bank	7,402.50	8,225.00	8,225.00	10 Half yearly equal installments of Rs. 822.50 lakhs	Feb-16	Upto Nov'15 - 12.25% ; 11.25% from Dec'15
Bank of Baroda*	-	8,225.00	8,225.00	10 Half yearly equal installments of Rs. 822.50 lakhs	Sep-15	12.25%
State Bank of India*	6,580.00	-	7,402.50	9 Half yearly equal installments of Rs. 822.50 lakhs	Mar-16	10.60%
International Finance Corporation	1,191.06	1,876.98	US$ 9 Mn	15 Half yearly equal installments of USD 0.6 Mn	Jul-10	5.33%
International Finance Corporation	446.65	625.66	US$ 1 Mn	1 installment of USD 0.1 Mn & 4 Half yearly equal installments of USD 0.225 Mn	Jul-15	6Libor + 4.6%
International Finance Corporation	4,580.98	5,294.03	US$ 10 Mn	13 Half yearly equal installments of USD 0.77 Mn	Sep-14	6Libor + 4.4% (till Nov 2015) 6Libor + 4.0% (From Dec 2015)
Deutsche Investitions Und Entwicklungsschaft MBh	4,580.98	5,294.03	US$ 10 Mn	13 Half yearly equal installments of USD 0.77 Mn	Sep-14	6Libor + 4.4% (till Nov 2015) 6Libor + 4.0% (From Dec 2015)

11. Non-current financial liabilities

11A. Long-term borrowings

	Effective interest rate	Maturity	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Term Loans (Secured)						
Indian rupee loans from banks	10.60% to 12.25%	9 to 10 Half-yearly equal installments	10,692.50	13,982.50	3,290.00	2,467.50
Foreign currency loan from financial institutions	6-Month LIBOR plus 4.0% to 4.6%.	13 to 15 Half-yearly equal installments	7,671.84	10,211.45	3,127.83	2,879.26
			18,364.34	**24,193.95**	**6,417.83**	**5,346.76**
Other loans						
Deferred sales tax loan (Unsecured)	Interest free	2020-21	55.48	62.23	6.75	1.67
			55.48	**62.23**	**6.75**	**1.67**
Long term maturities of finance lease obiligation						
Obligations under finance lease (Secured)			1.45	11.23	8.20	52.84
			1.45	**11.23**	**8.20**	**52.84**
			18,421.27	**24,267.41**	**6,432.78**	**5,401.27**
The above amount includes:						
Secured borrowings			18,365.79	24,205.18	6,426.03	5,399.60
Unsecured borrowings			55.48	62.23	6.75	1.67
			18,421.27	**24,267.41**	**6,432.78**	**5,401.27**

12. Net employee defined benefit liability

	March 31, 2016	March 31, 2015
Gratuity	349.85	260.02
Compensated absences	208.14	166.72
	557.99	**426.74**

13. Deferred tax liability (net)

	March 31, 2016	March 31, 2015
Deferred tax liability		
Income tax at the applicable rate on the difference between the aggregate book written down value and tax written down value of property, plant and equipment	6,720.66	5,794.94
	6,720.66	**5,794.94**
Deferred tax asset		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis		
Employee benefits	317.44	227.71
VRS	50.81	90.38
Others	669.40	666.57
	1,037.65	**984.66**
Deferred tax liability (net)	**5,683.01**	**4,810.28**

14. Current financial liabilities
14A. Short-term borrowings

	Effective interest rate	Maturity	March 31, 2016	March 31, 2015
Loans repayable on demand from Banks - working capital loans			-	-
Cash credit facilities (secured)	9.75% to 10.70%; BR plus 85 bps	On demand	1,548.24	1,598.94
Buyers credit (secured)	LIBOR plus 0.25% to 0.34%		2,619.90	4,446.82
Packing credit loans (secured)	LIBOR plus 0.65% to 1.1%	On demand	10,580.03	5,441.18
Bill discounting(secured)	LIBOR plus 0.65% to 1%		24,537.25	21,650.46
Total			**39,285.42**	**33,137.40**

The above amount includes		
Secured borrowings	39,285.42	33,137.40
Unsecured borrowings	-	-
	39,285.42	**33,137.40**

The Secured Loans repayable from Banks are secured by paripassu first charge on the current assets and a paripassu second charge on the fixed assets of the company.

14B. Trade payables

	March 31, 2016	March 31, 2015
- Outstanding dues to micro enterprises and small enterprises	247.51	242.18
	247.51	**242.18**
- Outstanding dues to creditors other than micro enterprises and small enterprises	17,862.35	18,061.85
Total	**17,862.35**	**18,061.85**
Terms and conditions of the above financial liabilities:		
Trade payables are non-interest bearing and are normally settled on 30-120 day terms.		

14C. Other financial liabilities

	March 31, 2016	March 31, 2015
Current maturities of non-current borrowings (refer 11A)	6,432.77	5,401.27
Payable for capital goods	71.76	205.96
Salaries & Bonus payable	740.70	235.20
Interest accrued but not due on borrowings	31.98	52.15
Total	**7,277.21**	**5,894.58**

15. Other current liabilities

	March 31, 2016	March 31, 2015
Advance from customers	298.36	466.57
Unclaimed dividend	26.05	16.35
Statutory liabilities	284.27	700.27
Others	35.32	-
Total	**644.00**	**1,183.19**

16. Net employee defined benefit liability

	March 31, 2016	March 31, 2015
Gratuity	77.59	51.82
Compensated absences	80.87	63.94
Total	**158.46**	**115.76**

17. Revenue from operations

	March 31, 2016	March 31, 2015
Sale of products (including excise duty)	138,127.86	123,704.35
Other operating revenue		
Scrap sales	165.16	75.90
Total	**138,293.02**	**123,780.25**

18. Other income

	March 31, 2016	March 31, 2015
Interest income	482.20	138.68
Miscellaneous income	41.69	81.74
Total	**523.89**	**220.42**

19. Cost of materials consumed

	March 31, 2016	March 31, 2015
Raw material consumed		
Opening stock	9,947.07	5,732.80
Add: Purchases	76,571.38	76,052.75
	86,518.45	**81,785.55**
Less: Closing stock	10,322.64	9,947.07
Total	**76,195.80**	**71,838.48**

20. Increase in work in progress and finished goods

	March 31, 2016	March 31, 2015
Inventories at the end of the year		
Finished goods	8,634.95	5,906.16
Work-in-progress	4,553.86	3,589.71
	13,188.81	**9,495.87**
Inventories at the beginning of the year		
Finished goods	5,906.16	4,698.71
Work-in-progress	3,589.71	2,549.48
	9,495.87	**7,248.19**
Total	**(3,692.95)**	**(2,247.68)**

21. Employee benefit expenses

	March 31, 2016	March 31, 2015
Salaries, wages and bonus	10,584.90	8,747.50
Contribution to provident and other funds	407.70	291.64
Staff welfare expenses	685.46	540.09
Employee Stock Option Scheme	79.34	84.46
Total	**11,757.40**	**9,663.69**

22. Other expenses

	March 31, 2016	March 31, 2015
Consumables & Lab Chemicals	782.97	560.97
Power and fuel	3,497.13	3,632.44
Effluent treatment expenses	679.33	678.45
Analytical Fees	195.26	171.92
Other Manufacturing expenses	487.64	354.46
Repairs and maintenance		
Plant and machinery	2,336.10	1,752.47
Buildings	335.48	205.73
Others	312.19	226.86
Rent	356.59	317.99
Rates and taxes	713.91	359.65
Printing and stationery	166.72	137.71
Insurance	477.70	286.44
Managerial Remuneration	1,855.45	1,450.13
Directors sitting fees	38.18	16.58
Remuneration to statutory auditors	20.00	18.00
Sales commission	1,718.89	1,378.49
Carriage outwards & Clearing Charges	4,684.18	4,993.25

	March 31, 2016	March 31, 2015
Research & Development Expenses	1,568.39	850.00
Business Promotion Expense	365.40	375.59
Communication Expenses	156.31	139.20
Consultancy Charges	921.44	1,336.14
Travelling and conveyance	1,331.76	1,065.67
Advertisement Charges	6.44	22.74
Donations	5.69	50.87
Loss on sale of fixed assets (net)	15.49	50.95
Bad Debts written off	343.71	-
Foreign exchange loss/(gain) (net)	(38.23)	-
Corporate social responsibility expenditure	140.04	-
Sundry expenses	356.57	348.94
Total	**23,830.73**	**20,781.64**

23. Depreciation and Amortisation

	March 31, 2016	March 31, 2015
Depreciation and Amortisation	5,840.15	4,961.54
Total	**5,840.15**	**4,961.54**

24. Finance costs

	March 31, 2016	March 31, 2015
Interest		
- Term loan	2,365.78	1,765.69
- Working Capital	640.35	829.24
- Others	70.45	83.39
Bank charges	630.20	417.22
Total	**3,706.79**	**3,095.54**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

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

1. Corporate information

The consolidated financial statements relate to Granules India Limited (the Company), its subsidiary companies and joint ventures. The Company and its subsidiaries constitute the Group.The Company is a public company domiciled in India and is incorporated under the provisions of the Companies Act, 1956 in India. Its shares are listed on two recognised stock exchanges in India. The Group is engaged in the manufacturing and selling of Active Pharmaceutical Ingredients (APIs), Pharmaceutical Formulation intermediates (PFIs) and Finished Dosages (FDs). The Group caters to both domestic and international markets. The registered office of the company is located at 2nd Floor, 3rd Block, My Home Hub, Madhapur, Hyderabad, Telangana, 500 081.

2. Significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

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

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

2.2 Basis of consolidation

Granules consolidates entities which it owns or controls. The consolidated financial statements comprise the financial statements of the Company, its subsidiary companies viz., Granules USA Inc. and Granules Pharmaceuticals Inc. and joint ventures, viz Granules Omnichem private Limited & Granules Bio-cause Pharmaceutical co. ltd. Control exists when the parent has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Subsidiaries are consolidated from the date control commences until the date control ceases.

The financial statements of the Group companies are consolidated on a line-by-line basis and intra-group balances and transactions including unrealized gain / loss from such transactions are eliminated upon consolidation. These financial statements are prepared by applying uniform accounting policies in use at the Group. Non-controlling interests which represent part of the net profit or loss and net assets of subsidiaries that are not, directly or indirectly, owned or controlled by the company, are excluded.

(a) Investment in joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining whether joint control are similar to those necessary to determine control over the subsidiaries

The Group's investments in joint venture is accounted for using the equity method. Under the equity method, the investment in joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date.

The statement of profit and loss reflects the Group's share of the results of operations of the joint venture. Any change in Other Comprehensive Income (OCI) of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture

If an entity's share of losses of a joint venture equals or exceeds its interest in the joint venture (which includes any long term interest that, in substance, form part of the Group's net investment in the joint venture), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture. If the joint venture subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the statement of profit and loss.

The financial statements of the joint ventures are prepared for the same reporting period as the Group, except for Granules Biocause Pharmaceuticals co. ltd which is drawn upto December 31, 2015 (previous year financial statements upto March 2015). Necessary adjustments to financial statements of the Joint Ventures are made to bring the accounting policies in line with Group.

2.3 Summary of Significant accounting policies

(a) Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification.
An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.
Deferred tax assets and liabilities are classified as non-current assets and liabilities.
The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

(b) Foreign currencies

The Group's consolidated financial statements are presented in Indian rupees, which is also the parent company's functional currency. 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.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Group uses an average rate if the average approximates the actual rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of the following:

► Exchange differences arising on monetary items that forms part of a reporting entity's net investment in a foreign operation are recognised in profit or loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the financial statements that include the foreign operation and the reporting entity (e.g., consolidated financial statements when the foreign operation is a subsidiary), such exchange differences are recognised initially in OCI. These exchange differences are reclassified from equity to profit or loss on disposal of the net investment.

Group companies

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

('c) Fair value measurement

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 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.

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 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.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(d) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

The specific recognition criteria described below must also be met before revenue is recognised.

Sale of goods
Revenue from sale of goods is recognised when all the significant risks and rewards of ownership of the goods have been passed to the buyer. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Based on the Educational Material on Ind AS 18 issued by the ICAI, the Group has assumed that recovery of excise duty flows to the Group on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Group on its own account, revenue includes excise duty.

However, sales tax/ value added tax (VAT) is not received by the Group on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

Interest income
Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

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

Other income
Revenue in respect of other income is recognized when a reasonable certainty as to its realization exists.

(e) Taxes
Current income tax
Current income tax assets and liabilities are measured at the amount expected to be recovered from or payable to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provision where appropriate.

Deferred tax
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences. 'Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. 'Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Sales/ value added taxes paid on acquisition of assets or goods
Cost of goods and assets are recognised net of the amount of sales/ value added taxes paid, except:
- When the tax incurred on a purchase of assets or goods is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

(f) Property, plant and equipment
Under the previous GAAP (Indian GAAP), Freehold land and buildings (property) were carried in the balance sheet at cost of acquisition. The Group has elected to regard those values of property as deemed cost at the date of the acquisition since they were broadly comparable to fair value.

Capital work in progress, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. 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 Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied . All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation on fixed assets is provided by Group on a straight-line method based on the useful lives estimated by the management which are in accordance with 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.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values and useful lives of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(g) Intangible assets
Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

During the period of development, the asset is tested for impairment annually.

(h) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Group as a lessee
A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term

(i) Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

(j) Inventories
Inventories are valued at the lower of cost and net realisable value. Cost includes cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.Cost is determined on monthly moving weighted average method.Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.
- Inventories of raw material, packing material , consumables and stores and spares are valued as per monthly moving weighted average method. Cost does not include duties and taxes that are subsequently recoverable.
- Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.

(k) Impairment of non-financial assets
Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the 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 CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

(l) Provisions
General
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(m) Retirement and other employee benefits
Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service.

The Group operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined based on actuarial valuation.

Remeasurements, comprising of actuarial gains and losses 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 profit or loss in subsequent periods.

The Group treats accumulated leave, as a long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on an actuarial valuation using the projected unit credit method at the period-end/ year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss.

(n) Share-based payments
Employees of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments.

Equity-settled transactions
The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using Black Scholes valuation model.

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(o) Dividends
Final dividend on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

(p) 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.

Financial assets
Initial recognition and measurement
All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, a 'debt instrument' is measured at the amortised cost if both the following conditions are met:
a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised 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. This category generally applies to trade and other receivables.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's balance sheet) when:
a) the rights to receive cash flows from the asset have expired, or
b) the Group has transferred its rights to receive cash flows from the asset, and
 i. the Group has transferred substantially all the risks and rewards of the asset, or
 ii. the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets
In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure on trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L).

Financial liabilities
Initial recognition and measurement
All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement
Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Financial guarantee contracts
Financial guarantee contracts issued by the group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(q) Research and Development

Research costs

Revenue expenditure are expensed as incurred and Capital expenditure is added to property, plant and equipment and depreciated in accordance with the policies of the Company.

Development costs

Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.